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SOUTHERN AFRICA AND THE EUROPEAN COMMUNITY

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Dr. Antonius Brüser (AB) pp. 12, 40
Botswana Meat Commission (BMC) p. 23
Jean Harold Gyselynck (JG) pp. 24, 43, 44
John and Penny Hubley (JPH) p. 44
Jean-Paul Jacquemin (JPJ) p. 23
Lesotho Highlands Water Project (LHWP) pp. 18, 26
Jeffrey Russell (JR) pp. 2, 6, 9, 16, 30, 45, 47, 52
United Nations High Commission for Refugees (UNHCR) p. 35
Myfanwy van de Velde (MV) p. 38
Daniel de Vos (DV) pp. 17, 26, 38
Marc Wauters (MW) p. 26

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SOUTHERN AFRICA AND THE EUROPEAN COMMUNITY

CONTENTS


Southern Africa
■SADCC States
TANZANIA
MOZAMBIQUE
SWAZILAND
SOUTH
AFRICA
LESOTHO

INTRODUCTION

In 1975 the European Community signed a comprehensive co-operation agreement - the Lomé Convention - with a group of independent African, Caribbean and Pacific (ACP) countries which included Botswana, Lesotho, Malawi, Swaziland, Tanzania and Zambia. Shortly after achieving independence in 1980, Zimbabwe signed the second Lomé Convention. Mozambique and Angola joined the ACP Group in 1984 and 1985, on signing the third Lomé Convention. Namibia applied to join the fourth Convention immediately after becoming independent in 1990.

As signatories to the agreement, these Southern African States are entitled to a number of trade and aid advantages. On the trade side, almost all their exports can enter the EEC market free of duties or quotas. This is significant, as the Community buys roughly 25% of their total exports. Overall, the trade balance is in their favour. Special arrangements for beef and sugar, and for compensation for losses on exports of other commodities, are also of assistance.

On the aid side, the Community has been operating an increasingly substantial programme of financial and technical co-operation. When the Lomé III programmes are completed, it will have transferred some 3,300 million European Currency Units (ECU) (1) to Southern Africa over the first 15 years of the Conventions. The Community and its Member States together have provided over 40% of all official development assistance to the region since 1975.

Convinced of the tangible benefits of regional co-operation after 30 years of practical experience in Europe, the Community has provided encouragement and financial and technical assistance to the Southern African Development Coordination Conference since its establishment in 1980. Since 1986 almost all the Community's regional assistance to Southern Africa has been co-ordinated by SADCC, which has been better placed as a result to plan the use of the resources available.

Throughout a difficult period in which the political situation has directly and adversely affected the economy of Southern Africa, the Community has offered political as well as economic support to the SADCC countries. It has consistently championed the cause of Namibian independence and draws great satisfaction from the knowledge that Namibia is now independent, has become SADCC's tenth member state and has applied to join the Lomé Convention and the ACP Group. As regards the Republic of South Africa itself, the Community introduced in 1977 a code of conduct for EEC firms operating in that country, applied selective economic sanctions in 1985 and, since 1986, has been funding a substantial programme of assistance to victims of apartheid within South Africa.

The importance of EC-Southern African relations is underlined by the presence in Brussels of an ambassador from each of the SADCC countries. On its side, the Commission of the European Communities maintains a delegation in every one of the SADCC States to implement its aid programme.

This brochure presents the principal aspects of co-operation between the European Community and the countries of Southern Africa.

	Southern Africa (SADCC States)	European Community
Countries	10	12
Total area	5,706,203 sq.km	2,559,197 sq.km
Population	80 million	325 million
Average GNP per capita (1) (in ECU, 1987)	425	7 340
Main exports	Copper, diamonds, gold, tobacco, sugar, meat, tea, coffee, cotton	Steel, machinery, vehicles, chemicals, foodstuffs

(1) Based on World Bank data published in World Development Report, 1989.

(1) 1 ECU = 1.2 US $ in July 1990.

THE EUROPEAN COMMUNITY AND DEVELOPMENT CO-OPERATION

The Community in Europe

The European Community is made up of twelve countries: Belgium, Denmark, France, the Federal Republic of Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain and the United Kingdom. All these countries have signed three treaties which form the framework for the construction of a united Europe:

- the European Coal and Steel Community (ECSC) treaty of 1951;
- the European Atomic Energy Community (EURATOM) treaty of 1957;
- the European Economic Community (EEC) treaty of 1957.

The aim of the treaties is the formation of an economic union - facilitating progress towards monetary and political union - in which goods, people, capital and services can circulate freely and where foreign trade, agriculture, transport and other sectors of the economy are governed by common policies.

The Community in the World

In its relations with other countries the Community seeks to encourage world trade and the economic development of the poorer countries.

It has supported successive rounds of tariff reductions: at under 4% the average level of its own external tariff is one of the lowest in the world. It is a party to all international commodity agreements, and has set up a sizeable fund to help stabilize the export earnings of many producer countries.

In addition to its trade activities, the Community contributes to the economic development of the majority of countries in the Third World. It devotes a share of its annual budget to aid programmes in the southern and eastern Mediterranean, in Asia and in Latin America; and it provides assistance to 66 (1) African, Caribbean and Pacific countries from the European Development Fund.

Community aid funds represent about 12% of the total aid effort of its Member States, which between them provide over one third of all official development assistance.

(1) This number will rise to 69 under Lomé IV, with the accession of the Dominican Republic, Haïti and Namibia.

European Community Institutions

1.The Council of Ministers: the decision-making body, where Member States are represented at ministerial level.

2.The Commission: proposes and administers common policies and makes sure that the treaties are observed. It has 17 members, called «Commissioners», appointed every four years.

3.The European Parliament: adopts the Community budget every year after discussions with the Council of Ministers and gives its opinion on Commission proposals. It has 518 members, directly elected every five years.

4.The Court of Justice: settles disputes arising from the application of Community law. It has 13 judges.

5.The Court of Auditors: checks that Community funds are properly spent.

Other bodies:

The Economic and Social Committee: an advisory body representing employers, trade unions and other interest groups. It gives opinions on Commission proposals.

The European Investment Bank (EIB): endowed with capital subscribed by the Member States, the Bank raises money on capital markets to finance loans to Community countries and Mediterranean and ACP developing countries.

The European Development Fund

The European Development Fund (EDF), to which all EEC Member States contribute, finances projects and programmes in African, Caribbean and Pacific countries which have signed the Lomé Convention. It is administered by the Commission (with the exception of risk capital, administered by the European Investment Bank).

The Fund is renewed each time a new Convention is signed. Since 1958, when the first EDF was set up, there have been six successive Funds, each one backing up a five-year Convention. Thus the fourth EDF corresponded to the first Lomé Convention (1975-80), the fifth EDF to Lomé II (1980-85) and the sixth EDF to Lomé III (1985-90). As Lomé IV will run for ten years (1990-2000), the seventh EDF will cover the first five years of the Convention.

(1) MECU = million ECU

The total size of the Fund has been steadily growing:

	million ECU
EDF IV (Lomé I)	3 072
EDF V (Lomé II)	4 724
EDF VI (Lomé III)	7 400
EDF VII (Lomé IV, first half)	10 800

The proportion of grants to loans has also risen, from 75% of the 6th EDF to 92% of the 7th EDF.

Each Fund is supplemented by loans from the EIB. The Bank is making available up to 1 100 MECU (1) for Lomé III and will lend up to 1 200 MECU over the period 1990-95.

The bulk of the EDF is divided among the ACP countries and regions for their national or regional development programmes. Each country and region is allocated a fixed amount at the start of each Convention (776 MECU for the nine SADCC States and 110 MECU for the Southern African region from EDF VI, subsequently increased to 874 MECU and 141 MECU respectively). The remainder is used for assistance of a kind that depends on circumstances, e.g. Stabex transfers, Sysmin loans, emergency aid or refugee aid.

The Lomé Convention

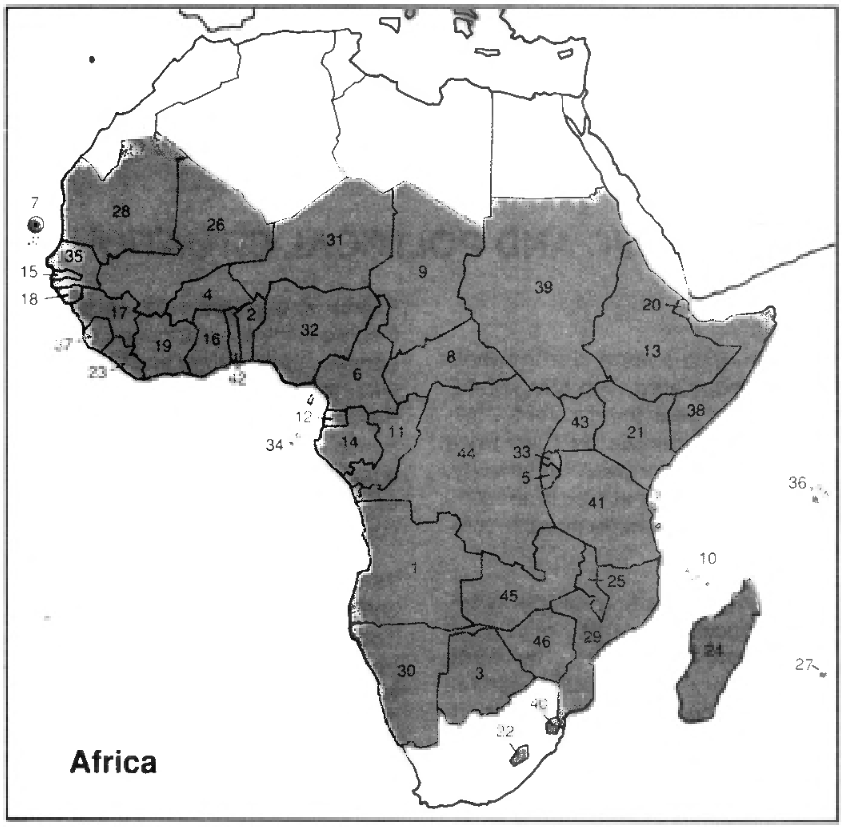
The Lomé Convention has four essential features:

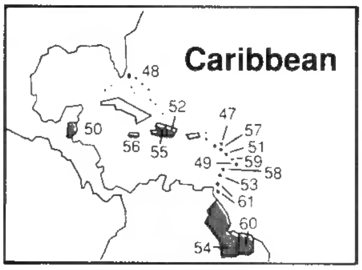
- It is a ten-year contract freely negotiated between equal partners. The security it offers enables the associated countries to plan their economies with greater confidence.
- It is non-aligned in that it respects each partner's freedom to choose its economic system, political regime and development model. It embraces countries represented by governments of varying political tendencies.
- It is a comprehensive agreement that combines a whole range of co-operation instruments providing a balanced response to needs that vary with economic structures and levels of development. The Southern African ACP States, like all other countries that have signed Lomé, decide themselves which development instruments to use, according to their own priorities.
- Its institutions (ACP-EEC Council of Ministers and Committee of Ambassadors, ACP-EEC Joint Assembly) make for a permanent dialogue between governments and with the European Parliament.

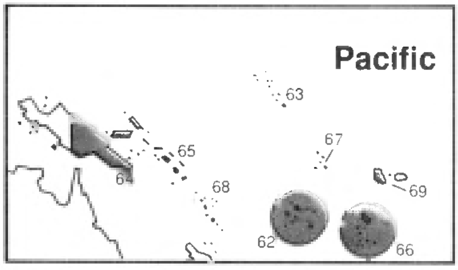
These institutions operate at different levels:

- The ACP-EEC Council of Ministers manages the Lomé Convention at government level, and is the ultimate decision-maker on questions of co-operation.
- The ACP-EEC Committee of Ambassadors (based in Brussels) meets more often than the Council of Ministers. This Committee monitors ACP-EEC co-operation and has certain powers delegated to it by the Council of Ministers.
- The ACP-EEC Joint Assembly consists of a representative from each ACP State and an equal number of Members of the European Parliament. It meets twice a year. The Joint Assembly serves as a forum for discussions and as a stimulus to ACP-EEC co-operation.

Consultations with the two sides of industry can be arranged on the initiative of the Assembly. Ad hoc meetings can also be held under the aegis of the ACP-EEC Council of Ministers on «clearly defined matters of common interest».







The ACP Group

Founded in 1975, with the signing of the Georgetown Agreement.

Institutions

1. **The Council of Ministers:** the supreme body with decision-making power. Member States are represented at ministerial level. The Council defines the broad outlines of the Group's policies, and examines ACP-EEC co-operation as well as intra-ACP matters.
2. **The Committee of Ambassadors:** composed of ACP Ambassadors to the EC or their representatives, assists the Council of Ministers and supervises the implementation of the Lomé Convention.
3. **The ACP General Secretariat:** coordinates the activities of the ACP institutions. Located in Brussels.

ACP COUNTRIES

AFRICA

1 Angola
2 Benin
3 Botswana
4 Burkina Faso
5 Burundi
6 Cameroon
7 Cape Verde
8 Central African Republic
9 Chad
10 Comoros
11 Congo
12 Equatorial Guinea
13 Ethiopia
14 Gabon
15 Gambia
16 Ghana
17 Guinea
18 Guinea Bissau
19 Ivory Coast
20 Jibuti
21 Kenya
22 Lesotho
23 Liberia
24 Madagascar
25 Malawi
26 Mali
27 Mauritius
28 Mauritania
29 Mozambique
30 Namibia
31 Niger
32 Nigeria
33 Rwanda
34 Sao Tome Principe
35 Senegal
36 Seychelles
37 Sierra Leone
38 Somalia
39 Sudan
40 Swaziland
41 Tanzania
42 Togo
43 Uganda
44 Zaïre
45 Zambia
46 Zimbabwe

CARIBBEAN

47 Antigua and Barbuda
48 Bahamas
49 Barbados
50 Belize
51 Dominica
52 Dominican Republic
53 Grenada
54 Guyana
55 Haïti
56 Jamaica
57 Saint Christopher & Nevis
58 Saint Vincent
59 Saint Lucia
60 Suriname
61 Trinidad & Tobago

PACIFIC

62 Fiji
63 Kiribati
64 Papua New Guinea
65 Solomon Islands
66 Tonga
67 Tuvalu
68 Vanuatu
69 Western Samoa

SOUTHERN AFRICA AND THE EUROPEAN COMMUNITY

ECONOMIC AND POLITICAL SITUATION OF SOUTHERN AFRICA

Population

Southern Africa is vast and on the whole sparsely populated. The ten SADCC countries between them cover 5.7 million square kilometres, well over twice the size of the European Community. Their combined population is about 80 million, four times smaller than the Community's.

The average density is low partly because agriculture or cattle raising are the principal occupations - the region contains very few industrial centres outside Zambia's Copperbelt - and partly because large tracts of land are uninhabitable desert or semi-arid scrub or grassland capable of supporting wildlife or cattle but very few people. This is especially true of the «Kalahari twins», Botswana and Namibia, which between them contain barely 3 million inhabitants in a total area of 1.4 million square kilometres; but all ten countries, from Tanzania in the north to Lesotho in the south, contain large areas of rocky terrain which are unsuitable for cultivation.

Arable land is in fact quite limited, while the population is increasing rapidly, at an average rate of 3.3% a year. Pressure on the land is therefore a serious problem in some areas and the question of optimum land use occupies the authorities everywhere.

Agriculture

Although commercial farming plays a major role in some countries, notably Zimbabwe, food production is mainly in the hands of smallholders, who make up the vast majority of the region's farmers. The staple crop is maize. Sorghum, which is more drought-resistant (some areas are prone to drought), is widely cultivated. Millet and wheat are also grown and parts of Zambia and the eastern coastal areas produce rice. Over the past ten years the region as a whole has been importing on average nearly 1.5 million tonnes of cereals a year, or the annual requirements of about 10% of its population. Food security and crop research consequently receive considerable attention.

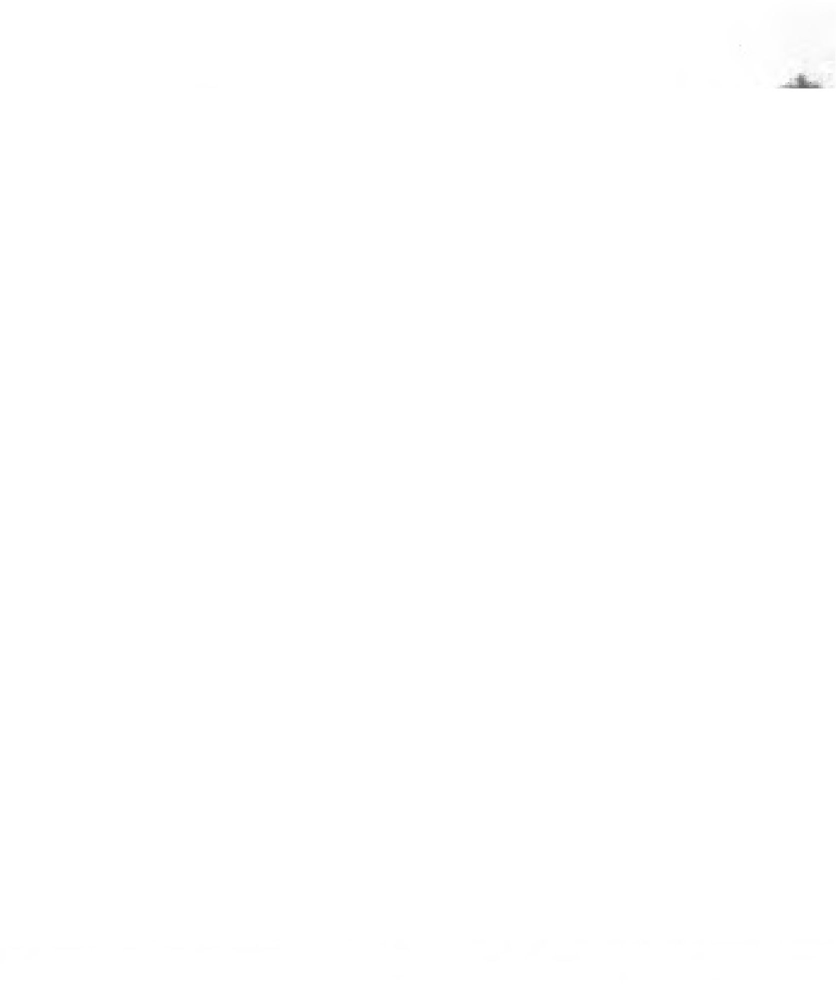
Fish are an important source of food and income in the areas around Lake Tanganyika, Lake Malawi and the artificial lakes formed by the Kariba and Cahora Bassa dams across the Zambezi. Coastal fishing is mainly on a small scale, but is far from insignificant - shrimps are one of Mozambique's leading exports - and could be developed.

The principal cash crops are sugar, coffee, tea, tobacco, cotton and sisal. Tobacco, sugar and coffee are the biggest export earners for, respectively, Malawi and Zimbabwe, Swaziland and Tanzania. Cashew nuts are an important cash crop in Mozambique and Tanzania. The principal markets for all these crops are in Europe. The movement of commodity prices is therefore of great economic significance, especially as many smallholders are now being encouraged to grow one or other of these cash crops as a supplement to traditional food crops. The overall trend of tropical agricultural prices has unfortunately been downwards in the 1980s, while the cost of imported machinery and fertilizer has risen. In the agricultural sector the «terms of trade» have therefore deteriorated for the SADCC countries.

Livestock and wildlife

Cattle farming is important throughout Southern Africa, which contains an estimated 30 million head of cattle. Most rural households in fact own only a few animals, but large herds are kept in Botswana, Namibia, Swaziland, Zambia and Zimbabwe, which all produce beef for export. The substantial resources devoted to veterinary science, cattle fences, vaccination campaigns and the eradication of the tsetse fly reflect the importance attached to livestock.

The Victoria Falls, the "smoke that thunders" in the heart of Southern Africa. (JR)



Southern Africa also supports large numbers of wild animals, including more rhinos and elephants than any other part of Africa. Wild animals in their natural surroundings are both beautiful and valuable, since they are the real attraction of the tourist industry. Protecting them and their habitat is becoming an increasingly important issue, entailing in some areas - such as the Zambezi Valley and northern Botswana - difficult decisions on land use, to reconcile the sometimes conflicting demands of cattle owners, safari operators and conservationists.

Industry and trade

Although it employs far fewer people than agriculture, mining is of crucial importance for several SADCC states. Diamonds are far and away the leading exports for Botswana and Namibia, and are also mined in Tanzania. Copper still accounts for 90% of Zambia's foreign exchange earnings. Gold, chrome and a variety of other minerals make up over 30% of Zimbabwe's exports. Thousands of workers from Lesotho, Swaziland and Mozambique have traditionally found employment in South Africa's mines.

Over the first half of the 1980s, metal prices declined from their high levels of the late 1970s, but have been generally firmer in recent years (with the notable exception of gold), as a result of increased demand from the industrialized countries.

The mining industry needs a great deal of power, but the region is fortunate in possessing substantial deposits of coal, supplemented in recent years by hydropower from the Kariba and Cahora Bassa dams on the Zambezi. Work is now under way on an ambitious hydro-electric scheme in Lesotho, which should bring great economic benefits to that country. Oil, however, has to be imported by all SADCC states except Angola, whose economy depends on its offshore oil industry. Zambia's Copperbelt is supplied with oil via a pipeline from Dar-es-Salaam. Another pipeline, from Beira, carries oil to Harare.

Manufacturing is limited. Most exports are still primary or semi-processed products, sold to customers in overseas industrialized countries. Light industry has recently increased in Botswana, Lesotho and Swaziland, which, together with Namibia, obtain most of their imports from South Africa. By far the largest share of SADCC's trade, however, involves overseas partners.

Although Zimbabwe, alone among SADCC states, possesses a diversified industrial sector - manufactured products currently make up about 35% of its exports - and accounts for some 30% of intra-SADCC trade, it still conducts most of its trade with overseas partners. In this respect it is no different from its neighbours and like them depends heavily on the region's international transport network. This has been seriously disturbed as a result of the political events of the past fifteen years.

Political situation

Independence for Angola and Mozambique, obtained in 1975, touched off internal struggles between rival political parties. Fuelled until recently by foreign support, the ensuing guerrilla wars have continued ever since. They have seriously disrupted the economies of both countries, led to heavy loss of life and caused great damage to physical infrastructure.

In Angola, the Benguela railway has been out of action since 1975, depriving Zambia of its outlet to the Atlantic Ocean, and forcing it to re-route part of its trade through South Africa. In Mozambique, repeated attacks on the railway lines to the ports of Nacala, Beira and Maputo have had similar consequences for Zimbabwe and Malawi. Mozambique itself has lost substantial revenue from transit traffic.

The disorganization of the region's transport network was so keenly felt that its rehabilitation has been SADCC's top priority since 1980. Support from donors, not least the EEC, has been strong and a massive reconstruction effort is now under way. All this has however required very substantial funds, and considerably more will be needed if the whole network is to be restored to its original state.

Conditions in Mozambique have caused a further problem for Malawi and Zimbabwe, which have taken in very large numbers of refugees in recent years. Malawi's economy is under particular strain, as refugees from Mozambique have increased the population by 10%. Zimbabwe has had to spend heavily on defence, both to patrol its border and to guard the Beira corridor.

Zimbabwe's own independence struggle has had perhaps more far-reaching consequences for the region. As the cause which originally brought together the «Front Line States» (1) - a term first used in 1976 - it can be said to have sown the seeds of regional co-operation. It brought to the fore the question of land distribution, perhaps the most awkward of the colonial legacies. The country which has emerged from it offers a model of a mixed society, even though it is not entirely comparable with South Africa. It has shown that political change does not necessarily entail economic collapse.

The continued existence of apartheid in South Africa has of course had regional consequences. Politically, opposition to apartheid has provided the cement of SADCC unity since Zimbabwe's independence. Economically, the defence of apartheid, or at least of white South Africa's perceived interests, has until recently helped to prolong the wars in Angola and Mozambique, seriously hindering the economic development of the SADCC region.

Now that South African military involvement in Angola has ceased, Namibia is independent, and the South African government has initiated domestic reforms, the political climate has begun to improve. If progress towards the abolition of apartheid continues, better political relations between South Africa and the SADCC countries can be expected, while their economic relations will very probably change. The implications of such a change are touched on briefly in the conclusion to this brochure.

(1) Angola, Botswana, Mozambique, Tanzania, Zambia, Zimbabwe.

INSTRUMENTS OF EC-SOUTHERN AFRICA CO-OPERATION

Trade

In common with other developing countries, the SADCC States export chiefly raw materials - unprocessed or semi-processed agricultural commodities and minerals, the latter accounting for some 60% of their total export earnings - and import manufactured goods, oil (Angola excepted) and foodstuffs. The one exception is Zimbabwe, which is partly industrialised and produces a variety of finished products.

Again like other groups of developing countries, the SADCC region conducts the majority of its trade in both directions - imports and exports - with external partners (intra-SADCC trade currently accounts for under 5% of the total). As the table shows, the largest of these is the EEC. Although the Republic of South Africa, as the nearest industrialised country, is the biggest supplier for the other members of the Southern African Customs Union (1), the Community is the leading source of imports for Zambia and Zimbabwe and its market is the biggest outlet for four SADCC countries - Zambia, Zimbabwe, Malawi and Botswana. Trade arrangements between the two regions are therefore of considerable importance.

Trade arrangements

The trade provisions of the Lomé Convention allow the vast majority of Southern African ACP exports to enter the EEC duty-free and in unlimited quantities. The Community does not however require the ACP States to apply the same treatment to its own exports - the principle of non-reciprocity - and so the SADCC countries can charge customs duties on the EEC products they import. A number of them derive substantial revenue from this source.

In addition to these general provisions, special arrangements exist for sugar and beef which are of interest to certain SADCC countries. Under the Sugar Protocol attached to the Lomé Convention, the Community agrees to buy a fixed quantity of sugar every year from ACP producers at an attractively high guaranteed price. The Protocol is of particular benefit to Swaziland, which obtains this price for 120,000 tons of raw sugar annually (worth some 50 million ECU, or one fifth of the country's total export earnings, in recent years). Sugar producers in Zimbabwe, Malawi and Tanzania also benefit, although these countries' quotas are smaller.

A special arrangement for meat exports to the EEC, known as the Beef Protocol, allows traditional ACP beef-exporting countries to keep 90 % of the tax normally payable on beef imports into the Community, for certain quantities: up to 18,916 tons for Botswana, 9,100 tons for Zimbabwe and 3,363 tons for Swaziland. Insofar as they fulfil their quotas, these countries derive substantial extra income from the beef levy rebate.

Under the fisheries agreements which it has signed with two coastal SADCC states - Angola and Mozambique - the Community makes payments to these countries for fishing rights in their exclusive economic zones. In addition it provides funds to finance training activities and scientific and technical programmes related to fishing and fishery resources in their waters. Negotiations are in progress for a similar agreement with Tanzania. An EEC-Namibia fisheries agreement is also a distinct possibility.

Leading partners' trade with the SADCC States
(in million US$)

	1978		1983		1988	
	Imports	Exports	Imports	Exports	Imports	Exports
WORLD	5 478	3 866	5 490	3 634	5 500	3 428
EEC	1 018	1 326	1 693	1 478	2 309	2 211
USA	501	150	1 143	241	1 572	255
JAPAN	231	176	296	207	710	303
SOUTH AFRICA	214	465	192	593	226	712

Sources: SADCC (for World) (1978 : approximate; 1988 : estimate)
COMTRADE, Geneva (for EEC, USA, Japan)
South African Mission to the EC (for South Africa)

(For comparison)

All partners' trade and EEC'S trade with South Africa
(in million US$)

	1978		1983		1988	
	Imports	Exports	Imports	Exports	Imports	Exports
WORLD	8 433	7 191	18 539	14 522	21 744	17 394
EEC	5 130	4 185	5 737	6 513	7 602	7 492

Sources: South African Mission to the EC (for World)
COMTRADE, Geneva (for EEC)

(1) Botswana, Lesotho, Namibia, Swaziland.

Sorting ripe coffee berries in the highlands of Zimbabwe. The Stabex scheme provides compensation for serious losses on export earnings from coffee and other agricultural commodities. (JR)

The Stabex scheme - cash transfers to compensate for serious losses sustained on agricultural export earnings as a result of price falls, crop failures or damage to crops - has also proved of assistance in the region. Over the period 1975-87, transfers have been made for export losses on tea, coffee, cotton, sisal and cashew nuts. The scheme has been of particular benefit to producers in Tanzania, Malawi, Mozambique and Lesotho.

Trade development

As well as assisting SADCC trade through the general and special arrangements described above, the Lomé Convention provides funds, on a national or regional basis:

- to promote individual countries' exports, by financing for example participation in trade fairs;
- to develop new products, through technical assistance with market research;
- to encourage trade within the region, which is one of the principal aims of SADCC and of the wider group of countries belonging to the Eastern and Southern African Preferential Trade Area. An example of EEC support in this field is given in the section on regional co-operation.

Financial and Technical Assistance

In addition to their trade provisions, the Lomé Conventions, backed up by five-year European Development Funds (EDF) and the capital resources of the European Investment Bank (EIB), offer assistance in a variety of forms to ACP countries.

The bulk of the EDF is available for development projects chosen by the ACP countries and approved by the Community. Works, supplies, studies, technical assistance, training and, since Lomé III, commodity imports, can all be financed. Each country has a fixed amount to spend on its national programme. In addition, funds are available for regional projects benefitting two or more countries, co-ordinated, in the case of Southern Africa, by SADCC.

Operations which contain national and regional elements can be financed with a mixture of national and regional funds. Tsetse control, for instance, or the rehabilitation of the port of Beira are being financed in this way.

In Southern Africa, EDF programmable resources - aid for national and regional programmes - amounted to some 300 million ECU under Lomé I (1975-80), 450 MECU under Lomé II (1981-85), and should total some 1,100 MECU for the period 1986-90 when the Lomé III programmes are completed.

Some 12% of the EDF is set aside for the stabilisation of export earnings. Stabex transfers are only made if justified by circumstances, but these circumstances have arisen quite frequently, and a total of some 100 MECU has already been transferred to Southern African ACP countries, for the period 1975-87.

The Sysmin facility, introduced in Lomé II for mining operations in difficulty, has proved useful for Zambia, where loans totalling 83 MECU have helped to halt the decline of copper production, and for Botswana (22 MECU for a copper-nickel mine).

A small proportion of the EDF is reserved for emergency aid operations in the wake of natural disasters or serious refugee situations. Afflicted by drought, epidemics, destabilisation and armed conflict, the region has had to call on the emergency aid fund on numerous occasions.

To date between two thirds and three quarters of all EDF assistance has been in the form of grants. The proportion of grant aid will rise, under Lomé IV, to 92% of the seventh EDF. To assist ACP enterprises risk capital is also provided, on easy terms. Risk capital - 8% of EDF VII - is managed by the European Investment Bank.

Projects can also be financed with loans from the Bank's own resources, which carry more commercial rates of interest. In practice these have usually been reduced to between 5% and 8% by interest rate subsidies from the EDF, and will be reduced still further, to between 3% and 6%, under Lomé IV. The expansion of telecommunications in Zimbabwe, the rehabilitation of cement factories in Malawi and Mozambique, the rehabilitation of the Tanzania-Zambia oil pipeline, the construction of abbatoirs in Botswana and elsewhere are examples of industrial projects part-financed by EIB loans in Southern Africa. The Bank has so far lent a total of over 400 million ECU to ACP countries in the region.

In addition to EDF and EIB resources, part of the Community's annual budget is set aside for assistance to developing countries, especially in the form of food aid and co-financing of NGO projects. Over the years hundreds of thousands of tons of cereals and other foods have been shipped to the region, in response to drought, to feed refugees, or to make up structural deficits.

Innumerable projects implemented by non-governmental organisations have received Community support (over 100 NGO projects have been co-financed to date in Zimbabwe alone).

The Community budget was also used to finance development projects in Angola, Mozambique and Zimbabwe before they signed the Lomé Conventions. It is now being used to ease the immediate pre- and post-independence period in Namibia.

The table below shows that over the first fifteen years of EC-Southern Africa co-operation, the Community has spent or committed in one form or another nearly 3,300 million ECU in the region. The following pages present some of the tangible results.

EEC financial assistance (EDF+EIB+EEC budget) to the SADCC States (1975-1990)

(in million ECU)

	Lomé I 1975-80	Lomé II 1981-85	Lomé III 1986-90	Total
National Programmes	273	378	874	1 525
Regional Programmes	30	70	141	241
EIB loans (including risk capital)	65	168	183	416
Interest rate subsidies on EIB loans	-	15	12	27
Stabex	34	29	54	117
Sysmin	-	83	21	104
Emergency/refugee aid	32	20	67	119
Food aid	76	225	206	507
NGO co-financing	2	42	20	64
Other assistance (destabilisation, ecology, AIDS, etc.)	23	-	31	54
Pre-Lomé aid to Angola, Mozambique, Zimbabwe and Namibia	22	75	20	117
Grand total	557	1 105	1 629	3 291

N.B. Non-programmed aid (EIB loans, Stabex, emergency aid, etc.) for Lomé III has been included up to 30.6.1990.

Total European Community financial assistance to the SADCC States (EEC + Member States' bilateral aid)

(in million ECU)

	1986	1987	1988	1975-88
Official development aid (ODA) to SADCC States from all sources	2 383	2 580	2 925	22 753
• from the European Community (Member States + EEC)	964	1 241	1 358	9 298
• EC share of total ODA to SADCC	40%	48%	46%	41%

Source: OECD

REGIONAL CO-OPERATION

The ACP countries of Southern Africa have set themselves the twin goals of raising their standard of living and reducing their economic dependence on the outside world, particularly on the Republic of South Africa, the dominant economic power in the region.

To achieve these aims, they will have to overcome a number of serious obstacles. Insufficient home-grown food, a narrow industrial base, a shortage of skilled workers, a network of communications in need of substantial repairs, a low volume of trade amongst themselves, and a chronic shortage of foreign exchange are perhaps the most obvious difficulties they face.

Tackling these problems require human and financial resources beyond the means of individual developing countries. Since 1980 all the ACP countries of the region have formed an economic association, the Southern African Development Coordination Conference, to co-ordinate their own efforts and those of their external co-operating partners (see inset on SADCC). To date SADCC has concentrated on three areas - transport and communications, agriculture and food security, manpower development (education and training). Eight of the SADCC states are also members of a wider group, the Preferential Trade Area, established in 1981 to address the specific problems of trade between eastern and southern African countries.

The European Community, which as a regional body is convinced of the practical benefits of this form of co-operation, has provided regional funds since 1976 (30 MECU under Lomé I, 70 MECU under Lomé II and 141 MECU under Lomé III) and has supported both SADCC and PTA since their formation. Since 1986 most of the Community's regional assistance to Southern Africa has been programmed with SADCC.

SADCC

(Southern African Development Coordination Conference)

Members

Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia, Zimbabwe.

Origins

The idea of an economic association developed from the experience of political co-operation gained by the «Front Line States» (Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe) in supporting the independence movement in Zimbabwe. Discussed in depth in 1979, SADCC was formally launched the following year at a meeting of the nine heads of government in Lusaka.

Objectives

The Lusaka Declaration establishing SADCC sets out four main goals:

- the reduction of economic dependence, particularly, but not only, on the Republic of South Africa;
- the forging of links to create a genuine and equitable regional integration;
- the mobilisation of resources to promote the implementation of national, interstate and regional policies;
- concerted action to secure international co-operation within this framework.

Organisation and working methods

SADCC's institutions are :

- a Summit (annual meeting of Heads of State and governments);
- Council of Ministers (meetings of energy ministers, transport ministers, etc.) who approve projects to be included in SADCC's Programme of Action;
- Committee of Officials, who screen projects prepared by «Sectoral co-ordinators» working in specialised units of government departments, sometimes with aid-funded experts;
- a small secretariat in Gaborone, Botswana;
- two special units, the Southern African Transport and Communications Commission (SATCC) in Maputo, Mozambique, and the Southern African Centre for Co-operation in Agricultural Research (SACCAR), based in Gaborone.

An annual consultative conference is held with SADCC's co-operating partners. The EEC has attended every one so far.

Once a project has been approved, responsibility for its implementation (and funding) lies with the appropriate ministry in the country where the project is located.

Sectoral Responsibilities

Each country has responsibility for one or two sectors:

- Angola: energy
- Botswana: agricultural research (SACCAR), livestock production, animal disease control
- Lesotho: soil and water conservation, tourism
- Malawi: fisheries, forestry and wildlife
- Mozambique: transport and communications (SATCC)
- Namibia: (to be decided by SADCC)
- Swaziland: manpower
- Tanzania: industry and trade
- Zambia: mining
- Zimbabwe: food security

Southern African regional programmes, by sector
(EEC commitments, in million ECU)

	Lomé I	Lomé II	Lomé III
	Approved	Approved	Approved/Planned
Transport and communications	**20 (67%)**	**23.1 (34%)**	**91 (65%)**
Railways	10	10.5	19
Roads	10	10.5	24
Ports	-	-	48
Airports	-	2.1	-
Food Security, Agriculture, Livestock	**0.8 (3%)**	**23 (34%)**	**27 (19%)**
Food and agriculture	-	0.3	11
Animal disease control	0.8	22.7	16
Education and Training	**8.8 (30%)**	**13.8 (20%)**	**14 (10%)**
Infrastructure	4	5.4	-
Training	4.8	8.4	14
Other areas	**-**	**7.9 (12%)**	**9 (6%)**
Reintegration of qualified Africans	-	2.2	2
Energy, industry, mines	-	1.8	5.5
Technical assistance, studies	-	3.9	1.5
Total	**29.6**	**67.8**	**141**

Built by the Chinese in the early 1970s, the Tanzania-Zambia Railway (TAZARA) - pictured here in Southern Tanzania - was intended primarily to provide access to an international port for Zambian exports and imports. The EEC is contributing from Southern African regional funds to maintenance operations along the entire line, nearly 2 000 km long. (AB)

Transport and communications

Until the early 1960s most of the external trade of the Southern African countries was carried via routes through Angola and Mozambique. In recent years these routes, together with the newer Tanzam Highway (opened in 1972) and Tazara Railway (opened in 1975) linking Tanzania and Zambia, have deteriorated.

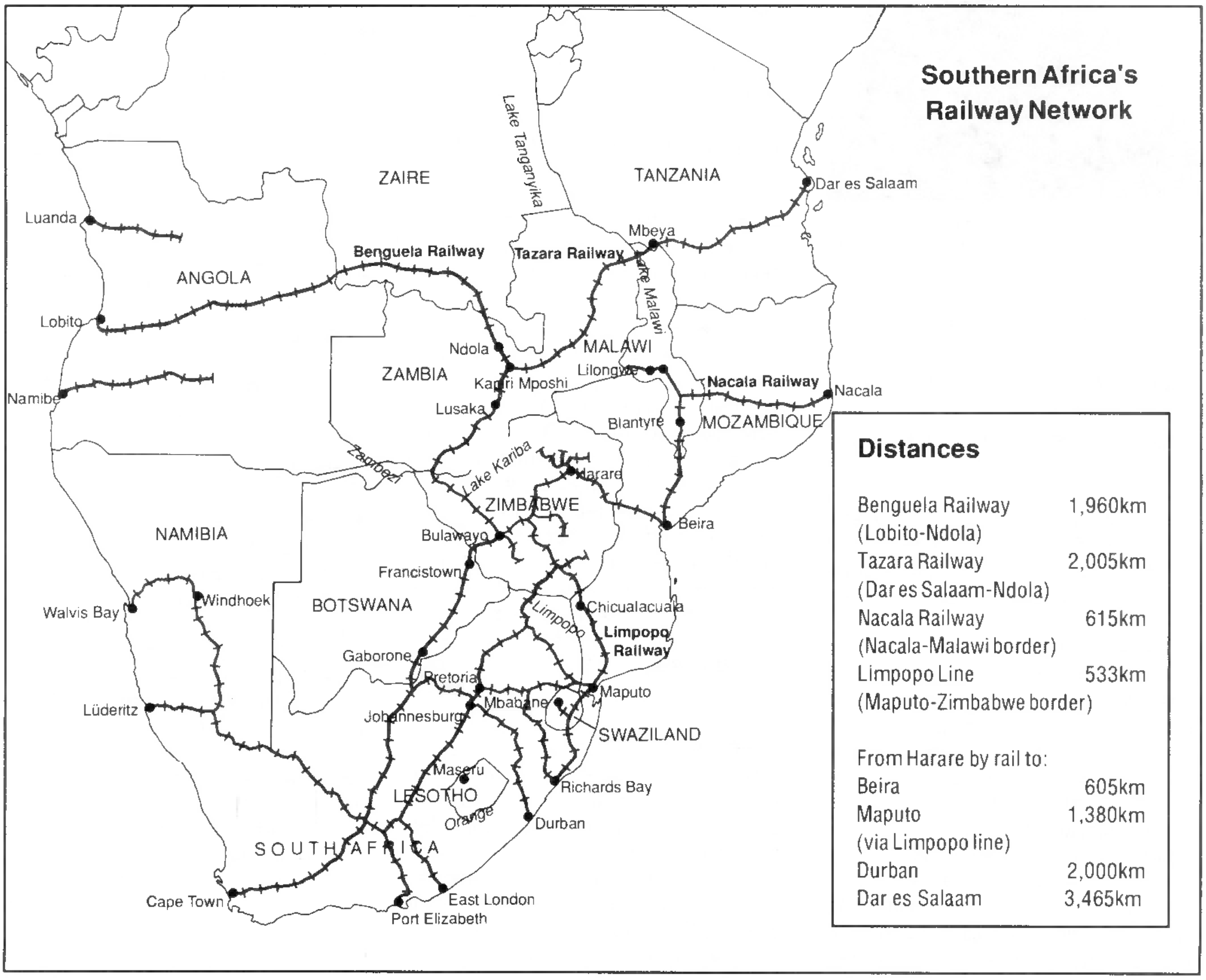
In Angola, guerilla attacks have closed the Benguela railway to international traffic since 1975, and in Mozambique they have severely affected the Beira, Nacala and Limpopo lines.

As a result most SADCC States have had to make increasing use of South Africa's network, to which their common rail system is linked, involving much longer distances for their freight. This dependence costs them heavily in foreign currency. Mozambique has been particularly affected. Prior to 1976, a substantial proportion of its foreign exchange earnings was derived from transit traffic from Zimbabwe, Malawi, Swaziland and South Africa.

Access to the sea

Quite naturally, SADCC's members, six of which are land-locked, have always given top priority to the rehabilitation of their transport network. One of the Conference's first acts was to set up a special unit, the Southern African Transport and Communication Commission (SATCC), which has commissioned studies on, and raised funds for, the rehabilitation and improvement of five routes to the sea, designated «Port Transport Systems». These systems, and their major components, are:

- **Dar-es-Salaam PTS** - the port of Dar, the Tazara railway, the Tanzam road, and the «Northern Corridor» linking Malawi and Tanzania
- **Nacala PTS** - Nacala port and railway



Distances

Benguela Railway (Lobito-Ndola)	1,960km
Tazara Railway (Dar es Salaam-Ndola)	2,005km
Nacala Railway (Nacala-Malawi border)	615km
Limpopo Line (Maputo-Zimbabwe border)	533km
From Harare by rail to:	
Beira	605km
Maputo (via Limpopo line)	1,380km
Durban	2,000km
Dar es Salaam	3,465km

The Community and its Member States are major contributors to the rehabilitation of the port of Beira, Mozambique. (WB)

- **Beira PTS** - Beira port, railway and road
- **Maputo PTS** - Maputo port and Limpopo railway.
- **Lobito PTS** - Lobito port and Benguela railway

The European Community - and, bilaterally, most of its Member States - have given, are providing or have pledged substantial support for these five routes.

1. **Tazara/Dar-es-Salaam:** Although quite new - the line was opened in 1975 - the Tazara railway has never carried as much freight as was initially planned. To improve the line's performance SADCC launched a ten year development plan in 1985, to which the Community is contributing 13 MECU. Its contribution covers heavy equipment, including two crushers, for quarries producing ballast for the track, workshop equipment, wheel lathes and a team to supervise track maintenance for 5 years.

The Community is also financing the supervision and construction of 51 km of road - which includes 3 new bridges - from Karonga, at the northern end of Lake Malawi, to Ibanda 5km inside Tanzania (15 MECU from Lomé II and Lomé III regional funds and 4 MECU from Malawi's national allocation). This road, which should be finished in 1991, is an essential link in the «Northern Corridor» designed to connect Malawi with the Tanzam road and Tazara railway at Mbeya. An additional grant from Lomé III regional funds is planned to upgrade the existing road on the Tanzanian side of the border. This outlet is of great importance to Malawi, whose trade has been badly disrupted by the Beira and Nacala closures.

2. **Nacala:** The Community has granted 25 MECU, from its Lomé III allocation to Mozambique, for the purchase of materials and equipment for the railway, which is being relaid with substantial French and Portuguese assistance. Security problems held up rehabilitation in 1988, but thanks to civil protection (non-lethal aid) provided by the EEC work resumed in 1990. When fully operational, the Nacala line is expected to serve as Malawi's main outlet to the sea.

3. **Beira:** The nearest port to Harare and Blantyre, Beira used to be the natural outlet for northern Zimbabwe and southern Malawi, but systematic sabotage over the period 1982-84 forced these countries to divert much of their freight through South Africa. In 1986 the Beira Corridor carried only 1.45 million tonnes of goods, less than half pre-independence levels. A massive rehabilitation effort is now under way to restore the Corridor's previous capacity of 3-4 million tonnes by the early 1990s, and indeed increase it to 5 million tonnes per year.

The Community and its Member States, in particular the Netherlands, Italy and Denmark, are making major financial contributions. The EDF contribution (39 MECU from Lomé III regional funds and 9 MECU from Mozambique's national allocation) is financing the rehabilitation of quays 2,3,4 and 5 in the port of Beira and their freight handling areas. These will become the main terminal for modern container, roll-on/roll-off and multipurpose vessels. Community financing for maintenance (dredging) of the port is also planned. In addition, the EDF is financing repairs to the Beira-Machipanda road with a 5 MECU grant, bringing the Community's share of rehabilitation costs to some 10% of the total.

4. **Maputo:** The Community has expressed an interest in contributing from Lomé III regional funds and Mozambique's national allocation, to the rehabilitation of the 533 km Limpopo line, linking southern Zimbabwe (and Botswana) with the port of Maputo.

5. **Lobito** : Following an improvement (unfortunately short-lived) in the Angolan situation in 1978-79, the EC organised a donors' conference in 1979 which raised 21 MECU. Its own contribution (8 MECU from the Lomé I regional fund) was used to buy wagons, spare parts and repair facilities for the Zambian and Zaïrian parts of the Benguela railway. The situation deteriorated again and the line was not re-opened to international traffic. In 1988 SADCC included a 10-year development plan for the Lobito Route in its programme of action. The Community is prepared to make a fresh contribution from Lomé III regional funds, given the importance of this route which, before its closure, carried up to 45% of the Copperbelt's exports.

Other assistance

In addition to its contributions to the «Port Transport Systems», the Community has financed several other transport projects of regional importance: the hard-surfacing of the 300 km Nata-Kazungula (BOTZAM) road, which has given Botswana a direct, permanent link with Zambia since 1984; the construction of a new control tower, operations building and remote transmitter station at Swaziland's Matsapha international airport, which can now handle fully loaded medium range aircraft such as Boeing 737s; and the renovation of Railway Training Schools in Mozambique.

Food and agriculture

Although the SADCC countries are thinly populated by European standards, their population, currently estimated at 80 million, is rising fast, and will be well over 100 million by the year 2000 at present rates of increase. For various reasons, many of them do not produce enough food to cover even present needs and, despite the existence in normal years of a big grain surplus in Zimbabwe, they have been importing basic cereals **from outside the region.**

One of SADCC's top priorities is therefore to achieve regional food security. The EEC is supporting the drive for food security in several ways: through national agricultural projects, through food aid, through its support for regional agricultural research programmes, and through its involvement in discussions on a regional food reserve.

Southern Africa also has a large cattle population - some 30 million head of cattle, according to a recent SADCC estimate - and animal husbandry is of great importance throughout the region. This is an area which has received substantial Community funding, particularly the animal disease control aspect.

The EEC is also supporting the SADCC Unit on Fisheries, Forestry and Wildlife in the Malawi administration. A number of projects in this sector have aroused EEC interest, but none have progressed beyond the study stage as yet.

Food security

Food production is unevenly distributed in Southern Africa. While some areas do well, notably parts of Zimbabwe, Zambia, and to a lesser extent Malawi, others are normally short of food. Botswana and Lesotho, for example, regularly produce less than half their grain requirements. Marketing, distribution and storage problems - and sometimes lack of money - mean that food shortage areas cannot always have access to existing surpluses in the region. The situation is made worse by the wars in Angola and Mozambique, where farming is disrupted and many thousands of refugees (1) need food aid, and of course by periods of prolonged drought, such as occurred in the early 1980s.

The net result of this situation is that in recent years the SADCC countries as a whole have imported about one million tons of maize, 300,000 tons of wheat and 100,000 tons of rice to cover their annual staple food needs. They have bought about half of these amounts on the world cereals market and received the rest as food aid. In recent years the Community has supplied on average 25% of food aid to the region.

Because in normal years Zimbabwe produces a surplus of maize (over 800,000 tons in 1988/89), the Community and other donors have been buying maize from Zimbabwe for SADCC deficit countries instead of cereals from Europe. Between 1983 and 1988 the Community financed **triangular food aid** of this sort for quantities averaging 45,000 tons of maize a year. Other donors have done likewise, and triangular operations now represent between 10% and 15% of all food aid to the SADCC region.

The Community has also helped to encourage greater regional co-operation on food security. In 1984 it funded a study on the establishment of a **regional food reserve,** which recommended building a network of grain stores to be managed at SADCC level. This proposal was rejected by donors as being too expensive (investment and operating costs would have been more than 500 MECU). A second study, completed in 1987, recommended a financial mechanism to buy cereals - white maize - in surplus areas for consumption in deficit areas. This would in fact have amounted to a multi-annual triangular food aid programme managed from within SADCC, serving the aim of increasing intra-SADCC cereals trade and speeding up food deliveries to specific land-locked areas. This second proposal was rejected by SADCC in 1989. SADCC is currently working on a new proposal which will place more emphasis on food production.

The first two studies included proposals for a complementary training programme, covering training in food ma-

Average annual cereals imports and food aid (1986-88)

(1000 tons)

	Cereals imports	Food aid	EC food aid	EC triangular food aid
Angola	251	76	38	3
Botswana	135	49	3	3
Lesotho	114	43	9	1
Malawi	41	41	16	15
Mozambique	383	357	110	16
Swaziland	39	4	0	0
Tanzania	174	64	8	0
Zambia	149	114	7	7
Zimbabwe	65	17	0	0
SADCC	1 351	765	191	45

Source: FAO and EEC

Main areas of food insecurity
(climatic and/or war-related)

(incorporating information supplied by FAO)

(1) More than 800 000 in Malawi in 1990, or 10% of the population.

nagement, household level food security and grain marketing. This programme can be implemented separately while reflexions on a regional food reserve are continuing.

Agricultural research

The food reserve debate has clarified one issue - the fundamental importance of raising food production, especially in view of the region's rising population. SADCC now has a specialised unit to co-ordinate regional agricultural research - the Southern African Centre for Cooperation in Agricultural Research (SACCAR), based at the Agricultural College north of Gaborone, Botswana. The EEC is supporting two projects co-ordinated by SACCAR:

- **Land and water management**

With a grant of 2.46 million ECU, the Community is financing the construction and equipment of a soil physics laboratory, with associated lecture rooms and offices, a training officer for 3 years, and courses for trainee soil scientists from other SADCC countries. The training officer will be passing on to a group of about 80 SADCC nationals the research methods and results of a team of British Government-funded scientists who have been conducting research into such questions as the retention of surface water in low rainfall areas. Most of Botswana and parts of Angola, Mozambique, Zambia and Zimbabwe receive less than 800 mm of rain a year, while containing large numbers of traditional farming families. There is therefore a clear need to pass on valuable research results throughout the region.

- **Grain legume improvement**

Agricultural research in Southern Africa, long preoccupied with cash crops, has recently given more attention to traditional food crops. Some 2 million hectares are planted with grain legumes - beans, groundnuts, cowpeas - of which half a million are planted with cowpeas. Productivity is low (300-400 kg/ha) and demand outstrips supply. SACCAR and the International Institute for Tropical Agriculture have set up a cowpea research station at Umbeluzi, 20 km north of Maputo, with test sites in Mozambique, Botswana and Tanzania. The EEC is backing the development of high-yield varieties and improved cultivation techniques with a 1.5 MECU grant from sixth EDF regional funds.

- **Animal disease control**

Although the Community is contributing, with a 1 MECU grant from sixth EDF regional funds for Southern Africa, to the Botswana-based element of a research and training programme, co-ordinated by the International Livestock Centre for Africa, on methods of improving the performance of **draught animals** and of raising **sheep and goats,** its major contribution to livestock production in the region has taken the form of substantial support for the control of three killer diseases: **foot and mouth, rinderpest** and **trypanosomiasis.**

The first two diseases are treated by vaccination, the third by eradication of the carrier, the tsetse fly. Although veterinary services are organised nationally, animal diseases do not respect national borders, and it is logical to organise their control on a regional basis. From Lomé II regional funds - topped up, in the case of tsetse control, with allocations from the four national programmes concerned - the EEC financed the following campaigns:

1982-88 Foot and mouth vaccination, mainly in the Botswana-Zimbabwe-Zambia border area

1984-86 Rinderpest vaccination (70% of all cattle in Tanzania)

1985-89 Tsetse eradication by aerial spraying, traps and baits in the Zambezi Valley area of Zambia and Zimbabwe, with surveys and trap trials in Malawi and Mozambique.

The tsetse fly, and one of the environmentally safe odour-baited traps, developed by Zimbabwe's Tsetse and Trypanosomiasis Control department, in use in the Zambezi Valley area. (May & Baker Ltd, JR)

Plans for the regional extension of these campaigns and continuation of their associated training activities have been made, for which further EEC support from Lomé III regional funds is under consideration. If this additional support is agreed, and if EEC financing of other related operations (1) is considered, the Community will have contributed some 75 million ECU to animal disease control in Southern Africa.

EEC support for animal disease control in Southern Africa (in million ECU)

	Approved	Planned (2)
Botswana Vaccine Institute	5.86	
Vaccine production unit, Zambia	3.00	
Veterinary Faculty, Harare	12.96	
Foot and mouth disease control	13.50	10
Rinderpest control	4.30	
Trypanosomiasis (tsetse) control	20.35	5
ILCA livestock improvement	1.00	
Total	60.97	15

(2) Approved amounts include regional and national funds. Planned amounts concern regional funds only.

(1) The original vaccine unit set up to combat the 1978 outbreak of foot and mouth disease in Botswana, the construction and equipment of the permanent Vaccine Institute which followed it (the BVI now acts as a regional bank for foot and mouth and rinderpest vaccine), a vaccine production unit in Zambia, the erection of a 117 km foot and mouth disease barrier fence along the Swazi-Mozambique border, and the construction of the Veterinary Faculty and its extension in Harare.

Education and training

In common with all developing countries, the Southern African States suffer from a shortage of qualified indigenous professional and managerial staff in the public and private sectors, of skilled workers, of teachers and of teaching equipment.

To a great extent the problem has to be tackled at national level, and, according to SADCC's 1989 review of the regional situation, its member states are making great efforts on this front, «evidenced by the large percentages of national budgets devoted to education and training».

There are however some activities which call for regional rather than national action. The same SADCC paper identifies three purposes which can be served by regional co-operation in the field of «manpower development» (education and training):

1. To reduce dependence on foreign training facilities by strengthening local institutions so that they serve regional training needs.

The Community has supported this aim by providing several new buildings for the University of Botswana and Swaziland (UBS), and by supporting, again from Lomé I regional funds, the fledgeling Institute of Development Management, initially founded to provide training, at both UBS campuses, for managerial staff in Botswana, Lesotho and Swaziland. More recently, the Eastern and Southern African Management Institute (ESAMI) in Arusha has received support from Lomé III regional funds.

The EEC has also financed the construction of the Veterinary Faculty of the University of Zimbabwe, open to students from the whole SADCC region, at a total cost of nearly 13 MECU, financed partly from regional funds.

2. To offer training in fields where economies of scale suggest regional rather than country initiatives.

An example of Community support for this objective is the assistance it provided, from fourth and fifth EDF regional funds, to regional training schemes for three public services: customs and excise (BLS countries), postal services and telecommunications (BLS countries and Malawi), and railways (for BLS and Zimbabwe nationals).

Under Lomé II and III, the EEC has supported the Agricultural Management Centre at Mananga in Swaziland, by providing funds for technical assistance and for trainees to attend courses. The Centre offers training in financial management, economics, development and environmental studies. All SADCC states have sent students on courses at Mananga.

More recently, a Lomé III regional grant financed a workshop for science and maths teachers from secondary schools in all SADCC countries, to update their knowledge of these subjects, which are considered of fundamental importance for the region's development.

3. To provide or train skilled manpower needed by other sectors.

SADCC sees its Manpower Development Programme, to which the Community has agreed to allocate a «significant proportion» of Lomé III regional funds, as an indispensable complement to its priority sectors - transport, agriculture and natural resources. In keeping with this policy, the current EEC-SADCC regional programme includes substantial support for Mozambique Railways' Training School at Inhambane (courses for 40 Angolan trainees per year are funded, inter alia), an assessment of manpower needs for the Beira Corridor, and technical assistance to train agricultural researchers under the grain legume and soil and water projects mentioned earlier. Proposals for technical assistance or training related to other SADCC projects - road transport management, wildlife personnel, woodfuel saving, among others - are under discussion.

SADCC's own Regional Training Council has been partly staffed since its creation by Community-funded technical assistants. The Council was recently strengthened by the appointment, again from EDF regional funds, of a Transport Adviser and an Agricultural Adviser.

Reintegration of qualified Africans

Another way in which the Community is helping to tackle the shortage of skilled manpower in the region is by financing the return of qualified African nationals - doctors, accountants, engineers, etc. - from industrialised countries to fill suitable vacant jobs in Africa.

Although outside the EC-SADCC framework, this exercise, co-financed by the EEC (with two grants of 2 MECU each from fifth and sixth EDF regional funds) and the USA and administered by the Geneva-based Intergovernmental Committee for Migrants, has attracted considerable interest. Initially confined, in Southern Africa, to Zimbabwe, the programme has been widened under Lomé III to include Zambia.

University of Swaziland, extended with EEC regional funds. (DV)

Support for Namibians

At the request of the Front Line States, Lomé I and II regional funds were used to build a student hostel at the United Nations Institute for Namibia in Lusaka, to provide scholarships for Namibian students, and to train Namibian magistrates, teachers and secretaries. Now that Namibia is independent, this investment should stand Africa's newest country in good stead.

Principal EDF-financed regional education and training operations in Southern Africa

EDF IV & V (Lomé I and II)

Infrastructure & equipment
- University of Botswana and Swaziland
- Veterinary Faculty, University of Zimbabwe
- UN Institute for Namibia, Lusaka

Training and technical assistance
- Management (Institute of Development Management)
- Customs and Excise
- Posts and Telecommunications
- Railways

EDF V & VI (Lomé II and III)

Technical assistance
SADCC Regional Training Council

Training and technical assistance
- Agricultural management (Mananga Centre)
- Agricultural research
- Railways (Inhambane School)
- Beira Corridor staffing needs (study)
- English/Portuguese language teaching (study)
- Science and maths regional workshop

Other areas of regional co-operation

General arrangement of the Muela Hydropower Plant, Lesotho. (LHWP)

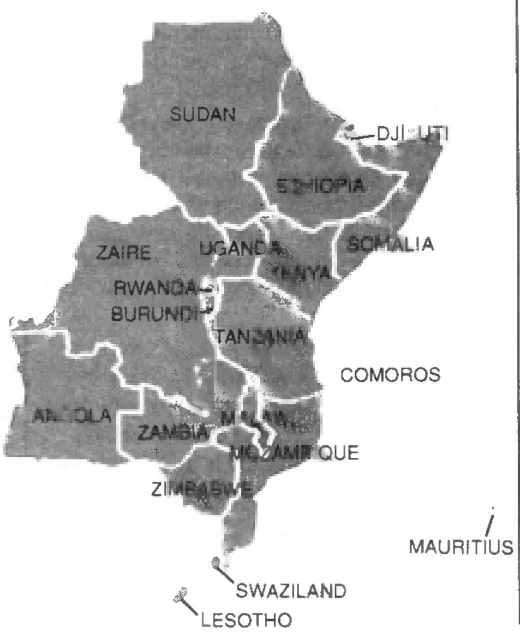
Energy, industry, mines

On the whole EEC assistance to these important sectors has been provided on a national rather than a regional basis.

Within the framework of EC-SADCC co-operation, the Community has provided technical assistance to the SADCC coordinating units for industry in Tanzania and energy in Angola, and is financing several studies in the mining sector in co-operation with the SADCC unit of the Zambian Ministry of Mines. An ambitious programme of region-wide grass-roots training in woodfuel problems is under consideration for regional funding.

There is, however, one major project of regional interest being carried out in the energy sector - the rehabilitation of the 1 700 km Tazama oil pipeline linking the port of Dar-es-Salaam with the Ndola refinery in Zambia's copperbelt. The European Investment Bank is providing a loan, from sixth EDF risk capital resources, of 13 MECU, repayable over 20 years at 2% interest, to cover one third of total costs. The Italian government is also contributing.

The works include replacing corroded pipes, protecting the pipeline from external corrosion, refurbishing all valves and replacing a number of booster pumps and station generators. The project, scheduled for completion in



Preferential trade area for Eastern and Southern African States

Established : 1981

Institutions:
- Secretariat, Lusaka
- Clearing House, Harare
- Trade and Development Bank, Bujumbura

Members:

Angola	Mauritius
Burundi	Rwanda
Comoros	Somalia
Djibuti	Swaziland
Ethiopia	Sudan
Kenya	Tanzania
Lesotho	Uganda
Malawi	Zaïre
Mozambique	Zambia
	Zimbabwe

1991, will make Zambia's oil supply and distribution system more efficient and reliable, and the elimination of leaks will reduce pollution in Tanzania.

Looking ahead, Lomé IV regional funds might be used in addition to national funds, to finance part of the costs of constructing the Muela Hydropower Plant in Lesotho. This plant, accepted as a SADCC project in 1989, is an important component of the Lesotho Highlands Water Project, currently the largest energy project in the SADCC region.

Trade development

Only a very small proportion of SADCC countries' trade is intra-regional - less than 5% of total imports and exports - and one of the organisation's objectives is to increase trade between its member states. To achieve this, SADCC itself encourages bilateral trade agreements and emphasises the need to rationalize production by avoiding unprofitable competition and duplication. This question will receive the Community's attention under Lomé IV.

At the same time, all SADCC states except Botswana are members of the Preferential Trade Area for Eastern and Southern African States **(PTA)**, a wider grouping which seeks to promote regional trade and economic integration by liberalisation and other measures (1). Established by treaty in 1981, the PTA is gradually reducing tariffs and eliminating non-tariff barriers to trade. It has already taken a number of practical steps to encourage trade within the region: it has set up a clearing house for payments in local, non-convertible currencies, to save foreign exchange; introduced its own traveller's cheques, denominated in PTA units of account, again to save foreign exchange; and launched a third party vehicle insurance scheme. It will of course be some time before these facilities are widely used, but the clearing house is already handling an increasing proportion of intra-PTA transactions (over 40% of total PTA trade in 1989, as against 20% the previous year).

In addition, the PTA has undertaken more traditional trade promotion activities, for which it has obtained technical and financial assistance from the Community (the EDF includes an allocation for regional trade promotion):

- design and construction of national stands at the PTA Trade Fairs of 1984, 1986, 1988 and 1990;
- technical assistance (regional adviser) to the PTA Federation of Chambers of Commerce in Lusaka;
- funding of six regional training seminars.

In co-operation with UNCTAD, plans for the computerisation of PTA customs departments are well advanced (ASYCUDA project - for details see insert). The Community's Statistical Office is helping with the preparatory technical work, and substantial financial assistance from the EDF is envisaged.

Although rather limited so far, EEC assistance to the PTA may well expand in the future, given the PTA's desire for closer co-operation and the emphasis placed on regional economic integration in the new Lomé Convention.

(1) The PTA treaty allows for simultaneous membership of the Southern African Customs Union and the PTA. Lesotho and Swaziland belong to both groups.

Automatic system for customs data (ASYCUDA)

Background

Complete, accurate and up-to-date trade statistics, obtained by processing customs declarations, are necessary for the reduction and eventual elimination of tariff and non-tariff barriers to trade. At present, such statistics - which are also necessary for economic planning - are not available in the PTA region.

Clearance of goods through customs is still done manually in the PTA countries. It is laborious, slow and prone to error, resulting in substantial loss of revenue (duties and taxes on foreign trade collected by Customs are, according to UNCTAD, the single largest contributor to government revenue in PTA countries) and high administrative costs, which eventually push up import and export prices.

A computerised system (ASYCUDA) for processing customs declarations, controlling the clearance of goods and producing trade and fiscal data has been developed by UNCTAD. It is designed specifically for developing countries - portable, relatively inexpensive micro-computers are used - and the software is provided to them free of charge.

Regional interest

PTA member states will require technical assistance by customs, statistical and computer experts to instal ASYCUDA. A regional project reduces the need to provide experts for each country, and so results in substantial economies of scale.

The system is already being installed in the Comoros, Mauritius and Madagascar (a potential PTA member), it has been requested by Rwanda, Burundi, Zambia and Zimbabwe, and has aroused interest in several other PTA countries. A regional structure would make it possible to co-ordinate, support and monitor national systems.

EEC involvement

The Statistical Office of the European Communities has developed a statistical module (CADET) which would be used to transfer national data to a PTA regional database.

The Community would provide technical expertise - customs expert, statistician and programmers - from regional funds. The experts would be available for four years, during which time the PTA countries would have built up enough local expertise to run the system themselves.

Angola

Background

The largest of the SADCC States, Angola covers an area almost half the size of the entire European Community. Much of the land is savanna or desert except for a narrow coastal strip and densely forested valleys in the north and north-east.

The country possesses substantial mineral resources: offshore oilfields, diamonds in the north-east, iron and manganese in the south. Maize and wheat are the main cereals, coffee and sugar the main cash crops. Angola's waters are well-stocked with fish, chiefly tuna and shrimps. Food processing - of fish, cereals, palm oil and meat - and the manufacture of jute, textiles and paper from local raw materials are the principal non-oil industries. Oil now accounts for over 95% of the value of exports.

With the exception of the oil industry, the economy - and indeed all aspects of life - have been severely disrupted by the civil war which started in 1975 and is still not over. The countryside is littered with mines, over 600,000 people are displaced and similar numbers have taken refuge in Zaïre or Zambia. There is virtually no transport or trade. Once the world's fourth largest coffee producer with over 200,000 tons a year, Angola exported 11,000 tons in 1988. The same year over 200,000 tons of cereals were imported, and that was not enough to avoid widespread hunger.

EC-Angola co-operation

Conditions in the country have of course greatly restricted development efforts. In common with other donors, the Community has had to concentrate on humanitarian aid and rehabilitation rather than long-term development. The bulk of its pre-Lomé aid of 25 million ECU - Angola received assistance from the Community budget before signing the Lomé Convention in 1985 - was invested in the fisheries industry based on the port of Namibe. With a view to ensuring food self-sufficiency, the Lomé III programme (102 MECU) seeks to encourage the revival of production, partly through a 38 MECU import programme, and the rehabilitation of essential infrastructure in the capital and the south west. In addition, almost 70 MECU have been provided for food aid, emergency aid and specific programmes for refugees.

Fisheries

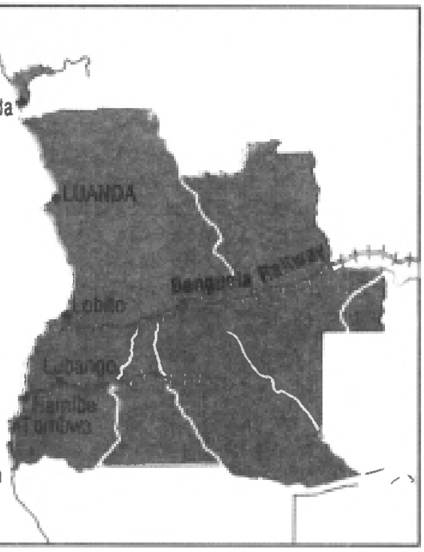
The fisheries industry is a major source of income and employment in the southern ports of Namibe and Tombwa, and an important source of food for the hinterland (the provinces of Namibe and Huila). Community aid has served to rehabilitate three refrigeration plants in the ports, and the Tombwa shipyard; and to instal a new production line in a canning factory in Tombwa. Refrigerated containers, trucks and cold stores are being supplied for the transport of frozen fish from Namibe to Lubango, 180 km inland. The industry will receive some of the imports (e.g. tin, spare parts) currently being purchased under the Lomé III programme.

Fish is an important source of food in the southern provinces of Namibe and Huila. The Community has supported the fisheries industry since the early 1980s. (WB)

The fishing industry also receives support through the EC-Angola fisheries agreement, first signed in 1987. For the period May 1990-May 1992 covered by the current protocol, the EC pays Angola financial compensation - nearly 16 MECU - for fishing rights in Angolan waters, finances scientific and technical programmes to develop fishing infrastructure and knowledge of Angola's fishery resources (0.8 MECU) and provides support for teaching, studies and practical training (1.32 MECU).

Profile

Date of independence:	11.11.1975
Capital:	Luanda
Area:	1 246 700 km^2
Population:	9 200 000 (est. 1988)
Language:	Portuguese, Bantu languages
Main exports:	Crude oil
GNP/head:	460 ECU (1987)
Currency:	Kwanza 1 ECU = 37 Kwanza (July 1990)



Revival of production

Although oil revenues are substantial, massive expenditure on food imports and military equipment have led to an acute shortage of foreign exchange. Industry and agriculture, starved of essential inputs obtainable only with hard currency, have suffered as a result. Hence the decision to spend 35% of Lomé III funds on imports of seeds, tools, machinery, vehicles, pumps and other basics, to revive production in the farming, manufacturing and fisheries sectors. Initial deliveries of farm inputs had a positive impact on agriculture, suggesting that the whole programme could lead to a visible and fairly rapid increase in output.

Rehabilitation of infrastructure

After years of economic disruption much of the country's basic infrastructure is in urgent need of repair. It was decided in 1988 to allocate nearly 20 million ECU to the renovation of the country's main hospital, the Boavida Hospital in Luanda.

The bulk of uncommitted Lomé III funds will be spent on improvements to Luanda's drainage and refuse disposal system, and on the rehabilitation of part of the main road between Namibe and Matala in the south west.

Humanitarian aid

Angola and specialized agencies like the Red Cross and UNHCR have sadly had to call on the emergency aid fund on numerous occasions: for war-displaced Angolans, for Namibian refugees, for cholera victims, and even for airbridges to remote or insecure areas. Emergency food aid (delivered free of charge to final destination) has been necessary at times, while over 150,000 tons of cereals have been shipped to Angola as normal food aid (which is sold at local prices and produces counterpart funds) in the Lomé III period alone. Deliveries of EEC food aid in 1988 represented one quarter of the country's total imports of food that year.

COMMUNITY AID (allocations in million ECU)

	Pre-Lomé (1978-85)	Lomé III
National Indicative Programme	–	102
Project aid (EC budget)	25.6	–
EIB loans (risk capital)	–	4
Sub-total	25.6	106
Food aid	22.7	46.9
Emergency/refugee aid	13	19.7
Other	0.4	7.7
Total	61.7	180.3

EEC support for the revival of production includes the supply and distribution of fertilizer in rural areas. (WB)

The Benguela Railway is in a state of serious disrepair. The Community is contributing to the rehabilitation of the port of Lobito, the start of the line. (WB)

Botswana

Background

A vast, sparsely-populated country (1.3 million people for an area the size of France and Belgium put together), Botswana is noted for its large cattle herds, abundant wildlife and, more recently, its mineral wealth. Cattle, which outnumber humans by about 2 to 1, and sheep and goats, of which there are an estimated 2 million, represent the principal or sole source of income and an important source of food for the vast majority of the rural population. Wild animals - elephant, buffalo, a variety of antelopes, crocodiles, flamingoes and many other birds - are the star attraction of a growing tourist industry. Minerals, especially diamonds (75% of total exports in recent years), have brought the country financial stability.

While its diamond earnings, combined with sound management, have enabled Botswana to make rapid economic progress - it has the fastest growth rate, highest average level of income and strongest currency of the SADCC region - the country is nonetheless confronted with a number of inherent problems. The name of the currency - pula - means «rain», the scarcest and most precious commodity in a drought-prone country. Something like half a million cattle and thousands of wild animals were lost in the prolonged drought of the 1980s. Agriculture, always difficult in a dry climate, is further restricted by soil conditions - only about 6% of the land is arable - and usually produces less than a fifth of national food requirements. Despite the country's healthy macro-economic situation, rural poverty is widespread and deep-rooted. Many rural households do not own cattle and have to rely on sheep, goats and poultry for a living. Foot-and-mouth disease is a permanent threat, necessitating hundreds of miles of fences and regular vaccination campaigns to protect the meat export industry. Large cattle herds can damage the environment and wildlife, and careful legislation, money and trained personnel are needed to reconcile the interests of the livestock and tourist industries.

These are the main problems which have been tackled with the resources of the European Development Fund. A sizeable share of Lomé I and II resources has been used to support the poorer population, particularly small livestock owners in a number of rural areas. Under Lomé III, which focusses on the conservation and development of natural resources, the emphasis has shifted to the north and north-west of the country, where support for livestock and wildlife has to be carefully balanced. Substantial European Investment Bank loans have assisted the industrial and business sectors. The livestock industry has benefitted from the special arrangements for beef exports to the EEC, as well as receiving a number of grants and loans from the EDF and the EIB.

Rural development and livestock

A study undertaken in 1978 found that 45% of rural families (nearly 80% of the population is rural), owned no cattle, and that many others possessed only small herds. To support these low-income farmers, the Community launched a **sheep and goats development** project in 1978, and the **SLOCA** project - **Services to Livestock Owners in Communal Areas** - in 1979.

The first aimed to improve animal health and breeding methods, and then increase sales of sheep and goats to the abattoirs, as well as raising the quality and therefore the value of the Karakul (Astrakhan) pelts and wool produced in the remote Kalahari district. The second provided similar services - help with veterinary and breeding methods and with marketing - for small cattle farmers. Both projects were continued with Lomé III funds, and both achieved success in increasing the quality and quantity of smallholders' sales of livestock to the Botswana Meat Commission (BMC), raising their incomes as a result (a similar livestock marketing project has been included in the Lomé III programme for the northern part of the country). Small farmers received further support through a poultry development project financed from Lomé II funds.

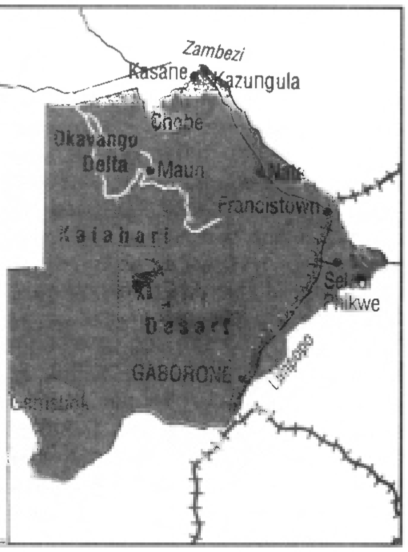
The construction, with Lomé I resources, of some twenty **administration centres** in villages all over the country has helped the rural areas in a different way, by bringing government services - police, magistrates, health officers - to the countryside; and a **Rural Training Centre** has recently been built in Francistown, with Lomé II funds. Altogether, these different projects represent an investment of some 12 million ECU in the rural economy.

In addition to its efforts on behalf of small livestock owners, the Community has helped the livestock industry in general:

- by providing 5.75 MECU for the **Botswana Vaccine Institute,** esta-

Profile

Date of independence :	30.9.1966
Capital :	Gaborone
Area :	582,000 km²
Population :	1,300,000 (1989)
Language :	Setswana, English
Main exports :	Diamonds, copper-nickel, meat
GNP/head :	910 ECU (1987)
Currency :	Pula
	1 ECU = 2.29 Pula (July 1990)



Goliath herons in the Okavango Delta, the "jewel of the Kalahari". (JPJ)

Cattle farming is of great importance in Botswana, where the livestock industry has benefitted substantially from the Lomé trade and aid arrangements. (BMC)

blished with EEC emergency aid to control the 1978 outbreak of foot and mouth disease, and later re-housed in purpose-built premises (the BVI now produces foot and mouth and rinderpest vaccines for the whole SADCC area);

- by lending 6 MECU for the construction of a new slaughterhouse in Francistown;
- by allowing Botswana to keep 90% of the export levy payable on beef exported to the EEC, for up to 18,916 tons a year. The sums involved are considerable, even in poor years: in 1988, when Botswana delivered less than half her quota, the levy rebate came to nearly 30 million ECU.

Wildlife and tourism

One of the very first EEC-Botswana projects agreed on was the construction of the **Wildlife Training Centre** at Maun, the gateway to the Okavango Delta; and the proportion of the first two Lomé programmes spent on this sector ended up double the share initially earmarked. These facts are symptomatic of the increasing importance wildlife and tourism have come to assume for Botswana's economy.

Apart from the Maun Centre (subsequently extended with Lomé II funds), Community support consisted under Lomé I and II of technical assistance to the Department of Wildlife and National Parks (an economist and a biologist) and to the Ministry of Commerce and Industry, where a Senior Adviser helped to formulate guidelines for an overall tourism policy; funds for a wildlife monitoring programme involving aerial surveys; and support for Wildlife Clubs which promote the idea of conservation in Botswana.

These efforts inside the country were supplemented by activities to promote Botswana as a tourist destination, through the production of tourist brochures and posters and funding of Botswana stands at the Berlin and London tourism fairs. Increasing numbers of visitors, particularly from Germany, America and South Africa, to the Okavango Delta and other reserves suggest that Botswana's wildlife is a very real attraction, and that tourism could indeed help to reduce the country's present excessive dependence on its non-renewable mineral resources.

Conservation and development of natural resources

In 1985, at the beginning of the Lomé III period, the Botswanan authorities and the Commission agreed to concentrate 90% of their Lomé III programme on the conservation and development of wildlife, soil, water and vegetation in the northern part of the country, which contains both the Okavango Delta and the Chobe National Park.

Wildlife has to be protected, not from hunters (a strict system of permits operates well) or poachers (not a major problem in Botswana), but from drought and excessive competition for grazing land from cattle. This means, for example, ensuring that drinking water points exist for wild animals (which may necessitate expenditure on drilling and pumping) as well as for cattle, and that cattle owners avoid overstocking and overgrazing.

Well aware of the possible conflict of interests - exemplified at Maun, which houses both the Wildlife Training Centre and a BMC slaughterhouse - the government, which has set aside 17% of Botswana's territory for wildlife in the form of national parks and game reserves, and sought the advice of the United Nations Environment Programme, has set up a special unit to develop a national conservation strategy.

The Community has provided technical assistance with the preparation of the strategy, and the investments being made under the Lomé III programme will undoubtedly help the government to reconcile ecological and economic interests. Current support includes: conservation of the Kalahari ecosystem (supply of equipment to the Department of Wildlife and National Parks, support for the DWNP's Water for Wildlife Programme, technical assistance in the form of a wildlife ecologist for the Central Kalahari Game Reserve - 2 MECU); training and technical assistance for forestry (1 MECU); training in environmental, agricultural and water supply disciplines (4.5 MECU); construction of Kasane airport, to bring the Chobe Park into the Victoria Falls - Okavango Delta tourist circuit (6 MECU); and support for a comprehensive approach to the development of wildlife in northern Botswana (5 MECU, under preparation).

Industry

The Community has supported the industrial and business sectors chiefly through the European Investment Bank, which has lent substantial amounts, mainly from its own resources:

4 MECU for Selebi Phikwe power station (extension)
25 MECU for Morupule power station (construction)
14 MECU to the Botswana Development Corporation (for on-lending to small and medium-sized businesses)
3 MECU for a business hotel in Gaborone (construction)
6 MECU for Francistown industrial abattoir (construction)

Increased demand for electricity from the mining sector necessitated the investment in the two power stations. The Selebi Phikwe station provides electricity to a copper and nickel mine, which is to be rehabilitated with a Sysmin loan of 22 MECU. The EDF had earlier financed geological surveys of East and South-West Botswana, to facilitate mineral prospection.

Selebi Phikwe copper-nickel mine. (JG)

Other assistance

In the area of education and training - a high priority in Botswana as in other SADCC countries - the Community has financed several buildings at the University of Botswana, and the Rural Training Centre in Francistown; a considerable number of scholarships in science, agriculture and public administration (customs, railways, post and telecommunications); and is currently funding a 4.5 MECU programme of training in the use of sustainable natural resources - soil, water, forestry - linked to the Lomé III programme. Technical assistance is also being provided to the University of Botswana, in the form of 3 teaching posts for the Pre-Entry Science Course.

Two notable contributions have been made to the country's infrastructure: 16.5 MECU essentially from regional funds, to hard-surface the 300 km Nata-Kazungula road, linking Botswana and Zambia, and more recently a 10 MECU EIB loan to help finance the dam and pumping stations required to expand Gaborone's water supply. The Lomé III programme includes one major infrastructure project, the construction of Kasane airport (6 MECU), to serve the Chobe Game Park in the extreme north-east of the country.

As regards food supply, the Community has supplied regular quantities of food aid - usually 4 000 tons of cereals a year - to help reduce Botswana's habitual food deficit. It is supporting Botswana Agricultural College through technical assistance, and under the Lomé III programme will help to establish an agricultural research station in the north of the country, to investigate methods of increasing production of food crops in that region.

COMMUNITY AID (allocations in million ECU)

	Lomé I	Lomé II	Lomé III
National Indicative Programme	19	23	30.5
EIB loans: own resources	6.5	29	24
risk capital	1.7	–	5
Interest rate subsidies	0.9	4	1.6
Sub-total	28.1	56	61.1
Food aid	1.3	4.4	9.6
Emergency/refugee aid	2.6	0.2	0.9
Sysmin	–	–	21.6
Other	–	–	0.2
Total	32	60.6	93.4

Lesotho

Background

The mountain home of the Basotho people, Lesotho is almost exactly the size of Belgium and is entirely surrounded by the Republic of South Africa. Altitudes range from 1 500 metres in the West, where the majority of the population and most of the arable land are to be found, to 3 482 metres in the East, the highest point of the Drakensberg range. The Senqu (Orange) River and the Caledon River, which forms the north-west frontier with South Africa, have their source in the country's mountains.

Wheat, sorghum and maize - the staple foods - and fruit and vegetables are grown on the lower arable lands, which represent a mere 12% of the total area. The higher lands are suitable for sheep and cattle farming. Wool and mohair are the main exports (40% of the total), the rest being a mixture of agricultural produce and light manufactures. A small industrial base, traditionally limited by the size of the domestic market and competition with South Africa, has expanded recently with the arrival of companies producing for export. Nonetheless, imports are some 14 times higher than exports. Remittances from the 150 000 Basotho (over half the active male population) working in South Africa - mainly in the gold and coal mines - account for 50% of the country's GNP. Revenue from SACU receipts also helps to fill the gap (Lesotho is a member of the Southern African Customs Union with Botswana, Swaziland and South Africa).

Nine-tenths of all foreign trade is conducted with South Africa. The Republic takes 85% of Lesotho's exports and supplies 95% of its imports, including all the country's electricity and a lot of its food. The Maloti is pegged at par to the South African Rand, and the international value of both currencies rises and falls in tandem. Any decline in the South African economy, whether caused by economic sanctions or other factors, adversely affects Lesotho.

The government aims to lessen its economic dependence on its powerful neighbour by harnessing the vast hydro-electric potential of its mountain rivers; to reduce food imports by developing its own agriculture; and to raise the living standards of Lesotho's largely rural population. The bulk of the Community's assistance is being used to support these aims.

Natural resources (water and energy)

Water is Lesotho's only hitherto unexploited resource. South Africa's need for more water for her populated industrial heartland to the north, and Lesotho's need for a secure source of revenue and for control over its own energy supply, have led the two countries to embark on the Lesotho Highlands Water Project.

A portion of the southwards-flowing waters of the mountain tributaries of the Senqu (Orange) River, will be caught in a large reservoir by a dam (the Katse Dam), to be built between 1990 and 1995, high up in the Maluti Mountains. From this reservoir water will be transferred by gravity through tunnels northwards to a tributary of the Vaal river, the principal, although inadequate, source of water for South Africa's largest centre of population and industry (Witwatersrand, Pretoria, Vereeniging). An hydroelectric power station will be built at Muela in northern Lesotho, on the water delivery route, to meet the country's present and future needs and, at a later stage, to generate electricity required to pump water from subsidiary reservoirs into the main Katse reservoir.

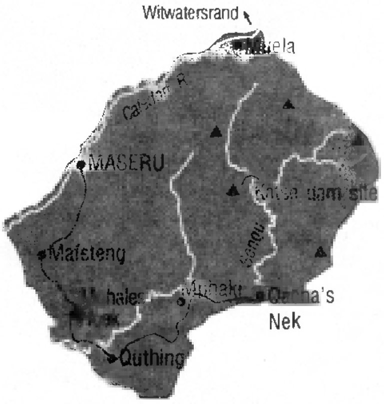
Under the LHWP Treaty of 21.10.1986, South Africa will be responsible for the cost of the water delivery component (construction, operation, maintenance) and will buy water from Lesotho (from 1995 onwards, if all goes to plan), while Lesotho will sell water to the Republic and will be responsible for the hydropower component.

EEC assistance, to be concentrated from now on on the hydropower component and related training, can be summarised as follows:

- the feasibility study for Lesotho's side of the project, successfully completed in 1986 (7.7 MECU, Lomé II N.I.P.)
- geo-technical studies to determine the optimal configuration of the Muela hydropower station (3.5 MECU, EIB loan)
- the engineering design study (now completed) for the hydropower plant, plus the production of a Social and Environmental Plan to take a careful look at these aspects, technical assistance to the Lesotho Highlands Development Authority (a financial consultant to help raise funds), office equipment and vehicles for LHDA, and studies on Lesotho Electricity Corporation's future needs (9.5 MECU, Lomé III N.I.P.)
- a manpower development programme, to reduce Lesotho's dependence on expatriate personnel for technical and managerial posts. The programme, which involves support

Profile

Date of independence:	4.10.1966
Capital:	Maseru
Area:	30,355 km^2
Population:	1,660,000 (1989)
Language:	Sesotho, English
Main exports:	Wool, mohair
GNP/head:	320 ECU (1987)
Currency:	Maloti 1 ECU = 3.29 Maloti (July 1990)



1. *Lesotho Highlands Water Project : artist's impression of the Katse dam and reservoir. (LHWP)*

2. *Leseli Community Centre, near Maseru. This school for normal and disabled children was extended with EEC food aid counterpart funds. (DV)*

3 & 4. *Asparagus is cut to the right length and canned before sterilisation. (MW)*

to schools, the University, the Polytechnic and the Institute of Public Administration, aims both to train Basotho immediately and to improve science and maths teaching to ensure a future pool of skilled local personnel (7.6 MECU, Lomé III N.I.P.)

- the project has SADCC's support, since it will reduce Lesotho's dependence on South Africa, and it is confidently expected that Lomé IV regional funds can be used to finance part of the construction costs of the Muela Hydropower Plant, in addition to a substantial allocation from Lesotho's Lomé IV N.I.P.

Although it will not solve all the country's problems, the Highlands Water Project, in creating a new and lasting source of income, an indigenous source of energy, and jobs for skilled and unskilled Basotho, should do much to place Lesotho's economic future on a sounder footing.

Rural development

The higher rangelands of Lesotho support a large population of sheep and cattle, outnumbering humans by about 3 to 1. Overstocking has caused land degradation and soil erosion, reducing the already limited possibilities for crop production.

The EEC-funded Mphaki development project (2.2 MECU from Lomé I and 3.7 MECU from Lomé III national funds) aims to reverse the trend of overstocking and land degradation in a typical high-altitude area of 150,000 ha in south-east Lesotho. The second current phase of the project aims to provide better livestock infrastructure, veterinary services and marketing installations, including feeder roads, to village communities in the area which are willing to introduce basic rules on land use, livestock control and grazing management.

The second major issue in rural development, the production of high value cash crops, is being tackled by the Asparagus Expansion Programme (4.75 MECU, Lomé III) on the arable lands near the capital, Maseru. The aim is to increase the area used by smallholders to grow asparagus from 70 hectares to 500 ha and to increase production from 350 tons to 2,250 tons a year. Asparagus is grown in Lesotho's spring, and tinned and fresh asparagus can be sold as an off-season product in the European autumn and early winter seasons.

After only two seasons there were 200 ha under asparagus, which produced 590 tons. Most of the crop was canned; 13 tons were exported fresh. Markets were found in Belgium, France and Germany. Prospects for achieving the final target seem bright, in which case over 2,500 families will derive extra income from asparagus-growing. EEC funds provide technical assistance and project infrastructure (vehicles, sheds, equipment...).

Asparagus-growing is mainly a woman's job and the income generated by this scheme belongs to women and not to their husbands, who are mine workers. The women are therefore entitled to spend the money - mainly used for school fees and improvements to the family's everyday life - without asking their husband's permission. In this respect the project offers an example of the changing role of women in Southern Africa.

Transport and communications

At independence in 1966 most of the country was inaccessible to motor vehicles. The Community has played a significant role in building up the western and southern road network, thereby improving communications to some of the agricultural centres, by funding the reconstruction or improvement of the following sections:

- Mafeteng-Tsoloane (23km, co-financed, 2.9 MECU, Lomé I)
- Quthing-Qacha's Nek (1 MECU, Lomé I)
- Mohale's Hoek- Mekaling (26km, 14.1 MECU, Lomé II)
- Mekaling-Quthing (26km, 10.3 MECU, Lomé III) together with 30km of feeder roads from the farming villages to the main road.

In addition, the Community has provided over 5 million ECU to improve Maseru airport and provide technical assistance and training to Lesotho Airways.

Industry, trade and tourism

As well as lending 3.5 MECU to the Highland Development Authority, the EIB has made a number of risk capital loans, totalling nearly 10 MECU over the period 1980-89, to the Lesotho National Development Corporation, for on-lending to small and medium-sized firms in light industry, mining and tourism. Most firms in light industry are producing goods to replace imports, but some, especially textile companies, are achieving notable success with exports.

Although the volume of Lesotho-EEC trade is tiny, and the country, beautiful as it is, is too remote to attract large numbers of tourists from Europe or America, efforts have been made to promote the export of handicrafts and tapestries, and to improve pony-trekking facilities, under a sizeable trade and tourism programme launched in 1982.

Stabex transfers totalling 5.6 MECU have been made for export losses on mohair.

Social projects

Lomé I and Lomé II resources, augmented by food aid counterpart funds, were used to improve, and in some cases build, a considerable number of facilities in the rural areas, in support of the government's rural development policy. The facilities improved or provided under these programmes include:

38 schools
36 village water schemes
28 rural clinics
18 Post Offices
9 footbridges.

In addition, the Community is financing improvements to the management and equipment of the country's main hospital, the Queen Elizabeth II Hospital in Maseru.

COMMUNITY AID (allocations in million ECU)

	Lome I	Lome II	Lomé III
National Indicative Programme	22	29	41.5
EIB loans (risk capital)	–	3	6.5
Sub-total	22	32	48
Stabex	–	1.3	4.3
Food aid	3	10.1	8.5
Other	0.3	0.1	0.7
Total	25.3	43.5	61.5

Malawi

Background

A land of lakes, rivers and tree-covered hills, Malawi is perhaps the greenest of the Southern African countries. It is also the most densely populated, and its population growth rate is the highest in the region.

The economy is overwhelmingly agricultural. Adequate rainfall and moderately fertile soils allow the cultivation of a variety of crops. Tobacco, tea, sugar, groundnuts, coffee, rubber, cotton and maize are grown on large estates, chiefly for export. Food crops - maize, cassava, rice, sorghum, fruit and vegetables - are grown on small or very small family farms. Smallholders with enough land can combine food and cash crops, maize and tobacco being a common combination. Forestry, fisheries, cattle and poultry farming are also important. The country's known mineral resources are insignificant, while industry, although increasing slowly, is still a much less important source of income and employment than farming.

Malawi exports agricultural commodities - tobacco, tea, sugar and coffee currently account for 75-80% of total export earnings - and imports fuel, fertilizer and manufactures, via long and expensive routes. The EEC is the biggest trade partner, accounting for 50% of Malawi's exports and 35% of its imports.

Rural poverty and land pressure are perhaps the most serious internal problems confronting Malawi, but in recent years a combination of external factors has adversely affected the country's economy. The influx of refugees from Mozambique has aggravated the food supply situation. The closure of the Beira and Nacala lines (1) has meant greatly increased transport costs, and a need for better road connections. Falling commodity prices have reduced the country's foreign exchange earnings.

The Community's financial and technical assistance has been directed to each of these problems. The largest share has gone to agriculture and fisheries, with the emphasis very much on the small farmer. Transport, especially road construction and repair, has received a lot of attention. Industry and trade have been supported with the appropriate instruments. Food, emergency and refugee aid have played an increasing role in response to the flood of Mozambican refugees. In financial terms, Community aid to Malawi has so far amounted to some 370 million ECU.

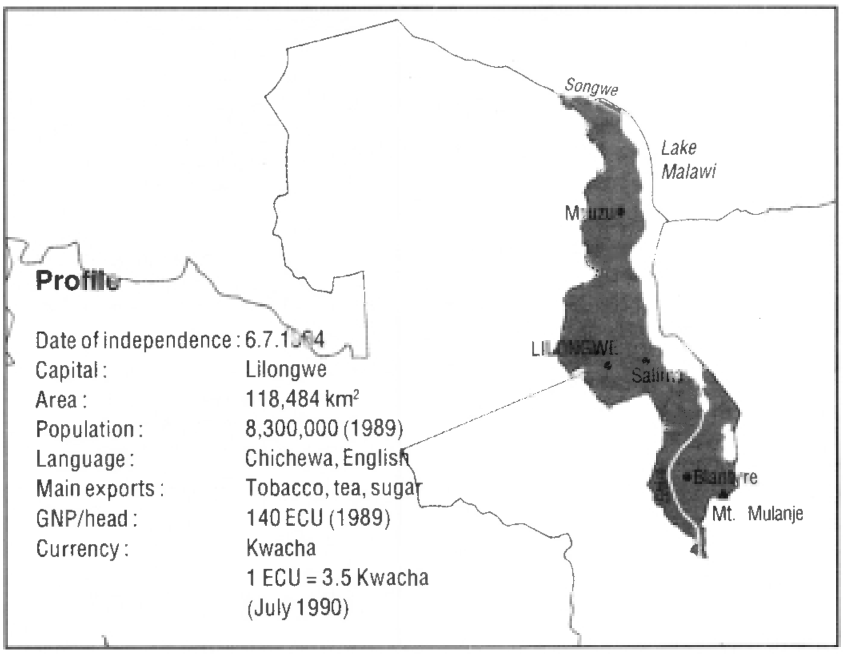
Rural development

While the big estates are important for the national economy as the major source of foreign exchange and the biggest employers of unskilled labour, small farming is no less important. Almost all rural households in Malawi are smallholders. Between them they cultivate the greater part of the arable land, on which they produce most of the country's main staple food, maize. The government supports them through the National Rural Development Programme and through different bodies concerned with specific crops (Smallholder Tobacco Authority, Smallholder Tea Authority, etc.). The two principal aims are to ensure and improve food security, and where possible increase rural incomes by encouraging cash crops.

Since the first Lomé Convention, the Community has supported both these aims, chiefly through three integrated rural development programmes, two fisheries projects and several smallholder crop schemes. More recently, circumstances have necessitated a major effort to supply fertilizer. Community investments in other fields - in transport, in health, in small industry for example - have also served rural development.

Integrated rural development projects

The favoured instrument of official support to the rural areas in the 1970s, these attracted the largest share of Community aid to the agricultural sector under Lomé I and II. Under the second Convention, some 18 MECU was committed for three such projects, in the districts of Salima, Nkhotakota and Ntchisi. All three provide economic and social infrastructure (roads, water supplies, health centres...), advice, training and demonstrations for small farmers, and agricultural credit.



Profile

Date of independence:	6.7.1964
Capital:	Lilongwe
Area:	118,484 km²
Population:	8,300,000 (1989)
Language:	Chichewa, English
Main exports:	Tobacco, tea, sugar
GNP/head:	140 ECU (1989)
Currency:	Kwacha 1 ECU = 3.5 Kwacha (July 1990)

(1) The Nacala railway was reopened in May 1990, but traffic is still severely restricted.

Results have been at best mixed, at worst negative, giving rise to serious doubts about the validity of the integrated approach. Although the social components have brought about improvements in general social welfare, there is little evidence that the poorest families - those with less than 1 hectare of land - have increased their incomes or their food production (many still run short of food during the year).

Fisheries

The main aim here has been to increase the supply of fish, a valuable source of protein, to the rural areas, especially those near Lake Malawi. Under Lomé I, the **Central Lakeshore Fisheries Development** project (1.8 MECU) provided boats and a boatyard to lake fishermen, improved smoking kilns and other facilities at landing stages, access roads to the centres of population inland, and ice to traders. Further north, in Mzuzu, work is under way on the construction of ponds for a **fish farm** (Lomé II, 2.9 MECU).

Smallholder crop schemes

In order to raise rural incomes without detriment to food crops, the Community supported two projects under Lomé I which encourage smallholders to grow cash and food crops on their land: tobacco and maize in north-central Malawi, coffee and fruit in the northern highlands. Results were positive, and both schemes are being extended with Lomé III funds. More recently, it was agreed to use Stabex funds to support small tea-growers in the south, and studies have been undertaken on smallholder rubber production. Some 20 million ECU have been devoted to this sector so far (see inset for more details).

Fertilizer buffer stock

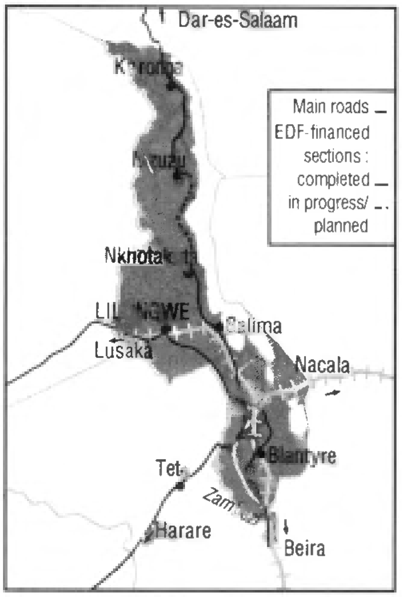
To encourage smallholders to use fertilizer - only 35% do so at present - to increase their yields, and to prevent interruptions in supply to which Malawi is vulnerable because of the difficult international transport situation, the Community is investing 28.2 million ECU in the purchase of 70,000 tons of fertilizer and the construction of four storage sheds, two in Lilongwe, one in Mzuzu and one in Blantyre. The four warehouses will hold up to 110,000 tons. A further 14 million ECU will be spent to bring the stock up to 90,000 tons.

Transport infrastructure

The majority of Malawi's exports and imports are very bulky commodities - tobacco, tea, sugar, fuel, fertilizer - best carried by railway wagons. The loss or curtailment of traditional rail services to Beira and Nacala has diverted goods traffic to the Zimbabwe-South Africa line, 600 km from Blantyre by road through Southern Malawi and Mozambique. The Tazara line to Dar es Salaam will offer an improved outlet when the «Northern Corridor» road link is completed, but that is 620 km north of Lilongwe. In any event Malawi's own road network will have to cope with heavy and possibly increasing road tanker and lorry traffic, a requirement necessitating major expenditure on road improvements in often hilly terrain.

On the Karonga-Ibanda road by the River Songwe in northern Malawi. The upgrading to bitumen standard of this key section of the Northern Corridor route linking Malawi and Tanzania is being financed from Lomé III national and regional funds. (WB)

Part of the fertilizer buffer stock, stored in one of four purpose-built warehouses. (WB)



When current and planned roadworks are completed, the Community will have spent some 88 million ECU on improving the following roads (paving, widening, some realignment, bridges, drainage works):

			MECU
1979-82	Blantyre-Chikwawa	50km	6.5
1980-83	Karonga-Chiweta (North-South lakeshore axis)	109km	2.9
1983-87	Lirangwe-Mwanza (Blantyre-Mozambique border road, now carrying 1 million tons of traffic a year)	80km	21.8
1986-89	Lirangwe-M1 road («short cut» on Blantyre-Lilongwe road, saving 47km)	113km	17.4
1988-91	Karonga-Ibanda (Northern Corridor Malawi-Tanzania)	51km	19
Planned	Dwangwa-Nkhata Bay (North-South lakeshore axis)	132km	20
			87.6

Smallholder crop schemes

Tobacco

Launched in 1978, this project is establishing 600 farmers on 6 hectare plots of previously uncultivated woodland, south-west of Mzuzu in Malawi's Northern Province. Settlers must first reclaim their land, and build their houses, curing barns and storage sheds. They then grow maize for food and tobacco for cash. The project provides training, mechanization, milling facilities, transport for sales of tobacco, irrigation, credit and social amenities. Tobacco production is growing steadily, yields and quality are good. However, further improvements are required for the project to cover its costs and for farmers to earn a decent income. Replanting of trees cut down for fuel to cure tobacco is required. EEC aid amounts to 6.8 MECU.

Tobacco can be a profitable cash crop for smallholders. (JR)

Coffee

This project, launched in 1980, provided help with production, processing and sales of coffee to 7 700 very small farmers working a total of 1 600 hectares in the high hills of Northern Malawi. In the current second phase it is hoped to extend support to 3 000 hectares and 12 000 growers, raising production from the 1986 level of 300 tons to over 1 000 tons. Problems have been encountered, including outbreaks of disease now engaging the attention of the coffee specialist provided by the project, but overall the scheme is popular. EEC support: 7 MECU.

Tea

In 1980-1981, and again in 1986-88, earnings from tea exports fell significantly, leading the Community to make substantial transfers of cash - 19 million ECU in all - from the Stabex fund in compensation. Of these, some 6 MECU are to be reinvested in the tea sector, in the form of payments to smallholders, repairs to roads and bridges in the tea-growing area, and new buildings and equipment for, respectively, the Tea Research Foundation and the Smallholder Tea Authority.

Rubber

A study on the possibility of growing this cash crop on small holdings has concluded that the idea could be valid.

Industry and energy

In order to provide much-needed employment and to diversify the economy, which is heavily reliant on agricultural commodities, the Malawi government is keen to expand industrial and business activities.

The Community is supporting its efforts in three principal ways:

I) EIB loans: These total 57.5 MECU, from the Bank's own and from risk capital resources.

Principal recipients	Amounts (MECU)
ESCOM - expansion of electricity supply	11
Nkula Hydropower Plant - extension	11(1)
Lilongwe Water Board - water supply extension	6.5
Dwangwa Sugar Corporation	6.5
Capital Hotel, Lilongwe - extension	2.5
Portland Cement - modernisation	4
VIPCOR - plywood factory	4
INDEBANK - on-lending to small and medium-sized firms	12
Blantyre Water Board	2.5

(1) Includes 8 MECU from Lomé I N.I.P.

II) Support for SEDOM: Since 1983 the Community has provided a total of over 10 million ECU to the Small Enterprises Development Organisation of Malawi, initially to help set it up and then for on-lending. SEDOM has made over 3 800 loans and has helped to create or sustain over 25 000 jobs.

III) Sectoral import programme: The Community is providing 12.5 million ECU to purchase industrial equipment, raw materials and spare parts for private and parastatal companies.

COMMUNITY AID (allocations in million ECU)

	Lomé I	Lomé II	Lomé III
National Indicative Programme	67.9	80	114.5
EIB loans: own resources	9.5	7.5	9.5
risk capital	1.6	15	12
Interest rate subsidies	2.2	1.2	1.7
Sub-total	81.2	103.7	137.7
Stabex	-	4.9	19.4
Food aid	-	-	16.1
Emergency/refugee aid	2.6	0.4	8.9
Other (NGO co-financing...)	0.4	0.4	1.4
Total	84.2	109.4	183.5

Trade

In addition to funds for trade promotion and participation in trade fairs, and to the general Lomé trade provisions, which are of some importance as the EEC is Malawi's biggest trading partner, the Sugar Protocol is of benefit to the country: Malawi regularly delivers its full quota of 21 000 tons a year to the EEC, at a price currently three times higher than the world market price. This price difference has been worth an extra 7.5 million ECU in recent years.

Other assistance

Special efforts have been made to improve **health** services, particularly in the rural areas. In addition to the primary health care facilities provided in the integrated rural development programmes mentioned earlier, two district hospitals were built at Nsanje and Mangochi in Southern Province (3.2 MECU, Lomé I), a third district hospital - inaugurated by the President in 1988 - was built and equipped at Karonga in the north (3.8 MECU, Lomé II), and a fourth district hospital is under construction at Mulanje in the heart of the tea-growing area. The Mulanje hospital (218 beds) is part of a 9.3 MECU Lomé III rural health programme, which is to include a number of smaller health centres in the same area.

Finally, in response to the influx of refugees from Mozambique - their numbers rose to 830,000 in 1990 - Community **emergency, refugee and food aid** have all proved extremely useful. Thanks to these three instruments, the refugees were supplied, through organisations like the United Nations, the Red Cross, or Médecins sans Frontières, with emergency relief supplies (blankets, shelter, essential drugs), transport, and many thousands of tons of food. At the same time exceptional quantities of maize were provided for the local population, and hospitals and dispensaries in affected areas were re-stocked with drugs, in an effort to ease the burden of the refugee influx on the Malawians themselves.

Mozambique

Background

The most populous of the SADCC states after Tanzania, Mozambique is also one of the poorest. Yet it possesses considerable mineral, hydro-electric and agricultural resources and commands a strategic position on the trade routes to the interior. The gap between its economic potential and present poverty is chiefly attributable to fifteen years of incessant civil strife, which has frustrated all efforts to develop the economy.

As befits a country with one of the longest coastlines in Africa (2,575 km from the Tanzanian to the South African borders), fishing is an important activity, although generally practised on a small scale. Inland, the population is overwhelmingly agricultural, with the majority engaged in subsistence farming. Cash crops include cotton, cashew nuts, sugarcane, sisal and, in the more mountainous interior, tea. Coal, diamonds and bauxite are mined - in modest quantities because of the war - but extensive mineral reserves remain unexploited. The Cahora Bassa dam across the Zambezi provides hydro-electricity. Industry is limited to the processing of raw materials, chiefly food and cotton, and the manufacture of fertilizers and cement.

Possessing three Indian Ocean ports in Maputo, Beira and Nacala, Mozambique occupies a key position in the region's transport network. The railways and roads serving its ports offer the shortest and cheapest routes to the sea for its landlocked neighbours, Zimbabwe and Malawi. In addition to their regional importance, mentioned in an earlier chapter, they are also of considerable national significance. One quarter of Mozambique's Lomé III national indicative programme is being devoted to their rehabilitation.

When this programme was proposed in 1985, it was agreed to concentrate the largest share of the resources available - 145 MECU, later increased to 175 MECU - on the development of agriculture and fisheries, the backbone of the economy and the sector which was already receiving assistance from the Community's budget for «non-associated» developing countries. Agriculture and fisheries remain the focal area of EEC aid, but circumstances have favoured import programmes rather than projects as the most suitable method of support.

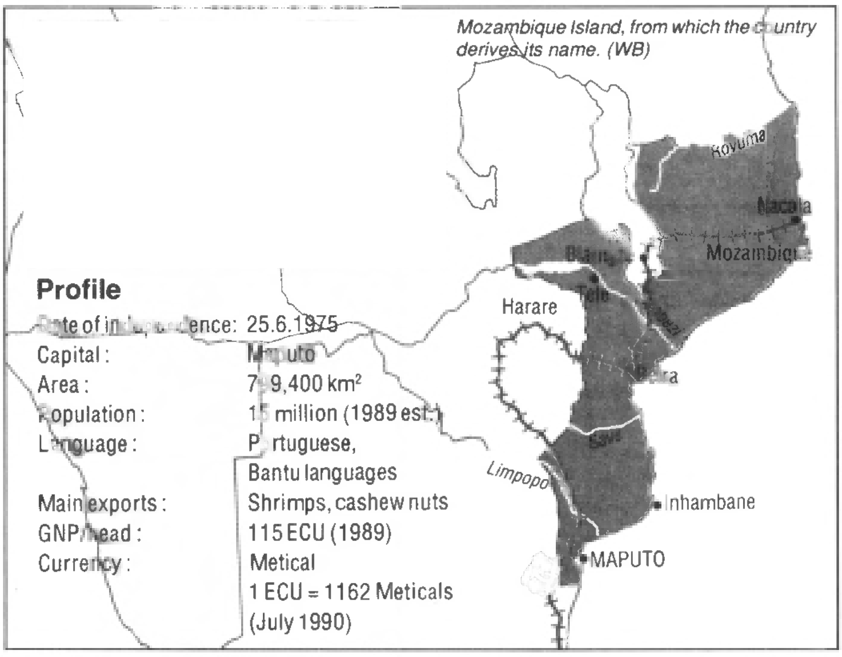
The same circumstances - a combination of civil war and South African destabilisation - have caused homelessness, famine and exile on a massive scale. In doing what it can to assist the displaced, the hungry and the refugees, the Community has had to spend more on humanitarian aid than on development over the last decade. Non-governmental organisations have been of great assistance in this sphere.

Transport

Rehabilitation of Mozambique's three main transit routes - the Nacala railway in the north, the Beira «corridor» in the centre and the Limpopo line in the south - is of national importance because their disruption, caused by repeated acts of sabotage on the part of armed guerrillas, deprives the country of much-needed revenue from international traffic and further isolates the already remote provinces of the interior.

Recognising this importance, the Community **(1)** and the Mozambique government have allocated 25% of Lomé III funds to the following operations:

- **Nacala railway** - 25 MECU on equipment for the track (to produce ballast and sleepers), for radio communication, and for the security forces protecting the work. At the time of writing (mid-1990) the line was operational again, for one train a week in each direction.
- **Beira corridor** - 9 MECU (plus 39 MECU from regional funds) to rehabilitate quays 2-5 and the main freight handling area in the port, and 2.5 MECU (plus the same amount from regional funds) for emergency repairs to part of the 180 km road from the Zimbabwe border to Beira.
- **Limpopo line** - it is planned to spend 5 MECU, and another 10 MECU from regional funds, on the rehabilitation of this railway, linking southern Zimbabwe with Maputo.
- **Railway training** - 4.35 MECU, plus 3.65 MECU from regional funds, to



Mozambique Island, from which the country derives its name. (WB)

Profile

Date of independence:	25.6.1975
Capital:	Maputo
Area:	799,400 km²
Population:	15 million (1989 est.)
Language:	Portuguese, Bantu languages
Main exports:	Shrimps, cashew nuts
GNP/head:	115 ECU (1989)
Currency:	Metical 1 ECU = 1162 Meticals (July 1990)

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(1) Community (EEC) aid is additional to EEC Member States' aid, which is substantial in this area. France and Portugal are heavily involved in the Nacala work, the Netherlands, Italy and Denmark in the Beira project and the United Kingdom on the Limpopo line.

Distribution of EEC food aid. (WB)

provide technical assistance to the Inhambane Railway School and other training institutes, and to renovate their premises.

Agriculture and fisheries

Community development aid to Mozambique before it became an ACP country concentrated more or less equally on small-scale farming and fishing. The amount involved, some 33 million ECU, was spent on the revival of farming activity north-west of Maputo after the destructive passage of cyclone Domoina in 1984, the production of potato seeds for farmers in the Beira corridor region, support for rural families displaced by war to the coastal areas, the purchase of equipment for small-scale fishermen, particularly in the Inhambane district, and the construction of a fish-processing factory in Beira.

The Lomé III programme builds on these projects, although chiefly through two massive import programmes, which will absorb 70 out of the 80 million ECU set aside for agriculture and fisheries. This method, whereby essential inputs - seeds, raw materials for fertilizer and pesticides, tools, vehicles, building materials, spare parts, etc. - are bought with European hard currency and sold to farmers, fishermen and small firms against payment in non-convertible meticals, is well adapted to the prevailing monetary and security conditions.

Primary producers in Mozambique have benefitted from the Stabex system. Since the country signed the Lomé convention, transfers totalling some 20 million ECU have been made, for losses of export earnings on tea, cotton, cashew nuts and copra.

The fishing industry also benefits from the EC-Mozambique fisheries agreement under which, for the period 1990-1991, the Community pays compensation - 4.3 MECU - for tuna- and shrimp-fishing rights in Mozambique waters, contributes 1.95 MECU to the cost of scientific and technical programmes improving information on Mozambique's fishery resources, and provides 0.6 MECU to help finance a joint EC-Mozambique reconnaissance campaign to find new resources.

Humanitarian aid

The Community's relief efforts, backed up by those of many European voluntary organisations, have been commensurate with the suffering caused by incessant civil war.

Between 1982 and 1990 the EEC bought and distributed, via the government, NGOs and international agencies, some 560,000 tons of cereals and other products - beans, vegetable oil, sugar, milk powder - at a total cost of over 200 million ECU. «Direct» food aid, i.e. that part which is delivered to the government for sale at local prices, has produced counterpart funds which are additional to those generated by the import programmes. Under an agreement reached with the government, counterpart funds are to contribute as much as possible to the national programme of economic and social recovery.

Emergency and refugee aid inside the country - much of it organised by NGO personnel who have done admirable work in difficult circumstances - has been supplemented by large-scale assistance to Mozambican refugees in Malawi and Zimbabwe, now believed to number some 900,000.

COMMUNITY AID (allocations in million ECU)

	Pre-Lomé (1978-85)	Lomé III
Development aid (EC budget)	33	-
National Indicative Programme	-	175
Stabex	-	20.1
Food aid	80	113.7
Emergency/refugee aid	14.5	29.8
NGO co-financing	-	5.9
Other	-	7
Total	127.5	351.5

Namibia

Political and economic background

Formerly the trust territory of South West Africa, Namibia had been administered since 1920 by South Africa, initially under a League of Nations mandate. In 1966 the United Nations ended the mandate, but the Republic of South Africa continued to administer the territory in defiance of the UN injunction. In 1978 the United Nations adopted Security Council Resolution 435, calling for South African withdrawal and Namibian self-government after free and fair elections. In 1979 South Africa installed an interim government, which was neither fully autonomous nor fully representative. An international settlement in 1988 paved the way for the implementation of the UN Resolution the following year. Elections were held in November 1989, and the country achieved independence in March 1990. One week later Namibia requested membership of the fourth Lomé Convention, and the following month joined the Southern African Development Co-ordination Conference.

The youngest member of the SADCC family is a big country with a small population. More than half its inhabitants live in the northern alluvial plain, where water, although scarce, is more plentiful than on the higher central plateau or in the arid south. The Kalahari Desert extends into eastern Namibia. The entire coastal strip is barren.

Minerals, livestock and fish constitute the principal resources. The mining industry, developed and largely owned by foreign companies, provides 70% of export earnings. Diamonds and uranium are the most valuable products, but lead, copper, zinc, cadmium, gold and silver are also mined. Farming is of two kinds: subsistence agriculture, chiefly in the north, occupying 60% of the population; cattle and sheep farming, mainly for export, in the centre and south. Pilchards, mackerel, anchovies and lobster are caught in the coastal waters, and hake - the most valuable species - further offshore. Limited manufacturing activities include food processing (of meat and fish), building materials and specialised mining equipment.

The EEC is an important market for minerals and Karakul pelts, but Namibia's closest economic links are with South Africa, which supplies 95% of the country's imports and buys a substantial share of its exports. Namibia is a member of the Southern African Customs Union and the Rand Monetary Area.

Community assistance

Namibia has received both political support and material help from the Community since the mid-1970s. In 1976 three EEC Member States with the USA and Canada set up the Western Powers Contact Group which first proposed a settlement plan with UN-sponsored elections, and played an important role in the drafting and adoption of UN Security Council Resolution 435. During the difficult and frustrating period which followed, the Community consistently upheld this Resolution as the sole basis for Namibian independence, and drew deep satisfaction from its eventual implementation in 1989.

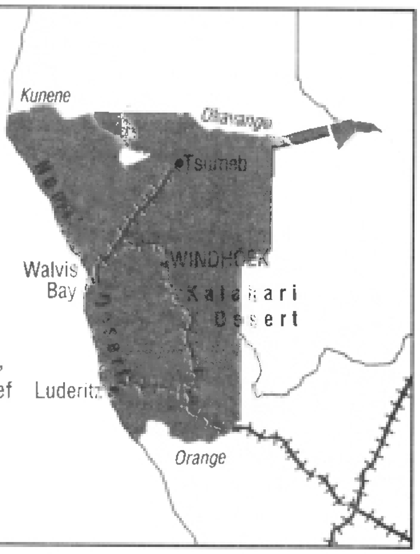
Throughout the same period the Community provided material help to Namibians in exile, in the form of food and emergency aid to refugees in Angola and Zambia and financial support for the educational facilities and training programmes offered by the United Nations Institute for Namibia. It also co-financed educational and legal assistance provided to Namibians inside the country by European non-governmental organisations. EEC support up to 1988 amounted to some 16 million ECU.

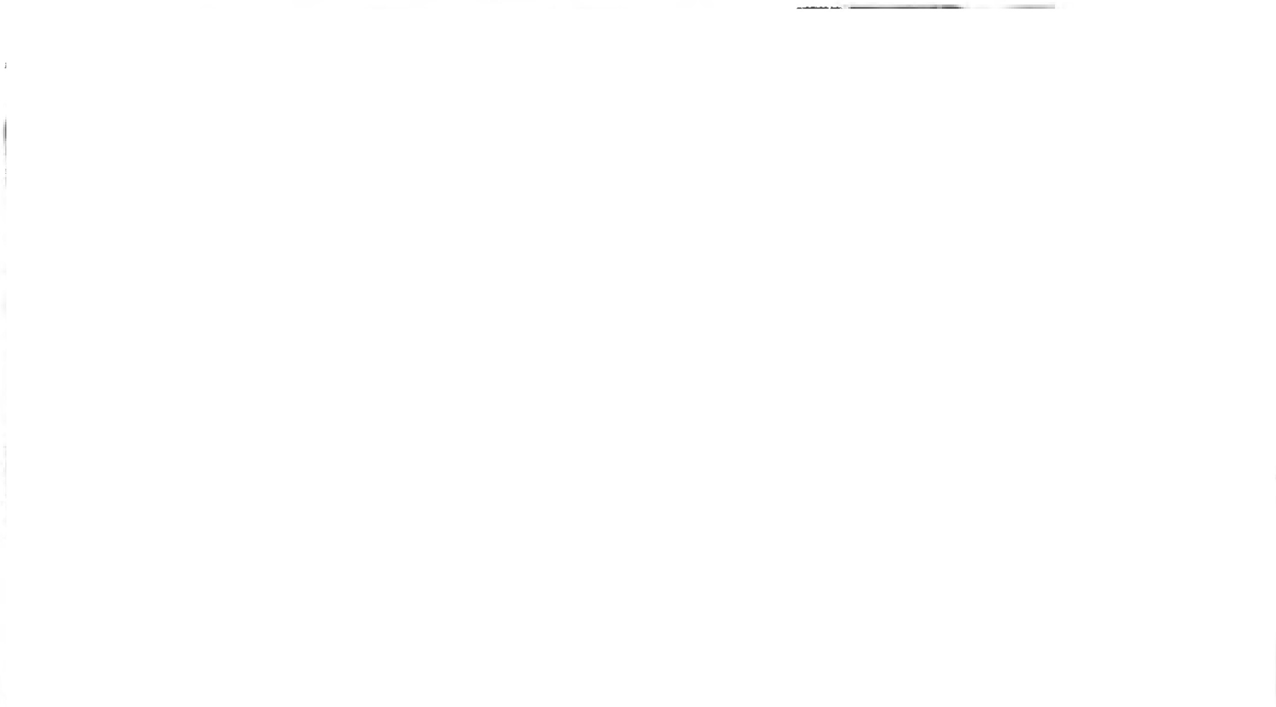
In 1989, to ease the transition to independence, the Community increased its aid, allocating 12 million ECU to a variety of projects located for the most part inside the country: health care, housing, wells, schools and training. Some of this amount has also helped to finance the repatriation of refugees and their installation on return - the country is having to cope with some 40,000 returnees. A further 19 million ECU is available in 1990, to help meet Namibia's immediate needs in such areas as resettlement, housing, health, schooling and vocational training, and for targetted budget support. The EEC has recently opened an office in Windhoek to coordinate its expanding programme.

Now that Namibia is independent, the question of its longer-term development has inevitably arisen. Needs are considerable for the majority of Namibians are poor, with little in the way of schools, health services or modern farming aids. Although it has inherited good roads and railways, the country has no deep-water port of its own. Heavy investment will be necessary if its reserves of oil, coal and natural gas are to be exploited. Similar-

Profile

Date of independence :	21.3.1990
Capital :	Windhoek
Area :	823,168 km^2
Population :	1,711,000 (1989)
Language :	English, Afrikaans, local languages
Main exports :	Diamonds, uranium, hides and skins, beef
GNP/head :	905 ECU (1989)
Currency :	Rand 1 ECU = 3.29 Rand (July 1990)





Welcome home! The EEC helped to finance the repatriation of the 40 000 Namibians who returned after years in exile. (UNHCR)

ly, substantial technical and financial assistance will be required if it is to exercise effective control over its future 200-mile fishing zone and derive maximum benefit from this important source of income.

Whatever options it chooses, Namibia will undoubtedly need external assistance to ensure its economic development. Once it has signed the Lomé Convention, Namibia will be entitled to a share of Lomé IV funds. Current EEC-Namibia studies suggest that education and training, rural development, health, water development, fisheries and mining could prove suitable areas on which to concentrate these funds.

As regards trade, Namibia's products will be covered by the general Lomé trade provisions. In addition to these, and independently of the Lomé Convention, the Community is ready to negotiate a fisheries agreement with Namibia, once it has declared its 200-mile exclusive economic zone.

Between them, these different forms of assistance should represent a useful contribution to Namibia's future development.

Open-air class. Okatana Secondary Centre, Ovamboland. Education and training are among Namibia's top priorities. (UNHCR)

Swaziland

Background

Bordered on three sides by the Republic of South Africa and on the fourth by Mozambique, Swaziland is a small land-locked country perched on the edge of the Southern African escarpment. Rugged highlands in the west descend to low-lying plains, the lowveld - which rise again in the east to the Lebombo range along the border with Mozambique. Four major rivers offering considerable hydroelectric potential are used for irrigation in the drier lowveld.

Agriculture is the mainstay of the economy. Sugar (40% of total export earnings) and wood pulp and timber (20%) are the leading exports. Other exports include citrus fruit, tinned pineapples, meat and, in the mining sector, asbestos and coal. Locally grown cotton provides the raw material for a small textile industry. Handicrafts are widely produced in the rural areas. Swaziland currently receives some 100,000 tourists a year, mainly from South Africa, and tourism is now the second largest source of income after sugar.

Although the EEC, the main market for sugar, has been taking over one third of all exports in recent years, Swaziland's economy is closely tied to South Africa, the source of 90% of its imports, most of its tourists and thousands of jobs for Swazi migrant workers.

The government aims to reduce dependence on its powerful neighbour, by encouraging the emergence of modern agricultural, industrial and service sectors. It is making determined efforts, with the assistance of donors, to build up an educational system which will provide the knowledge and skills required by a modern economy. A major part of the Community's assistance has been and will continue to be used to support this system, both nationally and in the wider regional context, where Swaziland is responsible for manpower development within SADCC. The development of the rural areas, where some 70% of the population lives in rather backward conditions, is the other major government policy to have received consistent support from the Community over the three Lomé Conventions.

Education and training

Since independence in 1968 the government has spent an unusually high proportion (over 20%) of its revenue on education. Compulsory primary education for the 6-13 age group has been introduced, and the number of primary schoolchildren has more than doubled. Secondary school education, for the 13-18 age group, has also expanded: the numbers of pupils, schools, and teachers had all doubled over the period 1974-84. However, a 1984 review identified two weaknesses: too many academic subjects and not enough agricultural education, and an unsatisfactory standard of science and maths teaching, considered key subjects for future school leavers.

The EEC is supporting modern agricultural education in schools - started in Swaziland by the United Kingdom - with part of its 8 million ECU human resources development programme under Swaziland's Lomé III national programme of 28.5 MECU. On the one hand, certain schools will be provided with livestock, sheds, seeds, fertilizer and tools; on the other, technical assistance to devise a course and teachers' training seminars will be funded.

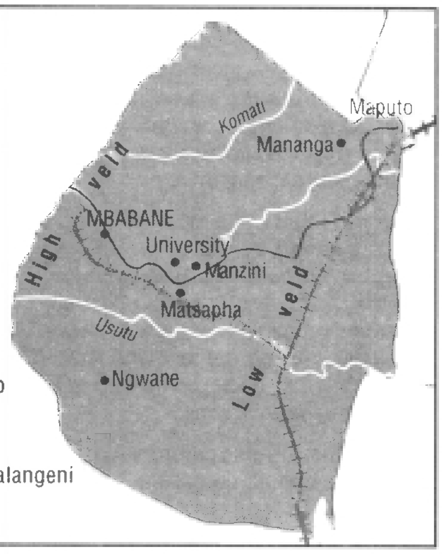
The problem of raising science and maths standards is being tackled in two ways: by providing technical assistance, books and other teaching aids for science and maths teachers already in service, and by funding 270 scholarships for students to follow a four month bridging course before entering the University of Swaziland to read Science and Maths. 300 scholarships will also be offered for similar Agriculture Pre-Entry Courses. The Dutch government is contributing to this 2.9 MECU programme.

The remainder of the Lomé III educational programme represents further support for 3 institutions financed under previous Lomé conventions:

- **UNIVERSITY OF SWAZILAND:** built and equipped with Lomé I regional funds, endowed with science scholarships under Lomé II, the Science faculty will acquire new buildings, teaching equipment, staff training and visiting lecturers under Lomé III;
- **VOCATIONAL AND COMMERCIAL TRAINING INSTITUTE, MATSAPHA (VOCTIM):** built - very beautifully - from scratch and partly equipped with EEC funds (3.9 MECU from Lomé II), the institute has recently acquired 3 new student hostels, built with Lomé III funds, which have raised student accommodation from 50 to 150. VOCTIM, also supported by the German government, is important because it trains people for industrial and commercial jobs in the modern sector.
- **NGWANE TEACHERS' TRAINING COLLEGE:** built with a 2.5 MECU

Profile

Date of independence : 6.9.1968
Capital : Mbabane
Area : 17,363 km^2
Population : 706,000 (1987)
Language : Siswati, English
Main exports : Sugar, wood pulp
GNP/head : 600 ECU (1987)
Currency : Lilangeni
1 ECU = 3.36 Emalangeni
(July 1990)



grant from Lomé I, provided with staff accommodation and equipment with a 1.8 MECU grant from Lomé II, the College will acquire 7 new classrooms and staff houses and 6 scholarships from Lomé III funds. Consistent EEC support has paid dividends, for the College has won a good reputation and its senior staff have remained in their posts ever since inauguration.

The regional aspects of EEC support for manpower development - the Institute for Development Management, the Mananga Agricultural Management Centre, technical assistance for the Regional Training Council - have been mentioned earlier under Regional Co-operation.

Rural development

Some 70% of all Swazis live in rather scattered homesteads in the rural areas, raising sheep and cattle, growing maize and other food crops and making a variety of handicraft products (baskets, candles, mats...) much sought after by tourists. Living conditions are quite difficult: life expectancy is low, access to safe water is often a problem, and infant mortality, especially from water-borne diseases, is high. Because many Swazi men work off the land either in the urban areas or in South Africa, women are often the chief breadwinners.

The Community has supported the government's policy of rural development from the outset. Under Lomé I 3.5 MECU was used to build the **Simunye irrigation canal** and a further 2.62 MECU was devoted to a programme of small operations in rural areas, including the construction of a number of **footbridges**. Lomé II provided 3.55 MECU for a smallholder credit and marketing project, and launched the first phase of a **rural water supply programme** (2.45 MECU). This provided some 17,000 people in eleven villages with drinking water from standpipes, and sanitation in the form of pit latrines.

Phase II of the programme (2.6 MECU from Swaziland's Lomé III national indicative programme) will serve 18,000 people in 12 villages, providing them with safe drinking water from standpipes within a maximum walking distance of 200 yards, and 2,400 pit latrines, to be built by the villagers themselves under supervision. The EEC is paying for the heavy works and hardware (drilling operations, pipes, taps), the Swazi Water Board will pay for major repairs and replacements, but each local water committee must pay for fuel and routine maintenance. This means that each user pays a water fee, a requirement which presents some women with a financial problem (see inset).

WOMEN, WATER AND MONEY

Women, who are often the economic head of the household in rural Swaziland, appreciate the new water supply because it saves them 3-4 hours walk a day and they know the water is safe. They are appreciated as water committee members because they have practical advice to offer about design, siting, repairs and accounting. They do not object to the water fee (currently set at between 2 and 3.5 emalangeni a month), and their N° 1 priority is to earn enough money to pay it. The trouble is that the things they traditionally do with the hours saved - sewing, basket-weaving, matting - do not earn much money. They know about more lucrative activities - vegetable-gardening, high-breed maize growing, brick-making - and are now being actively supported in these areas by a very successful EDF Microprojects Programme.

EEC support for rural development also includes a substantial programme of **microprojects** (3 MECU in all). These cover a wide range of activities: infrastructure, income-generating schemes, self-help projects. They promote self-reliance, help to develop a community spirit and encourage rural communities to play a more active role in shaping their own future.

Finally, a 3.9 million ECU programme to repair 16 old earth **dams** and build 10 new ones is getting underway in the Lowveld. The water stored as a result will be used for irrigation, for cattle and for domestic consumption. A simple handbook on earth dam repair and maintenance has already been produced.

Industry

Swaziland offers a stable investment climate, and has attracted a number of European Investment Bank loans:

	Recipient	million ECU
Lomé I:	National Industrial Development Corporation	3.15
	Royal Swazi Sugar Corporation (for a third sugar mill)	10
Lomé II:	Luphohlo Hydro-electric Scheme	7
Lomé II:	Swaziland Industrial Development Company (equity purchase, and onlending to SMES)	3
	SIDC (for construction of industrial buildings)	1
	Swaziland Meat Industries, via SIDC	1
	SMI (to repair slaughterhouse)	1
	Natex Textiles (for a weaving-finishing plant)	3
	Spintex Ltd (for a spinning mill)	4

Interest rate subsidies from the EDF have reduced the cost of some of these loans. The tourist industry will benefit from certain aspects of the Lomé III integrated programme to develop trade, tourism and handicrafts.

Built, equipped in part and enlarged with Lomé II and Lomé III funds, the Vocational and Commercial Training Institute in Matsapha trains Swazis for jobs in the modern sector. (DV)

Footbridge across the River Mkhondvo in the Middleveld, one of many EEC microprojects in rural Swaziland. (MV)

Natex textile factory, recipient of a Lomé III risk capital loan of 3 MECU. The EIB has lent more than 30 MECU in support of industry in Swaziland. (MV)

COMMUNITY AID (allocations in million ECU)

	Lomé I	Lomé II	Lomé III
National Indicative Programme	12	18.5	28.5
EIB loans	14.2	7	10
Interest rate subsidies	2	2.1	1.6
Sub-total	28.2	27.6	40.1
Stabex	13.2	8.2	-
Food aid	0.6	1.2	1.2
Emergency/refugee aid	0.4	0.1	1.5
Other	-	-	0.6
Total	42.4	37.1	43.4

Trade

In addition to the trade aspect of the integrated programme (attendance at trade fairs, technical assistance, market research, etc.), and the general trade provisions of the Lomé Conventions (35% of Swaziland's exports now go to the EEC), the special Protocols on Sugar and Beef can be worth an extra 50 MECU and 5-10 MECU respectively, depending on the extent to which the country fulfils its quotas.

Other assistance

Stabex transfers for losses on iron ore and cotton exports brought in an extra 21 MECU under Lomé I and II; emergency and refugee aid has been useful, particularly in helping with Mozambican refugees; modest but useful quantities of food aid have been distributed by NGOs and international agencies; and the blind and the disabled have benefitted from NGO co-financed projects.

Tanzania

Background

The second largest of the SADCC countries - Spain, Portugal and Italy would all fit in with a little to spare - Tanzania resembles a vast cirque, ringed by mountains and lakes, opening onto the sea. The interior is a semi-arid plateau, sparsely populated and subject to shortages of food and fodder. The peripheral regions are more heavily populated, for the most fertile soils are to be found on the lower slopes of the mountains, in the lake areas and in the coastal plain.

Although diamonds and tin are mined, and the country possesses large reserves of iron ore and coal, largely unexploited, the economy is overwhelmingly agricultural. Cash crops include coffee, cotton, cashew nuts, sisal, tea, tobacco, sugarcane and pyrethrum. Maize, millet, sorghum, rice, bananas and cassava are the main food crops. The two are often combined, coffee and bananas being a common combination in the north. With the exception of tea and sisal, and a few coffee estates, farming is essentially a small-scale family business in Tanzania. Cattle farming is also important: the national herd numbers an estimated 12 million animals. In the manufacturing sector, the textile industry is perhaps the most important. The country's national parks, particularly Kilimanjaro and the Serengeti game park, attract significant numbers of tourists.

The economic development of Tanzania, one of Africa's poorest countries, has proved to be difficult. Transport, not surprisingly for such a large country, is a major problem. Shortage of foreign exchange, seriously aggravated by steep declines from 1970 to 1985 in the production of most cash crops - the principal source of hard currency - has made the purchase of productive imports extremely problematic. Development aid has for some time constituted a major source of additional finance. The Community's contribution, amounting to well over 500 million ECU over the period 1975-90, represents a significant proportion of foreign aid. EEC funds have been devoted essentially to rural development (with special emphasis on coffee), transport infrastructure and industry.

Rural development

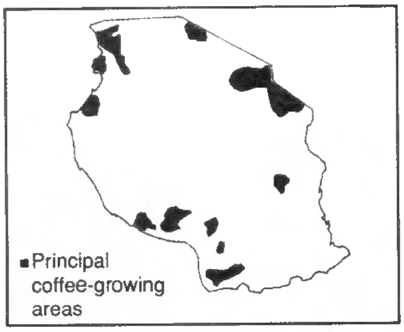
- **Coffee improvement**

The decline in cash crops referred to above, usually ascribed to inadequate returns for producers resulting from taxation and unduly high marketing costs, is clearly shown in the following table:

	1970	1980
		(in tons)
Cashew nuts	145 000	58 000
Sisal	197 000	80 000
Cotton	224 000	157 000
Pyrethrum	4 741	1 616

Production of the other main cash crops - tobacco, tea and coffee - remained fairly stable, at around 15,000 tons, 15,000 tons and 50,000 tons respectively.

Because coffee accounts for roughly **one third** of Tanzania's total export earnings,



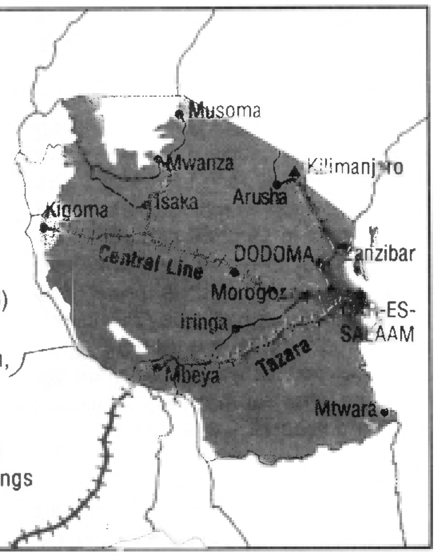
and provides a living for some two to three million people, it was considered essential to ensure that coffee production did not decline as well, but if possible increased in both productivity and quality.

This has been the aim of the Community's consistent support for Tanzania's coffee industry since 1977 (until recently the EEC was the only donor involved). When all programmes are completed, its assistance will represent a total investment of some 58 million ECU:

Lomé I	Coffee Improvement Programme, 1977-81	12.5 MECU
Lomé II	Coffee Development Programme	
	Phase I, 1982-84	13.5 MECU
	Phase II, 1985-87	9.5 MECU
Lomé III	Coffee Production and Marketing, 1987-1990	23 MECU

Profile

Date of independence:	9.12.1961
Capital:	Dar es Salaam/ Dodoma
Area:	945,087 km²
Population:	23,800,000 (1988)
Language:	Kiswahili, English
Main exports:	Coffee, tea, cotton, cashew nuts
GNP/head:	160 ECU (1987)
Currency:	Tanzanian shilling 1 ECU = 240 shillings (July 1990)



Smallholder coffee plantations in the Southern Highlands. (AB)

EEC funds have been used to provide farmers with equipment (secateurs, pruning saws, pulpers, sprayers) and chemicals (pesticides and fertilizer), to pay for trucks, graders and compactors to maintain some 2,000 km of feeder roads in passable condition, to purchase vehicles for coffee transportation and motorcycles for extension workers, and to finance training and research. Currently, much attention is being paid to quality and marketing, two aspects which are of great importance in today's competitive world market, but are the subject of concern.

While overall output has not so far risen significantly (production totalled 55,000 tons and 48,000 tons in 1986/87 and 1987/88, compared with 52,600 tons and 44,500 tons in 1968/69 and 1969/70), coffee production has at least remained stable while most other cash crops have declined. Although offset by falling output from coffee estates in the north, planting and production has shown a marked increase in the Southern Highlands, the focus of current EEC assistance.

- **Stabex**

While the Community has concentrated on coffee because of its importance for the economy as a whole, it has not entirely neglected other cash crops, which have received support from the Stabex system. Of the 50 million ECU transferred to Tanzania so far, 30 have been for sisal, 9 for cashew nuts and 3 for cotton. Stabex funds are primarily intended for reinvestment in the sectors in which the shortfalls occurred.

- **The Southern Highlands**

The Agricultural Sector Support Programme - 94 million ECU, approved in January 1987 - concentrates more than 50% of Tanzania's Lomé III resources on the south-west of the country, where the potential for maize as well as coffee is high (one of the area's four regions, Iringa, had already received some 25 MECU for agricultural development from Lomé I and II funds).

In addition to sizeable support for coffee (23 MECU), the ASSP includes a major food security component (21 MECU), which aims to increase the amount of food produced and marketed in the area. The impact should be considerable, for in the first two seasons following the Programme's adoption 30,000 tons of fertilizer, 350 tons of pesticide and 900 tons of maize seed were delivered to the Co-operatives managing its practical execution. Interestingly, the maize seed was ordered from Kenya, proving once again that EDF programmes can generate important business for African as well as European producers.

The ASSP should also help the farming sector by strengthening institutions in the Southern Highlands region. The six Co-operative Unions will all receive vehicles, office equipment and training in financial management - 8 million ECU has been set aside for this purpose - while the four regional authorities, whose towns are 300 - 400 km from each other, have already had to meet on several occasions to co-ordinate the Programme.

In addition to the ASSP proper, an **economic incentive programme** has been introduced, to encourage farmers in the coffee-growing areas to produce more. The idea behind this scheme is that they are more likely to make an effort to raise their incomes if the things they would like to buy are available on the market, and at an attractive price. An amount of 6 million ECU is being spent on raw materials which have to be imported (and therefore paid for in hard currency) to produce tyres and corrugated iron sheets locally, and on bicycles. Farmers can then buy these goods with Tanzanian shillings.

Upgrading to bitumen standard of the Mwanza-Musoma road round Lake Victoria. (AB)

Transport and communications

Tanzania's basic network - 46,000 km of roads (many of them impassable in wet weather), 2,580 km of railways and several lake and sea ports - is vital for the national economy and is also of great importance for its land-locked neighbours. Because the country does not have the resources to improve or even maintain its transport infrastructure, external aid is essential.

The Community has so far allocated over 280 million ECU in this sector: 190 on roads and vehicle repairs, 66 on railways and 30 on ports. This does not include the maintenance of feeder roads undertaken as part of rural development programmes. About half the total amount has come from regional funds, reflecting the regional interest of much of the work.

Major projects include:

- **Mwanza-Musoma road,** around the south-east shore of Lake Victoria (increasingly used by transit traffic as a «short cut» to Nairobi and Mombasa, this road may be extended to the Kenyan border with Lomé IV regional funds);
- **Lusahunga-Bukombe road,** part of a new all-weather link between Rwanda and the northern branch of the Central Railway (to be completed by a road-rail terminal);
- **Maintenance of the Tazara and Central railway lines,** particularly through the production of ballast, the supply of locomotives and wagons, and maintenance work;
- **Rehabilitation of Kigoma, Dar and Lake Victoria ports;**
- **Rehabilitation of both Zanzibar ports.**

Another side of the transport problem - making sure there are enough lorries, pick-ups and buses in working order - had been tackled under Lomé I in a rather novel way, by the Vehicle Repair Project (13 MECU). Instead of using precious hard currency to import expensive new vehicles, EDF funds were used to buy major units like engines and gearboxes to replace worn-out units in otherwise sound vehicles, and the spare parts were mounted locally. This was obviously good for Tanzanian mechanics and garages, and worked out three times cheaper than buying new models. Something similar is now envisaged within the Agricultural Sector Support Programme, which includes a sizeable allocation for vehicle and tractor repairs.

Industry

To date the Community has invested rather more than 60 million ECU, mainly in the form of risk capital and special (soft) loans, in the industrial sector. Its biggest single investment - 33 MECU in all - has been in the Morogoro Canvas Mill, which has over 1,000 employees. The mill is equipped with modern machinery enabling it to produce quality canvas, and it has secured overseas and domestic markets for its products. Other projects include the construction of an access road to the Mufindi paper mill, the extension of a textile mill in Arusha and, more recently, an 8 MECU loan to renovate and extend cotton ginneries in the Lake Victoria area.

In the south-west, a loan of 3.5 MECU is financing 100 km of transmission lines to bring electricity to tea factories and villages hitherto dependent on diesel power, more costly in foreign exchange and less reliable than hydro-electricity from the national grid.

To ease the shortage of foreign exchange afflicting most industry in Tanzania, the Community launched a substantial import programme (24.5 MECU) in 1989, which allocates amounts of hard currency to companies of proven efficiency producing agricultural, transport or basic consumer goods, for imports of raw materials, trucks and spares. The firms selected have to pay the equivalent of their allocation into a local currency counterpart fund.

Other assistance

In the field of **social infrastructure,** Zanzibar's two general hospitals have been renovated, at a cost of some 3.5 MECU; and the water supply systems for the towns of Mwanza, Mtwara and Mbeya have been extended, trebling capacity for the first two and doubling it for Mbeya. This investment (25 MECU in all) will ensure that the systems satisfy present and foreseeable future needs.

Although Tanzania has not required **food aid** on a massive scale in relation to its 24 million inhabitants, the quantities which it has received on request - 66,000 tons of maize and 25,000 tons of milk powder over the period 1976-85, mostly for sale - have generated substantial counterpart funds: more than 1 300 million Tanzanian shillings to date. These funds represent considerable extra development resources, and by 1988 no less than 111 agricultural and livestock projects had been approved from them.

COMMUNITY AID (allocations in million ECU)

	Lomé I	Lomé II	Lomé III
National Indicative Programme	103.4	120.7	176.5
EIB loans: own resources	5	–	–
risk capital	7.7	11	18.5
Sub-total	116.1	131.7	195
Stabex	20.7	20.8	8.9
Food aid	13.7	32.2	9.3
Other (emergency aid, NGO projects...)	0.9	3.9	6.2
Total	151.4	188.6	219.4

Zambia

Background

Zambia is not overcrowded. Occupying an area slightly larger than Britain and Spain put together, and nearly twice the size of neighbouring Zimbabwe, it contains some 7.5 million inhabitants. Zambians are among the most urbanized of African peoples: nearly half the population live in towns, which grew up around the mines or along the railways built to transport the copper and other mineral products - cobalt, lead and zinc - to the distant ocean ports. The other half live in villages or in small rural townships scattered over a vast area.

To give an idea of the distances involved it is worth recalling that in colonial times the original capital, Livingstone - named after the revered Scottish missionary-explorer whose memorial now stands in Central Province 600 miles further north - was moved to Lusaka because the site of the present capital was felt to be more central. It **is** more central, but Lusaka is still 1,000 km from the Tanzanian border and the southern tip of Lake Tanganyika, and 700 km from the less remote stretches of the Angolan border in the west.

Of the immense expanses of land in between, only about 6% are cultivated at present. Maize, the Zambians' staple food, accounts for some 70% of all cultivation, but soya beans, wheat and rice are also grown, as well as a number of cash crops on a small scale: cotton, sunflower, groundnuts, coffee, tobacco. Cattle raising is also quite important.

When it was realized in the mid-1970s that it would be unwise to rely too heavily on copper - copper prices had fallen, oil prices had risen and the cost of extracting deeper, lower-grade ore could only increase - the authorities began to give more serious consideration to agriculture as an alternative source of income and employment. Consequently the greater part of the Community's programmed aid to Zambia has been devoted from the outset to rural development. The mining industry has received substantial loans from the SYSMIN facility and the European Investment Bank, which has also made loans to promote industry outside the mining sector.

Rural development

Zambia is widely considered to possess significant agricultural potential. The land is relatively fertile, rainfall is mostly adequate and reliable, and moderate average temperatures allow most tropical and some temperate products to be grown. Where rainfall is inadequate, it can be supplemented by irrigation, from the rivers which drain large areas of the country - the Zambezi and its tributaries in the west, south, centre and east, the Luapula in the north. However lack of storage and marketing facilities, access roads, vehicles, foreign exchange to buy inputs and equipment and technical expertise mean that external assistance is required if this potential is to be realised.

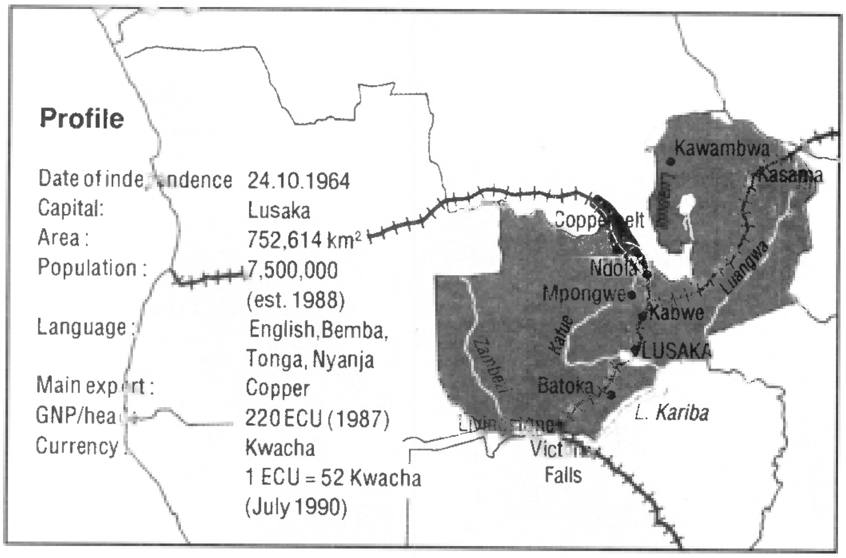
• Agriculture

The Community has provided these items through a number of projects it has supported, which include five crop development schemes in different parts of the country:

- **Tea:** consolidation and expansion of an existing tea growing area near Kawambwa, in the NW province of Luapula (3.1 MECU, Lomé I). Average annual production 1982-86 was 435 tons.
- **Cotton:** boosting cotton production in Central, Lusaka and Southern provinces to achieve national self-sufficiency and generate an exportable surplus (7.9 MECU, Lomé I). Seed cotton production rose from 9,000 t. in 1978 to 27,000 t. in 1987. The scheme has been instrumental in establishing cotton as a major cash crop in Zambia.
- **Wheat/soya:** expansion of an irrigated area from 200 to 800 ha (involving land clearance, the construction of a canal, and the installation of pipes and sprinklers) to grow irrigated wheat in rotation with soya, at Mpongwe, Copperbelt Province (5.39 MECU, Lomé I). 15 farmers are each cultivating 50 ha under mechanization.
- **Maize:** to increase maize production, and therefore family incomes, for 1,800 small-scale farmers in two areas of Central Province, chiefly through road improvement, the construction of marketing depots and the provision of agricultural credit (5.5 MECU, Lomé II). The popularity of this project has led to the launching of two rather similar smallholder development projects, designed to increase yields and production for about 35,000 small-scale farmers in Central Province (12.35 MECU, Lomé III) and in the Copperbelt Province (12 MECU, Lomé III).

Profile

Date of independence	24.10.1964
Capital:	Lusaka
Area:	752,614 km²
Population:	7,500,000 (est. 1988)
Language:	English, Bemba, Tonga, Nyanja
Main export:	Copper
GNP/head:	220 ECU (1987)
Currency:	Kwacha 1 ECU = 52 Kwacha (July 1990)



- **Rice:** based on the rice-growing area around Kasama in the Northern Province, this project (4 MECU, Lomé II), after some delay and revision, is seeking to increase rice production (Zambia still has to import rice) and raise paddy farmers' incomes by developing extension services and a seed production programme.

In addition to these major schemes, 2.2 MECU from Lomé I resources were used to build eleven multi-purpose agricultural **storage sheds** in different locations, including four in the remoter Western Province. More recently, in 1987, a huge **agricultural inputs import programme** was approved, amounting to 40 MECU from Lomé II and III resources. Of the total, 25.3 MECU was made available as a loan to Nitrogen Chemicals of Zambia, to purchase chemicals and spare parts for local production of fertilizer and pesticides. The balance, 14.7 MECU, was made available as a foreign exchange facility to smallholders and emergent farmers to procure essential agricultural inputs. Counterpart funds will be used to finance agreed rural development, health and education projects. A second import programme of 20 MECU is being financed from Lomé III funds.

Cotton picking, Central Province. (JG)

• Livestock

Although cattle farming is on a smaller scale than in neighbouring Botswana, the livestock industry is a flourishing concern in Zambia, which currently exports beef to Angola, Zaïre and Gabon. The Community has financed several operations of benefit to this sector:

Batoka dairy ranch, Southern Province. (JG)

- **Batoka ranch:** an exercise in crossing local Zebu cows with Friesian dairy bulls, to increase national milk production (1.8 MECU, Lomé I).

- **Training institute:** a dairy training institute was built in Palabana with a 1.4 MECU grant from Lomé I. Practical training courses have been part-financed for several years under the multi-annual training programme.

- **Animal husbandry:** introduction of improved methods in two cattle farming areas (2 MECU, Lomé I). The project achieved an increase in cattle numbers and a decrease of calf mortality.

- **Vaccine production:** building and equipping of a laboratory to produce animal vaccines locally (3 MECU, Lomé II).

- **Tse tse control:** control operations and other measures, chiefly in the Zambezi Valley area, financed from national (5 MECU) and regional funds and from a special action programme (2 MECU).

• Social infrastructure

The Community has further contributed to the development of the rural areas by providing over one thousand **houses** - more exactly, services, sites and materials for «do-it-yourself» building - in six rural townships (2.4 MECU, Lomé I), five **health centres** in remote areas without basic health facilities (2 MECU, Lomé II) and five **water supply systems** to cover drinking water needs for the next 15 years. All the country's outlying provinces are concerned by these operations.

Mining

While investment in agriculture is necessary to secure the country's future, Zambia still derives almost all its foreign exchange from copper and cobalt exports. Maintaining its revenue from minerals for as long as possible is therefore of the utmost importance. Unfortunately, output began to decline and production costs to rise from the mid-1970s onwards. In an attempt to arrest this worrying trend (due to a combination of deeper mining and ageing equipment), Zambia requested and obtained two SYSMIN loans, in 1982 and 1985, totalling 83 MECU. This massive injection of cash, added to similar World Bank loans, was used to purchase spare parts and modern equipment. By 1986/87 the fall in output had been checked, with production levelling off at about 460,000 tons of copper a year (as against 700,000 tons a year in the late 60s and early 70s).

The EIB had earlier lent 8 MECU, to finance the modernisation of a cobalt treatment plant, and 25 MECU to help finance the recovery of copper from the Copperbelt's slag heaps - a process which can produce an extra 30-45 000 tons of copper a year.

Other assistance

In the non-mining **industrial sector,** which the government hopes to develop as an alternative source of employment and income, the EIB has made several loans totalling 21 MECU to the Development Bank of Zambia for on-lending to companies working chiefly in industry, agro-industry and tourism. The EIB loan for the Tazama oil pipeline has been mentioned under regional co-operation.

On the **trade** front, where EDF funds have supported various marketing and trade promotion measures, it is worth recalling the Community's support, mentioned earlier, for the PTA and its secretariat, which is based in Lusaka.

As regards **economic infrastructure** outside the purely agricultural sphere, a 2.2 MECU grant from regional funds financed a new quay, access roads, workshop and crane for Mpulungu harbour on the southern end of Lake Tanganyika (where freight traffic has increased from 14,000 tons in 1981 to over 60,000 tons at present), and it is planned to improve the Lusaka-Kabwe road with a 12 MECU grant from Lomé III and an additional 13 to 15 MECU from Lomé IV.

In the field of **education and training,** two multi-annual training programmes were funded under the first two Lomé programmes (8.2 MECU in all), while from Lomé III resources technical assistance is being provided to improve science and maths teaching in secondary schools (3.9 MECU) and to establish a centre for accountancy studies in Zambia (4 MECU).

Finally, on the subject of **food security** - the ultimate aim of the food strategy discussions held between the Community and the Zambian authorities in the mid-1980s - it is worth noting that over the period 1976-90 the Community bought something like 150,000 tons of cereals, mostly maize, for Zambia, the sale of which to the National Marketing Board has produced a counterpart fund of more than 40 million Kwacha; and that in 1984, under a special action programme to combat hunger, the equivalent of 4 MECU was provided to import essential goods like hoes and other tools, drugs, vaccines and chemicals for farmers, to help them increase food production.

Small-scale maize farm, Central Province. (JG)

Irrigated wheat, Mpongwe, Copperbelt Province. (JPH)

COMMUNITY AID (allocations in million ECU)

	Lomé I	Lomé II	Lomé III
National Indicative Programme	45	58	81
EIB loans: own resources	10.5	31.5	–
risk capital	3.4	2	23.5
Interest rate subsidies	1.5	8.6	–
Sub-total	60.4	100.1	104.5
Sysmin	–	83	–
Food aid	15.3	25.7	7.6
Emergency/refugee aid	16.3	1.3	0.6
Other (SAPs (1), NGO projects, AIDS)	–	6	4.4
Total	92	216.1	117.1

(1) Special Action Programmes to combat Hunger in the World.

Zimbabwe

Background

The smallest of the large SADCC countries (although still bigger than East and West Germany combined), Zimbabwe is well endowed with natural resources. Minerals are abundant and varied: some 40 metals and stones include gold, nickel, ferro-chrome, copper and gemstones in significant quantities. There are large coal deposits, and the waters of the Zambezi, dammed at Kariba, provide hydro-electric power. There is enough arable land to produce substantial maize surpluses in normal years.

Partly because of its fortunate endowment, the country possesses the most diversified and industrialized economy in the SADCC region. Manufactured goods represented 35% of exports in 1987: a variety of commodities made up the rest - tobacco, gold, ferro-chrome, copper, nickel, cotton, maize, sugar, meat. Zimbabwe, which is involved in 30% of all intra-SADCC trade, counts the European Community as its biggest overseas market and supplier.

The country is not without its problems, however. Dependence on Mozambican and South African routes to the sea is something of an Achilles' heel - Zimbabwean troops constantly guard the Beira Corridor against guerrilla attacks. Its climate is too dry for comfort - parts at least of the country suffer drought three years in every nine, on average. The development of the «communal lands», i.e. those outside the commercial farming areas, is proving a major task involving difficult questions of land use as well as calling for much time and money.

To varying degrees Community assistance has been applied to each of these problems, but the main emphasis has been on the development of the rural areas.

Rural development

In the aftermath of independence, the Community's initial aid to Zimbabwe (18.5 million ECU drawn from the budget for «non-associated» states pending Zimbabwe's accession to the Lomé Convention) was used to finance the

A typical family farm - growing maize and cotton for food and cash on 5 hectares - in Kanyati district, where an important land use project is in progress. (JR)

resettlement of families returning from neighbouring countries or otherwise affected by the long years of civil strife, the construction of rural clinics and the provision of social infrastructure.

Resettlement continued under Zimbabwe's Lomé II national indicative programme of 49 million ECU, the bulk of which was devoted to rural development.

In Matabeleland South, one of the poorest and driest parts of the country, an ambitious **water supply and sanitation** programme is improving living standards for 70,000 people by providing 350 water points and the materials for some 6 000 pit latrines to be built on a self-help basis.

Lomé II saw the first of a series of **microproject** programmes under which the Community finances small-scale schemes, often local initiatives, in the rural areas. These have proved so popular (see inset) that no fewer than six programmes have been launched since

Profile

Date of independence:	18.4.1980
Capital:	Harare
Area:	390,580 km²
Population:	9 million (1987)
Language:	Shona, Ndebele, English
Main exports:	Tobacco, gold, ferrochrome, cotton
GNP/head:	500 ECU (1987)
Currency:	Zimbabwe dollar 1 ECU = 3 Z$ (July 1990)

The microprojects programme

Zimbabwe's microproject programme, funded under successive Lomé Conventions, is one of the largest and most successful in any ACP State. By mid-1990, some **650** microprojects involving about **2,800** separate operations or locations had been approved, for the benefit of approximately **700,000** rural families in Zimbabwe.

The microprojects programme has become an important instrument for the development of Zimbabwe's **communal areas,** i.e. the ecologically inferior lands outside the (mostly white) commercial farming areas. Under Lomé II, three microproject programmes were approved, amounting to 6.6 MECU or 12% of the National Indicative Programme. Under Lomé III, another three microproject programmes have been approved for a total amount of 16 MECU or 21% of the Lomé III National Indicative Programme. Given the almost unlimited demand for small projects at grass-roots level, the microproject programme can be expected to take up as much as 30% of the Lomé IV N.I.P.

Agricultural production, social infrastructure and education have been the main sectors of concentration within the programme from the beginning. The scope is wide indeed, varying from reconstruction of primary schools and health clinics, to fisheries co-operatives on Lake Kariba, and other forms of employment-generating schemes in the rural areas.

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1. Nyangombe bridge, Manicaland. The bridge was built with local labour; materials and supervision were paid for from EEC microproject funds. (JR)

2. EEC microproject funds have been used to purchase equipment for two fishing co-operatives on Lake Kariba. (JR)

The EEC is supporting smallholder tea and coffee production in the Eastern Highlands.

Family tea garden, Rusitu Valley. (JR)

Drying coffee beans, Samanga. (JR)

1982, absorbing over 20 million ECU of Zimbabwe's Lomé II and III allocations.

The country's **rural credit system** received a major cash injection with the decision in 1988 to provide 23.5 million ECU to the Agricultural Finance Corporation for on-lending to smallholders; and the following year the sum of 14 million ECU was approved for a **small-scale irrigation** programme.

Animal disease control has been financed either from regional funds - this was the case for the twice-yearly vaccination campaign against foot and mouth disease in the areas bordering Botswana (12.8 MECU) - or, for the tsetse control operations in the Zambezi Valley area, from a mix of regional and national funds (14.25 MECU). The latter have so far cleared 14,000 km2 of the tsetse fly, thus releasing a very substantial area for productive use - for agriculture, grazing or wildlife, whichever is the most appropriate.

The problem of **land use** is being tackled under Lomé III, through the 3 million ECU Kanyati and Gatshe-Gatshe pilot project at the eastern end of Lake Kariba in the Zambezi Valley. This is designed to restrict agriculture and grazing to areas really suitable for those purposes, as distinct from areas to be set aside for wildlife, which will be separated from the farmland by an EEC-funded foot and mouth disease barrier fence. Although complex - numerous organisations are involved, to allocate land, demarcate village boundaries, drill boreholes, align and build the fence, etc. - the project could, if successful, be followed by similar projects over larger areas - up to 500,000 ha in all - and thus serve as a model for the development of other parts of the Zambezi Valley.

Education and training

In addition to the innumerable **primary schools** built in the rural areas under the microproject programmes, Zimbabwe University's **Veterinary Faculty** in Harare was built with Lomé II national funds and extended with Lomé II regional funds, at a total cost of some 9 million ECU. The Community has also supported the **Technical Training Institute** in Gweru, which is to be upgraded with Lomé III funds.

Industry

The European Investment Bank has loaned from its own resources almost 100 million ECU in Zimbabwe since 1982:

Year	Recipient	Amount in MECU
1982	Wankie Power	20
1983 and 1989	Zimbabwe Telecommunications	33
1987	Zimbabwe Development Bank	6
1987	Harare Water Supply	12
1987	Cold Storage Commission	14
1989	Kadoma Paper Factory	12

In addition, contributions were made from EDF resources, in the form of interest rate subsidies totalling 12.4 MECU, and a risk capital loan of 4.5 MECU to the Zimbabwe Development Bank.

Trade

As well as supporting the Development Bank, which on-lends to small and medium-sized firms in manufacturing, mining and tourism, the Lomé Conventions are helping Zimbabwe's trade, directly and indirectly, in a number of ways:

- the general trade provisions, which for instance allow Zimbabwe's cotton and tobacco producers to export to the EEC free of quotas or duties;
- the Sugar Protocol: the annual quota of 30,000 tons is worth an estimated 13 MECU a year;
- the «Beef Protocol»: the levy charged by the government on 9,100 tons of exports to Europe brings in an estimated 45 MECU a year, used to benefit the dairy sector;
- local food aid purchases: between 1985 and 1988 the Community bought no less than 155,000 tons of Zimbabwean maize, for distribution in other countries;
- trade promotion funds: the Export Development Programme (4.4 MECU, Lomé III) and support for participation in trade fairs directly benefit Zimbabwean exporters.

COMMUNITY AID (allocations in million ECU)

	1980/81	Lomé II	Lomé III
Pre-Lomé aid	18.5	–	–
National Indicative Programme	–	49	77
EIB Loans - own resources	–	35	62
- risk capital	–	5.4	–
Interest rate subsidies	–	6.7	5.7
Sub-total	18.5	96.1	144.7
Emergency/refugee aid	–	17.2	0.9
Food aid	–	23.8	–
NGO co-financing	–	4.4	3.1
Other	–	–	0.7
Total	18.5	141.5	149.4

Other assistance

In addition to its support for local initiatives through the microprojects programmes, the Community has co-financed over 100 projects implemented by NGOs, many of them in rural areas.

Finally, its substantial contribution from regional funds to the rehabilitation of the Beira Corridor is of course of great importance for Zimbabwe, which can expect considerable savings in reduced transport costs from greater use of this route.

ASSISTANCE TO VICTIMS OF APARTHEID AND DESTABILISATION

The European Community has always opposed apartheid. From the mid-1970s, when it first became closely involved in the region, to the mid-1980s its opposition was expressed in several ways: in the introduction in 1977 of a code of conduct for EEC firms operating in the Republic, in support for SADCC and for Namibian independence, and in public statements of condemnation. However, the intensification of official repression which followed outbreaks of popular unrest in South Africa in 1984-85, culminating in the imposition of a state of emergency, led the Community to define and implement a twin-track policy of restrictive and positive measures, designed to hasten the total abolition of apartheid through external economic, diplomatic and moral pressure combined with active support for the process of peaceful change within the country.

The restrictive measures included a ban on sales of oil and arms to South Africa, suspension of co-operation in the military and nuclear spheres, discouragement of cultural, scientific and sporting links and, from 1986, a ban on imports from South Africa of iron and steel products and gold coins. New investment in South Africa was also banned in 1986 (1).

Of the positive measures, which included a strengthening of the code of conduct, the most important was the decision to implement a special programme to assist victims of apartheid within South Africa. A further measure was taken two years later in the form of a special budget to counter the effects of destabilisation in the SADCC region. Both these measures were taken at the request of the European Parliament.

Muldersdrift rural health centre, 40 km from Johannesburg. The centre, supported under the special programme, provides basic health care for local farm labourers and their families. (WB)

Special programme for victims of apartheid

Agreed in 1985, and launched the following year after extensive consultations with South African church leaders, the Community's special programme of assistance to victims of apartheid, the special programme for short, aims to assist the process of peaceful change by supporting non-racial activities - chiefly education and training, humanitarian and social aid and legal assistance - through non-violent organisations in South Africa and Namibia.

In accordance with mutually agreed criteria and guidelines, Community funds are channelled exclusively through the following non-racial organisations, which enjoy popular support in South Africa and which between them are representative of the majority of the black population:

- South African Council of Churches (Protestant)
- Southern African Catholic Bishops' Conference
- Kagiso Trust (set up in 1986 to handle projects outside the normal scope of the churches. Its trustees include eminent laymen as well as church leaders) (2)
- Trade unions.

In addition, support for projects in Namibia, which has accounted for some 4% of the total budget of the special programme since 1986, has been channelled through the Council of Churches of Namibia and the Namibian Development Trust.

Projects are identified by these organisations and proposed by partner European NGOs or trade union federations with well-established contacts in South Africa or Namibia. Financing is decided by the Commission after consulting a group of Member States experts.

The programme has now been operational for four and a half years. In that time, total funding has reached 110.5 million ECU, of which 102 MECU has been committed for 350 projects. Of these, 23 are located in Namibia. All the rest are located in South Africa, benefitting rural and urban populations throughout the Republic and the homelands. 45% of the Community's support has gone to education and training projects, 44% to humanitarian and social aid and 11% to legal assistance.

Education and training

State education in South Africa is organised on apartheid lines, with separate ministries, schools, budgets and curricula for each ethnic group. State spending on white pupils is five times higher per capita than on African pupils, a situation which should change as a result of the government's commitment to achieve equal standards and equal opportunities for all South Africans over the next ten years. In higher education, most universities and colleges of technology (Technikons) are now open to students of all races, but the cost of maintaining a student, currently about 5 000 rand a year, puts them beyond the reach of most black South Africans.

Community funds are helping to correct the obvious injustices of this dual system. Activities receiving EEC assistance under the special programme include:

- at pre-school level: training childminders for black children whose parents both go out to work;
- at primary school level: funding scholarships for black children to independent schools;
- at primary and secondary school level:
  - supporting independent schools;
  - training black teachers who do not hold a teacher's certificate (upgrading);

(1) At the time of writing these measures remain in force, but, in view of the reforms recently introduced in South Africa, their gradual relaxation will be considered «when there is clear evidence that the process of change already initiated continues in the direction called for» (European Council, 24/25 June 1990, Declaration on Southern Africa).

(2) Kagiso means «peace».

- developing, with the National Education Co-ordination Committee, an alternative curriculum to that of the «bantu education» system;
- at post-school level: funding some 6 000 scholarships a year for black students to attend universities, Technikons or colleges of higher education (this absorbs some 10 million ECU annually).

Humanitarian and social aid

Humanitarian assistance includes the provision of shelter materials and mobile medical teams for black squatter communities on the edges of big towns throughout South Africa. Social aid takes the form principally of support for the large number of civic advice centres which have been set up all over the country to explain to those disadvantaged by apartheid what their rights are. Job-creation and worker re-training schemes promoted by the trade unions are also receiving support.

Legal assistance

Some 11% of total funds have been used to pay the legal fees incurred for the defence of detainees, whose families are not in a position to hire a lawyer. Legal assistance is channelled through all the implementing agencies.

The special programme at a glance

	Budget (MECU)	European Partners	South African/ Namibian Partners	Projects
1986	10	European NGOs and	South African Council of Churches (Protestant)	Education & training (45%)
1987	20	trade union federations	Southern African Catholic Bishops' Conference	Humanitarian & social (44%)
1988	25.5		Kagiso Trust (secular)	Legal
1989	25		Trade unions	aid (11%)
1990	30		Council of Churches of Namibia Namibian Development Trust	
Total	110.5			

Future of the special programme

Since early 1990, the South African government has removed the ban on black political parties, released leading political prisoners, lifted the state of emergency in most parts of the country, and passed legislation abolishing what remained of «petty apartheid». These measures have begun to remove the chief obstacles to detailed negotiations between the South African government and the representatives of the black population on the country's future social and political organisation. The negotiations themselves still have to take place. They will not be easy, they will take time, and their outcome is not certain.

Meeting in late June 1990, the European Community's leaders, reviewing the situation in the region, stated in a declaration on Southern Africa that «In the light of the recent developments in South Africa and as a strong signal of political support to those disadvantaged by apartheid...» (1) the Community would increase the funds for the special programme and would adapt the programme to the needs of the new situation.

From 1991 the special programme will therefore have a bigger budget and, if the negotiations go well and the dismantling of apartheid continues, can be expected to cater for the reintegration needs of returning South African exiles and to play an increasingly developmental role.

(1) European Council, 24-25 June 1990, Declaration on Southern Africa.

Support for victims of destabilisation

From the mid-1970s to the late 1980s South Africa sought to consolidate apartheid and the country's economic hold over the Southern African region by unsettling and thereby weakening its nearest opponents, the Front Line States. Harassment of political exiles, cross-border raids, economic sabotage and military intervention were all sanctioned under a policy of regional destabilisation, most clearly visible in South Africa's open support for the rebel movement in Angola - South African troops only withdrew from their Angolan bases in 1989 - and its covert backing of the rebel movement in Mozambique. South African involvement undoubtedly helped to prolong the civil wars which have caused very grave suffering in these two countries and greatly added to the economic problems of the region.

To counter the effects of destabilisation, the Community took two measures: it decided, in late 1987, to provide «non-lethal aid» - security aid - to Mozambique, to protect development projects such as the Nacala Railway and the Beira Corridor installations from attack by armed bandits; and, on the initiative of the European Parliament, it introduced in 1988 a new budget, entitled «Assistance to Front Line States and SADCC Member States», designed primarily to assist victims of apartheid and aggression outside South Africa.

War orphans in Maputo hospital, Mozambique. (WB)

CONCLUSION

The funds provided from this budget - 5 million ECU in 1988, 7 MECU the following year and 15 MECU in 1990 - are supporting projects in three main areas: medical care for the injured, supply of basic essentials for the displaced and for war orphans, and professional training for refugees, mainly from South Africa.

Most of the projects in the first two categories are located in Angola or Mozambique. They are a reminder of the dark side of political conflict in Southern Africa: centres for the badly burned, workshops for the manufacture of artificial limbs, care and attention for war orphans, food and clothing for the tens of thousands who have fled their villages in search of security.

Nearly 60% of the funds provided to date have been spent on assistance of this kind, with another 30% being devoted to training for refugees. Of these, some are running refugee settlements in SADCC countries, others are acquiring professional qualifications or work experience in the region or in Europe. When the situation allows them to return to their country of origin they will be taking valuable skills with them, so this form of assistance represents a long-term investment for black South Africa.

Although SADCC noted a marked decrease in destabilisation activities in 1989, and these have apparently ceased altogether in 1990, the effects of previous acts of aggression will unfortunately persist for a long time to come. The Community therefore plans to continue its support through this budget for some years yet.

Throughout the period covered by this brochure (1975-1990) Southern Africa has lived in the shadow of political conflict. Recently there has been a marked improvement in the political climate as a result of South Africa's withdrawal from Angola and Namibia and its recent moves towards internal reform. If these continue and apartheid is abolished, prospects for peace throughout the region will be greatly enhanced. Economic consequences for the whole region would also follow.

An end to the civil wars in Angola and Mozambique would allow normal economic activity to revive in those countries, and would greatly facilitate the restoration of the region's transport network. It would in time relieve their neighbours of the burden of refugees; it would ease the problem of war-displaced people in both countries; and should reduce the level of military expenditure, releasing resources for more productive purposes.

The abolition of apartheid and the emergence of a democratic, non-racial South Africa would end that country's isolation and pave the way for friendly relations and close co-operation with SADCC countries. Even future South African membership of SADCC would become a possibility. Such a development would strengthen the economic potential of the region, and would be wholeheartedly encouraged by the European Community.

At the same time, an end to South Africa's isolation would open the door to new investment in the Republic, further strengthening an economy which is already by far the strongest in Southern Africa. A post-apartheid South Africa, however friendly and democratic, would still enjoy economic superiority.

If the economic benefits of a more peaceful climate in Southern Africa - new investment, more jobs, more trade - are to be distributed throughout the region, the SADCC countries will need to co-operate as much if not more than over the last decade. Regional planning would strengthen their hand in their dealings with the donor community and a post-apartheid South Africa. This would seem to imply a greater role for SADCC in the formulation of economic policies for the region.

These would have to take due account of South Africa's presence. In a situation of peaceful co-existence, there would for example be a clear need for an overall transport plan covering the entire region and based essentially on economic considerations.

In such a situation, the Southern African Development Co-ordination Conference would be freer to concentrate on economic problems common to all or most of its members. There are no shortage of these. The organisation itself, in the document it prepared for the 1990 Consultative Conference (1), identified the main ones: relatively small domestic markets, limited intra-SADCC trade, continued dependence on overseas markets, high unemployment, low productivity, lack of skilled labour, undue central economic controls, difficulties in attracting investment, shortage of foreign exchange.

While some of these problems call essentially for government measures and their co-ordination by SADCC, others will require continued external assistance if they are to be solved. The rehabilitation of the transport network, a prerequisite for economic independence and increased trade, is a case in point. The Community, which has already provided over 100 MECU for four major routes, is ready to give further assistance, notably for the Limpopo line and the Lobito corridor. Community support will also be considered, particularly in the framework of an overall transport plan, for other economically viable projects, such as road-rail connections to fill gaps in the existing network, coastal shipping or secondary ports.

In the field of agriculture and livestock, the Community will continue to support regional and national efforts to improve food security and productivity, through

(1) SADCC: The Second Decade - Enterprise, Skills and Productivity.

crop research, food pest control, improved techniques, increased triangular food aid, land use studies, supplies of fertilizer and other inputs, training, veterinary services and animal disease control. As regards this last aspect, further efforts will probably be required in the Zambezi Valley - where the EEC-funded tsetse control programme has so far cleared no less than 14 000 km2 of land in Zimbabwe - especially if normal conditions return to Mozambique.

As for training, which the Community, like SADCC, regards as crucial, continued EEC assistance, financial and technical, will be forthcoming as in the past, for both national and regional operations, as long as these do not duplicate existing facilities. Special attention will be paid to strengthening training institutions.

In all these and other areas of co-operation, the Southern African States can count on continued Community support. Financially, EEC assistance will increase over the next five years, belying fears of reduced aid as a result of greater Community involvement in Eastern Europe. The Lomé IV national allocations between them total 927 million ECU, an increase of 20% on the amount initially allocated to the SADCC States under Lomé III. When they are decided, Namibia's allocation and the Lomé IV regional allocation will of course be additional.

Lomé IV Allocations

	National Indicative Programmes (MECU)
Angola	115
Botswana	38
Lesotho	50
Malawi	140
Mozambique	176
Namibia	(1)
Swaziland	30
Tanzania	195
Zambia	95
Zimbabwe	88
	927

(Initial Lomé III allocations totalled 776 MECU)

(1) Amount to be decided after accession.

While primarily intended to finance long-term development, these resources may be used to meet more immediate needs. The foreign exchange shortage, for example, has been eased by the import programmes which the Community introduced during the Lomé III period. In Southern Africa a number of countries are benefitting from substantial programmes - Mozambique (70 MECU), Zambia (60 MECU), Malawi (46 MECU), Angola (38 MECU) - which enable them to obtain productive inputs like fertilizer or spare parts despite the scarcity of hard currency. Import programmes will again be possible, if required, from Lomé IV national allocations. They will also be possible, as a form of balance-of-payments support, from Lomé IV structural adjustment funds for countries implementing macro-economic reforms (five SADCC States qualify at present). This new facility, which is additional to national and regional development funds, is designed to help alleviate the harsh social effects of these reforms.

For their long-term development, the Southern African countries should find future Community assistance flexible and varied enough to suit their requirements. In the **business and industrial sector,** for instance, Lomé IV offers wider access to risk capital, cheaper loans and a readiness to study a model investment protection agreement - all designed to foster the spirit of enterprise and the investment climate which SADCC is calling for. The **transfer of know-how** - a recurring theme in SADCC documents - is not only a question of scholarships and schools: the technical assistance which is part and parcel of so many Community-financed projects can be a very effective way of transferring knowledge and skills, particularly as projects very often include on-the-job training. **Local involvement** in small-scale development projects, increasingly recognized as crucial to their success, is ensured in EEC microprojects, which require the active participation of the local community. This method of financing has proved extremely popular in several countries and will be encouraged under Lomé IV.

In the knowledge that these and many other forms of assistance will be available under the fourth Lomé Convention, the countries of Southern Africa can be sure of receiving continued and appropriate support from the European Community as they face the problems of the new decade ■

Principal abbreviations used in the Brochure

ACP : African, Caribbean and Pacific countries which have signed the Lomé Convention
EEC : European Economic Community
EC : European Communities (Coal and Steel, Atomic Energy, Economic), often called the European Community.
CEC : Commission of the European Communities
EDF : European Development Fund
EIB : European Investment Bank
ECU : European Currency Unit (the EEC's accounting unit, worth approximately 1.2 US dollars in July 1990).
MECU : Million ECU
FAO : United Nations Food and Agriculture Organisation
GNP : Gross national product
NGO : Non-governmental organisation (Save the Children Fund, Danchurchaid, etc.)
NIP : National Indicative Programme
PTA : Preferential Trade Area for Eastern and Southern African States
SACU : Southern African Customs Union
SADCC : Southern African Development Coordination Conference
STABEX : Stabilisation of export earnings
UNCTAD : United Nations Conference on Trade and Development

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