The Courier

AFRICA-CARIBBEAN-PACIFIC - EUROPEAN COMMUNITY

Published every two months

No 94 — NOVEMBER-DECEMBER 1985

MINING

THE EUROPEAN COMMUNITY

BELGIUM
DENMARK
FRANCE
GERMANY (Federal Rep.)
GREECE
IRELAND
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LUXEMBOURG
NETHERLANDS
UNITED KINGDOM

THE 66 ACP STATES

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ANTIGUA & BARBUDA
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BARBADOS
BELIZE
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CAPE VERDE
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NIGER
NIGERIA
PAPUA NEW GUINEA
RWANDA
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ST. LUCIA
ST. VINCENT & THE GRENADINES
SAO TOME & PRINCIPE
SENEGAL
SEYCHELLES
SIERRA LEONE
SOLOMON ISLANDS
SOMALIA
SUDAN
SURINAME
SWAZILAND
TANZANIA
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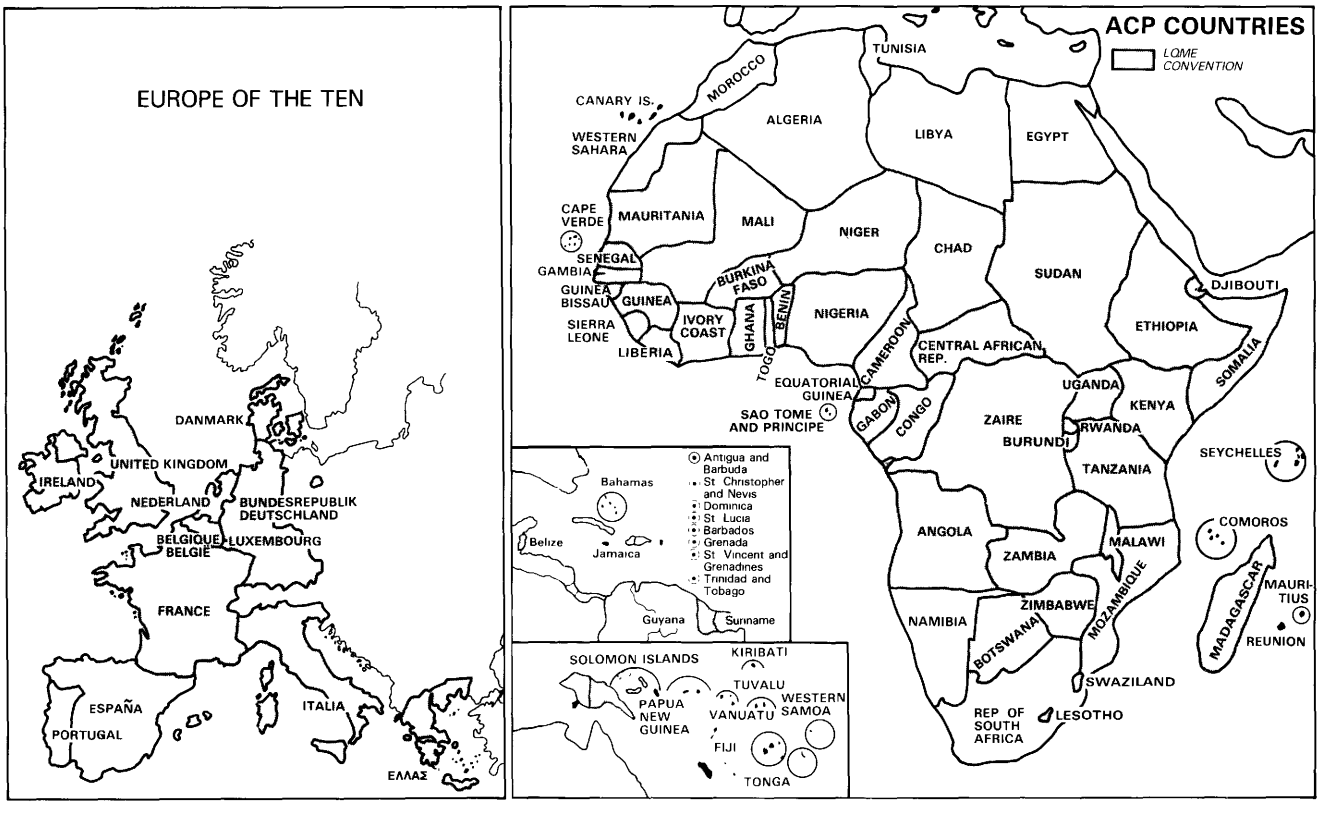

FRANCE

(Overseas departments)

Guadeloupe
Guiana
Martinique
Reunion
St Pierre and Miquelon

(Overseas territories)

Mayotte
New Caledonia and dependencies
French Polynesia
French Southern and Antarctic Territories
Wallis and Futuna Islands

NETHERLANDS

(Overseas countries)

Netherlands Antilles
(Aruba, Bonaire, Curaçao, St Martin, Saba, St Eustatius)

DENMARK

(Overseas territory)

Greenland

UNITED KINGDOM

(Overseas countries and territories)

Anguilla
British Antarctic Territory
British Indian Ocean Territory
British Virgin Islands
Cayman Islands
Falkland Islands and dependencies
Montserrat
Pitcairn Island
St Helena and dependencies
Turks and Caicos Islands

This list does not prejudice the status of these countries and territories now or in the future.

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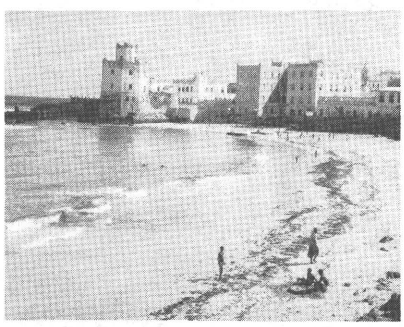
Cover page: ***ACP countries are looking forward to the mining industry making significant contributions to their economic development (Copper mining in Zaire – Photo Vivant Univers)***

JOINT ASSEMBLY: THE FIRST MEETING

The Joint Assembly, the new form of the ACP-EEC parliamentary consultative body, held its first meeting in Inverness in September. Among the items on the agenda were: perspectives and constraints of Lomé III, human rights, and women and development; but the session, which was attended by an ANC representative, was dominated by the drama of apartheid in South Africa.

Pages 2 to 5

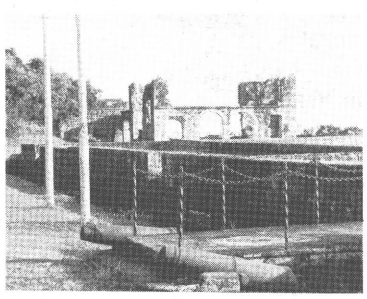
COUNTRY REPORTS: Somalia



A nation wedded to tradition, where livestock outnumbers people by eight to one, Somalia has made considerable social progress since independence in 1960. Economic changes are now being implemented to transform the nation's current difficult economic position as President Siad Barre explains in an interview with *The Courier*.

Pages 12 to 30

St Christopher and Nevis



St Christopher and Nevis is the youngest (19 Sept. 1983) independent state in the Caribbean. The new country has inherited from its colonial past an economy dominated by sugar cane. Prime Minister Dr. Simmonds and the Minister of Agriculture explain the new economic facts and policies.

Pages 31 to 48

DOSSIER: Mining

Most of the world's known mineral reserves are in the developing countries, yet mining has not provided them with the means of economic development and social transformation. This dossier examines the various aspects of the industry: exploration, investment, prices and prospects with particular reference to ACP countries.

Pages 54 to 94

NEWS ROUND-UP: ACP Council of Ministers

The second special session on intra-ACP cooperation which met recently in Harare, Zimbabwe, was marked by a call from ACP Ministers for more realism in setting out a programme for their internal cooperation; they made efforts to set out objectives which are less ambitious but more likely to be within their grasp.

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FIRST MEETING OF THE JOINT ASSEMBLY

Situation in South Africa dominates the session

"Don't just talk about aid, make it work". This was the concluding exhortation of HRH Princess Anne when she officially opened the Constituent Meeting of the ACP-EEC Joint Assembly held in Inverness in late September.

To many, the Princess's speech came as a surprise—unashamedly political, and hard-hitting, it was not perhaps what had been expected of the demure-looking daughter of the British monarch, whose address could well have been limited to expressions of welcome to the Scottish Highlands and to wishes for the success of the Assembly. Recalling a recent visit to an African country where no less than 80 NGOs had been represented, she appealed for better coordination of aid from divers sources, both official, and non-governmental, pleading for less wasteful use of scarce resources. This was a call that was to recur throughout the week's meetings. A second call, also much repeated, was for acts to follow words, for Europe to put its money where its mouth was. This was, however, a post-Convention Assembly: despite regrets from both sides, that the Convention had proved to be "a Cadillac with a two horse-power engine" (Ambassador Diarra of Mali's words), delegates were reminded that Inverness in late September was neither the time nor the place to try to renegotiate it. And indeed, without too much in the way of irrelevant verbiage, the work of the Assembly was carried out.

Reports on Lomé III, deforestation, and desertification, the creation of bio-genetic reserves, human rights, and on the role of women in the development process were all presented and debated and resolutions, duly amended, were adopted. Also adopted, mostly without amendment except that on Southern Africa, was a plethora of resolutions voted by the Joint Committee at its meeting in Bujumbura in early February (see Courier no. 90).

John Paul Photography

Princess Anne addressing the Assembly

Timothy Raison, Britain's Minister for Overseas Development, chose the occasion to make an important disclosure on UK policy towards Southern Africa and, for the first time, a member of the African National Congress (ANC) was permitted to act as an observer and to address the Assembly. Other topics discussed included sugar, the food situation in in the ACP States and the ACP/EEC Social Partners' recent meeting in Brussels, but it was in the debate on the situation in Southern Africa, hardly surprisingly, in view of the events of past months, that the Assembly really came alive.

The Joint Assembly meeting in Inverness was, in effect, the first session of a new Lomé III institution, the result—as its name implies—of the merger between the former Joint Committee and the Consultative Assembly. Essentially the same in nature as the latter, the Joint Assembly brings together one representative from each of the 66 ACP States and an equal number of members of the European Parliament, including representatives from each of its eight political groups. On this occasion Spain also attended, as an observer. (Owing to elections, no Portuguese delegation was able to be present). The new Assembly will meet twice a year, alternately in an ACP and in a Community Member State, for the purpose of discussing the ACP-EEC Council of Ministers' Annual Report on the working of the Convention, adopting resolutions pertaining to the Convention and putting to the Council of Ministers recommendations on its implementation. In addition the Assembly has the right—indeed one might say the duty—to question the Commission on any of the serious aspects of implementing the Convention.

One of the first of the new institution's duties in Inverness was to elect its new co-Presidents (Mr Giovanni Bersani, PPE It., continuing for the European side, and Mr Emile Mworoha, President of the Burundi National Assembly taking over for ACP side) and its 18 Vice-Presidents (9 European and 9 ACP). It was also required to adopt its own Rules of Procedure. Thereafter, with a little hesitation at times as to how the new rules were to be applied, the Assembly got down to business.

First of a number of reports presented and considered was that on the Third Lomé Convention, for which Ambassador Chasle of Mauritius was rapporteur. Highlighting as praiseworthy features the level of commitment to food self-sufficiency and to the central position accorded in Lomé III to human dignity, Ambassador Chasle also pointed to what, in his assessment, constituted major deficiencies in the Convention, amongst which the

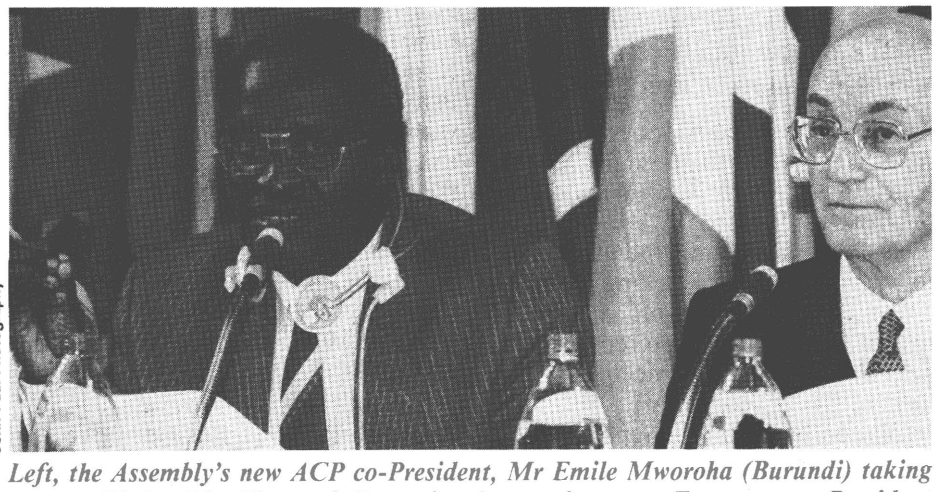
inadequacy of the funds in relation to the Convention's ambitions and the excessive protectionism inherent in certain trade measures. Ambassador Chasle appealed, in particular, for the Community's full commitment to its contractual obligations under the Sugar Protocol. His resolution called for the European Community and other sugar-producing industrialized nations to reduce the volume of their production, appealing to the Community, in particular, to reduce its output substantially. However, he also called the attention of the Assembly to the low level of ratification of the Convention—at the time only some 3 European countries and 15 ACP states had ratified—appealing to all concerned to speed up the process so that the Convention could enter into force at the date foreseen.

In the debate that followed, many points were touched upon that were to be given greater attention later in the week: the need for the environmental impact to be studied fully when projects were devised; the importance of considering the cultural and social backgrounds of populations into which projects were inserted and the need to avoid treating projects as laboratory experiments or mere intellectual exercises.

Debt was another recurring theme, with members of the Assembly pointing to the enormity of the problem for some LDCs who, with debts exceeding 55% of GNP, could offer no hope of repayment. The LDCs' total debt could, Mr Wurtz (Com, F) suggested, be absorbed by the developed countries, with some effort. "Can the Community continue" he asked, "to be a Pontius Pilate"? Mr Natali, the Development Commissioner, acknowledged the inadequacy of the funds available, regretted in the Report, but stressed that the priority now was to use to best advantage what was available rather than to diminish what *had* been achieved which, in his view, was nevertheless appreciable.

Resolution on apartheid: "an historic responsibility"

Finally, touching first on the subject that was to dominate the whole of the week's proceedings, Ambassador Chasle called for a firm vote on the fight against apartheid. Coming as it did after months of violence in South Africa (the figure for those killed in the resolution adopted 6 months earlier in Bujumbura had to be changed from 150 to 700) he appealed to the "historic responsibility" of the Assembly to act firmly for a resolution outrightly condemning apartheid and calling for sanctions. Members of the European Democratic Group argued that the force of any condemnation of apartheid would be lost if violations of human rights elsewhere were ignored. "All that is needed for evil to triumph is for good men to do nothing", Mr Jackson (ED, UK) quoted. Mrs Flesch's (L, L) report, presented later, in her absence, by Mr Galland (L, F), did not deny the existence of abuse in other countries but stressed that discrimination in South Africa was actually enshrined in the country's constitution. While MEPs, both left and right of the political divide, regretted that the report did little in the way of naming of names, Mrs Flesch's approach was, perhaps, seen to be vindicated in the ensuing debate. When individual violations (other than South Africa) were cited, the Assembly at once found itself upon slippery ground and the "straight talking" that Mrs Ewing (MEP for the Highlands and Islands), the Assembly's "hostess", had predicted, often failed to materialize. No one, naturally, opposed maximum guarantees of human rights, but the fact that barely 14 of the required 26 countries had ratified the African Charter on Human and People's Rights, and that the European Charter on Human Rights had not been ratified, said a lot in itself.



John Paul Photography

Left, the Assembly's new ACP co-President, Mr Emile Mworoha (Burundi) taking a vote. Right, Mr Giovanni Bersani, who continues as European co-President

John Paul Photography

The UK Development Minister, Timothy Raison, bearer of news that cheered the Assembly

Following the much-praised Chasle Report, Mr André Mouele (Congo) outlined the concerns raised in two separate but inter-related reports, the first on deforestation and desertification, the second on the creation of biogenetic reserves and the rational management of stocks of animal and vegetable living matter, both terrestrial and marine. In paying tribute to Mr Mouele's report, Mr Bersani noted that the endeavours of the Working Party on the Environment had already been reflected in the chapter in Lomé III on drought and desertification. In the ensuing debate impassioned appeals were made, notably by the Chairman of the Working Party, Hemmo Muntingh (Soc, NL), for a halt to the disastrous, permanent losses of animal and plant species from our planet. The attractions of bio-gas as a cheap source of alternative energy were also voiced, as was the need to back the promotion of improved ov-

ens with lower firewood consumption levels. The corollary of these measures, Mr Simpson (ED, UK) added, was for support to be given to voluntary family planning policies, so that the effects of more sparing use of resources were not negated by soaring birth rates.

Women: enough reflection, now action

Questions of population were also raised in the report presented by the Kenyan MP, Mrs Rose Wahuriu on the role of Women in the Development Process and a decision was taken to set up an ad hoc working group on "Women and Population in the context of Development" to report to the next Joint Assembly meeting, to be held in Swaziland in early 1986. The resolution based on the report, adopted unanimously and without amendment, welcomed the inclusion in Lomé III of an article on the role of women, emphasizing, however, that "practical action is necessary if the requirements set out... are to be realized in practice". The Resolution adopted calls for positive discrimination in favour of women, urging all governments to adopt special policies with regard to women and calling, in particular, on the Governments of the Member States of the Community to reconsider their development policy planning to take greater account of women's problems.

While all these reports were generally well received and the various rapporteurs and working parties warmly praised for their hard work and wise assessments, the true interest of the week undoubtedly lay in the debate on South Africa.

ANC delegate admitted as observer

Real excitement in the debate surfaced on three occasions. The first came shortly before Mr Timothy Raison, Britain's Minister for Overseas Development, rose to address the Assembly, when a vote was carried, by an overwhelming majority, for Mr Solly Smith, the ANC's representative in London, to be admitted to the Assembly as an official observer and to be invited to take the floor. This was the first time the ANC had been accorded such recognition at Community level and represented, in Mr Smith's view, "a very great breakthrough for the ANC".

Community unites to impose restrictive measures

The applause at the decision to admit Mr Smith was followed shortly afterwards by further applause at Mr Raison's announcement that the British government had decided to rally with the rest of the Community and to endorse a package of measures to be taken against the South African government. These measures (the term sanctions was sidestepped), decided on by nine of the ten Member States at a meeting of EEC Ministers in Luxembourg on 10 September, included the cutting off of cultural ties, a ban on the export of military hardware and the recall of military attachés. Like Mr Goebbels (Luxembourg), President-in-Office of the EEC Council of Development Ministers, Mr Raison felt certain that, in presenting a united front, the Community would be better able to add to pressure on the South African authorities to dismantle apartheid. For Mr Goebbels, setting out the policy defined at Community level, this package of measures constituted far more than simply the "lowest comon denominator". He stressed the fact, which in his opinion was a most significant one, that the Community had officially adopted such a firm position for the first time.

The sanctions dilemma

While the Community's new stance was generally welcomed as a step in the right direction, many present felt that it still did not go far enough. The Pretoria government was, Mrs Simons (Soc, D) pointed out, kept in power by economic and financial relations with the USA and with Europe and support (in the form of oil or arms exports) must, she argued, be withdrawn. Her words, and those of others, were echoed by Mr Smith, who called for total compliance by the Community with an oil embargo and for a tightening of the existing arms embargo. Others, on the other hand, believed that the full application of economic sanctions was a double-edged sword, hurting as it would the entire population of South Africa, as well as those of neighbouring states. Somewhat in the same

Interview with Mr Solly Smith, Representative of the African National Congress

▶ *How you think the debate on South Africa is going? Are you encouraged by what has been said?*

— Well, I see that opposition towards the ANC is very limited here. I was really overwhelmed by the unanimous vote of the ACP countries, also by the majority vote from the EEC which means the struggle of the ANC is really being supported. The level of discussion was really very high. We have heard from people who actually understand what the struggle is all about in South Africa. There are those who still feel that the white man is the most important person in South Africa. They do not care about the sufferings that the African people have had for a very long time. Some speak of violence—there has been violence in South Africa ever since 1910 when the Union of South Africa was formed, black people have been killed all the time—there have been massacres for all those years. Now the African people, and others, have decided that it is enough; so they want to answer violence by violence. How they answer that violence by violence, it is their own thing.

▶ *What more in practical terms do you think the Community can do to support you?*

We have called for mandatory sanctions—that is sanctions that are binding. Not mild sanctions like the measures they have decided on. No, we are not against those measures they've taken, it's a step in the right direction, but we would like them to make them more binding than they are now. And we think that will bring freedom for the South African people.

▶ *There has been talk of the positive and the negative measures, or sanctions. What sort of positive measures could the Community take?*

Well, I mentioned them in my speech. For instance: stop flying to South Africa; oil embargo on South Africa; no military collaboration with South Africa—because if South Africa is militarily strong, it is able even to invade neighbouring countries. No sporting links with South Africa, no nuclear collaboration with South Africa. We also ask for complete cutting of diplomatic links with South Africa. o

Resolutions passed in Inverness

Resolutions were passed at the Joint Assembly's first meeting, held in Inverness from 23-27 September 1985, on the following:

- The Third ACP-EEC Convention: Prospects and Constraints;
- Deforestation and Desertification;
- The creation of biogenetic reserves;
- The role of women in the development process;
- Human Rights;
- South Africa;
- Least Developed Countries;
- The North-South Dialogue;
- Security and Cooperation;
- Aid to Refugees;
- Landlocked countries;
- Environment and Lomé III;
- Development of fishing;
- The International Cocoa Agreement;
- The use of vegetable fat in the manufacture of chocolate.

John Paul Photography

A delegate tries his hand (without much success) at playing the bagpipes

vein, Mr Goebbels took the floor again, and, speaking on his own behalf this time, reminded delegates that certain ACP countries represented at the Assembly had not cut their commercial ties with South Africa. He underlined the need to look at all aspects of a system of sanctions—and apart from anything else also at the potential damage it could do to the front-line states. In his opinion history had shown that embargos were not sufficiently effective. Sanctions alone might not have all the desired impact.

In the course of the debate, it was furthermore put forward that if Europe insisted on continuing her imports from the Republic (and here Mr Andrews, (EDA, Irl.), pointed to the successful campaign to ban South African produce from Irish supermarkets), the very least she could do was to put all or part of the import duties towards a support fund for the SADCC countries, it was suggested.

Ambassador Sy of Senegal disagreed most emphatically with the sanctions "dilemma". Speaking in the name of the Organization of African Unity (OAU), the Presidency of which his country held, the Ambassador made a remarkable, unscripted speech that marked, perhaps, the high point of the week. No, he insisted, it was *not* true that the blacks would be more hurt than the whites by sanctions. Yes, of course, some would be hurt, but "you can't make an omelette without breaking eggs". Yes, blacks *would* lose jobs, but that wouldn't be much of a loss. What use is prosperity if you have no liberty?

Some anxiety was expressed, from both ACP and EEC quarters, that the passing of resolutions on South Africa, however strongly worded, however firmly backed, was becoming something of a ritual for the Assembly and that there was need, rather, for more in the way of practical measures to assist those who were suffering. "How can the Commission be effective in abolishing apartheid?" challenged Mrs Focke (Soc, D), Chairman of the Development Committee. "What specific proposals will the Commission make, and when, and to whom?"

Mr Natali, replying, reaffirmed that what was needed was a coherent set of measures, both "negative" (directly against the regime) and "positive" (in favour of the frontline states and of those working peacefully against the regime from within the Republic). "Do you have the money to implement the measures foreseen?" countered Mrs Focke. That, Mr Natali acknowledged, was a question that would have to be taken into account.

The South Africa debate over, it remained for the Assembly to vote on the setting up of ad hoc working groups (on Women and Population, Rural Development and the problems of the Environment and on Indebtedness in the ACP States). The groups were asked to meet before departure from Inverness to elect their chairmen and rapporteurs. Votes on the resolutions adopted by the Joint Committee in Bujumbura were taken, followed by those on the principal reports presented, and the meeting was formally closed. Considering the proximity of the Assembly to Loch Ness, the lack of metaphor in the week's proceedings was perhaps surprising. Was the Assembly too sceptical to give the local myth credence, or was it simply that matters at hand were considered too grave for frivolous references? A monster in Loch Ness, maybe, seemed to be the conclusion; a monster in Pretoria, certainly. o

MYFANWY VAN DE VELDE

ACP-EEC SOCIO-ECONOMIC PARTNERS

"The talks have had their effect"

The Secretary-General of the Association of Chambers of Commerce, Industry and other Economic Operators of the Pacific Islands... a representative of the German Metal Industries Union... the President of the Kenyan National Farmers' Union... an adviser from the Dutch Confederation of Enterprises—a random but very representative sample of the people at the meeting that brought together 150 delegates from ACP-EEC socio-economic sectors at the seat of the European Economic and Social Committee in Brussels from 18-20 September 1985. Messrs. Bersani and Ganga Zandzou, former co-Chairmen of the old Joint Committee, chaired this meeting of the three major socio-economic categories—the employers, the unions and the other interests, in this case mainly farmers. They discussed the role and the contribution of the ACP-EEC economic and social sectors in the implementation of the different chapters of Lomé III, placing particular emphasis on three main topics—the human, social and cultural aspects of the Convention, the development of trade and industry and agricultural and rural development—on which reports were read.

A long march

Although consultation of ACP-EEC socio-economic interest groups is taken for granted today, this has not always been the case. Far from it. "When we first met in 1977, in fact, there were a good dozen of us and it would be an understatement to say that there was a lot of reluctance and even opposition to this sort of consultation", co-Chairman Bersani told The Courier. "Although in the past, not everyone was convinced that there was any point in our getting together, today some are fighting, if you like, to take part and now all the regions and all the sectors and all the interests on both the ACP and EEC sides are represented by people who have come explicitly for that purpose and not just by any delegate. To put it in a nutshell, we have at last reached our target. Lomé philosophy involves more than a democratic contribution to cooperation at the level of the States represented on the Joint Assembly. The idea is also to enable all classes of society and all the structures of the socio-economic and cultural interests to take part in a genuine democratization and awareness-raising of this cooperation by making a creative contribution to it", he went on.

By the start of this, the 9th formal meeting between a delegation from the former Joint Committee and representatives from the ACP and EEC economic sectors, the first of its kind since Lomé III was signed, it was clear that this sort of consultation had indeed been enshrined in the Convention. The Lomé negotiators not only confirmed the fact that "The Joint Assembly shall organize regular contact and consultations with representatives of economic and social sectors in the ACP States and in the Community in order to obtain their views on the attainment of the objectives of the Convention (Article 25(2b))", but also introduced something new with regard to the duties of the Council of Ministers, which now has to "take all necessary measures to establish ongoing contacts between the economic and social sectors in the Community and in the ACP States and to arrange regular consultations with their representatives on matters of mutual interest, given the importance, acknowledged by the Contracting Parties, of establishing an effective dialogue between these sectors and securing their contribution to the cooperation and development effort (Article 23(2h))". This was the end of what might be called a long march (see Courier no. 88, November 1984). What more could the ACP-EEC economic and social sectors hope for than to know that the highest of the ACP-EEC institutions managing their cooperation contract has now been formally invited to establish machinery to register their opinions? They have gone from back in the wings to the front of the stage in the debate on this far-reaching cooperation...

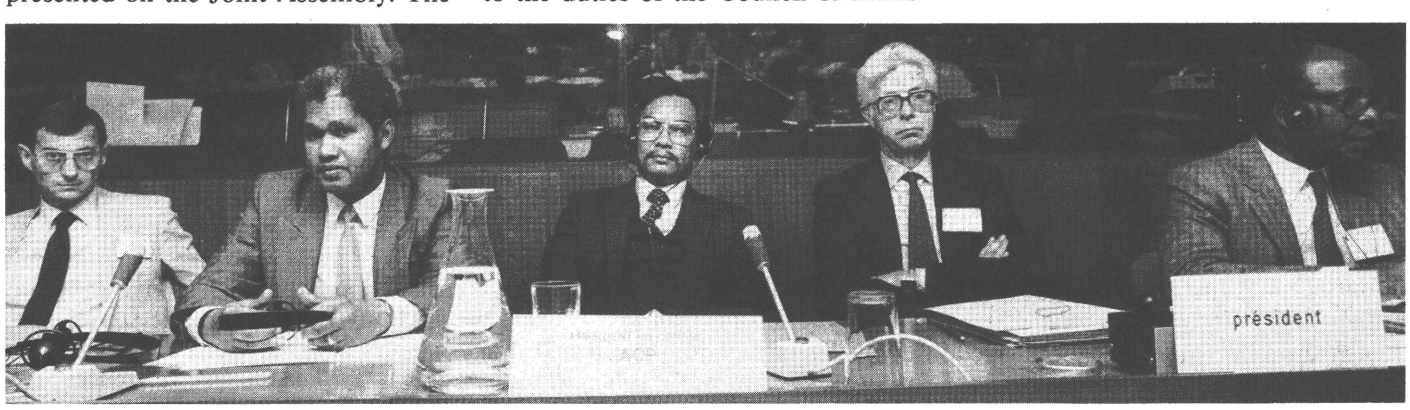
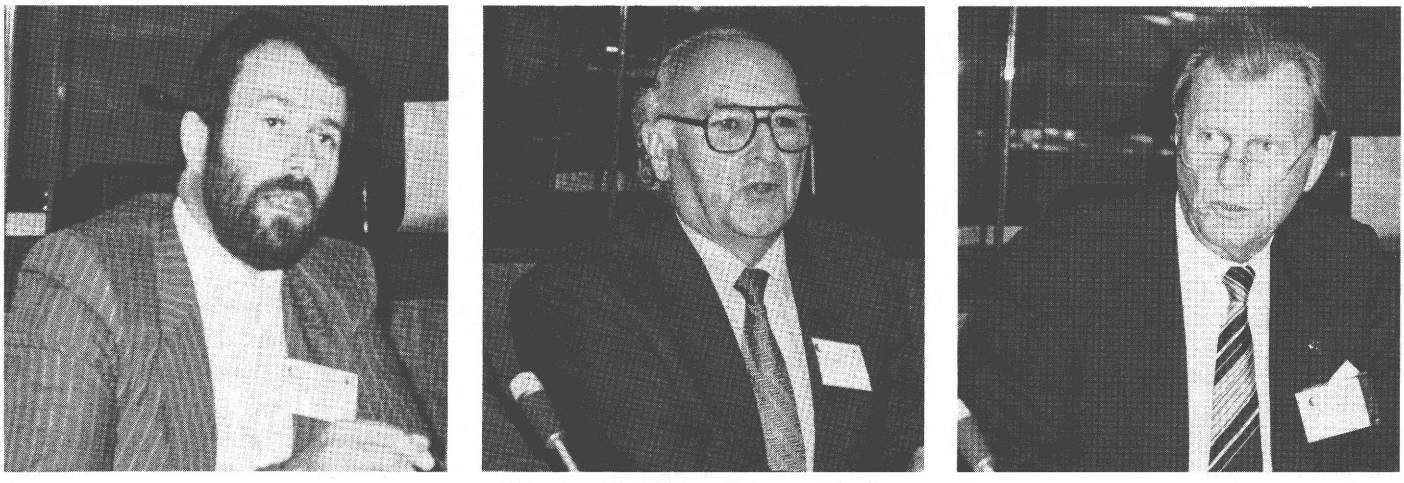


Photo News – Deville

The 9th annual meeting of ACP-EEC social and economic circles recorded a "first": both the President of the ACP Council of Ministers, Mr Imro Fong Poen (Suriname, 3rd from left) and the President of the Committee of Permanent Representatives (Luxembourg, 7th from left) addressed the assembly. Others on the rostrum included (left to right) Mr B. Rose of the



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The three rapporteurs (left to right): Guy Vasseur (Various interests, farmers); André Soulat (Trade Unions) and Hans-Werner Staratzke (Employers) presented their reports on agricultural and rural development, on the human, social and cultural dimension of Lomé III and on industrial and trade development

A broad debate

Umberto Emo Capodilista, Vice-Chairman of the Economic and Social Committee, opened the meeting, and after Giovanni Bersani had made a short speech, Lorenzo Natali, Commission Vice-President in charge of development, took the opportunity for the first time of addressing a heterogeneous audience which included Mr Edwin Carrington, Secretary-General of the ACP group and Mr Francis Macharia, President of the ACP Conference of National Chambers of Commerce, Industry and other Economic Operators.

He highlighted the importance of the machinery for consultation and underlined the ACP-EEC Council's new job—including, from 1986 onwards, "what Lomé III has made an obligation". He made particular mention of the priority on getting local people actively involved in the development drive and stressed the interest of the economic and social sectors in making an operational contribution to the implementation of Lomé III. In concluding, he stressed the fact that the economic and social sectors were "protagonists of development".

Mongo So'o, President of the ACP Committee of Ambassadors, pointed out that many of the suggestions emanating from the economic and social sectors had been taken up in Lomé III and emphasized that the ACP Group expected these sectors to do a great deal towards implementing and popularizing the Convention in the ACP countries.

The three rapporteurs then took the floor—Hans-Werner Staratzke, the German Federal Union of Industries' ECS delegate, gave a report on the development of trade and industry, André Soulat, Federal Secretary of the French Democratic Federation of Labour (CFTD), talked about capitalizing on the human, social and cultural dimensions of Lomé III and Guy Vasseur, Deputy Secretary-General of the National Young Farmers' Centre (France) read a paper on agricultural and rural development. They all emphasized the close interdependence of their subjects, socio-cultural and human considerations being indissociable from development, be it agricultural, industrial or commercial, underlining the need to produce realistic proposals that would lead to the social partners being actively involved in giving practical shape to the spirit of Lomé.

Hans-Werner Staratzke brought up a large number of practical cooperation points, saying that the industrial factor had to be clearly understood in its broadest sense, as not being just the big industries, but small businesses, services, tradesmen and craftsmen too, all of whom must come together, and use a permanent dialogue to make a success of the difficult job of industrial and commercial cooperation.

European Parliament Secretariat; Mr R. Kensmil, Suriname's Ambassador; Mr U. Emo Capodilista, Vice-Chairman of ECOSOC; Messrs Ganga Zandzou and Bersani, co-Chairmen of the former Joint Committee; Mr J. Welter of the Luxembourg Permanent Representation and Mr A. Graziosi, Director at ECOSOC

Mr Soulat made proposals that should help avoid the social, human and cultural side of Lomé III being merely a list of pious hopes and make it a kind of code of conduct that imbues the whole of ACP-EEC cooperation.

There had already been an agricultural seminar, on 15-17 September, for representatives of ACP and EEC agricultural organizations and cooperatives and Guy Vasseur rounded off his report with the guidelines that emerged from this meeting. As the new Convention puts agriculture at the heart of jointly-negotiated ACP-EEC development cooperation, Vasseur assured his audience that the European farmers would fully support the food strategies. To his mind, the lack of regular supplies of food was not unavoidable. It was the result of economic machinery that engendered and perpetuated economic and food dependence. There was a need, he said, for courageous agricultural policies in the countries where there was famine and it was a pity that the peasant farmers in the developing countries often got no say in the choices made in agricultural development, regardless of the fact that these rural communities had made constant innovations of their own.

This report was followed by a broad debate in which a very large number of people spoke and it soon emerged that what might be called the demarcation line did not run between the ACP bloc and the EEC bloc, but through each group—the three main categories (employers, unions and other interests), each with its own mixed ACP-EEC consensus. All the employers expressed their concerns in the same way and all the unions were also on the same wave-length, although not all the big ACP union movements are represented as yet. The same is true of the representatives of the other interests—mainly the farmers, that is. They have the same worries, although it is worth noting that, structurally speaking, the ACP partner is not so well organized and therefore weaker than the European partner. Hence the insistence and the will of the European agricultural sectors when it comes to supporting their ACP counterparts so that their cooperative and agricultural movement can make a better job of reflecting its wishes—first to its own national authorities and then at international meetings like this one.

One subject, an up-to-the-minute one that is also being discussed elsewhere, was a major concern of the economic and social sectors—human rights, with particular emphasis on the most institutionalized and most intolerable form of discrimination, apartheid, which was roundly condemned in the final declaration.

The social partners also aimed to organize and develop their future work by including a certain number of practical proposals in this final declaration, one of them dealing with continuity, suggesting that, "a joint group composed of an equal number of ACP and EEC socio-economic representatives be set up to act as liaison body in the period until the next meeting in 1986". They also wanted the Joint Assembly to "organize a debate on the conclusions drawn at the meetings of representatives of economic and social sectors—a debate to be held in the presence of a delegation of socio-economic representatives".

Other proposals dealt with the way the consultation machinery operates, asking that "the appropriate ACP institutions on the one hand and the appropriate EEC institutions on the other be provided with the administrative and financial means needed to organize and follow up relations with socio-economic interests". They also strongly urged, "that sufficient funds be set aside in the Fund to be created under Annex XXXI to the Final Act of Lomé III to enable representatives of socio-economic sectors in the ACP countries to take part in consultation sessions organized by the Assembly".

Note, too, that this final declaration also stresses that the socio-economic organizations should be involved in the work of the Administrative Boards of the Centre for the Development of Industry (CDI) and the Technical Centre for Agriculture (CTA).

A first

Article 23 of Lomé III obviously assumes that the ACP-EEC Council of Ministers will start setting up its own machinery for socio-economic consultation in 1986. The 9th meeting anticipated this to a certain extent as—and this is a first—the current President of the ACP Council of Ministers, Imro Fong Poen (Suriname's Minister of Transport, Commerce and Industry) and Joseph Weyland, current Chairman of COREPER (standing in for the President of the EEC Council), addressed the social partners. Mr Weyland assured them of the Council's interest in this innovation and said that "it would pay attention to the suggestions the socio-economic partners were bound to make here in what is certainly our joint desire to be as practical and operational as possible".

President Imro Fong Poen told the meeting that: "You did not choose to discuss how best the Convention can be implemented, nor how best the Council of Ministers or the Committee of Ambassadors can implement the Convention, but what role you can play in the most effective implementation of the Lomé Convention... We note the explicit readiness of the social and economic sectors to assume their responsibility". He went on to congratulate them on the selection of topics up for discussion this time, but added that it was a matter of urgency to include air and surface transportation in the priority catalogue of development requirements on the next occasion. His speech included an appeal to all the countries that had signed the Convention. "The benefit from all its great potential would, however, only materialize if that Convention is effectively implemented... so the next critical step, namely the ratification of the Convention", should be taken as quickly as possible. At the time of his speech (20 September), only 13 of the requisite minimum two thirds of the ACP Group, i.e. 44 ACP countries, and two of the 10 EEC Member States had ratified.

The socio-economic partners supported this appeal in their final declaration—which has been transmitted to the Joint Assembly, the ACP-EEC Council and the European Commission—and they now welcome the fact that the ball is in the court of the Council, which has to devise the ways and means of consulting them. Which of them would have believed this way back in 1977? So, as one ACP representative at this meeting that is destined to become one of the pillars of ACP-EEC cooperation said, not without a certain amount of satisfaction, "the talks have had their effect". o

Roger DE BACKER

INTRA-ACP AIR TRANSPORT

Paramaribo Conference calls on the States to take "operational measures"

The Courier

Participants in the Torarica Conference Room in Paramaribo. Air links between ACP States and regions could make a decisive impact on the cooperation so much sought after by the countries concerned

The second ACP Conference on Air Transport was held in Paramaribo, the capital of Suriname, on 2-6 September this year. It was opened by I. E. Fong Poen, Suriname's Minister for Transport, Trade and Industry, and chaired by Joseph Nyagah, Kenya's Ambassador to Brussels and Chairman of the Sub-Committee on ACP cooperation. Representatives from 38 ACP countries (all three regions of the Group) and eight from regional and international civil aviation and economic cooperation organizations were there, as were Ministers from Antigua & Barbuda and St Vincent & the Grenadines.

In terms of volume, air transport is the biggest means of international trade, hence the importance of the conference now that the members of the ACP Group are once more asserting the need to develop their internal relations if they wish to get the best from the international economic, social and cultural development agreements and primarily from Lomé III, which says that one of the ideas of cooperation in transport and communications is to create conditions that will encourage the movement of goods, services and individuals at national, regional and international level.

From the very beginning, it was clear that the Paramaribo Conference would be a useful opportunity to identify and discuss the ways of reaching the Group's targets in this area and the debaters lost no time in getting down to practicalities. The meeting was divided into two parts—an exchange of views on experience of air transport cooperation in Africa, the Caribbean and the Pacific and a discussion of operational measures to be taken within the ACP Group.

Under the first major item on the agenda, participants heard a report of the conclusions of the first air transport meeting (Addis Ababa, Ethiopia, 6-9 December 1982), which the Caribbean and Pacific countries, had, for technical reasons, been unable to attend. Ambassador Ruall C. Harris, who represents Barbados in Brussels and is Vice-Chairman of the Sub-Committee on ACP cooperation, said that, although the first Conference had focused on what were more the African aspects of the problem, it had pointed the way to joint work within the Group as a whole. It had spent a good deal of time on Africa's experience of cooperation in the field of air transport, as presented Edouard Lombolou, the Secretary-General of AFCAC, the African Civil Aviation Commission, an African inter-governmental body (set up in 1969), which has done a lot to create and extend air transport on the continent. This coo-

peration, Mr Lombolou said, covers the essential areas of civil aviation, work on the ground (maintenance, training, tariffing, etc.) as well as on concluding bilateral agreements on air traffic freedoms and rights, although the organization has also run studies to find out how to renovate and modernize the African fleets, as the low replacement rates may be pushing up the already high running costs.

However, major obstacles remain in the actual implementation of African air cooperation. The failure to harmonize activities in the sector, the difficulties with connections and the well-known divergences in national policies are serious barriers to success.

The small size of the Pacific ACPs means they are unable to envisage national approaches to their air transport problems. Cooperation, especially with the international civil aviation companies, is therefore the best way to see that these countries, which are separated by vast stretches of ocean, are properly served. Air Pacific, Fiji's national airline, is an exception, however, thanks to the country's privileged geographical situation and the ingenuity of the authorities which, Air Pacific Director General M.J. Schaap says, have the ideal conditions for international airlines to share in the company.

The situation in the Caribbean is also a very interesting one. The 13 countries in the region, which are members of CARICOM, the Caribbean Common Market, thought way back in 1962 that air transport services needed rationalizing and a company in which all the countries of the region had shares should be set up. These were problems of course, primarily due to the fact that most of these islands did not yet have political sovereignty. In 1967, a meeting of Heads of Government of the region was held in Bridgetown (Barbados) and it reasserted the fact that a Commonwealth Caribbean airline would do a lot for the development of the region. Seven years later, LIAT (1974) Ltd, combining 11 CARICOM countries, but not Belize or the Bahamas, was formed. It serves all the member countries but Jamaica and Guyana, which have national companies of their own, as indeed do Barbados (Caribbean Airways) and Trinidad & Tobago (BWIA).

Suriname, like Belize, belongs in the Caribbean group. For understandable historical reasons, it has tended to develop its air services with the Netherlands, but the fact that the Government organized the Paramaribo Conference is a sign that the country realizes that cultural and economic relations in the region and in the whole ACP Group have to be diversified.

Regional cooperation with air transport seems to have been a more practical success in the Caribbean. There are three reasons for this. First, the regional structures on which cooperation is based are not so complex; second, the countries have reached a basic consensus on the fundamental aims of development and regional integration and how to achieve it and, third, the Caribbean States are up against just one source of external pressure and they do not give in easily, even if there are national conflicts that could alter internal cohesion or the pursuit of cooperation. Africa, on the other hand, has a certain edge in its technical studies of air cooperation rather than in any practical application between the various regions of the continent.

However, after this survey of civil aviation in the region, the conference went on to discuss practical ways of establishing operational cooperation between the ACP countries.

What is the aim? To see that the ACP countries do not just depend on third and non-ACP countries for their international and inter-regional air communications or for links between the three parts of the Group. There are economic and cultural reasons for this, certainly, but there are political ones too, now that the Group has celebrated the 10th anniversary of the Georgetown Agreement and there is an urgent need for self-sustaining development and regional and ACP trade.

The vital question was how to manage this. Participants isolated nine main operational measures to be brought in within the Group. Five are of capital importance—they are, the experts say:

1. The liberalization of traffic rights between the ACP States;
2. The conclusion of commercial agreements between ACP airlines;
3. The harmonization of tariffs in and between the ACP regions;
4. Exchanges of services (computerized) on all aspects of air traffic;
5. The joint creation and management (by governments and airlines) of training centres, exchanges of staff, the standardization of training and requirements and conditions for licenses.

After discussion, it emerged that the last three measures depend on the degree of cooperation between the countries or regions—as indeed do many of the other things brought up—and that this cooperation itself depends on the extent to which the countries' economic policies are harmonized or even on their external policies. A number of air transport agreements (between Barbados and Nigeria in 1970 in particular) were quoted as never having functioned for lack of political incentive in the countries involved. As Mr Fadika Adama, Ivory Coast's delegate, said, "What worries us is finding a political and legal framework in which we can establish operational air relations between our countries". In other words, the idea is to extend the famous fifth freedom of the air [1]. The fifth freedom is the right to discharge or take on board, in the territory of a grantor state, traffic from, or destined for, points in third countries or other countries. These places may be between the grantor country and the state of registration of the aircraft or beyond.

The fifth freedom of the air is essential to relations, but it is practised with considerable restrictions between the different countries and regions of Africa. It is restrictive in Europe and the USA too, when airlines of third countries, particularly developing countries, are involved. Practice is liberal in the Caribbean and sometimes too

(1) In Bermuda in February 1946, the USA and the United Kingdom met to conclude the so-called Bermuda Agreement which granted American airlines the five freedoms of the air as laid down by the Chicago Conference.

First freedom — The right to overfly and carry traffic non-stop over the territory of a grantor state.

Second freedom — The right to fly and to carry traffic over the territory of a grantor state and to make one or more stops for non-traffic purposes.

Third freedom — The right to fly into the territory of a grantor state and discharge traffic coming from the state of registration of the aircraft.

Fourth freedom — The right to fly into the territory of a grantor state and to take on board traffic destined for the state of registration of the aircraft.

advanced in relation to what the countries or local companies get in exchange. However, this is because, as some delegates pointed out, an airline should not just be a commercial undertaking. It should also be a means of tourist development for the country which owns or hosts the company.

Hence the suggestion from Valerie C. Bynoe, Barbados' delegate, who said that, as well as actively seeking to establish air relations between the ACPs, the African countries could iron out difficulties in the Group by speeding up the liberalization of traffic rights in the different regions of Africa.

A decisive step along the path to proper liberalization of inter-regional and intra-ACP air traffic, backed up by the genuine political desire Paramaribo so much emphasized, could mean that the cards in the international air transport game in the ACP Group could be redealt. This kind of opening up of the airspace for new countries will not come about without posing one or two problems—including the sovereignty or the non-enjoyment of traffic rights in respect of partner countries if the grantor has no national airline or holds no shares in a regional company, as Raphael L. Bwalya, the head of Zambia Airways (Lusaka) made clear.

All these issues and many others (the development of ground infrastructure, aircraft hire, mergers, insurance—too expensive for the ACPs given the minimal risks run by their airlines to date—and the promotion of ACP civil aviation through the development of projects financed by international funds and organizations such as the EDF and the UNDP) were discussed.

The meeting adopted important resolutions in this matter. They will go for discussion and approval to the special Council of Ministers on intra-ACP cooperation in Harare in October 1985. Many of the resolutions were drafted in the form of commitments, the national airline experts and the government delegates having wanted to reflect the very strong feeling at the Conference that practical, decisive ACP cooperation schemes should be got under way, along the lines laid down in the Suva Declaration of 14 July 1977. The movement can be speeded up with air transport and reshape, at the least, the historical unity of the peoples in question.

Suriname was thus a judicious choice for this second meeting—not just because it is a beautiful country that offers charm, a wealth of culture and an excellent welcome from the people, but also because Paramaribo is only five hours' flying time from, say, Conakry (Guinea), seven or eight from southern Africa and only two or three from St Vincent and the Grenadines, although it took all the delegates five to eight times longer than this (the Comoran delegate took 36 hours instead of a dozen) via Amsterdam, London, New York and, in the case of the Caribbean delegates, Miami. These routes were an opportunity for delegates to see the point of the conference on the future of air transport in human and economic relations between the countries of the ACP Group.

Mr V.C. Bird junior, Antigua and Barbuda's Minister of Communcations and Civil Aviation, put it like this: "We have always looked at the air transport problem in relation to the ex-colonial metropolises. This meeting has at last enabled us to understand that the ACP States have to break with this pattern of relations with the former colonial powers and organize themselves to be as autonomous as possible in their air communications and be as efficient a partner as possible in international civil aviation for the North American and European groups". Success, Mr Bird went on, "will depend on both the political will of our States and the financial means we get to meet our objectives". Antigua and Barbuda was encouraging operators in his country, the Minister said, by making considerable concessions to American companies which did not always have to pay landing dues. "Why shouldn't we do the same with airlines from Africa and the Pacific?"

The main result of all this and the message that will go to the Ministers in Harare is that "we all want to develop air transport between our countries and our regions and we are ready to do so". The Harare Council, Mr Bird said, "will be significant because it is there they will take the first decisive political directives to get our programme off the ground".

These directives include the setting up of a technical office (Bureau) to develop air transport and services. It will consist of representatives of the ACP countries and airlines and of the relevant regional organizations (Resolution 1, par. 2) and its job will be to do the technical groundwork on decisions for the Council of Ministers and the Air Transport Conference to which the office will be responsible. Harare will also state that the various countries need to put more financial and technical resources at the disposal of their airlines and lay down the arrangements for the consultation that should be set up with international organizations (the UNDP, the ICAO and the European Community, for example) and the regional development banks to speed up implementation of the recommendation on the development of landing infrastructure in ACP airports (Resolution 5).

Safety in the air and at ACP airports, a particularly topical subject, was introduced, primarily during the discussion of the ACP airlines' insurance costs, which are out of all proportion to the damage they have incurred so far. However, the meeting heard a paper by Burton B. Williams, St Vincent and the Grenadines' Minister for Communications and Public Works, who discussed the importance of safety in ACP air transport and said how urgent it was for the States to look into it. Mr Williams said the ACP countries should not think the accidents and sabotage that hit other nations of the world would pass them by and he called on them to follow St Vincent and the Grenadines' example and investigate two sets of practical measures—the study and ratification of the international conventions on air safety (The Hague, 1970, and Montreal, 1971) and the conclusion of technological assistance agreements with the specialized international organizations (IATA, ICAO, etc.), plus the exchange of safety information. Prevention is better than cure, he pointed out.

The Conference also felt that the ACP General Secretariat should act as a stimulus in producing the dossiers required for the various stages and that it should therefore have enough qualified staff and the finance to do so. o

LUCIEN PAGNI

AAA – Naud

Deep roots, high hopes, bold choices

From the first, a sense of historic continuity strikes the visitor to Somalia. The country stands in contrast to some modern states in that its history, tradition, culture and way of life have deep and continuous roots. The nomadic majority—currently around 55% of the population—is not a despised and neglected sector, overawed and suppressed by a selfish modern metropolis. It is, and is considered by all to be, in the words of the Minister of State at the President's Office, Dr Abdullahi Ahmed Addou, "the backbone of the country". Nor is the metropolis of Somalia, Mogadishu, a typical modern African one—Ibn Battuta visited it in the 13th century and was astonished at the wealth of its large merchant community. Somalia's social structure is based on a livestock-herding economy, and it is still livestock which employs, directly and indirectly, 70% of the population, and which earns between 80% and 92% of Somalia's foreign exchange.

This sense of stability, of social cohesion, extends even to what might be considered modern phenomena—its foreign relations, its ideologies, its trading patterns. After the 1973 oil crisis, many countries, East, West, North and South seemed to "discover" the Arabian peninsula. Friendships and expertise sprang up, trading links were forged. Somalia by contrast has had these links for a milennium. The cities of Somalia's Eastern and Northern Coast (the longest, at 3 300 km of any African country's except for South Africa) are Arab foundations, for long under Omani or Zanzibari suzerainty and an Arab or Arabised merchant community lives on in the country. Since 1974 Somalia has been a members of the Arab League, and it has ties with many Arab countries which go further back than the fair-weather friendships that followed the Yom Kippur War.

The country's trading patterns are traditional as well—livestock, tropical fruits and aromatic gums, like myrrh and frankincense are the country's principal, indeed only, real exports just as they have been for centuries.

For livestock, the customers are found in the Arab world, and for tropical fruits, the main European destination is Italy, the country which colonized the larger part of Somalia for 80 years, although outlets are also diversifying in the Middle East.

And, as for ideology, there is a more complex pattern, but even here, the forces which are reasserting themselves in 1985 are traditional ones: Islam as a belief, individual enterprise as a dynamo, and the extended family or clan as a social safety net.

Somalia, although it is an ethnic and cultural entity with fewer internal stresses and strains than many of its neighbours, has not been immune to outside shocks. During the last part of the 19th century, the country was divided between Britain and Italy. The Somali Youth League led the struggle for independence which was achieved in 1960, although long before that there were nationalist uprisings against both Italian and British rule. Statues to the "Stone Thrower" and to Seyid Mohammed Abdullah Hassan who led revolts against the Italians and British respectively are in prominent places in the capital. But independence and parliamentary democracy alone did not solve Somalia's institutional problem—which was that of adapting a pastoral society to the challenges of the 20th century. Oil-rich countries in the Middle East had to face the same challenge, but their immense wealth enabled them to avoid most of the hardships that the adjustment entailed. Their wealth enabled them to buy expertise from abroad, to avail themselves of all that the West could offer, from guided missiles to town-planners, and to pay for the building of an infrastructure suited to their needs, paying even for skilled and unskilled labour from Egypt, Pakistan, Korea and the Philippines. Somalia could not do this. No oil deposits, no uranium, no commodity ardently desired by the rich was found in the country. What the Somalis needed, they had to do for themselves.

Vivant Univers

Detail from the monument to Mohammed Abdullah Hassan, the national hero who led a holy war against the British and Italians. A powerful sense of nationhood pervades Somali life

Vivant Univers

The only well in the village. Even on the coast, rainfall is scarce, and the chalky, sandy soil does not retain moisture. Shortage of water is a permanent feature of life

After almost a decade of parliamentary democracy, the pace of change had not proved adequate—the army and police took power in a bloodless coup on 21 October 1969, and, for a further decade, Somalia embarked on a new course.

Social cohesion and ethnic unity, the hallmarks of Somalia's long history, were excellent bases for the decade of "scientific socialism" embarked on by the Supreme Revolutionary Council, headed by Major-General Mohammed Siad Barre. With the USSR as the main supporter of the government from 1969 to 1977, enormous strides were made by the Somalis in certain fields—equality of women, education—literacy campaigns were pushed ahead, lifting literacy from around 10% to around 60% and in 1972, the Somali language was written down, giving literacy a further push and greatly simplifying administration.

But, on the other hand, rigid state control of industry and agriculture proved wasteful and unproductive and attempts to reduce the influence of Islam were, by and large, fruitless.

By 1978, the tide began to flow in the other direction, slowly at first, but gathering a certain momentum in more recent years.

The raw material for change

Today, Somalia is counted among the least-developed countries, with a per capita annual GNP of $ 260. Of the population of over 5 million, about 55% are employed in livestock-raising, and 22% in agriculture. The rest are urban dwellers. The country has a long northern coastline along the Red Sea, with Berbera as the main port, and an even longer coastline along the Indian Ocean, where the main ports are Mogadishu and Kismayo. The interior of the country is partly desert and partly scrubland and savannah, the traditional ranges for the country's total livestock population of about 41 million. There is some fertile land in the north, but the country's truly fertile zone is in the South, in the area watered by the Juba and Shebelle rivers. It is not extensive, but then much of it is not even in use. The Vice-Minister of Agriculture, Mahmoud Abdi Noor, explained that, of the arable land available in Somalia, only about 10% is currently used. The agricultural products are divided between the subsistence crops grown by the peasant farmers—maize, sorghum, cassava and rice, and the cash crops grown on state or parastatal and also privately-owned plantations which include grapefruit, bananas and sugar.

In effect, because Somalis have a sweet tooth, the sugar is all consumed internally, and more has to be imported, it hardly qualifies as a cash crop. The grapefruit—many of them the pink-flehsed variety—are not yet exported in sufficient quantity to merit a line to themselves in the export statistics. Only the bananas are exported; in 1983 they brought in 114 million shillings to the export portfolio, about 6% of the total. Until recently, the main destination for the bananas was Italy, but imports there halved between 1982 and 1984; reasons for this are many and complicated. There is fierce competition in terms of quality and marketing expertise from the "dollar bananas" of Central America, and even the import duty of 20% on "dollar bananas" has not prevented them from making headway. While discussions continue with the Italian authorities, the Somalis are looking to alternative markets in the Middle East. They have already made a useful penetration in exporting mangoes and papayas there and their proximity to the Middle East makes this a very likely winner.

The Courier

Dr Abdullahi Ahmed Addou, Minister of State at the President's Office. "Food production is the number one priority"

Myrrh and aromatic gums rank third to livestock and bananas in the export table, earning 89.9 million shillings in 1983. They are not yet organized on anything other than a traditional basis, but an EDF-funded study is under way to analyse the farming and marketing of these valuable commodities.

There are no minerals of any value currently exploitable—there has been considerable exploration for natural gas deposits at Afgoi, south of Mogadishu but the results have been disappointing. The country lives, therefore, on its livestock and agricultural exports and on foreign aid. In 1983, exports amounted to 1588.2 m Somali shillings, and imports, 2768.2 m. There has been a deficit every year since 1978. The government, too, lives precariously. Since 1979, there has been a current deficit each year in the central government budget which reached a high of 1530.6 m Somali shillings in 1982. From about 1980, the Somali government, with the help of standby credits from the IMF, has pursued a policy of retrenchment and liberalization—a policy which is expensive and painful in the short term, with its inherent risk of inflation and balance of payments problems. "It was a difficult programme" admitted Dr Addou, "but good programmes are often unpopular at the beginning".

Much has now been said about liberalization, but perhaps this is an opportunity to explain it in somewhat greater detail. Essentially, it is the loosening of the grip of the State on the productive sectors of the economy. The first, and most important, step has been the progressive devaluation of the Somali shilling. Following IMF pressure, the shilling has been devalued from about 6 to the US dollar in April 1984 to 36 to the US dollar by September 1985 (and the commercial rate, as opposed to that imposed for government-to-government transactions, stood at 85 to the dollar). This, in theory, and to a certain extent in practice has had the dual benefit of making Somalia's exports more competitive, and of making the country

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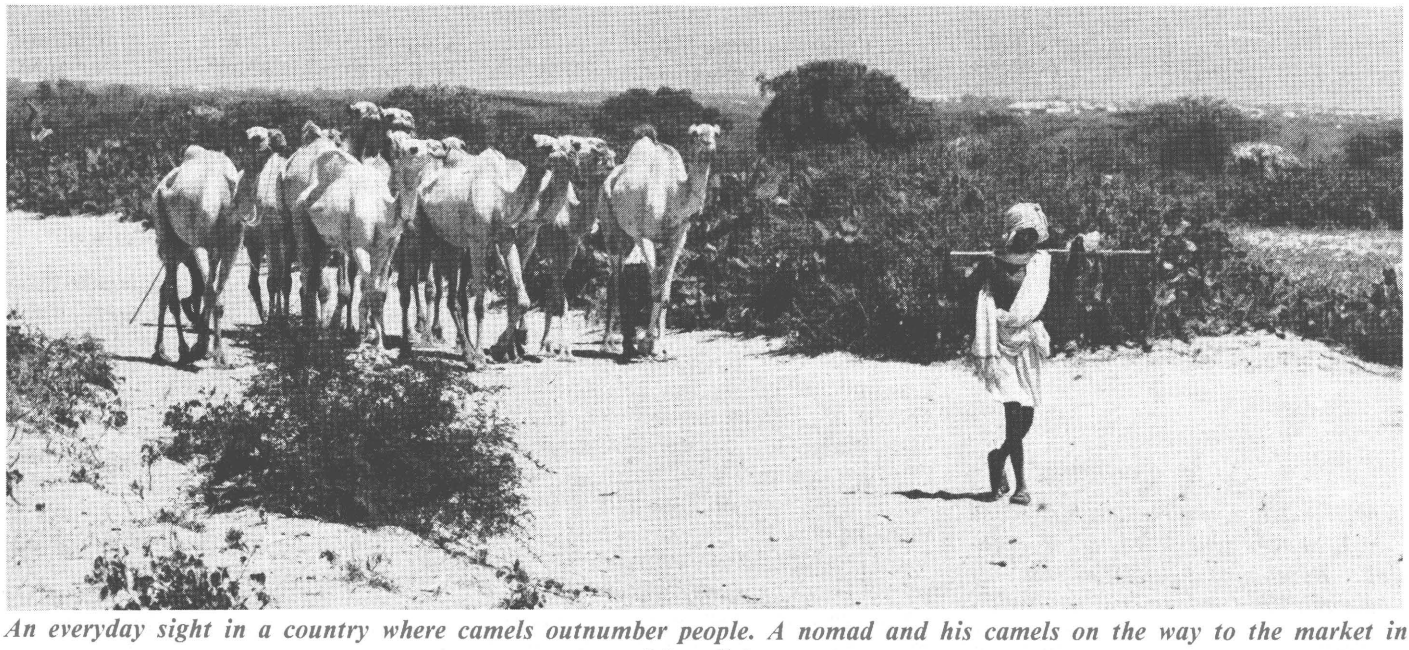
Loading bananas for export in Mogadishu. Bananas are the country's second biggest export, earning 6% of the country's foreign exchange receipts each year



WFP – Peyton Johnson

An everyday sight in a country where camels outnumber people. A nomad and his camels on the way to the market in Mogadishu

more attractive to overseas capital. It has also boosted the value of remittances from Somalis abroad. (Although deeply attached to their country, and always vowing to return, many thousands of Somalis work overseas, in Saudi Arabia, the Arabian Gulf states and even as far a field as Norway, where some Somalis are employed in the merchant navy).

Coupled with devaluation, the next most important step taken by the government has been the lifting of controls on the sale of agricultural produce. Farmers may now sell their produce on the open market, at prices dictated by the market, a move which has led to a remarkable rise in farm incomes and which has not led to a directly-corresponding rise in food prices. "Farmers' income has increased considerably over the last two years" said the Vice-Minister of Agriculture, "and there is a considerable amount and variety of produce sold which was simply not there to or three years ago".

Indeed, he went on to explain, there had been a small but welcome movement back to farming from the towns. In 1960, only 10% of the population was farmers, by 1985 this figure has risen to 22%. As for prices, the Minister agreed that there had been rises, but they had begun to fall, and the urban population simply had to choose the right moment to buy. "Two years ago" asserted Minister of State Addou "a quintal of wheat would cost a householder a great deal more than it now costs". The stories of retail price falls were echoed many times by various Somalis.

A new banking law is in the process of being drawn up. A comprehensive code does not exist *in extenso* at the moment and since ownership of capital in Somalia is very largely in Somali hands, this is of paramount importance. The government is determined to create the framework within which this capital can be put to work. At the same time, the government is working to reduce its role in the Somali Chamber of Commerce. Its members wish it to play the role of a Chamber in a market economy, geared to commercial needs. Money will be sought from subscriptions and contributions, and overseas contacts will be pursued and intensified.

But the most significant area of liberalization is also the most difficult: it is the slow extrication of the State from many aspects of the economy, to create a truly mixed economy. Under the influence of the Soviet Union, the Somali State seized not only the "commanding heights" of the national economy, but much of the "lower reaches" as well. Not only did the Ministries themselves create establishments—experimental farms, plantations, livestock ranches—but the Somali Revolutionary Socialist Party created a Co-operative Movement, and over one hundred parastatal organs were created, for everything from production to maintenance, from marketing to packaging. With the emphasis on "scientific socialism", the State became the largest employer of educated manpower. Until 1983, there was an automatic right to government employment for high school graduates, which means that there are now between 65 000 and 70 000 State employees. And, apart from ownership of the means of production, the fixing of prices, the employment of trained manpower, the Ministries became vested interests in their own right and this at the expense of their administrative effectiveness.

The result of a decade of State control of all economic activity is accurately reflected in the trade figures and government budget. Exports were hobbled by unreasonable pegging of the currency, and by State control of production, processing and marketing. Government accounts were thrown into disarray by inflated payrolls and by a lack of commercial management of parastatal and state enterprises. Any radical change, any wholesale demolition of this apparatus would be socially provocative and politically rash. But the government is fully aware of the obstacle to economic growth that the State sector represents. Again, Minister of State Addou set out the programme and the dilemma. "We cannot do everything overnight. If the whole apparatus were simply dismantled, it would damage the country's stability. We are steering a careful path to avoid damage".

In conversations with a number of Ministers, there was implicit and explicit acceptance of the need to revitalize and trim down the unproductive State sector. Minister of State Addou

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Gen. Hussein Kulmieh Afrah, Second Vice-President and Minister of Planning. "Development priorities can only be established by the country itself

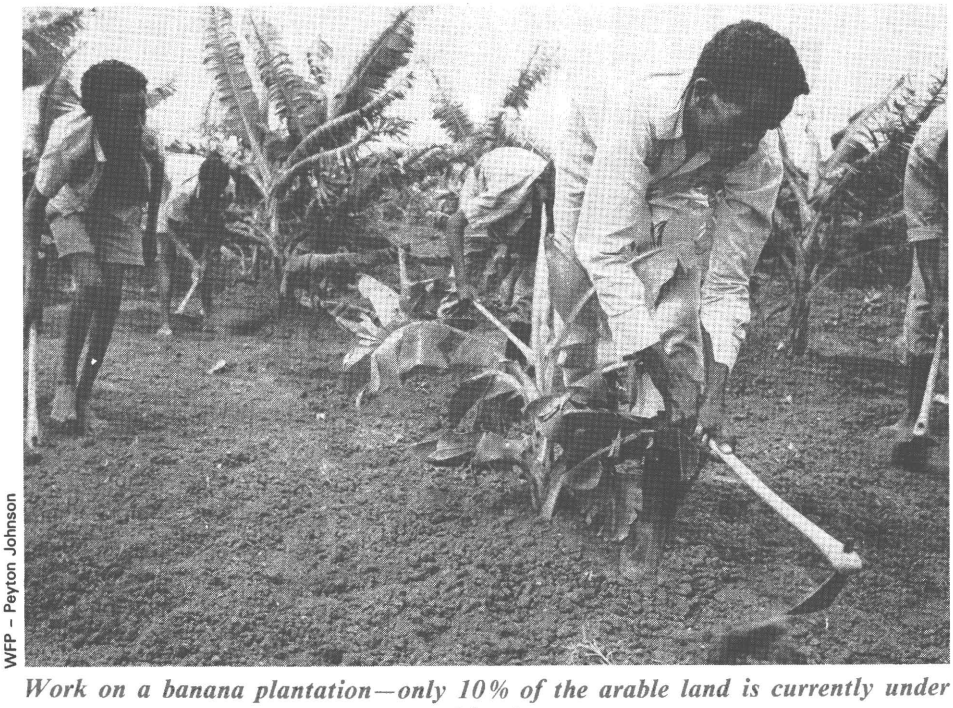
explained: "We are engaged in a review of State enterprises to find out which ones should be dismantled, which ones privatized and which ones reinforced. Obvously, there are two main sorts of enterprise. Those which are non-viable or which have no social justification must be scrapped—sold to the private sector or simply closed down. This we have already gone towards—some civil servants have been pensioned off on grounds of age, or retired for inefficiency. Then there are those which must become more efficient. We are considering a review of the salary structure. One option might be a linkage with the productivity of the enterprise or its economic status. But this is a complex matter, and we don't want to do too much until we have completed the review".

Obviously not. No government willingly creates discontent and unemployment, but Somalis recognize that there is no alternative to improving administration, strengthening management and creating the preconditions for enterprise—private or mixed, foreign or local. For all this, outside support is necessary. And outside support is very evident indeed in Somalia today. The country has received about $ 400 million each year since 1980 in foreign aid and Mogadishu brims over with foreign experts of all sorts, technical, financial, administrative and academic. Whilst this assistance is undoubtedly necessary, it creates new problems. With an estimated 1 100 man/years of overseas technical assistance recorded in 1983, it must seem to many Somalis that solutions brought in from outside are often in conflict with each other. The Second Vice-President and Minister of Planning, General Hussein Kulmieh Afrah is aware of this and said: "Development priorities can only be established by the country itself. With donors, you can't play the same cards for everybody, and each donor has his own way of doing things". He enumerated the various forms that development assistance takes—project aid, programme aid, balance of payments support, food aid, the Commodity Import Programme and emergency aid. The USA and Saudi Arabia are both major donors, whilst Italy, Germany and the EEC are not only significant but popular, since much of their aid is in the form of grants. Nobody, least of all Vice-President Kulmieh Afrah, is happy to be dependent on aid, and the objective is to replace aid with investment. But "we have to discover what the investor wants; we have to prepare opportunities, to train local personnel, to get the local manpower prepared. In addition we must entice local participation away from investing in trade, real estate and services towards the productive sector", he pointed out.

Thus, foreign aid is seen as an essential bridge, of necessarily short span, between the unproductive state production system of the 1970s and the dynamic mixed economy of the future. But how is this economy to come about? The dismantling of the cumbersome apparatus of state control can only proceed slowly, and in cushioning society against the shock of change, a new cumbersome structure, that of the multiplicity of donor agencies, is rising. And, as if that were not sufficient, a hostile environment, political and climatic, has pushed Somalia's plans awry.

A victim of circumstances

Somalia has not been blessed by nature with either the geography or the climate propitious to development. Like many African states, it faces chronic infrastructural problems, and an economy weakened by the oil shocks of 1973 and 1979. But the political skill and national cohesiveness of the people might have overome structural problems, had not a major disaster also come upon the country at a crucial moment: drought with its concomitant tragedy of refugees. The drought came in waves, as it has done in the rest of Africa. The first, and most terrible, shock was in 1974-75. The second was in 1979, and coincided with the end of the Ogaden war. The third, less severe but no less constraining, continues today. What are the effects? Obviously, rain-fed agriculture suffers, and Somalia was put on the FAO's "worst-case" list of drought-stricken countries. The government, which had embarked on its scheme to resettle nomads and to convert them to agriculture, found itself checked. The country's infrastructure, which was poorly developed (since the nomadic majority had little need of an



WFP – Peyton Johnson

Work on a banana plantation—only 10% of the arable land is currently under cultivation

infrastructure), was unable to speed relief supplies or rehabilitation measures to the drought-stricken zones of the north and centre. The traditional response of the nomad in times of drought is to start on his wanderings again and whether this wandering marks him as a nomad or a refugee, the state is obliged to undertake relief measures.

The origin of the refugee problem, however, lies outside Somalia and is due to a combination of factors, including political instability at the outset, and, more latterly, drought, which caused people to seek water and food in Somalia.

Between 1978 and 1980, one million refugees entered Somalia, and those who were not absorbed into towns or rural extended families, were settled into 36 camps, mostly in the north of the country. Today, this number is estimated at 700 000. Dr Ahmed Hussein Haile, Director at the National Refugee Commission, explained how heavy the burden of these refugees became. "Somalia was already an LLDC. But each camp has been provided with an elementary school, and many now have intermediate schools. We estimated 75 000 schoolchildren in the camps at the end of 1983. It is the Somali government which supplies teachers and equipment, and even clothing for the refugees. The Ministry of Education has had to divert resources. It is the same with the Ministry of Health. Ninety per cent of the health work is run by Somalis. There are voluntary agencies at work, but doctors, nurses and drugs are diverted from other necessary work". Between 1978 and 1981, Dr Haile admitted, the refugees received a good deal of international attention and, alas, the Somali government, which administered the emergency aid, was not as strict as it might have been in ensuring that supplies reached their destinations. Charges of diversion of food aid were levelled, and the Somali government wisely sought to enhance its credibility by entrusting the administration of food aid from the donors to a specialist CARE team nominated by the UN High Commission for Refugees and the donor countries.

Two things combined to increase the plight of the refugees from 1982-83 onwards. The first was the outbreak of severe famine in Ethiopia and the Sahel belt, which riveted the attention of donor countries, pushed Somalia's own very real needs to the bottom of the league table and led to what Dr Haile described as "donor fatigue" as far as Somalia was concerned. The second was the direct consequence of this. Those most severely hit by drought and famine in Ethiopia came to seek food and water in Somalia.

Ministry of Information Somalia

An overseas volunteer gives a nasal drip to a starving refugee child. It is estimated that there are 700 000 refugees in 36 camps throughout the country

They are not just Somali nomads from the Ogaden. Dr Haile's "educated guess" put the proportion at 65% Somali-speakers and 32% Oromos. And even of the Ogaden Somalis, Dr Haile put the nomadic proportion at only 70%. "The rest" he said, "are largely small farmers, village traders or petty traders from larger centres like Harar or Jigjiga. And as for the Oromos, they are almost exclusively small farmers".

These new refugees, numbering some 150 000, have arrived since 1983, that is, since "donor fatigue" concerning Somali refugees set in. The result is sporadic undernourishment, as supplies are reduced, increased risk of mortality (the cholera outbreak in camps round Hargeisa claimed about 1 000 lives) and a further strain on Somali national resources. It is not a propitious moment to embark on a far-sighted and ambitious scheme of economic recovery. But that is just what is being done.

One best way—Somali development priorities

Something has already been said about the backbone of Somalia's economy, and something has been said about the profound reform of Somali economic life which is being undertaken. Somalia has thus far evolved in its own particular way and the next phase of development is the subject of a remarkable national consensus.

Somalia does not feed itself; although it exports meat and fruit, it imports almost all its requirements in cereals, in rice and in oil. In 1960, 80% of the population was nomadic, and the nomads lived on what they produced—meat and milk. In 1985, estimated Vice-Minister of Agriculture Abdi Noor, 22% of the population was engaged in agriculture, and almost 20% was urban. And with settlement came a change in eating habits, away from milk and meat towards grain. Furthermore, as Livestock Vice-Minister Ali Saleh Abdikarim explained, the future of livestock exports depends on rationalization, and that means larger herds, better facilities and fewer nomads. Fewer nomads means fewer eaters of meat and more eaters of grain. In the long run, of course, more nomads settled as farmers will mean more food production, but in the interim period, there will be unavoidable reliance on food aid. Food aid is seen as a negative influence. It is negative because it is a disincentive to small farmers who, even though they may now sell on the open market, find the market distorted by food imports. And it is negative in that it slows the movement to the land which is sought by the Somali government. (A small piece of socio-anthropology may be

timely here. Although the government is making considerable efforts to settle nomads, it is not easy to settle them as farmers. Nomads traditionally despise farmers, and, if resettled, much prefer urban living or life in fishing communities. "Nomads prefer fishing to farming" said Mohammed Issa Abdi, Director of Planning in the Ministry of Public Works and Housing. "They can see the result of a day's work at the end of the day. As farmers, they stay in the same places, their backs are bent, and they must wait a season to see any result at all". But this may not be the only reason—it could have something to do with economic incentives as well).

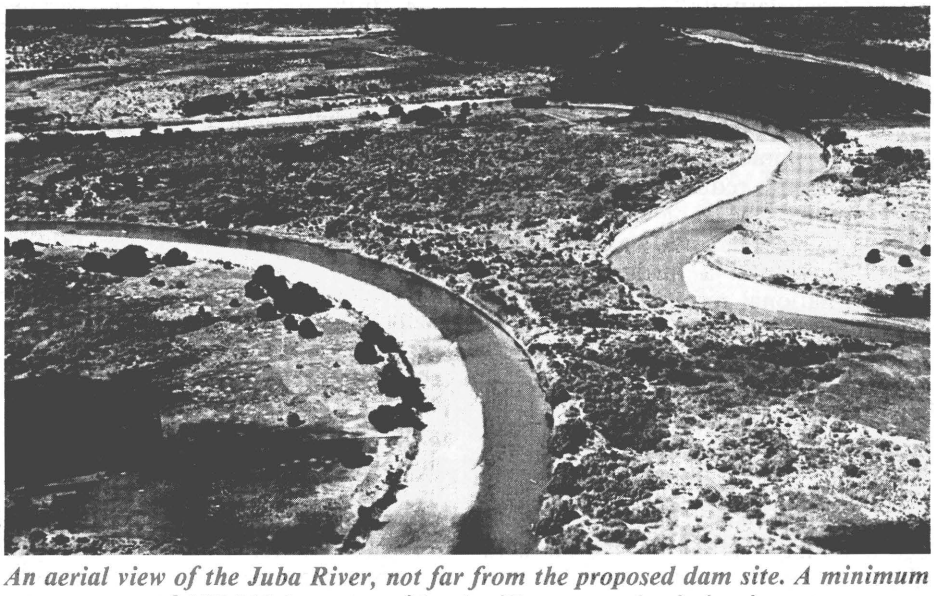
Food aid, therefore, is not a long-term option. Agricultural development is. "Food production is the number one priority" emphasized Minister of State Addou. "We can't depend on others to feed our people. But an essential preliminary to food production is the development of our infrastructure. We need roads for access to the virgin lands, we need the roads to get the food we produce to the markets. We cannot expect to attract the investment, both local and foreign, without providing the infrastructure as well".

In the 1980s, with the global development accent so firmly on food production, Somalia has, with remarkable unanimity and persistence, held out in favour of developing its infrastructure first. And with development trends all favouring the small, self-help scheme or the grass-roots integrated approach, Somalia has held out—with notable success—for priority to be given to one big, complex project, the Bardheere Dam. "The dam" insisted Minister of State Addou, "is the future of the Somali people's food and well-being".

The Courier

"Mr Bardheere", Ahmed Habib Ahmed, the Minister for Juba Valley Development. A project which was earmarked in 1924, may now be on the road to completion in 1992

The Bardheere Dam is not a "cathedral in the desert", an anachronistic monument to past ideas. It is certain that for 12 years, the international donor community had had doubts. Was it not a misdirection of resources? Would it not prove divisive, in concentrating so much development in the southern half of the country? Were there not cheaper and more feasible schemes that could be implemented? The answer, as of August 1985, is that the Bardheere Dam seems to be the only answer.



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An aerial view of the Juba River, not far from the proposed dam site. A minimum of 175 000 hectares of land will come under irrigation

Studies on the future development of Somalia began as early as 1911 when the Italian colonial administration identified the Juba River as the key to Somalia's future prosperity. A study on the feasibility of the dam was commissioned in 1924, and it was revived by Soviet advisers to the Somali government in 1964. It was in 1973 that serious work began on studies for the Bardheere Dam. Even then, donors were not fully committed.

Could one construction really do the three separate jobs demanded of it? (These three, which will be enumerated in detail later, are: flood control, irrigation and power supply). Studies were commissioned by the World Bank to see whether smaller schemes would not do better. Interim storage was proposed but rejected because too much valuable land would be under water. Natural gas deposits af Afgoi were seen as a possible answer to the power generation problem. But exploration in depth has still not proved the deposits to be viable. By 1981, the first pledges were made for the construction of the Dam. The 5th EDF contained an element of 40 m ECU for this purpose, and the EEC's faith in the project was remarked on by the Minister for the Juba Valley Development Mr Ahmed Habib Ahmed. "In 11 years" he said "the only organization fully committed to the Dam was the EEC". Now it is hoped that, with World Bank opinion finally swinging behind the Dam, following the loan study which proved alternatives to be unfeasible, the construction of the project will begin in 1986 with completion expected in 1992. The cost, at current prices, is expected to be $ 306 million ($ 370 million at 1992 prices).

Why Bardheere? Because it will provide power for Mogadishu, thus cutting the oil import bill by 20% (some $ 30 m a year) and generating an internal rate of return of 16.5% on the funds committed to the dam (allocating 55% of the costs to power generation). Saving foreign exchange is no minor consideration in a country with a poor external trade balance.

Next, and most importantly, the dam would irrigate a minimum of 175 000 hectares of agricultural land. Not only that, but the construction of the dam would involve the creation of an infrastructure that would then serve the agricultural communities that settled near the dam. These irrigated lands, served by a new infrastructure,

Afrique Photo

Road under construction between Afgoi and Baidoa, financed by the EDF. Infrastructure must take priority over food production for the moment

would be a magnet for investment capital, both domestic and foreign. Minister Habib Ahmed discounted arguments about the project being divisive. "First of all", he explained, "it is the northerners who have the money to invest. It is from the north that much of the trade with the Arabian Gulf and Saudi Arabia comes. It is the northerners who work abroad and send home their remittances. It is they, therefore, whose capital and labour we must attract with good land. I am probably the only person in the country who won't benefit. I come from a southern coastal town, where the income is derived from fisheries and from trade". The land will not only raise money from sales to investors, it will provide employment for those whose jobs in the livestock industry will be under threat from the necessary updating of the industry. And of course it will make possible Somalia's eventual self-sufficiency in food.

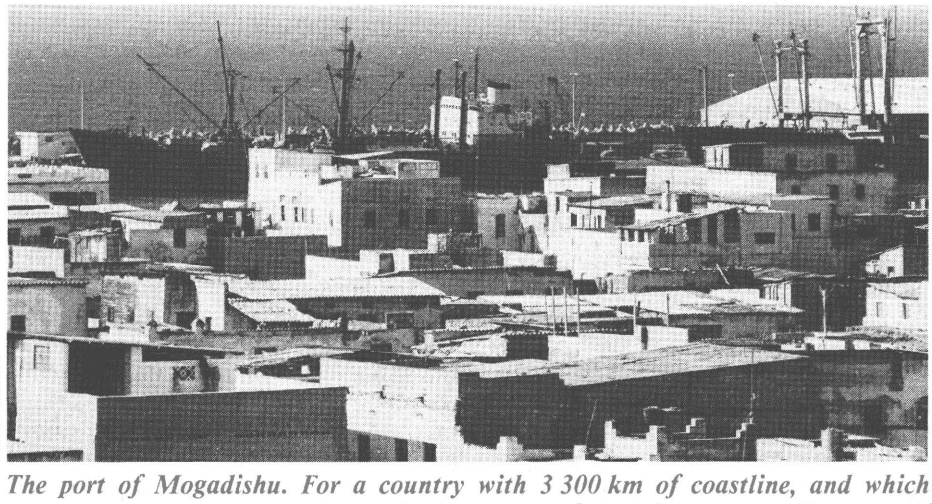
The third major benefit of the Bardheere Dam will come in the form of flood control. The Lower Juba Valley, the heartland of Somalia's agricultural zone is already irrigated or under completion for large-scale irrigation schemes. Worth mentioning are the Juba Sugar Project, with 5 850 hectares under cane in 1984, and a further 7 500 hectares projected, the Fanoole Irrigation Scheme with 310 hectares under rice, projected to reach 7 500 hectares in the future, and the Mogambo Irrigation Project where Phase I, covering 2 200 hectares of rice is due to start this year. The extension of irrigated areas has led to a severe problem of water supply further downstream during the dry season, and the intrusion upstream of salinity. The average annual discharge of the river is 6.4 billion cubic metres, the statistical mean discharge being 200 cubic metres a second. But the seasonal differences in rainfall mean that discharges of 1 500 cubic metres a second have been recorded, while the lower reaches go dry and let in salt water. Every second year inundation takes place, and every few years a catastrophic flood can be anticipated, with thousands of hectares of crops ruined, as happened in 1977, 1981 and 1985. The Bardheere Dam will provide the essential water regulation that will enable agriculture to flourish free of the periodic droughts and floods that currently plague it.

A land of singularities

As Somalia enters the second half of the 1980s, it has staked its future on infrastructure, on the Bardheere Dam first and foremost, and on a proper national transport and communications network as a national priority. Somalia is painfully aware of its dependence on donor aid and wants to replace it as swiftly as possible with investment, both local and foreign. While food production remains the fundamental priority, it is felt that only an adequate infrastructure will attract the all-important investment.

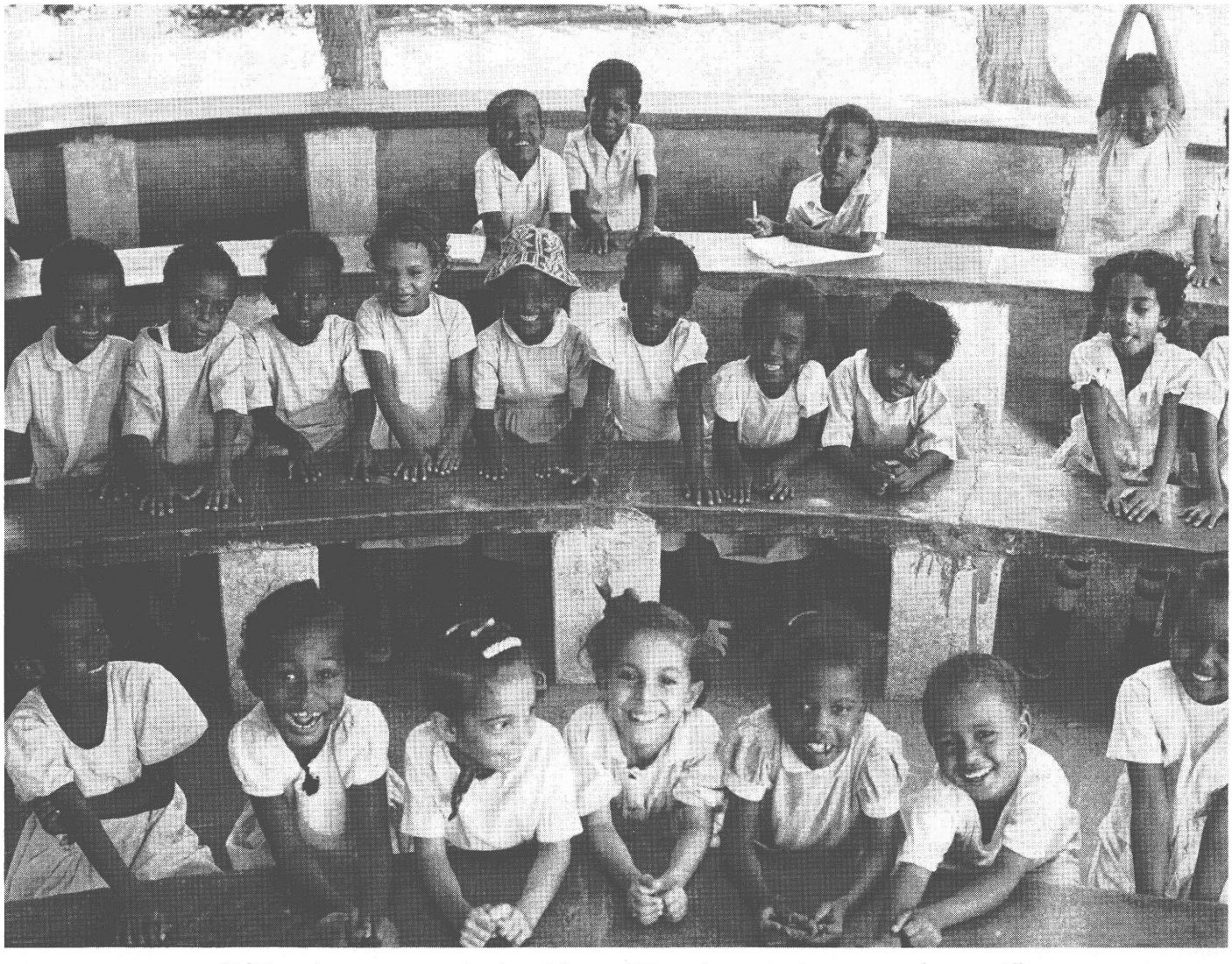
An important date for the Somali government is November 1985 when the donors' Consultative Group Meeting takes place in Paris to discuss the government's Public Investment Programme. That it is called investment rather than aid is significant. Even the Bardheere Dam—estimated to cost over $ 300 million—will be 50% grant and 50% soft loan, and the objective of the proposed management of the dam will be to run it on near-commercial lines, charging economic rates for power and selling the land reclaimed as a good investment. Infrastructure investment will cut costs and speed commerce along. And it is commerce which is seen as the revivifier of the Somali nation.

Commerce has strong roots in Somalia. In singular contrast to many developing countries, there is a powerful national bourgeoisie, composed of many differing strands, some old, some new. It is with the cooperation of this powerful class, cattle dealers, merchants, money dealers, civil servants and technocrats, as well as returning Somalis with their capital, that Somalia's economic renaissance will take place. With priority given to infrastructure, an increasing amount of worry is being devoted to maintenance. "If I own a house" said Mohammed Issa Abdi, Director of Planning at the Ministry of Public Works



Vivant Univers

The port of Mogadishu. For a country with 3 300 km of coastline, and which depends on exports and imports, harbours are of vital importance. The port of Mogadishu—the largest in the country—has been enlarged several times since independence



Vivant Univers

Children in a nursery school at Merca. "There is currently a sense of renewal"

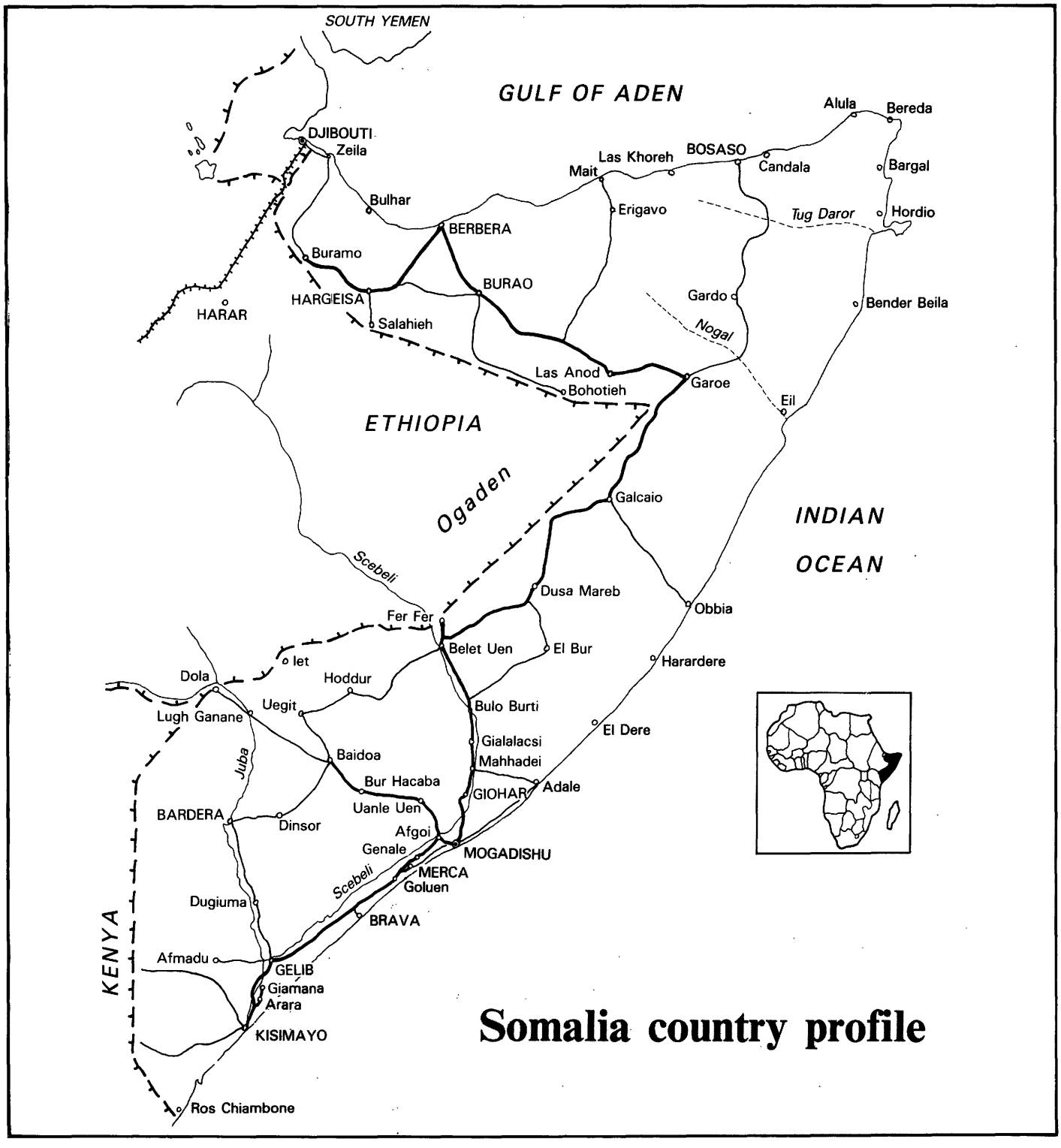
and Housing, "then the minute the door squeaks I do something about it. But if the house belongs to the government, I'd wait until the door falls down". It explains why so much emphasis is being put on private investment—Somalis are beginning to recognize that when things were too much in the control of the State, the doors fell down. The logic of the situation is coming more and more to be commercial logic.

Somalia faces an uncertain future: the legacy of "scientific socialism", of drought and refugees, and of a system which seemed autonomous but which left the modern world behind, is now visible in the difficult state of the economy and the plethora of donor agencies throughout the country. But on the other hand, much of that legacy is being gradually but tidily swept away. Somalis are frank and open about the shortcomings of the past, but, almost unanimously, they are optimistic about the future. "This is potentially a very rich country", said Minister of State at the President's Office Abdullahi Ahmed Addou. "We have reserves of land, an unused coastline where the fisheries potential is very big. And our productivity is durable. It needs improvement, in the form of technical knowhow, tools, management and capital, but it is there". Vice-Minister of Livestock Ali Saleh Abdikarim echoed this. "Compared to many African countries" he affirmed, "we are in good position".

That is certainly the impression that strikes the observer. Mogadishu, Somalia's handsome capital, a sympathetic blend of Arab and Italian architecture and planning, is an enchanting mixture of liveliness and self-discipline. Its municipal authorities show their pride by maintaining a high level of public services, and shops and markets are full of domestic and imported goods of all kinds. In spite of Koranic injunctions against the graphic arts, Somalis combine Shafei Islam with an astonishing talent for painting, and everywhere the visitor sees wall-paintings on patriotic, commercial or educational themes.

Country roads are thronged with commercial traffic (although more need to be built, especially in the north-east of the country) and an inviting coastline is dotted with small commercial cities and the beginnings of a fisheries industry. In a country which depends on renewable resources (livestock agriculture, fisheries) it is hardly surprising that there is currently a sense of renewal. Revolutionary zeal has begun to give way to commercial zeal. Throughout their long and arduous history, Somalis have always survived. It may well be that from now on, they will not only survive, but prosper. o

TOM GLASER



Somalia country profile

Head of State: Gen. Mohammed Siad Barre.

Area: 626 541 sq. km

Population: about 5 m (1984 estimate)

Livestock: almost 41 million
(19 million goats,
11 million sheep,
7 million camels,
4 million cattle)

Capital: Mogadishu, population about 1 m (1984 estimate)

Major cities: Hargeisa, Kisimayo, Berbera, Merca

Currency: Somali shilling
1 US$ = 36.5 So Sh (official)
1 US$ = 85 So Sh (commercial)
1 ECU = 28.86 Sh So (Oct. 85)

Trade: Exports (1983) 1 588 200 000 So Sh
Imports (1983) 2 768 000 000 So Sh

Principal exports: Livestock 80% (1984)
Bananas 6% (1984)
Aromatic gums 4.5% (1984)

GNP per capita (1984): $ 260

"We will spare no efforts to force changes"

Ministry of Information - Somalia

INTERVIEW WITH PRESIDENT MOHAMMED SIAD BARRE

A career officer, trained in Italy, Mohammed Siad Barre was installed as President of Somalia following the Revolution of 21 October 1969. With considerable skill and leadership, he has guided his country's destinies through the troublesome years of drought, conflict and change, effecting noteworthy progress in many areas. Much remains to be done, as President Barre is the first to point out in this interview with *The Courier*, but there is also much, as the President explains, that is in the process of changing and changing for the better.

▶ *One of the Somali Revolution's most striking effects has been the creation of a written language. How was this achieved, and what have been the practical benefits?*

— The adoption of a script for our language has been one of the most immediate tasks of the revolutionary government as we were aware of the numerous problems, obstacles and impediments that haunted a nation without a written language. We made determined efforts to solve that long, lingering problem and we eventually succeeded within a relatively short period of time. The adoption of the Somali language script, which stands as a lode-star in the achievements of the revolution, was soon followed by a nation-wide literacy campaign and our people were taught to write and read their own language. These historic measures have consequently paved the way for speedy national educational development throughout the country and their manifold benefits have been acknowledged and appreciated in our country and the world outside. Many people call it a miracle but as the saying goes, where there is a will, there is a way. By the way, the Somali language was not created by the revolution. It has been spoken since time immemorial and is as old as our country and society.

▶ *Somalia has a refugee problem— are they all refugees, and what can be done to solve the problem, especially by Somalia's partners in development?*

— Considerably large numbers of refugees are taken care of in the country and there is a continuous influx of these displaced people into Somalia at an appalling rate. These destitute people, who flee Ethiopia and are forced to seek asylum in the neighbouring countries, constitute a burden on our meagre economy and we leave no stone unturned to ameliorate their plight, thanks to the altruistic assistance of friendly countries and humanitarian organizations without which it would have been extremely difficult to cope and cater for such a vast refugee population.

However, we maintain that the perpetual inflow and growing number of the refugee population in Somalia calls for a substantial increase in the philanthropic assistance provided by the EEC and other friendly countries bearing in mind the challenging exasperation of this problem, caused by natural, man-made and ecological adversities such as droughts, conflict and so on. Anyone with ordinary prudence will not fail to see that the refugee problem cries out for a prompt, just and permanent political solution which must be geared towards the core and root cause of the problem. This means that bold steps must be taken to stop the causes which force these unfortunate people to seek sanctuary in the Somali Democratic Republic.

▶ *What are current prospects for regional co-operation in the Horn of Africa concerning refugees and desertification as a priority, but also covering the development of food supply and infrastructure?*

— All the four problems you have raised are extremely important and we rank them as priority areas in our development plans. But let me separate first the refugee problem from the rest of your question.

I have dwelt at length on the refugee matter in my previous answer. But I would like to state that, as far as cooperation with other governments in the region is concerned, this problem is between Somalia and Ethiopia, since the refugees came exclusively from Ethiopia. There is no such problem between Somalia and its other neighbours. However, cooperation of this nature presupposes, first and foremost, that there is some understanding and possibility of dialogue between the parties concerned to create a politically favourable, tension-free atmosphere which would enable them to sit down together and jointly seek solutions appropriate to the nature and dimension of the problems. Unfortunately all the ingredients of the required political atmosphere are missing at present. On our part we have clearly stated on several occasions our readiness to meet the Ethiopian government to discuss all the existing problems including the refugee one, provided Ethiopia first withdraws its occupation troops from the two villages they seized on 30 June 1982. Once this condition is met we will be

ready to meet them wherever and whenever they may choose.

With regard to other areas mentioned in your question, we are making all possible efforts to set in motion a fruitful co-operation with both the Djibouti and Kenyan governments. Our efforts with these governments presently concentrate on building road links as well as setting up veterinary services to combat animal diseases which, once found in one country, may easily spread over to neighbouring countries if not checked in time. We are also engaged with all concerned countries and with the assistance of the international donor community to establish the proposed Inter-governmental Agency for Anti-desertification Development (IGADD).

Similar programmes are under way in the telecommunications and air services fields within the framework of Eastern African cooperation and Arab States cooperation.

In addition, Somalia is a member of the Eastern and Southern African States preferential trade area (PTA) which was recently set up by the states of the two African sub-regions to promote and develop trade and related activities among the member states. Concerning food supply strategy, I must admit that there are not at present any concrete measures taken or envisaged at sub-regional or regional level by the governments of the region to at least ease the existing food shortages but we are all aware of the need to do something about this unhappy situation.

Vivant Univers

A Koranic school. Somalia's "policies... in no way impede her attachment to Islam"

▶ *What measures have you taken to encourage local agricultural production, and how close is Somalia to food self-sufficiency?*

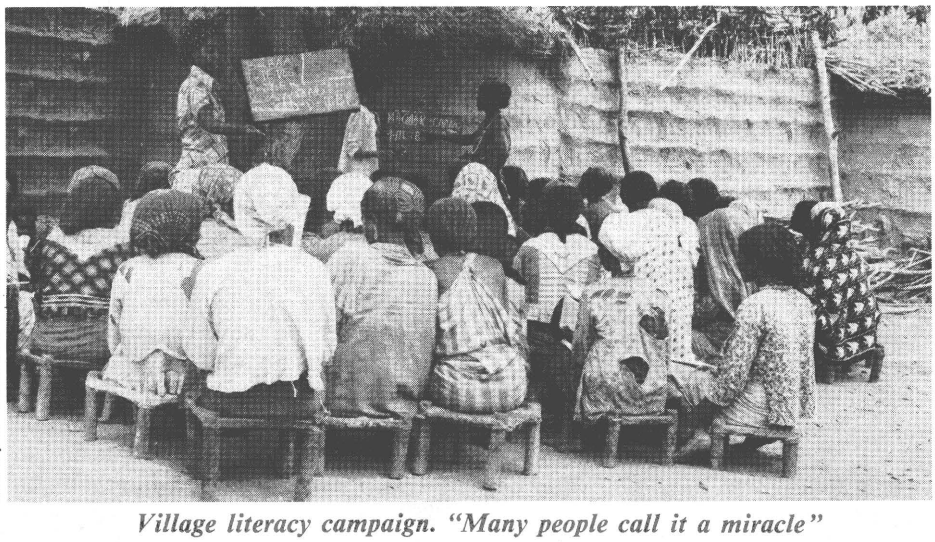
— In recent years we have been encouraging domestic agricultural production more and more through the introduction of measures deemed essential to promote new investments in farming business and to improve the performance of the existing under-utilized production capacities in this vital sector of the Somali economy. The incentives introduced for this purpose include liberal pricing policies (farm prices are determined by the farmers according to open market forces), tax exemptions for agricultural equipment, government support for the importation of agricultural inputs such as spare parts, fertilizers, seeds etc. These policies have already given quite encouraging results and we expect to see substantial increases in local agricultural production which, we are confident, will be achieved by considerable expansion of the hectarage under cultivation and corresponding improvement in the yield per hectare. However, it would be totally unrealistic to set a target date by which Somalia could become self-sufficient in food, as the achievement of this objective will very much depend on factors on whose trend Somalia has no control at all. The two most crucial ones of these factors are continuous favourable weather conditions and availability of the necessary agricultural inputs such as adequate foreign exchange resources and matching farming technical know-how.

We have no command on the future evolution of these essential elements but we will spare no effort to force changes in this present unsatisfactory food production picture of the country.

▶ *Somalia's livestock is a vital part of its economy. How far have the drought and fear of rinderpest affected livestock exports?*

— Livestock constitutes the backbone of the Somali economy and despite the frequent droughts in recent times which on occasions wiped out not less than 25% of livestock population in the country, it continues to play an important role in the economic well-being of the country. Naturally drought remains a permanent threat to livestock raising as well as farming in this part of the continent, and there is nothing we can do to prevent it, but we can always try to alleviate, as we did in the past, the hardship it is bound to create.

Regarding the presence of rinderpest in Somalia, I can assure you with full confidence that our cattle has been and is totally free from this disease and this has been certified by the competent international organizations. To preserve this and keep our livestock constantly free from rinderpest and other fearful animal diseases, we have created, with the assistance of friendly countries and international organizations, a country-wide veterinary services structure which we hope will be



Ministry of Information – Somalia

Village literacy campaign. "Many people call it a miracle"

able to cope with the requirements of this vital sector of our economic life.

▶ *There is no shortage of potential in Somalia — minerals, fisheries, agriculture — but what steps can be taken to make Somalia more attractive to overseas private investors?*

— It is true that Somalia has a number of renewable resources which are either untapped or under-utilized such as the ones you mentioned in your question, and we are well aware that in order to develop and exploit usefully these natural resources, we will definitely need the participation of both capital and appropriate foreign know-how in this development process.

Being aware of how sensitive are foreign capital and investors and of the need to create, in order to attract them, a favourable foreign investment climate, we have decided upon and adopted almost all the measures one would consider necessary to pave the ground for the eventual establishment of foreign enterprises in the productive sectors of the economy. The productive foreign initiatives we have in mind could be set up either jointly with Somali partners or separately by the foreign investors themselves. I believe we have done our homework to meet this challenge.

We have liberalized trade and related economic activities in the country and have under review our Foreign Investment Law which was already considered to be quite adequate to respond to the requirements of this extremely sensitive but essential development factor.

In addition to the existing favourable foreign investment framework, we stand ready to examine with any potential foreign entrepreneur conditions of establishment which may result to be peculiar to the individual undertaking such an investor intends to set up in Somalia.

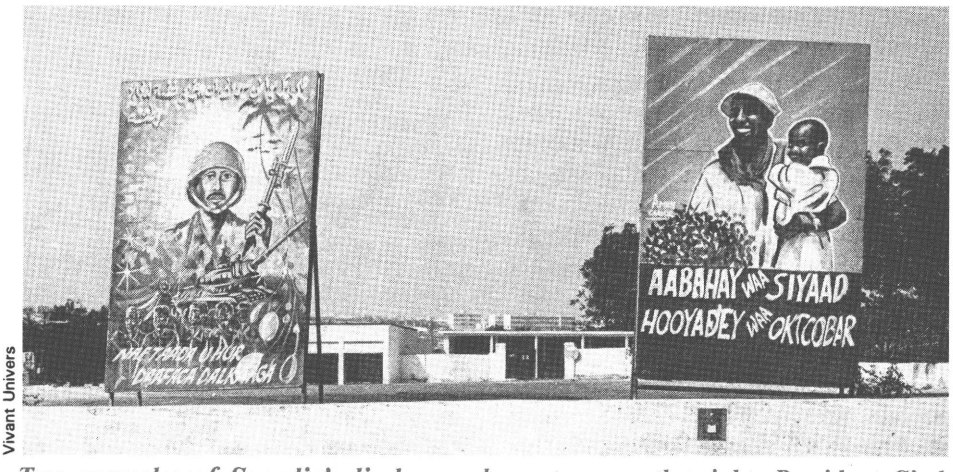
▶ *What are Somalia's development priorities especially as regards the forthcoming 6th European development Fund under Lomé III?*

— It is a well known fact that Somalia's development efforts are being hampered and checked by lack of physical infrastructure, the existence of which would have enabled us not only undertake a fair distribution of resources devoted to socio-economic development plans and programmes with the objective aim of achieving regionally balanced economic growth and development, but also to ensure the smooth movement of essential supplies, whether domestically produced or imported, among the various regions of the country. The movement of goods and persons becomes highly critical in times of crisis such as drought and other natural disasters. It is to obviate this tremendous handicap that we decided to give highest priority to road links between the north-eastern region and the rest of the country and we intend to use at least a substantial portion of Somalia's indicative amount under the 6th EDF resources for this purpose.

We attribute similar priority to the Bardheere Dam Project. The realization of this project could represent a major breakthrough in Somalia's effort to solve, to a considerable extent, the two most pressing problems facing Somalia today, namely food production and energy supply, and therefore constitutes the hard core of Somalia's development potentiality.

These two projects are Somalia's priorities for the forthcoming 6th European Development Fund and it is our firm hope that our donors, especially the Community, will share our view in this regard.

▶ *Somalia's foreign policy has been western-oriented for some time now. How do you view western, and more especially EEC, co-operation with Somalia?*



Vivant Univers

Two examples of Somalia's lively popular art — on the right, President Siad Barre is portrayed as the "Father of his Country"

— Somalia is a neutral country and by implication has a non-aligned foreign policy which permits us to maintain and develop friendly co-operative relations with the west and east alike. In fact, we have good relations with many countries in both blocs. However, as could easily be noticed, Somalia's co-operative relations with the western countries have been steadily evolving in recent years and are much closer today than they were a few years back. Of course, we have, since independence, had very close and fruitful co-operation with the European Economic Community and with some of its Member States which together play an important role in the socio-economic development process of the Somali Democratic Republic and we remain determined to deploy all possible efforts to further strengthen and expand this co-operation.

Likewise, we have excellent co-operation with the United States of America, co-operation with which has been growing and expanding in the last few years at a very much faster pace than in the past and today occupies number one place in the funding of Somalia's development plans.

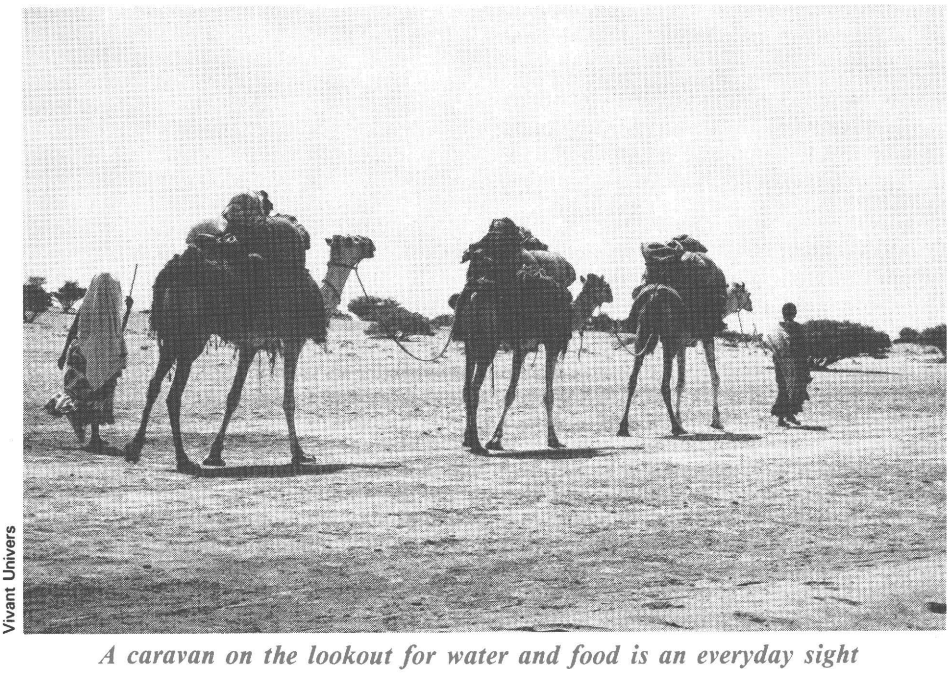
▶ *How far has Somalia's deep attachment to Islam affected the country's new economic and social orientation?*

— Somalia is a Muslim nation and her policies, be they economic, social and so on in no way impede her attachment and adherence to Islam in as much as they are for the common good and welfare of our people and in full harmony with our international relations. ○

Interview by T.G.

Home on the range

Somalia, like most ACP countries, is a country whose wealth resides in its land. But there the resemblance begins to fade, for the wealth of the country lies not in the soil, nor under it, but in the immense herds of livestock that graze on the pastures. Employing well over half the active population, and providing incomes for perhaps another 20%, and totalling around 41 million head (seven beasts for each person), livestock provides Somalia with its two most precious assets—social stability and hard currency receipts. For the second largest sector of the population, the urban, it is a ready-to-hand target for investment; for the farmer it provides a manageable fall-back position in times of crop failure. For Somalis, therefore, home is truly on the range.



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A caravan on the lookout for water and food is an everyday sight

"Livestock is the backbone of the national economy" explained Livestock, Forestry and Range Vice-Minister, Ali Saleh Abdikarim. With over 4 million head of cattle, nearly 7 million camels, over 11 million sheep and nearly 20 million goats, this is no less than the truth. The camel is the domestic showpiece, while the cow is the export earner and the sheep and goats are the "infantry" of the army. To understand the predominance of pastoralism, it must be explained that the Somali social structure is old; was developed in isolation from other influences, and has proved robust, satisfying and complete in itself. Essentially, the Somali is a herdsman, a member of one of six major clans remaining, all of them interlinked but each one tracing lines of kinship for its members. This means that even when a Somali goes to town, enters public life, starts a business or whatever, his links are with his clan, and thus with nomadic life. Even the more settled farmers are members of clans. Four clans, the Isaq, Hawiya, Dir and Darod are pure pastoralists and called collectivelly "Samaal", while two clans, the Rananwayn and Digil, are marginal farmers as well and known as "Saab". Thus, with the exception of a few Arabised urban merchants, every Somali is part of a family system, with his share of the benefits and of the responsibilities. Town-dwellers, even of the first generation, do not share the stresses and strains of the urban migrant in many African countries. They have not tried to cast off the slur of primitivism and forget their roots. From Minister to tea vendor, they know who they are and where they came from. To be a nomad is dignified, to be a member of a clan is natural.

The camel is the nomad's pride and joy. It is the source of wool, meat and milk (the name Somalia means "give me milk") the means of transport and the ultimate status symbol. It is a fact that the ubiquitous Mercedes-Benz, so much a feature of urban life in many African capitals, is almost entirely absent in Somalia's capital, Mogadishu. How can a mere car compete with the "ship of the desert?" The camel of the Somalis is the single-humped dromedary, a haughty dun-coloured animal. Somalis, unlike Berbers and Bedouin, never ride on a female camel, believing that its duties as a mother and milk-provider are quite sufficient. Indeed, even the male camel is used more as a pack animal, since the Somalis are not long-distance nomads. The Somali herdsman covers long distances on foot, but his two seasonal displacements are in the region of 150 to 250 km and the intricate clan system restricts his zone of operation.

Cattle—the economic mainstay

If the camel is the Somali's pride, the cow is his economic mainstay. At the most recent exporting peak in 1982, 157 000 head of cattle were exported, almost all to Saudi Arabia, earning 1.5 billion Somali shillings (about $ 20 million) and comprising 82% of export revenue. Then, in March 1983, the blow fell. Saudi Arabia, announced a total ban on imports of African cattle. Somalia was particularly badly hit and immediately took the necessary steps. The herdsman's instinct being strong in Somalia, it is no surprise that the Ministry of Livestock, Forestry and Range is considered by external observers as one of the most dynamic and that the National Range Agency is one of Somalia's relatively few parastatal success stories. The Ministry mobilized its numerous staff (155 headquarters, field and research officiers, 570 veterinary assistants and 530 veterinary auxiliary staff spread across the country) and by August 1983 FAO and OIE inspection teams verified that they could find no trace of rinderpest in the Somali herd. Saudi Arabia agreed to resume its imports on condition that international organizations verify the absence of rinderpest, that only major ports be used for shipping cattle, that quarantine facilities be improved, that all cat-

tle destined for export be vaccinated 21 days prior to shipment and that specimen signatures of veterinary officers be sent to the appropriate Saudi authorities. All these have now been agreed to. In October 1984, a Saudi mission, composed of officials from their Ministry of Health and veterinary authorities, inspected the new arrangements, and gave every appearance of being satisfied. Resumption of exports is confidently expected in the near future. In the meantime, a contract has been signed with the Egyptian Government for the export of 20 000 head of cattle over a six-month period. Dr Ali Yussuf Ahmed, the Director-General of Animal Health and Production at the Livestock Ministry, added: "They have expressed great satisfaction at the quality of our cattle". It is perhaps a matter of some regret that the Saudi market was allowed to dominate matters to such an extent, but, as he explained. "Our markets were much more diverse up to the late 1970s. Once the Saudi market indicated that it could take all we had to sell, it was natural for us to let the others drop. The proximity of the market, and the wealth of the customer made us turn our attention there. It would not be too hard for us to regain our traditional markets, given some outside help with marketing intelligence".

But there is more to it, perhaps, than that. The Somali system of cattle-raising, while it is time tested, is also

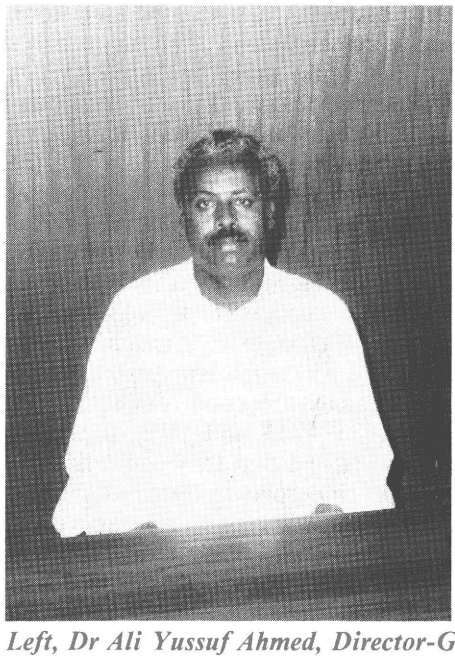
The Courier

Ali Saleh Abdikarim,
Vice-Minister of Livestock, Forestry and Range

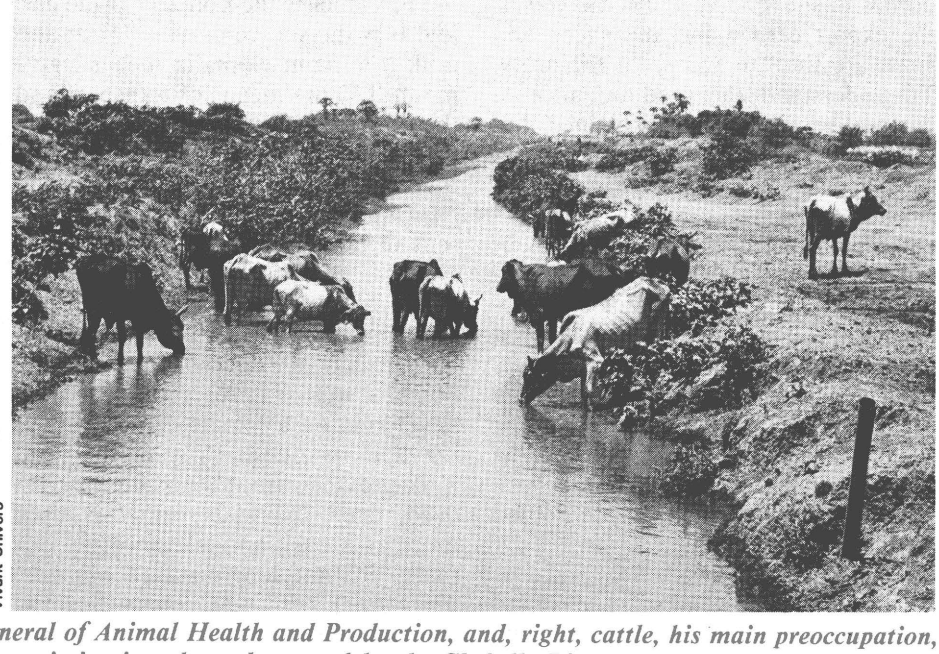
under some threat. The herd has probably reached the limits of growth, and is pressing hard against the ceiling of available land. Individual herds are small, and the owners, with all their capital "on the hoof" are unable to introduce improvements and unwilling to reduce herd size to improve quality. Competition, very fierce today, comes from developed countries like Ireland and Australia where the most modern techniques of range management, strain improvement and market research are employed. During the more than two years since the Saudis closed their doors to Somali cattle, Australian and Irish imports have proved cheaper. Somalis will say that frozen beef can never equal their own, but there is no doubt that, with less money about, the Saudis may opt for lower prices rather than higher quality, especially when they can see in Australian beef the investment that is lacking in Somalia.

Needs for the future

What, in brief, is needed in Somalia is modern capital-intensive livestock management—herd improvement (involving reduction) and an animal-feed industry capable of sustaining it and removing the pressure on overgrazed pastures. Fewer herds would mean fewer herdsmen, and improvements in livestock would have to go hand-in-hand with resettlement programmes for those whose traditional livelihood had gone. All this is perhaps far in the future—such a radical change would have to be implemented gradually—but there is a short-term problem as well, which the Saudi ban has highlighted. Somalia currently operates on a double exchange-rate system. For inter-governmental and other official transactions, the rate is currently (September 1985) around 40 Somali shillings to the US dollar, for commercial transactions it is 85 shillings. Now, the herdsman sells to the trader for shillings and it is the trader who has to



The Courier



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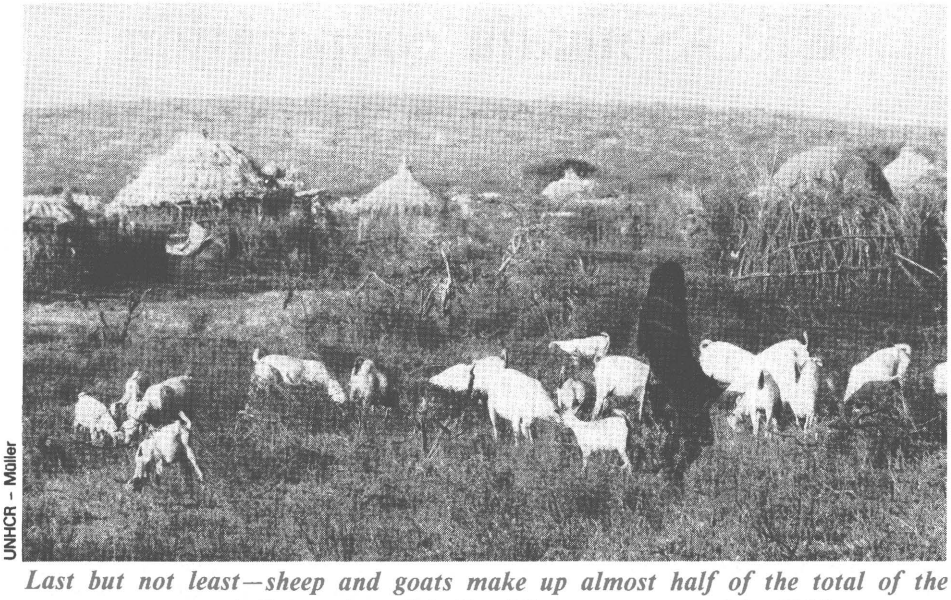
Left, Dr Ali Yussuf Ahmed, Director-General of Animal Health and Production, and, right, cattle, his main preoccupation, drinking in an irrigation channel watered by the Shebelle River

convert the foreign currency earned at whatever rates the government has fixed. For a long time the rate was unrealistic and, converted from Saudi riyals into shillings at the official rate, meant that the riyal price was too high. Currently, the Somali government allows traders to get 65% of the price at the commercial rate and 35% at the official rate. This is an improvement but the structure and the general exchange rates are still, by informed sources, considered as uncompetitive and no amount of market intelligence will substitute for rates which satisfy both the customer and the supplier.

The amount of help that the Ministry can give with marketing is limited at the moment. Its responsibilities, particularly in the wake of the Saudi crisis, are heavy enough. It manages, through the National Range Agency, more than 80% of Somalia's land area, which is classified as grazing land or as forest. This grazing land is divided by the Agency into four classifications. First come the grazing reserves, 36 of them, of 250 km^2 each across the country, the famine reserves of 500 km^2 which are to be grazed only under drought conditions, and the absolute reserves which are not be grazed at all. Fourth come the range cooperatives, where the herds remain private property, but where land use is organized on a cooperative basis.

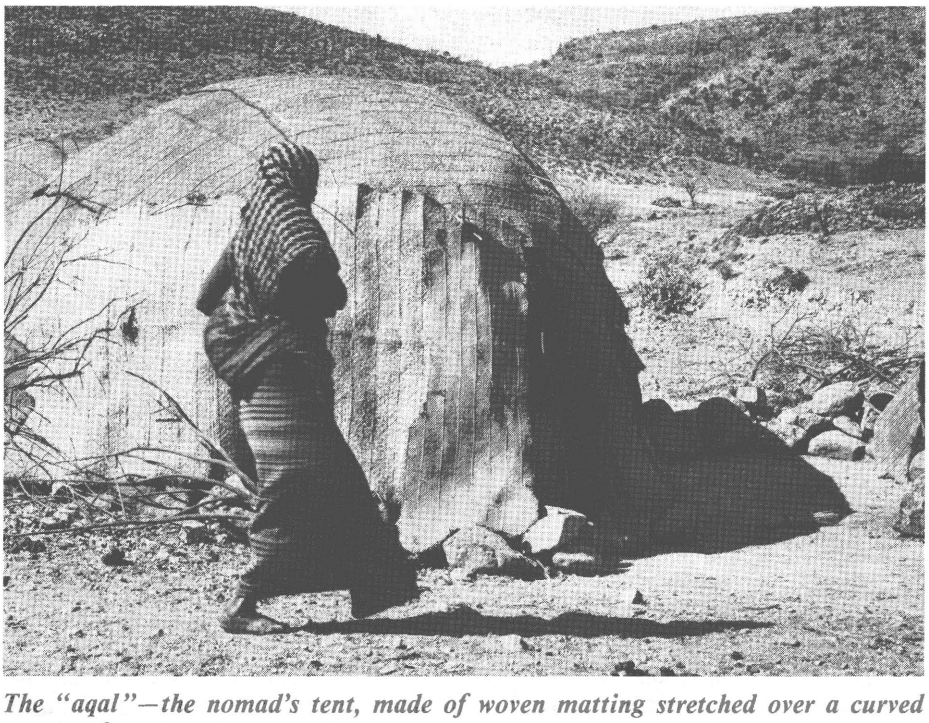


UNHCR - Müller

Last but not least—sheep and goats make up almost half of the total of the country's livestock, and 1.45 million were exported in 1983

Apart from these, there are the government ranches of which six exist or are in the planning stage, and which will probably be used for demonstration purposes. Finally, there are the government dairy farms and poultry farms, established for the most part near Mogadishu and Hargeisa.

Apart from range management, the Ministry looks after animal health. It is in charge of the tse-tse eradication programme carried out by a UK team and the Ministry's laboratories produce 7 main types of vaccine and three minor ones. Somalia is a member of the East African Preferential Trade Area, and at the last meeting of the PTA Council in May 1985 it was decided that Somalia would be the sub-regional centre for the production of vaccines for contagious bovine pleuropneumonia, contagious caprine pleuropneumonia and sheep-pox. Somalia was also made the sub-regional centre for sheep and goat development. "The job" explained Dr Ali Yussuf Ahmed, "will require us to standardize biological products such as antigens, virulent strains, immune serums and vaccine strains, and we will have to channel scarce resources into it". But is is nevertheless a source of some pride to the Vice-Minister. "Compared to many African countries" he affirmed, "we are in a good position".



Vivant Univers

The "aqal"—the nomad's tent, made of woven matting stretched over a curved wooden frame. It is easily transported by the camel in the seasonal migrations. For the majority of Somalis, home remains on the range

That does seem to be the case. Somalia has, in its livestock, a cash crop that need not become depleted like minerals, or rely too much on foreign inputs, like agriculture. It is, moreover, a cash crop which Somalis have managed for 4 000 years and the management has dictated their entire social system. Change must be introduced, but at a pace which the country can absorb. Neither town nor farm can act as a substitute in under-pinning Somali culture, though they can help. With limited government interference, except where exchange rates are concerned and perhaps some very limited foreign technical expertise, Somalia's major export will remain at home on the range. o

T.G.

EEC-Somalia cooperation

by J. ROWLANDS (*)

Somalia's independence in 1960 was marked by the union of the former British and Italian colonies to form the Somali Republic. Hence its association with the Community extends over quarter of a century, from the Treaty of Rome through the Conventions of Yaoundé I and II to Lomé I in 1975 and Lomé II in 1979. Somalia can rightly claim to be a full founder member of a club which has now grown to 66 African, Caribbean and Pacific States and 10 Community States. It is significant that President Siad Barre has likened Somali foreign policy to a three-legged stool, consisting of her relations with the rest of Black Africa, the Arab States, and Europe.

Development trends

EEC-Somalia cooperation over the past 25 years has shown steady progress in quantitative terms, from ECU 10 000 000 in the 1st EDF (1959-64), to ECU 28 000 000 in the 2nd EDF (1964-1970), ECU 41 906 000 in the 3rd EDF (1970-1975), 63 650 000 in the 4th EDF (1975-1980) and 79 300 000 in the 5th EDF (1980-1985). Inevitably the funds from the earlier Conventions have been channelled to the priority areas of basic development—such as agriculture and animal husbandry, roads and ports, public health, and higher education. While many of these basic needs continue to form an important part of this cooperation, nevertheless recent years have shown an increasing sophistication in the projects and programmes which are submitted to the Commission for funding, as well as features designed the better to integrate these activities in the local scene and achieve lasting residual benefit.

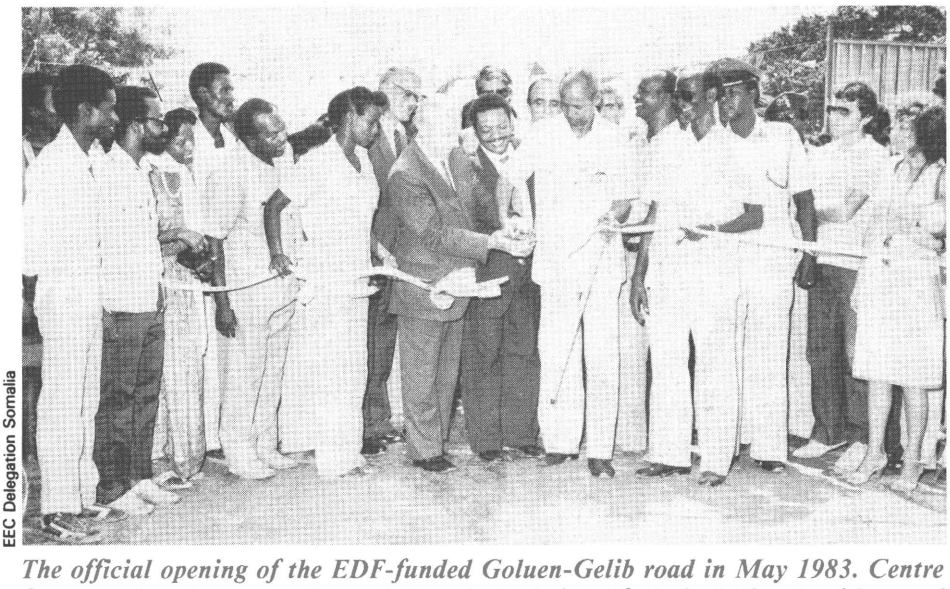
Agriculture

The agricultural sector shows such a trend. The development of the grapefruit project, for example, in the area of Goluen-Bulo Mererta where in the early years an irrigated farm was being established, has now reached 185 hectares and further expansion is not contemplated. Instead, the grapefruit nursery at Goluen, where new and better, disease-resistant varieties are being tested, is being reinforced and expanded, while an extension service programme is being developed to help local private farmers with better seedlings, technical advice, and so on. (The Somali grapefruit is incidentally of superlative quality, but will require some years work to achieve a consistency of quality and appearance before export marketing can be contemplated).

An experimental farm is to be established at Bardheere, since the existing pilot farm at Saakow suffers from being cut off for several months of the year (but will continue as an out-station). The Bardheere farm will contribute to the programme of applied agricultural research in Somalia, and is being established in an area representative of most of the Juba Valley, which, with the Shebelli area, constitutes the most valuable region for agricultural development.

A project of considerable promise is the Bardheere Dam, of which the technical studies are in the final stages, financed by the EDF. Justified primarily on the grounds of its power generation potential, its major value for the immediate area will be in flood control and its capacity to irrigate over 200 000 hectares of farmland. Related alternative solutions have been sought in the recent past, including the Afgoi gas deposits, and off-stream storage at Saakow, but these have proved uneconomic and most factors increasingly point towards the Bardheere Dam as the project to be developed. It will be an enterprise with multi-donor financing.

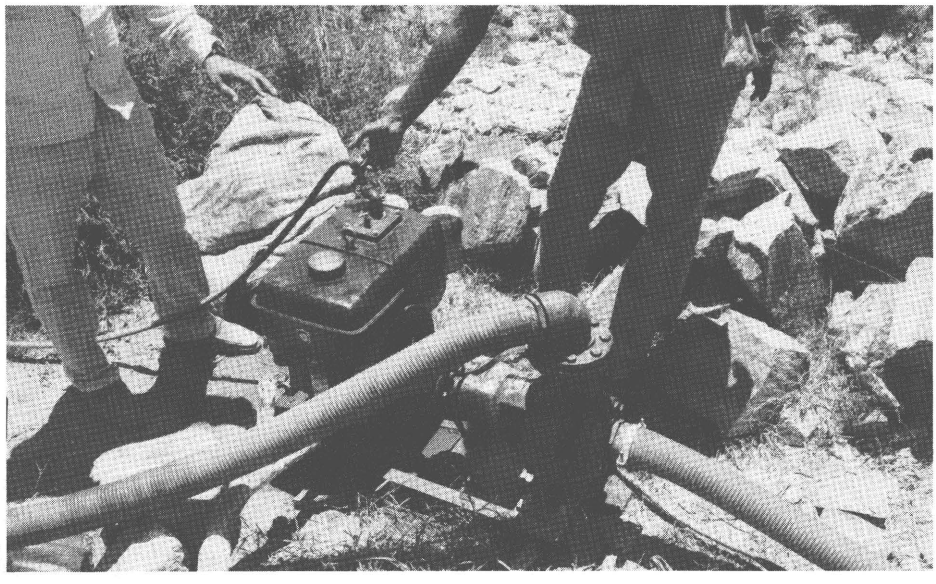
There has tended to be over-concentration on the Juba and Shebelli area in the south of Somalia in the past. There are, however, two EDF projects, developed during the 5th EDF, which are located in the north-east and the north-west respectively. The Integrated Development of Oases in the far North-East tip of Somalia (co-financed with French bilateral assistance) is a project which is being developed in a remote area under very arduous conditions, but is making a valuable contribution towards stabilizing the local (largely nomadic) community as well as promoting a more balanced regional development in Somalia. This—and the following—project constitute the first two agricultural projects financed by the EDF in northern Somalia.



EEC Delegation Somalia

The official opening of the EDF-funded Goluen-Gelib road in May 1983. Centre front, cutting the tape is General Hussein Kulmieh Afrah, 2nd Vice-President and Minister of Planning. Giving a hand is Geraint Richards of the Directorate-General for Development in the European Commission.

(*) Principal Administrator, Directorate-General for Development.



EEC

North-Western Agricultural Development Project. The use of a small hydraulic pump is demonstrated

The North-West Agricultural Development Project—co-funded (but parallel financing)—with the World Bank is promoting small irrigated horticultural farms for small farmers in the area. Agricultural inputs, including fertilizers, pesticides, irrigation equipment and tools, will be sold on credit to participating farmers; technical advice will be given on cultivation and—at a later stage—assistance on quality control, packaging etc. for export to the Gulf States. Selected local wholesalers will distribute the inputs to farmers, and the credit scheme will be operated by the Somali Development Bank, eventually building up reserves for ploughing back into this and other development projects. An enterprise such as this is particularly consistent with the Somali Government's declared intention to develop the inherent dynamic qualities of local farmers.

Fishing is an area where this same trend towards private enterprise, mainly in the form of relaxation of government controls, a liberal pricing policy etc., has been built into the EDF project, and fishing communities in Mogadishu, Gezira and Merca should benefit from a project designed to aid artisanal fishing.

Road infrastructure

Road communications are of paramount importance in Somalia, since—apart from any other factor—the country has no railway system. EDF investment in roads has tended to concentrate on serving the important agricultural area along the Shebelli and part of the Juba Valley, and the completion of the Goluen-Gelib road (257 km. EDF contribution of ECU 46 m out of a total of ECU 76.1 m co-financed with Arab funds) means not only access to this valuable area, but also a paved road from Khisimaio in the south to Berbera in the north of Somalia. An interesting feature of recent road construction has been the Baidoa-Bardheere road (constituting alternative access to the Juba Valley from Mogadishu), built by local effort using counterpart funds from the sale of food aid on the local market.

Social

In the education and training field the increasing trend in Somalia-EEC programmes in recent years has been to further vocational training, preferably linked to EDF projects, and to concentrate on training specifically related to the development needs of the country. The Mogambo Training Centre in the Juba Valley is supported by the EDF and turns out 30 trained mechanics a year, most of whom are absorbed by the government-owned Juba Sugar Plant. A programme to expand the Centre in the coming years is being undertaken by the EDF. The majority of the training in the Pharmaceutical Institute in Mogadishu, recently completed as an EDF project, is carried out in the plant itself and only a small minority of trainees are trained abroad. (Incidentally, one possibility being explored for the running of the plant is a consortium of manufacturers who will produce not merely for the limited local market but for the vastly bigger market for essential drugs for bilateral and multilateral programmes elsewhere in Africa).

Technical cooperation

An unusual EDF project has been particularly appreciated by the Somali Government, consisting of a technical cooperation programme for the Ministry of Finance and the Central Bank. In recent years Somalia has been resolutely following a policy of fiscal and monetary reform, including fiscal and monetary policy changes, liberalization in the agricultural and commercial fields, and so on, and it approached the Commission for some technical cooperation in pursuing the later stages of this reform. A good working relationship at a high level has been built up between the EDF-appointed team chosen for the assignment, and senior levels in the Somali administration.

A meeting of the Paris Club has approved a debt re-scheduling programme, and a series of negotiations is now in process with each of Somalia's international creditors.

Refugees

This review of the salient features of EEC-Somali Cooperation has to include the unfortunate plight of the refugee population, which is estimated by the Governement to total 700 000, in a series of 36 camps stretching from the Lower Shebelli region in the south to the north-west region of Somalia. A new influx of refugees crossed from the Ogaden into the north-west in late 1984, and in the first three months of 1985 the influx had risen to 115 000. Cholera broke out in a temporary camp on the outskirts of Hargeisa, but was rapidly contained with the help of the international community—the Commission responded in a matter of days, through an emergency aid initial grant of ECU 300 000 which was channelled through the Dutch/Belgian section of "Médecins sans Frontières". EEC food aid and grants for the relief of refugees in Somalia are funnelled mainly through the UN

High Commission for Refugees (who in turn have mandated the administration of camps, local logistics etc. to ELU/CARE, an NGO with over 5 000 locally employed personnel) as well as the World Food Programme.

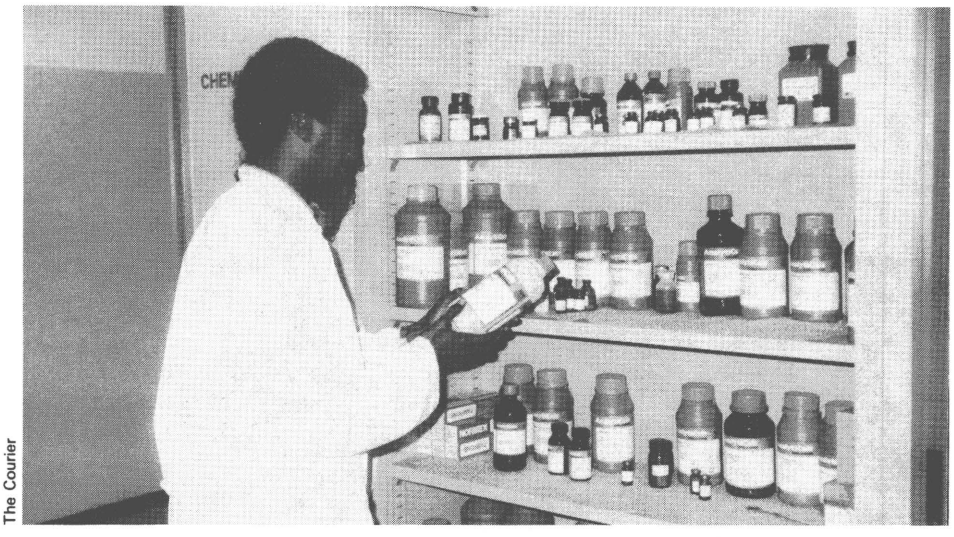
Regional cooperation

Lomé I regional cooperation funds were used by Somalia to study road links with her neighbours in the north (Djibouti) and south (Kenya).

Under Lomé II regional actions included telecommunications as an aid to air navigation in the Indian Ocean, including Somalia; migrant pest control in Djibouti, Ethiopia, Kenya, Somalia, Tanzania and Uganda; studies related to the Pan-African rinderpest campaign; and in the reintegration of qualified African nationals. Somalia has shown keen interest in the embryonic intergovernmental authority for drought and development, which includes Djibouti, Ethiopia, Kenya, Somalia, Sudan and Uganda.

Stabex

Stabex transfers under Lomé I totalled ECU 1 296 907 in respect of bananas, and ECU 635 238 for hides and skins. Under Lomé II they totalled ECU 2 372 596 in respect of bananas, including project finance of ECU 207 644 for the "Stabex '81" action—this was used as a contribution to the quarantine measures necessitated by the 1983 ban on Somali cattle imports by Saudi Arabia, despite a clean bill of health from the FAO. The hides and skins transfer for Lomé II totalled ECU 415 854.



The Courier

The Pharmaceutical Institute in Mogadishu. Most of the training is carried out on the spot

Apart from the Stabex '81 transfer, the allocations under the normal Stabex headings have been used in Somalia—very logically — to improve productivity in the sector concerned, namely banana production and cattle products.

EIB

All European Investment Bank financed in Somalia has been risk capital from the Commission. Under Lomé I, ECU 250 000 were used for five investment opportunity studies for the Somali Development Bank. Under Lomé II, ECU 2 560 000 was used to co-finance (with the Commission) the Mogadishu Dairy, which is aimed at building up supplies from local herds in the Mogadishu area. Finally, ECU 7 000 000 was invested in Afgoi gas delineation, in co-financing with the World Bank.

Anti-desertification

The allocation under "Hunger in the World" was particularly well employed in the fight against desertification, of which Somalia already had an excellent example in sand-dune stabilization, with President Barre and his Ministers showing the way in the process of self-help by civil servants in the Merca area. The choice for these funds was a country-wide chain of forest nurseries (10 in all) which will be a source of seedlings for this important operation in up-country regions. o

J.R.

Community aid to Somalia as of 30 August 1985

Origin				Amount '000 ECU
1st EDF (Treaty of Rome)				**9 800**
2nd EDF (Yaoundé I)				**27 900**
3rd EDF (Yaoundé II)				**41 906**
4th EDF (Lomé I)				**74 800**
• National .ndicative Programme			57 102	
• Miscellaneous			2 208	
• Emergency Aid			13 346	
• Stabex			1 932	
• EIB			212	
5th EDF (lomé II)				**78 453**
• National Indicative Programme			49 854	
• Emergency Aid			16 250	
• Stabex			2 581	
• Stabex 84			208	
• EIB			9 560	
Extra-Convention				**147 572**
• NGOs (1976-1984)			1 152	
• Hunger in the World			1 290	
• Food aid (1970-1985)	Direct aid	96 100		
	Indirect aid	46 030	142 130	
• Aid for LDCs (ECU 40 m)			3 000	
Regional Cooperation (Lomé I, Lomé II) with direct and indirect effects on Somalia				**19 610**
Total funds for Somalia				**400 041**

St CHRISTOPHER and NEVIS

Maintaining unity and winning the battle of the economy

St Christopher and Nevis, usually called St Kitts-Nevis, is the latest Caribbean country to become independent.

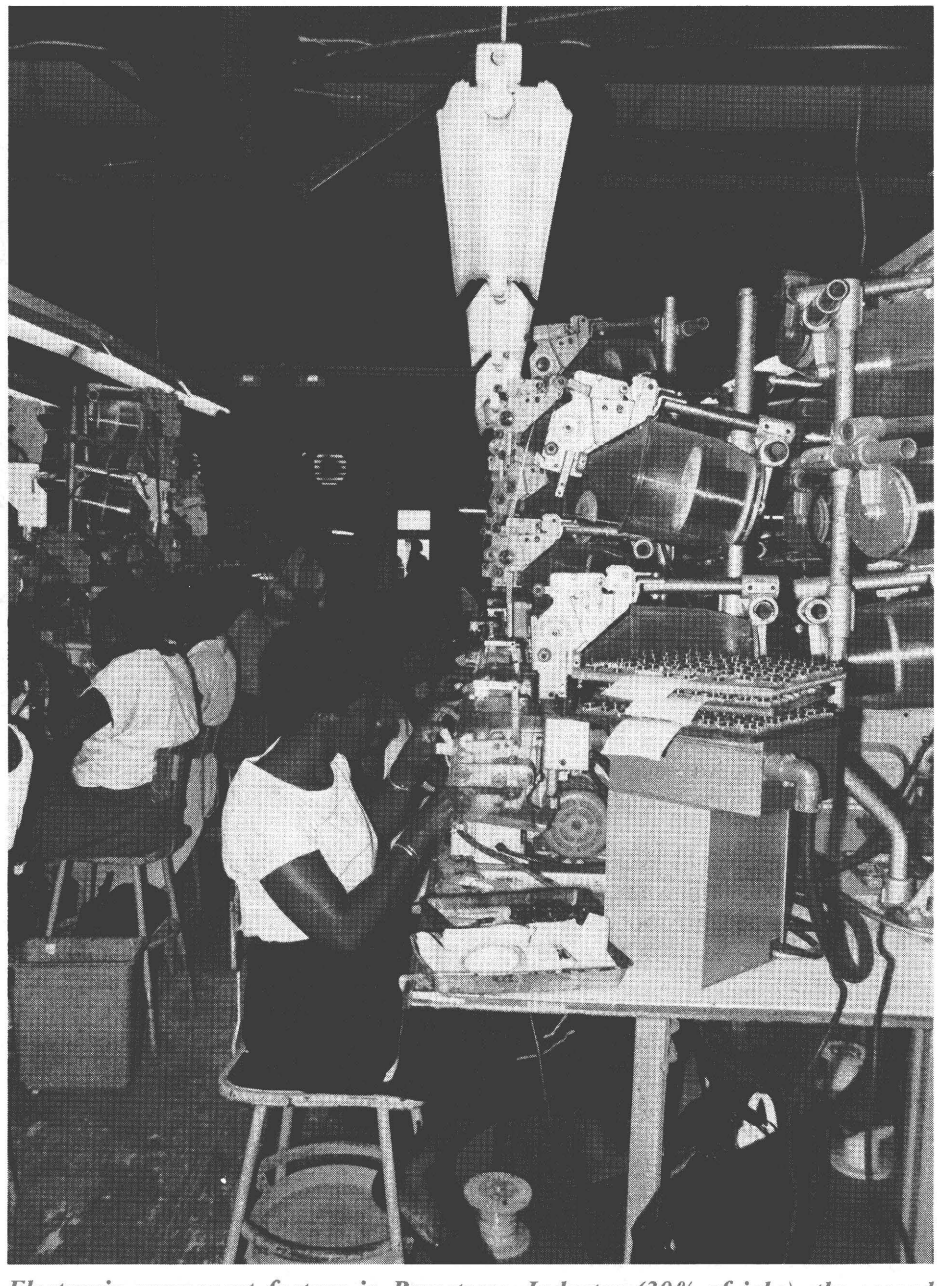
This new State, a Federation of St Christopher (capital Basseterre, which is also the seat of the Federal Government) and Nevis (capital Charleston), is in the Leeward Island group along with Antigua & Barbuda and Montserrat and it became independent after some 20 years of fighting for internationally-recognized sovereignty and a period of internal autonomy when it was associated with the United Kingdom, the former colonial power.

Our usual idea about this country, as of the Caribbean as a whole, is a paradise lost in the Caribbean Sea, an ideal setting for rich American and European holiday-makers, where wealthy dowagers seek super sensations under the coconut palms on the sun-kissed sands. Nothing could be more wrong—neither St Christopher-Nevis nor the Caribbean in general is like this—in spite of the fact that the picture is based on popular legend, the stories of the first travellers who came from the chilly north to be amazed by the extraordinary natural beauty of this area.

In St Christopher and Nevis, this lovely, peaceful environment is the home of a people with a "soul", as Black North Americans call cultural identity. They have a history of their own and a certain idea, as citizens of a State that now governs its own destiny, of where they are going.

This comes across, you can feel it, when you land at Golden Rock, the country's international airport by the sea, were the runway stretches away to the foot of one of the peaks of the volcanic mountain range that is central St Christopher and culminates in the 3 792′ (1 138 m) Mount Misery. The welcome is friendly and the police and customs formalities are quickly over. They are pleased to see you. Visitors to the island, on official business or not, are given all the help they need to make their stay a successful one.

The taxi-drivers confirm the confidence you felt on landing and not surprisingly either, as they are often closer to reality and the best indication of how a place really is—although they



The Courier

Electronic component factory in Basseterre. Industry (30% of jobs), the second sector of the economy to be diversified, welcomes private investment from home and abroad

may look like first-class PROs for their country's image and you may be tempted to check out what they say. But later on there will be plenty of neighbours to chat to on the hotel terrace to back up, more or less, the obligatory optimism of arrival. And there is every reason for this.

A year ago, in 1984, these islands celebrated the 150th anniversary of emancipation, the abolition of slavery (1834), and now, in early September 1985, the people were preparing to fete the second anniversary of independence. The wind of freedom is everywhere and there are tee-shirts and posters to depict the broken chains of slavery and the State's new motto—"Country Above Self"—which is founded on much the same sentiment as the "Deutschland über Alles" of West Germany. The emphasis on the two events, emancipation and independence, reflects the importance the new State attaches to its freedom regained, that natural right that took so long to achieve. So nothing and no-one will ever harm this precious possession again. As they say in this country: "None can take my freedom back".

Like so many other Black peoples scattered over the Americas, the people of St Christopher and Nevis have marched through interminable nights of obscurity to achieve all this. They came off the slave-ships in the centuries following Christopher Columbus's trip in 1493. Meanwhile the first Englishmen, led by Sir Thomas Warner, settled on St Christopher in 1623 and, on 22 July 1628, one of his officers, Captain Hilton, was sent to Nevis with a hundred men to annex it to St Kitts.

But the English had France's ambitions to reckon with when d'Esnambuc landed on St Christopher in 1624. Intermittent war between the two colonial powers continued, largely on Brimstone Hill, until 1783 when the Treaty of Versailles restored full British authority over St Kitts—which the natives, the Arawaks, called Liamuiga, the fertile island.

The country's legal status has developed since then. Just after World War II, when the first cracks were beginning to show in the colonial edifice, the territory as such joined the Federation of West Indies (3 January 1958)—which broke up, never to be re-formed, four years later. In 1966, London proposed a new constitution whereby St Christopher and Nevis and Anguilla were associated to the United Kingdom until St Christopher and Nevis became independent in 1983.

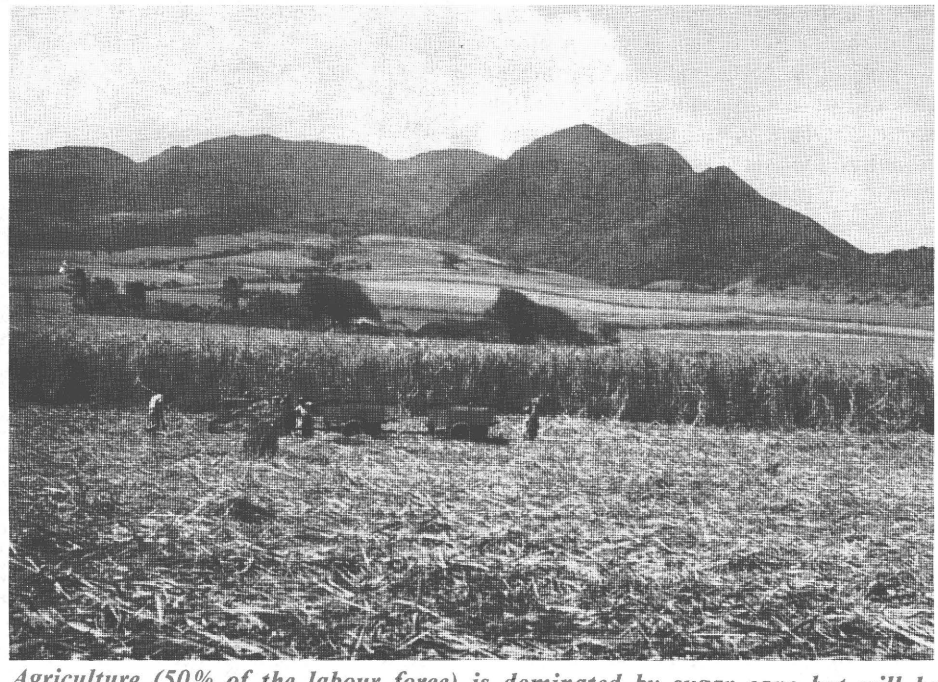
In May 1967, Anguilla rebelled against the Federal Government in Basseterre and the Union with St Christopher and Nevis broke up once and for all. Anguilla is now self-governing under British administration.

The difficult conquest of freedom and the harsh economic battle

The Government and the people of St Christopher and Nevis now have to face up to harsh economic reality—and it pleases no-one—against a background of rejoicing at new-found sovereignty. Like all other islands in the area (except Dominica, which exports bananas, but with the same economic problems), the country's economy has been dominated for years by cane sugar. This crop (and cotton on Nevis) has helped shape the life of the people of this region for almost three and a half centuries. One or two figures are enough to show the extent of the crisis brought about by the general decline in the country's sugar industry.

Sugar cane was brought to the islands by the French and English settlers in 1639. Something like 4 000 tonnes of sugar were produced in 1728 and, from then on, the islands' fortunes followed those of the sugar trade. Output peaked in 1880 when 275 000 t were produced. Then came the lean years of the early 20th century, but, in 1912, the building of the first refinery and a railway to supply the factory put production back on its feet and brought prosperity to St Christopher and Nevis for more than 70 years. New facilities pushed the record up from 19 600 t to 51 600 t in 1951 and more than 5 000 ha (about 12 000 acres) — about 33% of the total area of the islands—was under sugar cane every year.

The sugar sector has of course always been the country's biggest employer, with 45% of the labour force (7 500 of the 18 000-strong population in 1937 and 5 000 of the total work force of 11 000 and population of 46 000 in 1981).



Agriculture (50% of the labour force) is dominated by sugar cane but will be oriented towards more food crops to cut the currently high cost of imported food

Sugar and various by-products accounted for at least 74% of the country's exports each year in 1930-50 and more than 94% of its US$ money income. And today, in spite of a slump in both price and production, the sector still accounts for something like 24% of GNP.

The general decline of the sugar industry makes the Government's job of

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Seat of the Federal Government in Basseterre. Nothing can be done without the people and the right institutions

planning the economy a very difficult one. It is of course not easy to move from a situation in which one crop dominates to a diversified economy if, as has happened in St Christopher and Nevis, the income from the good years is not reinvested in the country and if, above all, the requisite technological foundations are missing and no people have been trained to get the process of modernization going—and if the relevant raw materials are also in short supply. So the present economic situation is one in which the sugar industry is in free fall and has been since the 70s, there are few skilled workers and few raw materials to facilitate the creation of sectors that can be substituted for the one-crop system. It means that the economic battle is going to be hard and the inestimable benefits of political independence may be pushed into the background.

But, as one official in Basseterre said, independence does not mean irresponsibility and absence of effort. On the contrary, "It means we can now try and control our destiny as a people", he said—which will never be the case if prolonged assistance is perpetuated.

So the government is trying to get the islands out of the economic difficulties the sugar syndrome has led them to by introducing a three-way development strategy—to diversify agriculture so the economy is less dependent on a single sector; to develop small processing and sub-contracting industries and to expand the tourist trade and make it one of the future mainstays of the national economy.

Farming first

No lasting economic improvements can be made unless farming is strong and can act as a foundation for everything else, as Dr Simmonds' Government is well aware. The State will be rehabilitating the food crop sector of agriculture by making structural and institutional changes to the present economic system. Institutional changes were begun back in the 70s, while the country was still associated with the UK, with the nationalization of agricultural land (see our interview with the Minister of Agriculture). Now the Government is making practical efforts to organize and train young and future farmers, giving them two essential kinds of help—financial help in the form of bank credit facilities to purchase equipment and rapid, immediate general distribution, to the farmers, of agricultural scientific research. This last element, R & D of a sort, is run by CARDI, the Caribbean Agricultural Research and Development Institute, whose Basseterre department has concentrated over the past few years on the principal food products (yams, potatoes, vegetables, etc.) a plant health campaign and the search for new species that are more productive and more resistant to diseases that have not yet been beaten.

Important results have also been obtained in agricultural development by other CARDI work in St Christopher and Nevis. This has involved categorizing crops by zone (lie of the land, exposure to the sun, and the many variations of temperature due to the many micro-climates). In a small mountain country like St Christopher and Nevis, this has a decisive role to play in the yield from different streches of land that may often be very close.

The authorities say that land reform and the new agricultural policy should enable the country to found its development on a sound, productive farm sector—which should mean a small agri-food industry can be envisaged in the next economic phase, particularly as this is a country which has first-class possibilities of raising cattle, goats, poultry and other small animals, especially rabbits. The islands know no hunger, but there is malnutrition and the development of herding and consumer information about the quality of the local products could help both increase economic activity and provide a cheap solution to the essential protein deficiency in everyday diet.

Industries to suit the country's present potential

At the same time as trying to develop full farm potential, the Government also wants to set up an industrial sector. It does not intend to rush into the feverish creation of haphazard industrialization in the style so common to newly independent countries. The sort of industrialization it is aiming for takes account of the country's size, its skilled labour and the raw materials available in the case of processing industries. With these basic economic parameters, St Christopher and Nevis has some trump cards when it comes to setting up small and medium-sized manufacturing industries and a large subcontracting sector.

The skilled labour from the declin-

ing sugar industry has been retrained and redeployed, which has made it possible to open a number of factories to manufacture and assemble electrical and electronic components and a wireless factory. Electrofab St Kitts-Nevis, for example, is a subsidiary of an American firm employing 126 staff, mainly women, to make transformers for telecommunications and the space industry. All its output goes to the USA. Sharonne Richardson, a young executive, who trained in the USA, supervises production.

Nevis also has small manufacturing industries. There is an electrical component plant in Charleston and there will soon be a copra processing industry too (Nevis is the Federation's main supplier of coconut products).

J. P. Hubley

View of Basseterre. Life is good in St Christopher and Nevis

The Government also offers a lot of encouragement to people manufacturing basic goods required locally, in the region or even for export. St Christopher and Nevis thus has one or two shoe factories and some successful clothing factories which export, in particular, to the American market. These industries are sometimes funded with local capital but many of them are joint ventures involving local and regional investors. Caribbean Shoe Manufacturers', for example, has shareholders from St Christopher and Nevis and elsewhere in the region. It has 95 staff, including one European, who is glad to see that the legend is disproved here and even small countries with a bit of drive can make a success of industrial development. CSM, with capital of EC$ 2 million, turns out 85 000 pairs of shoes every year, most of them for the North American market. And the same is true of Sun Island Clothes, a subsidiary of a company in Trinidad & Tobago, which has 60 people on its payroll and exports throughout the Caribbean.

The transport and telecommunications infrastructure has been boosted to make it easier to import raw materials and export finished products (such as beverages). Golden Rock has been turned into an international airport by alterations to the landing strip (8 000′ long), which now complies with minimum IATA standards. The capacity of the port of Basseterre has been increased too and can now handle heavy tonnages easily. The Government has signed a joint venture agreement with a private American company to develop the country's telephone system, telecommunications and cable TV. The results seem good and this is a real asset for the investors whom the government is actively wooing and for possible exporters too.

There is a problem, however. Although the concepts and the strategies are fine, practical implementation of the Government's policies does not always live up to the expectations of the local private sector, which is the main supporter of People Action Movement (PAM), the ruling party. The Chamber of Industry and Commerce says that it is no easier to do business under the present Government than it was under the Labour Party. Richard O. Skerrit, who heads the Chamber of Commerce, makes no bones about it—when it comes to company tax practices, getting business done is not easier now than before, he says. And it is a handicap for local investment and impedes the development of a private national sector to play the major part allotted to it in the country's economic future by the new PAM Government.

There is no doubt a reason for the Government's attitude—it does not have the money to compensate for loss of income attendant on making tax concessions to the private sector.

But those who have agreed to play the Government's liberal game feel they have not been rewarded for their involvement in investment and industrial promotion or for their help in training workers for the tertiary sector.

Another stumbling block in the PAM's economic policy is the real difference in approach and interests of the Federal authorities and the local Government on Nevis.

The tourist trade—success depends on how the model relates to what the people want

The Government has high hopes of the tourist trade, perhaps in the light of one or two other places in the Caribbean (Barbados, Antigua & Barbuda and St Martin, for example), which attract manna from heaven in the shape of tourists from America, or perhaps because there is nothing better after the traditional farming sector and the restricted possibilities of industrialization. The almost wicked natural beauty of the islands, celebrated in the national anthem—O Land of Beauty—, the famous historic spots, the climate and, above all, the hospitality and kindness of the people are reason enough for the Government to bet heavily on a radiant tourist future.

However, in tourism as in any other

The Courier

St Christopher's smiling children show confidence in their newly independent State

area of development, the local situation has to be taken into account and what seems easy in Barbados or Antigua & Barbuda or St Martin, or even Trinidad & Tobago, is not necessarily easy in St Christopher and Nevis. It may have to do with culture or history or both. In St Christopher and Nevis, the local situation is of no mean importance—and the tourist policy of the central Government in Basseterre is already being rejected by the Nevis authorities.

What is this policy? The State has opted for mass tourism and it is offering various incentives to attract foreign investments to the sector. What is the result? It is difficult to say with any clarity, but if you look at the tourists themselves and listen to what the locals working in the tourist trade have to say, one or two fundamentals emerge.

First, it is perhaps reasonable to wonder about the real economic effects of the present system of lump sums which are handed *in toto* to foreign companies abroad which then take charge of the travel and full board of the holiday-makers during what are usually fairly short stays. On St Christopher, this system is symbolized by Jack Tar and is a major drawback in that the visitors stay in villages out of town and rarely get the opportunity or feel the need to come into contact with the population or buy things to boost the development of local craft and trade.

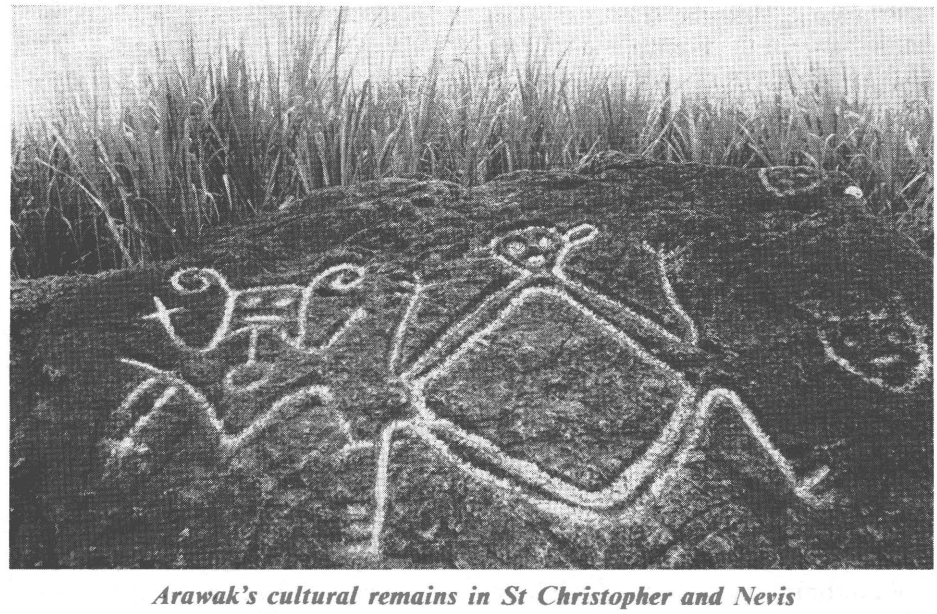
And second, there is a moral issue which is raised when some holiday makers arrive in groups on planes that are grounded to wait for them until the end of their stay. Look surprised at a plane sitting at the airport all this time and someone will say that "it belongs to people from the tourist village, they are... and well, you can see what they're like".

This of course may be unusual and unimportant, but it is partly behind the attitude on Nevis—which has opted for a completely different kind of tourist policy to Basseterre.

Charleston wants to concentrate on the luxury end of the market, mainly using hotel and service infrastructure under the control of nationals from Nevis. This, as a top local official told me, is because Nevis wants to preserve the environment and the islanders' way of life. They have decided, for example, that hotels on Nevis will have no more than two floors and no more than 150 rooms each and that non-residents should only be able to buy or build property if they themselves are going to use it for holiday or retirement purposes.

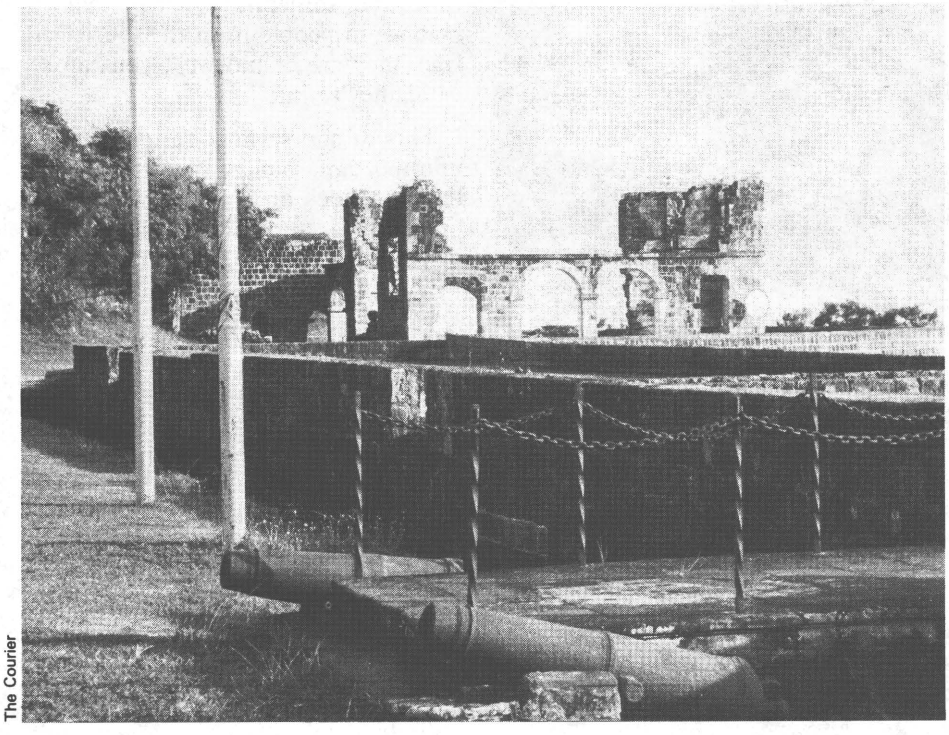
But Nevis' tourist policy has also been defined in the light of objective local historical and cultural considerations and, let us not forget (we shall be discussing this later) the island has considerable political differences with Basseterre.

Another thing that emerges from the way St Christopher has developed its tourist trade is that almost everything the tourists want is imported and local production fails to get the incentive of extra income from their trade. Lastly, it is felt that ghetto-type tourism, as they call it on Nevis, creates or can create very few jobs.



John & Penny Hubley

Arawak's cultural remains in St Christopher and Nevis



The Courier

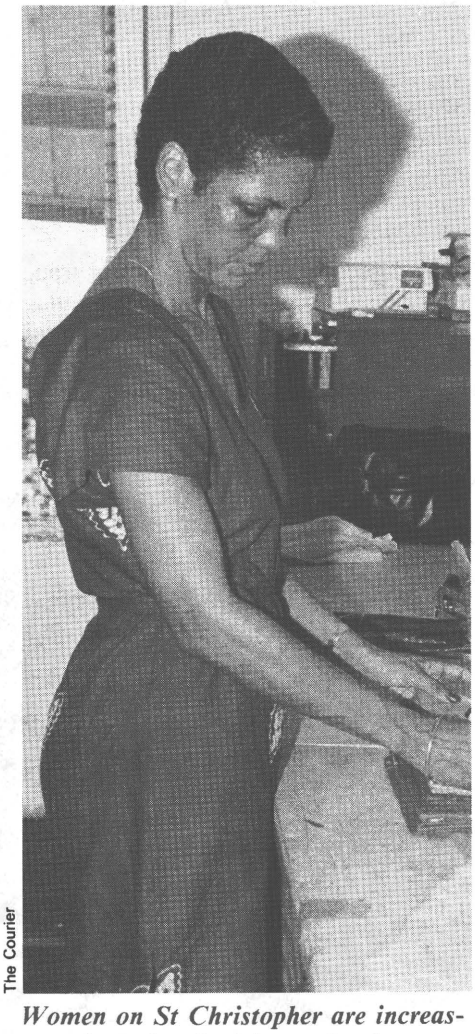
Brimstone Hill, one of St Christopher's tourist high spots. The first cannon were installed in 1690

But this is all a matter of choice of development strategy. Whatever St Christopher or Nevis wants, the country as such will go on pleasing anyone who has the great good fortune to go there for business or pleasure. All problems of choice of model come down to what they can do for the economic and social development of the people of the islands. The whole country has historical and cultural attractions in plenty.

Brimstone Hill — historic memories

Brimstone Hill, the site of the last battle between the French and the English is steeped in history. For years it was known as the Gibraltar of the Caribbean, the place where the French and the English fought from the 18th century onwards, and it is both a historical monument and a tourist attraction of prime national and international importance to an understanding of events in the history of the people living in the area today.

The first cannon were installed on the Hill in 1690 and they proved extremely efficient in fighting the French at Fort Charles. After the battle, the English made the Hill a defence outpost and decided to fortify it. The work was piecemeal, however, and still not finished before the French invasion af 1792. An army of over a thousand men held off the French offensive at Brimstone Hill for at least a month and there was a sea battle at the same time in the Bay of Basseterre between Admiral Hood and Admiral de Grasse, each commanding a fleet of 50 ships. The French fleet was seriously damaged and so the French Admiral and his men withdrew to Martinique to prepare a counter attack. But they were too late—meanwhile the English had increased its military and naval strength, particularly through the arrival of Admiral Rodney. That was the end of the matter, and Brimstone Hill was abandoned as an outpost.



The Courier

Women on St Christopher are increasingly involved in production

Since 1965, when a Brimstone Hill restoration committee was set up, the site has been one of St Christopher's biggest historical and tourist attractions and in 1966, Queen Elizabeth II of England and the Duke of Edinburgh visited it.

It is an impressive monument which gives all kinds of visitors an idea of the rivalry between the colonial powers. But it is also something for the local people to be proud of as it is steeped in their national history.

Alexander Hamilton, honoured scion of Nevis

One of the prides of Nevis, a romantic island with unspoiled natural environment which would be the envy of many an ecologist in the industrialized world, is that it was the birthplace of Alexander Hamilton, the father of the American Constitution that took effect after the American War of Independence in 1776-81.

Nevis marked its attachment to Hamilton on 11 January 1957 with a big ceremony to celebrate the bicentenary of the great American constitutionalist's birth and Laurens Hamilton, a descendant of the great patriot and founder of the Union, presented the population with a plaque in his memory.

It can be seen today on the ruined walls of Alexander Hamilton's birthplace in Charleston. American tourists flock to it—a good way of remembering that the Americans, foreigners all and very different, nonetheless form one people and one nation thanks to Hamilton's idea of democracy that he codified in the fundamental laws are still in force in the USA today.

There is also a Hamilton Museum containing the bed of this scion of Nevis.

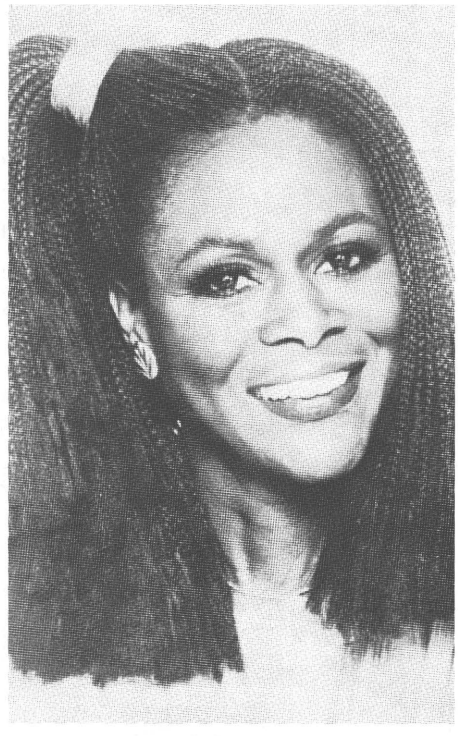
But these are only examples. There are many more. Those who want their tourism laced with culture will find St Christopher and Nevis an unquenchable source of knowledge about the Arawak (the original people) civilization with the archaeological discoveries dating back more than 5 000 years.

But beautiful places, a fabulous history, the sun, the blue sea, hospitable people, a whole range of attractions in fact, do not make a tourist trade. There are others factors—the cost of living, for example, in relation to the low level of incomes, which in this country does not favour the population. High inflation—and it is imported—prevents the State and particularly its economy and the first-class local arts and crafts and batik from capitalizing on the tourist trade. So undeniably, an effort has to be made to do something about the rising prices everyone talks about in Basseterre if the Government really does want to base part of the progress of the economy on tourism.

A general feeling of profound unease

"When you go to St Kitts, don't forget to go to Nevis". This firm advice sounds like a discreet warning and it is graciously bestowed on any visitor by anyone who knows St Christopher and Nevis. But you only realize what they mean when you get to Basseterre and, even then, you do not understand unless you inveigle a native of the island into telling you. It is not easy to get them to talk about the Union in Basseterre. At best they shrug their shoulders and at worst give you the sarcastic remarks of the highly politicized islander. But it does not take long to realize that there is a general feeling of profound (and this is a euphemism?) unease between the two States of the Federation.

A look at the history books or the writings of the country's politicians shows that the so-called conflict goes back a long way, differences having begun in the 17th century. Some of the problems seem hard to define to us today, as they relate to more or less subjective things that have more to do with psychology. People from Nevis



Delightful Cicely Tyson, the internationally-known actress from Nevis, is particularly famous for her part in Alex Haley's "Roots"

are proud of their origins and it would be an unpardonnable affront to muddle someone from Nevis with someone from St Christopher—which does not mean that they are anxious to ignore each other. The actual problem is that economic issues have added to the historical and cultural difficulties arising from the personality of each of the States of the Union and they have been made acute by the modern development model which forces two state entities in the situation of St Christopher and Nevis to get on with each other if they are to survive economically. In the long run, this is the only way of preserving the personalities and individuality that seems to be behind the problems the country has to face.

The Union cause seems to be heard in Basseterre and no-one imagines that St Christopher's behaviour could lead to a breakdown. The authorities are categorical about this. Of course, there are those who would like to see the end of the Federation on the grounds that St Kitts puts into the Federation more than it gets out.

Charleston's answer is that Nevis has always been independent—i.e. it has always had its own individuality and personality—but that St Kitts does not have the same outlook. No-one tries to hide the fact that this difference in outlook explains some of the differences in their approach to common problems—the people of Nevis have an economical outlook while the people of St Christopher are "flamboyant". The local Government of Premier Simeon Daniel thinks this is a reason for changing the rules governing the way income is managed. Resources are divided on a *pro rata* basis according to size of population, they say in Charleston, so Nevis gets 20%, as it has 9 500 of the country's 46 000-strong popupation. And this "what St Kitts calls a high percentage", one top official on Nevis said, includes a share of the resources of the port and the airport which are owned, in theory, by both islands equally. But Nevis contributes from this 20% to all the joint expenditure (police force, foreign affairs, the University of the Caribbean in Jamaica etc.) and so, the Nevis authorities say, there is not much left for Nevis, whose development has largely to be paid for by the local Government. Hence, too, periodic tension between the two partners.

When it comes to the future of the Union, Nevis has the right to secede (Articles 112 and 113 of the Constitution) but feels this "clause as more protective than a threat, something for the Government and the people to think about".

But in Charleston, they insist that the Federation works better and for everybody's benefit if there is good will and understanding among the leaders and strong confidence in the system.

There is no doubt about it. There would be nothing clever about a decision to split up the Federation if some of the root causes of divergence depend above all on the establishment of proper institutions that take certain non-quantifiable data into account. If the special features of each are put to good use, they will certainly help strengthen rather than weaken the Union. Economic problems, a major concern for all and more worrying to the two islands than ever before, will not be solved without a certain degree of synergy between the different elements.

It is all up to the political leaders. ○

LUCIEN PAGNI

Profile

St Christopher and Nevis, a two-island Federation, has been independent since 19 September 1983. The new State is in the Leeward Islands group about 225 miles (360 km) south of Puerto Rico and north of the Windward Isles in the Caribbean.

Area: 104 miles^2 (269 km^2) — St Christopher 68 miles^2 (175.8 km^2) and Nevis 36 miles^2 (93.2 km^2).

Capital: Basseterre.

Population: 46 000 (1982), of which 9 500 on Nevis. Extremely low rate of population growth — below zero (−0.35%) between 1972 and 1979.

The economy:

GNP (1981) = EC$ 138.24 million (current prices).

Per capita GNP = EC$ 2 712 (1981), EC$ 2 909 (1983) and EC$ 3 136 (1984).

Exports and re-exports (1983) = EC$ 49.7 million and EC$ 2.7 million respectively.

Main exports = sugar (66%), molasses (1.3%), beer and non-alcoholic beverages (0.4%), lobster (0.2%), electronics (2.2%) and clothing (7.6%).

Imports (1983) = EC$ 138.7 million (mainly food and equipment).

Trade balance (1983) = a deficit of EC$ 86.3 million.

Main suppliers and value of imports (EC$ million) in 1983:

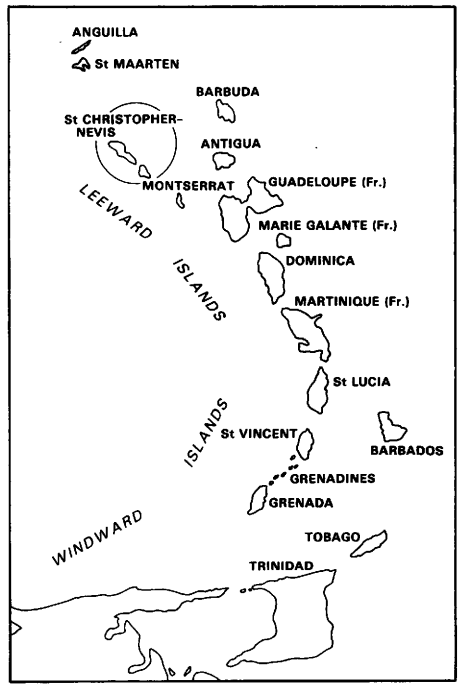
United Kingdom:	21,3 m
Trinidad & Tobago:	13,9 m
USA:	48,6 m
Canada:	8,5 m
Puerto Rico:	8,2 m

Main customers and value of exports (EC$ million):

USA:	25.1 m
United Kingdom:	9.7 m
Trinidad & Tobago:	7.0 m

Tourism is one of the most important sources of the country's export earnings. The number of visitors to St Christopher & Nevis went from 14 764 in 1976 to 40 000 in 1984.

The people speak English and the rate of educational coverage is high.



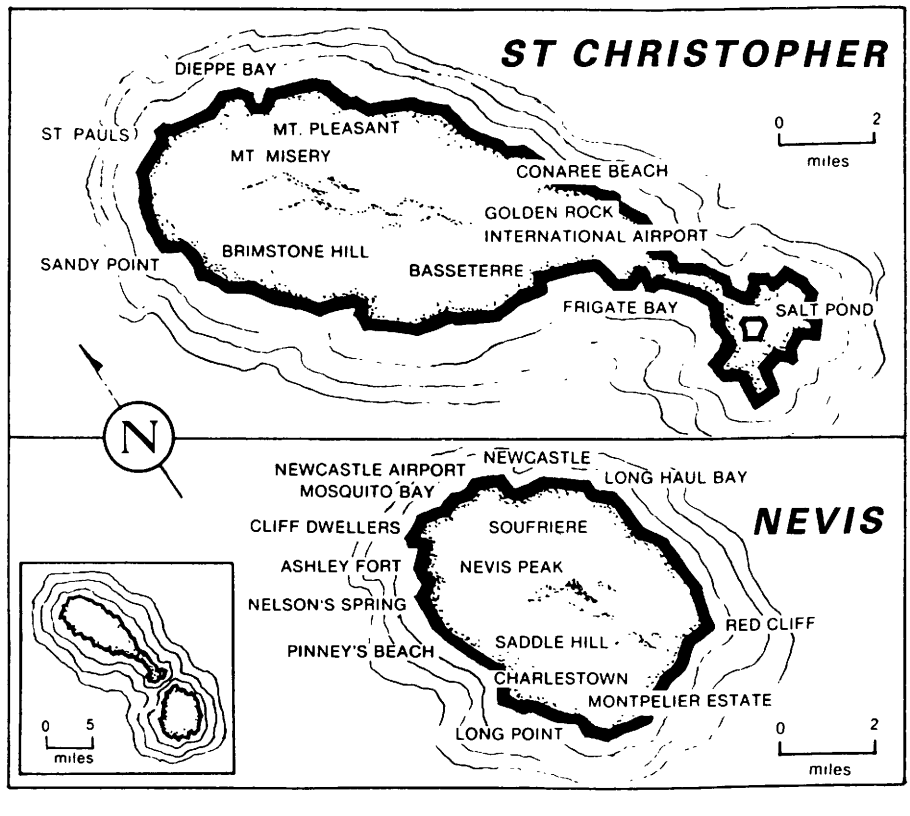
Technical training is extensive and the Government is persisting with this policy so as to make it easier for private industries to set up.

Communications, telecommunications and transport especially, are expanding fast too, with the same end in view.

Lastly, public health standards are good.

Political system: The country is a parliamentary one with two parties—the People Action Movement (PAM), which is Prime Minister Dr Kennedy Simmonds' party, and the Labour Party, now in opposition after governing from just after independence onwards. o

Source: Government documents.



Dr KENNEDY SIMMONDS, PRIME MINISTER

"There have been very important practical changes that we have made"

In the following interview with *The Courier*, the Prime Minister of St Christopher and Nevis explains government policy after one year in office.

▶ *Prime Minister, after two years of independence and one year of PAM government, how do you see the internal situation of St Christopher-Nevis?*

— After two years of independence, I think St Christopher and Nevis as a nation has established itself as a stable country which is coming to grips with the variety of problems which are facing it. You did mention that we are one year in government. It is one year in our second term in government and we are proceeding to carry out the programme of development started in the first term which basically is concentrated on diversifying the economy away from the monoculture of sugar and adding to the basically agricultural economy, light industry and the development of tourism.

▶ *What are your feelings or your main criticisms of the world market price system for sugar?*

— The main criticism I would make at this point is that the preferred prices that we get from these markets do not bear a proper relationship to the real costs of producing the commodity and we recognize and appreciate that the relationship is one which is designed for assistance and in that context we feel that it does not quite meet the needs which are generated by expanded costs.

We have to buy machinery from the developed countries yet when they buy our primary products they do not offer us the level of price support we need. We have no control over the prices we have to pay for machinery, agricultural inputs and so on. That is one of the main criticisms. I would also refer to the fact that the level of subsidy and support that they give to the growing of beet sugar in their own areas works to the detriment of us in the lesser developed countries.

The Courrier

Dr Kennedy A. Simmonds

▶ *Don't you find that the sugar protocol in the EEC-ACP cooperation framework helps you and other ACP producing countries to negotiate and obtain better prices for your sugar compared to the world market offer?*

— I feel that basically we are at a disadvantage in the negotiations and that enough credence and weight is not given to our representations and our viewpoint with respect to the setting of prices. This is the crux of the matter. We get technical assistance to assist in making the industry more efficient but the fact is that unless we can get better prices for the products then all of the other things will not have the maximum effect. Unless greater attention is paid to our requests for improved prices, then the real problems in the sugar industry in developing countries will not be addressed.

▶ *In terms of trade, wouldn't it be possible for you to sell your sugar to any ACP country where they don't produce enough or where they buy mostly beet sugar from Europe?*

— Speaking for St. Kitts and Nevis, there is absolutely no real merit in selling our sugar to other ACP countries because of the question of price. We get the preferential price from the EEC. We do get a preferential price from the USA for a certain quota. Outside of that it does not make economic sense for us to produce any more sugar to sell to any other market because the price is so low that it just magnifies the losses.

Remedy the consequences of the pound's instability as a medium for sugar payments

▶ *I understood you are a little bit unhappy with the fact that your sugar is paid for Pounds Sterling whereas you would like to get paid in US dollars?*

— The main reason is because of the instability at the moment of the Pound Sterling. It makes it difficult for us to plan as one does not know exactly what is happening to the Pound Sterling at the moment and in any case though the fluctuation seems to have reduced, the true fact is that the Pound Sterling has settled at a much lower figure than it was in the past. The result is that our revenue is significantly reduced because of that devaluation.

▶ *As far as the EEC is concerned, that is just implementing the Protocol...*

— I am aware of that. The answer is not necessarily to pay in US dollars but one possible approach might be to adopt a particular exchange rate for the purpose of the Protocol. If we say we had sugar pound for the purposes of the Protocol at an agreed level that is one possible solution. I think that the countries which export bananas have been making the same sort of request. It isn't so much a matter of the currency in which it is paid. It is a question of the exchange rate of the currency which we are using under the Protocol.

▶ *To change the situation is a matter of negotiation. Will you raise the subject at next negotiation round with the EEC?*

— I think that this is one of the points that is constantly being raised, certainly by the Caribbean countries. I am certain that the same would apply to the other ACP countries. This is a point of view that we will continue to push.

The OECS, a necessary grouping within CARICOM

▶ *Prime Minister, the Organization of East Caribbean States has become a powerfully-speaking force and appears to some people as a counterbalance to Barbados and to Trinidad & Tobago. What is your feeling about this?*

— I would hope to dispel that point of view very quickly. We do not see the OECS as a force so much against any of the other countries of the Caribbean. We see it as a necessary grouping recognizing the fact that those of us in the OECS, though we share the common problems of the larger CARICOM territories, because of our small size, have certain other peculiarities which are common to us as a sub-group and therefore we feel that it is in our best interest to work together and cooperate as a sub-group.

We recognize, however, that there is a greater strength in the strength of the wider Caribbean grouping and therefore we try, as far as possible, to make sure that our activities within the OECS will complement the growth and development of the CARICOM region as a whole and not that we would work at cross-purposes.

▶ *Nevertheless there are comments pointing to the OECS' increase in its capacity for imposing its views among the Caribbean countries compared to Barbados and Trinidad & Tobago...*

— I don't think that is the case. If we recall, we will realize that the CARICOM Treaty, the Treaty of Chaguaramas, makes special provision for the lesser developed countries and recognizes that the lesser developed countries, the smaller islands will require, in many cases, special treatment. It permits some adjustment and some variation and I think that really what we are doing in the OECS, is merely institutionalizing the concepts which were expressed in the CARicom Treaty.

▶ *The EEC Programming Mission has been in this region and about 72 million ECU have been made available for regional development. What do you think St. Kitts-Nevis will put forward as the main projects in the region within this programme?*

— On this question of regional programming, we have taken a decision to consult and work together in producing projects for our regional development. Such so that within that context we see programmes within the area of education, training facilities, agricultural marketing as high priority programmes for the regional basis. The expanding of University facilities into the non-campus territories for example is a matter of great importance. Development of communication between the islands, airline and other communications are equally important areas for regional programming.

AAA

A view of the business district of Basseterre, taking in the famous Circle and the Clock Tower

▶ *The United States seem to be very active here in this country, more than some other States or groups of States. The CBI seems to be more strongly implemented in St Christopher-Nevis. What has this American Caribbean Basin Initiative brought that has proved useful?*

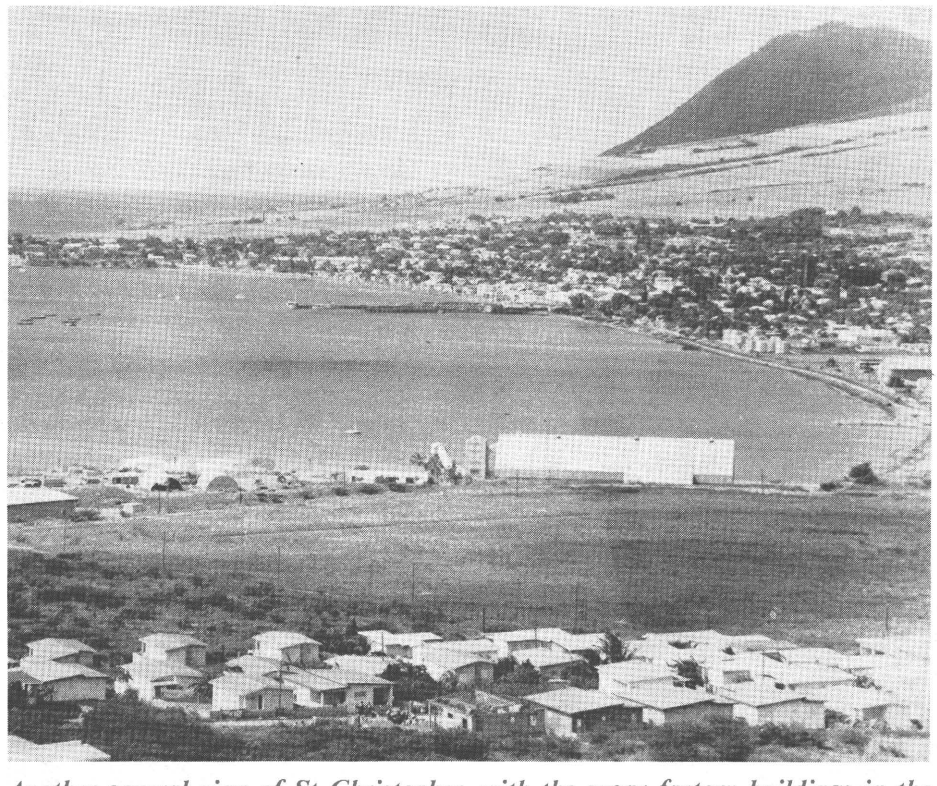
— I don't agree that the CBI is more strongly implemented here than in any other territory. In fact up until recently we have been holding very strongly that we have not seen benefits of the CBI here. At the same time we have made the point that we see it as a long term programme. It is a 12-year programme and we recognize that it takes time to develop. Some of the reasons why it would not have had an impact here as yet is because in some cases we did not have the manufacturing capacity as yet to make some of the things which are entitled to duty free access into the United States. I think we are improving along those lines, and quite recently we have been having discussions with Porto Rico to try and advance the concept of twinning in factories and this seems to provide a very good way to improve our ability to take up the provisions of the CBI.

CBI — 'I do not believe that we have had that heavy flow of entrepreneurs as yet'

So that as far as the trade aspect of the CBI is concerned I think in this preparatory stage the fact too that we are strongly supportive of the CBI, is what may have given rise to this misconception. We see it in the long term as a good means of generating employment and as a means of attracting investment to the country. We do not believe that we have seen the full impact of it as yet.

The CBI envisages that private enterprise and private entrepreneurs make investments in the Caribbean in order to take advantage of the legislative benefits which are provided in the United States so that a necessary prerequisite is for private entrepreneurs to set up factories, to invest money in order to take advantage of the benefits. I do not believe that we have had that heavy flow of entrepreneurs as yet but the provisions for them are there and there are two things that are essential: on our side that we must aggressively go out to seek for those entrepreneurs and attract them here and also that United States should make the conditions for these entrepreneurs attractive. We feel for example that the CBI legislation could not have exclusions. If there are no exclusions then different countries in the Caribbean can benefit from the CBI by producing different commodities and that is one of our criticisms of the legislation. But we feel that the original CBI legislation as envisaged by the President of the United States, would have more effect than the modified version which was passed by the legislature.

In addition, more and more local people are getting into various forms of investment. Certainly in the agricultural sector there has been more activity generated among local farmers in the production of vegetables, etc. We have local people in industrial development, local people getting into the hospitality industry, by getting homes for rental and guest houses in the hotel industry. So that we are seeing a lot of local activity. This is in addition to the foreign investment that we are trying to attract.



J.P. Hubley

Another general view of St Christopher, with the sugar factory buildings in the foreground

Secondly, whereas our predecessors concentrated very heavily on sugar as the backbone and the mainstay, we have recognized that the times have changed and sugar can no longer support the needs of the people of this country and therefore we have branched out very heavily into other areas, industry and tourism, and provided concessions to stimulate growth in those areas. I think that this is a significant and practical departure.

▶ *Back to the internal economic problems. I understood you strongly encourage private enterprise. But some opinions consider there has only been a different ideological attitude and not practical changes between the present government and the former labour one ...*

— I think that there have been very important practical changes that we have made. When we abolished personal income tax, for example, one of the things that it was designed to do and which it has done is basically to allow the local people to have more money to save or to invest. We believe that we have been seeing some evidence of the effect of this and that local savings in the banks have increased and the figures are available to prove this.

▶ *Prime Minister, you seem more optimistic than some private entrepren-*

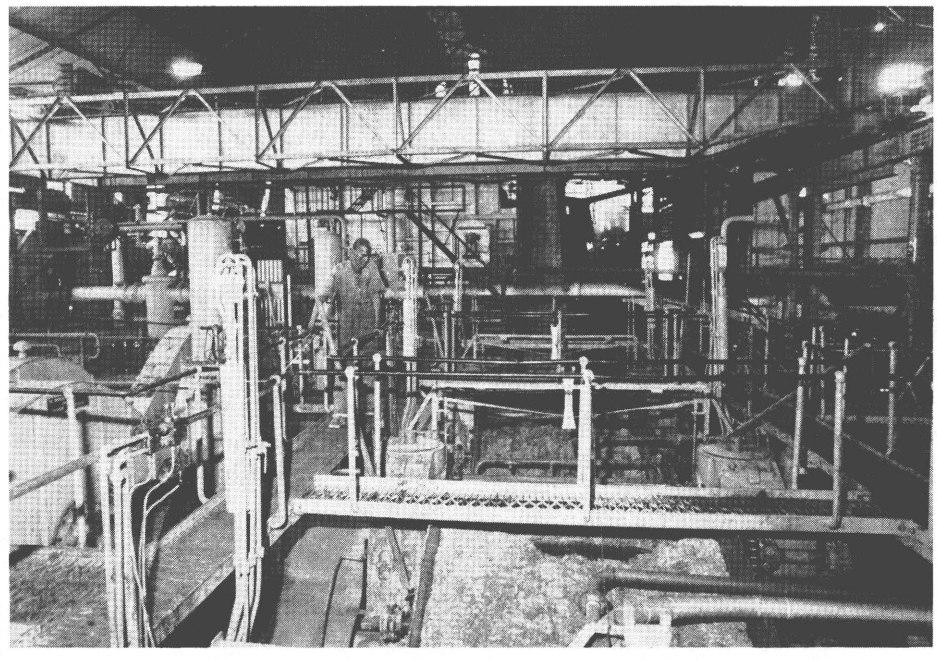
eurs, especially the Chamber of Industry and Commerce as far as fiscality is concerned...

— I am optimistic because I have a broad overview and a long-term vision of what is happening. I recognize that when one undertakes to change the whole base of an economy that it is a difficult, and painful process and sometimes a slow process. But in our case it is a necessary process and I do realize and appreciate that in the long run this change of the base in the economy is giving us a stronger foundation, providing greater stability and is creating the conditions in the country which will attract investment. I don't think that there can be any dispute about it but that the investment climate in St. Kitts and Nevis is high at this point in time and that it is stronger than it has been over the last 20 years.

▶ *One strong impression one has while visiting St Christopher and Nevis is that your government frankly seeks to increase cooperation links with the United States rather than with Europe...*

— Perhaps it is so in a sense but certainly not by design. I think it is merely because of geographical circumstances and historical factors.

Let me put it like this. Our people have been closely associated with the United States over the years. There has been strong migration to the US Virgin Islands. It has in fact played a part in the economic development. Remittances from abroad to this country have played a significant part in the economic development and in the financial situation of many individuals here and this has been going on from time immemorial, this interchange of people between, say, the US Virgin Islands and here. A similar interchange does take place between the United States and this country.



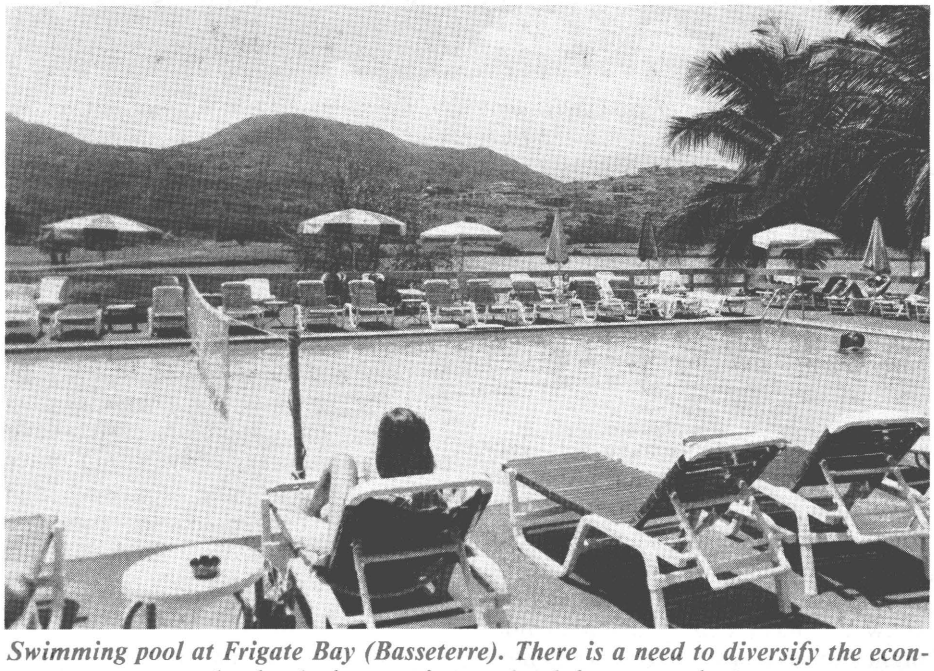
J. and P. Hubley

An interior view of the sugar factory. Though sugar cane created the wealth of the exporting countries, the decline in prices and production is causing some headaches

Now, you do not get that strong interchange of people between say European countries and ourselves. So that, although we have had this strong colonial tie with Britain, this is a relationship which in a sense has been at a more official level. But the relationship at a people- to-people level in our countries and the United States has certainly been stronger than between our countries and Europe. We now would like to establish close ties with Europe. We would like to improve our trade because the Sugar Protocol in the ACP-EEC agreement provides for improved trade between ourselves and Europe and we would like to do that. We are then working at an official level in the hope that results will be concrete and that our ties will be strengthened and improved.

▶ *Intra-ACP cooperation has become, in the view of the Europeans as well as the ACP countries themselves, one of the most important aspects of development. Do you also consider it as important as the other States do?*

— Intra-ACP cooperation is important. I think that the strengthening of the South/South dialogue and South/South cooperation is essential in that we can help each other and we can trade more with each other. In practice it does not happen a lot because of the limited communications between many of the countries and because of the great distances involved



The Courrier

Swimming pool at Frigate Bay (Basseterre). There is a need to diversify the economy by developing tourism and subsistence agriculture

in the Pacific countries on the other side of the world. We meet at conferences or at certain forums. But the facts of geography are what make that coordination a little more difficult; however certainly it is an objective which we should all set out to achieve because I think it can work out to the benefit of countries of Africa, the Caribbean and the Pacific.

▶ *Prime Minister, what are the main guidelines of your foreign policy?*

— The main guidelines of our policy are basically that we have a strong commitment to regional cooperation, to regional development. That is to the CARICOM and to the OECS. That is our first and strongest commitment. That we avoid interference in the internal affairs of other countries as far as is possible and that our relationships with other countries will have a strong bearing on our own needs, on our own economic development. I think those are the basic points actually.

'There is a strong affinity with and for the people of Africa'

▶ *To what extent do people of St Christopher-Nevis feel close to Africa?*

— In the sense of the realization of history I think people here have a very strong appreciation and recognition of their history, their heritage, of their roots. That was highlighted very significantly last year when we had the celebration of slavery abolition here in St. Kitts and Nevis.

Again because of that, we feel a strong affinity with the liberation struggles of the peoples of Africa. We have always come out strongly against the policy of apartheid in South Africa and we have spoken out on every possible occasion on it and we will continue to do so in support of the struggle of the black people of Africa for their freedom.

We have come out in support, too, of the independence of Namibia and we will continue to do so but not only at the official levels but at the people-to-people level. I think that there is a strong affinity with and for the people of Africa. o

Interview by
LUCIEN PAGNI

Hugh Heyliger, Minister of Agriculture

"We are pragmatic"

In the following interview with *The Courier,* the Minister of Agriculture, Lands, Housing and National Development describes the PAM government's economic development policy.

John & Penny Hubley

Cutting sugar cane in St Christopher-Nevis.
The government's aim: to reduce sugar cane's ascendancy by diversifying agriculture, and by developing small industries and tourism

▶ *Minister to whom do the lands here belong?*

— Presently most of the agricultural land, about 90% of arable land is owned by government. Previously, up until 1975, we had a situation where about six families owned all the arable land. As a direct situation resulting from our colonial past we had the foreign owners controlling the agricultural land, basically the sugar plantations.

In 1972 there were serious problems when the then owners were unable to repay the sugar harvest. The government at that time was asked to become involved; to assist and to rescue the sugar industry. In the mid-1970s when the sugar prices went up the owners were then asking to take back the lands but the government refused and retained ownership. Legislation was passed. However, the owners challenged the matter, took it to court and it was ruled unconstitutional and a series of appeals were made.

But in the interim the government changed in 1980 and we decided that we will sit down and negotiate because at the time the sugar prices went down and the owners showed no interest in getting back their lands. So we sat down and we negotiated and achieved a final agreement which gives government title where it will be paying a total of 22 million East Caribbean dollars to the owners for all the arable land in the country. Which is now putting the government in a position to embark on its programme of agricultural diversification.

We felt that the previous government made a major mistake in operating a sugar monoculture, recognizing the problems involving competition from Europe with beet sugar, and, second, the change in direction with

most of the confectionery industry where instead of using cane sugar they are using corn sweeteners and thirdly the change in technology. We had a plan put together. We had some assistance from the United Nations Development Programme and the FAO in putting together a programme to look properly at our agricultural diversification. We are hoping to go into non-sugar agriculture. Land use surveys were done with the assistance of the World Bank and we are now in the process of implementing that programme.

▶ *Do you now have the financial resources to compensate the former owners of the lands?*

— We secured a loan from the International Bank of Credit and Commerce to make the initial down-payment. There are a number of nationals who are interested in buying some land primarily to enter into housing. These are lands overlooking the Atlantic which are very high priced as far as we are concerned. So we are proposing to sell some of the land to these nationals and of course to some foreigners in Europe and in North America who are now retired and would like to build retirement homes here. These are lands which will not be going into agriculture. We expect to raise a substantial amount of money from that. The next phase we are expecting is from the agricultural production from which we will be able to raise some additional funds to make the final payments.

▶ *Foreigners, especially from America and Europe, are richer than the nationals. Wouldn't it be a matter of concern in a small country like this if they came to acquire more land than the nationals on a long-term basis?*

— That situation will never occur. Our policy is that we sell to nationals first. Secondly, foreigners will have to get a licence to buy land from government and we will only sell certain small areas to non-nationals; and even for our own nationals we have a limit to the amount that any single national can buy, recognizing our size and also that the large number of our people will never be able to buy any large portion of land. That is why I think that if both the government and the opposition are agreed on one thing it is that the lands must remain in public ownership.

Hugh Heyliger
"To secure the future of the young people of St Chrisopher-Nevis"

"Independent citizens can make a greater contribution to development"

What we are proposing to do with the lands for agriculture is to lease them to the farmers on a long-term basis. The thing is two-fold: the first is to give farmers some kind of mechanism whereby they can earn money as private individuals to make them more independent and not dependent on government. We feel that as long as we have independent citizens they can make a greater contribution and they will not be dependent on anyone. They will be able to put forth their view without fear of reprisals from the landowner. And secondly, while we want to ensure the leases, we recognize that we have to get into agricultural production seriously, to decrease our imports of food, save foreign exchange, and to improve the nutritional level of our people, as well as to export.

▶ *What are the main crops you intend to grow under the diversification programme?*

— Our agronomists are now in the process of defining those productions. We are doing it from a number of standpoints. We have set up a committee with agriculturalists and nutritionists and some private sector people. We are looking into our food imports at the moment to see exactly what is imported. We look at what we are importing and the nutrionists then indicate some of the crops which would help our nutritional level. The agronomists will determine if some crops can be really profitable in the country. That is the exercise.

There will be a seminar organized very soon by our local agriculturalists so that many of them who have done research will be presenting papers for discussion which we are hoping to use as a basis to assist us in this diversification programme. The thing is going to be looked at from a number of angles and we are proposing to do the whole exercise scientifically.

We have received some assistance from the FAO to set up a soil-testing laboratory to make sure that we grow crops in the areas that are best suited. The Republic of Taiwan has also given us some assistance. They have provided us some of their agronomists and engineers for the past three years. They have provided us with equipment and technical assistance, and some financing to get the programme going. We are also receiving some assistance from the Caribbean Development Bank for equipment because what we are proposing is to make agricultural equipment available to the small farmer for land preparation. The government considers the farmers should have the best and most up-to-date technology available, so when they embark on the agricultural programme the whole mechanism will be profitable to them.

▶ *What is the future of sugar production in St Christopher-Nevis?*

— We are in the process of restructuring the industry. Instead of having a factory site for processing and a field site, we are proposing to merge them into one sugar company. We recognize that because of the employment factor

at least 30% of the labour force is employed in the sugar industry—we have to continue with it and besides we have our commitments in Europe and in the United States.

What we are proposing is to produce just enough for our guaranteed markets, local consumption and our regional obligations. We hope also to use the by-products. There is a project which is being looked at by the Caribbean Development Bank, in respect of using bagasse for energy, whereas the molasses would be used in our livestock development programme. We have a number of different ways of using our sugar, the end-product being not only sugar for consumption but also a number of by-products where we hope to see exactly how we can use them to make the industry more profitable.

"To begin training young farmers from elementary school"

We are also proposing to introduce irrigation to increase the yields so that we can decrease the acreage, maintain the output, and this reduction in land will then be made available to small farmers towards whom our programme will be geared. We do not want to get into a large-scale farming system. We prefer to get young people involved in smallholder farming. We will give them between two and five acres and when it is leased then they must operate it as a farm. If it is left idle then they forfeit the lease.

The Ministry of Agriculture recently gave five acres of land to the Ministry of Education for a school farm. We are proposing to begin training young farmers from elementary school on in the hope that a substantial number of them become farmers.

▶ *Apart from training, what are the other incentives you offer to these young farmers?*

— We provide them with technical assistance through our Extension Division. We provide financing through the Development Bank on concessionary terms. We also try to secure the markets. We have a market in cooperation where we try to ensure that local produce is made available to the hotels who are only allowed to import commodities that are not available locally. We also try to make contact in some of the neighbouring islands which cannot produce good products because of the soil conditions, etc. We are looking at those markets as well. The extension people try to advise the farmers as to the kind of crops they should grow. We are therefore doing it from a number of different angles.

▶ *As far as sugar by-products are concerned, Guyana for example has a certain experience in the field. Do you see any relevant cooperation with that country?*

— We always try to secure assistance from our neighbours. The Caribbean Development Bank actually undertook the whole programme with respect to the energy with the use of bagasse and I think their experiences in Barbados and other islands where something similar was tried. The expertise which was available in the region was considered and it was done on a regional basis rather than in-house from the Caribbean Development Bank through the Technology Unit.

▶ *What does the land reform consist of?*

— When we look at the land policy, our technicians, environmentalists, etc. will go into a zoning programme where, for example, we are selling some high-priced, most exclusive areas to ensure that some of the low income people will be able to own a piece of their country. The Government itself is putting together some housing programmes. Small lots are being allocated and the government will build houses under a hire-purchase arrangement where people will pay a rental towards owning the houses they occupy.

There is another mechanism we are using to ensure nationals who are able to buy only a half acre will not be left out of the ownership of land in the country. Depending on the income level, the government will provide the land, build the house and the tenant will be given 25 years to pay.

Some people may die before the 25 years is up, but their children can inherit the land. You have cases where the government will not build houses. They will simply make the land available and through the Development Bank one can get the financing on mortgage to build the house. The upper income level people would have to go to the commercial banks for financing.

"When people don't have access to land, there are serious problems"

▶ *You said that the government and the opposition agree on the fact that the country should own the land. Isn't that contradictory to your political philosophy?*

— When I said that I was looking at the agricultural land, I don't think it is contradictory. One has to look at the history of the land ownership in the country and, as you alluded to with one of your questions, the possibility of certain people who have money buying up large areas of land at the expense of other people, so that when it comes to the agricultural land in the country, it must be owned by the State. When we are looking at the land per se in the country, it is basically for production purposes and what the government will do is, even though it owns the land, it will give long-term leases of about 30-40 years. The bottom line is that the land is owned by the country. If it is sold it would be sold to a national. If the national sold the land to a foreigner, the foreigner would still have to go to the government to buy it. These are controls but it is the way to look at the arable land for generations to come. One must ensure that those people have land and that we don't get into the situation where we have a plantation system where things were handed down from slavery into colonial times which we are now getting out of. These are some of the things which in the long term can lead to instability in the country because when people don't have access to land there are serious problems, particularly when the land is owned by a small group of persons.

▶ *What about national development?*

— We suffered tremendously because of the sugar monoculture and the country moved according to the sugar prices. We are doing an economic diversification programme on four basic segments of our economy. As I indicated, in agriculture we are now diversifying within that sector itself.

The Courier

Developing artisanal production to improve tourism prospects—like batik work by "Caribelle Batik", which produces 20 000 yards of cloth every year, most of which is exported throughout the Caribbean

We are looking at tourism development where we are trying to attract foreign investors into, say, building hotels, but in that programme there are certain areas of the tourism development programme which are reserved for local people where foreigners will not be allowed to become involved, for example, restaurants and some types of services, which are provided to service the tourism plan. These are left to the locals and we will not grant licences to foreigners for some areas because we feel our people must participate.

Developing human resources to meet the challenges of the economic diversification programme

We believe development can only be meaningful when the people of this country see themselves as being a part of it. We are also looking at industrial development. The government works very closely with the local private sector through the Chamber of Commerce with respect to tourism and industrial development.

The fourth area is human resources development. We recognize that if we do not train our human resources and develop proper programmes to gear our people to enter the tourism market or the industrial sector, our people will be just like chattels in their own country. We will have to train them to be technicians, managers, so that they can fully participate at all levels.

We are developing our human resources to meet the challenges of this economic diversification programme and to date we have seen some success because we are one of the most stable states in the region to the extent that sometimes we are overlooked because we are so quiet and we are able to attract quite a number of foreigners for investment purposes.

▶ *Listening to you, one wonders whether one would qualify your policy as socialist, capitalist or pragmatic?*

— We are pragmatic. As the Prime Minister always says, we don't get into ideology. At the end of the day we see the development of the people and we look at all segments of society, especially the small man, the man on the street. Because we recognize that the person who has money can take care of himself while the small man on the street is the one we have to ensure has a bright future. We are more or less bread and butter and we do not get caught up in ideology. We say our programmes must be geared to meet the needs of the people and we look at development in the context of the government ensuring that proper health care is available to all citizens, nutritional standards are improved and education provided.

We must have proper income distribution and proper housing. These are some of the things we measure our development by. We look at how we can undertake policies to make an impact on the citizens to ensure that their whole growth and development is moving and we use the yardstick of health care, education, income distribution, nutrition and housing to determine if we are meeting the needs of the people.

▶ *To what extent does St Christopher and Nevis as a whole agree on this policy?*

— We have been expanding our programme for a number of years. In 1984 we won 6 out of 8 seats. When you look at the percentage of those who voted for us—in my constituency for example I got 63% of the votes cast—I think that should give you an example of how the people are quite satisfied with how we are going on. There will be some people who, no matter what the government does, will always be opposed to it. Some of them will even tell you. A man made it quite clear to me, he said that he realized that we were doing good things but he came from a family which supported the Labour Party and even though he knew that they were not good he voted for them because that was the traditional thing to do.

The general consensus is that the government is genuinely concerned with the development of the people rather than looking at per capita incomes and things which are meaningless. The people recognize this and if one looks at our realizations one sees exactly what we have achieved in a four-year period and where we intend to go. The result of the election will show that we have made a tremendous impact on the people and that there is tremendous goodwill. ○

Interview by
L.P.

Cooperation with the European Community (1)

Until its accession to the Lomé Convention in 1984 as a newly-independent state, St Christopher and Nevis was numbered amongst the Overseas Countries and Territories (OCT) having special relations with the European Community.

European Community development cooperation with St Christopher and Nevis began in 1976, when, following the signing of the First Lomé Convention in 1975, an analogous arrangement for the OCT (Council Decision No 76/568/EEC) simultaneously came into effect. Under this unique cooperation agreement the OCT benefitted through preferential trading arrangements with Europe, financial and technical assistance and other instruments of cooperation available through the IVth European Development Fund (EDF).

Likewise, coinciding with the coming on stream of the Second Lomé Convention, Council Decision No 80/1186/EEC came into effect making available through the Vth EDF increased financial and technical resources and other forms of assistance to the OCT, including St. Christopher and Nevis.

St Christopher and Nevis is now one of the 66 ACP states signatory to the Third Lomé Convention, which was signed in December 1984.

With a population of some 44 300, St Christopher and Nevis has benefitted to date from an estimated EC$ 11 million (2) for national projects from EDF resources. This is in addition to important benefits through the EDF's regional programmes (totalling approximately EC$ 180 m under the IVth and Vth Funds), notably in the fields of agriculture, education and training, trade promotion, tourism development and sea and air transport.

Under the new Lomé III Convention St Christopher and Nevis has been allocated some EC$ 6.0 m to be made available under the VIth EDF. In addition, funds for regional projects, new and improved trade and other provisions, as well as more streamlined procedures, will contribute to the development efforts of St Christopher and Nevis.

In the field of trade, virtually all products originating in St Christopher and Nevis have duty- and quota-free access to the European Community market of some 270 million consumers. Some 15 000 tonnes of St Christopher and Nevis sugar (approx. 50% of total production) enjoys privileged access to the Community at guaranteed prices which are often as much as double the price obtained on the world market.

At the end of 1984 the Commission opened a new sub-office in the Leeward Islands (Antigua-Barbuda) with a view to improving relations further with St Christopher and Nevis and the other countries in the Leeward Island grouping.

Cooperation under EDF IV

The major European Development Fund investment during the IVth Fund was the reinstatement of some 57 km of the main ring road around the island of St Christopher at a cost of EC$ 2.76 m. Following a call for tender, the works contract was awarded to COLAS of Martinique while preparation of the design and tender documents, and supervision, was undertaken through technical assistance funded by the United Kingdom Government. The project comprised the upgrading of a major part of the main road system on the island, including the main ring road, the access road to Frigate Bay Tourist Centre and the streets of the capital, Basseterre. Project execution was most satisfactory from a technical and financial point of view; indeed, implementation estimated to take one year was completed ahead of schedule.

The various sections of the new road progressively entered service in the summer of 1980. The investment has made an important contribution to the lowering of both vehicle operating and road maintenance costs. Commercial traffic, private vehicles and tourist traffic all benefit from a greatly improved road system. Since coming into service in 1980 the road system has been generally well maintained with routine maintenance being carried out four times a year by the Department of Public Works.

Finally, under the IVth EDF, Government commissioned a number of short studies (EC$ 418 000) including a study of a proposed South-East Peninsula road, navigational aids, livestock and food crop production and industrial development. These studies were, in the main, to form the basis for the presentation of projects to the international donor community.

Cooperation under EDF V

Under the Vth Fund St Christopher and Nevis was allocated EC$ 4.4 million. This was supplemented later by a further EC$ 1.4 million, bringing that country's total available Vth EDF resources to EC$ 5.8 million.

The implementation of the programme, however, experienced some delay, mainly associated with the change of status by St Christopher and Nevis from OCT to ACP State. Having gained independence in September, 1983, St Christopher and Nevis acceded to the Lomé Convention on 5 March 1984 thereby becoming the 64th member of the ACP group of States.

The Vth EDF National Indicative Programme for St Christopher and Nevis was approved by the European Community Member States in October 1983 and later amended in August 1984 at the request of the St Christopher and Nevis authorities.

Since that time, notwithstanding earlier delays, considerable progress has been made during the past year vis-à-vis the three priority projects presented for funding:

(1) **St Christopher Electricity Supply.** This project comprises mainly the supply of cables, sub-stations and transformers. Equipment is being procured following an international call for tender. Tenders were opened early in October, 1985 and these are now being adjudicated. The amount earmarked for the project is EC$ 2 644 000 comprising

(1) Article provided by the Delegation of the Commission of the European Communities in Barbados and the Eastern Caribbean.

(2) 1 East Caribbean dollar (EC$) = approx. ECU 0.5 as at September 1985.

EC$ 2 138 000 special loan (3) and EC$ 506 000 by way of a grant. It is anticipated that the project will contribute greatly to the reliability of the electricity supply, notably around the capital, Basseterre, and the surrounding area.

(2) **St Johnston's Village Primary School.** The existing school at St Johnston's in the North-West of Basseterre will be replaced by a new 16-classroom complex to accommodate over 500 pupils. The project amount of EC$ 1 668 000, all in grant form was approved in July 1985 and an accelerated tender procedure is now under way. Works are expected to start before the end of 1985 and it is hoped that the new school will open late in 1986.

(3) **Nevis Water Supply.** Funding amounting to EC$ 1 500 000 all, in grant form, was approved in February 1985. The objective of the project is to improve the supply of water to homes in the Charlestown area and surrounding districts. Tenders were opened early in October. 1985 and these are now being examined by the authorities. Works are expected to commence later in 1985 under the supervision of technical assistance being funded by the United Kingdom Government.

EEC - St Christopher and Nevis cooperation

	EC$	Total EC$
EDF IV		
Reinstatement of Ring Road	2 760 000	
Technical assistance/studies (rural development, transport sector, industrial development)	418 000	3 178 000
EDF V		
St Christopher Electricity	2 644 000	
St Johnston's Primary School	1 664 000	
Nevis Water Supply	1 500 000	5 812 000
European Investment Bank		
Loan to increase Government's share in capital of the Development Bank of St Chrisopher and Nevis (DBSK-N)	700 000	
Loan to DBSK-N for onlending to small and medium-sized entrepreneurs	1 300 000	2 000 000
Sub-total — National Programmes		10 990 000
EDF VI		
Programming under way		6 000 000
Total — National Programmes		16 990 000
Regional Cooperation		
Regional EEC-financed projects from which St. Christopher and Nevis derives particular benefits. (EDF IV and V Regional Programmes for the Caribbean total EC$ 176 million)		
• University of the West Indies		28 000 000
• Caribbean Tourism Research and Development Centre and Caribbean Tourism Association		18 400 000
• West Indies Shipping Corporation (WISCO)		12 600 000
• Leeward Islands Air Transport (LIAT)		11 500 000
• Regional Trade Promotion		4 850 000
• OECS Common Services		2 400 000
• Training in Enviromental & Allied Health		2 230 000

Cooperation under EDF VI (Lomé III)

St Christopher and Nevis signed the Third Lomé Convention on 8 December 1984. The signing, which took place following more than one year of, at times, difficult negotiations, marked the beginning of a new era of cooperation between the 10 European Community Member States (population 270 million) and the 66 ACP States, (population 368 million).

Under the new Lomé Convention, St Christopher and Nevis was allocated an amount of EC$ 6.0 m, of which 5.0 m would be available as a grant and 1.0 m as risk capital. These funds, which are placed irrevocably at the disposal of St Christopher and Nevis, will be supplemented by funds earmarked for regional cooperation. The Indicative Lomé III allocation for regional projects for the Caribbean region has been set at EC$ 144 m. In addition, new forms of cooperation from which St Christopher and Nevis might benefit are introduced in the Third Convention, such as provision for investment guarantees, improved trade and industrial development provisions and recognition of the importance of the development of shipping.

The Commission, through its delegation in the Eastern Caribbean, has already commenced a detailed exchange of views with the Government and it is envisaged that by the end of 1985, agreement will be reached on the focal sector for future EDF intervention in St Christopher and Nevis.

European Investment Bank (EIB)

In 1983 the European Investment Bank approved a loan for EC$ 2.0 m for St Christopher and Nevis. The financing, drawn from risk capital resources, provided for:

— One loan for EC$ 700 000, for a term of up to 25 years and at a rate of 2% to enable the Government to subscribe to the increase in the capital of the Development Bank of St Christopher and Nevis (DBSK-N), which was recently created and whose share capital is entirely owned by the state.

— A second loan for EC$ 1 300 000 to DBSK-N (for 12 years at 6.5%) for onlending for investment in small and medium-sized investment projects in the industrial and tourism sectors selected in consultation with the EIB.

Regional Cooperation

St Christopher and Nevis, a member of the Organisation of East Caribbean States (OECS) and the Caribbean Community (CARICOM), can benefit considerably from the EEC's regional programmes for the Caribbean. Under these programmes, the Community made available EC$ 52 million under EDF IV and EC$ 124 million under EDF V, in support of economic development and regional integration see table). o

(3) Special loans for the LDCs are spread over 40 years with a 10-year grace period; the interest rate is 0.75% per annum.

Harare—2nd Special Council on intra-ACP cooperation

A TIME FOR REALISM

The special ministerial conference on intra-ACP cooperation held in Harare (Zimbabwe) on 21-25 October was not the high-church ritual to the glory of South-South cooperation, with lyrical outbursts on solidarity and exchange between the developing countries, one might have feared.

But it could easily have been so in that setting, in the magnificent conference centre and adjacent hotel complex that will have cost the tidy sum of Z$ 65 million by the time they are completed. Could there be any lovelier altar at which to worship than this gilded aluminium sanctuary that the ACP Ministers were the first to use? It could easily have been so in that region, southern Africa, eaten away by the canker of apartheid, the hated policy that has so long attracted impassioned condemnation and generated outpourings of solidarity with its victims. And there was the tradition too, of the Georgetown Agreement that set up the ACP Group and the Suva Declaration on intra-ACP cooperation and the Action Programme of Montego Bay, that would have it that meetings of this kind had to have their firm political declarations on South-South cooperation.

Although the Ministers did seem to devote a moment to this ritual at the opening session—speeches by Zimbabwe's acting Premier Simon Muzenda, ACP Council President Imro Fong Poen (Suriname) and Kenya's Robert Ouko, one of the founding fathers of the ACP group, had their moments of high emotion—they soon came down to earth. In the name of realism, the leitmotiv of the discussions, the Council rejected the first version of the Harare Declaration on intra-ACP cooperation as containing a catalogue of measures that was too big, too general and had not been studied properly.

D. CHINAMO, Ministry of Information, Zimbabwe

Mr Muzenda (in light suit, centre), Zimbabwe's acting Premier, opens the conference, with (left to right) Kenyan Ambassador J. Nyagah, Chairman of the Sub-Committee on intra-ACP cooperation, R. Ouko, the Kenyan Minister of Planning and National Development, Z. Mongo So'o, Head of the ACP Committee of Ambassadors, Imro Fong Poen (Suriname), President of the ACP Council, and Edwin Carrington, ACP Secretary-General

Yaovi Adodo, Togo's Minister of Planning and Industry, said the Declaration was only an exegesis of the Montego Bay action plan—hence he urged his colleagues to turn their backs on the magic of language and the seductiveness of words. The recommendations put to the Ministers on the six key areas (transport and communications, the creation of ACP enterprises, development financing, the transfer of technology and culture) had their faults, it is true, especially when it came to formulation. But that was because of the way they had been drawn up, by the meeting of experts from regional and sub-regional organizations in Harare immediately before the ministerial session began and without the Committee of Ambassadors having time to discuss and amend them. And the ACP Secretariat-General, as its head, Edwin Carrington, pointed out, was structurally weak and had been unable to give all the support necessary for the defining of ACP cooperation.

Also in the yellow pages

D. CHINAMO, Ministry of Information, Zimbabwe

A view of the Council

Volte-face

But these recommendations were still in line with resolutions adopted over the past seven years in Bangui (transport and communications), Nairobi and Lomé (trade), Brussels (technology and cultural cooperation), Addis Ababa and Paramaribo (air transport—see page 9). Hence the importance of the ACP Council decision to move away from proposals of this kind, for it represents a turning point, a veritable volte-face, on its part. The ACP Ministers wanted to call a halt to the litany of generous resolutions, some of which are destined to remain pious hopes in view of the inadequate financial means of their countries, and attempt to define targets that were less ambitious but within their scope. It was this that made Edmond Nomo-Ongolo, the Cameroonian Trade and Industry Minister, say that the Harare meeting was one of the most satisfactory he had attended.

He was the first to call for greater realism and the listing of a minimum number of priorities that took ACP means into account. Abdourahmane Touré, the Senegalese Minister of Trade, agreed with this, saying that the countries that were having to cope with the world economic crisis were realistic and rejected anything impractical, particularly proposals that were beyond their budgets—which is why he thought they should have modest aims to begin with and base themselves on an analysis of the reality of each of the countries.

And this reality, said Joseph Ahwa Larea, Ghana's latest Ambassador to Brussels, already includes a hefty dose of regional cooperation, although there are joint ventures such as CIMAO, the West African (Togo-Ivory Coast-Ghana) Cement Works, that are in difficulty. First of all, he said, they should have discussed what lessons could be learnt from the problems encountered by the ACP regional institutions and the means that could be used under the Convention to solve them.

A mechanism for consultation

These regional organizations, obligatory go-betweens in ACP cooperation, came up a lot at Harare and, as Imro Fong Poen, Suriname's Minister for Transport, Trade and Industry, said, "their particular expertise and knowledge of the special problems peculiar to their sub-regions or regions is indispensible for finding the best approaches to realize our objectives". But a number of delegates regretted the fact that no critical summary of their action was available, while others, Kenya's Planning and National Development Minister Robert Ouko, for example, wanted them to make greater use of the funds the Convention provided for regional cooperation. Ouko also wanted to see more links between the organizations.

This was also the opinion of P.W. Bune, Fiji's Ambassador to Brussels, who felt that a more pragmatic approach would be to strengthen the regional organizations and run more meetings in each ACP region to facilitate this cooperation. OAU representative Libère Buzingo, one of the 15 observers at the meeting, thought it was vital to set up a system to coordinate the different regional and sub-regional organizations and the ACP Secretariat-General.

In view of all these remarks, criticisms and suggestions, the Committee of Ambassadors was invited to take another look at the question and make

realistic proposals to the Ministers at their next meeting, scheduled for Bridgetown (Barbados) in April 1986. This new action programme would have to be drawn up after lengthy consultation with the ACP regional and sub-regional institutions, particularly in the matter of data collection.

Where to find the money?

The ACP Ministers, who repeated their commitment to the development of horizontal cooperation between their countries at Harare, were still fairly discreet about the financial implications. Financial matters were brought up, but only to say that the ACP States did not have the funds they needed and that Lomé regional fund credits should be better and more fully mobilized, and this led Cameroonian Minister for Trade and Industry, Edmond Nomo-Ongolo, to say that the ACPs wanted other people to finance their cooperation, which he did not feel was realistic. And it was completely unrealistic and even contradictory to plan to expand the ACP Secretariat-General so it could coordinate intra-ACP cooperation better if it were to be denied the extra finances that would be required to do this. But that was what the ACP Delegations had done when they insisted on freezing their contributions for two years in the debate on the Secretariat budget. Where was the money to come from? Edwin Carrington, later to be appointed Secretary-General of the ACP Group, thought Lomé III resources could be used for a fund to implement ACP cooperation under the responsibility of the Committee of Ambassadors.

But is it politically acceptable for the ACPs, who are anxious to distinguish themselves from the Community, to get the latter to cover most of the costs of their cooperation? And can the Group remain unscathed while seeing the level of representation of its delegations drop at ministerial meetings even when there are very important points on the agenda? Only 19 countries sent Ministers to Harare. These questions have yet to be answered. However, at this second special ministerial session on intra-ACP cooperation in Harare, the ACPs "avoided driving a car with an empty tank", as Zaïre's Commissioner of State Lengema Dulia put, it and, since they gave themselves until April to define precise, realistic objectives for their internal cooperation, how to finance these actions has to be an integral part of their thinking. o

Amadou TRAORE

Edwin Carrington, new ACP Secretary-General

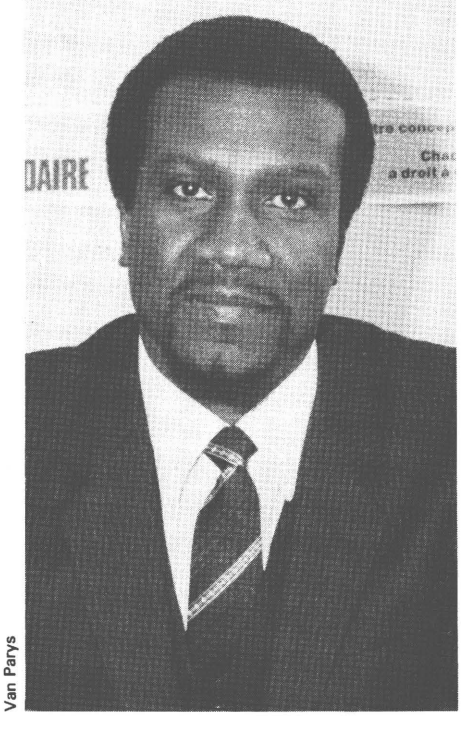
ACP Ministers held their 39th ordinary session alongside the special Council on intra-ACP cooperation. The Council was unable to reach a decision on some of the 20-odd items on the agenda and so invited the Committee of Ambassadors to go on looking at them and to report back. The outstanding questions include administrative and financial questions, such as examination of the next budget, reorganization of the Secretariat and revision of the Georgetown Agreement.

However, the Ministers did proceed with the appointment of the new ACP Secretary-General, an item that had come up on the agenda twice before. This time it was not like Lomé or Brussels, as the Congolese candidate withdrew and there was only one remaining candidate. Edwin Carrington had come well in the lead in all the other votes at the two previous sessions and was now appointed to the post by a consensus. Mr Carrington paid tribute to his Congolese challenger, saying that he had no other wish than to serve the Group—something he felt to be worth every sacrifice.

Before the appointment, there was a debate on the system of rotation of presidents on the ACP Council, a long-standing issue. The African countries think that, in view of their number, the present formula (Africa, Caribbean, Pacific) puts them at a disadvantage in relation to the other two regions in the Group which have been very reluctant about change so far. Matters evolved considerably at Harare. The Council agreed to re-examine the question of rotation with a view to ensuring greater fairness between the different regions and invited the Committee of Ambassadors to take this in hand and to make recommendations to it at its next meeting.

Moral support and effective aid to southern Africa

The last big topic at the 39th session of the ACP Council of Ministers was the situation in southern Africa. It was introduced by Mr Mwako, Botswana's Cooperation Minister, who began by painting a very detailed picture of South African aggression against the Front Line countries and the consequences on their economies of sanctions against the country of apartheid. He then said that the region needed moral support and proper assistance. A number of practical proposals were made during the general debate, in particular by Mr R. Johnson, the Liberian Ambassador to Brussels, who suggested setting up an ACP fund to help the victims of apartheid and all those who were fighting to get the system abolished. He also proposed telling the Community of the ACP's desire to see the Lomé III emergency fund opened wide to victims of repression in South Africa. o



Van Parys

THE CONVENTION AT WORK

VISITS

The President of Rwanda in Brussels

On 19 September, Juvenal Habyarimana, the President of Rwanda, made his fourth visit to the Brussels Commission since 1980. The talks he had with President Jacques Delors and Vice-President Lorenzo Natali centred on the forthcoming Lomé III programming, the tin-mining crisis and progress with bilateral cooperation under Lomé II.

Rwanda, one of the least developed countries of the world, has one of the highest population densities in Africa, with its 5 800 000 people, 95% of them rural dwellers, living on a 26 300 km^2 of land. The smallness of the country and the fact that all the arable land has been used mean that a policy of agricultural intensification has to be run to feed the people, who are by no means sure of a regular supply of food.

So, for several years now, the Government has been applying a food strategy intended, as President Habyarimana himself says, to become a proper framework for Rwanda's development drive and, in this talks at the Commission, he reaffirmed the fact that his country had to pursue this strategy—which the Community was to continue to encourage and support under Lomé III.

EEC/Lambiotte

The Rwanda President with Jacques Delors, President of the Commission and Michel Hauswirth, Deputy Director-General for Development

The Community confirmed that any Sysmin intervention in the industrial and mining sector could only be envisaged later and if coherent rationalization had been undertaken. The President said he was pleased at the volume and and quality of the cooperation between his country and the Community.

EEC/Lambiotte

Miss Charles meeting Commissioners Andriessen (right) and Natali

• Dominican Prime Minister visits the EEC

Eugenia Charles, the Prime Minister of Dominica, called at Brussels on 3 October, en route to IMF and World Bank meetings in Taiwan and South Korea. She told the Commission she intended to open a Dominican representation in the EEC, discussed cooperation with the NGOs and met the ACP Committee of Ambassadors.

This representation, which will also have Member State accreditation, should enable Dominica to strengthen its relations with the Community, in particular in non-Lomé fields.

Miss Charles told the Europeans that her first priority as far as cooperation with the NGOs was concerned was to create a community youth centre at Roseau soon to help the young unemployed by offering physical and cultural activities and prevent them hanging about the streets and taking to drugs and delinquency. The centre, comprising one or two buildings and various sporting facilities, is estimated to cost ECU 500 000 and entrance fees will go to finance other, similar centres elsewhere in the country. The Development Directorate-General will be giving Dominica a list of the NGOs most likely to set up a centre of this kind.

During her visit, Miss Charles ex-

pressed her satisfaction at the cooperation between her country and the Community on a number of occasions—not just because Lomé II and III funds have been fully committed and the Lomé III indicative programme was signed so early, but also because of her excellent personal relations with the Delegation. She also said that Dominica could never have survived the two hurricanes that struck her country in the early 80s without massive help from the Community.

• Lorenzo Natali goes to Gabon and Sao Tomé & Principe

Lorenzo Natali, Commission Vice-President in charge of Development, made an official visit to Gabon and Sao Tomé & Principe on 9-14 October.

These two countries are at first sight very different. Gabon is vast, economically prosperous and has a positive trade balance (largely thanks to sales of oil, which accounts for 85% of its export earnings) and Sao Tomé & Principe is relatively isolated, has a population of barely 100 000 people, few natural resources and a declining economy that depends on virtually one crop, cocoa. This is perhaps where a similarity between the two countries lies, in the predominance of one product. But Sao Tomé & Principe was a prosperous country even 20 or 30 years ago thanks to its cocoa exports (it was the world's biggest cocoa exporter at the beginning of the century), while Gabon now has to start preparing for the post-oil era.

This was the focus of talks between Natali and Gabonese President Omar Bongo and various Ministers. Gabon not only has a fluctuating dollar to contend with in its oil trade, but in the long term, there is a potential economic decline to avoid once its oil resources have been used up. President Bongo mentioned the possibility of coping with changing dollar rates by using a European currency, say the ECU, that was less likely to vary so much. The post-oil era, he thought, would revolve around manganese, iron and timber (currently the country's second export product) and the Community was already involved in the Ekouk reafforestation project—Lorenzo Natali was able to visit this—which reflects this long-term view of things. But agriculture will be important too. Gabon is a land of forests. There are currently few farmers and poor communications hamper the marketing of produce, so, as President Bongo emphasized, greater agricultural production is not just an economic problem in socio-political terms. It is also tied up with the urban environment and the countryside. Here again, the Community is involved through the Fernan Vaz Lagoon food crop project—the Commissioner visited this one too—which has already proved that the rural exodus can be stopped and young people even encouraged to go back to the land. The success of such projects, which are cheap when compared to mining schemes, can trigger others and have a direct impact on a large part of the population that has not done so well out of the oil boom.

In Sao Tomé & Principe, Lorenzo Natali met President Manuel Pinto da Costa and several of his Ministers. The Community's involvement in the islands so far has mainly been in agriculture, with the idea of meeting the people's food requirements (refrigeration facilities for the fishing industry and assistance with growing oilseed crops). But a lot of attention has also been paid to breaking down the country's isolation and encouraging regional cooperation in trade, fisheries and sea transport.

The President also talked to Mr Natali about the Round Table of donors (the UN plans these for all the least developed countries) which is scheduled to be held at the Commission in Brussels on 9-11 December. The STP authorities have asked the Commission to organize this Round Table (the first of its kind to take place outside the country concerned and outside UN premises) which they feel to be of decisive importance for the economic future of their country. During the exchange of views, President Pinto da Costa also stressed the importance of greater cooperation between the five Portuguese-speaking countries (STP and Angola, Cape Verde, Guinea Bissau and Mozambique), saying that the Community was to be asked to assist with this.

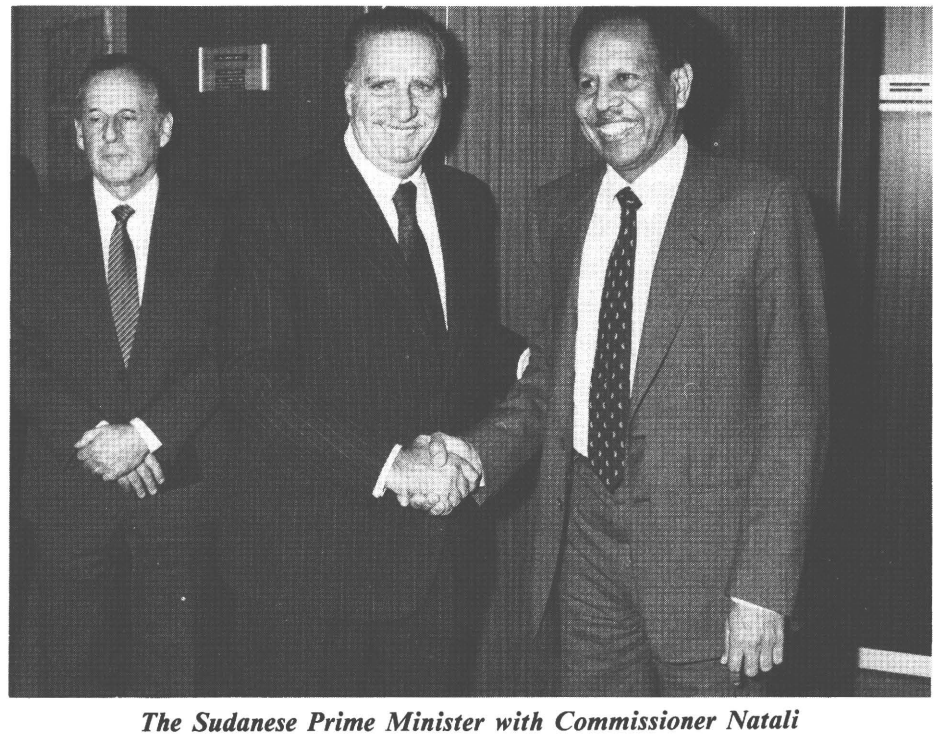
• Sudanese Prime Minister at the Commission

Dr Dafalla Elgizouli, the Prime Minister of Sudan, and Sayed Ibrahim Taha Ayub, the Minister for Foreign Affairs, visited the Commission at the end of October, where they were received by President Jacques Delors and talked with Vice-President Lorenzo Natali.

The Prime Minister thanked the Community for the substantial amount of help provided during the recent serious crisis his country had been faced with and described how the food situation in Sudan was developing. In particular, he stressed the prospects of an apparently good harvest which would enable the country both to meet its cereal requirements and have a surplus as well.

The talks covered the cooperation the Community would be implementing at the next stage, with a view to linking the emergency operations now being completed to long-term structural assistance provided under Lomé III.

A strong convergence emerged in their views on the type of measures that were needed to rehabilitate the rural economy and revive agricultural production. Possible areas of cooperation during this phase would be infrastructure to open up the most isolated zones, storage infrastructure and other schemes to improve village facilities.



The Sudanese Prime Minister with Commissioner Natali

The two parties held a preliminary exchange of views on preparing the cooperation programmes for the period of Lomé III.

The Prime Minister explained what the transitional Government had done to restore democracy and by negotiations to re-establish stability and peace throughout the country and improve relations with all the countries of the region. o

EDF

Following a favourable opinion delivered by the EDF Committee (204th meeting of 24 September 1985) the Commission has approved financing in respect of the following projects.

Senegal

Study of village irrigated plots of the Podor Area
Fifth EDF
Grant: ECU 1 000 000

The project consists of a study with a view to establishing village irrigated plots and rehabilitating small areas of irrigated village land along the Senegal River in the Podor area, the total amount of land in question amounting to 3 000 ha. The project will also cover the necessary support measures designed to ensure the integration of agricultural production into the economic and social development of the Senegal River region.

Community aid, which has helped to finance the now-completed Nianga scheme (700 ha) and is currently assisting in financing the construction of the two dams and the establishment of small village irrigated units in the Podor area (2 500 ha), will be concentrated under the Third Lomé Convention on the regional development of the Senegal River Valley. The study which is the subject of this financing can be considered as a step on the way towards implementing this broader policy.

Mali

Cement supplies
Fifth EDF
Special loan: ECU 3 000 000

The Malian government is currently carrying out reforms in most sectors of the economy and this project is intended to support such a policy by improving the supply of cement, thus stabilizing the market for this key development commodity and lessening the risk of bottlenecks and price rises which would damage the government's recovery programme.

This will be done by providing 18 000 tonnes of cement to be released onto the market at the beginning of 1986, a time of the year when demand tends to exceed supply.

It is hoped that the project will do two things: hold cement prices stable when building and public works are resumed after the rainy season, and keep supplies flowing to sites in order to prevent the idle periods which increase the overall cost of new construction.

Central African Republic

Maintenance of RN 5
2nd and 3rd EDF
Grant: ECU 900 000

The aim of this project is to carry out road improvements to Route Nationale 5 on the section between Bria and Mouka (91 km); this is an earth road of 693 km linking Bambari with Birao in the extreme north-east of the country.

The project will open up the northern parts of the country and enable a whole range of development schemes to be carried out in those areas. Moreover, given the effects of desertification apparent in the Birao area, the road will speed up efforts to combat this problem.

Sao Tomé & Principe, Equatorial Guinea, Gabon, Cameroon

Development of trade links
Regional Project
Fifth EDF
Grant: ECU 562 000

The project involves the supply of technical assistance for a maximum of three years to ensure the economic operation of the "Pague" which has been provided by the Community and which was designed to provide regular shipping links between Sao Tomé & Principe, Equatorial Guinea, Cameroon and Gabon.

The technical assistance proposal is for both the "Transcolmar Agency", or its successor, which owns the boat on behalf of the Government of Sao Tomé & Principe and for a captain and chief mechanic to operate the boat while suitable local candidates are completing their studies.

Madagascar

Programme to develop "micro" and "mini" hydroelectric power plant
Fifth EDF
Grant: ECU 1 000 000

Rather than using its foreign currency to pay for oil imports, Madagascar wishes to become more self-sufficient in energy and has decided to develop its hydro-electric potential.

The present project concerns a study for seven hydro-electric power stations.

The four micro-power stations would serve Antananarivo (central Madagascar), Ihosy (south), Farafangana (south-east) and Maroantsetra (north-east) and the three mini-stations six northern towns (Andapa, Sambava, Antalaha, Ambanija, Ambilobe and Antseranana) and Ambositra in the south.

Burundi — Northern Corridor

Improvement of the Bugarama-Akanyaru section of RN 1
Regional project
Fifth EDF
Grant: 2 200 000

The RN 1 is the Burundi section of the road linking Bujumbura and Mombasa; it falls within the Northern Corridor regional programme and priority is attached to maintaining the road in good condition.

This project involves local maintenance and repairs to the Bugarama-Akanyary (81 km) section.

French Polynesia

Centre for the training of mother-of-pearl and pearl cultivation technicians
Fifth EDF
Grant: ECU 450 000

The purpose of this project is to build a school to train technicians in the production of mother-of-pearl and pearls with the aim of developing and improving French Polynesia's production of cultured pearls.

The school will be built on the island of Rangiroa in the Tuamotu Archipelago.

Kiribati

Pole and line tuna fishing vessels
Fifth EDF
Grant: ECU 2 800 000

Kiribati is one of the least developed and poorest countries in the south Pacific region. The exhaustion in 1979 of its main export—phosphate—led to severe economic and budgetary difficulties and a growing reliance on foreign aid to pay its way. Other than copra, the only

single major exploitable resource is fish.

The purpose of this project is to supply the Kiribati national fishing corporation with two 26 metre, 60 ton pole and line fishing vessels to add to the existing fleet of four vessels. Provision is also made for ancillary fishing equipment for each vessel, and for technical assistance.

Vanuatu

Public works heavy plant project
Fourth and Fifth EDF
Grant: ECU 1 200 000

The project aims at improving the land transportation infrastructure in the Vanuatu archipelago, by providing equipment to the Public Works Department for use in the context of the maintenance and execution of rural roads, in development projects, in rural areas. o

SYSMIN

Rehabilitation of mining in Zambia

Following a favourable opinion delivered by the EDF Committee (204th meeting of 24 September 1985), the Commission has approved financing of a ECU 28 million project proposal entitled "Rehabilitation of the Zambian Copper and Cobalt Mining Industry". Financing will be provided by the European Community as a special loan (1%, 40 years with 10 years grace).

The project proposal was submitted to the decision-making bodies of the Community in response to Zambia's request for financial assistance under the Sysmin chapter of the Lomé II Convention, in respect of its copper and cobalt industry.

This is the second Sysmin intervention in Zambia, the first having occurred in 1982 with the granting of a special loan of ECU 55 m.

In addition to this new financing provided by the Community, ZCCM will provide further resources equivalent to ECU 4 900 000 and it is anticipated that Italy will also make available ECU 4 500 000 to be managed by the Commission.

The project forms part of ZCCM's Rehabilitation Programme to which the first Sysmin intervention (ECU 55 m), the loans granted by the World Bank (US$ 75 m) and the African Development Bank (US$ 27 m) have so far contributed.

The purpose of the project is to re-establish the efficiency level of Zambia Consolidated Copper Mines Ltd (ZCCM) and restore it to profitability at world market prices. Zambia is faced by the fact that its mineral wealth will be near economic exhaustion early in the 21st century. The Government intends to restructure and diversify the economy to develop alternative sources of income. Being the principal provider of foreign exchange, ZCCM has a vital role to play in the restructuring of the economy. Without a rehabilitated mining industry the Government's efforts to restructure the economy will fail for lack of financial resources.

The present special loan must therefore be considered as providing, in addition to critical support to the mining industry, an essential contribution towards the urgently needed diversification of Zambia's whole economy. In this context, the EEC's action falls within the wider context of responsible development aid.

The project includes the financing of equipment for mining, metallurgical processing, ore resources development and for infrastructure associated with the industry's general activities and mine townships. o

EIB

Lesotho: ECU 3 million for smaller-scale businesses

With a view to promoting the development and expansion of small and medium-scale businesses in the industrial, agricultural processing, mining and tourism sectors, the European Investment Bank has advanced a global loan (basically a line of credit) for ECU 3 million to the Lesotho National Development Corporation (LNDC).

Drawn from risk capital resources provided for under the Second Lomé Convention, the funds have been made available under a conditional loan which the LNDC will pass on in the form of smaller sub-loans to finance feasibility studies, equity participations, subsidivity loans and industrial buildings.

A public corporation, the LNDC has also attracted finance from the World Bank and Germany's DEG (Deutsche Finanzierungsgesellschaft für Beteiligungen in Entwicklungsländern GmbH). This is the corporation's second global loan from the EIB, the first, also for ECU 3 million and drawn from risk capital resources, dating back to 1981.

Mauritania: loan for improving electricity and water supplies

The European Investment Bank announces a loan of ECU 7 million for improving and extending electricity generating and distribution and water treatment and supply installations at Nouadhibou, Mauritania's main port and economic centre. The funds have been made available to the State for on-lending to Sonelec — Société Nationale d'Eau et d'Electricité.

The operation, carrying a term of 15 years with interest payable at 1% per annum, has been mounted in the form of a conditional loan from risk capital resources available under the Second Lomé Convention and managed by the EIB. The proceeds will go towards rehabilitating Sonelec's installations in a region where the concentration of industrial consumers coupled with a sizeable urban population make for heavy electricity and water demand.

Chad: ECU 2 million for small and medium-sized enterprises

As part of financing provided for under the Second Lomé Convention, the European Investment Bank has granted a loan for ECU 2 million (almost 700 million CFA francs) for investment by small and medium-sized enterprises in Chad in the industrial, agricultural processing, fishing, mining, energy and transport sectors. The loan has been made to the State which will make the funds available to the Banque Tchadienne de Crédit et de Dépôts (BTCD) and the Banque Internationale pour l'Afrique au Tchad (BIAT).

This conditional loan is being made, for 15 years and at a rate of 1%, from the risk capital provided for under the Convention and managed by the EIB. The proceeds will be onlent by the two intermediary banks for ventures selected in agreement with the EIB and in consultation with the Chad Government.

The investment schemes financed will concern either the rehabilitation of existing production capacity or the creation of new activities.

Seychelles: loan for smaller-scale ventures

The European Investment Bank has advanced a global loan for ECU 3 million, under the Second Lomé Convention, to Development Bank of Seychelles (DBS) to assist in financing small and medium-scale ventures in the industrial,

agricultural processing and tourism sectors.

The funds have been advanced in the form of a conditional loan from risk capital resources. The terms and conditions of the operation will vary according to the manner in which the proceeds are deployed: where equity participation is acquired in business ventures, interest will be payable at 2% over a maximum term of 25 years, while, in the case of investment in directly productive schemes, interest will be charged at 5% over 15 years.

DBS was established in 1977 and is the country's only long-term finance institution. Its main shareholder is the State (56%), alongside the Caisse Centrale de Coopération Economique (France) and the EIB itself, which, in 1978, acquired a 20% equity participation (ECU 580 000) in this DFC on behalf of the Community, drawing on risk capital resources.

Trinidad and Tobago: ECU 12 million for electricity supplies

The European Investment Bank announced a loan for ECU 12 million towards improving the electricty grids in Trinidad and Tobago, laying a new submarine cable between the two islands and installing a 2.7 MW generating set. The works will create optimum conditions for meeting the increase in electricity demand covered chiefly by thermal power stations fired by local natural gas.

The funds have been advanced under the Second Lomé Convention to Trinidad and Tobago Electricity Commission (T & TEC) for 15 years at 5.55%, after deducting a 3% interest subsidy financed from European Development Fund resources. T & TEC is a public utility holding the sole concession for power generation, transmission and distribution in the country.

The scheme, costed out at almost ECU 40 million, is expected to contribute mainly towards creating heavy industries.

Vanuatu: loan for small and middle-range investment

The European Investment Bank has granted a conditional loan for the equivalent of ECU 2 m under the Second Lomé Convention to the Development Bank of Vanuatu (DBV) to be used in part-financing small and medium-scale capital investment in industry, the agro-industrial sector, tourism, energy and transport. The entire capital of DBV, an institution created in 1979, is held by the Vanuatu Government.

The operation takes the form of a global loan, a line of credit to be drawn on by DBV in financing projects selected with EIB approval. The funds have been drawn from the risk capital resources specified in the Convention, administration of which is the responsibility of the Bank. DBV financing may take the form either of equity participation or of straight loans. The rate of interest and conditions of repayment on this operation will depend on the use to which the funds are actually put.

Malawi: ECU 9.5 million for smaller businesses and tea processing

The European Investment Bank has just concluded loans totalling ECU 9.5 million in the Republic of Malawi, under the Second Lomé Convention. Part of the funds will be channelled to smaller businesses in the industrial, agricultural processing, transport and tourism sectors and the remainder will go towards financing construction of a tea processing plant.

Small and medium-scale businesses

ECU 6 million have been advanced to the Investment and Development Bank of Malawi (Indebank) to help in funding small and medium-scale ventures:

— ECU 4 million from the EIB's own resources (essentially the proceeds of borrowings on the capital markets) have been made available for 12 years at 5.5%, after deduction of a 3% interest subsidy provided for under the Lomé Convention. The proceeds of this global loan will be passed on as smaller subloans in support of projects selected with the EIB's agreement;
— a further ECU 2 million, drawn from risk capital resources managed by the EIB, have been granted under a conditional loan, to help Indebank to finance equity participations and loans to enterprises, again with the EIB's prior approval.

In addition, the Bank has lent ECU 3.5 million from its own resources to the Kavuzi Tea Co. Ltd, set up in 1983, to implement a project aimed at the establishment of a 2 400 hectare tea plantation in northern Malawi. The term of this loan is 12 years and the rate of interest 5.5% after allowing for the 3% interest subsidy.

The funds will help to finance construction of a tea processing plant to deal with the output from the Kavuzi plantation and possibly also from the neighbouring Kawalazi plantation. o

FIGHTING HUNGER

Dublin emergency aid plan fully committed

It is almost a year since the European Council of Dublin decided (4 December 1984) on an aid plan to relieve famine victims in the eight worst-hit countries of Africa—Ethiopia, Sudan, Mali, Mauritania, Niger, Chad, Angola and Mozambique. The Dublin Plan involved the Community and the Member States in giving Africa a total of 1 200 000 t of cereals or cereal equivalent, to which the international community would add 800 000 t, to cover emergency needs until the next harvest in November 1985.

By 1 October 1985, the whole of the Dublin Plan had been committed and almost all of it actually implemented in the field. Community famine relief in 1985 reached 1 250 000 t cereal equivalent, of a total value of ECU 430 million, of which 87% has been implemented.

But, looking beyond the figures, the Commission and the Community have tried to find practical answers to the countless problems that crop up in the field.

Adapting products and services to actual requirements

Cereals are not the only thing to have been provided. A wide variety of high-energy products (sugar, vegetable oils and milkpowder) and, most important, the seeds that are so essential for the next harvest, have been sent. A special effort has been made to safeguard the possibilities of the local and regional markets and, lastly, the Commission has paid particular attention, in this continent which has so many armed conflicts, to refugees, by giving financing worth ECU 35 million for the UNCHR and ICRC programmes. So the Dublin Plan is far from being a cereals plan based simply on European surpluses.

The fact that the Commission set up an emergency unit and simplified and speeded up the emergency and ordinary food aid procedures have helped speed up decision-making a lot.

In effect, the time it takes between the application for relief and mobilization and delivery to the ports has been cut significantly—down to 40 days in some cases.

Intense efforts to coordinate

Coordination in the Community and with other donors has been improved with a view to optimizing the impact of the relief schemes.

The Commission programmed the offers of aid and the consignments and arrivals with the Member States and worked locally with the Governments of the recipient countries and with four international organizations and 24 European NGOs as well. Contact with the major third donors (the USA, Canada and Australia) has also been stepped up.

The Commission wishes to pay particular tribute to the NGOs which, in what were the most difficult conditions, were often best placed to reach victims in danger of being neglected.

Community response to an enormous logistical problem

As the international community's response led to more and more food being sent out, it soon became clear that the key problem was one of logistics—that ports and transport services were being choked and elderly trucks could not cope with regions that were often difficult in terms of terrain, (as in Ethiopia) or with the vast distances (as in Sudan, Mali, Chad and Niger). And of course things got worse when the rains came, since although they were a blessing as far as the next harvest was concerned, they made the roads and railways a nightmare.

The Commission did its best to find maximum financing for the domestic transport of its relief and in certain cases for relief from the Member States too. The Member States sent more than 600 new trucks, plus stocks of spare parts and mobile repair and maintenance units and the Commission helped pay for the rehabilitation of the railway in Sudan. It also organized an air bridge (May to October) using nine jumbos and three helicopters from the Member States and the USA and financed ECU 7 million-worth of the fuel that was so vital to the operation.

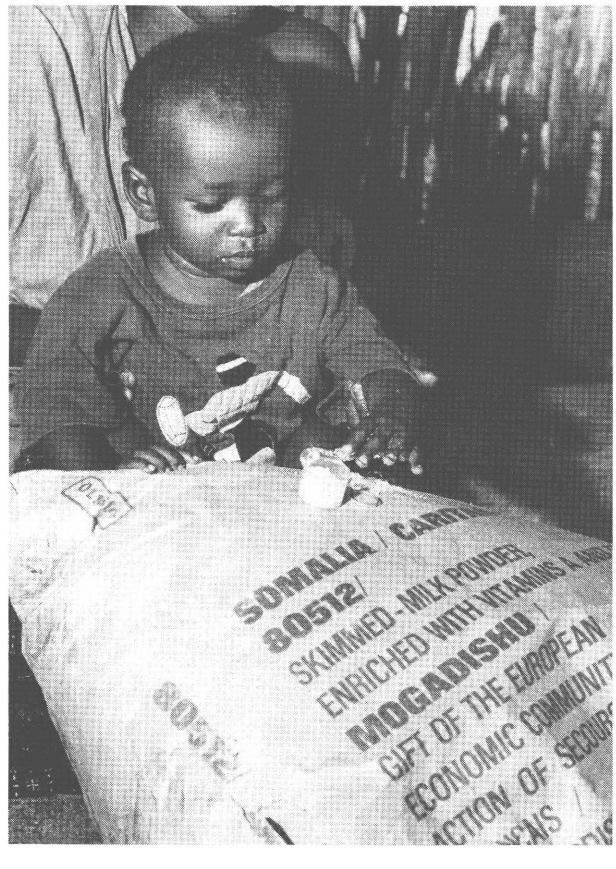
Thanks to all this and to the coordination of arrivals, the stock situation returned to normal in all the West African ports serving Mauritania, Mali, Niger and Chad in September. It improved, too, in two of the three ports serving Ethiopia (Massoua and Djibouti), but remains a cause for concern in the third Ethiopian port (Assab) and in the only port (Port Sudan) in Sudan.

The outlook in the short term

The FAO's early warning system and information from Commission Delegates seem to suggest, overall, that the prospects of the next harvest are better than they were this time last year. The spectre of famine seems to be moving away, but we must continue to be on our guard, as there are no proper forecasts of the harvest available at the end of October.

The situation gives rise to serious concern in two countries where the harvest is apparently well below normal—Niger and, above all, Ethiopia, where there is an estimated shortfall of 800 000 to 1 000 000 t cereal.

So now, when care is the watchword, is certainly not the time to do what the Budget Council of the Community has done (first reading of the 1986 budget) and lower the strategic emergency reserve of 500 000 t cereal equivalent (ECU 165 million). The Commission declared its intention of remaining firm on this point as the budget debate continues, all the more so as the concept of a strategic reserve had been welcomed by the Heads of State and Government at Milan in June.



JUST PUBLISHED

8th Annual Report of the ACP-EEC Council of Ministers (1984)

The ACP-EEC Council of Ministers in which, under the second ACP-EEC Convention, sixty-four African, Caribbean and Pacific States and the Community and its ten Member States are represented, has just adopted its eighth periodical report and ordered its publication.

The report covers activities in 1984 in both the context of the implementation of the second ACP-EEC Convention, and that of the negotiations for the third ACP-EEC Convention. The report also deals with the main characteristics of the new Convention as regards both improvements to existing mechanisms and to the extension of co-operation and new departures.

Civil service, international organizations, trade and professional bodies, research foundations, firms and individuals interested in the problems of development and co-operation will find the new report a useful source of information. It is published by the Office for Official Publications of the European Communities.

This report is available in all the languages of the Community and can be obtained at: ECU 5.54; BFR 250; UKL 3.20; USD 5, from:

Office for Official Publications
of the European Communities
L-2985
Luxembourg

Planning for the post-emergency now

In the medium term, the economies of the countries struck by famine and drought have literally to be rehabilitated and built up again. Seed stocks have to be constituted, farm tools and fertilizer, pesticides and some other vital agricultural inputs have to be delivered and storage infrastructure has to be im-

proved if displaced persons and refugees are to return to their land and become productive agents of development once more.

In view of this the Commission has put forward to the Council of Ministers of the Community the outline of a vast rehabilitation and recovery programme for those African countries most severely stricken by the drought. The proposal, which postulates a coordinated effort by the Community, the Member States, and the ACP States concerned, will be examined by the Council of Ministers on 4 November 1985. The Courier will be returning to this matter in a future issue.

In the longer term, the problem is one of African agriculture as a whole in the face of an advancing desert. A clear trend emerges from the programming of Lomé III financial means. In a constructive dialogue, in the true meaning of the term, whose indicative programmes have already been drawn up, the countries have freely chosen to concentrate the Community's support on their own drive to develop the agricultural and rural sector and first and foremost those fields which will best enable them to achieve the priority goal of regular food supplies. In the coming months, the Community and the ACP States will have to pursue and increase their efforts, as, without them, it will be impossible to prevent a recurrence of a catastrophe of the sort that has hit Africa in 1984 and 1985. o

LOME III

Ratification

More countries have been added to the list of the eight ACP and two EEC countries which were the first to ratify the Lomé Convention (See Courier n° 93, page VII). They are Ghana, Jamaica, Niger, Papua New Guinea, Senegal and Suriname. Burkina has ratified too, but has not yet deposited its instruments of ratification, and Togo has completed the legislative procedures.

The UK has become the third Community country—Ireland and Denmark were the first—to ratify Lomé III.

The new Convention cannot take effect until at least two thirds of the ACP countries (i.e. 44 countries) and all the Member States of the Community have ratified. o

GENERAL INFORMATION

The Community proposes extending Stabex to all the least developed countries

At the Paris Conference on the Least Developed Countries in September 1981, the Community announced its willingness to see how to give those least developed countries not in the Lomé Convention the benefit of Stabex-type arrangements.

At an inter-governmental meeting in Geneva on 2 October, where delegates came to discuss progress with the NSAP (New Substantial Action Programme) for the least developed countries that was adopted back in 1981, the Community followed this up by officially announcing its intention to introduce a system to compensate for losses in agricultural commodity export earnings, along Stabex lines, for least developed countries who were not signatories of Lomé. The main features of the Community's offer, plus one or two very favourable reactions to it, are given below.

Aims and characteristics of the Community offer

The system will have the same characteristics as the one resulting from the Lomé II negotiations, with special emphasis on the allocation and use of the transfers. It will cover the same products as the ACP Stabex, plus jute, on which some non-associated LLDCs are particularly dependent.

This is a firm and autonomous offer—which is to say it does not depend on other industrialized importers being involved—and it could become operative as soon as the countries concerned mark their agreement with the methods and conditions of application.

It is for those least developed countries which are not in the Lomé Convention. The UN list of LLDCs contains 36 countries and 27 of them already get the benefit of Stabex because they are in the ACP Group. The introduction of a new and similar system would therefore help nine countries—Afghanistan, Bangladesh, Bhutan, Haiti, the Maldives, Nepal, Laos, the Arab Republic of Yemen and the Democratic Republic of Yemen.

Countries must be on this list of LLDCs and not in the ACP Group to benefit from the new system, but there are two further conditions on top of that.

First of all, exports to the Community of the products eligible for coverage must be a significant percentage of the particular country's total export trade. Without this, implementation of the system would be only theoretical and symbolic.

The second condition has to do with relations between the Community and the States covered by the new system. Precise agreements would have to be entered into with the authorities in these countries to give the Community the clearest guarantee possible that the aid provided was to be used to improve the wellbeing of the populations concerned and to further respect for their fundamental rights and dignity.

On this point, it goes without saying that the Community will take due account of the human rights situation in the countries in question, as it has done in the past. This means that, in the case of Afghanistan, no contact will be made with the authorities until the present situation there alters.

Generally speaking, and particularly in the other countries where human rights are cause for concern, the Commission will pay special attention to seeing that the aid is indeed used for the people in question.

Adherence to these two principles means that the group of beneficiaries is currently reduced to only four countries—Bangladesh, Haiti, Laos and Nepal.

Expenditure on this system over a period of five years will be kept within a ceiling of ECU 50 million.

When the Community announced its offer in Geneva, it also appealed to other importing industrialized countries to follow suit and take similar measures to help all the (36 in principle) countries on the least-developed list. The Community delegation said the EEC was ready to look at the best types of administrative cooperation when it came to proper coordination and operation of the various schemes set up in this way.

Reactions to the Community offer and implications for the ACPs

The financial implications are at worst neutral for the ACPs and maybe even positive if other importing industrialized countries join in. So the LLDCs that belong to the Lomé Convention and are thus covered by Stabex would see their cover increased by around $ 100 million if the EFTA countries come in and more than twice that if Japan joins.

The announcement of the Community offer was greeted with enthusiasm by the spokesman of the 77 and the Chairman of the meeting, who said at a press conference that this was the first tangible initiative of the session.

Yacouba Saudi, Niger's Ambassador to Brussels and ACP representative at the meeting, said that the "Group expresses its solidarity with the campaign the developing countries, particularly the LLDCs, are waging to promote new cooperation relations with the developed world. It has never considered the privileged relations it has with the Community to be exclusive. This is why we warmly welcome the EEC's offer and invite the other developed countries to join in and expand this initiative. It is an important contribution to the establishment of the New Substantial Action Programme". o

NON-ASSOCIATED DEVELOPING COUNTRIES

The Commission has just decided, in the framework of its programme of financial and technical assistance for developing countries to make the following grants.

Angola: ECU 2.25 m

This project will be part of a very large village water supply programme, currently being implemented, under the coordination of UNICEF.

The general aim of the project is to improve hygiene for the most vulnerable sector of the rural population, namely women and children, and thereby reduce the rate of death and disease caused by contaminated water.

Bangladesh: ECU 25.5 m

The project's aim is to bring to above poverty level the landless and near-landless rural population of the Rangpur Region, in northern Bangladesh. The project, which is located in one of the most impoverished areas of the country, will involve:

— the upgrading of rural infrastructures,
— a programme for human resources development,
— employment creation and income generating activities for the rural landless,
— productivity oriented actions geared towards benefiting marginal farmers. o

EUROPEAN COMMUNITY

Pressure on South Africa

The Foreign Affairs Ministers of the Ten, Spain and Portugal spent some time discussing what should be done about South Africa at a political cooperation meeting in Luxembourg on 10 September. They concluded with a decision to harmonize their attitudes with one series of restrictive measures and one series of positive ones, the matter of further measures (including genuine sanctions) still being on the agenda. The 12 also decided to review their attitude if there was no noticeable progress "within a reasonable time" and to take regular stock of the situation meanwhile.

This position was defined following a mission which the 12 sent out to South Africa at the end of August to tell the South African Government how concerned they were at the fact that no practical measures had been taken to abolish apartheid and at the deteriorating situation in the country. Luxembourg's Jacques Poos, President-in-office of the European Council, led the mission and was accompanied by Italian Foreign Affairs Minister Giulio Andreotti, Netherlands Foreign Affairs Minister Hans van den Broek and European External Affairs Commissioner Willy De Clercq. Varying reactions, based on what were sometimes divergent political interpretations, were the result.

The ACP Committee of Ambassadors in Brussels and the Ambassadors of the OAU countries had roundly condemned the idea of the mission, saying they failed to understand how the Ministers of the 12 could send a Delegation out to Pretoria to "meet and hold talks with the racialistic and universally condemned régime in South Africa".

Jacques Poos and Willy De Clercq defended the initiative. The proof that the South African authorities did not expect to come off lightly from the visit, Poos explained, was that they nearly banned the European delegation from their territory as they knew it would bring contradictions to their doorstep. "South Africa", he said, "cannot say that Europe didn't give it warning".

Here is the full text of the press release brought out after the 10 September meeting. It had received the agreement of all the countries except the United Kingdom—which in fact came round a few weeks later.

Press release on South Africa

"The Ministers of the Ten, Spain and Portugal have heard the European mission that went out to Africa on 30 August-1 September 1985.

They are pleased to see that this mission performed its task of telling the South African Government of the serious concern felt by the Ten, Spain and Portugal at the failure to take any practical measures to abolish apartheid or do anything about the resultant deterioration in the situation.

The European delegation asked for the state of siege to be discontinued, for Nelson Mandela and other political prisoners to be released, for imprisonment without trial and forced resettlement to be stopped and for the Government of South Africa to make a firm commitment to put an end to apartheid and do away with discriminatory legislation, particularly the pass laws and the Group Areas Act. Lastly, it called for proper negotiations with the authentic representatives of the South African people, including some of those currently in prison.

The European delegation had very useful talks with representatives of the churches and the unions, with heads of firms, with journalists and with leaders of the Progressive Federal Party (PFP), Inkatha and the Azanian People's Party (AZPO).

The President-in-office of the Council and the Commissioner for External Relations backed this up with a meeting with representatives of the African National Congress (ANC) on 10 September.

This information was the basis for the Ministers' discussions today on the policy that should be adopted towards South Africa and particularly the harmonized measures for immediate application.

The Ten and Spain and Portugal found that the situation had continued to deteriorate dramatically since their Helsinki meeting.

On the matter of the views expressed to the European mission on 1 September by the South African authorities, the Ministers point out that the aim of the Ten and Spain and Portugal is to obtain the abol-

ition, pure and simple, of apartheid, not just some aspects of it. There is no such thing as good apartheid or bad apartheid. They think that all the people of South Africa should have equal rights and that the protection of minorities should be assured. If these aims are to be achieved, then there has to be a real dialogue with the black people.

So they will continue their efforts until they achieve the desired results.

The conclusions that are to be drawn from the three-man trip and today's debate can be summed up under two points, as follows:

1. The Ten and Spain and Portugal note the South African Government's declaration and expect it to take practical measures.
2. Meanwhile, they will continue their pressure on South Africa.

The Ten and Spain and Portugal have decided to harmonize their attitudes on the following measures:

Restrictive measures:

— A strictly controlled embargo on the export of arms and paramilitary equipment to the Republic of South Africa.
— A strictly controlled embargo on the import of arms and paramilitary equipment from the Republic of South Africa.
— Rejection of any cooperation on military matters.
— Recall of military attachés in the Republic of South Africa and refusal to accredit military attachés to that country.
— Discouragement of cultural and scientific agreements, except where they are such as to contribute to the elimination of apartheid or involve no support of it.
— Freezing of official contact and international agreements in the fields of sport and security.
— Suppression of oil exports to the Republic of South Africa.
— Suppression of exports of equipment destined for the South African army or police force.
— A ban on any further collaboration in the nuclear sector.

Positive measures:

— Adaptation, strengthening and publicizing of the Code of Conduct.
— Aid programmes for non-violent anti-apartheid organizations, particularly the churches.
— Educational aid programmes for the black community (also in the form of study grants for courses at universities in their country).
— Intensification of contact with the non-white community in the fields of union and employers' policy, culture, science, sport and so on.
— Aid programmes for SADCC and Front Line countries.
— A programme to inform Member States' nationals in the Republic of South Africa.

The matter of other measures, including sanctions, is still on the agenda. As the Ten and Spain and Portugal said on 22 July, they reserve the right to review their attitude if no tangible progress is made within a reasonable time, and they will take stock of the situation regularly meanwhile.

The competent authorities have also been invited to look at the possibility of increasing the European Community's social and educational aid to non-whites and political refugees.

Lastly, the Ministers wish once more to express their grave concern at the extension of violence and the ever-increasing number of victims in South Arica.

They see this trend as confirmation of the fears and warnings they have for so long expressed.

It is urgent for the South African Government now to take measures of the kind the European Mission requests, such as the creation of a new political climate and the opening of the way for far-reaching and peaceful changes." o

Natali meets SADCC Ambassadors

EEC support for southern Africa's policy of seeking to loosen its economic ties with South Africa was at the centre of discussions held in Brussels on 17 October between the nine Ambassadors of the member countries of the Southern African Development Coordination Conference (SADCC) and the European Commissioner for Development, Lorenzo Natali. The meeting concentrated for the most part on EEC assistance to the region under Lomé III which will amount to one billion ECU over the next five years.

An exchange of views also took place concerning the measures recently decided upon by the Ten to exert pressure on Pretoria. The Ten are still debating on the most effective means of applying them, but it seems likely that they will be put into effect on a national, rather than a Community, basis. As regards the positive measures also decided upon by the EEC, Community institutions are seeking means to come to the help of victims of apartheid, both inside South Africa and in the countries to which they have been exiled. Mr Natali, European Commissioner for Development spoke to Southern African Ambassadors about these measures.

The meeting was held on the eve of the execution of the black poet Benjamin Moloïse. In a declaration issued on 18 October, the European Community "deplored" the refusal of Pretoria to heed the numerous appeals for clemency addressed to it by the international community. o

EUREKA

In the context of the efforts currently being undertaken by the Community and the Member States to make fuller use of Europe's scientific and technological potential, a significant step has been taken recently by the adoption of a declaration on the objectives and operation of the "Eureka" programme. This agreement was reached at a ministerial conference held at Hanover in Germany on 5 and 6 November at which, apart from the 12 countries of the enlarged Community and the European Commission representing this latter, Austria, Finland, Norway, Sweden, Switzerland and Turkey were represented.

"Eureka" is a programme for European cooperation in research and development in the following major areas: information and telecommunications, robotics, materials, manufacturing, biotechnology, marine technology, lasers, environmental protection and transport technologies.

Among the concrete questions to be dealt with, that concerning the future organization of the programme seems to have been given a clearer reply at Hanover: the idea of creating a secretariat whose task would be to enhance the efficiency and transparency of European cooperation in advanced technology seems to have been taken up. Another aspect, the financing of "Eureka" projects will certainly require more important decisions. In money terms, a great deal will be required, and if the objective is to get the projects off the ground through industry and research institutes themselves, these latter are insisting on the need for public-sector financing, especially for pre-competitive research. If some ministers have clearly come out in favour of such support, there are other less forthcoming on the matter of releasing public money. Finally, as regards the choice of projects, a great many have already been submitted. To start the operation, ten of them have been given the official "Eureka" label. o

THE EEC AND THE GULF STATES

Towards a "global and mutually beneficial agreement"

Europe's links with countries beyond the Mediterranean, and more particularly the Arab world, are an important aspect of its external policy and one which is destined to develop over the coming years. There are already cooperation agreements with the countries of the Maghreb (Algeria, Morocco and Tunisia) and the Mashraq (Egypt, Jordan, Lebanon and Syria), while four other Arab countries (Mauritania, Somalia, Sudan and Djibouti) are members of the Lomé Convention and a cooperation agreement was also concluded with North Yemen in 1984. Although the Euro-Arab Dialogue has led to increased contact with all the Arab countries, the Gulf States have not so far had any officially contract-based economic relations with the Community.

Hence the importance of this first meeting of ministers from the EEC and the Gulf Cooperation Council (Saudi Arabia, Kuwait, the UAE, Qatar, Oman and Bahrain) held in Luxembourg on 14 October.

It was a very constructive meeting, if results are anything to go by, as it took only two hours for the parties to decide to move on to a more active phase and conclude a "global and mutually beneficial agreement".

So both parties are keen to advance as quickly as possible. They have realized that, if they are to have a framework in which they can work together in a positive climate, they should lose no time in concluding the agreement — which should generate the broadest kind of commercial and economic cooperation and develop to reflect any changes that occur in the two regions.

The Gulf Delegation, led by Sheikh Sabah Al-Ahmed al Jaber, Kuwait's deputy PM and Minister for Foreign Affairs and Chairman of the Gulf Cooperation Council, and Secretary-General Abdullah Bishara insisted that the future agreement should reflect the fact that the countries of the Gulf are developing countries which have a free market. Their exports to the Community should be seen as something essential.

Jacques Poos, Luxembourg's Foreign Affairs Minister and President of the EEC Council, and Claude Cheysson, Commissioner for Mediterranean Policy and North-South relations, led the Community delegation. Although the difficult question of petrochemical exports was not gone into in detail at the meeting, the Community made it clear that there were no preconditions to an agreement. Claude Cheysson said that negotiations could start within a couple of months and that a working party should in any case start up very soon and hold its first meeting before the end of the year.

Trends in EEC-Gulf Cooperation Council relations

The idea of organizing contractual relations between the two regions really took root in early 1980 when the EEC Council decided to investigate the possibility of this kind of cooperation and the first contact between the two parties was made.

In June 1981, six of the Gulf States signed a treaty establishing their Cooperation Council, with headquarters in affairs and matters of energy, investment and economic development. It is with this organization that the Community is discussing the idea of closer links.

A big debate in the European Parliament in September 1981 pushed the idea of cooperation agreements with the various Gulf States and the Community and the Council have had a number of informal talks since then through which several potential areas of cooperation — access to the market, energy, scientific, technological and industrial cooperation, training, investment and financial cooperation — have come to light.

In July, after exploratory discussions, the EEC Council of Ministers expressed interest in developing relations with the Council, saying there

EEC Council

Keen to press on... as quickly as possible. From left to right, Sheikh Sabah Al-Ahmed al Jaber, President of the Gulf Council of Ministers, Jacques Poos, President of the EEC Council of Ministers, and Claude Cheysson, European Commissioner in charge of Mediterranean Policy and North-South relations

EEC-Gulf Trade

ECU'000 000 (1)	1977	1979	1981	1982	1983	1984
EEC imports from the Gulf	19 550	22 981	47 537	33 832	21 517	17 075
EEC exports to the Gulf	8 499	10 654	16 713	21 428	22 542	22 760
Balance	−11 051	−13 327	−30 824	−12 504	+ 1 025	+ 5 685
As a percentage	***1973***	***1977***	***1981***	***1982***	***1983***	***1984***
EEC imports:	100	100	100	100	100	100
Energy products	97	99	98	94	94	94
Other	3	1	2	6	6	6
EEC exports:	100	100	100	100	100	100
Manufactures		84.9	78.6	81.7	80.2	78.5
Agicultural & food products		7.1	9.6	8.3	8.8	11.5
Primary products		1.0	4.2	3.5	1.9	1
		1973	**1977**	**1981**	**1983**	**1984**
EEC imports from the Gulf as a percentage of total imports from outside the EEC		7.7	11.4	15.6	6.5	4.5
EEC exports from the Gulf as a percentage of total exports from outside the EEC		1.3	5.2	6.3	7.4	6.4
Petroleum (crude)				***1982***	***1983***	***1984***
EEC imports: — in millions of tonnes				122	72	55
— as a percentage of total crude imports from outside the EEC				38.8	25.8	20

(1) *1 ECU = US$ 0.80.*

were economic and political grounds for doing so and confirming that it was ready to hold a top-level meeting of ministers with the Gulf States, The Council was equally willing, so the meeting was held quickly in Luxembourg on 14 October 1985.

Economic links between the Community and the Gulf States

The Community is the Gulf States' most important trading partner and, over the past decade, the Gulf States have become the Community's third biggest export market (behind the USA and the EFTA countries). In 1983 19% of the Gulf's total exports went to the Community, which, in turn, provided 33% of all their imports.

In 1983 and '84, the Community also had its first positive trade balance with the Gulf for 10 years when its imports (more than 95% petroleum products) from the region dropped.

These imports accounted for around 4.5% of the total EEC import bill in 1984, as against 15.6% in 1981. About 20% of the crude and 9% of the refined petroleum products imported to the Community that year came from the Gulf, as against 50% and 8% in 1980.

The Community's main exports to the Gulf are intermediate products and manufactures and about 10% is food and, in 1984, they represented 6.4% of its total exports.

The Community currently gives the Gulf countries the benefit of GATT's most favoured nation clause. Practically speaking, customs duties are suspended on most petroleum products — which represent more than 90% of total imports from the Gulf.

Imports of manufactures from the Gulf currently arrive duty-free on the Community market under the generalized preferences scheme, although there are ceilings for sensitive products, particularly petrochemicals. Note that the value of the Gulf States' petrochemical exports to the Community went from slightly more than ECU 1 million in 1980 to ECU 36 million in 1984, an interesting trend, even if these products only represent a tiny part of their exports to the Community. ○

Fernand THURMES

EEC Council

The delegation from the Gulf Cooperation Council — Saudi Arabia, Kuwait, the UAE, Qatar, Oman and Bahrain — at the meeting with the EEC on 14 October

Comparison of price levels and economic aggregates in some African countries

by Michel MOUYELO-KATOULA (*)

In his article entitled "Purchasing power parities" which appeared in the March-April 1984 issue of the Courrier, Marco De March demonstrated the need for international comparisons of gross domestic product (GDP) using purchasing power parities which take into account the differences in price levels in the countries concerned. The article gave provisional results of the comparison of fifteen African countries (1), thirteen of them ACP countries, which showed very clearly the distorting effect of exchange rates. Many of these countries belong to monetary areas within which the exchange rates of their currencies are generally fixed in relation to a central currency: it is not adjusted to keep pace with domestic inflation.

This article explains the concept of purchasing power parities (PPP), stressing the importance of the procedures used to determine them in African countries. It also gives a few of the definitive results of the 1980 African comparison.

The concept of the purchasing power parity

The economic aggregates on which international comparisons are generally based are the GDP and its uses, in particular final consumption of households, current expenditure of general governement and capital expenditure.

Using the appropriate classifications, each of these macroeconomic variables is broken down into smaller categories for which purchasing power parities are calculated. The PPP of country A's currency as compared with that of country B can be defined as the number of units of A's currency needed to purchase in A the same quantity of goods and services as could be bought in B by a single unit of B's currency.

This demonstrates the importance of the PPPs as indicators of the differences in price levels in different countries and as a means of finding volume indicators for gross domestic product and its uses.

Understanding what prices mean in real terms

The prices used in the calculation of these PPPs are obtained in each country for a group of products defined and selected on the basis of the two fundamental criteria of comparability and representativity. Representativity is ensured by concentrating primarily on the most typical products consumed in each country. In this way, the Statistical Office of the European Communities (SOEC) was able to make the national interest of the price surveys its first consideration throughout the survey. It was, in fact, necessary to enable countries with particularly weak statistical infrastructures to understand the meaning in real terms of the prices to which economics in general, and households in particular, are subject.

Any differences in consumer patterns between urban and rural areas or between different regions within one country were taken into account. The information collected was processed by the SOEC and made available to each country in the form of average regional and national prices and indicators of the differences in price levels in different regions. The figures cover between 600 and 1 000 products for each country: a generous sample is a fair guarantee of the relative reliability of the results which the SOEC has recently published in a 223-page volume entitled: "Comparison of price levels and economic aggregates in 15 African countries".

Results of the 1980 African comparison

After a description of the background to the international comparison project for Africa the publication outlines the methods used to collect the data, with particular emphasis on

(*) SOEC expert on the international comparison project.

(1) Tunisia, Morocco, Tanzania, Malawi, Zambia, Kenya, Zimbabwe, Botswana, Nigeria, Mali, Ethiopia, Ivory Coast, Senegal, Madagascar, Cameroon.

Nigeria compensates for its low consumption of cereals by a correspondingly higher consumption of peanuts, plantains, manioc and other tubers (Above, storing yams)

the methodology used for the consumption of households, and describes the formulae used for the calculation of national average prices and the mathematical methods used to determine the PPPs and values in real terms of the economic aggregates, before giving the results of the comparison.

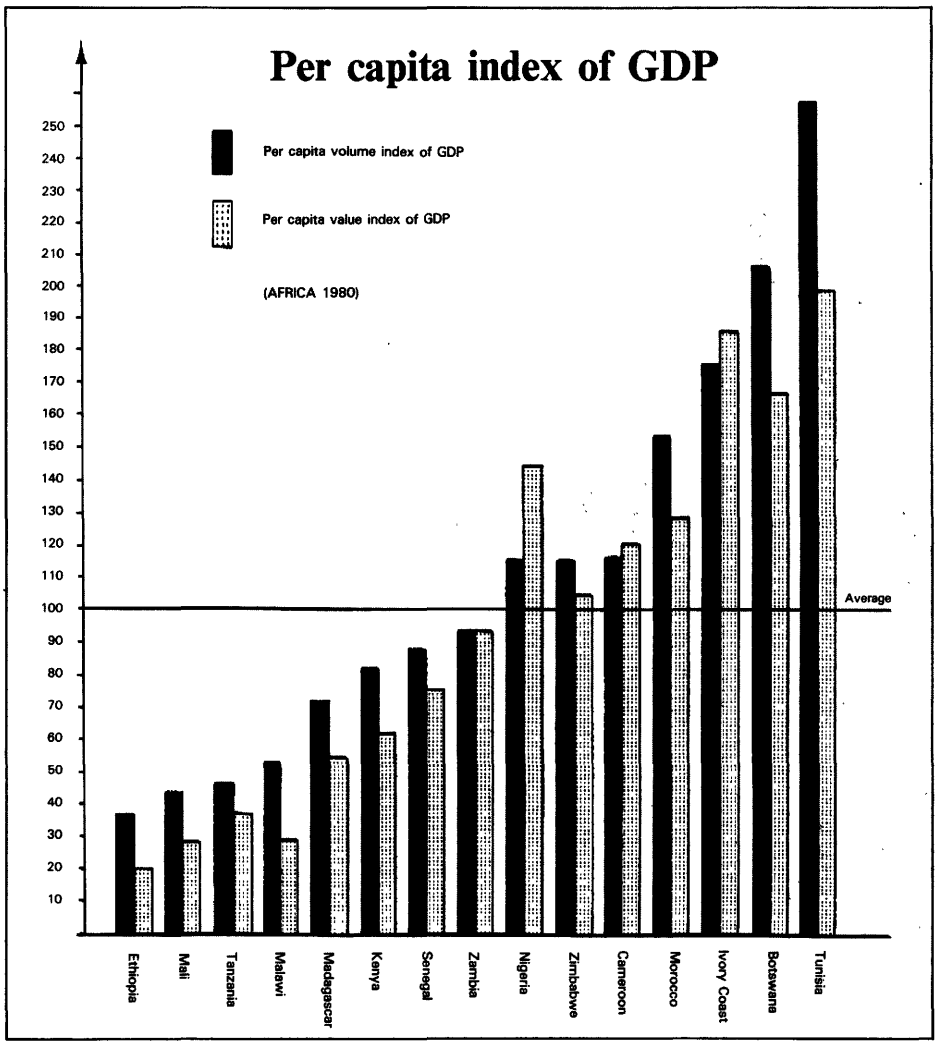
The results can be divided into two categories: on the one hand, the price level indicators, which show the discrepancy between the official exchange rates and the purchasing power parities, and on the other, the volume indices which reveal how far expenditure per capita varies in real term from one country to the next.

Table 1: Gross domestic product

	Cameroon	Ivory Coast	Madagascar	Mali	Morocco	Senegal	Tunisia	Botswana	Ethiopia	Kenya	Malawi	Nigeria	Tanzania	Zambia	Zimbabwe	Average
Per capita value index	121	186	55	29	128	76	199	187	20	62	30	145	37	94	105	100
Per capita volume index	117	176	73	43	154	88	256	205	37	82	53	115	47	94	115	100
Exchange rate (annual average: 1 USD = ... national currency)	211.30	211.30	211.30	422.60	3.9367	211.30	0.4050	0.7769	2.0700	7.4202	0.8121	0.5465	8.1980	0.7885	0.6426	
Purchasing power parity (1 PPP = ... national currency)	217.43	223.67	157.27	286.30	3.2550	180.95	0.3136	0.6317	1.1324	5.5715	0.4546	0.6881	6.5718	0.7928	0.5876	
General price level index (average = 100)	103	106	64	68	83	86	77	81	55	75	56	126	80	101	91	100

Table 2: Per capita food by product group, 1980

Product group	Cameroon	Ivory Coast	Madagascar	Mali	Morocco	Senegal	Tunisia	Botswana	Ethiopia	Kenya	Malawi	Nigeria	Tanzania	Zambia	Zimbabwe
a) Per capita volume index															
Bread and cereals	68	108	162	91	206	139	295	202	44	120	174	71	82	71	73
Meat	74	145	170	155	183	108	172	183	37	35	70	112	43	105	81
Fish and other fishery products	54	190	84	29	53	509	76	13	3	4	27	168	38	163	31
Milk, dairy products, eggs	39	228	30	28	144	79	342	290	29	231	63	96	35	42	131
Oils and fats	81	87	42	13	266	195	454	31	22	33	10	117	14	84	60
Fruits and vegetables other than tubers	57	117	101	30	224	128	583	42	57	97	58	61	109	112	33
Ground-nuts, plantain, maniocs and other tubers	49	94	28	10	31	31	28	8	5	21	93	225	65	23	26
Lump sugar, granulated sugar	19	116	166	60	554	76	293	237	19	60	44	26	69	82	101
Coffee, tea, cocoa	53	35	36	16	181	16	279	159	24	131	8	149	26	26	99
Other foodstuffs	19	60	66	17	181	123	208	78	38	77	4	162	19	12	16
Food	59	121	110	66	185	134	264	131	32	77	85	113	60	78	64
b) Price level index															
Bread and cereals	120	108	72	72	72	86	52	69	56	64	39	154	114	116	91
Meat	126	121	62	50	90	72	96	56	32	45	30	145	63	96	58
Fish and other fishery products	122	120	81	70	56	51	96	127	84	111	122	128	132	140	48
Milk, dairy products, eggs	139	115	111	115	96	110	61	124	70	70	58	114	106	110	88
Oils and fats	140	136	119	125	69	117	66	97	148	73	94	116	164	75	74
Fruits and vegetables other than tubers	126	128	87	72	54	89	58	107	36	81	52	179	97	130	105
Ground-nuts, plantains, manioc and other tubers	80	80	64	81	131	69	143	102	28	67	53	123	116	117	89
Lump sugar, granulated sugar	119	133	59	152	75	128	66	91	81	138	44	140	87	75	47
Coffee, tea, cocoa	170	187	82	142	131	225	83	86	73	28	38	111	31	90	82
Other foodstuffs	139	112	74	109	52	80	69	65	43	83	89	143	134	175	74
Food	122	116	72	67	76	80	66	77	51	66	44	136	103	111	77



On the basis of the general price level indices [1], the countries can be divided into six strata. Ethiopia and Malawi are close together at the lowest level (indices of 55 and 56 respectively). The second stratum is made up of Mali, Madagascar, Kenya and Tunisia, slightly below a sub-group of Tanzania, Botswana and Morocco. Senegal and Zimbabwe are slightly below the mean figure for all the countries (100). Slightly above are Zambia, Cameroon and the Ivory Coast, prices in Nigeria (126) being markedly higher.

In terms of the currencies' purchasing power, these differences in price levels mean that the currencies of the 11 countries whose general level index is below 100 are under-valued if we compare gross domestic products on the basis of the official exchange rates, those of the other countries tending to be over-valued. This means that inside monetary areas (such as the Franc Area) significant differences in valuation are found. The CFA (French African Community) franc for example is under-valued or over-valued depending on whether the GDP of Senegal or the Ivory Coast is used.

The comparison of the nominal values of GDP per capita is no longer of any real economic interest. The graph below shows, for example, that Morocco is in reality richer than Nigeria.

Differences in the consumption of foodstuffs

Without going into too much detail, it is interesting to see what the SOEC study reveals about disparities in national consumption of different foodstuffs [2] (which represent between 15% and 52% of GDP). Cameroon, Zambia, Nigeria, Tanzania, Zimbabwe, Mali and Ethiopia (in descending order) have levels of consumption per capita of bread and cereals lower than the average for all the countries. Of these countries, only in Nigeria is this compensated by a consumption of peanuts, plantains, manioc and other tubers which is (considerably) higher than the average. Many countries have virtually negligible volume indices per capita in comparison with the consumption levels in other countries, even for basic foodstuffs such as meat, fish, fruit and vegetables. The differences are particularly striking between Tunisia and Morocco on the one hand and Ethiopia, Kenya and Zimbabwe on the other.

An efficient price policy

Apart from international comparisons, the survey methods used in the African countries compared have led to a considerable improvement in the national price statistics systems. In certain countries, the methods used to calculate the PPP were used for inter-regional price comparisons, enabling the public authorities to reshape their domestic price and income policies, to encourage diversification and a more coherent development of production, to improve supply conditions (transport, storage, packaging, and marketing) and even to introduce subsidies for certain products.

Cooperation between the SOEC and the African countries

This was the driving force behind the present strengthening of cooperation between the SOEC and the African countries. Twenty-four African countries [3] are preparing price surveys for the 1985 comparison. These surveys are on the whole intended to serve as a model for the collection of prices on a permanent basis on a national scale and should cover as wide a range of products as did the 1980 comparison.

The SOEC provides methodological support for the countries taking part and financial aid in nearly all countries to varying degrees according to the countries' In some countries the methodological support includes the establishment of more reliable and systematic national accounting procedures. o

M.M-K.

(1) See Table 1.

(2) See the volume indices in Table 2.

(3) In addition to the 15 countries already listed, this includes: Congo, Gabon, Zaire, Rwanda, Benin, Sierra Leone, Swaziland, Mauritius and Egypt.

MINING

The rewards, theoretically, are impressive. Mining earns money, can help the balance of payments, stimulate industrialization, raise the level of technology and the standard of living, provide employment and vitalize otherwise depressed and remote areas. These are the expectations of all mineral producing developing countries, but for the majority of them, they have, in practice, been more or less a pipe-dream. Mining revenues have only served in most cases to finance some imports and build some infrastructure. They have not been a catalyst for economic transformation and social change. Why?

This is a very serious question for ACP countries, especially those which are dependent on non-fuel minerals for foreign exchange—a dependence with ranges from the considerable to the excessive: over 50% for Togo, Zaïre and Papua New Guinea, 70% for Liberia and Mauritania, 80% for Suriname and 90% for Zambia and Guinea. Even for others, small-scale and prospective producers alike, looking up to this sector for significant contributions to their economic development, it is a question of great interest.

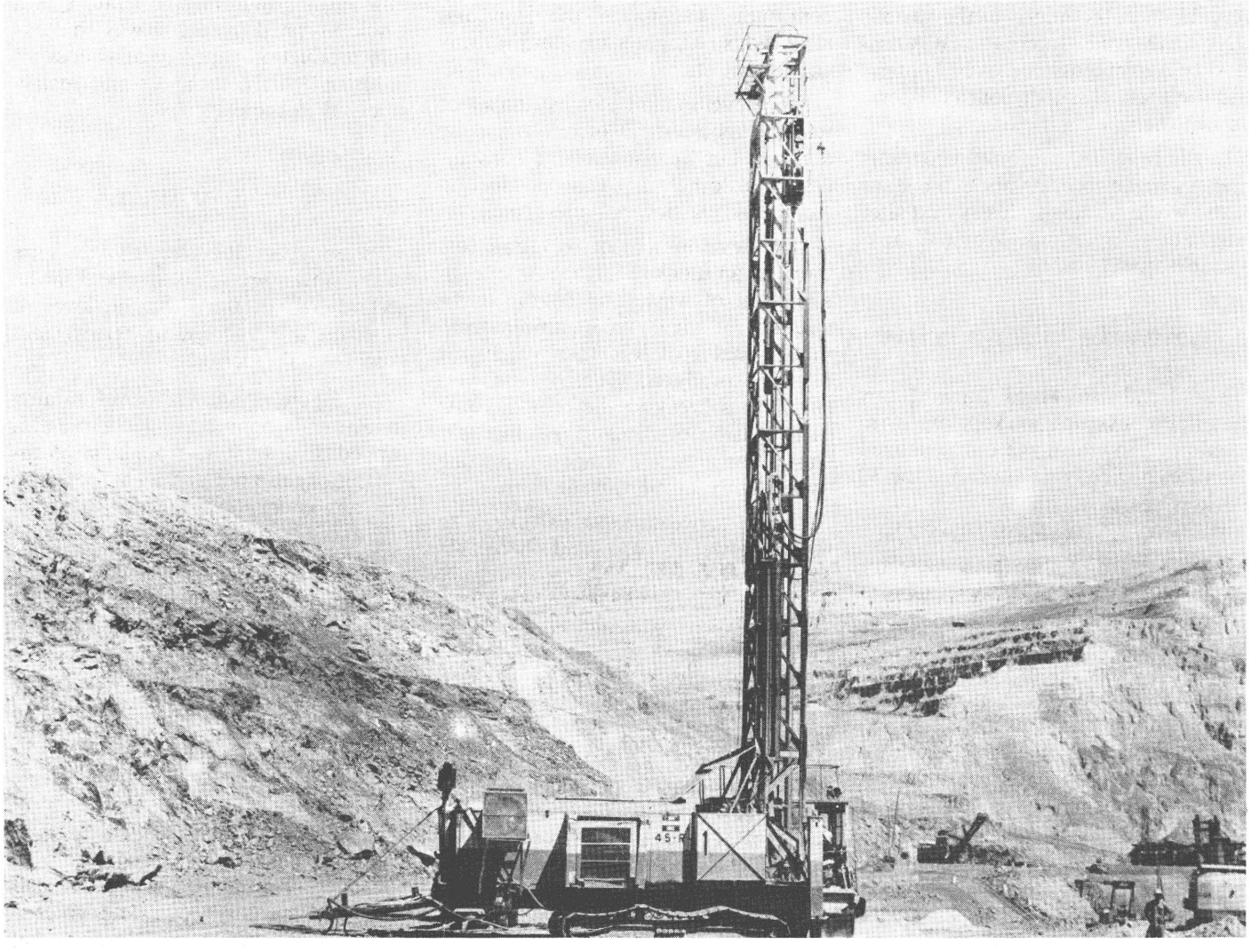
In collaboration with experts on mining, *The Courier,* in this dossier probes the issue: Olivier Bomsel surveys, first of all, the world scene, the crisis in the mining industry and what, in his opinion, the future holds. Dawn Penso examines the relationship between mining and development and suggests how best developing countries can maximize and utilize revenues from mining. We have, among others, articles on mineral exploration, on investment, on how prices are determined internationally at the London Metal Exchange and on deap-sea mineral resources and the Law of the Sea.

The ACP States' mineral resources, experts agree are considerable. We have a section dealing with these resources. The European Community, which has a special relationship with the ACP states under the Lomé Convention, is the world's largest importer of minerals, 90% of requirements. There is clearly a mutual interest here. A section of this dossier has, as a result, been devoted to the Convention and the mining sector—the resources available to the ACP States in the development of the industry.

This study, it must be pointed out, is a general one. It does not examine in detail the state of each mineral neither does it take into account energy-related minerals (oil and uranium), precious metals (gold, platinium, silver) and stones (diamond) because of their special character and market. o A.O.

Slow changes in the world mining industry

by Olivier BOMSEL (*)



Mineral resources and geopolitics

Mineral resources have often been of considerable geopolitical importance, largely because:
— they are non-replaceable and, in some cases, (phosphates, for example), there is no substitute for them and so there is a fear they will run out in the long term;
— they are concentrated in one or two privileged geographical areas (fewer than five countries hold 75% of the known reserves of most minerals).

Their importance increased a lot during the 30 years immediately after the war (1945-75), during which time:
— the mineral raw material requirements of the industrialized countries, the main consumers, rose exponentially in line with economic growth in general. These trends seemed so very much confirmed that extrapolation from them led the experts of the Club of Rome to predict, in the early 70s, that the world's resources would run out by the beginning of the 21st century;
— newly independent and other countries maintained that they had sovereign rights over their territory, both above- and under-ground, and this led to the traditional leaders of the mining industry losing control of their access to some mineral resources.

In this situation, there seemed to be a broad consensus on the idea of setting up consultation between producing and consuming countries to ensure that the producers got stable, remunerative prices and the consumers regular supplies, Let us look at this more closely:
— there were contradictions among the producers, some of whom had large differential incomes and did not want prices to be so high that new competitors emerged.
— not all the consumers, whose supply structures were very different, were equally keen to see the markets regulated. The North Americans, who were practically self-sufficient, were not going to have the same outlook as the Europeans or the Japanese, who

(1) An engineer with CERNA (the Centre for the Economics of Natural Resources), Ecole des Mines, Paris.

often import more than 90% of their basic metals.

But in spite of these differences, the idea of regulating the mineral raw material markets in the long term was very much in the minds of the various UNCTADs, the International Commodity Agreements and even bilateral and multilateral North-South cooperation in the mining sector.

In the mid-70s, profound economic changes began to bring about a change in the world mining industry and alter international relations. We shall analyse these next.

The world mining crisis

The trends in world mineral raw material consumption kept up with economic growth in the industrialized countries during what are called the 30 glorious years.

The ratio between the growth of the economy and the growth of each mineral (in other words, elasticity of consumption: GDP) depends on the way user intensity (consumption: GDP) increases and user intensity was increasing in the case of young metals, such as aluminium and nickel, which had not yet cornered all their markets. Their consumption rose faster than GDP—which is to say that elasticity of consumption: GDP was greater than 1. In the case of other, "old" metals, for which substitutes were available, intensity decreased, leading to growth rates that were less than the growth rate of GDP, giving a figure for elasticity of less than 1 [2].

The '70s were characterized by a prolonged slow-down in the growth of industrial economies and of non-oil economies in the Third World, plus declining user intensity reflecting lower elasticity of raw material consumption to economic growth.

There are a number of factors behind the decline in user intensity:
— the structural change in the content of economic growth, corresponding to a relative decline in industry as compared to services, and in the capital goods and "heavy" consumer durables industry to the benefit of sectors such as electronics, data processing, etc., which consumed fewer raw materials.

— savings on the production line—continuous casting in the iron and steel industry, lighter cars and railway equipment etc.;

— the development of substitutes, not just the replacement of one metal by another, but by non-metallic substances from other areas of production (ceramics, plastics, polymers, etc.);

— the development of recycling, fostered by an increase in the rate of consumption of waste and by the introduction of new recuperation techniques that cost less than producing primary products. These trends resulted in a break in the previous rate of expansion of demand. As Figure 1 shows, the annual average growth rate (world consumption) went from

— 5.8% between 1950 and 1973 to 0.6% between 1974 and 1983 for steel;
— 9.2% between 1950 and 1973 to 2.1% between 1974 and 1983 for aluminium;
— 4.3% between 1950 and 1973 to 1.5% between 1974 and 1983 for copper;
— 5.9% between 1950 and 1973 to 0.5% between 1974 and 1983 for nickel;
— 2.3% between 1950 and 1973 to −1.7% between 1974 and 1983 for tin.

Let us sum up by saying that, over the past 10 years, not only has world demand for minerals slowed down considerably, but the phenomenon is no doubt a lasting one linked to profound changes in consumption, in the OECD at least. The Third World's needs are, naturally, immense, but it will only take over very gradually [3].

Quantitatively speaking, six-monthly and annual fluctuations, which are more erratic and difficult to interpret, have also been recorded.

Qualitatively speaking, the grouping together of the consumer industries, improved distribution of economic information and a wider range of supply choices have strengthened the buyers' position when it comes to negotiating prices.

The appearance of excess capacity

Given the profound changes in demand we have just described, we will now show how mining operators as a whole invested in such a way that excess production capacity of almost all industrially-used minerals and metals emerged in the early '80s.

Overinvestment

In retrospect, it is clear that, in spite of the slower growth of demand in the second half of the '70s, the level of investment (in constant terms) still grew over the period.

As Figure 2 shows, world mining investments boomed in 1974 and '75, dipped slightly (this from a large increase for uranium and a sharper drop for non-energy substances) in 1976, '77 and '78 and picked up again in 1979 and '80.

Calculations based on mines having an average life of 20 years and capital intensity in the mining industry being 3 (ratio of initial investment to annual turnover) suggest that the volume of annual investments would need to be halved if the growth of demand is to go from 5% to 2%.

The data behind this calculation, which is indeed very rough, can be contested, but the high capital intensity of the mining sector still gives a heavy (accelerating or decelerating) weighting to investment.

This very high investment level, which has not been offset by the dismantling of the oldest plant, led to considerable excess production capacity in the early '80s.

In 1982 and '83, the nominal capacity for the production of primary metal was 25% in excess of demand in the case of most basic metals. Between 1973 and '83, the trend in the rate at which capacity in the western world was used was as follows [4]:

	1973	*1983*
Aluminium (refining)	93	77
Copper (mining)	94	75
Nickel (mining)	99 (1974)	57
Steel	90 (1974)	63

(2) A detailed analysis can be found in: "Consommation de huit matières premières minérales — Analyse retrospective" 1950-1983 by P. N. Giraud, B. D. Camara and R. Ona Ndong, CERNA, April 1985.

(3) See "Consommation de huit matières premières minérales", op. cit.

(4) Source: Metals Analysis and Outlook, Quarterly (several issues).

The factors behind over-investment

The difficulty of predicting trends in demand

Throughout the '70s, mining concerns, like most other economic operations, failed to realize that the economic crisis was a lasting one.

The fluctuations in demand to which the sector was accustomed masked the basic trends until at least the second oil shock, (1979-80).

And long-term forecasting, which was based on extrapolation from past trends or of the ratio of the elasticity of consumption to macro-economic factors, was, as we have seen, poor and proved to be very unreliable. Take, for example, the Amax forecasts of how demand would stand in 1985—they were produced in 1979 and reviewed in 1981 and they overestimated demand by something like 80%.

This mis-assessment of demand—and it was, let us not forget, very difficult to predict—affected a large number of investment decisions in both North and South.

Investing at the height of what could be analysed as a simple cyclical recession, albeit an unusually strong one, did not, on the face of it, seem silly in a sector where investing in poor economic situations was for a long time one of the keys to success.

The emergence of new sources of differential income

In the '70s, the range of metal/mineral production costs widened, making for new opportunities for differential income and leading to new investments being decided on the basis of cost rather than market.

There are a number of reasons for this broader scale of costs:

1. Rising oil prices had repercusions on the cost of producing minerals and metals, leading to:
— a differentiation of costs in the light of energy consumption, which varied considerably from one branch of industry to another. In the nickel industry, for example, where the amount of energy consumed in processing is directly proportional to ore content, the range of production costs more than doubled (constant terms) in the '70s.
— the relative increase in the cost of some forms of transport (proportional to the price of fuel), which penalized those ore processing plants that were a long way from the mines (iron alloys and alumina).
— a differentiation in the costs of access to energy, particularly electricity.

In the aluminium refining sector [5], the second oil shock resulted in differences of 10% in the costs of operation due to the price of electricity.

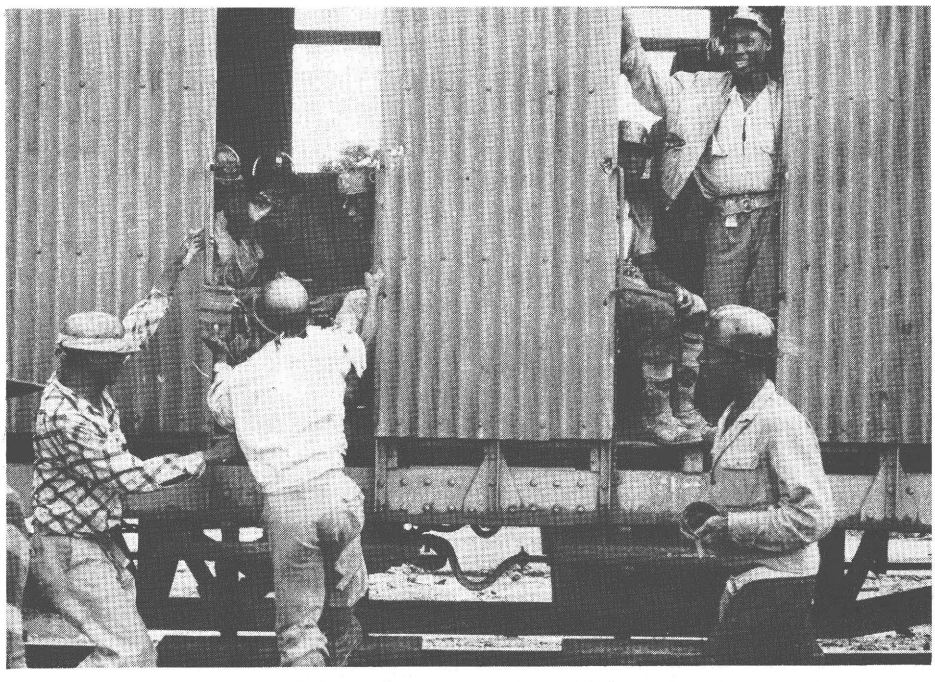
2. Ageing plant and depleted deposits pushed up costs in old production units.

This phenomenon, which also arose in the industrialized countries (particularly the USA), had a serious effect on some mining firms in the Third World in countries where the State had heavily tapped the firms' self-financing margins and foreign exchange resources (as with Gecamines, ZCCM, Centromin, Comibol etc.) [6].

3. Increasing balance of payments deficits brought down the value of the currency of some countries that were heavily in debt and this has been accentuated by the rise of the dollar since 1980. This has helped reduce the relative share of the production costs in local currency of firms in these countries. Codelco in Chile, CVRD in Brazil, OCP in Morocco and even the South African gold mines have benefitted considerably from this phenomenon.

4. The discovery of fresh deposits that are relatively easy to work (tin in Brazil) and greater capitalization on some by-products (molybdenum combined with Chilean copper, for example) have generated new differential incomes.

These new income opportunities have encouraged the (traditional and other) mining operators to invest, in spite of saturated markets, thereby adopting an aggressive strategy with regard to their less well-placed competitors.



Miners on the way to the mines.
During the boom, "the trends in world mineral raw material consumption kept up with economic growth in the industrialized countries during what are called the 30 glorious years"

Changes in the structure of capital and methods of financing in the mining sector

Between the early '50s and the early '70s, there was a complete upheaval in the structure of capital and the meth-

(5) Cf. O. Bomsel and F. Laroui — Tendances à la localisation des industries de transformation des minerais — CERNA, 1984.

(6) See O. Bomsel — Dynamiques économiques des pays miniers et instabilité des marchés de matières premières minérales, CERNA, 1985.

ods of financing in the mining industry in the western world.

Structure of capital

In the '50s, the bulk of the mining sector was made up of private firms tending to operate alone on State concessions.

The emergence of the States themselves as the new operators of the mining industry in the '60s resulted in public firms working alone or in joint ventures with other enterprises.

By 1975 [7], the States had more than 20% of the capital in 22% of the western world's production of refined aluminium, in 41% of mined copper and in 33% of the production of refined copper.

Their involvement increased further in the '70s and the State control of refined aluminium production rose from 20% to 33% in 1982. The figure is expected to be 36% in 1987.

The private mining companies were also anxious to minimize the risks in each project and apparently sought to associate more with the States and other mining concerns than they had done in the past.

So each firm's capital holding in each operation has decreased a good deal.

Methods of financing

At the same time, financing, which had been 80% covered by private firms, now changed and bank credit represented as much as 80% of the total [8].

Most bank credit in mining investments in the Third World is State-guaranteed.

Although it is difficult to prove, we think that the spreading of risk that results when joint ventures are financed mainly through the banks has encouraged over-investment in the mining sector.

Bank credit project financing, which helped expand production capacity in a period of high growth of demand would thus have amplified overinvestment once the trend was reversed.

This was particularly the case in the mid-70s when the banks actively sought to recycle petrodollars, particularly in the Third World.

Overproduction and the problems of bringing supply into line

The crisis in the mining sector in the '80s is now seen as due to excess capacity. We shall now show that this finding suggests that questions to do with the regulation of the markets should be posed differently than in the past.

The effects of the appearance of excess capacity in the '80s were spectacular:

— stocks stood at a record level, often more than 50% of annual consumption (this happened with tin, nickel, etc.).

— the price of most ore/metal dropped to a record low since 1945.

— all mining companies (with the exception of a very few with high differential income) had consolidated net losses as well as gross losses on the running of many operations [9].

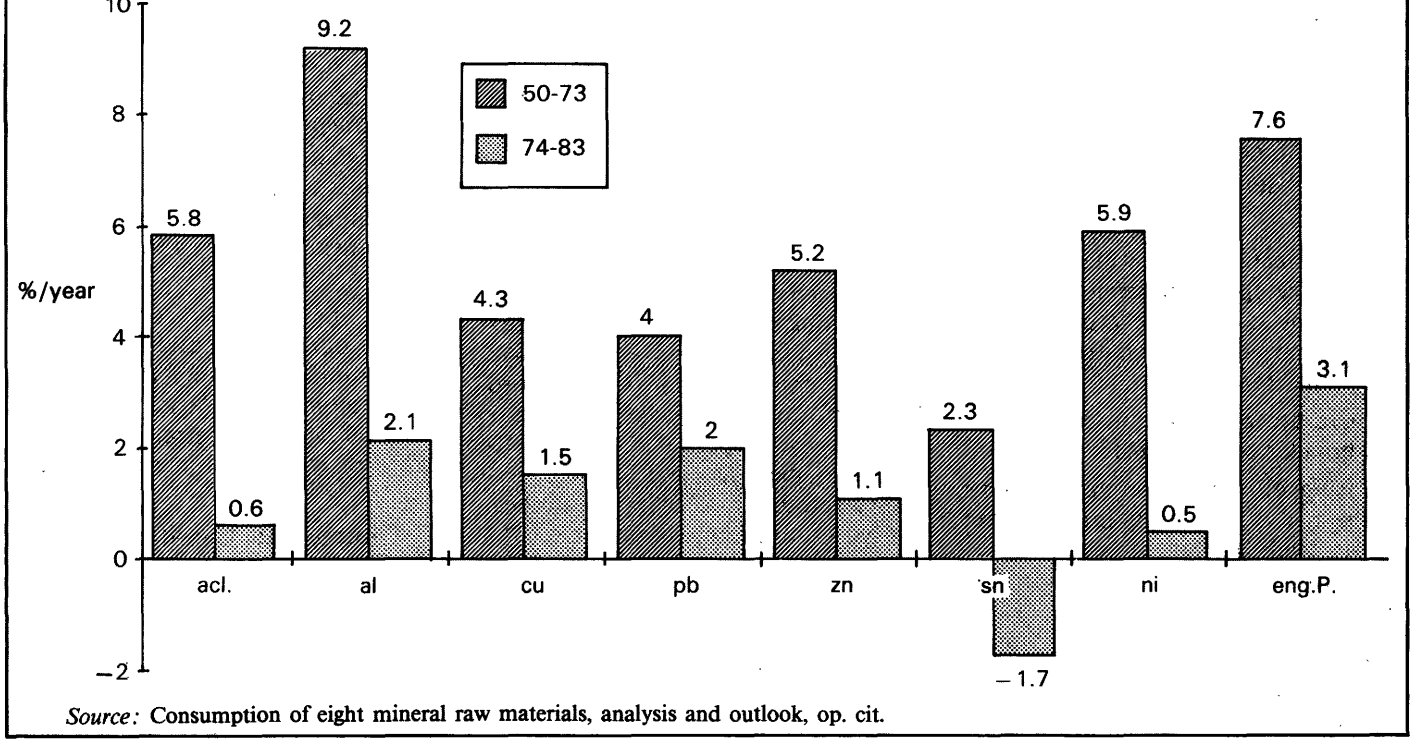
— in 1984, for example, after four consecutive years of low prices, copper

(7) Figures quoted by C. Stobart, Head of Research — Government influence and the economics of the Base Metal Industries — CIM conference, Toronto, 1984.

(8) Cf. Gilles Manseau — Le financement de l'industrie minière — CERNA, 1979.

(9) See Paolo de Sa — Stratégies d'adaptation des entreprises minières du Nord — CERNA, April 1985.

Figure 1
Annual average growth rate of world consumption of eight mineral raw materials in 1950-73 and 1974-83



Source: Consumption of eight mineral raw materials, analysis and outlook, op. cit.

prices failed to cover the net costs of operation in 50% of mineral production in the western world. There was only 40% coverage for nickel and 70% for iron ore.

The use of this excess capacity led to regular over-production at the beginning of the '80s, with surpluses being absorbed by stocks.

The producers as a whole delayed their production adaptation measures, in spite of the fact that they were vital because of the increasing discrepancy between supply and demand. And strictly micro-economic criteria like the position on the scale of costs or the maintenance of the level of cash flow were not the only things taken into account by the producers—whose strategy for each project was altered in the light of the market.

A formal analysis of this rigidity of production might suggest it was a combination of:
— the maintenance or even increase of production in companies with differential income;
— the failure to withdraw certain marginal capacities in both the North and the Third World.

Adaptation of and outlook for the mining industry

The world mining crisis as we have analysed it is the result of a combination of two contradictory phenomena during the '70s. They are:
— a complex, profound structural change in the trend in the world economy's demand for primary minerals;
— inertia in the mining industry's expansion dynamics linked, among other things, to heavy investment and the producers' desire to maintain or even increase their share of the markets.

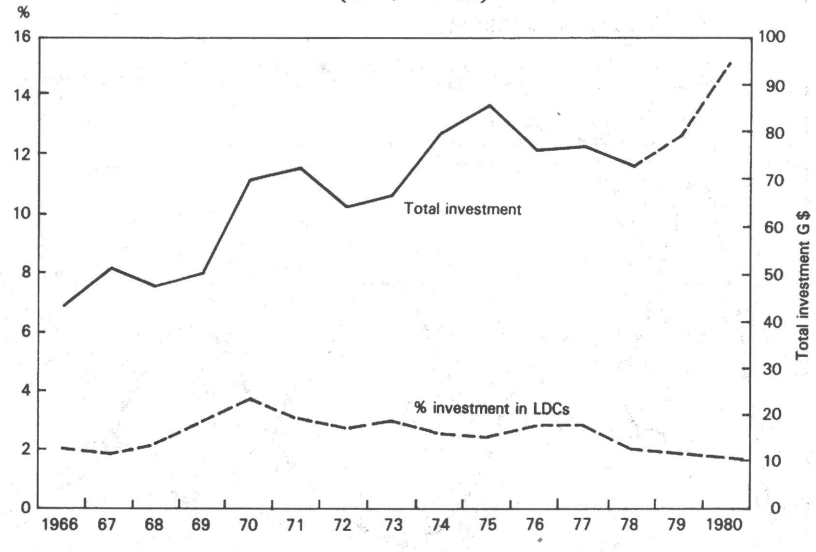
The transition from rapid and relatively regular growth to the sort of operation dependent on low, unstable demand happened in a spectacular manner which produced a major imbalance between supply and demand on the mineral raw materials markets in the early '80s.

And in each branch of the industry, the crisis brought integration and break-up in its wake, bringing the producers face-to-face with new demand structures. Mergers in the iron and steel industry in the West, for example, brought the iron ore and alloy producers up against fewer, better-organized purchasers. And, on the other hand, it seems likely that the copper producers will go on supplying a fairly wide range of consumer industries in the future.

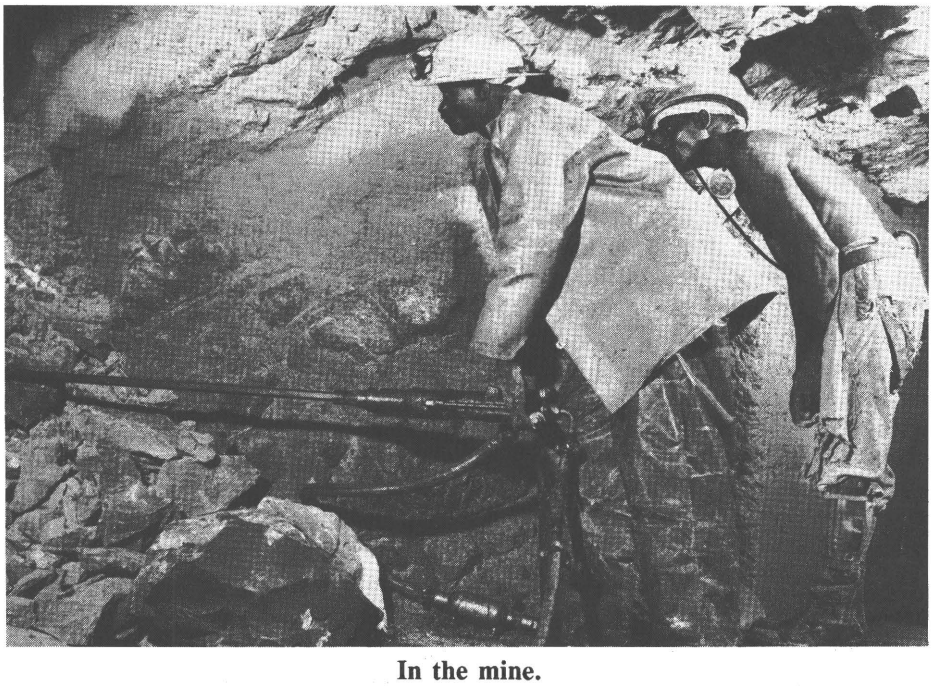
The attenuation of the imbalance through the adjustment of production to requirements and the introduction of greater flexibility in the management of capacity is one of the most important aspects of the reorganization of the mining sector.

This process of rationalization, which is proceeding at a different pace on different markets, is by no means complete, as is clear, for example, from the abnormal behaviour of stocks and prices in 1984 (see Figure 3, in spite of the fact that prices are in dollars and the dollar tended to appreciate over other currencies during this

Figure 2
Total mineral investments in the western world, 1966-80 (G $ 1980)

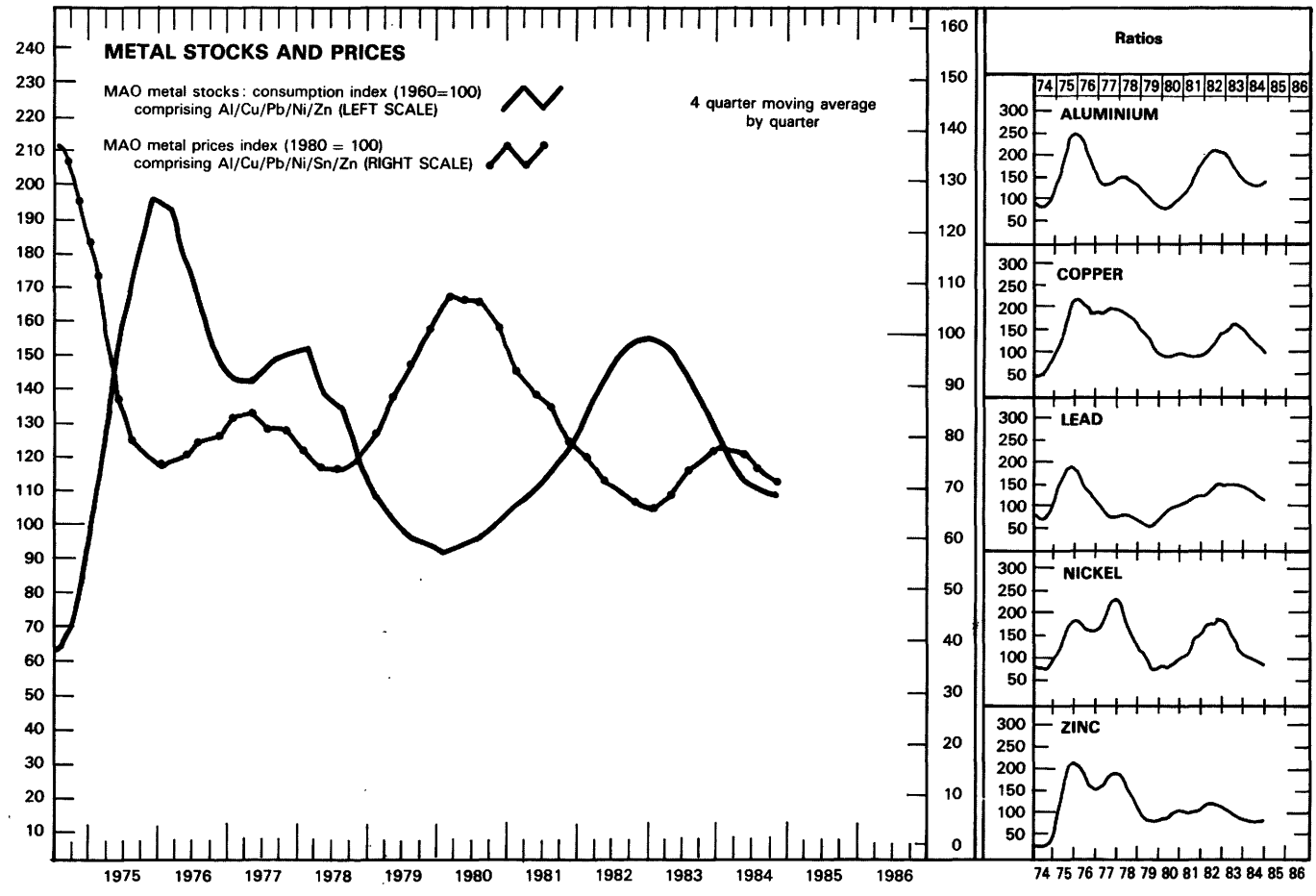


Source: P. C. F Crowson — Investment and Future Mineral Production — Resource Policy, 03-1982.



In the mine.
"Incorrect demand forecasts ... which were difficult to get right, influenced a number of investment decisions, in the North as well as the South"

Figure 3. Metal stocks and metal prices (1980 = 100)



period). Although stocks are continuing to decline, prices, after picking up in 1983, are dropping again, very probably because of the existence of vast capacity not currently in use but ready to resume at the slightest hint of demand.

The ongoing rationalization has also generated a lasting disorganization of the markets, resulting in the disappearance of absolute incomes and productive prices. It remains to be seen whether this is a passing phenomenon to do with what we have called the crisis or whether the producers will achieve cohesion in the longer term and find the flexibility they need to adjust supply and control prices. An analysis of each market yields an answer.

On some markets, the obstacles include the behaviour of certain Third World producers, associated with economic income dynamics in the old mining countries whose mineral exports are the cornerstone of the national economy (Zambia and copper, Bolivia and tin, Liberia and iron ore, for example).

These producers tend only to represent a limited share (5-15%) of the market for each product. But the effect of their rigid production is to make a restricted part of supply take the burden of adjustment to the fluctuations of overall demand, thereby exacerbating competition on the rest of the market. This may sometimes encourage the development of aggressive strategies by producers with strong differential income. Zambia, for example, is suffering badly from low copper price levels following the Chilean offensive, but it is still one of Chile's objective allies in its attempt to throw out US producers.

In a situation of this kind, remember that the problem of market regulation introduced by the international producer-consumer agreements has lost a great deal of its point, because:
— the consumers' interest in taking part in such agreements has altered, as excess capacity has done away with the risk of a lasting shortage of ore and metal;
— on most markets, as we have seen, the contradictions between producers, including those of the South, have sharpened.

The conditions in which the producers can regulate supply can only be achieved if there is a consensus on individual shares of the market so that production quotas can be introduced. The possibility of such a consensus on some markets (iron ore for instance) cannot be ruled out in the near future and new kinds of agreement between producers (including those of the Third World) could well see the light of day. However, the methods of market regulation would depend more on the oligopolistic control of the markets, which is traditional in the sector, than on the International Commodity Agreements which UNCTAD outlined in the '60s and '70s. o O.B.

Mineral exploration: new techniques, old challenges

by A. BOTMAN, T. DESAUVAGIE, S. DIJKSTRA and C. REEVES(*)

The search for metals has always been a big challenge since the Bronze Age when people discovered their useful properties and methods of extracting them from the earth. People learned to observe the environments in which metals occurred. Then they found new deposits by looking in similar areas elsewhere. The modern science of mineral exploration is based on their experience.

The actual approach of the modern explorer is based on his awareness of the association between the geological environment and the occurrence of certain types of mineral deposit. The term geological environment refers to rock types, or rock associations, as well as to the geological history of the rocks, their structural setting and their age.

The following examples may serve to demonstrate these associations:
(i) Copper-zinc sulphide deposits in metamorphosed volcanic sedimentary rock sequences in the oldest parts of the earth's crust.
(ii) Tungsten carbonates with iron sulphides and calcium-iron silicates at the contact of granitic intrusions and limestones of younger age than the deposits above.
(iii) Zinc and lead sulphides and carbonates, possibly with sulphides of iron, in carbonate soils with special depositional features and/or structural setting, within a given span of geological time.
(iv) Oxidic deposits of iron or aluminium at present-day or fossil erosion surfaces.

A fairly comprehensive classification of all types of ore deposits according to geological environment is being introduced at the mineral exploration department of ITC; the first criterion for the classification is lithology—i.e. the science of rocks.

Any systematic programme of mineral exploration in the 20th century starts with the geological mapping of an area to see what types of rocks exist there and what possibilities there may be for finding the relatively scarce (and therefore valuable) mineral deposits within those rocks.

Sadly, the rate of production of geological maps has declined in recent years, particularly in the developing countries, where they are much needed if systematic exploration is to be supported and stimulated. There seem to be at least two reasons for this. For one, there is a desperate shortage of qualified earth scientists to carry on the work of map-making which was often previously conducted by the colonial authorities. Second, in many countries, reconnaissance mapping of "exposed" areas is virtually complete, but leaves large areas unmapped where a thin cover of sand, swamp, or tropical jungle obscures the geology below. The problems are made worse by the poor infrastructure and lack of modern air transportation such as helicopters in many developing countries.

On the positive side, high-quality aerial photography is now available for most areas of the world and the use of these photographs and a simple "stereoscope" to view them in 3 D has become an established part of the equipment of the field geologist, before, during and after his field excursions. Where the cover of superficial deposits is thin, elements of geological structure may often be made out by careful examination of aerial photographs, even when no outcrops are available for direct examination in the field.

Since 1972, imagery obtained from earth-orbiting satellites has supplemented photographs from conventional aircraft. These images have positive advantages in showing large areas of terrain in one frame, free from distortion and at a standard scale. Since the data exist in digital format, computer processing may be carried out to enhance desirable features of the image, which is often presented in full colour, using data collected in three different wavelengths. The forthcoming French SPOT satellite will, for the first time, enable satellite imagery to be presented stereoscopically, which will no doubt increase the clarity with which geological features may be discerned.

Many generations of geologists and explorers searching the earth's surface will have discovered all the surface mineral deposits that are to be found. There remain many undiscovered, buried or "deep-seated" deposits, but they are very difficult to find without the special techniques which have developed in recent times.

One can divide modern methods of exploration between aerial and ground surveys. Aerial surveys permit large areas to be surveyed very quickly and enable the most promising localities to be selected for more detailed and costly studies on the ground, known as "ground follow-up".

To supplement geological mapping, regional geophysical surveys are being carried out from aircraft with increased frequency. An average of about three million line-kilometres of aeromagnetic surveys has been carried out every year over the past twenty years. Surveys of entire countries, such as Tanzania and Thailand, are now being executed as a single contract, costing several tens of millions of dollars.

Thanks to modern electronics, the methods of recording and processing airborne survey data have changed radically in the last twenty years. Results are now recorded in digital format on computer tape which allows much of the routine compilation and map production to be done quickly and accurately with a minimum of human interaction. The main advantage of this is that various processes may then be performed on the results of the survey to aid the detection of certain geological features. Commonly, the results of this processing are now being presented as full colour "pixel maps" on which the geological information stands out very clearly for the human interpreter.

Having airborne survey data in digital format also allows numerical estimates to be made of the depths of the sources of magnetic anomalies

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through computerized methods, and both qualitative and quantitative interpretation methods have improved significantly as a result.

Modern electronic techniques have also vastly assisted position-fixing for all types of regional surveys, but particularly geophysical surveys. Doppler navigation, long-range radar, inertial navigation and, most recently, satellite navigation have all contributed to making the execution and compilation of surveys in remote or poorly-mapped areas more straightforward and accurate. This is a feature which is essential when it comes to trying to find the source of an interesting anomaly on the ground in areas of difficult or featureless terrain.

Hidden ore bodies below the surface often betray their presence through ascending gases or circulating groundwater that partly dissolves the ore metals. Where the water reaches the surface the metals are carried towards the streams but not without leaving a zone of higher metal content in the soil. Also, the stream sediments are enriched in metal values.

By sampling stream sediments in a systematic way, taking the finest sediments, one can find anomalously high metal contents and an area can be defined for a more detailed investigation. This area may be studied by methods such as geochemical soil sampling, geological mapping and ground geophysical surveys.

Soil samples are taken at points on a square or rectangular grid where the sampled distance along lines varies from 10 to 100 metres and between lines from 10 to 500 metres. The metal values at a given depth are plotted on a map and zones of anomalous values may indicate the approximate position of hidden ore.

The execution of geochemical surveys involves the collection of large numbers of samples, all of which have to be analysed to reveal the elements they contain and their quantities. The last twenty years have seen the introduction of sophisticated electronic equipment, such as the atomic absorption spectrophotometer, which can analyse a large number of samples in a short space of time, compared with the old methods of wet analysis used in the traditional chemical laboratory.

The equipment of the mineral exploration geophysicist working on the ground, following up regional geophysical or geochemical surveys, has also benefitted greatly from the advent of sophisticated micro-electronic circuitry, particularly within the last ten years.

Geophysical equipment is generally required to measure very small quantities (or changes in very small quantities) and in order to be useful has to be capable of doing this with accuracy and reliability, often in a hostile working environment—the dust, heat and rough handling that is inescapable in the field. Micro-electronic equipment is proving itself not only more portable and less prone to failure, but also allows a greater number of geophysical readings to be made in a shorter time. The more the data, the less ambiguous is the interpretation, so again real progress is being made.

Large quantities of field data require similarly large efforts in compilation and interpretation, which can be a long and tedious process when carried out by manual methods. Within the last ten years, however, computers have been developed which are sufficiently robust and compact to be used in the field. Since 1980, micro-computers have appeared which are sufficiently powerful to carry out all routine (non-seismic) geophysical data processing and interpretation, either in the field or at a small field office, provided that suitable software is available. This frees the geophysicist from the restrictions of using only a distant data processing centre.

What is perhaps even more important is that the cost of these microcomputers is a mere fraction of that of the geophysical field equipment itself. A very powerful system can be obtained for less than US$ 10 000. Any organization planning to equip itself for mineral exploration geophysics can now acquire all the necessary computing power for no more than perhaps 10% of its total equipment budget, and increasing quantities of suitable geophysical software are appearing on the open market.

Field computers are now commonly linked directly to the geophysical field equipment at the end of the working day and the results are transferred from the memory of the instrument to that of the computer, avoiding the tedium and errors of using pencil and field note-book. The same micro-computer system may also be used for the analysis and plotting of geochemical field data.

Geological, geochemical and geophysical information must all be brought together for final interpretation. Together they may provide much information on a possible ore body at depth. The geochemistry may indicate the metal, the geophysics may indicate the depth and the geology may indicate the environment. But all this information is still somewhat speculative. However, if all indications are positive, it is now necessary to drill a hole into the target to see exactly what lies below.

Drilling is a relatively expensive business, so it is important that all possible help in locating the first drill-hole is obtained from the geophysical, geochemical and geological information. To save on drilling costs may be justification enough to carry out surveys on an even more detailed scale before drilling, but it is ultimately only the evidence of the drill-core which provides the proof of the ore body. No exploration project is complete, therefore, without drilling.

Many showings may be discarded as being uneconomic after just a small number of drillholes, provided the geophysical and geochemical anomalies have been adequately explained. If the signs are positive, however, a large number of drill-holes will eventually be necessary to define the size, shape and grade of the deposit with sufficient accuracy to allow the feasibility of mining it to be assessed.

Many other factors now have to be taken into consideration. Mining costs, transport costs and the value of the commodity on the world market both now and during the life-time of a mine have to be predicted. If all these are favourable, a new mine may come into production, and the mineral explorations can take pride in their triumph.

It has been estimated that, in North America, almost US$ 20 million is spent on exploration for every new metal mine brought into production. The earth does not give up its secrets cheaply! o

Mining and development

by Dawn PENSO (*)

The presence of valuable mineral resources in a country can provide the opportunity for government to obtain a significant flow of revenue to finance national economic and social development. Ideally, the mineral sector should generate government revenue and foreign exchange, help to diversify the country's economy, supply raw materials for local industry, contribute to regional development, and to the improvement of physical infrastructure, provide employment opportunities at all levels and facilitate the acquisition of technology.

Background

Over the past two decades, the contribution mining has made to development in developing countries has varied from country to country, depending to a large extent on how soon and to what degree the newly-independent countries were able to gain control of their mining operations. Previously, mining activities were usually carried out by wholly foreign-owned subsidiaries of transnational corporations under concession agreements which imposed few obligations on the companies. The result was the development of enclave or dual economies with the mining sector not integrated into the rest of the economy.

As the mineral exporting countries became independent in the 1960s, their governments sought to control or influence the development of the industry in order to obtain a greater share of the benefits and to relate its development to national social and economic goals.

Many existing agreements were renegotiated and governments acquired varying degrees of ownership and participation in mining operations, in some cases by expropriation rather than negotiation. The contribution of mining to development has therefore to be looked at against this historical background and in the context of the international events of the last two decades.

Post-independence period

In the period immediately after independence, most governments lacked the experience and technical knowledge of the transnationals, and early negotiations were often conducted in an atmosphere of suspicion and lack of trust. The fear that firms would disguise the true costs of their local operations by transfer pricing (i.e. sales from one subsidiary to another at prices set by the parent company) and other forms of manipulation to reduce the tax bill payable to governments, and the high degree of national dependence on foreign private companies for the economic wellbeing of the

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EDF – John & Penny Hubley

"Mineral development has contributed relatively little to direct employment because of the capital-intensive nature of large-scale mining investment"

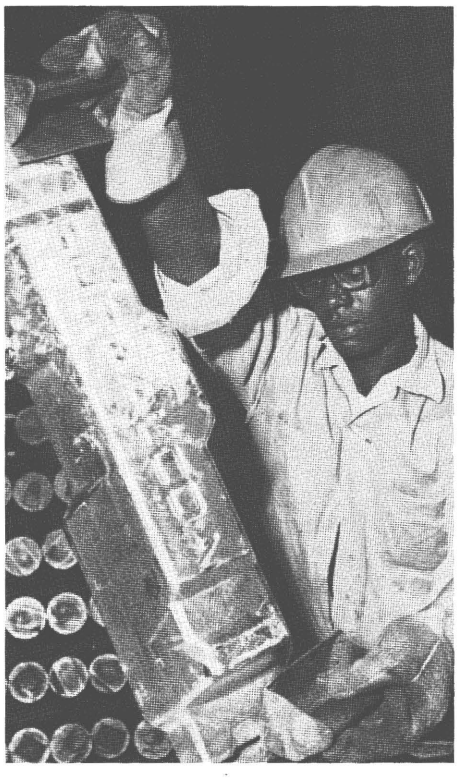
country, led to strong feelings against many companies.

The late 1960s and 1970s were characterized by soaring demand for the major base metals and relatively high levels of investment and production in developing countries as companies sought to ensure their sources of raw material supplies. Forecasts and studies carried out at the time predicted that demand would continue unabated, as it was expected that developing countries would become large consumers of base metals as they industrialized.

There is no doubt that during this period mining contributed dramatically to the economies of the mineral exporting developing countries. Exports of non-fuel minerals from these countries during 1973-75 amounted to about $ 14 billion per year, or approximately 7.5% of their total exports. In many of the countries, the mineral sector accounted for the major share of economic activity, with contributions of more than 25% to gross domestic product (GDP) in Gabon, Liberia, Mauritania, Suriname and Zambia and between 10 and 25% in Guinea, Guyana, Jamaica, Sierra Leone and Zaïre.

The rise in per capita incomes in Botswana where nickel, diamonds and cobalt account for 75% of annual export earnings and 60% of government revenue, has been due to the successful exploration and development of the country's mineral resources. The economic development of Niger was stimulated by exports of uranium, which in 1981 accounted for about 80% of total exports and earned some $ 360 million. More than 35% of total government revenue was derived from uranium. In Zaïre, the mining industry accounts for some 80% of total exports both in volume and value, with exports of copper and cobalt providing about 66% of foreign exchange receipts.

The contribution of the mineral sector to the other aspects of development mentioned above is more difficult to measure. Nonetheless, it is safe to say that many mineral exporting developing countries have not diversified their economies to any significant extent. This has been due in some cases to difficulties in evaluating projects, political pressures to spend



SURALCO

The mining sector has contributed to the acquisition of skills and technical and professional expertise

quickly, selection of large projects such as public works with long-term pay-offs and the channelling of mineral revenues into government budgetary support.

As far as providing raw materials to local industry is concerned, the industrialization which was expected to take place in the developing countries has not occurred. Further processing of primary minerals to the semi-fabricated stage has not taken place because of the difficulties of achieving economies of scale in goods destined for the domestic market. Processing for export has not been possible because of problems of market entry such as market structure, freight rates and tariff protection.

Not only is infrastructure needed for mineral development to take place but it is needed also for the integration of the mining project into the local community and the promotion of regional and national social and economic development. Traditional concession agreements did not include measures aimed at integrating the mining company's activities into the economy, and mining projects remained isolated from their surroundings.

In some countries, however, the infrastructure provided for development of the mining industry has contributed to the development of regional agricultural projects. The major impact of mining regionally, however, has been increased wages. Local suppliers of mining inputs have not emerged; nor have regional governments had sufficient funds to foster regional economic development. Mineral contracts now include provisions which relate to a country's development objectives in terms of mineral processing, local purchase of inputs, infrastructure services and the training and employment of nationals.

Mineral development has contributed relatively little to direct employment because of the capital intensive nature of large-scale mining investment. In most countries, the minerals sector accounts for less than 4% of the labour force.

The development of the mining sector has in a number of countries been the source of wage-related problems in the wider economy. The higher wages paid in mining created a tendency for wages of skilled labour to rise elsewhere, particularly in government, and led to what has been called wage dualism in the economy. The effect on labour was a migration to the rural mining centres and, because of the limited employment opportunities, to the urban areas later, adding to the unemployment problems there.

The mining sector, however, has contributed to the acquisition of skills and the transfer of technology and technical and professional expertise. At independence in Zambia in 1964, the mining industry employed 41 000 Zambians of whom only 5% had any secondary education and only one was a graduate. By March 1984, with the Zambian government in control of the industry, there were 56 600 Zambians employed, a significant number of whom were graduates or had some form of higher education qualification. The number of expatriates employed in the industry fell from nearly 8 000 in 1964 to under 2 000 in 1984.

External events

External events have a major impact on many mineral-producing developing countries. The increases in the price of oil, world-wide inflation, soaring interest rates and the general

economic recession have all combined to depress the demand for raw materials and led to stagnation in metal prices. For those countries with a high degree of dependence on their mineral exports, these events have imposed a heavy burden on their economies and, in some cases, undermined the gains of previous years.

In Zambia, where minerals account for more than 90% of total exports, the debts of both the nation and the mining industry rose dramatically as a result of the rise in interest rates and the devaluation of the Kwacha. An increasing proportion of the foreign exchange earned by the mining industry has been used to meet debt service payments, leaving insufficient funds for investment in maintenance and renewal of the industry itself. The efficiency of the industry has fallen, copper output has declined and less foreign exchange has been earned. The Zambian government is aware of the need to diversify the economy to reduce the high level of dependence on one vulnerable and depleting resource. The country has tremendous agricultural potential and cheap hydro-electric power. But the capability of the mining industry to fund diversification efforts will be affected by the other demands being made on these earnings.

Changes in the aluminium industry have had an impact on developing country bauxite and alumina producers. Aluminium is the most energy-intensive of the major industrial metals but until the oil price rise of 1973-74 energy costs had not been an overriding consideration. The siting of smelters was not a crucial decision, as crude oil could be imported fairly cheaply. When the price of oil increased it became important to site smelters near to a cheap source of energy, whether coal, natural gas or hydro-based. Most of the new investment in bauxite and alumina has been influenced by this factor.

There has been a general shift away from new investment in mineral projects in developing countries, which some writers have attributed to changes in ore grades among countries, the outright or "creeping" expropriations of the 1970s, arbitrary changes in taxation and perceptions of political risk. There are other factors, however, which have affected investment in the mining industry for many minerals. These include excess global capacity, declines in demand, the high cost of capital and reduced profitability.

Domestic influences

Domestic economic policies and political events can have direct and indirect effects on the mining sector and the general economy. In 1974, the Jamaican government imposed a production levy on bauxite, and this has been cited in some quarters as the main reason for a shift by the aluminium companies operating in Jamaica to investment and increased production in Australia and Guinea. The US aluminium industry, which up to 1974 had obtained 60% of its raw materials from Jamaica, steadily reduced its imports from that country to the present level of about 25%.

In 1979 the Jamaican government reduced the levy and began renegotiations in 1983. These ended in April 1984 with a new lower levy and financial incentives offered to the remaining companies to expand production. These include discounts in the levy rate for expanded capacity utilization, greater foreign exchange inflows and increased corporate dependence on Jamaican bauxite.

Unfortunately, the new arrangements with the companies have come into being when the global supply of bauxite and alumina exceed demand, aluminium prices are depressed and customers now hold lower levels of inventories than before. Jamaica may therefore not be able to regain its position as a major supplier in the near future.

The political and economic problems which Ghana experienced during the 1970s had their impact on the mining sector of the country. The combination of royalty payments, export duties and corporate tax under the then existing minerals regime left a level of retained earnings which were insufficient to provide capital for investment in the mining industry and mines have run down and become inefficient as a result. Production of gold, which accounts for 90% of mining revenues, declined from 16 295 kg in 1975 to 10 582 kg in 1981.

Subsidiaries of the State Gold Mining Corporation (SGMC) are suffering from problems of fuel shortages, lack

GRGM

Manganese mine in Moanda, Gabon

The mining sector is the main activity in a good number of countries. In Gabon, it accounts for more than 25% of the GDP

of spare parts, plant and equipment in need of repair and lack of adequate skilled personnel. The government has recognized these problems and has approved a programme to rehabilitate and revitalize the mines over the next three years with the aid of a $ 35 million loan from the World Bank.

Ghana has been in arrears with its foreign debt and the government is aware of the need to secure vital foreign exchange in order to solve its economic problems. In this connection, it has given high priority to the minerals sector and introduced a new fiscal regime. The minerals duty has been abolished and the gold export levy on the gross value of minerals has been reduced from 20% to a sliding scale ranging from zero to six per cent, depending on profitability. In order to promote new investment, an excess profits tax has been introduced, more liberal depreciation and other allowances, and inflation accounting to offset the effects of the devaluations of the cedi.

Outlook

Mineral exporting developing countries do not share in the added value arising from the transportation, processing, fabrication, marketing and distribution of the intermediate or final products made from the exported raw materials. They must ensure, therefore, that their returns from mining represent the maximum benefits obtainable and governments will need to play an active role in the development of their mineral resources.

This includes careful analysis of the options available for mineral development, clarification or enactment of a mining code covering issues such as the legal and fiscal regimes governing foreign investment in mining projects, dispute settlement and so forth. The success of this policy depends, however, on the contents of the mineral agreements between the government and the mining company, and on government's administrative ability to police the contract and monitor tax returns over the years of the agreement. Staff shortages or lack of expertise in the complexities of minerals production and marketing may result in the government not having an accurate assessment of the company in meeting the terms of the agreement and there is a risk that government will make decisions based on inaccurate information and analysis.

The Technical Assistance Group (TAG) of the Commonwealth Secretariat has built up considerable experience in advising Commonwealth Governments on natural resource development including drafting legislation, design of fiscal regimes and participation arrangements with foreign investors, negotiation of agreements and financial and economic analysis of projects. The Group seeks to ensure that governments obtain the maximum benefits possible and at the same time provide conditions which will make mineral exploration and development attractive to foreign investors.

The realization of the potential contribution of the mineral sector depends mainly on the country's commitment to economic growth and the choice by policy makers of the appropriate strategy for achieving this. Specific measures to integrate the mining sector more fully into the regional and national economy will have to be taken in many countries. The infrastructure needed to develop mining resources can be provided so as to facilitate regional development and encourage greater economic activity and employment. This is particularly important to prevent an area from going into permanent economic decline when the mineral deposit is exhausted or market conditions change. The development of small-scale mining offers opportunities for employment and income generation.

For the economy as a whole, effective economic management and planning are crucial to the achievement of the sustained expansion in production and productivity necessary for improving the living standards of the people. Management of an economy should aim at enabling the public sector to generate a surplus on current account on a sustained basis. Borrowing to meet recurrent expenditure or to invest in projects which do not generate revenue only leads to the accumulation of debts which in many instances have already led to intolerable strains on the societies of many countries.

The purpose of planning is to provide a framework for systematic national development efforts by the establishment of development objectives and priorities and the elaboration of a public sector investment programme. Targets for private sector investment and output should be included as well as formulation of specific policies and measures to stimulate and encourage local and foreign private investment in high priority projects.

Not only would such planning give a sense of direction to the development efforts of the country, but it would make possible a more efficient use of development assistance by the identification of sectoral needs and obtaining the coordination of aid donors to fill the gaps. This would apply not just to capital assistance but the technical assistance and training of technical personnel.

The contribution of mining to development will depend not only on domestic policies but also on the international environment. Continued low levels of demand and low prices for developing country minerals, coupled with high interest rates and high prices for vital imports, will continue to cancel out the development efforts of many mineral exporting countries. The need to maintain international payments from greatly reduced receipts will mean cuts in both productive investment and social expenditure and delay the urgently needed diversification of these economies.

The developed countries can help to offset these effects by cooperating in measures to maintain capital flows to the developing countries and adopting trade policies which will permit freer access of non-traditional exports from these countries to reduce their dependence on one major source of foreign exchange. Developing countries should explore all existing sources of capital and technical assistance to identify those which can contribute most to their development efforts. The Sysmin facility should be utilized both for maintaining mineral exporting capacity and for financing projects in other productive sectors as part of a diversification programme.

Finally both developed and developing countries need to continue discussing measures to improve the international environment so that the burden of adjustment to economic upheavals does not fall most heavily on those least able to bear them. o

D.P.

Financing investment in minerals in the 1980s

by Stephen ZORN (*)

It is widely recognized that there is a crisis in mining finance, especially in the developing countries. Prices of most major metals, in real terms, are at levels close to the low points reached during the Depression of the 1930s. Many operating mines have been closed, and numerous planned mining projects, especially in developing countries, have been cancelled or postponed. In only a few developing countries is the mineral industry currently making the kind of contribution to the national economy that these nations' planners confidently expected a decade ago.

The slowdown in mining investment has not, however, affected all countries equally. On a worldwide basis, the total number of mining projects under construction from year to year during the 1980s has actually increased, while the current dollar value of investment in ongoing projects has been relatively stable, as shown in Table 1. What has changed is the distribution of investment, both among different minerals and among countries, and the sources of investment. Mining investment is increasingly concentrated in gold and in minor specialty metals, as opposed to the traditional major metals—iron ore, copper, bauxite-aluminium, lead, zinc and tin. In addition, there appears to have been a shift from developing countries to North America, Australia and (until very recently) South Africa as a target for corporate investment funds, although the magnitude of this shift is difficult to determine. This article considers some of these recent changes, and assesses the outlook for future mineral investment.

Table 1
Global mining investment, 1980-85

Year	No. of projects *	Total cost (US$ billion)
1980	302	78.7
1981	358	103.3
1982	335	64.4
1983	334	66.2
1984	482	85.8
1985	568	88.5

* Excludes oil shale projects.
Source: *Engineering and Mining Journal*, January issues, 1980-85.

Background

Prior to the 1960s, most mining investment in developing countries had been carried out by transnational corporations. Often, as in Zambia and Zaïre, such corporations had initially invested only a relatively small amount, and had then used earnings from their operations to expand the scale of their activities. While there had been some mining development based on national capital (as, for example, in Chile at the end of the 19th century), the more common pattern was foreign investment in a colonial setting. Typically, the investors paid little or no taxes, and thus had ample scope for both reinvesting a portion of their profits and for repatriating substantial dividends.

This pattern changed from the 1950s through the early 1970s. Some countries (Bolivia, Chile, Zambia and Zaïre, for example), nationalized or acquired majority equity ownership in their mining industries. Other countries renegotiated contracts or imposed higher taxation on foreign mining investors. The net effect was a widely recognized shift to more equitable distribution of the gains from mining as between foreign investors and host governments.

At the same time, new sources of mining finance became available, replacing foreign investors' reinvestment of earnings as the major source of capital for expansion and development of new projects. Of these new sources, the most important was the combination of commercial bank project finance and officially-subsidized export credits from the OECD countries. Also important were funds from the World Bank and the regional development banks and, after the oil supply crisis of 1973-74, government subsidies from raw material importing countries, especially Japan. Such major developing-country mining projects as Bougainville Copper, in Papua New Guinea, and Selebi-Phikwe, in Botswana, were financed using this combination of funds.

In response to this availability of financing, numerous projects were built in the 1970s, and world supply capacity for most major metals expanded significantly. At the same time, however, mineral demand and prices declined, in response to a general slowing of world economic growth and a trend toward lower intensity of metals use in the maturing OECD economies. Moreover, the increasing debt burden affecting developing countries reduced the availability of new commercial bank project finance, and the decrease in raw material import requirements in Japan and West Germany lessened those countries' enthusiasm for supporting developing-country mining projects. At the same time, the investment capacity of many transnational mining companies was reduced, as their profits decreased and their balance sheets worsened. The takeover of some mining companies by transnational oil corporations (e.g., Kennecott by Sohio-BP, Anaconda by Arco) has not produced the increased availability of finance that some industry observers expected.

The net result, by the end of the 1970s, was a situation in which there was a substantial overhang of excess capacity for most metals, on a worldwide basis, and a drying-up of the investment sources that had been most important during the preceding decade.

Unfavourable outlook

At present, the mining investment outlook for most developing countries is distinctly pessimistic. A few countries are exceptions. In Chile, where

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copper production costs are among the lowest in the world, capacity continues to expand. And in Brazil, where national mining enterprises supply a large share of the investment, major iron ore and bauxite-aluminium projects are going forward. But elsewhere, the outlook is less optimistic. In copper, for example, more than 25 major deposits around the world have been identified and are awaiting development, but virtually no investment funds are available. In bauxite, developing-country production, except in Brazil, has been substantially reduced, and few new projects are planned. Similar pessimistic outlooks apply in the case of most minerals.

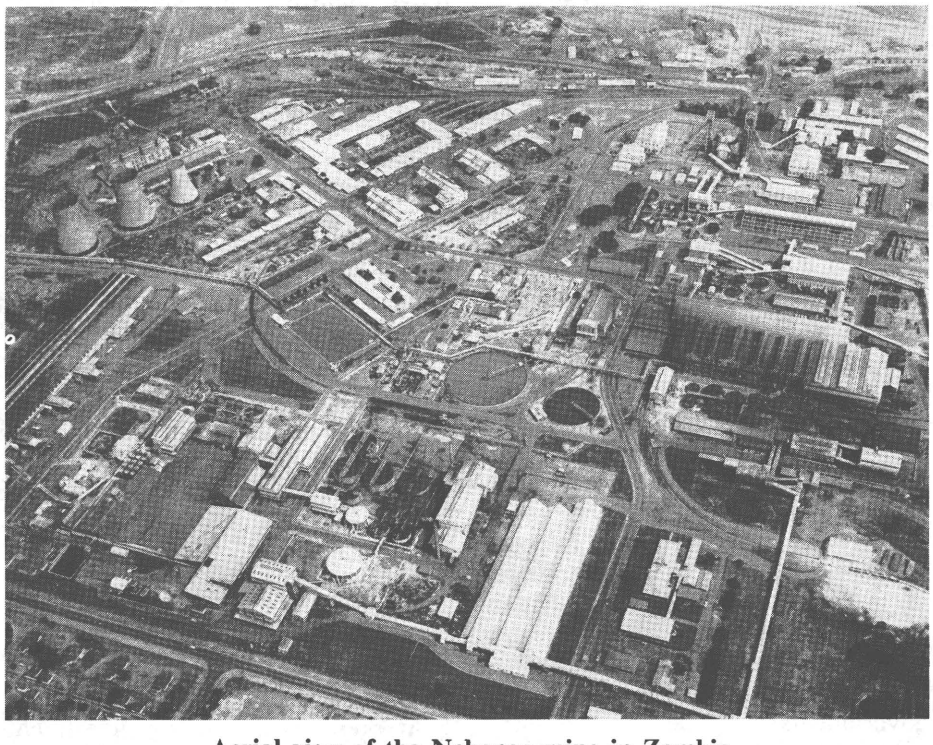
For most developing countries, the major sources of mining finance for the balance of the 1980s and 1990s would appear to be (a) surpluses generated by the state mining enterprises in these countries; (b) national private capital; and (c) official flows from overseas, including export credits and multilateral loans. The role of transnational corporate investment will probably continue to decline for developing countries as a group, although such investment will be significant in a few countries. In addition, given the debt crisis, and the unwillingness of many commercial banks to lend for new projects, as opposed to lending as part of a debt-rescheduling exercise, commercial bank finance appears likely to be far less significant in the coming years than during the 1970s.

Given this outlook, the current emphasis in many developing countries on increasing incentives for mining investment by foreign transnational corporations may yield less productive results than are hoped for. Most surveys of corporate decision-making suggest that such incentives are a relatively minor factor in companies' decision-making processes. Far more important are the basic economics of the proposed project, including the availability of infrastructure, so as to reduce the initial capital outlay and the resulting debt-servicing costs. In addition, potential investors' views as to the overall political stability of the country are important. A recent survey of mining company executives showed that they would require prospective rates of return, based on feasibility-study analysis, of upwards of 25% in some developing countries considered to be unstable, as compared to rate-of-return targets of less than 15% in the United States or other developed countries. Faced with this perception, few developing-country projects will appear profitable enough to attract mining company funds, no matter what specific incentives are offered.

Some general taxation and mining legislation issues are, however, important. While specific incentives are unlikely to attract investment, specific features of a tax system which penalize mining projects can deter investment which might otherwise occur. In particular, a fiscal regime that includes high and inflexible royalties will prevent the development of marginal projects, because the royalties are an additional cost of production. Similarly, a tax system that does not allow relatively rapid recovery of investment costs, through depreciation and amortization, will discriminate against mining investment, in favour of other types of investment with shorter payback periods. These fiscal considerations apply not only to potential foreign investment, but also to state and national enterprises, which also require a predictable method of recovering investment costs and generating funds for new projects.

One approach to mineral taxation which has received some attention is the "resource-rent" tax, under which an investor may earn a pre-determined rate of return at a relatively low tax rate, while a higher tax would apply once the target rate has been achieved. Such a taxation system, which is relatively generous to marginal projects, is in effect in Papua New Guinea and has been used in several other countries, including Tanzania and Zambia. Even this mechanism, however, will not overcome the fundamental factors cited above that act to deter foreign investment in mining, including the poor market outlook and the high target rates of returns required by mining companies for developing-country investments.

Where, despite these fundamentals, mining companies are willing to consider investment in developing countries, the balance of power in negotiation of an investment agreement appears, at present, to favour the companies, as compared to the situation a decade ago. Recent revisions in mining legislation and contract terms in several Latin American countries, for example, have eased restrictions on foreign investors. In such a bargaining situation, governments may have to offer generous fiscal terms. At the



NCCM

Aerial view of the Nchanga mine in Zambia

At the moment the outlook for investment in mining in most developing countries is gloomy

J. & P. Hubley

The Nchanga open-cast copper mine (Zambia) is the second largest in the world

same time, however, governments may find their bargaining possibilities expanded if they look to other, non-traditional sources of mining technology and skills. Some developing-country mining enterprises (in Brazil or India, for example), have well-developed technical skills, and could offer such skills to other developing countries. Alternatively, state mining enterprises in developing countries could deal directly with the suppliers of equipment and technology in the industrial countries. Even where a transnational mining corporation develops a project, that corporation will often sub-contract for project management and for the supply of the technology and equipment necessary to bring the project onstream. State or national mining enterprises in developing countries can, assuming they have access to finance, bypass the transnational mining corporation and deal directly with these suppliers.

While the outlook for construction of the billion-dollar large scale projects typical of the 1970s is generally not promising, significant opportunities exist for smaller projects in developing countries, and for rehabilitation projects that will increase the productivity of existing mining operations. Small projects will require less extensive mobilization of capital, and will have a smaller impact on world markets. Except in the case of aluminium, economies of scale do not appear to be present, above relatively low levels, in most mining industries; thus, the building of smaller projects would not necessarily be inefficient, and funds for such projects could more easily be generated from domestic sources.

Rehabilitation of existing projects offers another promising avenue for many countries. Funds for such rehabilitation are available from multilateral agencies, including the World Bank, the European Investment Bank and the European Economic Community (Sysmin). A recent example of such a rehabilitation project is the World Bank loan to Ghana's State Gold Mines Corp., for increasing production back to the level that had been achieved in the 1970s. A consortium of foreign companies is to be hired, using these funds, to carry out the rehabilitation. This arrangement suggests that mining companies will increasingly fill the role of suppliers of technology and services, but not necessarily the role of suppliers of capital.

To summarise, the overall investment outlook for mining projects in developing countries is distinctly unfavorable; most of the major sources of funds used in the 1970s—private investment and commercial bank finance in particular—are far less available than they were until recently. In addition, the general market conditions for most metals suggest a slowing down of new investment from all sources. Countries with particularly favourable prospects, however, and countries with limited prospects that can be developed at low cost and without disrupting mineral markets, still have reasonably promising mineral development possibilities. Such countries will need to explore new sources of funds, relying more heavily on internally-generated capital, and will need to develop greater expertise in dealing directly with the worldwide range of suppliers of technology and equipment. The role of the transnational mining company appears likely to continue to decline in importance, at least in developing countries. Generally satisfactory fiscal policies, however, which recognize the specific nature of mineral investments and which do not discourage development of marginal projects, are still of primary importance. o

S.Z.

The London Metal Exchange(*)

The City of London is one of the great financial centres of the world and some of London's great institutions and exchanges are household names to most people: The Bank of England, the London Stock Exchange, the Baltic Exchange, Lloyds, etc. Less well known to the general public is the London Metal Exchange, which plays a vital role in the international metal trade.

The ring-dealing members of the London Metal Exchange meet each day to trade in copper, tin, lead, zinc, nickel, aluminium and silver. The trading orders they receive from their clients are the result of hundreds of business decisions taken throughout the world, so that the prices arrived at are an accurate barometer of the world's supply and demand situation at any given time. Because of this, the London Metal Exchange official prices are recognized and used by producers and consumers as a basis for the pricing of long term contracts for physical metal. In the case of copper, for instance, 65% of all copper mined is traded at prices based on the London Metal Exchange official prices. So, for anyone with business interests in non-ferrous metals, these prices are of vital importance.

The Exchange does more, however, than set prices. It offers extractors of ores, refiners and smelters, metal merchants, fabricators and manufacturers opportunities and safeguards against price fluctuations which occur through economic, political or financial disruptions. This practice which is a form of insurance is known as hedging and was the prime function of the Exchange when it opened in 1877 and continues to be so today.

Foundation

In the early part of the last century, when metal merchants met in coffee houses to buy and sell metals, the UK was self-sufficient in copper and tin and quoted prices remained fixed for long periods. During the 19th century, industrial development multiplied demand and the United Kingdom became a big importer of ores and concentrates from abroad. Large tonnages arriving at irregular intervals meant wide price fluctuations and heavy risks for merchants and consumers alike. With the invention of the telegraph, news of cargoes of metal ar-

(*) Source: The London Metal Exchange.

Focus 4 Studios

The tradition of the "Ring" was established over 100 years ago

rived long before ships docked. This made it possible for the merchant to sell a cargo for delivery on a fixed date while the ship carrying it was still far from the port, so protecting himself against a fall in price during the voyage.

However, consumers at satisfactory prices could not always be found when they were needed, so merchants began to meet regularly to buy and sell future deliveries. In 1869 the opening of the Suez Canal reduced the delivery time of tin from Malaya to match the three months delivery time for copper from Chile and this gave rise to the trading span of three months, which still exists on the London Metal Exchange to this day.

As delivery tonnages grew to meet the mushrooming demands of British industry, it became essential for metal merchants to establish an exchange where buyers and sellers could meet. The year was 1877, which in many ways was a year of firsts, for Alexander Graham Bell invented the telephone, the Wimbledon Tennis championship was played for the first time, the first Test Match between England and Australia was played at the Oval.

During this time the three months' trading period was formalized and the technique of condensing official dealings into short and concentrated periods first made its appearance. It was also at this time that the tradition of the "Ring" was born; a member would chalk a large circle on the floor of the room, and at the cry of "Ring Ring" those wishing to trade would take up their accustomed places around it and this unique system of trading, with certain adaptations to suit changing world conditions, is still in operation today, in the midst of industrial development worldwide, the discovery and working of new ore bodies, attempts to corner the market, producer controls, political actions and two world wars,

Business transactions

On the Exchange, business is transacted in copper, lead, zinc and aluminium in lots of 25 tonnes, nickel in lots of 6 tonnes, tin 5 tonnes and silver in lots of 10 000 and 2 000 troy ounces. Because it was essential that the buyer knew what shape and quality of metal would be delivered, the London Metal Exchange established standard contracts for each metal. Each contract is for a fixed quantity and specifies the minimum quality acceptable—subject to independent assay—for delivery on a specific date.

LME

Dealings in progress at the London Metal Exchange

Another important point, that was established at the start and governs all dealings on the London Metal Exchange today, is that Ring dealing member companies are principals, not agents. Each is fully responsible for its contracts, without the constraints of a clearing house. Each of these contracts guarantees delivery of physical metal from London Metal Exchange registered warehouses, which are spread throughout the UK and Western Europe in which vast stocks of metal are held on warrant and are available for delivery on the due date on presentation of bearer warrants.

Today the London Metal Exchange is an international market, not only in its clientele but also in its membership. British, European, North American, Far Eastern and Australian interests are all present in the Ring and these companies represent all sides of the industry from producer through merchant to fabricator.

Trading sessions

During trading sessions, the clerks in the telephone booths behind their company's representative dealer provide a running commentary on Ring prices to their colleagues in their offices both in London and abroad and these in turn relay prices to their clients and take orders which are instantly given to their dealers in the Ring. This rapid service can lead to a situation where a dealer who comes into the Ring with orders to sell may end up at the end of a five minute session as an overall buyer. Dealing in the Ring calls for mental agility and concentration, tending to make it the young man's end of the trade.

Each of the LME metals are traded in the Ring in five minute sessions four times a day. The official Ring which establishes world prices commences with the copper Ring at 12.30 p.m. Bids and offers are made by open outcry and the market rapidly reaches a level where one or other is accepted and a bargain is struck. Prices continue to fluctuate depending on the preponderance of buyers and sellers. As the bell to mark the end of the official copper ring approaches the pace hots up, because the last prices offered as the bell rings become the official prices of the day. The cash seller's price, called the settlement price is the basis on which the bulk of the world copper is priced. It is also the price on which contracts falling due between members for the following day are settled. All business trans-

acted in the Ring must be checked immediately by the clerks and subsequently confirmed by the seller in writing.

During the official ring, three members of the Quotations Committee note the final bids and offers for each metal and at the end of the morning session. These are announced by the Secretary as the day's official buyers' and sellers' prices for cash and three months. Simultaneously, these prices are flashed around the world by financial news agencies and the prices are carried in all the leading financial newspapers throughout the world.

Futures contracts and the hedging technique

But setting the world's yardstick price for metals is only one facet of what goes on in the ring. It is the bargains struck for *future* deliveries on individual dates up to three months ahead that make the London Metal Exchange unique.

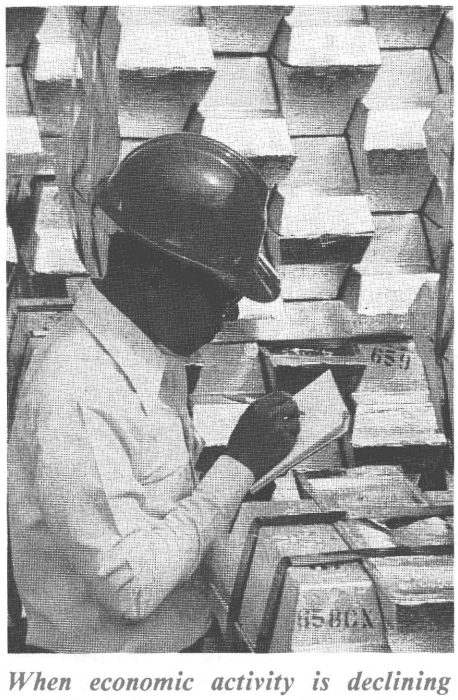
The London Metal Exchange is used by the metals world to establish prices and offset risks by hedging. Two simple examples will explain the principles of hedging:

(a) Imagine a producer who considers that the London Metal Exchange three months price of £1 000 per tonne is a satisfactory price to sell his metal but he has no immediate buyer and is worried that the price may fall. So he decides to sell a percentage of his production on the London Metal Exchange. He rings up his broker and hedge sells this tonnage on the London Metal Exchange for delivery in three months. He has now secured a price for his metal. When, towards the end of the three month period he sells his metal to a fabricator at the prevailing price of £900 per tonne, he is not worried because he immediately buys back his sell hedge at £900 showing a profit of £100, effectively selling his metal at £1 000 per tonne. His loss on the sale of the physical metal is exactly balanced by the profit on his London Metal Exchange transactions.

(b) Imagine a fabricator on the other hand...

He may have the opportunity to effect a profitable sale of his finished product based on the three months price on the London Metal Exchange of £900 per tonne but fears a rise in price before he can obtain his raw material. He rings up his broker and hedge buys his metal requirements at this price. He has now established the price he will pay for this metal and his profit is guaranteed. When he takes delivery of the physical metal from his regular supplier he immediately sells back his buying hedge and his original trading profit is assured. If his view was correct and prices rise to £1 000 he makes a profit on his London Metal Exchange purchase which will be counter balanced by the price of £1 000 he has to pay to his supplier.

Therefore, it can be seen that it does not matter whether the LME hedge makes a profit or a loss, the real point is that by using the LME the profit he had built into the original quotation to his customer was not at risk.



When economic activity is declining and there is a surplus of metals, the natural way is for this surplus to find its way into London Metal Exchange warehouses

The principles of hedging are simple but their application can be highly technical and timing is the vital ingredient. The expertise of the Ring Dealing members of the London Metal Exchange and of the associated members in helping to construct and operate individual hedging programmes for their clients in the metals business at every stage is of vital importance to the metal trade.

The non-risk transactions

Yet another feature of the Exchange is that at times it is possible to enter into a virtually non-risk transaction on the London Metal Exchange. When economic activity is declining and there is a surplus of metals, the natural tendency is for this surplus to find its way into London Metal Exchange warehouses so that the owner of the metal can pass to somebody else the costs of storing, insuring and financing his stock. Investors and institutions can and do take advantage of this situation by buying some of the stock and simultaneously reselling it for delivery at a future date at a higher price. The profit will be small but often provides a higher yield than normal interest rates. In this way, the market helps to provide finance for at least a part of the unwanted stocks, indirectly helping both producers and fabricators to maintain continuous production and avoid laying off workers.

Because Member Companies trade as principals, they can deal with each other at any hour of the day or night. Through financial news services and their own communications networks the companies are in touch minute by minute with their clients in the metal trading centres around the world. Clients will include mining companies, smelters and refiners, fabricators, metal merchants, stockholders, banks, financial institutions and speculators. All these clients are buyers and sellers of standard London Metal Exchange contracts for copper, tin, lead, zinc, silver, aluminium and nickel for delivery on fixed dates. A few clients have nothing to do with metals at all. They are seeking a profit—and risking a loss. But they serve the important function of supplying liquidity to the market.

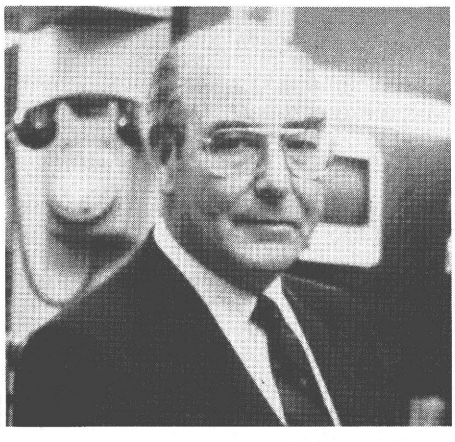
The need of the clients of all the members of the London Metal Exchange to buy and to sell adds up to an immense volume of business every working day. And because the London Metal Exchange is the only futures metals market in the world allowing free movement of prices for delivery at dates from tomorrow to three months ahead, the prices arrived at represent the final matching of supply against demand. o

A question of supply and demand

An interview (1) with the Chairman of the Subscribers' Committee, London Metal Exchange, Edward JORDAN

▶ *What do you say to criticisms that institutions like the London Metal Exchange operate to the detriment of producers in the developing countries?*

— I don't think it does. The London Metal Exchange is a commodity market dealing mainly in futures with a certain amount of physical metal and stock. It *does* reflect supply and demand. And it's not the London Metal Exchange that is fixing the price, it's the balance between the amount of buying orders we get, and the amount of selling orders that we get. And if there are more sellers than buyers, the price will be lower and vice-versa. There have been occasions when producers introduced their own producer prices. This was in the 1960s, they were a failure. The producers discarded their producer price concept and went back to the London Metal Exchange price. The fact is that, on a lot of the metals that we trade, there is a producer price and there is a London price. The success or otherwise of the producer price is really a question of the cooperation among the producers. The zinc producers seem to have held themselves together pretty well. Other metal producers have not. Unless the whole world is going to sell at a producer price, you are always going to get some part of the world that is going to sell on the LME price—and whenever the LME price is lower than the producer price the buyers will want to go to the LME price. It's just really a question of the volumes of metal that are available at various prices. One of the biggest of situations was the Eastern Bloc aluminium, which was being sold in competition with an artificial aluminium producer price. So where you've got a supply and demand market, it's very very difficult for a producer to superimpose a price, and I often said the only way a producer price will work is that the customers don't have to buy anything on it or can buy as much as they want. And again, the producers insist on an annual contract on regular monthly tonnages. So if a buyer is accepting an annual contract that, come what may, he will take a monthly supply of metal from a particular producer, it's got to be available to him at the world price, rather than a producer fixed price—because that producer might fix the price at £ 300 per ton above the world price, and if the customer is forced to take it, he will not survive for very long.



LME

Mr Edward Jordan

▶ *The London Metal Exchange is a member of a Working Party on the use of ECU for futures contracts. Irrespective of the decision of the Working Party, can't the LME go further and quote prices in ECU alongside Sterling?*

— ECUs are fairly new. I believe our involvement in that Working Party is on creating a market for ECUs not quoting LME prices in ECUs—the Working Party, which really goes through the London Commodity Exchange are looking at LIFFE (2) futures contracts. In the long term, within the EEC, if the ECU becomes a prominent European currency, the authorities might well consider adopting ECUs in London before the commodity markets in general. But it is something that certainly hasn't been considered by the London Metal Exchange. And I would say it's far too early for us to be giving consideration to it. Yes, the LME is adaptable, and if ECUs became that much of a success and that much universally acceptable, well then, the LME authorities could well consider it.

▶ *You don't think you can take the lead by quoting your prices in ECU alongside sterling?*

— No. In fairness, I don't think one has got sufficient information on the availability of trading ECU at this particular point in time. Certainly, we can't take the initiative, we have to give our clientele the execution in the currency that they want and, in my experience, I've not heard of a single client coming to an LME member saying: "Would you please give us an execution of our LME contract in ECUs". We get them in dollars, we get them in Yen, we get them in Deutschmarks, and in French francs. Whatever the customer wants from the broker, he gets. But I still maintain that ECUs are in their infancy, and people have not yet recognized their significance.

▶ *How beneficial has the hedging technique been to the producers?*

— Certain producers use the LME, other producers do not, and there could be benefits for all producers if they considered the opportunities open to them by using the LME. But the fabricator world generally speaking uses the London Metal Exchange much more than the producing world.

▶ *What effects do you think the political situation in South Africa will have on the metal world market?*

— Well certainly if there is any major flare-up in South Africa, I think it will be pretty traumatic for Zambia and Zaïre, who are large African producers of many of the metals we trade in in London.

▶ *In what sense?*

— Well Zambia used to, and I think still does, ship copper via South Africa. Well, if that route was denied to them, they'd have to go back to the Mozambique route through Dar-es-Salaam. They used to use that exclusively before they ran into problems. With the Chinese-built railway, they couldn't get all of their copper out, so they had to start exporting through South Africa although President Kaunda wasn't very happy about reopening the route. o

Interview by A.O.

(1) Extracts of an interview.

(2) London International Financial Futures Exchange.

ACP MAIN MINERALS AND PRODUCERS

AFRICA: appreciable resources of minerals and metals

by Cornelius A. KOGBE (*)

The African continent is the second largest land mass in the world with an area of over 30 million sq. kilometers. The continent is known to have appreciable resources of minerals and metals of great economic value. This short article reviews the potential of the continent in various minerals. We have chosen not to treat the subject country by country in view of number involved. Over 40 African countries are members of the ACP Group.

I. Metallic ores

a) Ferrous metals

Iron ore

World reserves of iron ore are estimated at around 117 billion tonnes but the iron resource potential is very much greater. The African continent is estimated to have slightly over 20 billion tonnes of reserves which represent some 17% of world iron ore reserves. Of this figure, ACP countries have about 13 billion t and South Africa 7 billion t. It is, however, sad to note that although African countries account for 17% of known world iron ore reserves, they contribute only 7% of world production and more than half of this is accounted for by two ACP countries, Liberia 40% and Mauritania 16%.

Manganese

The world reserves of manganese are about 2 billion tonnes. Africa as a whole has 53.3% of the world's identified manganese resources (1 074 299 000 tonnes of which 258 099 000 tonnes are in ACP states).

In 1979, a total of about 26.5 million tonnes of manganese ore was produced in the world. Major producer countries include the USSR 39%, South Africa 20%, Gabon 9%, Brazil 9%, India 7%, Australia 6% and China 6%. Apart from Gabon, other African ACP producers include Ghana, Zaïre and Angola. They account for about 20% of the world's manganese production.

Chromite

Africa's identified chromite resources amount to 4.3 billion tonnes which represent 97.1% of world identified resources. It is significant to note that Zimbabwe accounts for 25.7% of these, and about 90% of the world's high-grade identified chrome resources.

Nickel

Africa's nickel reserves and total identified nickel resources are about 6 million tonnes and 22 million tonnes, respectively, i.e. 7.3% and 10.2% of world nickel reserves and total identified resources.

In the African ACP countries, identified resources through deposits already explored and/or under exploitation represent 7.5% of world resources. Zimbabwe, Burundi, Botswana and Madagascar are major producers of nickel.

Columbium-niobium (Columbite)

Zaïre, Uganda, Nigeria and Kenya are the major African ACP producers of columbite. Kenya is also an important producer. These countries contribute about 3.5% to total world columbite production. Rwanda and Mozambique have economic reserves of the mineral.

Tantalum

Zaïre, has the world's greatest reserves of tantalum. Nigeria, is second, and ACP African countries have 67% of the known tantalum reserves of the world. Eighty-two per cent of the African reserve is located in Zaïre. Mozambique is the leading producer in Africa and accounts for about 12.8% of world production, followed by Nigeria 11.0%, Zimbabwe 3.2%, Zaïre 6.1% and Rwanda 3.1%.

Cobalt

Africa has nearly 1.2 million tonnes of identified and economically exploitable reserves of cobalt. Of these Zaïre and Zambia alone account for about 58% and 39% respectively. In 1981, Zaïre and Zambia accounted for 53% and 11% respectively, of total cobalt produced in the world, about 26 700 tonnes.

Table 1
Reserves, production and consumption of selected mineral ores and metals

Substance	Developing Africa		
	Reserves (%)	Production (%)	Consumption (%)
Oil and condensate	9.4	9.6	1.6
Natural gas	8.0	1.6	0.5
Coal	0.9	0.2	0.2
Uranium	10.1	17.0	—
Iron (Steel)	7.3	4.0	1.5
Copper	13.2	14.9	0.3
Tin	10.6	4.3	0.7
Lead	2.0	4.9	0.8
Zinc	2.0	3.9	0.3
Bauxite	43.0	15.6	0.6
Manganese	11.6	11.5	N.A.
Chromite	26.0	8.5	N.A.
Nickel	7.5	5.2	—
Cobalt	45.2	67.5	—
Tungsten	0.6	1.4	—
Titanium	25.0	—	—
Lithium	10.0	10.9	—
Columbium	9.5	3.5	—
Tantalum	67.0	—	—
Phosphates	69.0	24.2	1.3

(*) Managing Director Rock-View International SARL and Editor-in-Chief of the Journal of African Earth Sciences.

Table II
ACP production of bauxite, copper, iron and phosphate (*)
(Thousands of tonnes)

Mineral	World and ACP Countries	1978	1979	1980	1981	1982
BAUXITE (actual weight)	**World**	**87 811.8**	**91 675.1**	**95 725.3**	**91 007.3**	**74 880.0**
	ACP Countries	**36 385.4**	**36 071.1**	**36 967.4**	**37 164.4**	**22 438.6**
	Ghana	329.0	180.0	197.0	173.0	63.0
	Guinea	12 733.0	13 379.0	13 911.0	12 822.0	11 927.0
	Guyana	3 999.1	3 855.4	3 509.8	2 755.4	2 050.5
	Jamaica	13 490.3	13 230.7	13 873.6	13 346.9	4 584.1
	Mozambique	na	na	na	na	na
	Sierra Leone	716.0	680.0	766.0	612.0	630.0
	Suriname	5 113.0	4 741.0	4 903.0	4 006.0	3 276.0
	Zimbabwe	5.0	5.0	4.0	5.0	8.0
COPPER ORE (Cu content)	**World**	**7 878.7**	**7 933.8**	**7 861.2**	**8 303.2**	**8 214.4**
	ACP Countries	**1 317.7**	**1 204.3**	**1 246.4**	**1 300.4**	**1 245.9**
	Botswana	14.6	14.6	15.6	17.8	18.4
	Congo	0.8	1.0	1.3	0.2	0.1
	Mauritania	2.8	—	—	—	—
	Mozambique	0.3	0.2	0.2	0.2	0.2
	Papua New Guinea	198.6	170.8	146.8	165.4	170.0
	Zaïre	423.8	399.8	459.7	504.8	502.8
	Zambia	643.0	588.3	595.8	587.4	529.6
	Zimbabwe	33.8	29.6	27.0	24.6	24.8
IRON ORE (actual weight)	**World**	**835 749.0**	**890 041.0**	**891 723.0**	**854.070.0**	**782 692.0**
	ACP Countries		**28 701.0**	**27 810.0**	**28 906.0**	**31 140.0**
	Liberia	18 500.0	18 000.0	18 250.0	19 540.0	22 020.0
	Mauritania	7 000.0	9 200.0	8 000.0	8 270.0	8 210.0
	Sierra Leone	—	—	—	—	—
	Swaziland	1 200.0	300.0	—	—	10.0
	Zimbabwe	1 100.0	1 201.0	1 560.0	1 096.0	900.0
PHOSPHATE (actual weight)	**World**	**125 035.1**	**131 112.2**	**138 668.3**	**138 871.7**	**124 088.0**
	ACP Countries	**2 971.2**	**3 045.8**	**3 062.8**	**2 369.4**	**2 155.4**
	Togo	2 826.2	2 915.8	2 932.8	2 244.4	2 035.4
	Uganda	5.0	—	—	—	—
	Zimbabwe	140.0	130.0	130.0	125.0	120.0

(*) Compiled from UCTAD'S Yearbook of International Commodity Statistics 1984.

Tungsten

The estimated tungsten reserves of the world are about 5.4 million tonnes and Africa's share is just about 8.54%. This amounts to about 28 000 tonnes. The major contributors are Zimbabwe 0.24%, Rwanda 0.12%, Namibia and Zaïre (0.07%). It is obvious that Africa is a small producer of tungsten (about 900 tonnes out of a global annual production of about 50 000 tonnes).

B) Non-ferrous minerals

Copper

According to latest estimates, world copper reserves stand at almost 500 million tonnes. African reserves are placed at almost 70 million tonnes which is about 14% of the world reserves and are concentrated in Zaïre and Zambia. These two ACP countries have 86% of African and 12% of world reserves. It is important to note that whereas the average copper content for world copper is 0.8%, the African reserves have a copper metal content of 2.36%.

Lead

Global reserves of lead are estimated at about 270 million tonnes. ACP African states have about 12% of world reserves of lead. South Africa, with over 9 million tonnes of lead has about 4% of world reserves of the mineral. In 1981, some 3.4 million tonnes of lead was produced in the world.

Zinc

The world's total reserves of zinc are estimated at 270 million tonnes. Africa has about 21 million tonnes which represent about 8% of the world resources. ACP African States (Zaïre and Zambia) have 3% of world reserves and South Africa about 5%. In 1981, an estimated 6.3 million tonnes of zinc concentrates were produced in the world. Africa's total zinc mining production accounted for about 4% of world output.

Tin

In 1977, identified world tin reserves amounted to 6.7 million tonnes of which Africa accounts for 0.63 million tonnes or about 10% of the world reserves. Nigeria, Zaïre and Rwanda are the major African producers. In 1981, estimated global production of tin was 236 000 tonnes of metal concentrates, 5% or 11 000 tonnes of which came from ACP African countries.

C) Non-ferrous-light metals

Bauxite and Aluminium

ACP African countries produce about 15% of total world reserves of

bauxite and transform only 2.6% of the world production into alumina and primary aluminium. All the African production is virtually for export and more than half of the primary aluminium used for local consumption (only about 0.9% of world consumption) is imported. ACP countries in Africa currently consume less than 0.3% of world primary aluminium. Guinea is Africa's main producer and is the third largest producer in the world after Australia and Jamaica.

Titanium

World titanium reserves and total identified titanium resources contained in rutile are estimated at 72.6 million and 165.3 million tonnes, respectively. Africa accounts for about 4% of world titanium reserves and 11% of world total identified resources contained in rutile.

World titanium reserves and total identified titanium resources contained in ilmenite are put at 164.2 million and 537.1 million tonnes respectively. Africa accounts for about 8% of world titanium reserves and 21.2% of total identified resources contained in Ilmenite. ACP African States producing titanium include Sierra Leone, Mozambique and Nigeria but their production is low.

Lithium

Ten per cent of the world's total reserves of 214 million tonnes of lithium metal is in Africa.

II. Non-metallic minerals

Phosphate rock

Africa is the world's richest producer of phosphate rock with about 70% of identified exploitable reserves of sedimentary origin and of high content and quality. Identified resources, in situ, of phosphate rock amount to over 80 billion tonnes of marketable ore in developing African states. Senegal and Togo are major ACP producers of phosphate but important reserves exist in Benin and Nigeria.

Diamonds

Africa produces nearly 70% of world diamonds. Zaire 32%, Botswana 11% and South Africa 18%. The richest single diamond mine in the world is in Botswana. Sierra Leone and Ghana were important producers of diamonds but their production has now diminished considerably.

Conclusion

Table 1 shows the reserves, production and consumption of selected mineral ores and metal from the developing countries of Africa most of which are members of the ACP Group.

It can be said that the potential of mineral production in Africa remains high and attractive despite the present rather depressed state of the mineral industry on the continent. What is grossly lacking is the high level of management required for the development of the mineral potential. There is obviously room for cooperation between the highly industrialized north (particularly EEC countries) and their less developed partners in the south (ACP countries). o

SADCC: opportunities and problems in mining

by R.N. AITKEN (*)

The Southern Africa sub-region has a wide variety of mineral resources and a long and varied history of their development.

The sub-region is now linked together within the Southern Africa Development Coordination Conference (SADCC) comprising nine southern African countries: Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe.

To maximize the return to the SADCC countries of the development of their mineral resources and the use of local manpower, a SADCC mining sector coordinating unit has been set up, based in Zambia, to prepare a regional mining strategy programme. SADCC's own studies have shown that mining and minerals represent 12% of the region's GDP and 35% of total exports. Key export minerals for the SADCC region include copper, cobalt, diamonds, oil, gold, chrome, asbestos and coal.

However, though the importance of the mineral sector varies from the position of the dominant foreign currency earner to that of minor financial impact and from major transnational involvement to parastatal sector management, the pattern of the reduction in investment in new resource identification has been common to all.

Ten years ago there was widespread optimism about the profitability of the sector. Although in the SADCC countries there was growing concern about the lack of national control over foreign mining interests, they were providing much of the finance and expertise for the development and running of the mines.

Five years ago it became apparent that there was a marked slowdown in mining activity. The number of new exploration programmes was falling off, there was a decrease in new mining projects and existing production facilities were falling into disrepair. It was recognized by many SADCC countries that there was a need for them to take more and more responsibility in this sector and not leave it to the private operators.

This pattern of the reduction in the amount of exploration and exploitation finance made available to the SADCC countries has continued and is not projected to increase significantly in the foreseeable future. The emphasis for at least the next five years is expected to be on restructuring and the rehabilitation of the mining industry with its associated problems of redeployment of labour and changing patterns of financing.

However, in the long term this lack of investment is going to have its greatest impact on the SADCC countries by limiting the choice of mineral targets open for development. Previously, even though much of the important mineral resource data was in the hands of private organizations, widespread involvement and competition for the development of these resources

(*) Principal Administrator, Directorate-General for Development.

helped to ensure that many of the targets discovered were tested. Not only is this no longer the case, but without new forms of financing it is difficult to see any significant general upturn in exploration expenditures in SADCC countries this decade.

This means that not only is a lot of vital exploration data now no longer available to the SADCC countries, but in the case of many minerals, new resource data is not being gathered.

An adequate resource data base is vital in order that future options on how and when to develop this non-renewable mineral wealth can be evaluated as accurately as possible. In this way it is possible to maximize the integration of the mining industry into the country's economy and optimize the financial return. There is need for SADCC countries to make a greater contribution to evaluating their resource potential with their partners in the international community.

The evaluation of these resources need not necessarily get as far as detailed mineral deposit evaluation but could be limited to better understanding the mineral potential.

The results of airborne, surface and subsurface investigations in one area can have significance over large areas, often crossing several countries. It can be demonstrated that even if data has been lost or not collected in one area, if there is regional co-operation some conclusions on the mineral potential may already be drawn by comparison with known areas. It also follows that when regional surveys are carried out there should be an umbrella of regional co-operation so that the data collected is compatible for interpretation with adjacent geological areas.

Joint examinations of means

The changes in the financing and operation of the mining sector described above provide not only an opportunity but also the necessity of new mining operations being generated in the SADCC countries. With the problems of training and available financing still largely unsolved, it is important to examine together how we might support this development. One approach that has already been followed successfully to some extent in SADCC countries has been the development of small-scale mining and quarrying operations and the industries based upon them.

At technical level, it has become apparent that small-scale mining flourishes where support can be given to the miners. First there need to be in the national department of natural resources or an equivalent body, geologists, mining engineers and environmental and safety specialists available to support the small-scale mining sector. Thus geological mapping can be carried out (preferably at no cost to the artisans) and also produce for the government regional geological and tectonic compilations to provide a data base for new exploration. This also provides the government with the information to monitor mine development and set mining policy. Adequate mineral licensing regulations need to be put in place as does the maintenance of safety and environmental standards.

On the financial side, funds need to be made available at realistic rates to the miners. In practice these funds may well come from development loans which then need to be onlent to the miners. Special financial mechanisms need to be put in place to ensure that the rate of interest charged to the small mines is not above that available to larger borrowers. Besides this, a revolving fund needs to be set up to provide equipment for hire to the small miners. Some services (overburden stripping for example) could also be provided. A unit needs to be set up to purchase the minerals from the artisans at a price related to the world market price.

Because the points raised in its above paragraph relate to all ACP countries, the problems and possibilities could best be approached at regional level in order to allow the experience already gained to be exchanged and built on.

In order that the mining sector can flourish at present as well as in the medium to long-term, geological research must be carried out to provide the basis of understanding on the genesis of economic mineral deposits. This research is vital, as without it, it is not possible to analyse fully the mineral potential of a country or region. Because research is specialized, and requires highly trained and motivated individuals, it is important both to identify those projects that will provide significant input to our knowledge of mineral resources and to have access to an adequate data base to make the work useful. Because it is specialized work, it is more efficient to set up the laboratories required on a regional basis than on a local one in order to make full use of these limited human and financial resources.

For the region, this would also provide a vehicle to get the geological and mining departments at universities to work more closely together as they would all benefit from such joint projects.

Currently, the SADCC mining sector coordinating committee in Zambia with the individual countries and outside international organizations, is examining how best these and other areas of cooperation can be orchestrated regionally. o

R.A.

ZIM

Crushing of chrome ore in the Selukwe mine in Zimbabwe

The emphasis for at least the next five years is expected to be on restructuring and rehabilitating of the mining industry in the whole of SADCC region

CARIBBEAN: a bauxite - dominated mineral sector

Except oil, of which Trinidad and Tobago is the only producer on a commercial scale, the only mineral of significance in the ACP Caribbean States is bauxite, an industry that sprang up at the turn of this century, first in Guyana and then in Suriname. During the Second World War these countries played a crucial role in providing the necessary raw materials for the Allied Powers' war industries. Without their aluminium, for example, the American aircraft industry would almost certainly have not met the war's requirement for bombers. Although the heavy damage done to bauxite ships operating between Suriname and Guyana and the United States led to increased interest in the newly discovered bauxite deposits in Jamaica, which had the distinct advantage of being closer to North America, actual exploitation of the country's bauxite did not begin until after the war.

Since the 1950s, bauxite has, in varying degrees, made significant contributions to the economies of the three countries: 16% of GDP and 40% of total foreign exchange earnings for Guyana; 19% of GDP and 80% of foreign exchange for Suriname and 9% of GDP and 50% of foreign exchange for Jamaica.

GUYANA. Unlike Jamaica and Suriname, Guyana produces a different kind of bauxite; the calcined-refractory grade of which it is the world's largest producer; the metallurgical grade; aluminious cement, the abrasive and the abrasive A grades.

Guyana's total mining capacity is estimated at 3.5 million tonnes par annum. In recent years, the industry has declined, mainly as a result of slump in the export of calcined-refractory grade bauxite to Europe which traditionally took around 40% of Guyana's production, to the introduction of water-cooled furnaces and to competition from China which has captured 50% of the market entirely at the expense of Guyana. There has also been a decline in demand in North America for other grades of the country's bauxite.

Guyana's problem has been compounded by technical difficulties which led, in 1982, to the closing down of the country's refinery which has an annual capacity of 300 000 tonnes. Different options are now being considered to reopen it.

In 1984, production amounted to 1.6 million tonnes as against 1.1 m in 1983. The target this year is 2.2 million tonnes.

Meanwhile the government has unveiled plans that will cost some US$ 22 million to revitalize the industry and bring it to profitability by 1989. The Guyanese bauxite industry is entirely nationally owned and nationally managed.

In spite of the crisis, Guyana is still the seventh largest producer of bauxite in the world outside the Eastern bloc.

SURINAME, on the other hand, remains the fourth largest producer after Australia, Guinea and Jamaica, with production running annually at around five million tonnes. There is an alumina refinery with an annual capacity of 1.2 million tonnes and an aluminium smelter with 64 000 tonnes annual capacity.

The Surinamese bauxite industry is in the hands of two foreign companies: the Suriname Aluminium Company (Suralco), a fully owned subsidiary of Alcoa, and the N.V. Billiton Maatschappij Suriname, a subsidiary of Billiton International Metals of the Netherlands.

JAMAICA, in 1957, was the world's largest producer of bauxite, accoutning for 23% of the world's total output. It lost this position to Australia in 1971. Now third in the league, Jamaica has one of the biggest reserves with over 2 000 million tonnes. In 1982, when production was running at between 11 and 12 million tonnes per annum, it was estimated that the country could continue to produce at that rate for 150 years.

Deposits are spread across the centre of the island from north to south. It is on the surface and does not have the kind of overburden that characterizes deposits in many producing countries, a factor that makes extraction a cheap one.

In 1970 there were five integrated bauxite and alumina operations and three bauxite exporting mines. Of the 12 million tonnes or so produced annually, 7.7 were exported in crude form and the remainder refined locally to give about 1.7 million tonnes of alumina. These operations were owned by four of the six major North American transnational companies: Aluminium Company of America (Alcoa), Alcan Aluminium, Kaiser Aluminium and Chemical Corporation and Reynolds Metals Company, and two major transnational copper operators: Revere Copper and Brass and Anaconda. In the aftermath of the 1973 oil shock, the Jamaican government imposed levies on the companies, bought back the land where the mines were situated to end the 40-year lease system and took shares in the companies themselves. The results were dramatic increases in revenue from the bauxite industry, from US$ 25 million in 1972 to about US$ 175 million after tax. These incomes enabled Jamaica to offset the huge costs of its petroleum imports.

In recent years, the industry has sufferred a series of setbacks. In 1984 Reynolds Jamaica Mines closed its facilities, thus severely curtailing shipments. The closure is believed to be linked with a major Reynolds investment in Australia which will result in the reduction of demand for Jamaican bauxite. Furthermore, Alcoa in February this year, announced the closure of one of its refineries because of the depressed demand for alumina in the world market.

The government meanwhile has formed a new company, Jamaica Overseas Mining, aimed at breaking into the European market to stimulate demand and revive the Jamaican bauxite industry. o A.O.

PACIFIC: limited potential in minerals (*)

Seven of the eight independent ACP states in the Pacific derive little or no direct income from mining activities. The economy of one of them, Kiribati, was until recently heavily dependent on phosphate mining. The deposits on Ocean Island (Banaba) were worked out by 1979. Until then phosphates had accounted for some 80% of exports; taxes on its production amounted to some 50% of Government revenue. In the neighbouring independent republic of Nauru (not an ACP state), phosphate mining continues. Many of the workers there are Kiribati citizens. These (and their dependants) numbering between 1 500 and 2 000 individuals provide Kiribati with some *indirect* benefit from mining in the form of remittances home.

There is a small gold mining operation in Fiji but the only Pacific ACP state in which mining is of crucial importance to the economy is Papua New Guinea. There, apart from some small scale residual gold mining activities—all that remains from the "gold rush" years earlier in the century in Milne Bay and Morobe provinces—mining is concentrated on two major developments, of which one (in Bougainville) is well established and the other (at Ok Tedi in Western Province) on the way to being so.

Bougainville copper

Commercial production of copper concentrates at the mine at Panguna on the island of Bougainville, part of North Solomons Province, began in 1972. The copper deposits there were located in 1964 and the economic feasibility of exploitation established by late 1969. Construction of the facilities took nearly three years. It was a major undertaking. A serviceable road had to be built from Panguna to what was essentially a new town at Arawa on the coast; facilities for crushing the ore with an initial capacity of 80 000 tonnes per day had to be put in place; a power station involving three 45 MW boiler turbine generators to be commissioned; over 13 million tonnes of soil covering the copper ore body had to be removed and a large training programme undertaken for the benefit of the labour force which was at one time as high as 10 000.

(*) Source: EEC Delegation in Papua New Guinea.

Exports
Kina (1) million fob

	Gold	Copper	Total minerals	Total Domestic Exports	Percentage minerals
1982	171.8	122.8	302.1	546.6	55%
1983	200.9	161.0	373.1	668.3	56%
1984	185.2	134.2	328.5	800.8	40%

(1) PNG currency (1 ECU = K 0.76 - Oct. '85)

The result of all this effort in terms of advantage to Papua New Guinea, which became an independent sovereign state in September, 1975, can hardly be exaggerated. The value of the copper, gold and silver content of the concentrates exported by the company working the mine has steadily exceeded 50% of the value of total PNG exports. Only in the latest year for which statistics are available (1984) has that percentage fallen below 50 and that situation reflects the country's success in diversifying her production and increasing her exports of tree crops such as palm oil.

During 1984, not a particularly good one for the company, some 46.5 million tonnes of ore were mined plus 28.2 million tonnes of waste resulting in a production of 542 260 dry tonnes of concentrate. The average grade of concentrate contained 30.3% of copper, 28.9 grams of gold per tonne and 81.9 grams of silver per tonne. The quantity of metal in the concentrate amounted to 164 447 tonnes of copper, 15 673 kilograms of gold and 44 000 kilograms of silver. The company estimates recoverable ore reserves at the mine at 675 million tonnes containing an average of 0.4% copper and 0.46 grams of gold per tonne of ore. This means that production at the mine should continue to the end of this century and beyond. The quality of ore grades is tending to decline implying a higher mining rate of ore to produce the same quantity of concentrate. An additional ball mill (the 13th) has been installed to cope with the additional material.

The table above shows the relative importance of mineral exports to the PNG economy:

Ok Tedi

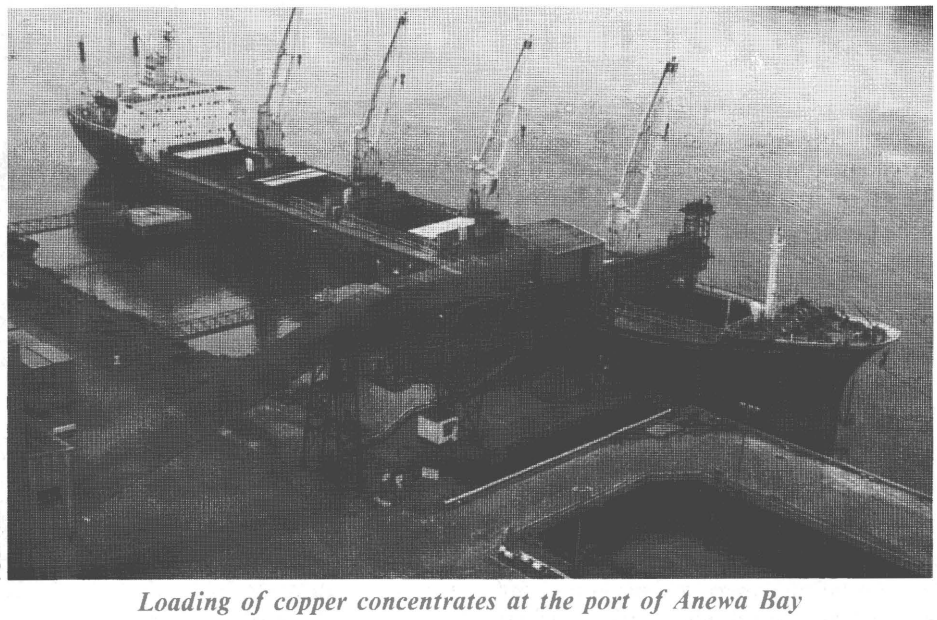
This is one of the most isolated major mining developments in the world. Mt Fubilan in Western Province near the border with Irian Jaya was identified as having relatively rich gold bearing ore in its upper layers and copper bearing ore (with some gold content) at a greater depth. In order to exploit the minerals in such a location a vast amount of infrastructure had to be created. The Ok Tedi Mining company was established in February, 1981; the shareholders are the Government of PNG (20%), Amoco Minerals Co. (30%), BHP Minerals Ltd (30%) and a consortium of German firms (20%).

When the project was appraised in early 1981, exploitation of the ore deposits was seen as a three stage investment. Stage I (1981-84) would see the project established to allow gold bullion production in 1985 and 1986 from an ore processing capacity of 15 000 tonnes per day. Stage II (1984-86) envisaged the addition of a copper processing plant to be operative from 1987 onwards and producing some 175 000 tonnes of copper concentrates from ore processing at the rate of 22 500 tonnes per day. Gold bullion production would also continue until 1989. Stage III (1987-89) would cover the conversion of the gold processing plant into a second copper processing plant and so increase total copper concentrates production to about 370 000 tonnes a year. Separate gold processing

would then come to an end although, of course, the gold content of the copper concentrates would continue to be extracted when the concentrates were refined abroad.

Although Stage I was completed with very little delay, no hydro electric power station was built—electricity continued to be supplied by diese generators—and the tailings dam scheduled to be built on the Ok Ma Valley could not be built there because of a landslide. A new site at Lukwi has been identified. The "achievements" of Stage I include the construction of a road from Kiunga on the Fly River, the preparation of the mining area for open pit mining, the establishment of a new town at Tabubil with a population of some 3 500 and the installation of a gold processing plant. The result is that commercial gold production started at the beginning of 1985 and is expected to reach the level of some 2 000 kg of gold per month by the end of this year from a rate of ore throughput of 22 500 tonnes per day (higher than originally foreseen).

Problems arose earlier this year which led to a shutdown of operations in February/March. The Government and the private shareholders did not see eye to eye on the future development of the mine. Underlying the difference of view were the facts that the cost of implementation of Stage I had proved much higher than originally estimated and the world copper prices had failed to recover to anything like the level assumed in the original project appraisal (US$ 1.10 per lb).

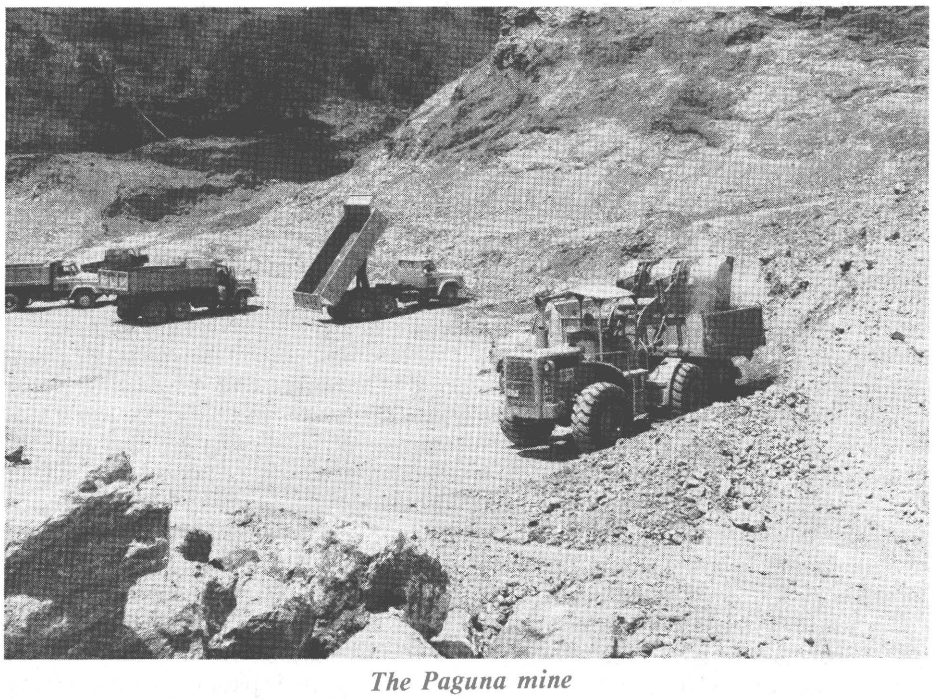


PSOI PNG

Loading of copper concentrates at the port of Anewa Bay

The dispute was resolved by a Supplemental Agreement which provides for the continuation of gold processing until the end of 1988 after which the plant will be converted to a copper concentrates line treating 30 000 tonnes of ore per day. Whether a second copper processing line is installed along with a hydro electric plant will depend upon the results of economic tests conducted by independent experts.

Evidently the future scale of operations depends crucially on the way in which world copper prices move or fail to move.



PSOI PNG

The Paguna mine

EEC involvement

The EEC have not been involved in the operations of Bougainville Copper Ltd. As for Ok Tedi, there have been two Lomé II interventions appraised by the EIB:

(a) A conditional loan from risk capital of ECU 12 million to refinance part of the Government share holding in the company.

(b) A loan from the Bank's own resources under Article 59 of Lomé II.

Other possibilities

There are three other possibilities under study in Papua New Guinea which may result in new commercial gold production. One is on Lihir Island in New Ireland province which is being exploted by the Kennecot-Niugini Mining Joint Venture. The second is the Porgera gold and silver deposit in Enga Province. The ore body there is being developed by a consortium consisting of a Canadian firm (Placer) and two Australian firms (Mount Isa Mines and Renison Consolidated Goldfields Ltd). The third one is on Misima Island in Milne Bay Province some 240 km from the south eastern extremity of the mainland. The gold ore deposit is being investigated by two firms, Placer (Canadian) and Con Riotine (Australia).

There is also extensive exploration and drilling for oil although there is no commercial production at present. o

THE LOMÉ CONVENTION AND THE MINING SECTOR

In the Conventions that preceded Lomé II, we did not single out the development of mineral resources for particular attention. This was a reflection of the then prevailing optimism about the profitability of the mining sector.

However, during our negotiations for the second Lomé Convention, we realised that there were a number of pointers indicating a marked slowdown in mining activity in the ACP States. Thus, we incorporated provisions to enable the Community to support ACP States in their efforts to develop or maintain mining operations.

The period of rapid and continuous economic growth, up to the mid 1970s, led to virtually boom conditions in some of the mining sectors and probably also to overinvestment. In the recessionary period since, one has observed disastrous effects on the mining sector and, as a consequence, to the national economies in which they were operating.

Among these effects, let me point out one which is of importance for the very existence of the mining sector in many ACP countries. This is the weakening of their financial structure, that is to say, too much debt compared to equity, which adds an extreme vulnerability to the cost of borrowed money in addition to the problem of depressed prices.

As there is no reason to believe that there will be a repetition of the "golden sixties", the years ahead will be probably difficult years for the world economy, and for the mining industry in view of the considerably changed economic parameters. However, the indications are that total mineral demand will continue to grow but at a slower pace.

Historically, fluctuations in requirements of raw materials by the developed world has led to boom or bust mineral marketing conditions that are neither to the benefit of producer nor consumer countries. Indeed, even during boom conditions when we examine in detail those ACP countries with mineral-dependent economies, it is not at all clear that their dependence on the mineral sector for their foreign exchange earnings has in the long term been to their overall benefit.

In Lomé III, following thorough negotiations, we have developed a basis for the future development of the mineral industry that will be more beneficial for all of us. To achieve this, we are turning away from supporting major new mining investments to emphasising the integration of the mining sector into the social and economic fabric of the ACP countries. For the ACP countries this re-orientation of mining sector will produce a more direct effect on the financial economy of the country. Thus the measures we have agreed will contribute to development by providing a firmer basis for earning money, helping the balance of payments position, stimulating industrialization, creating jobs and raising the level of technology. Moreover, within Lomé III our programming exercise with the ACP countries gives us the opportunity together to ensure that investment in the mining sector is integrated within the development priorities that we have identified together.

In Lomé III we have retained the various financial facilities incorporated in Lomé II. These are grants, special loans, risk capital and subsidised EIB loans. Besides these instruments, Lomé III provided a number of the new instruments specifically designed with mining and energy development in mind. These included unsubsidised EIB loans for mining and energy projects of mutual interest to the Community and the ACP states and SYSMIN. The SYSMIN facility has been significantly expanded in Lomé III turning into a true development tool available to more ACP countries with mineral-dependant economies. The details of SYSMIN are covered in another article in this issue of *The Courier*.

Within Lomé III, the financial facilities initiated in Lomé II will be orientated towards:

i) the continuation of mining cooperation with a view to more diversified development;

ii) stimulating exploration so that the mineral potential of ACP states can be fully realised, especially with regard to their long-term needs and to ensure diversification of the mining industry;

iii) examination of the various methods for attracting both public and private finance for the development of the mining sector in ACP countries.

iv) rehabilitation, maintenance and modernization of the mining sector in order to make existing mining operations more efficient and competitive;

v) development of small mines where they are efficient;

vi) development of mining projects in relation to the existence or development of adequate transport systems and energy supply;

vii) providing technical assistance for training activities to strengthen ACP scientific and technical capacity in the fields of geology and mining.

A further aspect of our cooperation in the mineral sector, we hope, will be the strengthening of regional mining centres in ACP countries. We have already seen within SADCC and in East Africa the initiation of regional cooperation and we hope that this will be built on in the future. Identification of mineral potential and resources as well as mineral marketing are areas that benefit being tackled on a regional basis as well as by individual countries.

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Maurice FOLEY
Deputy Director-General
for Development
at the European Commission.

SYSMIN

Mines as instruments of international cooperation

by Bernard GRAND (*)

The EEC Commission differs from other funders, who are planning to reduce their commitments in the mining sector, as it has proposed maintaining Sysmin, the special financing facility for mining countries, under the ACP-EEC Convention, Lomé III (1985-90).

This special facility, an exceptional one, is all the more essential now that the traditional, banking-type financing in the sector is likely to be reduced. The banks in fact feel that there is a certain amount of over-investment in mining when the world market demand for many mineral products is on the wane and their major influence on mining investment decisions means that criteria such as the host country's debt, the short-term market situation, the fairly low price of ore and the high interest rates are of increasing importance. It all militates in favour of postponing investments, including those in research and prospecting, in spite of the fact that some people in the trade think it is worth investing when the economic situation is unfavourable to mining. All in all, a deceleration of investment in mining is to be expected, particularly in the ACP countries. New projects especially will feel the pinch, although they are still eligible for help from the European Development Fund and the European Investment Bank. The share that goes to rehabilitation and reorganization schemes (which are a privileged field of Sysmin assistance) could increase, but this is not the only reason why the Lomé negotiators maintained and adapted Sysmin.

It is primarily as an instrument of ACP-EEC development cooperation policy that Sysmin meets a particular need, that of those developing countries that are especially vulnerable to the mining crisis, the ACP mineral producers. In the interests of effectiveness, Sysmin assistance is provided as far as possible within the framework of cofinancing and it helps fund projects and action programmes that meet the demands of economic and financial viability and the reciprocal interests of both ACP countries and the Community.

Before going into Sysmin further, let us describe how it fits in with ACP-EEC cooperation, beginning with the reasons for and aims of this cooperation.

I. Reasons — the special problems of the ACP mineral producers

The first reason for the special facility for ACP mineral producers is the specific nature of the exceptional difficulties that these countries expect to meet in their development drive, as their fragile economies exacerbate the effects of the profound instability of the world minerals market and vice versa.

The ACP mining countries

These countries, according to the Convention, are those where one of the mineral products listed in Article 177 (copper-cobalt, phosphate, manganese, tin, bauxite-aluminium and iron ore) represents 15% of total exports or where all mineral products (with the exception of petroleum, gas and precious metals) account for 20% of total exports. These thresholds are brought down to 10% and 12% respectively in the case of the land-locked, island and least-developed countries.

Managing the mining sector

Managing the mining sector and its effects on the rest of the economy is extremely difficult for industrial and developing countries. But it is now a problem of crucial importance in the developing world and there are various studies (Nankani from the IBRD and the more recent analyses carried out by Mr Bomsel of CERNA) to show how fragile the developing countries are. Without going into theories already developed on this subject (mining income used to finance unproductive expenditure), the Commission produced the following analysis in the late'70s:

(a) The fact that a long period of economic growth drew to a close in

A mine in Suriname

Sysmin is designed to help those ACP countries which depend heavily on mining for foreign earnings

(*) Principal Administrator at the EEC Commission.

1975 had an even greater effect on the developing countries than the rest of the world and those developing countries that produced minerals but no energy were the hardest hit. Mining and metallurgy themselves are large consumers of energy and world demand for these products waned because of the difficulties facing the industries that used them, affecting both the volumes in demand (there is excess capacity for many products at the moment) and prices (except during the surge of 1974, most non-energy and non-precious minerals have dropped in price).

(b) The economy of the ACP mineral producers has proved to be extremely fragile. These countries were often highly dependent on the exports of one product and they did not have the sort of economy that could relay or (even less) support the mining sector. In many cases, the industrial implant that mineral development ought to have provided failed to take and the other sectors of the economy were weak, something which happens often in a dualist (modern sector-traditional sector) economy. In other words, the contribution that the development of mining might have made to the economy as a whole was impeded by so-called perverse effects and a vicious circle—a weakened economy and a weakened mining sector—resulted. Sysmin was born of the need to call a halt to this process.

(c) Sysmin, basically, is no more than an emergency measure to help the ACP mineral producers cope with the extremely precarious situation generated by the mining crisis. But it is clear that there has to be something else to take over from it in the more or less long term, particularly the return of commercial-type technical and financial operators to the ACP countries. Indeed for some years now, the industrialized world and its mining companies have been looking to themselves in investments in both production and research-prospecting, to the detriment, essentially, of the ACP countries. A desire to reverse this tendency is behind other Lomé provisions applying to mining. In Lomé II and Lomé III, for example, there is a very clear improvement in the amounts allocated for risk capital and special emphasis on the treatment of private investments.

II. The aims of cooperation in the mining sector

In seeking to reorient mining investments to the Third World, particularly the poorer parts of it, the Community is pursuing two aims—most obviously (and exclusively, some people say) to ensure better supplies for the Community. But, without wishing to deny this aim, which means, as far as our partners are concerned, better outlets, it is in fact secondary to the interest of the Community and the developing countries of effectively making use of latent complementarities.

Supplies

The increasing tendency to push the ACPs into the wings, both on the world stage and in the Community, which we denounced above, is fraught with danger. In case of tension, even momentarily, on the world market in mineral production, Europe, which is far less autonomous in raw materials, than the USA or the USSR, could find itself dependent on a restricted number of countries or companies, and however much confidence these countries or companies may inspire, it would be dangerous to be in such a delicate situation.

But it is both exaggerated and inadequate to say that the Community's aims are confined to ensuring supply.

— It is exaggerated because, looking at it from the point of view of supply alone, there is no fundamental risk of a lasting and increasing scarcity, even an organized one, of mineral products. It is worth noting that Sysmin, for example, covers those minerals the ACPs export the most and not those that are most crucial to Europe.

— It is also exaggerated because Sysmin assistance does not depend on the relevant ACP mining sector supplying the Community alone. What it does do is demand that the Community not be ignored by that sector. It would be paradoxical to mobilize Sysmin aid for mines that were working exclusively to supply countries outside the EEC, even to its competitors..

— It is inadequate because, although Europe has an interest in this affair, it is much more than in simple terms of security of supply.

The fundamental motives

The Community wants to draw attention to the harmful nature of a trend in favour of the industrial countries (Canada, Australia and South Africa) to the detriment of the less developed countries (the ACPs in particular) in mining investments.

(a) From the strictly micro-economic point of view of the firms concerned, be they mineral producers or users, the difficulties inherent in implementing industrial-type projects in not-very-industrial economies often win over the advantages of having a more diversified source of supply (which is what the tendency denounced above means). Nonetheless, take a step backwards and the dangers appear more clearly. Taking our global relations with the rest of the world, is it not doubly absurd to allow the development of mining to participate in the industrial expansion of countries which our economies compete with rather than complement, instead of gearing ourselves to countries whose development is even more vital to both them and us?

(b) The ACP countries, for example, have more than a quarter of the world's mineral reserves and would clearly like to develop them and process them on the spot as soon as possible. If some of this sector has to be resited outside Europe, then why not plan to resite it in these countries, which have unexploited energy potential (Africa, for example, has 20% of the world's hydroelectric potential but only 2% of production) and which could be the subject of lasting, balanced trade, at a rate compatible with their industrialization and a certain degree of reorganization of the European economy in the difficult conditions of slow growth (unemployment, problematic transfer of input between the different branches of activity)?

(c) It is reasonable to assume that even the partial re-establishment of stronger growth in the European economy means boosting international trade. The reorientation of mineral development to the developing countries, the ACPs in particular, which could have a snowball effect on our trade, should therefore be promoted, as it is in the interest both of the countries towards which the Community has special responsibilities and of the

countries of the Community themselves.

A new approach

(a) **A sectoral approach.** The sectoral approach can ignore neither of the classic approaches (project and global aid). It cannot ignore the project approach because this is the practical manifestation of assistance and it cannot ignore global aid because that is its *raison d'être.* But any mining scheme has to be analysed in the light of the world market and what the sector costs and contributes to the host country.

The adaptation of the world market is all the more fundamental for the viability of a sector in the host country in that the balance of supply and demand is not stably assured. Projects which may seem excellent in themselves may, if they are all implemented, lead to a net loss for all the host countries. It would be better only to launch those which have the greatest effect on development and leave the others till later.

The contribution and the cost of financial, energy and human resources have to be analysed in terms of what they do for development. Without necessarily pointing the finger at any mining "enclave", it is wise to see that mining is as well integrated as possible into the socio-economic environment.

The sectoral approach, which is not exclusively an ACP-EEC one, is intended to catalyze the positive snowball effects the mining sector has on the rest of the economy. For various reasons, including the obvious failure of operators and host countries to agree on this point, these net positive effects have rarely lived up to expectations.

(b) **The self-interested-disinterested approach.** This is disinterested in that, as we saw earlier, it is not just a window dressing-cum-short term scheme based on nothing more than supplies for the Community. The point, on the contrary, is that it is in the Community's interest but the developing countries' interest first and foremost to consolidate and develop viable mining sectors.

And it is self-interested in another sense in that the Community's action is in a field where private interests, those of mining and financial operators, are present en masse. It is important to specify here that in industry, and mining in particular, any scheme not founded on these businessmen, be they public or private, would be more or less bound to be ineffective. Furthermore, it is clear that the allocation of official aid to this sector would be out of the question unless it enabled other means, private in particular and far more important ones, to be implemented. Other sectors (food, agricultural infrastructure, etc.), which are less obviously profitable, should have priority over mining.

The Community's action is aimed at re-establishing contact between an industry and a certain number of developing countries on a better basis. Such contact seems to have been lacking for nearly the past 10 years, and to everyone's detriment. This basis, essentially, is the reduction of uncertainties about each other and the mining sector making a proper contribution to the development of the host country.

A mine in Jamaica

The Community seeks to draw attention to the danger of a trend in mining investments favouring industrialized countries (Canada, Australia, South Africa) to the detriment of developing countries (especially ACP states)

III. Sysmin

Sysmin was set up by Lomé II. It is a special financing facility for the mineral-producing countries and it was continued under Lomé III (signed on 8 December 1984), where it is dealt with in Chapter III of Title II (Articles 176-184). The funds, provided on very soft terms (1% over 40 years with a 10-year grace period), were ECU 292 million under Lomé II and raised to ECU 415 million under Lomé III. Unlike income loss compensation machinery, it is an instrument of development for mineral-producing countries which have serious problems to contend with.

Characteristics and recent changes

(a) The aim of Sysmin is to help those ACPs that are heavily dependent on their mining sectors (Article 180) to cope with exceptional, unfavourable circumstances seriously affecting those sectors (Article 176).

(b) The essential variable used in the analysis is the viability of the production apparatus. Sysmin's priority form of intervention is therefore to help the ACP drive to re-establish this viability (even at reduced capacity, abandoning, if necessary, marginal exploitation) when it has deteriorated. The idea is not to make an automatic transfer, but to help with a joint effort (host country and co-financers). As Article 182 makes clear, this effort has to be part of a rehabilitation, maintenance and rationalization programme if viability is only temporarily compromised (by chance circumstances that are outside the country's control). If, on the other hand, there is no hope of making the concern viable again, Sysmin assistance will not try to maintain

non-economic capacities come what may. It can, on the contrary, remain a contribution to an investment and be channelled into a project (even outside the mining sector) which makes a contribution to the country's development, in particular as a source of export earnings.

(c) So Sysmin is not a system of automatic compensation for losses in export earnings. Notwithstanding these losses (Article 179), it concentrates on protecting their sources—i.e. production capacity.

(d) Sysmin does not cover errors of management, any more than it did under Lomé II, but it may consider cases where the viability of a mining operation is unexpectedly compromised by the appearance of major technical or economic innovations that affect the profitability of the production in question.

(e) The need for the mining sector to be properly integrated in the development process has led to countries which are making the necessary effort to save the viability of their mining industries themselves (Articles 180(b) and 182) being taken into account when they find it impossible to continue with implementation of other priority development projects (Article 179(b)). Sysmin can intervene in cases of this sort to avoid the enforced and costly interruption of such projects.

Implementation and conclusions

(a) Practically speaking, Sysmin operations, following thorough discussions by the Community and the relevant ACPs, have made it possible to analyse the particular problems encountered together. In order to reach this joint agreement that triggers the financial possibilities of intervention, this vital analysis has not only covered the causes of Sysmin assistance, but the best way of re-establishing viability in the mining sectors affected as well.

— The first two Sysmin schemes were for Zaïre (ECU 40 million) and Zambia (ECU 55 million), where copper and cobalt production capacity, which had been badly affected by serious events in the immediate past, was likely to collapse in 1980/81.

— Later, in particular because of the very great depression on most of the mineral markets in 1982, several countries failed to derive enough resources to recover from the shock when there was a relative improvement in the markets in 1983 and 1984. There were a number of applications for Sysmin assistance as a result and three of them were eligible—Guyana (white bauxite), Rwanda (tin) and Zambia (copper-cobalt again). Rehabilitation projects are currently being designed for all three, with the agreement of the other cofinancers (the EIB, IBRD, SFI etc.).

— Lastly, the other five cases (iron ore, copper-cobalt and bauxite-alumina) were being investigated at the end of Lomé II to see whether they were eligible.

(b) Lomé II has, however, shown that improvements are possible.

— First of all, some countries with large mining industries were excluded from Sysmin either because their products did not figure on the list or because they did not reach the minimum threshold for all products although they cleared it easily with the whole of their mineral production.

— Furthermore, the need for greater stringency emerged not only in the management of mining undertakings but in using the mining sector as a factor of development. What in fact emerged was that the developing countries with mineral wealth have not always been in a position to use this potential to drive their development. But Sysmin takes the special difficulties of these countries into account and aims to help them in their drive for more stringent and effective management of the mining sector as such (hence the accent on the viability of mining schemes) and also on it being properly integrated into the overall development process. This drive is all the more necessary as the mineral markets have not yet emerged from the slump of the past few years and the producing countries have to heighten their search for competitiveness while their economies are strongly (and sometimes excessively) dependent on these international markets and badly affected. In both these fields, Lomé III has wrought significant improvements and stressed the mutual interest of the mining sector to both the ACP Group and the Community. o

B.G.

EIB financing [1]

by Philippe TABARY [*]

Since the conclusion of the Yaoundé and Lomé Conventions, in keeping with the division of tasks established between the Commission of the European Communities, on behalf of the European Development Fund, and the European Investment Bank, the latter has assumed particular responsibility for providing financing in the ACP States for investment in the industrial and agricultural-processing, mining and tourism sectors, and in infrastructure (ports, railways, telecommunications) and energy. The need to encourage studies and investment in the mining sector was one of the main themes of the Second Lomé Convention and the EIB has come to play a greater part in this sector. The financing which it provides may go towards either the working of mineral deposits or the processing of the minerals extracted. On 31 August 1985, it amounted to over ECU 290 million [2] more than 175 million of it under the Second Lomé Convention. ECU 161.1 million of this went to West and Central Africa, 57 million to East Africa and territories in the Indian Ocean, 59 million to the Pacific and 4.2 million to the Caribbean. ECU 11.6 million helped to finance small and medium-sized projects, mainly in Africa.

Methods of financing

As in other sectors, EIB lending for mining projects may take several forms.

Firstly, loans may be granted from the Bank's own resources (essentially the proceeds of borrowings on the capital markets). Granted for long terms (up to 15 years in the case of industry

(*) EIB official.

(1) Including mineral fuels (coal and petroleum).

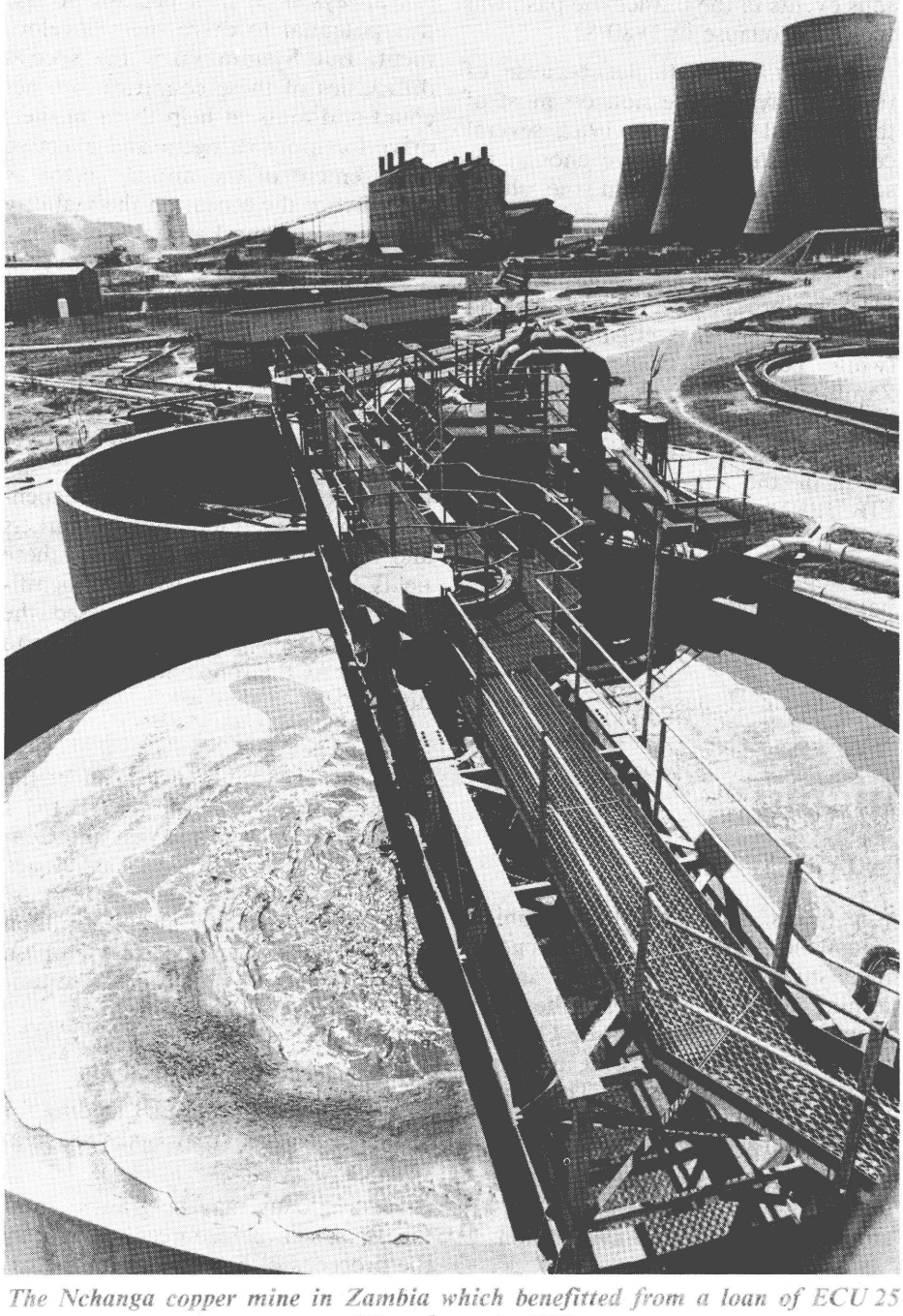
(2) At 30 August 1985, 1 ECU = FF 6.81, BF 43.13.

and 20 years in the case of infrastructure), such loans are made available on a non-profit-making basis and are provided on terms and conditions very close to those obtained by the EIB on the capital markets where it enjoys the highest credit rating (AAA on the American market).

In the ACP States, these loans also carry an interest subsidy, generally of 3%, financed from the resources of the European Development Fund, so that the effective rate paid by the borrower is between 5% and 8%. Only investment in the petroleum sector attracting such loans does not qualify for this subsidy.

Financing may also take the form of risk capital from the resources of the EDF, which may be made available as conditional loans (of which the repayment arrangements, rate of interest and term may vary according to conditions specified in the finance contract), subordinated loans (repayable only after other bank loans have been repaid), equity participations acquired in companies on behalf of the European Community, the financing of feasibility studies or technical assistance, particularly for the rehabilitation of enterprises. This form of aid, with its more flexible terms, is often better adapted to the particular nature of mining operations, which are sensitive to the sometimes abrupt fluctuations in international prices. It is also more conducive to sound project preparation and the best approach to process options.

In practice, subsidised loans from own resources and risk capital may both be provided for the same investment, either at different stages or for separate parts of the same project. Of the ECU 281.3 million lent by the EIB for large-scale projects in this sector, 64.2 million came from risk capital provided since the first Lomé convention and ECU 217 million from the Bank's own resources, mainly in the form of subsidised loans.



John and Penny Hubley

The Nchanga copper mine in Zambia which benefitted from a loan of ECU 25 million from the EIB

Diversity of projects

A whole range of projects has been financed: the working of new deposits; the extension of existing mines; the rehabilitation of mines made unprofitable by the depletion of deposits or the low grade of the remaining ore, but which the introduction of new technology or the opening up of new seams could restore to a satisfactory level of productivity. In addition, the EIB has provided financing for the installation of ore-processing plant, either to obtain a product more directly usable in industry or to produce by-products on site. It has also been associated with the creation of infrastructure directly backing mining projects, in particular electricity-generating plant (thermal and hydroelectric power stations) to provide more reliable and regular supplies of electricity to mines, and possibly the installation of associated processing plant.

Projects financed concerned most raw materials, in particular petroleum (prospection for and the opening up of oil fields, the secondary recovery of oil and natural gas or the rehabilitation of refineries), bauxite and aluminium, iron, copper, gold, phosphate, potash, uranium, diamonds, manganese, cobalt, tin, fluorspar, limestone, coal, chrome, chromite, natural gas and ferro-nickel. Funds have also been advanced for tapping geothermal energy sources.

Projects for which the EIB has pro-

vided financing include the modernization and extension of the uranium-ore-processing installations at Franceville in eastern Gabon, extension of the uranium mine itself and various related infrastructures. This project was intended to increase production capacity from 1 000 to 1 500 tonnes of uranium metal per annum. The borrower, Compagnie des Mines d'Uranium de Franceville (COMUF), was granted a subsidised loan for ECU 15 million. The EIB also lent the Gabonese State ECU 7 million, similarly attracting an interest subsidy, to help double to 35.2 MW the capacity of the Franceville hydroelectric power station, which in particular supplies the mine and the uranium-processing plant with electricity.

In Zambia, the EIB has participated, through a loan of ECU 25 million to Nchanga Consolidated Copper Mines Ltd, in a project to recuperate copper from mine tips. This project consists in processing waste dumped on tips at mines from 1939 to 1974 and recuperating metal; the waste, which has a copper content of between 0.4% and 0.5%, is treated by leaching, that is to say, extracted by dissolving in sulphuric acid, the metal dissolved being recuperated by electrolysis. This technique has been used since 1974 on current waste from the copper concentration works at Chingola in the Zambian copperbelt and has already enabled more than 480 000 tonnes of the metal to be recovered. The projects involve the installation of new units at Chingola capable of processing about 750 000 tonnes of accumulated waste per annum, which is expected to yield between 30 000 and 45 000 tonnes of copper per annum; this project offers the only short-term possibility for Zambia to maintain its sales of copper, which account for 95% of this land-locked country's exports, and will make an important contribution to its balance of payments.

In Zaïre, within the framework of the two five-year plans of Générale des Carrières et des Mines for 1970-1974 and 1975-1979, the EIB has contributed to the extension of the company's copper and cobalt mining and processing installations in the region of Shaba. A first loan for ECU 16 million was granted in 1971; at that time the EIB was the first international financing institution to provide support for this company. A second loan for ECU 16.6 million was granted by the EIB in 1974, this time as part of cofinancing with the World Bank and the Libyan Arab Foreign Bank.

The EIB is continuing its contacts and cooperation with the Gecamines company; after having participated at a meeting of the company's lenders last September, it is now examining the possibility of contributing through a third loan to investment aimed at increasing productivity and maintaining production by renewing installations.

Restructuring and operation

In Ghana, a loan for ECU 6 million from risk capital resources went towards restructuring and modernizing a manganese mine at Nsuta in the south-west of the country. Mining operations had been considerably curtailed as a result of both the gradual depletion of the reserves of oxide ores and the lack of necessary equipment. New equipment obtained with the proceeds of the loan should allow continued economic mining of oxide ores, which are the most profitable.

Two projects financed in 1984 more directly concerned the processing of mineral resources: ECU 7.6 million from risk capital went towards rehabilitating the petroleum refinery at Tema in Ghana, some 30 km east of Accra. The work involved was intended to improve operating conditions (increase safety and raise output, reduce losses and improve environmental protection) so as to ensure more regular supplies of fuel oil. In Guinea, a subsidised loan for ECU 7.5 million helped finance a new process to improve the quality of alumina produced at Fria-Kimbo, 150 km north-west of Conakry, by the company Friguia. The project involved adapting the Kimbo production installations to new technology to ensure the constant production of a "sandy" grade of alumina, essential to secure sales to aluminium producers in an increasingly competitive market. The investment will also appreciably reduce dust emissions, thus reducing air pollution and improving working conditions.

Financing in the mining sector, like almost all loans granted by the EIB for investment in Africa, is generally provided as part of cofinancing undertaken jointly with multilateral or bilateral financing institutions, among which the World Bank, the Caisse Centrale de Coopération Economique, Kreditanstalt für Wiederaufbau and certain Arab funds are prominent. This convergence of lenders' financing reinforces its impact and enables financing arrangements to be reached which are better adapted to the nature and the particular context of the projects.

Feasibility studies

Another means of effective financing is provided by the possibility offered to the EIB since the first Lomé Convention of contributing from risk capital resources to feasibility studies preceding actual implementation of projects. Thanks to such studies, promoters are able either to define the conditions for implementing a project and its cost, determine the optimum size of the project, or to avoid committing themselves to projects the profitability of which is too uncertain and, especially, too sensitive to price fluctuations. In Zimbabwe, such a study enabled possible uses of local coal to be identified.

Thus, for example, the EIB has contributed financing for a survey of the iron ore deposits at Kribi in Cameroon, feasibility studies on the possible development of bituminous sandstone at Lake Kitina in Congo, a geological study of a limestone deposit which could be exploited for cement production Malawi, the tin-bearing laterites in the region of Manono, Shaba (Zaïre), and in the same country studies of possibilities of exploiting the methane dissolved in the waters of Lake Kivu and of using this gas at the Katana cement works.

Other such financing as a prelude to the implementation of mining projects concerned studies to determine the feasibility of improving operating conditions sufficiently to justify exploiting iron ore deposits in the region of Haut Ivindo, a frontier zone between Gabon and the Congo. For this project the EIB granted a loan of ECU 2.5 million from risk capital resources to the Gabonese Republic, which made the proceeds available to Société des Mines de Fer de Mékambo (SOMIFER). The deposits at Belinga in Gabon, considered the most accessible in the region, contain more than 500 million tonnes

of ore, but its high phosphorous content restricted its use in view of the iron and steel industry's changing requirements. It was therefore necessary to locate deposits with a lower phosphorous content and determine whether these were rich enough to justify mining. The total cost of the studies was estimated at ECU 11.5 million and the EIB loan was accompanied by financing from the European Development Fund. The studies included a geological survey, core sampling, the taking of samples for evaluation and metallurgical processing tests, at Belinga, the main deposit, and Avima and Nabeba (Congo), all three of which could supply additional ore.

However, development of the mining sector, whether seen from the viewpoint of obtaining or that of processing minerals, does not depend solely on the implementation of large-scale investment projects. By granting global loans, that is to say, lines of credit to development banks for small and medium-scale investment projects selected by agreement with the EIB and in accordance with the latter's customary lending criteria, the European Investment Bank also has the possibility of extending loans to smaller-scale projects in mining and quarrying. These may either help finance the extraction of ores and raw materials or their processing or, in the case of global loans from risk capital resources, may provide quasi-capital funds or finance feasibility studies for enterprises in the mining sector.

Since the first Lomé Convention entered into force in 1980, the EIB has provided finance for 21 small and medium-sized projects totalling ECU 11.6 million, comprising four for ECU 3.2 million from risk capital resources and 17 for ECU 8.4 million from own resources. Total financing for small and medium-sized projects thus amounts to ECU 32 million.

The outlook

In the mining sector, as in the industrial sectors where it is involved, the EIB's financing operations do not conform to a rigid pattern; the Bank simply lends to investors. For it to provide financing, there must be definite investment projects and these must accord with the Bank's criteria and financing possibilities. The extension of financing particularly in the form of risk capital for rehabilitating projects in difficulty, for example, widens its scope. Similarly, the volume of financing provided for under the third Lomé Convention to take effect from January 1986 will allow the EIB the possibility during the next five years of committing up to ECU 1.1 billion from its own resources for projects in the ACP States (normally with an interest subsidiy of 3% financed from EDF resources) while, in addition, ECU 600 million have been earmarked for risk capital operations which could also benefit the mining sector.

Programming missions already carried out in liaison with the European Development Fund, together with those which are still being conducted or which are planned, should throw up potential new projects and offer new prospects for financing existing projects. However, extreme caution is needed in this sector: as with the actual implementation of investment projects, whether or not loans can be used is very much determined by the trend of mineral prices, the commitment of promoters and other lenders and the likely profitability of projects. For its part, in this sector as in the various other areas of financing specifically assigned to it, the EIB is ready to provide the ACP States with the assistance they need to realise their potential and to develop their economies as diversely as possible. o

P.T.

Sysmin and mining in Zambia

by Dr Edwin M. KOLOKO (*)

The Lomé I Convention was signed in the aftermath of the 1973 energy crisis at a time when the future for many of its signatory countries held great promise. It was then held that rapid economic growth in the industrialized world and increasing demand for primary commodities would lead to industrialization and prosperity for commodity exporting countries in Africa and elsewhere.

These hopes were soon dashed as world economic growth stalled and finally slipped into recession. Commodity prices never regained the levels experienced in the mid-1970s and black African countries, in particular, suffered due to their high dependence on the export earnings of a few primary commodities.

The Lomé II Convention, which came into force in 1980, addressed these major problem areas. To assist the mining industries of the ACP countries, the Sysmin facility was established. This scheme provides special aid to countries heavily dependent on minerals to meet shortfall in earnings from this sector in exceptionally unfavourable circumstances. It is hoped that more states will benefit from Sysmin under Lomé III than did under Lomé II. Many of the ACP countries in Africa have economies based largely on mineral exports and could benefit greatly from Sysmin assistance. Zambia certainly intends to continue with its participation in this programme and regards it as an ideal vehicle for assisting people in the developing world. Multilateral aid, such as that provided by Sysmin, is a preferred source of outside funding as it is free from ideology and can be given and received without any political overtones, the basis of the ACP-EEC relationship.

The timing of this facility was most important to the Zambian mining industry. The merger of Nchanga Consolidated Copper Mines Limited and Roan Consolidated Mines into Zambia Consolidated Copper Mines Limited had just taken place. Lower metal prices in the preceding years had curtailed the necessary funding to maintain efficient operations in the mines and plants and a major reorganization and rehabilitation programme was called for.

Assistance under Sysmin I became the forerunner of a combined pro-

(*) Director, Corporate Planning in Zambia Consolidated Copper Mines Ltd — a recipient of Sysmin.

An open last mine in Zambie

"All in all Sysmin is a good arrangement... however, this appreciation comes only with time because the procedures to be followed are not as easy as those applied by commercial banks"

gramme of assistance by the EEC, the World Bank and the African Development Bank. The programme with all loan facilities in place became what is known as the Export, Rehabilitation and Diversification Project.

Some difficulties in understanding the various terms, conditions and procedures to be followed under the three loan agreements resulted in a slow start to procurement activities. However, as understanding improved, procurement activities gained momentum and the progress of the project was maintained.

Two important and associated facilities were made available through Sysmin I, the first being for personnel and training facilities. The second was the provision arranged between the EEC, the Zambian Government and the Company for what is called the Sysmin Social Fund.

These two elements of the Sysmin loan ensured the necessary balance between equipment rehabilitation, improved training of Zambian personnel and improvements to the social and community background in the mines.

It is too early to quantify the benefits arising from the Sysmin loan and the other two associated loan facilities. A number of other factors have adversely affected the operations of the Company over the period. Metal prices have remained low (in real terms the lowest for many years), costs have risen with inflation, and the availability of foreign exchange has been below required levels. Although the measurable benefits are difficult to quantify for these reasons and until more of the associated equipment is on site, the boost to morale on seeing new equipment arrive after the inevitable time lag between request and arrival, is of major importance.

The arrival on site of a number of development officers funded through the Sysmin Training Scheme has started to make an impact on training. In addition, a number of Social Fund projects are well advanced, for example, improved water supply to Nchanga Division townships and housing for personnel at Nampundwe mine, west of Lusaka. This mine supplies pyrite concentrates to the Copperbelt for the acid plants. By early 1986 a number of hospital and clinic improvement projects will be completed.

In September 1984, the Company requested further assistance from the EEC under Lomé II. A series of project profiles were submitted to support the request which forms an extension to the Export, Rehabilitation and Diversification Project. It is hoped that the benefits accruing from this request will be realized during 1986/87.

Concurrently with the above, the Company has been preparing a detailed 5-year production and investment programme. It has been demonstrated in the work achieved on this programme to date that the Company is facing two critical years during which it must contain the downward trend in production and restore more normal operating conditions in the underground and open pit mines. Development, both underground and as overburden stripping in the open pits, is planned to be returned to the normal levels necessary to provide for and sustain subsequent selected rates of production. Assistance from Sysmin I and II, the World Bank and the African Development Bank will play a major role in this return to normalcy.

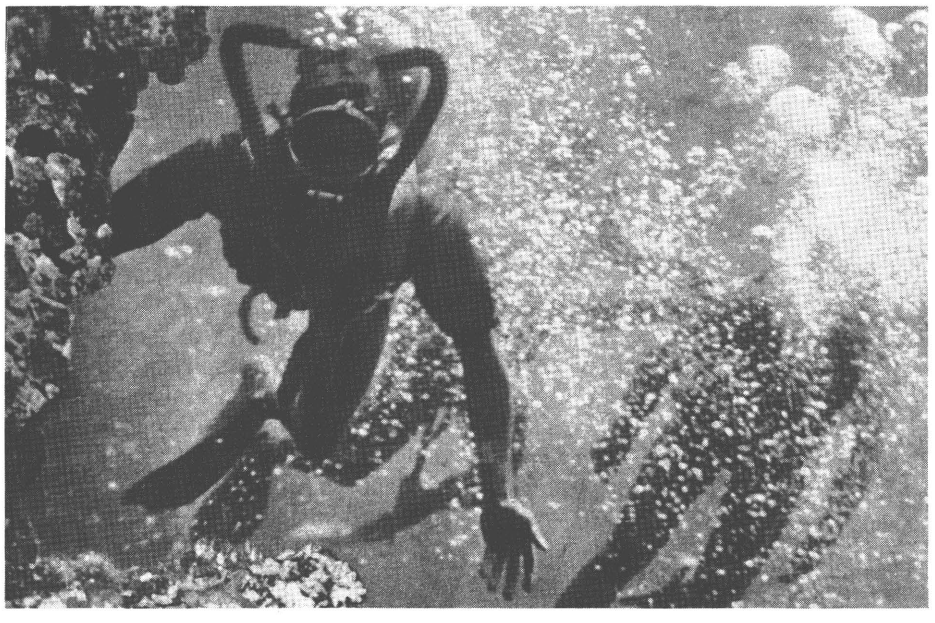
All in all, my evaluation of Sysmin is that it is a good arrangement. However, this appreciation comes only with time because the procedures to be followed are not as easy as those applied by commercial banks. But, it must be stressed, what the procedures are designed to achieve is noble. There is need for fair play among manufacturing EEC countries in tendering, giving equal business opportunity to companies in ACP member states. At the same time, the procedures help to ensure that the recipient ACP country has a choice as far as the price and quality of the materials are concerned.

Again, let me emphasize how pleased we are to have been able to participate in this most worthwhile programme. Multilateral efforts such as Sysmin are particularly effective as a development tool that should be encouraged. We in Zambia look forward to continuing and expanding participation by Zambia in company with other ACP countries in the mining assistance programme of Lomé III. o

E.K.

Sea-bed minerals and the law of the sea

By Dr R. FELLERER and Dr J. MARTIN (*)



Belga

When scientists on board the British research ship "Challenger" first encountered manganese nodules more than a century ago, it is unlikely that anyone foresaw the political and economic significance that would one day be attributed to these black nuggets. It was not until the beginning of the seventies that they were recognized as a potentially valuable source of a number of metals, for which no industrialized nation has yet found a substitute.

The concept of sea-bed mining has been developed for getting at these resources. It covers four different types of ore deposit to be found on the sea-bed. If we imagine following a line from the coast out to sea encountering progressively greater depths, the first finds are of phosphorite deposits on the shelf and on sills at a depth of 400 metres, from which phosphorus could be extracted, above all for use in mineral fertilizers. A project of this type is planned on the Chatham Rise off New Zealand. At a depth of between 1 500 and 2 000 metres, the basalt rocks of submerged volcanoes are coated with hard manganese crusts, which are mainly of interest as a source of cobalt. The parties interested in the deposits explored so far, mainly in the Central Pacific, are beginning to organize themselves. Still deeper, at about 2 500 metres, colourful ore sludges can frequently be found, which, in addition to iron, contain mainly copper, zinc, manganese, lead, silver and traces of gold. The best known such deposit occurs in the Red Sea.

At about the same depth as the ore sludges, the undersea ridges encompassing the earth contain solid sulphurous ores, which have only recently been discovered; they merit commercial attention, as they also contain high concentrations of copper and zinc.

Far out to sea, in the geologically tranquil basins of the Pacific and Indian Oceans, the manganese nodule fields can be found at a depth of 4 000-5 000 metres. They are the carrier ore for manganese, nickel, copper and cobalt. They probably contain larger metal reserves than all currently exploitable deposits on land. Assuming that their retrieval is technically and economically feasible, they could cover world needs for centuries to come. The manganese nodules are a bulk ore, whose utilization is problematic in a variety of respects. Whereas the nodular reserves are gigantic, the other sea-bed deposits have a smaller, but more highly concentrated metal content, and are also easier to exploit in some cases.

Phosphorite deposits, manganese crusts, ore sludges and solid sulphide ores mainly occur within the 200 nautical-mile exclusive economic zone. Consequently, they are not part of the "common heritage of mankind", but are the exclusive property of the respective coastal States. The creation of these exclusive economic zones (EEZ) automatically made half of the sea-bed the property of national States. The other half, which contains the only potentially exploitable nodular deposits, is to be administered and managed by a un sea-bed mining authority.

Four private international consortia involving the USA, Japan, the United Kingdom, Canada, Italy, Belgium, the Netherlands and the Federal Republic of Germany, whose origins date back to 1972, have been formed to explore and exploit the manganese nodule fields. There are also further five national groups in the Federal Republic of Germany, Japan, France, India and the USSR which, with the exception of the German group, are all State enterprises. They have all, at the latest since 1984, submitted exploration claims under the UN Convention or under national legislation and a reciprocal agreement between the eight Western industrialized States, and the claims have, in some cases, been registered.

In Europe at least, the activities of private and State enterprises in exploring the oceans as a potential source of hard minerals was a reaction to the Club of Rome's predictions of a growing, dramatic shortage of land-based raw material reserves. This nightmare vision of the wheels of industry grinding to a halt in the not-too-distant future because of a lack of raw materials has given way to the more optimistic view that, although metal reserves are not unlimited, there is sufficient time to consider alternatives. This could include substitution of other or new substances for certain metals, more recycling, and the creation of new technologies to locate and exploit new or low-grade deposits on land or at sea.

Several profitability calculations have independently led to the conclu-

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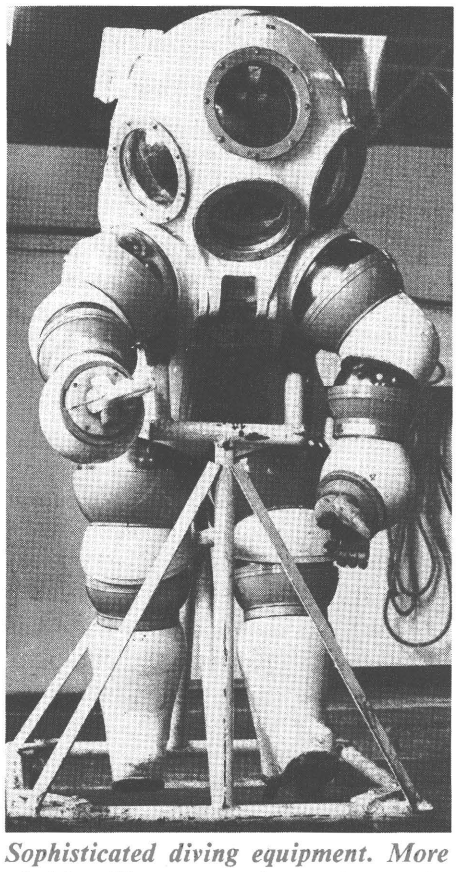
sion that investment to open up comparable land-based deposits is of the same magnitude as the cost of a sea-bed mining exercise, namely US$ 250 million for ore sludges and US$ 1 500 million for a complete manganese nodule operation, to quote two extremes.

These figures, of course, completely exclude the risk factor. Apart from the technical and economic risks, there are above all political uncertainties because of attempts to introduce restrictive regulations. The market situation, uncertain legal position and required technical lead-time mean that undersea mining on an economic scale will not begin until the turn of the century. However, if metals are to be extracted from the sea-bed one day, systematic development work must be begun and substantial sums invested now. France, Japan and India have recognized that this operation is too large to be accomplished by the private sector alone because of the macro-economic and political dimension, and have made appropriate State provision.

In the long run, metals from the sea-bed may well become competitive, given the increasing cost of exploiting the traditional land-based deposits. Operators of land-based mines are unable to invest in opening up new deposits because of the current rock-bottom raw material prices. Although unwilling to admit it, they are forced to exploit their reserves ruthlessly in order to cover costs. Losses can be avoided only by consuming the very substance of the reserves and dispensing with reinvestment for the future.

An increasing number of mining undertakings are being forced to close their pits, especially when these have not yet been fully exhausted, or are selling them to competitors who count on being able to survive the lean period. The list of firms affected, particularly in the USA, contains many prestigious names. The net effect will be that world production will fall. Assuming that demand remains constant, it is to be expected that metal prices will rise substantially.

If prices for the four main metals which can be extracted from manganese nodules were to reach double their present level, in terms of nickel equivalent, sea-bed mining—while still not generating huge profits—would be an economic proposition,



Belga

Sophisticated diving equipment. More of this will come on the market as the mineral wealth of the sea-bed is revealed

able to hold its own on the free market. This is true even without taking into account political aspects, the reduction of dependence on certain sources of raw materials and technological spin-off from sea-bed mining, although these factors should not be overlooked as powerful motivators.

Cooperative models for developing the hard mineral resources within the 200 nautical-mile economic zones have evolved, not as a result of interventionist policies but in the form of genuine common-interest associations between "owners" of the raw materials, potential users and suppliers of know-how. From the point of view of the Federal Republic of Germany, mention should be made, because of its status as a model and pilot scheme, of the Atlantis II project of the Red Sea Commission to develop ore sludges with Saudi Arabia and Sudan, the hard mineral consortium including Japan and the USA to exploit the rich cobalt crusts in the US economic zone and nascent cooperation with Ecuador to open up solid sulphide ores.

It is conceivable that, in addition to these projects, models for future cooperation with one or several countries may be developed which can be extended to the seas beyond national jurisdiction.

The following paragraphs set out the legal problems with which an undertaking interested in such projects has to contend.

Legal problems

An enterprise faced with the decision whether to engage in exploration or exploitation of mineral resources from the sea-bed must examine the legal position to establish whether its investments are secure. The situation is complex, and calls far more than a cursory study of the 1982 Convention on the law of the sea. However, this draft Convention holds the key to the problems now confronting many States, and above all the sea-bed mining industry.

157 States in the UN spent nine years in negotiations to establish generally acceptable rules for all major marine activities and all aspects of geographical delimitation. These negotiations were preceded by two key UN resolutions.

The 24th UN General Assembly adopted a resolution in 1969 against the votes of the Eastern European States and the Western industrialized nations with the exception of Sweden, prohibiting all States and legal and natural persons from engaging in sea-bed mining in waters outside national jurisdiction until a new International Sea-Bed Authority was set up. In 1970, the 25th General Assembly adopted the "common heritage" concept, which declared the sea-bed including its resources to be the common heritage of mankind and prohibited its appropriation by any State or natural or legal person. As a result, the mineral resources may be used only on behalf of mankind as a whole, taking into particular consideration the interests and needs of developing countries, in conformity with an international system still to be created. The 25th General Assembly also convened the third Conference on the Law of the Sea for 1973, with a mandate to draw up a comprehensive set of rules governing all major marine activities and delimitation questions.

A draft Convention was adopted in 1982 after nine years of negotations.

Although it has been signed by over 150 countries, it has not yet entered into force as only 14 States have ratified it, all of them developing countries, instead of the 60 required. Nevertheless, as well as being a political marker, this draft has a profound legal impact, chiefly for two reasons:

Some of the main provisions of the envisaged exploration and exploitation system are already being applied, although the Convention is not yet in force. This unusual development is the result of two Resolutions which are an integral part of the Final Act, concerning preparatory investment protection (PIP).

Some of the provisions, concerning in particular the territorial sea, the economic zone and the continental shelf, are already widely considered to have the status of customary law.

It would therefore appear prudent to take a closer look at the draft Convention, which comprises 320 Articles and nine Annexes.

The Convention provides for a territoral sea extending to a breadth of 12 nautical miles. The coastal State has the exclusive right of exploring and exploiting the mineral resources of the territorial sea-bed. The same applies to the exclusive economic zone, a new concept in this form, which extends to 200 nautical miles. There is now a widely held view that both the 12 nautical-mile territorial sea and the 200 nautical-mile exclusive economic zone have attained the status of customary law, irrespective of whether the Convention enters into force.

In addition, the Convention provides for a continental shelf of up to 350 nautical miles, although it may be more under certain conditions. The coastal State also has exclusive access to the mineral resources in this area. However, if the coastal State extracts minerals from the area beyond the 200 nautical-mile line, it must make certain payments in kind or in cash to the new International Sea-Bed Authority.

To sum up, a coastal State has exclusive rights to the mineral resources within its territorial sea, the exclusive economic zone and the area of the continental shelf. This arrangement strongly favours States with a long coastline at the expense of States with a short coastline and land-locked States, for by far the largest part of the economically exploitable mineral resources are located within this area.

The concept of the common heritage did not prevail over the coastal States' demands for the greatest possible extension of their rights to the waters around their coast.

However, the remaining region beyond national jurisdiction, known as the Area, contains the manganese nodule deposits, which many enterprises and States are keen to explore and exploit.

The draft Convention stipulates that any such activity within the Area shall be subject to the control of the future International Sea-Bed Authority. Access to these resources of the deep sea-bed is regulated by a parallel system:

— the International Sea-Bed Authority may, under certain conditions conclude a contract with a private or State undertaking for exploration or exploitation.

— a UN authority, the Enterprise, also has access to the mineral resources of the Area, but under much more favourable conditions.

The real problem lies in the access conditions. A key provision is the requirement that a transfer of technology has to take place from the private undertaking to the UN Enterprise and to undertakings in the developing countries within the first ten years. There could be little real objection to this if the transfer were subject to market rules. The overwhelming view based on interpretation of the relevant provisions of the Convention is that this is not the case. The transfer is to be made "on fair and reasonable commercial terms and conditions". In UN parlance, this may well signify a transfer below market price or for no consideration at all. It will be the task of the International Sea-Bed Authority to interpret this concept in practice. Observers with experience of the Conference and internal UN decision-making processes predict that the practical application will amount to private enterprises having to "buy" access to the resources by placing their technology at the disposal of the competing Enterprise or individual undertakings in the developing countries free of charge.

Moreover, the general rules of access to the mineral resources are heavily biased in favour of the land-based producers, to the detriment of the consumer countries' interests.

The draft Convention also provides for control of the level of production by the International Sea-Bed Authority, with the result that the production quota granted to enterprises may be so small that economic exploitation is no longer possible.

Some Governments and most of the enterprises interested in sea-bed mining feel that the stipulated fees are prohibitively high.

Some States also reject the provision for a Review Conference within 15 years of the date on which commercial production begins. This Review Conference may, under certain conditions, make amendments to the system of exploration and exploitation with binding force on all States, including those which were against such amendments.

The following is a conceivable scenario, made likely by the spirit of the exploration and exploitation system specified in the Convention:

— during the first stage of sea-bed mining, private enterprises are obliged to enter into joint ventures with the UN Enterprise, this being the only way to gain access to the mineral resources of the sea-bed on commercially acceptable terms.

— after the end of the first phase, the Review Conference gives the Enterprise a monopoly.

— the production volume is controlled, i.e. limited, during the first phase to the advantage of the land-based producers.

Many industrialized States regard this arrangement as coming unacceptably close to the new economic order desired by the developing countries. The sea-bed mining enterprises argue that operations cannot begin, or that prospecting and exploration work already done cannot be continued, under these conditions. They are not reconciled by the fact that the draft Convention provides for a practicable dispute settlement mechanism.

In 1982 President Reagan declared that the USA would not sign the Convention. Within the Community, the United Kingdom and the Federal Republic of Germany took the same position, although Germany did not object to the Community signing.

The Federal Republic of Germany therefore opted for a compromise approach, which must be interpreted in the light of Community competence. The Community has no competence for sea-bed mining as such. Consequently, signature of the Convention by the Community does not involve recognition of the system of exploration and exploitation which the Federal Republic rejects. Nevertheless, the Community demanded fundamental improvements to this part of the Convention in its statement on signature. It thus followed the lead of other States, such as France, which made clear that the terms of the exploration and exploitation system were unacceptable.

The Convention has direct legal force for all signatory countries. The view that signature is merely a "political act" with no direct binding force for the signatory States and the enterprises domiciled there, is incorrect for the following reasons:

— pursuant to Article 18 of the Vienna Convention on the Law of Treaties, a signatory State may not commit any acts which are contrary to the aims of the Convention; this in fact means that such a State may not grant licenses which conflict with the Convention.

— the preparatory investment protection scheme provides for the anticipatory implementation of several key provisions of the Convention which are considered by the sea-bed mining industry to make operations uneconomic.

The effect of signature therefore is that a State and its enterprises must accept the Convention and its rules, or be excluded from access to the mineral resources of the sea-bed.

Another possible interpretation of the Convention is that, while it permits exploitation of manganese nodules under the specified conditions, it places a moratorium on utilization of all other mineral resources.

An enterprise interested in exploiting the mineral resources of the sea-bed and concerned with the legal safeguards can therefore be given a fairly clear answer based on the Convention provisions for the territorial sea, the economic zone and the continental shelf.

In general, these provisions already have the force of customary law. By and large, they incorporate established legal practice.

The situation is different with regard to exploitation of mineral resources in the deep sea-bed, or Area. Here, completely new provisions were introduced, which do not yet have legal force. However, they are binding on the signatory States and the enterprises domiciled on their territory. The position of non-signatory States and their enterprises has still to be clarified.

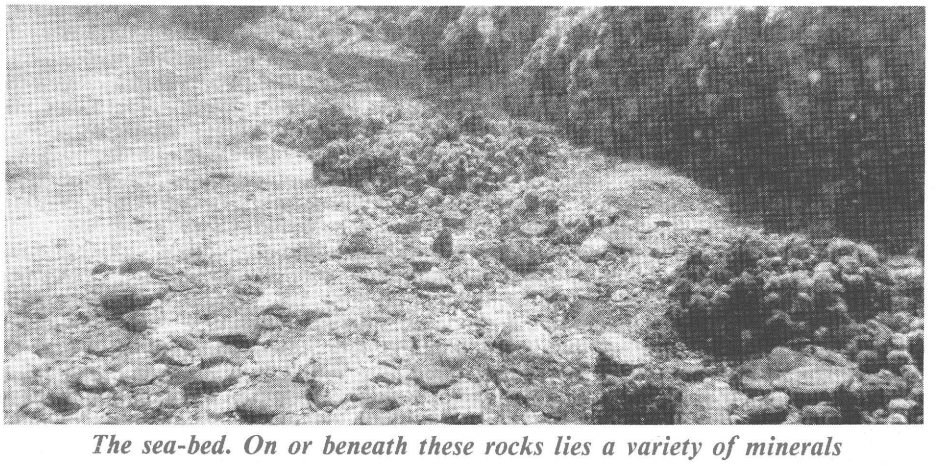
The eminent legal and practical experts who argue that sea-bed mining including exploration of the manganese nodule deposits is open to all, in keeping with the principle of freedom of the high seas, doubtless have the most convincing case. This principle has been applied by several States, including the USA and, from the Community, the United Kingdom, France and the Federal Republic of Germany, which have enacted legislation provisionally regulating deep sea-bed mining. This is intended to serve as a legal basis for exploration and exploitation until a generally-accepted arrangement regulating sea-bed mining comes into force.

In addition, Belgium, France, Italy, Japan, the Netherlands, the United Kingdom, the USA and the Federal Republic of Germany in 1984 concluded an international contract designed to solve potential conflicts in the granting of national licenses. It also leads, *de facto* rather than legally, to a measure of international recognition of licenses granted by States (Provisional Understanding regarding Deep Sea-Bed Matters).

This, then, is the position of an investor and sea-bed mining undertaking from a country that is not a signatory to the Convention.

Three countries, namely France, Japan and the USSR, have national legislation regulating sea-bed mining and have also signed the Convention. For them, as in the case of all other signatory countries, the system of exploration and exploitation specified in the Convention is paramount for the reasons explained above.

The practical repercussions of this difficult legal situation are creating new problems. Four countries, namely the USSR, India, France and Japan, are claiming preparatory investment protection (PIP) for their enterprises on the basis of anticipatory implementation of individual provisions of the Convention (Resolution II of the Final Act). They have therefore technically submitted applications for exploration rights under Convention Law in the widest sense. At the same time, enterprises in countries with national legislation have submitted applications for permission to explore manganese nodule deposits in the deep sea-bed, some of which have been granted.



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The sea-bed. On or beneath these rocks lies a variety of minerals

This complex problem can only be resolved if:

— improvements are made to the system of exploration and exploitation set up under the Convention that will make it acceptable to the non-signatory States, or

— the two systems—the Convention and national legislation in conjunction with the Provisional Understanding regarding Deep Sea-Bed Matters—are harmonized in negotiations.

Neither of these alternatives appears likely at present. o R.F. and J.M.

Mining: dealing with the environmental effects (1)

by Paul TOMLINSON (*)

Mining provides the essentials for development, namely building materials, fuel for transportation and energy production, and raw materials for industry. However, as mineral extraction can only take place where deposits are located, it is inevitable that conflict arises between mining activities and other land users. Minerals occur in a variety of geological and topographical situations and are consequently extracted by different techniques, such as open-pits, alluvial mining and underground mining. They may occur as small one-man operations or multi-million dollar capital projects, and as such the significance of the activities on the environment differ widely.

Historically, mining has a legacy of despoiling the productive potential of the land surface. However, as environmental management techniques are established, so the value of mineral extraction and long-term surface productivity become twin objectives of society as witnessed by mandatory restoration programmes. Reclaimed mined land can be used to provide agricultural land and recreational facilities, can be reserved as development sites and as nature conservation areas at little extra cost, provided imagination and sound planning strategies are adopted.

Mining inevitably requires the disturbance of land in order to exploit the underlying mineral. It has the potential to pollute atmospheric, terrestrial and aquatic environments, and produce noise and vibrations. Certain stone dusts constitute health hazards to workers.

Waste

Waste heaps, if incorrectly designed can slip—and there have been incidents where slips have caused loss of life. Increasingly, waste heaps are being designed with lower angles of slope, but this is also increasing demands on land space.

Where water is involved, mining releases large amounts of sediment in the effluent, often generating slurries of 10-30% solids or tailings, polluting organics such as oils and process reagents. Pipeline transport of tailings may leak as a result of rupture, erosion, overflow and clogging.

John and Penney Hubley

Mining inevitably requires the disturbance of land in order to exploit the underlying mineral

Atmospheric pollution

The atmospheric consequences of mining are largely related to the emission of dusts from blasting, excavation, loading and unloading of vehicles, vehicle traffic, storage areas, backfilling, and exposed surfaces. Other common pollutants are sulphur dioxide, carbon monoxide and dioxide, and methane. Metallic dusts can affect pasture and animals, while non-toxic dusts can retard vegetative growth and reduce species diversity through a reduction of photosynthesis. Dust control is mainly achieved by watering, chemical stabilizers, and reduction of surface wind speeds. Watering is cheap but temporary, while chemical stabilizers are expensive so may be used only on storage piles or tailings areas. The amount of transport-produced dust is influenced by vehicle speed and dimension, number and width of wheels, particle size distribution, moisture content and distance of unpaved surface.

Noise and vibration

Noise and vibration from mining operations can annoy communities in the vicinity of a mine. Noise originates from crushers, blasting, vehicles and plant. However, certain operations are particularly noisy as, for example, the construction of baffle mounds on the site boundary by scrapers and dozers, and the use of dump trucks on inclined haul roads. It is important to understand how people respond to noise in order to set appropriate standards and then to be able to predict noise levels at sensitive locations. Blasting gives rise to a loud but short duration noise which can be minimized by lower borehole pressures.

Mining gives rise to unique communities whose entire reason for existence is based upon the market forces acting on the mineral. The decommissioning of large mines in the socio-economic sense is as much an important legacy of mining as the remnant wastes and modified landscapes. Mineral extraction need not be destructive especially if sound environmental management principles and strategies are adopted at design, operation and decommissioning stages. As with other industries, a corporation which is seen to take its societal responsibilities seriously will quickly gain a reputation which will translate into speedier permits and more cost effective operations. o

P.T.

(1) Extracts of an article provided to The Courier.

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Using local resources in Community-financed projects

By Jean-Pierre DUBOIS (*) and Jürgen OESTEREICH (**)

For the first time, Lomé III put priority on using local resources in the design, assessment, implementation, follow-up and evaluation of projects and, although this is just one of many aspects of the Convention, it is an essential one, in view of the contribution it makes to achieving self-reliant development.

It is a particularly useful idea in countries which are short of capital and have to substitute as much local labour, technical assistance, technology and materials as possible for imported labour, techniques and materials.

And it is also a good thing for the building sector, that major area of Community intervention in projects of all kinds.

Lastly, the approach is an essential one if there is to be any hope of taking employment problems into account. Local incomes can be boosted with relatively little investment if employment is created with the projects, be they in the informal urban or the rural sector.

An important aspect of Lomé III

The Directorate General for Development of the Commission of the European Communities invited Jürgen Oestereich, an architect and town planner, to look into this subject by studying 15 projects in Africa, financed by the Community or by other donors (1).

This is a timely study, now that Lomé III has fixed objectives that are noticeably more characterized than in the previous Conventions.

It is now essential to develop projects that use local input, make sure that both ACP authorities and the Community are aware that this is a priority so that theory and practice do not get separated and, most important, ensure that it gets taken into account as far as possible when projects are designed and implemented. Both ACP authorities and the Community realize that the way buildings are designed is often inappropriate and unsuitable for local conditions and that the right materials have to be used more regularly if maintenance is to be assured. The European Parliament has said so, too.

But there is no point in an institutional consensus if it has no effect on practice, as in this case it merely masks the fact that things are being done differently.

Mobilizing local resources— a complicated process

The study shows that the ways of using local input have to be looked at on a case-by-case basis. The advantages of cutting construction and maintenance costs, pushing up local income and reducing dependence on imports are obvious. Optimum use of local resources means a sound grasp of potential and of the conditions in which it can be brought into play and ultimately improved with imported techniques which can be mastered easily.

It also shows that using local input is a complicated process that is not just aimed at getting the best out of what resources are available. The most important thing is to involve the local people and improve the economic circuits in the zone of influence of the project—which is of course a sign that the project has been a success. This may be done in a number of ways—by establishing a production chain, introducing craft activities for which there is a local market, strengthening firms which are developing through involvement in the project, and boosting in-service training drives.

Some countries and regions are more suitable for this than others. Some countries are indifferent, while others display practical interest by backing up local initiatives and taking up proposals which some funding agencies have made.

The Kalingalinga district drainage project (Lusaka), which was run with the help of German cooperation, is a

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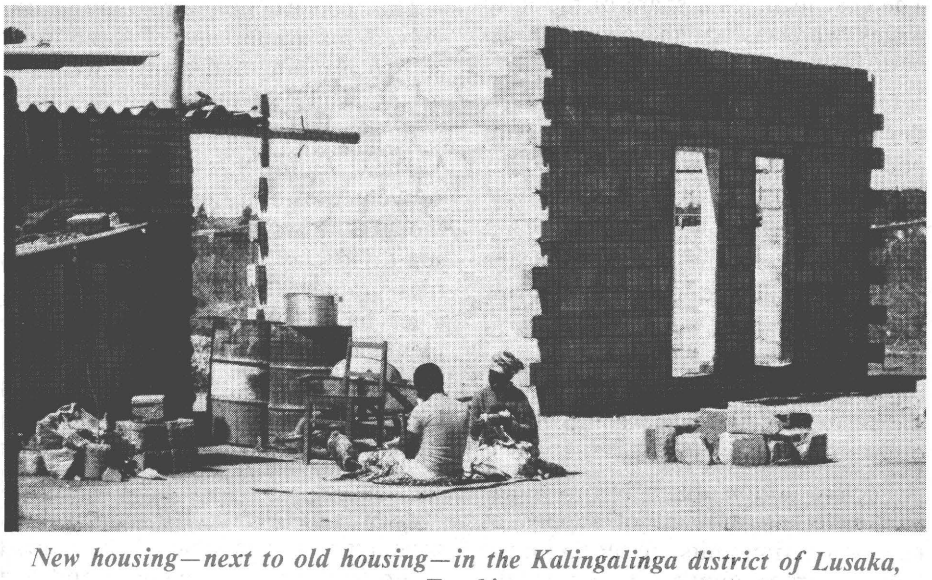
(**) An architect and urban planner from Ratingen (Germany).

(1) Jürgen Oestereich — Utilisation et mobilisation des ressources locales dans l'aide au développement, potentialités et limites de projets de développement à haute intensité de main d'œuvre et utilisant les matériaux locaux (The mobilization and use of local resources in development projects, potential and limitations of development projects that are labour-intensive and use local input) — 2 Vols — October 1984.



New housing—next to old housing—in the Kalingalinga district of Lusaka, Zambia

good example of a project where grassroots involvement and improvements to the local economic circuits are stimulated by a minimum of technical assistance.

The Kalingalinga (Lusaka) upgrading project

The work is carried out by the local population (collectively and individually) and by the local authority technical services and a field team, which it has set up and financed, consisting of four units:
— construction promotion;
— construction (public works teams) and technical innovation;
— community development;
— the promotion of small businesses.

Each unit consists of two to four municipal employees and one or two auxiliaries, who are usually recruited in the project area. The field team is headed by someone from the municipal department of social affairs and housing.

German cooperation is helping with the key financing (health centre, school and a revolving fund for housing, plus staff for the economic promotion unit that is part of the field team). It sends out a project adviser periodically to help the local authorities and people with any problems (architecture, town planning, building innovations etc.).

The average budget for the project, per capita, is around ECU 133. Some services rendered by the local population—the construction, not just of housing, but of infrastructure too—have not been assessed financially, but the work on technical infrastructure is worth ECU 50 000, social infrastructure ECU 50 000, housing construction ECU 380 000 and the promotion of small businesses ECU 20 000, so the value of the project is increased by something like 25%.

The project encourages people to use local building materials (laterite blocks, fibro-cement, sheets, sisal etc.) for the individual accommodation, something which can also help reduce the cost of the community facilities which the public works department builds, using local labour. This helps employment and thus gives a boost to small industries.

Laying foundations made of stabilized laterite

The new building material for walls is locally-produced laterite that has been stabilized by the addition of a small amount of cement and the mortar contains a laterite and cement mixture too. The strength of walls built in this way means the method can also be used for big buildings, such as the school and the health centre, and there is a saving of 50% on the cost of traditional bricks. Wages account for a very large (65%) amount.

The new roofing sheets, a mixture of natural fibre (sisal) and cement, have replaced the usual asbestos-cement ones and save 25% on the old price. The cost includes a share of the local wages, which is not the case with asbestos-cement sheets made elsewhere.

Doors and windows are made on the spot. When, in addition, the (imported) steel frames are replaced by wood, the cost is cut by 20-35%.

And stabilized laterite floors are getting more popular too, cutting the price of reinforced concrete flooring by 50%.

The project has brought a marked improvement in purchasing power to the surrounding area, as compared to other incomes.

The promotion of small firms generates a certain amount of supply, as new production units are set up (in the building trade above all, but in the consumer goods sector, primarily of wood and metal household articles, as well).

The process of improving the economic circuits is still in the early stages.

The Delegate's residence in Kigali

Pilot projects like the building of the EEC Commission Delegate's residence in Kigali (Rwanda) are also an opportunity to try out techniques, stimulate local demand and show that local materials can be used in high-quality constructions.

The construction programme involved maximum use of local input and so planning and control were put in the hands of an architects' office with experience of these materials.

The building has all the modern conveniences of a European house, although the walls are in fact built of sun-dried clay bricks and the roof is tiles rather than asbestos-cement. Tiles have been used instead of cement flooring.

Local timber with a bamboo trellis facing, has been used for the doors, windows, cupboards etc. wherever possible.

As was to be expected, few of these products were available on the market or up to the proper standard and one

of the jobs of the architect in charge of the works was to find products that could be used for roofing and tiling and test them until he came up with things that met the required quality criteria. He also had to select bricklayers, tilers, carpenters and other craftsmen and encourage them in their work. But results of this sort can only be obtained if the work is started and managed by experts with experience of these materials and of running construction sites on which they are used. The effects on the local economic circuits are worth further investigation.

The most suitable

The projects that are most suitable for local resources or a combination of local and imported resources include:
— tree-planting and reafforestation schemes;
— anti-erosion campaigns;
— village water-engineering projects, particularly small retaining dams, wells and gabions;
— various parts of agricultural projects involving the above three items;
— the building of social infrastructure—schools, low-cost housing, dispensaries and hospitals, farm buildings (sheds, grain stores and silos)—and projects to provide reception facilities, including the development of new and improved materials;
— the laying of tracks (project service roads and feeders to national highways);
— local craft (art, useful crafts, scrap recovery etc.);
— maintenance projects or parts of projects.

The Community has backed many schemes in these different areas, but the use of local input, particularly local materials, is still an exception in EEC-financed projects—and technical assistance alone can account for more than half the costs because projects are too large or the technical assistance is unsuitable or too expensive.

The right conditions at the outset

However, these projects must not be seen as a panacea. There is no point in launching them if certain conditions have not been met:
1. The local materials have to be easy to use—i.e. they have to be of a proper standard and available close by;
2. The local techniques or firms must already exist and there must be a possibility of improving the former and mobilizing the latter. The techniques must be worth using (i.e. they must be systematic, reproducible and income-generating);
3. The labour has to be available locally and interested in payment in cash or in kind (even on a temporary basis) and in training;
4. There have to be basic communities or local authorities to frame the population involvement and they have to be able to take their own decisions;
5. The basic studies must be able to be run locally by the team which designs and implements the project; the different phases of the project therefore have to be adapted from time to time.

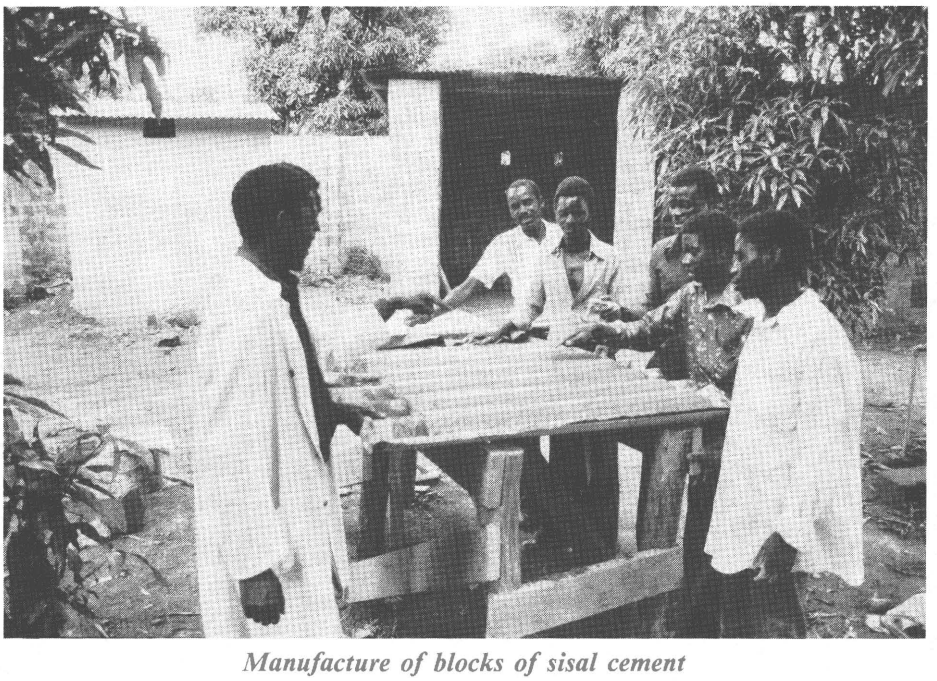
The study shows that the local authorities have to agree to a certain amount of decentralization. This may affect the time the project takes to implement, but experience has proved that projects that use local input do not necessarily take longer than capital-intensive ones.

It also shows the point of highly experienced technical assistance—and the dangers attached to its being proponderant.

Using local input also means having an excellent understanding of the environment and the ability to learn from similar projects run elsewhere. The identification of needs is an essential phase, as is ability to experiment in the field, be it with local materials, work organization, the creation of a production chain or any other aspect of project implementation.

People using local resources, especially local materials and techniques, in, say, the building industry, tend to come up against two preconceived ideas. First, that of many European experts, who think designing and running such projects involves loss of face and that "proper" projects are expensive. And second, that of the Third World authorities, who do not think local materials have western modernity and reject what they look upon as cut-price technology.

Lastly, local resources are an embarrassment to the Community, which, with its European firms, is better equipped to design and implement complex, turnkey projects. Both ACP and European technicians need extensive experience and knowledge if they are to use local resources and improve local techniques and materials, particularly if they are combining local and imported techniques. It is an area in which efforts could therefore be most valuable and encouragement should be given to experts and technicians working in it. It is an area in which the Community should offer more systematic encouragement to projects which it finances and are suitable for this approach. o J.-P. D. and J.O.



Manufacture of blocks of sisal cement

Rural training: new promises?

by G. VAN BILZEN (*)

Considerable emphasis will be given under Lomé III to the strengthening of rural development. An important element in an integrated approach, will be rural education and training. It is therefore important to learn from experience in this field, especially within the context of the European Development Fund. In 1983, the Commission financed an evaluation study to learn more about problems and opportunities in this field of rural training. In 1983 and 84 an international team of experts, including experts from Africa and Latin America, evaluated several projects financed by the EDF in which the training component varied in importance and scope.

In Cameroon an experimental project in the field of community development was visited, which formed a part of a larger project in the field of rural development. Likewise, in Cameroon, the experts had a closer look at an important migration project, where training formed an integrated element in the resettlement approach. In Ethiopia two straightforward training projects in rural areas were evaluated. An integrated, decentralized and participatory development project in Kenya was visited, as well as a non-government adult education project. An important project in the field of training of personnel to assist decentralized collectivities in Madagsascar was analysed, as was a project on improving food production in Niger in which training also formed an integrated element. And last but not least, a project in Rwanda to increase tea production was evaluated, in which the training component was prominent.

An integrated approach

The study showed, on the one hand, that several training projects were rather isolated and were not related to other development activities in the same region, and on the other hand it confirmed that rural development projects often failed to consider training elements and human resources development as being important. These features are in fact two sides of the same coin: training was not really integrated into rural development activities.

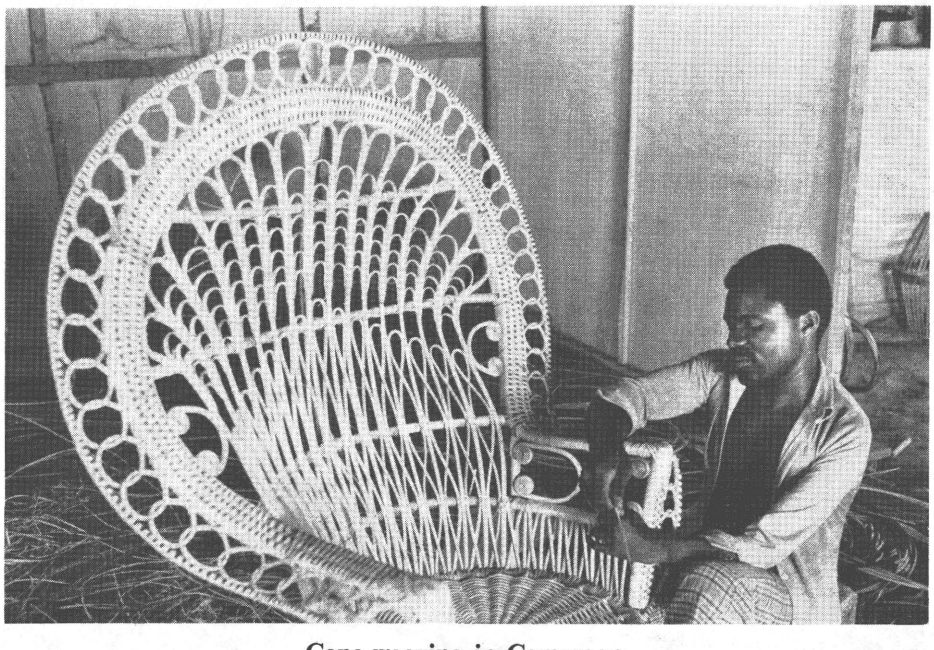
This can be seen at different levels and from different angles. In one example men and women were trained in woodwork, metalwork, carpet making, weaving, etc. Afterwards the people trained returned to their villages and were supposed to use these techniques, to start little workshops etc. This type of training was given in several places, spread all over the country, but it was significant to note that the training in all these centres was of the same type everywhere, without any account being taken of different regional, climatic, cultural and physical conditions.

In one specific case, men trained in woodwork found it very difficult to find appropriate wood. Conception of the first project ideas apparently took place at a central level, and never thereafter was the feasibility of the project analysed in detail. In another case, women trained in weaving saw themselves confronted with plans for the construction of a textile mill nearby, which would produce cheap textiles, and thus cause them serious marketing problems.

Many cases are known, not only within the framework of the EDF, where conventional, European-style school buildings were built, and where corresponding school systems were set up, which trained people in basic literacy and numeracy, but failed to relate to the existing problems and needs of the region. These types of projects may be easily planned and controlled from a central level, but do not necessarily contribute best to rural development.

On the other hand, we frequently see rural development projects where training elements are absent or only incorporated in theory; agriculture, marketing, houses, roads, central facilities etc. are tackled without realizing, or without realizing enough, that human resources are always essential elements. It does not make any sense at all to start a road construction programme and to find out only during the execution of the project that there is no trained manpower available.

Integrating a project implies also the



Guy Maurette

Cane-weaving in Cameroon

Handicraft training must take account of "different regional, climatic, cultural and physical conditions"

(*) Administrator, Human Resources Division, Directorate-General for Development.

provision of a proper follow-up of training activities. Projects often stop when participants are trained or when training centres are established, but in reality the most important phase starts only then: putting theory into practice. These follow-up activities determine success: provision of credit for the acquisition of the necessary equipment and inputs, continued technical assistance if needed, assistance in marketing, the provision of reading materials if literacy is concerned (village libraries, local newspapers, etc).

The conclusion should be that it is essential to integrate training and education elements in all development programmes and projects. Training has to be considered as a dynamic instrument in a development process.

And in fact, the evaluation exercise also showed some cases where such actions as basic education were closely linked to agricultural production, health and social development. These cases, however, also show that integrating training into other development activities can be a very difficult process; many participants were very used to their "sectoral" approach, and rather reluctant to integrate.

Understanding rural areas

Really understanding rural areas—understanding the people, their problems, needs and capacities—is closely linked to the first conclusion we presented: the integrated approach. Training activities should not only be closely linked to other development activities, but also be based, as is true with all other programmes, projects etc., on a very thorough understanding of the realities in rural areas.

This is frequently not the case. In the previous paragraphs we already gave some examples of isolated, centrally planned, "conventional" training projects. But other examples may be added: in one case young couples were trained in agricultural techniques in isolation over a six to seven months period in a well-equipped centre. After the training period these couples went back to their villages and were not in a position to implement the new techniques acquired. Training conditions were so different from reality that results in the end were negligible.

The choice of candidates may also have a considerable influence on the success of a project: if participants in training activities do not have the necessary support from the villages they come from, the results might be equally frustrating.

In some cases the analysis of the actual situation of certain rural areas was an element of the training programme, and was, as such, a positive step, but in reality the research was limited to only a few days in which only general statistics on the regions concerned were collected. Important perhaps, in itself, but not sufficient to permit the development of a real understanding of these regions.

In several projects the knowledge and experience already available in rural areas were ignored. In many cases this oversight was considerable! In this context it is interesting to give another example, not covered by this evaluation exercise. For several years a European research institute tried to improve the yield of a traditional grain in the Andes region in Latin America, and they failed. Apparently the farmers of this region themselves developed an optimal method over hundreds of years of practical experimentation.

Participation

A population involved in a project should not be a passive "target" group, to be reached by the project, but should be given the possibility of participating in all phases of a project: conception, elaboration and execution. One should realize that these people are solely responsible for the creation of their future and they should be approached as such, and accepted as actors in their own development.

In many projects we saw a top-down approach. In one specific case much emphasis was given to the training of trainers. These trainers should have been supplemented by trained extension officers, who were then supposed to cooperate with key villagers. The last link in this chain was the weakest one, and in fact this approach permitted only the transfer of a message from above.

Very important in our thinking on participation is the involvement of women in projects. Their wishes and needs are not always included in the preparation of new projects. If included, training of women has normally concentrated on home economics, poultry raising, etc. However, because of the very important role they play in the rural economy, notably in agricultural production and crafts, they need also to be trained in management, production skills, project preparation, etc.

Appropriate methods

Conventional classroom teaching was shown to be inappropriate in all cases. In fact it even attracted, in some cases, the wrong participants. In other cases, this type of teaching was shown to be impractical for many men and women because the time needed for attending the classes could simply not be found in an already-overburdened working day. Non-formal methods such as on-the-job training should be envisaged as well. Ways of communication and learning already utilized by a population should be explored and incorporated in the project if possible. The projects analysed showed some interesting examples: in Madagascar simulation games proved to be very effective, in Ethiopia very interesting physical models formed a part of the pedagogical material, and in other cases the use of theatre, puppets and cartoons was reported.

Conclusions

Most of the central conclusions of the evaluation are closely related and, in fact, are aspects of the same problem—the requirement for a really need-oriented approach—but analysed at different levels and from different angles. We should not go for projects where we see only isolated, centrally planned, conventional training exercises.

Key components in a more sensible approach should be:
1) integration with other development activities;
2) a real understanding of the regions concerned;
3) an active participation of the population involved and
4) the use of appropriate methods. o

G.v.B.

CONTROLLING WATER RESOURCES

Lomé III makes the involvement of the population concerned in the designing and running of projects one of the mainstays of Community development policy, although a real effort had already been made under previous Conventions to get the local people to take a hand in certain development schemes—which confirms the validity of this approach today.

Here are two examples—described in a column which is now making its reappearance in the magazine—which are among the success stories of ACP-EEC cooperation. They are projects dealing with water holes in Burkina Faso and small irrigation works in Madagascar and they complement each other, as they illustrate two of the main ways of using water.

Micro water-engineering projects in Madagascar: inauguration of the 1000th dam (*)

On 29 August, Madagascar's Minister for Agricultural Production and Agrarian Reform, José Adrianoelisor, officially inaugurated the 1000th dam in the micro water-engineering operation, in the presence of many personalities, including J. Cordy, the Commission Delegate.

This operation, of several years' standing, is being run in the Hauts Plateaux area and is a major contribution to the country's food security drive, as it has increased the production of rice, the country's staple food. The aim of the project is to give the peasant farmers enough water for trouble-free irrigation of their crops by building a whole series of small, solid dams to ensure better water control and management and increase the amount of land on which rice can be grown. Other schemes—to build bridges, culverts etc.—to facilitate the sale of produce and open up areas with high agricultural potential are being run concurrently.

This 5th EDF Water-Engineering Micro-project Programme involves continuing and developing schemes begun back in 1966 (aid for production), extended in 1970-75 within the framework of the GOPR (the Rice Productivity Operations Group) and pursued from 1978 onwards with the creation and setting up of the 4th EDF Water Engineering Micro-project Programme. All in all, the Community has donated ECU 4.5 million (4th EDF) and ECU 7.1 million (5th EDF) and the State ECU 700 000 (Lomé I) and ECU 1.7 million (Lomé II) to this project.

The idea is a simple one. The local community makes a request and the head of the operation sets up a technical project and a financial estimate under three headings:

1. Contribution from the Water Engineering Micro-project operation—supply and transportation of cement, reinforment for concrete and works supervision.
2. Contribution from the village communities (the Fokonolona)—labour and materials (sand, gravel, timber etc.).
3. Use of materials—piece-work contracts (individuals and small businesses or the craftsmens' cooperative).

Once the technical project has been approved, all the materials are moved to the site and an agreement is entered into with piece-workers from the region and the costs fixed (a standard rate per piece according to size).

This is a useful technical solution in that, even where projects cover a wide area: they can be set up and implemented quickly; the solidity of the work is guaranteed; a series of small firms or groups of workers is involved in the construction. But the really important thing about it is not the Micro-project Operation as such. It is that all the jobs are done at the request of the peasant farmers themselves, with their help, directly for them and all the constructions are their property. This is what makes the scheme a success.

And the management of the works, the maintenance and the discipline involved in using the water are all made easier by the fact that the plots are all of a size that is suitable for the villagers (20-150 hectares). And if the paddies are watered better, there are fewer disputes among the peasant farmers, so the social climate improves too, as one village chief has pointed out.

The large numbers of files and applications that land on the desk of the Director of Operations are enough to show the interest and the success of the idea.

The table of programmes run since 1978 is eloquent:

	4th EDF 1978-1981	5th EDF 1982-1984
1. Works constructed		
• dams	489	410
• additional facilities	52	53
Total	541	462
2. Peasant farmers involved		
• with the dams	36 666	62 746
• with the other works	21 632	61 635
Total	58 298	124 381
3. Area (ha)		
• under irrigation (1)	16 183	16 547
• recuperated	12 637	11 487

(1) Area under irrigation = land under irrigation before the scheme.
Area recuperated = land irrigated and used for growing thanks to the scheme.

These works are expected to yield an increase in paddy rice production of 36 225 tonnes in 1985. o

(*) From the Commission Delegation in Madagascar.

Burkina Faso – priority to maintaining a 700-well programme(*)

Burkina Faso, like other countries of the Sahel, has been running village water-engineering schemes over the past 10 years or so to guarantee the rural population a constant and adequate supply of clean water.

But many of the boreholes have been abandoned because the pumps were never maintained. There is nothing technically unusual about the Yatenga-Comoé village water-engineering scheme, costing ECU 10 500 000, which has provided 700 water points (wells and boreholes). But it is outstanding in the priority it puts on setting up a system of maintenance and getting the villagers themselves to service the facilities without any help from the authorities.

The original feature of the project, which was started back in 1980, is the way it has organized the complete integration of the water points into the village way of life. This is how it is done.

Stimulating interest

Before the work starts, a group of motivators organize four or five meetings in the village to discuss whether the villagers want a well or a borehole, problems of health and hygiene, the formation of a water point committee and an outline of members' jobs and the collection of money to meet recurring costs. Work only begins once the village is organized to handle the new public facilities.

Training

Committee members (chairman, secretary, treasurer, women's representative etc) are given the appropriate training locally by either the motivators or specialized organizations (CESAO, CNPAR, etc.). Some 2 000 people have been taught to do their job, and had retraining sessions, in this way over the past four years.

Alongside this, about 50 rural craftsmen who had always worked with the villagers have been given technical training in pump repair.

After-sales

The pump supplier's contract means he has to be associated with the tradesmen in the main town in the province in order to maintain a stock of parts to replace those that are worn out or broken. The prices, including the tradesman's profit, are pinned up and stocks are controlled regularly.

Once the hole has been sunk, the pump is handed over to the committee, which calls in a craftsman to instal it. At the same time, the village buys a set of spare parts and so the commercial chain starts from the first, giving a financial interest to the craftsman and the trader selling the parts. The installation of the pump is no longer a donation from abroad, but the fruit of a joint effort.

In the four years of this scheme, 80% of the villagers have opted for boreholes and they feel motivated and able to manage a joint facility. In Yatenga province, 100% of the pumps are working, as any breakdown is repaired at once—showing how efficient the maintenance system is The results are slightly less good—90%—in the Comoé region because of the presence of surface water.

The Burkinabé Government has looked upon the EDF project as a pilot scheme and is using the results to help define a national rural water policy that can be applied in any scheme of this kind anywhere in the country. o

(*) From the EEC Delegation in Burkina Faso.

"No more working for water", this smiling child must surely be thinking

Rural workmen are trained to maintain the pumps

Edited by Colin I. BRADFORD Jr. — **Europe and Latin America in the World Economy** — Yale Center for International and Area Studies (Yale University, New Haven, Connecticut 06520, USA) — 129 pages — 1985

The publication of these analyses of the role of Latin America and Europe in the world economy has been sponsored on the basis of the papers from a seminar which took place in Paris in October 1984. These economic policy essays are the work of five eminent economists from Latin America and the OECD countries, and examine various matters discussed during the seminar, including economic development and prospects, and in particular the tensions between national autonomy and interdependence, and the difficulties caused by debt.

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National Communism in Western Europe—a third way for Socialism? Edited by H. Machin. Methuen, London — 1983

This book considers and compares the attempts of four major communist parties—those of Italy, Spain, France and Portugal—to adapt to rapidly changing national and international circumstances during the past two decades. The diversity of approaches, analyses, methods and results emerges clearly from the detailed case studies and comparative historical and theoretical chapters alike. The final chapter looks at recent developments in Poland up to and after the introduction of martial law and their impact on the West European communists. The collection as a whole offers new insights into the strong "national" characteristics of West European communist parties, and will be of considerable interest to all those concerned with politics in Europe today or with the future development of communist parties.

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Roland BIEBER, Jean-Paul JACQUE, Joseph H. H. VEILER — **An ever closer Union,** preface by Altiero SPINELLI, Luxembourg, Office for Offical Publications of the European Communities — ECU 10.01 — 450 BF — 346 pages — 1985

This work, sponsored by the Commission of the European Communities, and published in co-operation with the European University Institute in Florence, is one of the series of "European Perspectives" volumes. It is the fruit of work carried out by a team of 24 writers, including the three "co-ordinators", who have already provided contributions to other works in a similar vein. The volume in question is a critical analysis of the draft Treaty of European Union drawn up and adopted by the European Parliament on 14 February 1984. This text is contained in an appendix, along with the Final Report of the Dooge Committee. In the first section of the book, eight authors analyse the "substance of the draft Treaty", and in the second section several other authors analyse constitutional and political aspects of implementing the draft in each of the Member States, with a chapter reserved for the creation of the European Union and its relation to the EEC Treaties.

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Adriana CERRETELLI e Ugo PICCIONE — **L'Europa contro se stessa:** l'industria europea di fronte alla sfida di USA e Giappone (European industry in the face of the US and Japanese challenge) presentazione di Gianni Locatelli, prefazione di Bettino Craxi, Edizione del "Sole-24 Ore", Milano (Via Lomazzo 52) — LIT 26 000 — 256 pages — 1985

The subject of this book is currently highly topical, and the authors, two journalists who possess both a flair for current affairs and a sense of historical perspective, provide for a better appreciation of the present situation and answers to the questions involved which are less banal than those all too often heard. It was with a view to correcting the trajectory of this debate that the authors had meetings, in the main economic and banking nerve centres, with managers of the largest European multinational groups involved in advanced technology, as well as with European Commission experts and authorities in Brussels. From their work it transpires that Europe's technological backwardness in relation to the two other "giants" is neither so widespread nor so great as to justify the pessimism of those who would have us believe that Europe has already "missed the boat" of the third industrial revolution.

It should, however, be added that the existence of "virtual certainties" is not sufficient. There must be a will and know-how for action, with the means for it available. There must be an understanding that joint efforts are required, and that all thoughts of hegemony and division must be forgotten. As the Italian Prime Minister puts it in his preface, "Talking of Europe today means the final transition from economic Community to political Union. This also implies, however, talk of technology... Europe is capable of turning the tables in a struggle which is not yet lost. It must, though, face up to this challenge with greater determination".

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I VERTICI — Cooperazione e Competizione tra paesi occidentali, a cura di Cesare Merlini, Adn-Kronos Libri, Rome — LIT 15 000 — 280 pages — 1985

This book (also published in English by the European Institute for Public Administration) is the result of research carried out by the Istituto Affari Internazionali of which Cesare Merlini is the Principal. It is divided into seven chapters on the following topics: Western Economic Summits, a historical reconstruction by Guido Garavoglia; Western Summits: a political interpretation by Robert D Putnam; Western Summits and economic cooperation by Jacques Pelkmans; — Political issues at Summits: a new concert of the world powers? by William Wallace; The role of mass-media between the image and the substance by Kurt Becker; — The European Community and the Seven by Gianna Bonvicini and Wolfgang Wessels; Europe and America at the Seven Nation Summit, by Cesare Merlini.

In his introduction Mr Merlini stresses the significance and impact of the "Summit phenomenon", what is referred to as "summitry" and which also characterizes both the Community itself and the "major" countries in the West. The Summits have become almost indispensable, though they are take place outside any institutional framework. But there is a possibility that they may also be "unbearable" once the "show" over-rides all else and distorts their meaning.

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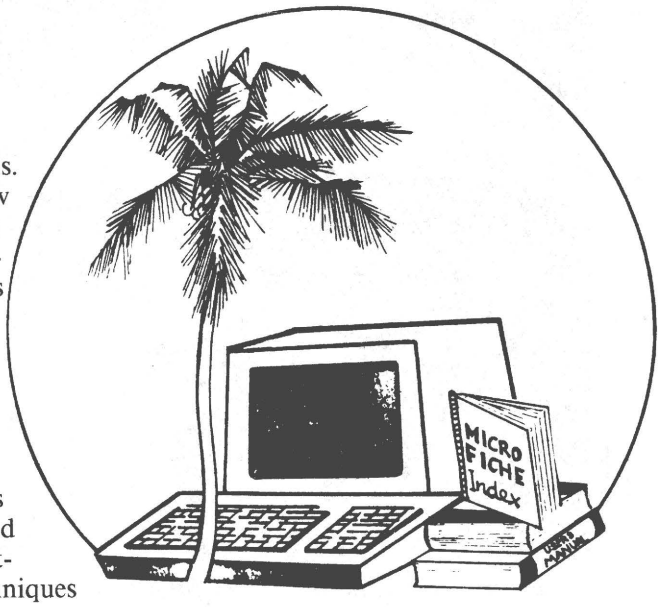
CTA Bulletin
TECHNICAL CENTRE FOR AGRICULTURAL AND RURAL COOPERATION

Information on science and technology — a basic tool



Information on science and technology (IST), particularly in the developing countries, should be neither ignored nor wasted. Why?

First, because money is in short supply and IST, which involves large investments and high staff and operating costs, is expensive. And second, because it represents centuries of hard work and the know-how of generation upon generation of farmers. To be unaware of the progress of science and technology is to waste and repeat research already done or being done elsewhere.

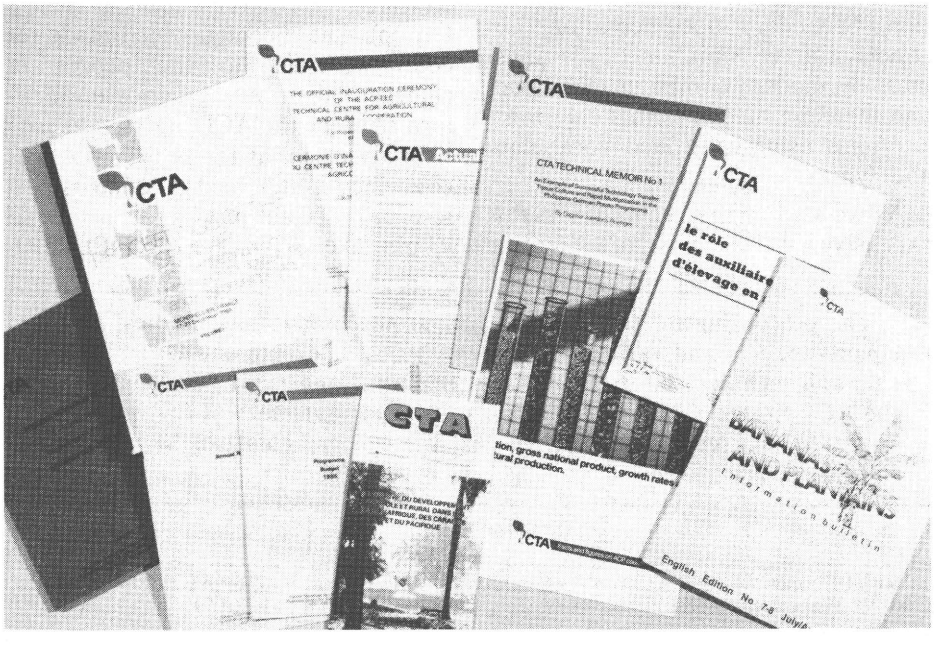
And when the environment changes under the pressure of new forces—demographic growth, drought, deterioration or competition from new markets—knowledge has to evolve too if it is to assist the change and make adaptation easier. This is where IST comes in.

Whom to contact, what to ask

The developed countries tend to have a plethora of information. Hundreds of thousands of articles are published every year in agriculture alone and the problem is to know how to manage this mass of information so as to find the pertinent details. Computers have given us new techniques that do away with the need for exhaustive libraries. They involve data banks and bases containing vast amounts of documentary references that the user can obtain from a terminal—a keyboard, a display screen and a telephone. But on-line access is expensive, as it calls for highly specialized staff and excellent communications networks, so although these techniques cannot be ignored, they are not a miracle solution.

Two things are fully within ACP scope and more in line with their requirements than electronic systems in that they can be distributed on paper—information yearbooks and periodicals, journals which are more than simple data sheets and provide concise summaries of the subjects they cover—and it is these that can supply the answers to the essential questions: whom and what to ask?

But although there are a large number of yearbooks, none of them are exactly what rural development leaders in the ACP countries need and several abstracts have to be consulted if an overall grasp of existing information is to be obtained.



The developing countries are quite unlike the developed ones in that they have little data on existing knowledge, research results and information acquired during the running of development projects.

People must be encouraged to publish information, just as the ACPs must be encouraged to take part in international agricultural data systems such as Agris and Caris and helped to get current retrospective literature about them. It is a good idea for contracts between governments and consultancies to state explicitly that copies of final reports and studies should be deposited in the national library and put at the disposal of national resource material and information centres. A considerable amount of know-how and skill is not put in a form that is easy to transmit, is kept confidential or is only distributed to a few people. So much for supply.

And what about demand? Demand should be formulated clearly—which means having a good enough idea of the problem to realize what information is missing,

The first aim of IST is to meet demand, i.e. to make existing information available and to capitalize on it. But that is not all. Information on supply must also be conveyed to the

Uwe Vierkotten

Computerization reduces the need for extensive libraries but it should not be considered a miracle solution.

people who do not know about it, so that fresh demands can be made. Supply and demand should help each other to expand.

Proper distribution

The information has to be very diverse. It can be passed on at professional conferences to scientists and technicians who are normally cut off in their research stations and far-flung territories. Such meetings are ideal opportunities immediately to update knowledge and stimulate imagination and creativity. It can also be transmitted in writing, in which case it has to be designed and distributed with the user in mind. But scientists often produce the information and they write for other scientists and, although most decision-makers have enough knowledge to understand, they do not have the time, so data sent to them must be in concise, summary form. Producers need practical information in a language and in terms they understand and, if they live in countries where the literacy rate is low, then priority must go to oral information.

There are visits and meetings and demonstrations—and of course there is rural radio, an excellent means of contact with a huge following. Radio can play a vital part in making people aware of everyday problems (hygiene, nutrition, energy-saving and so on) and in passing on precise, up-to-the-minute information (weather forecasts, cultural advice, plant health recommendations etc). And it can teach if the listeners form clubs and have the help of monitors.

This can be backed up by agricultural periodicals for development officers and literate farmers. The press has a very special job to do, as it forges a link between the reader and the publication, because it is a constant source of reference and it comes out regularly.

All this means that agricultural technicians must have some idea of data transmission techniques and that media staff must have sound technical knowledge.

Language is one of the main barriers to the exchange of information, as scientific and technical literature appears in only one or two international languages. The translation of basic documents, textbooks and works of reference in particular, helps solve the problem if it involves some adaptation. Secondary documentation, abstracts, can be simultaneously translated by modern computer techniques and there are machines that can translate texts using controlled vocabulary and syntax.

As we said at the beginning, IST is expensive. Print runs of scientific books are very small, postage is costly, as are the losses that occur in surface mail, and photocopies cost two to five times more in the ACP countries than in Europe. And of course, information has to be bought with hard currency. There are solutions. One is to borrow on the Unesco voucher system—anyone in an ACP country who wants to order information can purchase these vouchers, which partially represent the counterpart in local currency of the UNDP's outlay, from his Government, and the information supplier then exchanges them for hard currency at Unesco.

Another answer would be to use microfilm more. Each microfiche, which is the size and weight of a post-card, can take 90 pages of text and, although it costs about $ 10 dollars to produce, copies cost 50 times less. Postage is minimal. The recipient, an information centre, has to have the relevant reading equipment.

Lastly, a major source of saving is the proper organization and national coordination of documentation centres. This raises the problem of librarians and equipment and supplies of publications and works of reference.

Do you want to know more?

All these ideas came up at a conference which the Technical Centre for Agricultural and Rural Cooperation ran in Montpellier in December 1984, with the collaboration of GRET (the Research and Technical Exchange Group). The meeting, which made recommendations to the people in charge of distributing agricultural information to the ACP States, was particularly useful as far as the CTA was concerned as it helped it define its policy and decide just what action it would take. o R. DELLERÉ

The proceedings of this meeting include the preparatory studies, participants' papers and various recommendations. They are entitled: "Scientific and technical information for agricultural and rural development in the ACP States" and appear in two volumes. A summary of the work has appeared in French and English. All these documents can be obtained from the CTA.

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INDUSTRIAL OPPORTUNITIES

Published bi-monthly by the Centre for the Development of Industry
rue de l'Industrie 28,
B-1040 Brussels, Belgium
Tel. 513 41 00 Telex 61427 cdi b

No. 46
November-December '85

CDI

JOINT GOVERNING BOARD MEETS

GREATER ROLE FOR INDUSTRIAL AND BUSINESS PROFESSIONALS

"If the former Advisory Council of CDI has been transformed into a Joint Governing Board, it is because the parties concerned felt the necessity to strengthen it and improve its effectiveness, making it more supple and dynamic". This is how His Excellency Mr André Mangongo-Nzambi, Ambassador of Gabon to the EEC, views CDI's new Joint Governing Board. He was speaking in his capacity as co-Chairman-in-Office of the ACP-EEC Committee on Industrial Cooperation (CIC), at the inaugural session of the Board's first meeting, in Brussels, on 3 October.

Mr Mangongo-Nzambi's opinion was echoed by his EEC counterpart, His Excellency Mr Joseph Weyland, Permanent Representative of Luxembourg to the EEC. In an address delivered on his behalf as Chairman-in-Office of the CIC, Mr Weyland said: "the innovations of Lomé III in the important area of industrial cooperation satisfy the twin aims of strengthening that cooperation and making it more effective".

THE BOARD'S ROLE

Mr Weyland's address went on to outline the functions of the Board. "It is up to you", he said, "to take the major decisions concerning the activities of CDI, to approve its budgets and annual accounts, to define its annual and multiannual programmes, to approve its annual reports, to establsih its organisational structures, staffing policy and establishment plan. You must also designate a Chairman, a Vice-Chairman and four delegate administrators, from among your own members".

The Board must submit CDI annual reports to the CIC and this, according to Mr Weyland, would facilitate the CIC in defining CDI's overall strategy and in measuring CDI's performance against the objectives of Lomé III.

COMING OF AGE

The Director-General of Development at the Commission of the European Communities, Mr Dieter Frisch, told the Joint Governing Board that CDI had now come of age. He said: "CDI is today well past its infancy of Lomé I and the frail adolescence which it went through at the outset of Lomé II. It has begun to amply fulfill its operational role".

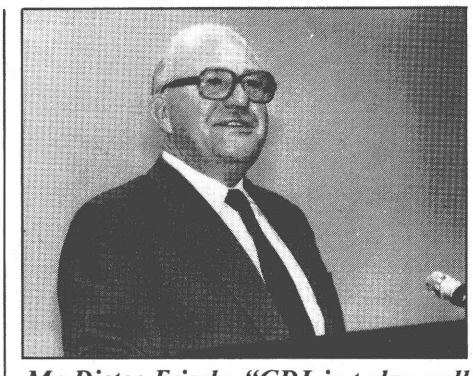
Mr Frisch reminded the gathering that an innovation of Lomé III is the assignment of responsibility for the chief decisions in the management of CDI and the supervision of its activity, to a Governing Board composed of experienced representatives of the industrial and banking sectors. This responsibility formerly lay with the CIC.

He observed that such a transfer of responsibility to industrial and business professionals, is consistent with the emphasis which Lomé III places on the role of industrial enterprises and the importance of private investment in the development process.

PRIVATE INVESTMENT

The provisions of Lomé III, said Mr Frisch, include commitments by ACP

Continued on page 2



Mr Dieter Frisch: "CDI is today well past its infancy... it has begun to amply fulfill it operational role".

Ambassador Mangongo-Nzambi: "I urge these two institutions [the EIB and the European Commission] and CDI, to collaborate much more".

Dr I.A. Akinrele: "CDI can be regarded as having matured into an international institution".

A view of the attendance at the inaugural meeting of CDI's Joint Governing Board.

Continued from page 1

and EEC States to encourage private economic operators, to treat investors fairly and to create predictable and favourable investment climates. To this end, a study will be carried out into the establishment of a joint investment guarantee and insurance scheme to complement existing national schemes.

Such provisions, he believes, are without precedent in multilateral cooperation agreements and open the way to real partnership between ACP and EEC enterprises, through the appropriate vehicle of CDI.

INSTITUTIONAL COLLABORATION

Mr Frisch said that the Commission of the European Communities, in seeking a dynamic complementarity in the use of the Lomé instruments, would support the efforts of CDI.

This last point was echoed by Ambassador Mangongo-Nzambi when emphasizing the great value of the European Investment Bank (EIB) and the Commission of the European Communities as instruments of ACP-EEC cooperation. "On behalf of the Committee on Industrial Cooperation", he said, "I urge these two institutions and the CDI to collaborate much more in the interests of increased project implementation in ACP States".

INNOVATIVE CONCEPT

The Director of CDI, Dr I. A. Akinrele, declared that this meeting was "an important milestone" for CDI, in its drive towards greater international stature and greater involvement with the ACP-EEC industrial milieux.

"Just a little over ten years ago", continued Dr Akinrele, "when the First Lomé Convention was signed, the creation of a technical institution to provide the propulsive force for industrial cooperation, based on enlightened but dynamic partnership, was thought of as an innovation in concept".

He went on: "CDI developed from the status of a regional project in Lomé I, to assume the role of an organ with an independent budget in Lomé II; and now under an independent Joint Governing Board in Lomé III, CDI can be regarded as having matured into an international institution".

The first Chairman of the Joint Governing Board, Mr Michel Delefortrie.

During a career which spans forty years, he has held senior executive positions in in the chemical, engineering and venture capital sectors—an activity in which he is still deeply involved. Mr Delefortrie has been Chairman or a board member of several Belgian and foreign companies.

He has also been alternately Chairman and Vice-Chairman of the former CDI Advisory Council.

CHALLENGE FOR CDI

Dr Akinrele delcared that the challenge of the new Convention for the CDI is "to mobilise a greater flow of investment capital for ACP industrial development".

"Towards this end", he added, "the Convention has mandated CDI to define and promote welcoming structures in ACP countries for industrial investors".

Dr Akinrele said that during the last year or so no less than six ACP countries had revised their investment codes to attract foreign investment. CDI, he announced, had been directly involved with this development in some of the countries concerned. However, feedback indicates some disappointment at the "somewhat blunted reaction" of European investors to these initiatives.

"The opportunity created by this new attitude to foreign investment in ACP States should not be lost", warned Dr Akinrele. He concluded by asking members of the Joint Governing Board to use their leverage to support CDI in its vital role of encouraging and mobilising investment.

During this first meeting, the Joint Governing Board elected Mr. Michel Delefortrie (Belgium) as its Chairman. Mr. K. Lazare Soré (Burkina Faso) was elected as Vice-Chairman. The following four Board members were elected as delegate administrators to the Executive Committee: Mr Wilhelm De Jonge (Netherlands), Mr Errol Humphrey (Barbados), Mr Anthony Ndoro (Zimbabwe) and Mr Yves Salmon (France).

The inaugural session was marked by the attendance of diplomatic representatives from ACP and EEC member States. ■

DIALOGUE WITH UK FINANCIAL INSTITUTION

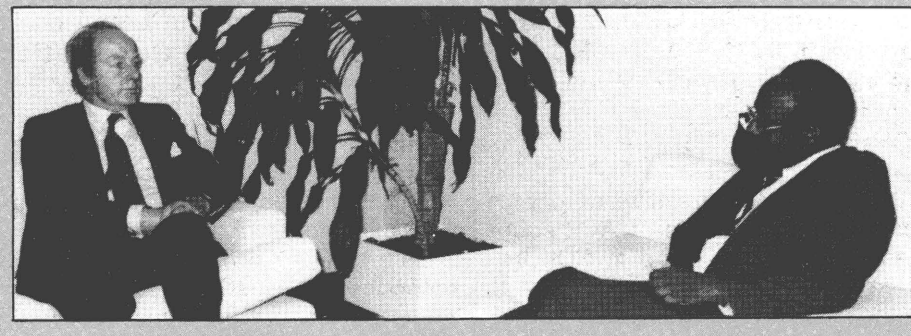
The Commonwealth Development Corporation (CDC) is interested in developing a special relationship with CDI. This was confirmed by the General Manager of the UK development finance institution, Mr John Eccles, during a visit to CDI in Brussels on 20 September.

Mr Eccles told CDI Director, Dr I. A. Akinrele, that CDC likes to get as many good leads as possible and would prefer to learn about suitable CDI-assisted bankable projects at the earliest possible stage.

Describing CDC's approach to project financing, Mr Eccles said that its interest rates can go as low as 7% or as high as 13%. It looks at projects whose minimum overall investment is US$ 2.5 million. It has 15% of its portfolio in equity.

Equity is of great interest to CDC because it can often yield a higher real rate of return than a loan. CDC is also keen to take over the management of a project and prefers to take a majority shareholding to "improve security".

It is also experienced in bringing together the right co-financiers for a project. "But in a co-financing situation", explained Mr Eccles, "we prefer to take our own look at a project, preferably on joint missions".



Mr John Eccles (left) with Dr I.A. Akinrele, during his visit to CDI.

He also revealed that while CDC does not always insist on government guarantees it does insist on security. "With a private investor we look for security in the assets of the project; but if a government is a major shareholder then we must look for a government guarantee".

CDC is unusual among development finance institutions in that it is not obliged to buy British equipment. "We start from the point of view", said Mr Eccles, "that a project has to pay".

Dr Akinrele responded positively to Mr Eccles' offer of cooperation. He explained that CDI is keenly interested in maintaining close contact with development finance institutions; it already has good working relationships with such institutions in other EEC member-States.

Given the compatible and complementary objectives of CDC and CDI, it is hoped that dialogue will open up between them concerning financial support for viable CDI-assisted projects. ■

MISSIONS TO PLAN CDI ASSISTANCE

Project identification and verification missions by CDI staff to 21 ACP countries, will take place before the end of the year. These missions begin a move away from a pattern of responsing to ad hoc requests, in favour of advance planning of CDI assistance, country by country, to cover a four of five year period. Missions to the other 45 ACP countries will take place in early 1986.

The missions will, to a large extent, be based on industrial potential surveys of ACP countries which CDI has been carrying out since 1983. To date 33 countries have been surveyed. The remaining ACP countries will be surveyed before the end of March 1986.

Projects presented in the industrial potential surveys will be checked out and, if necessary, fleshed out by the missions. These projects, along with others already in CDI's files, and any worthy projects encountered during the missions, will be evaluated to establish a multi-annual plan of interventions for each ACP country. The plans will cover feasilbility studies, promotion to attract joint venture or franchise partners, searching for finance, training, technical or marketing assistance.

This planned approach to assistance will not, however, prevent CDI from responding to deserving ad hoc requests.

INDUSTRIAL FORUM OF CENTRAL AFRICA

The first Industrial Forum of Central Africa will take place in Libreville, Gabon, from the 5th to the 8th of December 1985.

The Forum will provide a meeting ground for industrialists and entrepreneurs from the EEC and from 10 Central African States, namely: Burundi, Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, Gabon, Rwanda, Sao Tome and Principe, Zaire.

The object of the Forum is to facilitate contact and cooperation between Central African and European enterprises. Some basis for discussion will be provided by project proposals already identified in the Central African countries.

CDI intends to invite to the Forum, a number of Central African promoters whose project proposals are well substantiated. It will also assist with negotiations, in Libreville, between potential partners.

The Forum is being sponsored by the Customs Union of Central Africa (UDEAC), the Commission of the European Communities, CDI and UNIDO. The Gabonese Centre for External Trade is taking care of all the local arrangements. ■

ANNUAL REPORT FOR 1984

CDI BUDGET AND STAFF WORKED TO THE LIMIT

The last full year of activity before the end of the second Lomé Convention took place in 1984. Therefore CDI's Annual Report for that year not only gives an account of the year's activities but also summarizes CDI's achievements up to the end of Lomé II. The Report has been submitted for comment to the ACP-EEC Committee on Industrial Cooperation. This article uses extracts from the report to draw attention to its salient features.

ACHIEVEMENTS SINCE 1977

Despite the progressive deterioration of the economies of ACP countries during Lomé I and II, CDI provided vital inputs for:

- the creation or rehabilitation of 41 industries;
- the improvement of the operations of some 150 enterprises through expertise and training.

This brings to 191 the number of industries that gained concretely from CDI's assistance up to the end of Lomé II.

CDI's catalytic action in assisting the 41 new or rehabilitated industries was instrumental in creating 2 895 new jobs and additional investment worth Ecu 77 million.

An analysis of the general impact of CDI's assistance gave the following results:

- 37% indicated that the assistance was decisive for their operation
- 58% indicated that the assistance was significant
- 5% indicated that the assistance was of minor importance.

This analysis is based on a 64% response to questionnaires sent to 65 promoters who have received CDI's assistance over the last two years.

These results may not seem important to an evaluation of the overall economic development in the ACP countries. Nonetheless, the projects assisted should be seen as the nuclei or seeds of further development. They are often small projects that could become growth points.

LOMÉ III

Looking forward to the new Convention, the Report welcomes some positive aspects. These include the addition to CDI's services of marketing assistance for ACP manufactured products. Another positive feature is the emphasis on facilitating private investment through risk capital and guarantee schemes.

The Report however, draws attention to the fact that extra tasks have been given to CDI while its budget has, in real terms, been reduced. This, says the Report, is not consonant with the general expectation that CDI should be reinforced.

The organisation's name in English has been slightly changed, under Lomé III, to the Centre for the Development of Industry (CDI).

THE YEAR 1984

This year was characterized by intensive down-to-earth activity. The staff and the budget were both worked to the limit. Indeed, the number of staff and the size of the budget are no longer sufficient to meet the numerous demands from ACP industries.

In 1984, the following 16 CDI-assisted industrial projects entered production (they include ten new projects and six expansions or diversifications of existing enterprises):

- Polyester sanitary ware (Antigua)
- Cargo vessel (Burundi)
- Prefabricated houses (Dominica)
- Paint brushes (Gabon)
- Tannery (Gambia)
- Solar collectors (Kenya)
- Sheepskin tannery and garment manufacture (Kenya)
- Diatomite (Kenya)
- Soya milk (Madagascar)
- Tea processing (Malawi)
- Sausages and meat products (Mauritius)
- Manufacture of mother-of-pearl buttons (Mauritius)
- Electrical installations (Senegal)
- Reconstituted milk (Sudan)
- Manufacture of mother-of-pearl buttons (Vanuatu)
- Manufacture of ceramics (Zambia)

In addition to these, a further 25 projects were under implementation at the end of the year. Full details of all projects are given in the Annual Report.

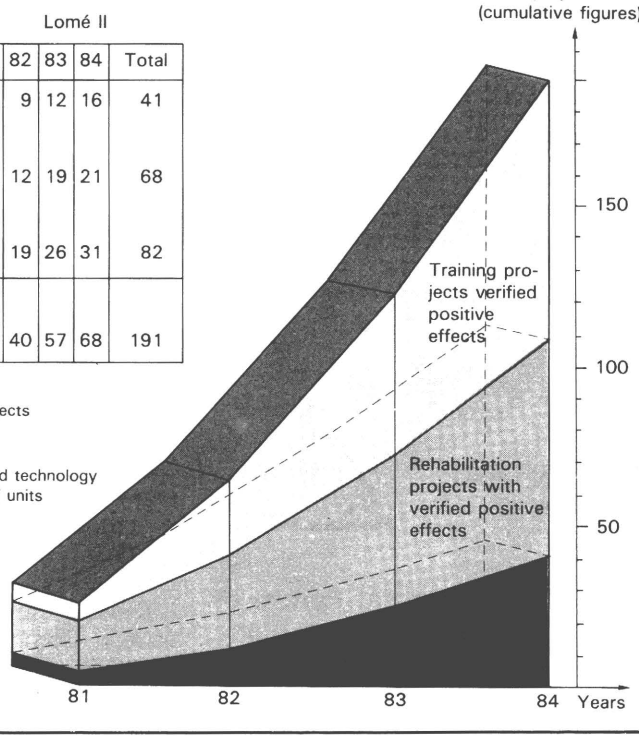
CDI's results up to the end of Lomé II

Lomé II

	81	82	83	84	Total
Started production (*)	4	9	12	16	41
Rehabilitation projects with verified positive effects	16	12	19	21	68
Training projects with verified positive effects	6	19	26	31	82
Total number of projects with direct production impact	26	40	57	68	191

Note: These figures include projects initiated under Lomé I.

(*) Includes implemented adapted technology projects and the restarting of units that were completely idle.



PROMOTIONAL ACTIVITIES

During 1984 promotion meetings were held in several European cities. Among these was a meeting in Brussels to promote agro-food projects for East and Southern Africa and the Indian Ocean. The latter meeting was attended by 26 ACP promoters and 94 EEC companies. CDI was also a co-organizer of the West Africa Industrial Forum held in Dakar, Senegal. CDI brought 22 ACP promoters to the Forum for discussions with prospective EEC investors.

However, the emphasis during the year was on the follow-up of existing projects. CDI staff therefore undertook fewer promotional missions to ACP countries; there was instead an increased use of consultants to identify and substantiate projects.

In all, during 1984, staff members undertook twelve missions to twenty-three ACP countries. These missions permitted assessment of the impact of CDI assistance and the planning of further actions with ACP promoters.

In addition, CDI assigned experts to survey the industrial potential of 16 of the least developed ACP countries. This resulted in the identification of 70 projects. Experts were also provided for in-depth evaluations of particular projects in nine ACP countries.

ANTENNA ORGANIZATIONS

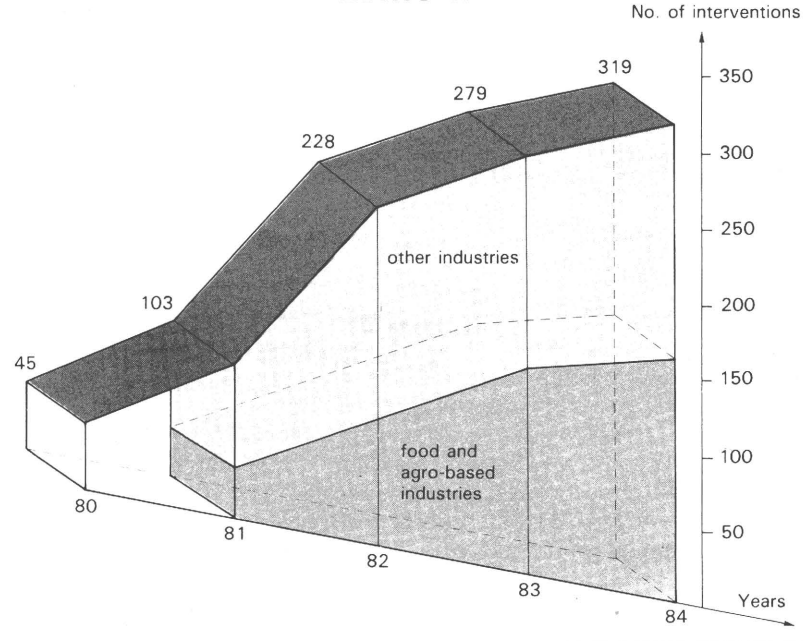
By the end of 1984, CDI had established antenna organizations to represent it in all but two of the sixty-four ACP states. These organizations are increasingly involved in the identification of projects and sponsors and in promotional and follow-up activities.

Every year they are invited to participate in CDI's "industrial promotion attaché programme". Under this programme senior executives from the antenna organizations work for substantial periods from CDI's office in Brussels, to promote industrial projects throughout the EEC. In 1984 five attachés from the Pacific States and four from African countries participated in this programme.

EUROPEAN CAMPAIGNS

During the year CDI put special emphasis on the promotion of the production proposals of EEC companies.

Number of CDI interventions per year under Lomé II



Campaigns were initiated in the U.K., Germany and The Netherlands to encourage companies to come forward with production proposals in ACP priority sectors.

TRAVEL ASSISTANCE

CDI's travel assistance to ACP sponsors for ACP-EEC industrial cooperation, is highly appreciated.

During the year CDI financed the travel costs of 99 ACP entrepreneurs who came to Europe for negotiations with prospective investors, or to attend promotion meetings or industrial development seminars.

STUDIES AND IMPLEMENTATION

Twenty-five feasibility studies or techno-economic analyses were co-financed by CDI during 1984.

Implementation assistance was given to twenty-three projects in need of technical and managerial know-how.

Details of projects assisted under these headings are given in the Report.

REHABILITATING ACP INDUSTRIES

The rehabilitation of industries has become a high priority throughout ACP countries and this has led to a strong demand for CDI's assistance under this heading.

The budget available for rehabilitation in 1984 (Ecu 387 000) was fully committed. This form of assistance can be very effective in rapidly restoring ailing companies to profitability.

A wide range of projects benefitted under this heading, including furniture industries, food processing plants and textile factories. The Report gives more particulars in the section devoted to individual countries.

TECHNICAL TRAINING

It is no longer possible for CDI to satisfy the constantly accelerating demand for assistance with technical training. In 1984, a total of 289 persons from 33 companies (and 21 ACP countries) benefitted from this form of assistance.

Most of the training was carried out at factories in Europe. In two cases suitable training locations were found in other ACP countries. In addition, experts were sent out to 14 ACP companies to train groups of workers in situ.

A workshop for 30 experienced maintenance managers was held in Lagos, Nigeria. Another workshop was held in Kampala, Uganda on small-scale garment manufacturing.

Continued in box on page 7

OFFERS FROM ACP SPONSORS
EEC INDUSTRIAL PARTNERS WANTED

EEC industrialists are invited to contact CDI, quoting the reference number, in response to any offer outlined in this section.

However, CDI will reply to enquiries only if EEC industrialists give brief descriptions of their current operations and are prepared to provide the kinds of cooperation requested by the ACP sponsors.

Organizations reprinting these offers in their own publications, are asked ALWAYS to include CDI reference numbers.

Palm oil, cotton oil and karité butter. Togo – 660.TOG.4.FOO.

A State company wishes to privatise by selling off equity to Togolese and EEC interests. Some further investment will also be needed to improve the performance of the plant.

There is an installed capacity capable of handling an annual input of 20 000 tons. This capacity is extensible to 40 000 tons. The plant was set up to exploit industrially the national production of cotton seed, karité seed and palm seed. Its multi-purpose press can produce palm oil, cotton seed oil and karité butter.

The plant currently produces crude oil from palm seed for the cosmetic and soap industries. It also produces cotton seed oil. The plant is equipped with a laboratory for quality control analyses and with raw material storage facilities.

Raw materials are available in the following annual quantities (1983 figures):
Palm seed: 5 373 tons
Karité seed: 5 870 tons
Cotton seed: 13 224 tons.

Privatisation and restructuring of textile plant. Togo – 660.TOG.1.TEX.

A large modern State textile company wishes to privatise by selling off equity to local and foreign interests.

At the same time it wishes to restructure the plant by ceasing production of jeans and towelling in order to concentrate on unbleached cotton cloth for which there is a ready local market.

The installed capacity (working 4 shifts with 400 workers per shift) could achieve the following annual output:
Hosiery: 5 million pieces
Towelling: 5.3 million pieces
Jeans: 1.1 million pieces

The principal raw material is cotton of which the local production (45 000 tons in 1984) is far in excess of the plant's requirements.

This is an integrated plant whose operations include spinning, knitting, weaving, dying and garment-making.

It is hoped to attract an experienced foreign partner who could buy, lease or manage the plant.

Plastic plant restructuring. Togo – 660.TOG.2.RUB.

A five year old Togolese company requires an EEC partner to help with financial restructuring and management. This assistance would be followed by State fiscal incentives.

The company produces PVC pipes, tubes, household items, plastic bags and film (for packaging). It also machines moulds.

The regional market for these products includes Togo itself, Burkina Faso, Niger, Benin and Mali.

Razor blade plant requires partner. Ghana – 660.GHA.1.MEC.

A joint venture partner is required for a razor blade plant which was established fifteen years ago. The partner should be able to provide technical expertise, management, plus equity to finance the purchase of replacement parts.

The factory is the only one of its kind in West Africa and therefore offers good potential for intra-regional exports. It has a stock of raw materials sufficient to last one or two years.

The installed annual capacity of the plant is 25 million single stainless steel blades and 60 million carbon or extra carbon single blades.

Integrated veneer and logging operation wants technical and marketing partner. Guyana – 610.GUY.3.TIM.

A five-year old logging company is unable to meet local and export market demand due to a lack of foreign exchange for spare parts and larger machinery.

The company wishes to rehabilitate and expand its logging operations and to move into the production of decorative veneer. It has its own forestry resources.

Through an EEC joint venture partner the company wishes to gain access to European markets and to acquire the necessary know-how and equipment. It would also like to negotiate counter-trade (barter) arrangements in lieu of foreign exchange payments for some of the required machinery.

Plastic sheet extrusion: franchise or joint venture partner required (*).
Trinidad & Tobago – **660.T&T.1.RUB.**

An existing company manufactures refrigerators and cookers under licence. It wishes to achieve a more integrated operation by the production of plastic sheets for use as linings in refrigerators.

The company's current importation of plastic sheets amounts to about 300 tons a year. In one 8-hour shift it produces 160 refrigerators (plus 150 cookers) per day.

A franchise or joint venture partner is sought to assist with suppliers' credit and the provision of the technology and know-how.

The equipment required would carry out feeding and extrusion operations in addition to cutting, regrinding and cleaning waste and scrap (for mixing with virgin resins). A granulator is already available but the raw material would have to be imported as resins are not available locally.

Cosmetics and pharmaceutical products: franchise or joint venture partner sought (*).
Barbados – **660.BAR.1.CHE.**

An existing company specialized in the production, marketing and distribution of pharmaceutical products wishes to better utilize or expand existing capacity through the manufacture of additional clinical pharmaceuticals and to diversify into the production of named brand cosmetics (shampoos, etc.). This would be a valuable export-oriented diversification with the added attraction of a useful import-substitution effect.

The Barbados company's distribution network would provide a sound marketing base for a European manufacturer interested in exporting to Caribbean, Central American and US markets. (Duty-free access to the US would be guaranteed under the US Caribbean Basin Initiative).

In order to carry through his expansion and diversification plans, the Barbados promotor seeks franchise or joint venture agreements with EEC companies.

Cosmetic from coconut oil, for US market: franchise or joint venture sought (*).
Dominica – **660.DOM.1.CHE.**

A large company currently producing coconut oil and laundry soap wishes to diversify its production to include high quality gift-packaged soap, cosmetic products incorporating local essential oils, and products (like shampoo and hair cream) based on coconut oil.

The Dominican company seeks a franchise or joint venture agreement with a major European cosmetic company to produce for the US market (to which Dominican products will have duty-free access for 12 years under the US Caribbean Basin Initiative).

Porcelain insulators and transformer bushings. Zambia – **660.ZAM.4.EXT.**

Private sponsors with combined experience in electricity generation and industry, seek a European joint venture partner for the production of 650 tons of porcelain insulators and transformer bushings. The output would be destined 75 % for the local market and 25 % for export. Estimated annual turnover: Ecu 7.86 million (**). The sponsors have the support of local banks.

It is calculated that the initial investment required would amount to Ecu 5.7 million (**) of which Ecu 2.8 million (**) would have to be in foreign exchange. Up to 40 % of the equity is available for foreign investors. A project data sheet and a recent prefeasibility study are obtainable on request. ■

(*) *An article on industrial franchising will appear in the next issue of "Industrial Opportunities".*
(**) *For value of Ecu see page 8.*

ANNUAL REPORT FOR 1984 (continued from page 5)

ADAPTED TECHNOLOGIES

Twenty-five additional "adapted technologies" were identified for promotion during 1984.

Also during the year 29 projects were assisted under CDI's scheme for the transfer of these technologies to ACP countries.

INFORMATION SERVICE

Many ACP requests for information on technology, equipment and markets were handled throughout the year.

A catalogue was published containing references to some 3 000 documents in CDI's library. This has been circulated to CDI's antenna organizations and to ACP documentation centres.

To contribute to the identification and use of ACP manufacturing expertise, a directory of ACP industrial consultants has been published.

CDI also published two brochures on joint ventures during the year. ■

INDUSTRIAL PROPOSALS FROM EEC FIRMS
ACP ENTREPRENEURS, PLEASE REPLY

The proposals outlined below have been put forward by EEC firms interested in setting up production in ACP countries, under joint venture or franchise arrangements with local businessmen.

ACP entrepreneurs interested in any proposal are invited to write to CDI quoting the reference number.

CDI will not be in a position to act upon letters received unless ACP entrepreneurs provide all the information requested in the box opposite. It would also be useful if they enclosed useful complementary information, including the latest balance sheet.

Please ALWAYS mention the CDI reference numbers when reproducing these proposals.
All equipment costs are quoted in Ecus (European currency units). The value of the Ecu may easily be ascertained from its relationship to other European currencies. Thus, on 2 October 1985:

1 Ecu = £ 0.592961
FF 6.74485
DM 2.20964

INFORMATION REQUIRED OF ACP ENTREPRENEURS WHEN REPLYING

- **Show why it would be worth while to manufacture the products in question in your country, e.g. give market data, indicate that raw materials or components are available locally, etc.**
- **Describe your present activities plus your industrial and/or commercial experience.**
- **State how much capital you yourself could contribute.**
- **State the maximum portion of the equity your country legally allows to an EEC partner.**
- **Can you obtain finance and if so from where?**
- **If you need a foreign loan or supplier's credit, can you obtain a local guarantee?**
- **Is your project a national priority?**
- **Outline the incentives your country offers to foreign investors.**

Top quality sanitary ware
GERMAN PROPOSAL - 85/23

A 60-year old company with five plants in Germany, offers to establish with ACP entrepreneurs, the production of durable high-finish kitchen sinks, bathroom and vanity bowls, shower tubs and similar precision-moulded components for homes, offices and institutions.

This company has been supplying its technology worldwide, along with training and know-how, for over 20 years.

The products are made from a very hard, colourful, impact- and chemical-resistant material. It is derived from quartz granules embedded into arcrylics and chemically bonded.

Minimum production capacity would be 4000-5000 items a year per mould, in a 3-shift plant operation.

Overall production from a standard plant would be 50 000 items a year.

The minimum cost of equipment would be Ecu 89 000.

The German company is willing to transfer to ACP countries its manufacturing process and mould-making technology, including the supply of know-how and machinery, under a franchise agreement. It is also willing to capitalize its know-how as an equity contribution to a joint venture.

Wire and cable-making ventures
BELGIAN PROPOSAL - 85/24

A small to medium-sized Belgian company, 75 % of whose sales are to developing countries, wishes to establish joint ventures with ACP entrepreneurs for the manufacture of wire and cable.

The products are as follows:

— Electric wire and cable (for power distribution and telephone communications networks). The minimum plant capacity would be 20 tons per month of coated metal (copper or aluminium)

— Steel wire and cable (for agriculture and construction). The minimum plant capacity varies with the product.

In addition to providing equity, the Belgian company can supply and install a complete range of wire and cablemaking equipment (wire-drawing, coating, etc.).

The cost of equipment would be Ecu 110 000 to Ecu 440 000 for second-hand plant and Ecu 33 000 to Ecu 880 000 for new plant.

Glues for wide range of industrial uses
FRENCH PROPOSAL - 85/25

A long-established French company specializes in the development and production of glues for industrial applications and wishes to expand production to ACP countries under joint venture or franchise arrangements with local entrepreneurs. The products would be aimed at the paper, cardboard, food packaging, tobacco and drink industries.

The raw materials required include: dextrin (from maize or potatoes), starch (from maize soya, cassava, wheat or potatoes), casein (from milk), EVA and other synthetic products. An annual production of 300 tons of glue would also require a minimum of 40 m^3 of water. It should be possible to use locally produced starch in the production process.

Minimum capacities of production would be:

- Dextrin glues 300 tons a year
- Casein glues 100 tons a year
- Synthetic glues 400 tons a year
- Hot melt glues (for packaging and labelling 500 tons a year

The minimum cost of equipment (FOB Europe) would be Ecu 163 500 for a new mixer and Ecu 880 000 for boiler and other equipment. ■

OPERATIONAL SUMMARY

No. 30 — November 1985

(position as at 22 Octobre 1985)

EEC-financed development schemes

The following information is aimed at showing the state of progress of EEC development schemes prior to their implementation. It is set out as follows:

Geographical breakdown

The summary is divided into three groups of countries, corresponding to the main aspects of Community development policy:

— the ACP countries (Africa, the Caribbean and the Pacific), which signed the multilateral conventions of Lomé I (28 February 1975), Lomé II (31 October 1979) and Lomé III (8 December 1984), plus the OCT (overseas countries and territories) of certain member states of the EEC, which get the same type of aid as the ACP countries;

— the Mediterranean countries (Maghreb and Mashraq), which signed cooperation agreements with the EEC in 1976 and 1977;

— the non-associated developing countries of Asia and Latin America, beneficiaries since 1976 of annual aid programmes.

The information within each of these groups is given by recipient country (in alphabetical order).

Note

As the information provided is subject to modification in line with the development aims and priorities of the beneficiary country, or with the conditions laid down by the authorities empowered to take financial decisions, the EEC is in no way bound by this summary, which is for information only.

Information given

The following details will usually be given for each development scheme:

— the title of the project;

— the administrative body responsible for it;

— the estimated sum involved (prior to financing decision) or the amount actually provided (post financing decision);

— a brief description of projects envisaged (construction work, supplies of equipment, technical assistance, etc.);

— any methods of implementation (international invitations to tender, for example);

— the stage the project has reached (identification, appraisal, submission for financing, financing decision, ready for implementation).

Main abbreviations

Resp. Auth. : Responsible Authority
Int. tender: International invitation to tender
Acc. tender: Invitation to tender (accelerated procedure)
Restr. tender: Restricted invitation to tender
TA: Technical assistance
EDF: European Development Fund
mECU: Million European currency units

Correspondence about this operational summary can be sent directly to:

Mr. Franco Cupini
Directorate-General for Development
Commission of the European Communities
(ARCH.25/1-2)
200, rue de la Loi
B-1049 Brussels

who will pass on requests for information to the services in charge of projects. Please cover only one subject at a time.

Sectoral Index

AGRICULTURE	
Irrigation and soil development, infrastructures, improvement	Barbados, Burundi, Cape Verde, Comoros, Chad, Ghana, Guinea, Equatorial Guinea, Madagascar, Malawi, Mauritius, Niger, Rwanda, Senegal, Sierra Leone, Somalia, Sudan, Swaziland, Burkina Faso, Togo, Zambia, Tanzania, Zimbabwe, Egypt, Tunisia, Syria, Bangladesh, Indonesia, Nepal, India, Mozambique, Thailand, Pakistan, Dominican Republic, Costa Rica, Ecuador
Coffee, tea, tobacco, cereals, coconuts, ground-nut, maize, sugar, cotton, palm-nuts, rice, rubber, potatoes, citrus fruit	Burundi, Djibouti, Ethiopia, Equatorial Guinea, Ghana, Ivory Coast, Jamaica, Liberia, Madagascar, Nigeria, P.N.G., Solomon Islands, Sierra Leone, Somalia, Suriname, Zimbabwe, CILSS, Tunisia, Bangladesh, Thailand
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ACP STATES

★ Denotes new projects

ANTIGUA AND BARBUDA

Livestock development — Phase I. Resp. Auth.: Ministry of Agriculture. Estimated cost 1.8 mECU. Works, supplies, T.A. T.A.: Darudec (DK). Project on appraisal. Date foreseen for financing decision 1st half 86. 5th EDF.
EDF AB 5003 A3a

Road Reconstruction. Resp. Auth.: Ministry of Public Works. Estimated cost 3.1 mECU. Study: GEOPROGETTI (I). Date financing decision October 85. 4th and 5th EDF.
EDF AB 5002 - 4004 A2d

BAHAMAS

Fruit crop nursery. Resp. Auth.: Ministry of Agriculture. Estimated total cost 1.016 mECU. EDF 0.510 mECU, local 0.506 mECU. Works, supplies and T.A. T.A.: I.R.F.A.(F). Project in execution. 5th EDF.
EDF BM 5003 A3a

Animal feed plant. 0.200 mECU. T.A.: Tropical Product Institut (UK). Project in execution. 5th EDF.
EDF BM 5001bis A3a

BARBADOS

Orchard fruits programme. Estimated cost 0.55 mECU. Project on appraisal. Date foreseen for financing decision November 85. 5th EDF.
EDF BAR 5006 A3a

Speightstown fishing port. Construction of a jetty and market centre. Estimated total cost 2.9 mECU. EDF 1.5 mECU, local 1.4 mECU. T.A.: C.E.P. (ACP). Project on appraisal. Date foreseen for financing decision November 85. 4th and 5th EDF.
EDF BAR 5003 - 4009 A3a

BELIZE

Belize College of Arts, Science and Technology (BELCAST). Resp. Auth.: Ministry of Education. Estimated cost 7 mECU. Works and supplies. T.A. for tender dossier and plans: short-list already drawn up. Project on appraisal. 4th and 5th EDF.
EDF BEL 5001 A6b

BENIN

Djougou-Porga road. Resp. Auth.: Ministère des Travaux Publics. Intermittent road improvements over 180 km. Works: Int. tender foreseen in the 2nd half 85.4th EDF.
EDF BEN 4013 A2d

Dassa-Parakou road renovation. Resp. Auth.: Ministère des Travaux Publics. Reinstatement and asphalting of 75 km of the road. Estimated total cost 55 mECU. Estimated EDF participation 18 mECU. Cofinanced by IBRD and possibly by CEDEAO, BOAD and FADES. Economic study: SEDES (F). Date foreseen for financing decision November 85. Int. tender (conditional) launched in September 85.Project on appraisal. Date foreseen for financing decision December 85. 5th EDF.
EDF BEN 5005 A2d

Upgrading of health service infrastructure in Porto Novo Hospital. Resp. Auth.: Ministère de la Santé Publique. Estimated cost 10 mECU : renovation and construction of the hospital building and equipment. Project on appraisal. Works : Int. tender with prequalification, launched (conditional) in August 84. 4th and 5th EDF.
EDF BEN 5010 A7a

Parakou polytechnical complex. Resp. Auth.: Ministère de l'Enseignement Moyen, Général, Technique et Professionnel. Total estimated cost 6.9 mECU. Construction of 8 000 m^2 of pedagogical and administrative buildings and hostels. Supplies and equipment. Technical and architectural study: Arch. VINOU (Local). Project on appraisal. Date foreseen for financing decision 1st half 86. 4th EDF.
EDF BEN 4011 A6b

Cotonou maternity hospital. Resp. Auth.: Ministère de la Santé Publique. 2.5 mECU. Works: Acc. tender. Equipment: int. tender in '85. T.A. : TECHNO-SYNESIS (I). Project in execution. 4th EDF.
EDF BEN 4010 A7b

Livestock development in the Borgou region. Resp. Auth: Ministère des Fermes d'Etat, de l'Elevage et de la Pêche. Numerical and stabilizing cattle improvement for meat production increase. 5.950 m ECU. T.A.: Consulint (I). Project in execution. 5th EDF.
EDF BEN 5001 A3a

National Parks development and environment protection. Resp. Auth.: Ministère du Développement Rural. 3.525 mECU. T.A. and equipment for roads and T.A. for scientific actions and Fauna and Flora protection. T.A. : Bei-Agrer (B) and Luxconsult (Lux). Int. tender for supplies launched in October 85. 5th EDF.
EDF BEN 5003 A8f

BOTSWANA

Village water supplies. Resp. Auth.: Ministry for Mineral Resources and Water Affairs. Planning Study: DECON-FLOTO (D). Project on appraisal. 5th EDF.
EDF BT 5017 A2b

Sheep and Goat development. phase II. Resp. Auth.: Ministry of Agriculture. Animal Production Division and Animal Production Research Unit (APRU). Estimated total cost 2 mECU. EDF 1.6 mECU. Local 0.400 mECU. Works, supply of materials and equipment and T.A. Project in execution. T.A.: GITEC (D). 5th EDF.
EDF BT 5002 A3a

Services to livestock owners in communal areas (SLOCA), Phase II. Resp. Auth.: Ministry of Agriculture. 4.100 mECU. Works by acc. tender, supply of vehicles and equipment by int. tender. T.A. T.A.: B.M.B. (NL). 5th EDF.
EDF BT 5003 A3a

Francistown Rural Training Centre. Resp. Auth.: Ministry of Agriculture. Estimated total cost 1.245 mECU. EDF 1.025 mECU, local 0.220 mECU. Works by acc. tender. Project in execution. 5th EDF.
EDF BT 5018 A6b

Wildlife tourism environment. T.A. in the area of Tourism and Wildlife. 2.1 mECU. Short-list done for restr. tender. Project on appraisal. Date foreseen for financing decision November 85. 5th EDF.
EDF BT 5019 A8f

BURKINA FASO

Development of the Douna plain. Resp. Auth.: Ministère du Développement Rural. 10 mECU. Irrigation and drainage works, supply of equipment, inputs and T.A. Int. tender for works launched in May 84. T.A.: GERSAR (F). Project in execution. 5th EDF.
EDF BK 5009 A3e

Young farmers' training. Resp. Auth.: Ministère du Développement Rural. 2.880 mECU. T.A., works and equipment. T.A.: C.E.R.E.P. (F). Project in execution. 5th EDF.
EDF BK 5010 A6ci

Drinking water supply in the Yatenga region. Phase II. Resp. Auth.: Ministère de l'Eau. Estimated cost 5 mECU. Boreholes and wells. Supplies. All by int. tenders. Project in execution. 5th EDF.
EDF BK 5016 A2b

BURUNDI

Institut Universitaire de Sciences de l'Education (IUSE). Resp. Auth. : Ministère de l'Education Nationale — 0.7 mECU. Construction and equipping of educational buildings (general teaching classes, laboratories, workshops). Int. tender dossier: TETRA Consultants (Lux). Project on appraisal. 4th EDF.
EDF BU 4124 A6b

Faculty of agronomy. Technical and architectural study: BRUSA-PASQUE (I). Project on appraisal. 5th EDF.
EDF BU 5017 A6b

Improvement of the social and economical conditions in the Imbo-Centre in relation with the rural development of the East Mpanda. Resp. Auth.: Ministère du Plan. 8.5 mECU. Health programme, sewage, feeder roads, buildings, works and supplies. Int. tender for supplies launched in September 85.T.A. : W.P.W. (D). Project in execution. 5th EDF.
EDF BU 5002 A8c

★ **Social-economic development of the Kirundo Province.** Resp. Auth.: Ministère de l'Agriculture et de l'Elevage. 15.5 mECU. Works: springwales catchment, wells boring, buildings, feeder roads. Supply of agricultural inputs, equipments, vehicles, T.A. and training. Works by acc. tender, supplies by int. tender or direct agreement. T.A. and

training by restr. tender. Project on appraisal. Date foreseen for financing decision December 85. 5th EDF.
EDF BU 5005 A3a

CAMEROON

Fishery development in the Lagdo basin. Resp. Auth.: Mission d'Etude de la Vallée Supérieure de la Benoué. Stabex 81. Estimated total cost ±3 mECU. EDF 2 mECU, FAC, local and NGO ±1 mECU. Fisheries research, monitoring and T.A. T.A.: Haskoning (NL). 5th EDF.
EDF CM 5017 A3d

Yaoundé — Ayos Road — Technical study. Resp. Auth.: Ministère des Transports. Estimated cost 0.860 mECU. Technical study for the execution and preparation of the tender dossier. Restr. tender. short-list drawn up. Project in execution. 5th EDF.
EDF CM 5019 A2d

CAPE VERDE

Reafforestation and anti-erosion constructions in the south-west of the Santiago Island. Special hunger programme. 0.500 mECU. Project in execution.
958-CV 5009 A8f

CENTRAL AFRICAN REPUBLIC

Renovation and equipment of Lycée Technique de Bangui. Resp. Auth.: Ministère de l'Education. 0.800 mECU. Supply of equipment and renovation works. Studies: O.R.T. (UK). Project on appraisal. Date foreseen for financing decision: 1st half 86. 5th EDF.
EDF CA 5006 A6a

Reafforestation and assistance to the forestry inspectorate. 0.500 mECU. Special hunger programme. Project in execution.
958-CA 5016 A3c

Upgrading of the R.N.5. 0.900 mECU. Works by direct labour. Supply of road equipment and vehicles by int. tender. Date financing decision September 85. T.A.: Gitec (D). 3rd EDF.
EDF CA 3001 A2d

CHAD

Priority actions programme in the educational field. Resp. Auth.: Ministère du Plan et de la Reconstruction. Estimated cost 5.2 mECU. Works, supplies, scholarships and T.A. T.A.: short-list done for restr. tender. Project in execution. 5th EDF.
EDF CD 5003 A6a

Agricultural programme in the Sudan zone. Estimated cost 5.5 mECU. Different actions for: organizing the peasantry, stocking and marketing, utilization of improved seeds and production techniques. Project on appraisal. Date foreseen for financing decision 1st half 86. 5th EDF.
EDF CD 5010 A3b

Fittings of the Public Works laboratory. 0.200 mECU. Rehabilitation, supply of equipment and vehicles. Int. tender launched in July 85.Project in execution. 5th EDF.
EDF CD 5009 A2d

Rehabilitation of hospital and health sector. Resp. Auth.: Ministère du Travaux Publics, de la Santé et Médecins sans Frontières (MSF-B). Estimated total cost 5.590 mECU. EDF 4.560 mECU, MSF(B) 0.505 mECU, Aviation sans Frontière (F) 0.100 mECU, local 0.425 mECU. Works by direct agreement or direct labour. Supply of medical equipment, supplies, medicines by int. tender. Project in execution. 5th EDF.
EDF CD 5011 A7a

Livestock priority actions programme. Resp. Auth.: Ministère de l'Elevage. Estimated cost 5.3 mECU. T.A.: M. Motte (B). Project in execution. 5th EDF.
EDF CD 5012 A3a

COMOROS

Soil and plantations protection and rehabilitation in the Domoni Region (Anjouan). Special hunger programme. 0.300 mECU. T.A.: Consulint (I). Project in execution.
958-COM 5012 A8f

Small stock-farming promotion in Anjouan. Estimated cost 0.200 mECU. Supply of equipment. Project on appraisal. 5th EDF.
EDF COM 5010 A3a

DJIBOUTI

Revitalization and improved use of the doum palm plantations. Resp. Auth.: Ministère de l'Agriculture et du Dév. Rural. Estimated cost 0.750 mECU. 1st stage: study for preserving and making better use. After the study a pilot programme to improve project. Only for the study 0.200 mECU. Special hunger programme. Project in execution.
958-DI 5006 A3a

Administrative training centre. Resp. Auth.: Ministère de la Fonction Publique. Construction of two buildings. Estimated cost 0.560 mECU. Cofinanced by EDF and France. EDF 0.270 mECU. Works and supplies. Works by int. tender. Project in execution. 5th EDF.
EDF DI 5004 A6e

Ranch construction. Resp. Auth.: Ministère de l'Agriculture. Studies and Works. Works by int. tender. 1.030 mECU. Int. tender dossier prepared by Dubois (ACP). Project in execution. 5th EDF.
EDF DI 5005 A3a

EQUATORIAL GUINEA

Rural interventions. Project stage: identification. 5th EDF.
EDF EG A3a

Rural development in the Bata district. Resp. Auth.: Ministère de l'Agriculture, de l'Elevage et du Dév. Rural, Ministère de la Santé. 1.350 mECU. Study by BDPA (F). Supervision of works: short-list done. T.A.: Short-list already drawn up for restr. tender. 5th EDF. Project in execution.
EDF EG 5004 A3a

Rebuilding of two bridges over Tiburones and Alena in the Bioko Island. Resp. Auth.: Ministère des Travaux Publics et des Constructions Civiles. 0.800 mECU. Supervision of works: short-list done. Works by acc. tender. Project in execution. 5th EDF.
EDF EG 5002 A2d

Malabo's electrification (Phase II). Estimated cost 3 mECU. Purchase of generator sets, repairing of the power-station and town mains extension. 2 int. tender launched in June 85. Project on appraisal. 5th EDF.
EDF EG 5003 A2ai

Cocoa-tree plantations rehabilitation on Bioko island. Estimated total cost 22.6 mECU. EDF 1.2 mECU. World Bank 13 mECU. OPEC 1.4 mECU, BADEA 3.9 mECU, local 3.1 mECU. EDF part: supply of fertilizers. Project on appraisal. 5th EDF.
EDF EG 5008 A3a

Assistance to the road maintenance service in Rio Muni. 2nd phase. Resp. Auth.: Ministère des Travaux Publics. 1.1 mECU. T.A., training and purchase of road equipments. Project in execution. 5th EDF.
EDF EG 5009 A2d

ETHIOPIA

Coffee improvement (phase 2). Resp. Auth.: Ministry of Coffee and Tea Development. 27.2 mECU. Works, supplies. T.A.: Univ. Giessen (D) – Wye College (UK) – Wissenschaftl. Zentrum (D). Int. tender for fertilizer, insecticides, launched in June 85. Project in execution. 5th EDF.
EDF ET 5002 A3a

Construction and equipment of one agricultural research station in Bale-Arsi. Resp. Auth.: Institute of Agricultural Research (I.A.R.). Special hunger programme. 1.5 mECU. Project in execution.
958-ET 5015 A3c

Rural Water Supply. Resp. Auth.: Ethiopian Water Works Construction Authority. 1.9 mECU. Supply of equipments. T.A.: J. Taylor and Son (UK) and GITEC (D). Date financing decision October 85. 5th EDF.
EDF ET 5016 A2b

FIJI

Forestry Logging Training School. Resp. Auth.: Ministry of Forestry 0.400 mECU. Constructions and supply of equipment. Works by direct labour. Supplies: int. tender launched in October 85. Project in execution. 5th EDF.
EDF FIJ 5005 A3c

GAMBIA

Brikama College, phase II. Resp. Auth.: Ministry of Works and Communications. 1.925 mECU. Construction and equipment of academic and residential buildings. Works by mutual agreement. Equipment for phase II: int. tender, 4th quarter 1985. 4th EDF.
EDF GM 4005 A6b

Upper River Division feeder roads. Resp. Auth.: Public Works Dept. Estimated cost 2.750 mECU. Construction and rein-

statement of 83 km in the Sandu and Wuli districts. Works by direct labour. Supplies by int. tender. Project in execution. 5th EDF.
EDF GM 5014 A2d

GHANA

Central and Accra Regions Rural Integrated Programme (CARRIP). Resp. Auth.: Ministry of Finance and Economic Planning. Prefeasibility study for potential projects within the two regions, with the aim of improving the food situation in Accra and other coastal towns. Halcrow-U.L.G. (UK). Study: rehabilitation irrigation project: HEDESELSKABET (DK). 5th EDF.
EDF GH 5025 A3e

Aveyme livestock development. Resp. Auth.: Ministry of Agriculture. 3.2 mECU. Works, supply of vehicles and equipment, T.A.: ORYX (I) 5th EDF.
EDF GH 5015 A3a

Ghana Cocoa Marketing Board. Vehicle Workshop. Resp. Auth.: Cocoa Marketing Board. (CMB) 2.936 mECU. Stabex 81, Completion and construction of workshops. Supply of equipment and T.A. Works by acc. tender. Supplies: int. tender. T.A.: direct agreement. Project in execution. 5th EDF.
EDF GH STA 5019 A3e

Second Line of Credit to the National Investment Bank (NIB). Resp. Auth.: Development Service Institute of NIB. 2.9 mECU. T.A. and supply of equipment. T.A.: P.E. Int. (UK). Project in execution. 5th EDF.
EDF GH 5013 B3a

Assistance to Ghana Stone Quarry and KAS Products Ltd. Resp. Auth.: Bank for Housing and Construction. 1.670 mECU. Stabex 81. Equipment and spare parts. Int. tender launched in October 85.Project in execution. 5th EDF.
EDF GH STA 5020 A4a

Line of Credit to the Agricultural Development Bank. Resp. Auth.: Agric. Dev. Bank (ADB) 6mECU. Purchase of marine diesel engines, spare parts, fishing nets, and T.A. Project in execution. 5th EDF.
EDF GH 5009 A5a

Agricultural Rehabilitation through the Rural Banks Scheme. Phase II. Supply of equipment to small scale farmers and fishermen. T.A. 8.760 mECU. T.A.: short-list done for restr. tender. Project in execution. 5th EDF.
EDF GH 5004 A5a

Supplementary finance for Twifo Oil Palm Development. Resp. Auth.: Twifo Oil Palm Plantation Ltd. (TOPP). 5.043 mECU. Infrastructure, housing construction by direct labour. Supply of crop inputs, vehicles, tractors and T.A. Project in execution. 5th EDF.
EDF GH 5003 A3a

Supply of materials and equipment for increasing food production and reducing post-harvest losses. Estimated cost 2.600 mECU. Special hunger programme. Int. tender for supplies launched in October 85. Project in execution.
958-GH 5027 A3f

Twifo smallholder Oil Palm Project. Resp. Auth.: TOPP. 3,715 m ECU. Works, supplies and T.A. Date financing decision October 85. 5th EDF.
EDF GH 5021— STA A3a

★ **Takoradi harbour rehabilitation.** Resp. Auth.: Ghana Ports Authority. Estimated total cost 16.7 mECU. EDF 9.7 mECU, World Bank 5 mECU, local 2 mECU. Works and supply of equipment. Project on appraisal. 5th EDF.
EDF GH 5028 A2d

GUINEA

Land development in Kankan and Labé regions. Phase II. Resp. Auth.: Ministère de l'Agriculture et des F.A.P.A. Valuation: MacDonald and Partners (UK). Project on appraisal. 5th EDF.
EDF GUI 5030 A3a

New energy research and test. Resp. Auth.: Ministère de l'Energie et du Konkouré. Study on hand by A.I.D.R. (B). 5th EDF.
EDF GUI 5006 A2a

T.A. to the Dir. Gen. de l'Habitat et de l'Urbanisme. Development of provincial centres. Resp. Auth.: Ministère de l'Urbanisme et de l'Habitat. Estimated cost ±6 mECU. Aereal survey, supply of equipment, T.A. and training. Date financing decision June 85. 5th EDF.
EDF GUI 5017 A8b

Ignace Deen hospital renovation in Conakry. Resp. Auth.: Ministère de la Santé Publique. 5 mECU. Works and supplies by int. tender Works: int. tender. launched in December 84. Works supervision by Schroder Plan (D). Project in execution. 5th EDF.
EDF GUI 5026 A7a

Drillings in the Siguiri region. Resp. Auth.: Ministère de l'Agriculture, des Eaux, Forêts et FAPA. Estimated cost 1.7 mECU. 116 drillings with hand pumps. Project in execution. 5th EDF.
EDF GUI 5027 A2b

Assistance to the «Ecole Nationale des Arts et Metiers-ENAM-Conakry». 2.265 mECU. Building renovation and supply of equipment. T.A. Project on appraisal. Date foreseen for financing decision December 85. 5th EDF.
EDF GUI 5028 A6d

GUINEA BISSAU

Health infrastructures. Resp. Auth.: Commissariat d'Etat au Travaux Publics. Estimated cost 1.9 mECU. Construction and equipment of 2 district hospitals, 4 health centres and staff housing. Supply of equipment: int. tender on 2nd half 85. T.A.: Short-list done. Project in execution. 5th EDF.
EDF GUB 5006 A7a

North-East forestry development. Resp. Auth.: Commissariat général au développement rural. Study under way by Atlanta (D). 5th EDF.
EDF GUB 5004 A3c

Rural hydraulics. Resp. Auth.: Ministère des ressources naturelles. Estimated cost 1.4 mECU. Construction of big diameter wells (1.5 m) about 120 wells in the GABU region. Works by acc. tender. Project on appraisal. Date foreseen for financing decision 1st half 86. 5th EDF.
EDF GUB 5005 A2b

T.A. for the reform of trade. Estimated cost 1.6 mECU. T.A. to the Ministry and 2 state companies: Kelvingate (UK). T.A.: short-list done for restr. tender. 5th EDF.
EDF GUB 5009 A5c

IVORY COAST

Coffee-shrub regeneration programme. Resp. Auth.: Ministère de l'Agriculture and SATMACI. ±7.7 mECU. Stabex 81. Supply of equipment, fertilizers and pesticides. Int. tender launched in March 85. Project in execution. 5th EDF.
EDF IVC STA 5017 A3a

Prawn farming pilot farm. Resp. Auth.: Ministère du Dév. Rural. Estimated total cost 1.875 mECU. EDF 0.850 mECU. Works, supplies, T.A. and training. T.A.: SEPIA Int. (F). Project on appraisal. Date foreseen for financing decision December 85. 5th EDF.
EDF IVC 5019 A3d

★ **Rural development of the central region.** Resp. Auth.: Ministère du Dév. Rural. Development of irrigated rice-growing. Works, supplies and T.A. Project on appraisal. 5th EDF.
EDF IVC 5021 A3a

JAMAICA

Citrus fruit production improvement. Resp. Auth.: Ministère de l'Agriculture. Estimated cost 3.5 mECU. Equipment, training and T.A. Credit line. T.A.: VAKAKIS (GR). Project in execution. 5th EDF.
EDF JM 5004 A3a

Coffee development. Resp. Auth.: Ministry of Agriculture. Estimated total cost 3.7 mECU. EDF 3.5 mECU. Local 0.2 mECU. Supply of equipment, T.A. and credit line. T.A.: Short-list already drawn up for restr. tender. Project in execution. 5th EDF.
EDF JM 5005 A3a

"Public Health Laboratory Services". Construction and supply of equipment for a new laboratory in Kingston. Training. Estimated total cost 5.230 mECU. EDF 4.900 mECU. Local 0.300 mECU. Project in execution. 5th EDF.
EDF JM 5011 A7a

Bee-keeping Development Project. Resp. Auth.: Ministry of Agriculture. 1.270 mECU. Supply of vehicles, T.A. and line of credit. T.A.: Short-list done for restr. tender. Project in execution. 4th and 5th EDF.
EDF JM 5013 A3a

KENYA

Eldoret Polytechnic. 6,5 mECU. Construction, supply of equipment (pedagogical) and T.A. Works by acc. tender. Tender already launched. Supervision of works: Hughes and Polkinghorne (UK). Project in execution. 5th EDF.
EDF KE 5010 A6b

Strengthening of existing facilities for research in the field of public health. Construction of a laboratory by int. tender. Work supervision : Dalgliesh Marshal (UK). 1 mECU. Project in execution. 5th EDF.
EDF KE 5019 A7a

Line of credit to the "Small Scale Enterprises Finance Company" (SEFCO). Resp. Auth.: Development Finance Company of Kenya. 0.500 mECU. Project on appraisal. 5th EDF.
EDF KE 5020 A4b

★ **Tambach-Kabarnet road.** Asphalted road construction. 10.5 km. Project on appraisal. Int. tender (conditional) launched in November 85. 5th EDF.
EDF KE A2d

KIRIBATI

Fishing-boats. 2.8 mECU. Purchase of 2 boats, 26 m. each. Date financing decision October 85. 5th EDF.
EDF KI 5002 A3d

LESOTHO

Rural hospitals improvement programme. 5th phase. Resp. Auth.: Ministry of Rural Development. 0.641 mECU. Date financing decision July 85. 5th EDF.
EDF LSO 5009 A7a

LIBERIA

Buto oil palm. Phase II. Resp. Auth.: Ministry of Agriculture. 4.2 mECU. Continuation of the existing project in connection with the construction of an oil mill. T.A. and supply of equipment. T.A.: SODECI (F). Date financing decision June 85. 5th EDF.
EDF LBR 5004 A3a

Development of Harper Port. Resp. Auth.: National Port Authority. Estimated cost 12.4 mECU. Rehabilitation and fendering of the existing jetty, dredging in the harbour basin, services. Int. tender with prequalification. Prequalification done. Supervision of works : short-list done for restr. tender. Date financing decision June 85. 5th EDF.
EDF LBR 5017 A2d

Rural Water Supply. Resp. Auth.: Ministry of Rural Dev. Estimated cost 2.5 mECU. Project on appraisal. 5th EDF.
EDF LBR 5018 A2b

MADAGASCAR

Rehabilitation of «Centre Semencier Riz» in Marofarihy. Resp. Auth.: Ministère de la Production Agricole et de la Réforme Agraire. EDF 1.630 mECU. Works, supply of equipment and training. T.A. : Short-list already drawn up for restr. tender. Int. tender for supplies launched in June 85. Project in execution. 5th EDF.
EDF MAG 5015 A3a

Assistance to the Malagasy handicrafts industry. Resp. Auth.: Ministère de l'Industrie. Estimated cost 1 mECU. Supply of row materials for handicrafts by int. tender. T.A.: APRODI (F). Project in execution. 5th EDF.
EDF MAG 5017 A4d

Food strategy. Priority measures. Special hunger programme. 1.9 mECU. Int. tender for supplies launched in September 85.Project in execution.
958-MAG 5022 B1a

Ambositra water supply. Estimated total cost 3 mECU. EDF 1.9 mECU, local 1.1 mECU. Renovation of the whole water system for private and industrial needs. Project on appraisal. Date foreseen for financing decision December 85. 5th EDF.
EDF MAG 5019 A2b

Micro and mini hydro-electric power stations development programme. Resp. Auth.: Ministère de l'Industrie de l'Energie et des Mines. Soc. JRAMA. Total estimated cost 1.3 mECU. EDF 1 mECU, local 0.300 mECU. Study on micro and mini power stations. Restr. tender after prequalification by short-list. Prequalification launched in July 85. Date financing decision September 85. 5th EDF.
EDF MAG 5018 A2a

SOMAPALM rehabilitation. Phase 2. 1.6 mECU. To improve cultivation, plants and cost prices. T.A.: I.R.H.O. (F). Project on appraisal. Date foreseen for financing decision November 85. 5th EDF.
EDF MAG 5020 A3a

Slaughter-house rehabilitation in Antananarivo, Mahajanga and Morondava. Resp. Auth.: Ministère de la Production Animale et des Eaux et Forêts, Direction de l'Elevage. Total estimated cost 9.070 mECU. EDF 7.570 mECU, France 0.200 mECU, local 1.3 mECU. Works by acc. tender, supply of equipment by int. tender. T.A. by direct agreement. Date financing decision September 85. 5th EDF.
EDF MAG 5024 A3a

Intermediate level health infrastructure strengthening. Resp. Auth.: Ministère de la Santé. Works for Ihosy and Maevatana hospitals. Int. tender launched in September 85. Project in execution. 5th EDF.
EDF MAG 5013 A7a

★ **Rehabilitation of rice-growing areas in the Toliara Province.** Resp. Auth.: Ministère de la Production Agricole et de la Reforme Agraire. 7.2 mECU. Works: irrigation and drainage system and buildings. Supply of equipments, vehicles and T.A. Works and supplies by int. tenders. T.A. by restr. tender. Project on appraisal. Date foreseen for financing decision November 85. 5th EDF.
EDF MAG 5023 A3A

MALAWI

Salima Lakeshore Agricultural Development Division (SLADD) Phase IV. Resp. Auth.: Ministry of Agriculture. Estimated cost: 19.1 mECU. EDF 9.5 mECU. Local 9.6 mECU. Works, Supplies and T.A. Project in execution. T.A.: restr. tender, short-list drawn up. 5th EDF.
EDF MAI 5001 A3a

Central and northern region fish farming development, training and research. Resp. Auth.: Ministry of Agriculture. Estimated cost: 3 mECU. Works, supplies, T.A. Project on appraisal. 5th EDF.
EDF MAI 5019 A3a

Strategic fuel reserve. Resp. Auth.: Office of the President and Cabinet. Contingency Planning Unit. 4.2 mECU. Construction of tanks farm for gasoil, petrol, ethanol. Associated infrastructure and equipment. T.A. Project on appraisal. 5th EDF.
EDF MAI 5020 A2a

Small Enterprise Development Organization of Malawi (SEDOM) — Phase II. Resp. Auth.: Sedom secretariat. EDF 4.8 mECU. Works by direct labour. Supply of vehicles and equipment by int. tender in '85. T.A.: Short-list done for restr. tender. Project in execution. 5th EDF.
EDF MAI 5021 A4e

Ntchisi Project Area. Phase II. Resp. Auth.: Ministry of Agriculture. Estimated total cost 6.4 mECU. EDF 4.0 mECU, local 2.4 mECU. Works, supplies and operating costs. Date financing decision October 85. 5th EDF.
EDF MAI 5022 A3a

Improvements to Mpemba staff training college. 0.900 mECU. Works and infrastructures Project on appraisal. Date foreseen for financing decision November 85. 5th EDF.
EDF MAI 5026 A6b

Nkhotakota Rural Development. Resp. Auth.: Ministry of Agriculture. Total estimated cost 9.32 mECU. EDF 4.820 mECU, local 4.5 mECU. T.A.: AGDEV (UK). Project in execution. 5th EDF.
EDF MAI 5027 A3a

Mwansambo Rural Growth Centre. Resp. Auth.: OPC, Rural Development Division. Estimated cost 1 mECU. Works, supplies and T.A. Project on appraisal. 5th EDF.
EDF MAI 5028 A3a

MALI

Strengthening of sanitary infrastructure in the Nioro region. Resp. Auth.: Ministère de la Santé et des Affaires Sociales et Ministère des Transports et T.P. 2.570 mECU. Buildings, equipment, training. Architectural and technical studies: GOUSIER (F). T.A. : Short-list already drawn up. 4th EDF.
EDF MLI 4016 A7a

Geological and mining research. Western Mali 1. Resp. Auth.: Direction Nationale de Géologie et des Mines (DNGM). 7.3 mECU. Geological and mining mapping, gold mine research by boring, supply of laboratory equipment. Geological mapping by restr. tender. Boring by int. tender. Supervision of works by direct agreement. Equipment by int. tender. Short-list done for restr. tender. Int. tender for boring launched in October 85.Project in execution. 5th EDF.
EDF MLI 5015 A4a

Support to the food strategy. Phase II. Special programme hunger. 3 mECU. Project in execution.
958-MLI 5019 B1a

Support to the reafforestation programme and to the fuel-wood saving programme. Phase II. 0.300 mECU. Special hunger programme. Project in execution.
958-MLI 5020 A8f

Rural hydraulics programme. 5.8 mECU. 300 wells and pumps. T.A.: Géohydraulique (F). Date financing decision October 85. 5th EDF.
EDF MLI 5017 A2b

Assistance to the governmental policy for markets liberalization. Purchase of cement. 3 mECU. Int. tender launched in September 85.Date financing decision September 85. 5th EDF.
EDF MLI 5018 A4c

MAURITANIA

Extension of Kaëdi regional hospital. Resp. Auth.: Ministère de l'Equipement. 1.925 mECU. Construction, equipment and TA for Kaëdi hospital (100 beds). Works under way. Medical-technical equipment int. tender, foreseen in the 4th quarter 85. 3rd, 4th and 5th EDF.
EDF MAU 5018 A7a

Small dams construction in the Hodhs region. Resp. Auth.: Ministère du Développement rural. Estimated cost 2 mECU. Study under way: Binnie and Partners (UK). Project on appraisal. 5th EDF.
EDF MAU 5001 A3a

Aioun El Atrouss hospital. Resp. Auth.: Ministère de l'Equipement. 1.050 mECU. Renovation and supply of equipment for 3 buildings. Works by acc. tender. Supplies by int. tender. Project on appraisal. 5th EDF.
EDF MAU 5012 A7a

"Centre de Formation Professionnelle Maritime de Nouadhibou (C.F.P.M.). Resp. Auth.: Ministère de l'Equipement. 2.5 mECU. Construction, supply of equipment and purchase of a wooden-trawler, T.A. Project in execution. 5th EDF.
EDF MAU 5014 A6d

Renewing of the "Reafforestation Fund". Special programme hunger. 0.500 mECU. Project in execution.
958-MAU 5019 A3c

MAURITIUS

Development of Ile Rodrigues. Resp. Auth.: Ministry of Agriculture. 3 mECU. Development centred on agricultural production. Economical and technical study, on the way. T.A.: Luxconsult (Lux.). 5th EDF.
EDF MAS 5001 A3a

NIGER

Air Valley development. Resp. Auth.: Ministère du Dév. Rural. Estimated cost 2.052 mECU. Hydro-agricultural works. Construction and equipping of wells. Equipping and operation of nurseries. T.A. and training. Works and equipment: int. tender. T.A.: VAKAKIS (GR). Project in execution. 5th EDF.
EDF NIR 5002 A3a

Rural health programme. Resp. Auth.: Ministère de la Santé Publique et des Affaires Sociales. 4.5 mECU. Construction of a medical centre in Mirria and 14 rural dispensaries, supply of equipment and T.A. Works: acc. tender. Supply of equipment, medicines, vehicles and motor-cycles: int. tender launched in July 85. T.A.: M.S.F.(B). Project in execution. 5th EDF.
EDF NIR 5013 A7a

Training for Cooperatives. Resp. Auth.: Ministère du Dév. Rural. Estimated cost 2.8 mECU. T.A. and supply of equipment. T.A. by restr. tender. Supplies by int. tender or direct agreement. Date financing decision October 85. 5th EDF.
EDF NIR 5004 A3b

Renewing of the "Reafforestation Fund». Special hunger programme. 0.500 mECU. Project in execution.
958-NIR 5018 A3c

Rural Development in the Zinder Department. Resp. Auth.: Ministère du Dév. Rural. Estimated cost 2.5 mECU. Project on appraisal. 5th EDF.
EDF NIR 5019 A3a

Area extension in Tillakaïna. Resp. Auth.: Ministère du Dév. Rural. 0.340 mECU. Date financing decision October 85. 5th EDF.
EDF NIR 5020 A3a

★ **Traditional wells reparing in the Ouallam Region.** Resp. Auth.: Ministère de l'Hydraulique. 2.560 mECU. 100 wells. Works, supervision and training. Project on appraisal. 5th EDF
EDF NIR 5010 A2b

NIGERIA

Kaduna afforestation project. Resp. Auth.: Federal Department of Forestry. 9.4 mECU. Works, supplies and T.A. Project in execution. T.A.: restr. tender shortlist done. 5th EDF.
EDF UNI 5001 A3c

Mambilla tea irrigation. Resp. Auth.: Nigerian Beverages Production Company Ltd. EDF 2.6 mECU. Works and supplies. Supply of irrigation equipment by int. tender, conditional, launched in june 85. Project on appraisal. Date foreseen for financing decision November 85. 5th EDF.
EDF UNI 5004 A3a

PAPUA NEW GUINEA

Magi highway. Resp. Auth.: Department of Transport. 3.5 mECU. Upgrading and sealing of a road section. Works: int. tender foreseen 2nd half '85. 5th EDF.
EDF PNG 5006 A2d

Diesel Power Replacement Programme. Resp. Auth.: Electricity Commission (ELCOM). Estimated cost 4.850 mECU. 4 small hydroelectric power plants with transmission lines extensions from existing grids. Project on appraisal. Date foreseen for financing decision 1st half 86 for the 1st power plant. 1st int. tender (conditional) foreseen end 85. 5th EDF.
EDF PNG 5011a A2a

★ **Kimbe-Talasea Road.** Resp. Auth.: Departments of Works and Transports. Estimated total cost 9.5 mECU. EDF 7 mECU, local 2.5 mECU. Upgrading of ±35 km of the road. Works and supervision. Project on appraisal. 5th EDF.
EDF PNG 5013 A2d

RWANDA

Development of the small scale tin industry. Resp. Auth.: Ministère de l'industrie, des mines et de l'artisanat. 2.840 mECU. Sysmin. Works, supplies, training and T.A. T.A.: M. Molzem (Lux). Project in execution. 5th EDF.
EDF RW 5016 A4a

Food strategy. Priority measures (continuation). 3 mECU. Special programme hunger. Project in execution.
958-RW 5021 B1a

ST CHRISTOPHER AND NEVIS

Nevis Water Supply Project. Resp. Auth.: Ministry of Works 0.750 mECU. Installation of storage tanks and piping. Works by direct labour. Supplies by int. tenderlaunched in August 85. Project in execution. 5th EDF.
EDF SCN 5002 A2b

Electricity Supply Project. Resp. Auth.: Electricity Dept. 1.322 mECU. Upgrading electricity supply system. Project on appraisal. Date foreseen for financing decision November 85. Supplies: int. tender (conditional) launched in August 85. 4th and 5th EDF.
EDF SCN 5001 A2ai

Construction of the Johnston's Village Primary School. Resp. Auth.: Ministry of Education. Health and Social Affairs. EDF 0.834 mECU, local 0.066 mECU. Works: acc. tender. Date financing decision July 85. 5th EDF.
EDF SCN 5003 A6d

ST VINCENT AND GRENADINES

Livestock development project. Resp. Auth.: Ministry of Agriculture. 0.415 m ECU. Works, equipment and supply of vehicles. T.A.: BESSEL (UK). Supplies: int. tender launched in September 85.Project in execution. 5th EDF.
EDF SVG 5003 A3a

SAO TOME & PRINCIPE

Water supply for 2 rural centres. Resp. Auth.: EMAE Direction (Empresa de Agua e Electricidade). Cofinancing EDF — Portugal. EDF 0.450 mECU. T.A. Works and supplies by int. tender launched in August 85. Date financing decision July 85. 5th EDF.
EDF STP 5007 A2b

SENEGAL

New energy research and test in rural region. Resp. Auth.: Secrétariat d'Etat à la Recherche Scientifique. 1.5 mECU. Creation of pilot unit for solar energy, biomass and wind energy. Studies, T.A. and equipment. Studies: AGIP-AFOR (I). Equipment: int. tender in 85. Project on appraisal. 5th EDF.
EDF SE 5005 A2a

Trade Promotion programme. Resp. Auth.: Centre Sénégalais du Commerce Extérieur. 1.083 mECU. Actions for produc-

tions, marketing and T.A. Contract: direct agreement or restr. tender. T.A.: M. Farine (F). 5th EDF.
EDF SE 5016 A5d

Consolidation of the livestock development programme. Resp. Auth.: SODESP. Estimated cost 1.6 mECU. Study under way by BESSEL Ass. (UK). Project on appraisal. 5th EDF.
EDF SE A3a

Artisanal fishery development in the Casamance Region. Resp. Auth.: Secrétariat d'Etat à la Pêche Maritime. Total cost 2.443 mECU. EDF 1.6 mECU, C.C.C.E. (F) 0.843 mECU. Works, supplies and training. Project on appraisal. Date foreseen for financing decision 1st half 86. 5th EDF.
EDF SE 5024 A3a

Study on irrigated rural units in the Podor region. (Senegal River Valley). Resp. Auth.: S.A.E.D. Estimated cost 1 mECU. Soil survey, mapping, preparation of the tender dossier, economical study. Study. M. Dhonte (F). Date financing decision September 85. 5th EDF.
EDF SE 5030 A3a

SIERRA LEONE

Rural hydraulics. Resp. Auth.: Ministry of Agriculture and Forestry. Estimated cost 1.55 mECU. Construction of water points for villages with 2000 inhabitants. Study to prepare project and appraisal: IWACO (NL). 5th EDF.
EDF SL 5001 A2b

Kambia Fishery Development. Resp. Auth.: Ministry of Agriculture and Forestry. 0.900 mECU. Construction of 2 buildings and a boatyard, supply of boats, motors, vehicles and T.A. T.A.: Mac Alister Elliot and Partners (UK). 5th EDF.
EDF SL 5019 A3d

Economic study of the Sambamba-Kabala Road. Short-list already drawn up. Project stage : identification. 5th EDF.
EDF SL 5027 A2d

Buildings for Njala University College (N.U.C.). Resp. Auth.: Ministry of Education. 2.5 mECU. Construction of academic block and student hostel, supply of equipment and work supervision. T.A.: OLU WRIGHT ASS. (ACP). 5th EDF.
EDF SL 5022 A6b

Rubber development project. Resp. Auth.: Ministry of Agriculture and Forestry. Estimated cost 5 or 6 mECU. Project on appraisal. 5th EDF.
EDF SL 5023 A3a

Rehabilitation of the Telecommunications Network. Resp. Auth.: Post and Telecommunications Dept. Estimated cost ±9.5 mECU. Study to prepare technical specifications and int. tender dossier : short-list done for restr. tender. Project on appraisal. 5th EDF.
EDF SL 5024 A2c

Port Loko rural development programme. 6 mECU. Infrastructures, T.A., training and supplies. Project on appraisal. 5th EDF.
EDF SL 5006 A3a

Support to the Geological Surveys Department. 1.30 mECU. T.A. and training, supply of equipment. Date financing decision July 85. 5th EDF.
EDF SL 5016 A4a

Creation of regional centres for small enterprises. Estimated cost 1.25 mECU. Project stage: identification. 5th EDF.
EDF SL 5017 A4d

Rural health development programme. Estimated cost 1.5 mECU. Buildings, equipment and training. Project state: identification. 5th EDF.
EDF SL 5025 A7a

Tourism development project. Estimated cost 0.850 mECU. T.A. for Ministry of Tourism and supply of equipment. Project stage: identification. 5th EDF.
EDF SL 5026 A5c

SOLOMON ISLANDS

Coconut industry development project. Resp. Auth.: Ministry of Land and Natural Resources. Study under way by Agrar und Hydrtechnik (D). . Project stage: identification. 5th EDF.
EDF SOL 5009 A3a

★ **Noro Port and Township.** Resp. Auth.: Ministry of Communications and Public Authority. Estimated total cost 27.5 mECU. EDF 7.5 mECU, Japan 14 mECU, local 6 mECU. Construction of a new deep-water wharf and road network, trunk water supply, water reticulation and sewage treatment. Project on appraisal. Int. tender (conditional) launched in October 85. Date foreseen for financing decision January 86. 5th EDF.
EDF SOL 5010 A2d

SOMALIA

Bardheera Dam. Resp. Auth.: Bardheera Dam Authority (BDA). 600 mECU. (Estimated) Dam Project 500 mECU. Powerline to Mogadishu 100 mECU. Funding: EDF, Italy, Germany, France, Saudi Arabia, Abu-Dhabi, Kuwait Funds, FADES, Isl. Dev. Bank. Local. Power and river regulation for agricultural development. Construction of a concrete gravity dam with hydro-power station, associated infrastructure and electrical transmission lines. The dam will provide water, flood protection and power for up to 223 000 ha of irrigated agriculture in the Juba Valley, and energy to Mogadishu. Civil works: first int. tender launched in 1984. Transmission lines int. tender in 1985. Equipment: powerhouse main equipment and auxiliary equipment, int. tenders in 1985. Gates, valves, intake equipment, int tender in 1986. Project in execution. 5th EDF.
EDF SO 5003 A2a

"Aula Magna" Mogadishu National University. Resp. Auth.: Ministry of Public Works. ±2.5 mECU. Project on appraisal. 4th EDF.
EDF SO 4015 A6b

Upgrading of the road Afgoi-Shalambok-Goluen. Resp. Auth.: Ministry of Public Works. Works by int. tender in 85. Supervision of works. Studies:: OLU WRIGHT ASS. (ACP). Project on appraisal. 5th EDF.
EDF SO 5017 A2d

Grapefruit Development Project. Resp. Auth.: Ministry of Agriculture. 3.8 mECU. Works supply of vehicles, equipment and rural inputs. T.A.: Agriconsulting (I) and Istituto Sperimentale per l'Agricoltura (I). Project in execution. 5th EDF.
EDF SO 5009 A3a

Food Early Warning System. Resp. Auth.: Ministry of Agriculture. Estimated total cost 4 mECU. EDF ±3.1 mECU. Supply of meteorological and office equipment and T.A.: Trantec (B). Project in execution. 5th EDF.
EDF SO 5015 A8f

North-West agricultural development project. Estimated total cost 36 mECU. EDF: 7.6 mECU, World Bank 14.9 mECU, IFAD 9.9 mECU, local 3.6 mECU. Infrastructural work and supply of equipment and T.A. T.A.: Short-list done for restr. tender. Date financing decision July 85. 5th EDF.
EDF SO 5016 A3a

Rinder pest programme assistance. Resp. Auth.: Ministry of Livestock 0.207 mECU. Stabex 81. Supply of vehicles and equipment by int. tender. Date financing decision July 85. 5th EDF.
EDF SO STA 5018 A3a

★ **T.A. to the Ministry of Finance, the Central Bank and the Commercial and Savings Bank.** Resp. Auth.: Ministry of Finance. 1.875 mECU. Project on appraisal. 5th EDF.
EDF SO 5019 A1b

SUDAN

Nuba Mountains Rural Development Project. Interim phase. Resp. Auth.: Ministry of Agriculture. 2.200 mECU. Supply of equipment and vehicles by int. tender, T.A. and training. T.A.: Halcrow-ULG (UK). Project in execution. 5th EDF.
EDF SU 5019 A3a

Block trains for Emergency Food Delivery. Resp. Auth.: Ministry of Finance and Economic Planning, Sudan Railway Corporation. 10 mECU. Supply of equipment tools and spare parts for locomotives, track improvements, communications and signalling and T.A. All by int. tenders or direct agreements. Int. tender launched in October 85.Project in execution. 5th EDF.
EDF SU 5023 A2d

SURINAME

Rice project at Coronie. Resp. Auth.: Ministerie van Landbouw, Veeteelt, Visserij en Bosbouw. 7.650 mECU. Rice production developments. T.A.: EUROCONSULT (NL). Project in execution. 3rd and 5th EDF.
EDF SUR 5002 A3a

Biomass energy project at Wageningen. Resp. Auth.: Government. Installation of an energy generator on the basis of rice husks. Project stage: identification. 5th EDF.
EDF SUR 5009 A2a

Artificial Insemination Project. Resp. Auth.: Ministry of Agriculture, Fisheries

0.7 mECU. Building of a new station and provision of equipment and material. Project on appraisal. 5th EDF.
EDF SUR 5010 A3a

Rehabilitation of the road Burnside-Wageningen. Resp. Auth.: Ministry of Finance and Planning. Estimated total cost 5.5 mECU. Study to be done: technical methods for the implementation of the project: Delft Universteit (NL). Project on appraisal. 4th and 5th EDF.
EDF SUR 5011 A2d

SWAZILAND

Rural hydraulics. Resp. Auth.: Rural Water Supply Board. Estimated cost 2.456 m ECU. Study construction, works supervision. 12 villages. Supply of equipment and material. Study and works supervision: Carl Bro (DK). Project in execution. 5th EDF.
EDF SW 5001 A2b

Smallholders Support Project, Credit and Marketing. Resp. Auth.: Ministry of Agriculture. 3.550 mECU. Works, line of credit, T.A. and training. T.A.: Cooper Lybrand (ACP branch). Project in execution. 5th EDF.
EDF SW 5005 A4e

★ **Matsapha Vocational Training College.** Resp. Auth.: Ministry of Education. EDF 4.7 mECU. Construction and equipping of the college. Project on appraisal. 5th EDF.
EDF SW 5006 A6a

TANZANIA

Technical teacher training college, Mtwara. Resp. Auth.: Ministry of Education. 1.4 mECU. Training facilities for technical teachers. Classrooms, laboratory and workshops, dormitories and sanitary block, administration. Total area 3,765 m^2. Equipment: int. tender with possibility of direct agreement depending on nature of supply. Supplies: direct agreement, all in '85. 4th EDF.
EDF TA 4011 A6c

Mtwara water supply. Resp. Auth.: Ministry of Water, Energy and Minerals. 5 mECU. Works: drilling of new wells, and constructions. Supply of equipment and T.A. Drilling activities and power supply connections by direct labour. Other works: int. tender in '85. Supplies: int. tender in '85. Supervision of works: G.W.E. (D). 5th EDF.
EDF TA 5003 A2b

Irrigation micro-projects in Pemba. 1.103 mECU. Special hunger programme. Int. tender launched in September 85.Project in execution.
958-TA 5015 A3a

Banana improvement and pest control (Phase 1). Resp. Auth.: Ministry of Agriculture. Estimated total cost 3.740 mECU. EDF 3 mECU, local 0.740 mECU. Supply of pesticides, vehicles, equipment by int. tender. T.A. Short-list done for restr. tender. Project in execution. 5th EDF.
EDF TA 5008 A3a

Ports of Zanzibar and Pemba. Estimated cost 10.17 mECU, T.A. for management, organization pricing and financial systems, training. Restoration of infrastructure. T.A.: NEDECO (NL). Project stage: identification. 5th EDF.
EDF TA 5024 A2d

★ **Rehabilitation of Zanzibar Hospitals (Phase I).** Resp. Auth.: Ministry of Health, Zanzibar. Estimated total cost 1.125 mECU. EDF 0.9 mECU, local 0.225 mECU. Works and supply of equipment. Project on appraisal. Date foreseen for financing decision November 85. 5th EDF.
EDF TA 5017 A7a

TOGO

Enquiry into consumer expenditures. Resp. Auth.: Ministère du Plan, de l'Industrie et de la Réforme Administrative. Estimated total cost 1.3 mECU. EDF 1 mECU, Local 0.3 mECU, T.A. to produce, collect and treat statistical data, training and supply of equipment. T.A.: short-list donc. Project in execution. 5th EDF.
EDF TO 5011 A1e

TONGA

Supply of a dredger. Resp. Auth.: Ministry of Works. Estimated cost 0.500 mECU. Technical study: EUROCONSULT (NL). Int. tender foreseen 2nd half '85. Project on appraisal. 5th EDF.
EDF TG 5002 A2d

Faua Fisheries Harbour. Resp. Auth.: Ministry of Works. Estimated cost 3.3 mECU. Construction of a new fisheries harbour, repair yards, fish market and wholesale store with ice-making equipment. Int. tender for the supply of sheet steel piles launched in November 83 (conditional). Supply of cooling and ice equipment int. tender in 85. Works by direct labour. T.A.: M. Imrie (UK). Project in execution. 5th EDF.
EDF TG 5001 A3d

TRINIDAD AND TOBAGO

Training programme, health sector. Resp. Auth.: Ministry of Health and Environment. 1.2 mECU. Training awards, laboratory equipment (sound-meters, chemical chromatographs, spectrometers) by int. tender. Short-term T.A. to coordinate and establish new laboratory. Project in execution. 5th EDF.
EDF TR 5003 A8c

UGANDA

Rural health programme. Resp. Auth.: Ministry of Health and Ministry of Local Government. 3.1 mECU. To improve health care in rural areas. T.A.: KIT (NL). Project in execution. 4th and 5th EDF.
EDF UG 5013 A7a

Kampala-Masaka Road. 2nd section. Upgrading of the road over 60 km. Study: Geoprogetti (I) and Rogan (UK). Estimated cost 0.200 mECU. Works by int. tender foreseen in 2nd quarter 85 (conditional). Estimated cost 10 mECU. Project on appraisal. 5th EDF.
EDF UG 5003 A2d

Line of credit to the Uganda Commercial Bank. UCB. Resp. Auth.: UCB. 4.3 mECU. Line of credit, training and T.A. T.A.: Short-list done for restr. tender. Project in execution. 5th EDF.
EDF UG 5018 A5c

Support to mining research. Resp. Auth.: Ministry of Lands Mineral and Water Resources. Estimated cost 0.900 mECU. Project on appraisal. Date foreseen for financing decision 1st half 86. 5th EDF.
EDF UG 5019 A4a

VANUATU

Public Works plant project. Resp. Auth.: Public Works Dept. (P.W.D.). 1.2 mECU. Supply of bulldozers, graders, tractors and spare parts. Date financing decision September 85. 4th and 5th EDF.
EDF VA 5005 - 4002 A2d

ZAIRE

Kalemie port rehabilitation. Resp. Auth.: Département des Transports et Communications. 6.5 mECU. 2 Int. tenders (conditional) launched in March 84.Works and supplies. Project on appraisal. Date foreseen for financing decision 1st half 86. Regional project. 5th EDF.
EDF REG 5215 A2d

Banana deep water port. Resp. Auth.: Département des Transports et Communications. Economic and financial evaluation: SEMA (F). 5th EDF.
EDF ZR 5013 A2d

Butembo-Beni hydro-electrical development. Preliminary study done by Tractionnel (B) on local funds. Detailed economic and technical studies: WLPU (UK). Project on appraisal. 5th EDF.
EDF ZR 5006 A2a

★ **T.A. to the O.F.I.D.A.** Resp. Auth.: Office des Douanes et Accises du Zaire (OFIDA). 10 mECU. T.A., supply of equipments, scholarships and training. Customs experts will be choosen among customs officers from EEC Member States Customs Departments. Project on appraisal. Date foreseen for financing decision December 85. 5th EDF.
EDF ZR 5025 A1b

ZAMBIA

Animal vaccine unit production. Laboratory construction. Supply of equipment and T.A. Estimated cost 3.79 mECU. EDF 3 mECU, local 0.79 mECU. T.A.: Central Diergeneeskundig (NL). 5th EDF.
EDF ZA 5018 A3a

Mkushi electrification. Estimated cost 6.07 mECU. EDF 3.07 mECU. Cofinancing needed. Study on hand: MERTZ-McLENNAN (UK). Project stage: identification. 5th EDF.
EDF ZA 5007 A2a

Animal health improvement. Special hunger programme. Project on appraisal. Date foreseen for financing decision 1st half 86.
958-ZA 5022 A3a

Environmental conservation measures. 2 mECU. Special hunger programme. Project in execution.
958-ZA 5023 A8f

Rehabilitation of the Zambian Copper & Cobalt Mining Industry. II. Resp. Auth.: Z.C.C.M. Sysmin. 28 mECU, Italy 4.5 mECU. Local 4.9 mECU. EDF part supply of equipment by int. tender or restr. render or direct agreement. Date financing decision October 85. 5th EDF.
EDF ZA/SYS/5024 A4a

ZIMBABWE

Rural clinics. Resp. Auth.: Ministry of Health. 4.5 mECU. Construction and equipment of 64 rural clinics and 128 staff houses. Works: direct labour. Equipment: int. tender launched in July 85. (Non-associated dev. countries budget).
ALA ZIM 8041 A7a

Small-holder Coffee and Fruit Development Programme. Resp. Auth.: Ministry of Lands, Resettlement and Rural Development. Estimated total cost 5.85 mECU. EDF 4.2 mECU, local 1.65 mECU. T.A. : I.R.F.A. (F). Project in execution. 5th EDF.
EDF ZIM 5006 A3a

★ **Mashonaland East Smallholder Fruit and Vegetable Programme.** Resp. Auth.: Agricultural and Rural Development Authority (ARDA). 3 mECU. Works, supply of equipment and materials, T.A. and credit line. Project on appraisal. Date foreseen for financing decision January 86. 5th EDF.
EDF ZIM 5012 A3a

★ **Rural water supply in South Matabeleland.** Resp. Auth.: ARDA. 4.1 mECU. Project on appraisal. 5th EDF.
EDF ZIM 5005 A2b

Overseas Countries and Territories (OCT)

NETHERLANDS ANTILLES

Curaçao slaughterhouse. Resp. Auth.: Departement voor Ontwikkelingssamenwerking, Willemstad, Curaçao. cost 3.45 mECU. Work plans: Bureau T. Janga (Local). Works by int. tender foreseen in the 2nd half 85. Project on appraisal. Date foreseen for financing decision 1st half 86. 5th EDF.
EDF NEA 5012 A3a

Line of credit to the Aruba Dev. Bank to improve agriculture livestock and fishery. Resp. Auth.: Departement voor ontwikkelingssamenwerking. Estimated cost 0.3 mECU. Project on appraisal. 4th EDF.
EDF NEA 4003 A5a

FRENCH POLYNESIA

Tahiti territorial abattoir. Resp. Auth.: Service de l'Economie Rurale, Papeete (Tahiti). Secrétariat d'Etat des Départements et Territoires d'Outre-Mer, Délégation de la Polynésie Française, Paris. Cofinancing with France. 1.270 mECU. Project in execution. 4th EDF.
EDF POF 4003 A3a

Pearl and mother of pearl handicraft centre. 0.450 mECU. Building construction. Date financing decision September 85. 5th EDF.
EDF POF 5004 A3d

NEW CALEDONIA

Reafforestation programme. Resp. Auth.: Territoire de la Nouvelle Calédonie des Eaux et Forêts. Estimated total cost 4.7 mECU. EDF part ±3 mECU. Cofunding with France, CCCE (F) and Local. 3.000 ha plantation "Pin de Caraibes" with all necessary infrastructure and investment. Project on appraisal. 5th EDF.
EDF NC 5003 A3c

MONTSERRAT

Water Supply Project. Resp. Auth.: Montserrat Water Authority and Ministry of Public Works. 1.1 mECU. Project planning: Short-list already drawn up for restr. tender. Project on appraisal. 4th and 5th EDF.
EDF MON 5001 A2b

PACIFIC OCT

Regional programme rural photovoltaic electrification. Resp. Auth.: SPEC. Estimated total cost 4.365 mECU. EDF 3.184 mECU. T.A.: short-list done for restr. tender. Supplies by int. tender launched in January 85. Project in execution. 5th EDF.
EDF REG 5715 A2a

WALLIS AND FUTUNA ISLANDS

Futuna electrification. 1.2 mECU. Project in execution. 5th EDF.
EDF WF 5002 A2a

Regional Projects

CENTRAL AFRICAN REP. — CONGO

Aid to the "Service Commun d'Entretien des Voies Navigables. (SCEVN). Estimated cost 5.1 mECU. Supply of equipment and improvement of the maintenance base in Bangui. Int. tender (conditional) launched in August 85.Project on appraisal. Date foreseen for financing decision January 86. 5th EDF.
EDF REG 5202 A2c

MEMBER COUNTRIES OF CEAO

ESITEX Ségou (Mali). Resp. Auth.: CEAO Secretariat. Management training for textile industry. Complex construction in Ségou. Supply of equipment. Project stage: identification. 5th EDF.
EDF REG 5118 A6d

WESTERN AND CENTRAL AFRICAN COUNTRIES MEMBERS OF THE CONFERENCE MINISTERIELLE SUR LE TRANSPORT MARITIME

Académie régionale des Sciences et techniques de la mer in Abidjan. Resp. Auth.: Ministère de la Marine, Ivory Coast. Estimated total cost 32 mECU. EDF part for pedagogical equipment 2 mECU. Int. tender foreseen in 85. Works, T.A. and other equipment: BAD, Japan, Norway, UNDP, France and local. Date financing decision March 85. 5th EDF.
EDF REG 5134 A6b

GAMBIA — SENEGAL (O.M.V.G.)

Bridge barrage on the river Gambia. Resp. Auth.: Ministry of Works and Ministère des Travaux Publics. Estimated cost in 78: 60 mECU. Foreseen funding: F.R.G. 20 mECU. Canada 21.7 mECU, USA 11/22 mECU, Technical study: DHV-Rijkswaterstaat-Waterloopkundig Laboratorium Delft (NL). For Phase I – Phase II : Rhein-Ruhr (D). Project stage: identification. 5th EDF.
EDF REG 5110 A2d

Agronomical study for the area concerned by the bridge barrage. Short-list already drawn up. 5th EDF.
EDF REG A3a

GUYANA — SURINAME

Guyana — ferry-link. Resp. Auth.: Ministry of Public Works and Ministerie van Openbare Werken. Link ferry on Corentine river. Study under way by C.A. Liburd and Ass. + Sescon Group (ACP). Project on appraisal. Date foreseen for financing decision November 85. 4th and 5th EDF.
EDF REG 5602 - 4084 A2d

MEMBER COUNTRIES OF M.R.U. (MANO RIVER UNION)

Telecommunication and Postal Training Institute (TPTI) of the MRU. Resp. Auth.: MRU Secretariat in Freetown. Extensions, supplies and training. Estimated total cost 8.5 mECU. EDF 2.5 mECU. Project on appraisal. 5th EDF.
EDF REG 5104 A6b

NIGER BASIN AUTHORITY

Protection and reafforestation in the "Haut Bassin Versant du fleuve Niger en Guinea". Works, supplies and T.A. Estimated total cost 1.5 mECU. Project stage: identification. 5th EDF.
EDF REG 5112 A8f

ZAIRE — CONGO — GABON — SAO TOME AND PRINCIPE — EQUATORIAL GUINEA — CAMEROON

Fishery development in the Gulf of Guinea. Estimated cost ±5 mECU. T.A. to prepare these projects : Short-list done. Project on appraisal. 5th EDF.
EDF REG 5206 A3d

SENEGAL — MAURITANIA

Establishment of cultivated areas in the Senegal River Valley. Special hunger programme. Project in execution.
958-REG 5140 A3a

TOGO — MALI — BURKINA FASO — NIGER — CHAD

Agricultural products regional transit centre, in the Lomé port. Resp. Auth.: Ministères du Plan. Estimated total 7 mECU with cofunding.Technical and economic feasibility study: Bureau SATEC (F). Project stage : identification. 4th and 5th EDF.
EDF REG 5125 A3a

BURKINA FASO — CAPE VERDE — CHAD — GAMBIA — MALI — MAURITANIA — NIGER — SENEGAL

Establishment of a regional plan for food policy and ecology. Special hunger programme. Project in execution.
958-REG 5141 A8f

MEMBER COUNTRIES OF UDEAC

Sub-Regional Institute for Applied Technology and Planned Economy (ISTA). Resp. Auth.: ISTA Secretariat in Libreville-Gabon. Estimated cost ±6 mECU. Building centre construction and T.A. for 3 actions. Project on appraisal. 5th EDF.
EDF REG 5210 A6b

Informations and trade promotion industrial investments in central Africa. Resp. Auth.: Regional authorizing officer: Gabon. 1.020 mECU. T.A.: CGCE (ACP). Project in execution. 5th EDF.
EDF REG 5048 A5d

PACIFIC ACP COUNTRIES

Pacific Regional Tourism Programme. Resp. Auth.: Tourism Council of the South Pacific (TCSP) and SPEC. 3.2 mECU. Study to be done: data base, organization and stragegy. Short-list already drawn up. for restr. tender. Project in execution. 5th EDF.
EDF REG 5714 A5c

University of the South Pacific. Agricultural, Rural and Marine Resources Programme. Stage II. Resp. Auth.: SPEC. 0.830 mECU. Project in execution. 5th EDF.
EDF REG 5707 A6b

Pacific Forum Line (PFL). Purchase of containers. 3.200 mECU. Int. tender launched in October 85. Project in execution. 5th EDF.
EDF REG 5716 A2d

★ **Pacific Regional Aircommunications. Stage I.** Resp. Auth.: SPEC. 4.6 mECU. Buildings, runways and supply of navigational aids. Project on appraisal. 5th EDF.
EDF REG 5717 A2d

MEMBER COUNTRIES OF CILSS

Provisional survey of natural renewable resources in the Sahel. Resp. Auth.: CILSS Secretariat. Estimated cost 6 mECU. EDF ±2 mECU. Setting up of an observation unit to forecast crop production. Remote sensing by satellite, air survey and ground control. Project in execution. 5th EDF.
EDF REG 5116 A8f

Millet, maize, sorghum and niébé project. Resp. Auth.: CILSS Secretariat. Estimated cost 2 mECU. To provide improved varieties for farmers. Local tests. Purchase of vehicles and equipment and to take charge for local tests control staff. Project stage: identification. 5th EDF.
EDF REG 5116 A3a

MEMBER COUNTRIES OF U.A.P.T.

Satellite telecommunications project. Resp. Auth.: U.A.P.T. Secretariat in Brazzaville. R.P.C. Parametric study on the way by national organizations of I, UK, F and D. Project stage: identification. 5th EDF.
EDF REG 5307 A2c

EAST AFRICAN COUNTRIES

Statistical training centre for Eastern Africa in Tanzania. Resp. Auth.: Secretariat of the centre. 2.0 mECU. Widening of the capacity. Construction of class-rooms, offices and housing. Project stage: identification. 5th EDF.
EDF REG 5311 A6b

Kabale-Gatuna Road. Resp. Auth.: Uganda Government. Estimated cost 2.5 mECU. Asphalting of the road (21 km) up to the Rwanda border. Study to be done: final dossier and tender documents. Short-list already drawn up. Project on appraisal. 5th EDF.
EDF REG 5329 A2d

INDIAN OCEAN ACP COUNTRIES

New and renewable energy programme. Resp. Auth.: AIRDOI-COI. 1.7 mECU. Supply of gaz-generators vehicles and wind-generators. T.A.: CREUFOP (F). Project in execution. 5th EDF.
EDF REG 5503/80 A2a

DJIBOUTI-ETHIOPIA

Djibouti-Ethiopia Railways. Phase II. Resp. Auth.: CFDE (Compagnie du Chemin de Fer Djibouti-Ethiopie). Estimated total cost 28 mECU. EDF 15 mECU, France 13 mECU. Supply of rails, wagons and equipment. Int. tender foreseen in 85. T.A.: C. Lotti (I). Project in execution. 5th EDF.
EDF REG 5301 A2d

CAMEROON — IVORY COAST — GHANA — MAURITIUS — SENEGAL — ZAIRE

★ **Strengthening of scientific and technical capacities in the field of food and nutrition in Africa.** Resp. Auth.: Association des Universités africaines. AUA. 1.5 mECU. T.A., training, supply of equipment, production and diffusion of scientific information. Project on appraisal. 5th EDF.
EDF REG 5054 A3a

KENYA — UGANDA — BURUNDI — RWANDA

Turbo-Webuye Road. Resp. Auth.: Ministry of Public Works, Kenya. Estimated cost 10.50 mECU. Works and supervision. Works : int. tender launched in May 85. Project on appraisal. Date foreseen for financing decision 1st half 86. 5th EDF.
EDF REG 5334 A2d

Refurbishing of Burundi's Highway I between Bugarama and Akanyaru (80 km) (Northern Corridor). 2.2 mECU. Int. tender launched in May 85. Geotechnical supervision by Burundi National Laboratory. Date financing decision September 85. 5th EDF.
EDF REG 5335 A2d

AFRICAN COUNTRIES

Campaign against rinderpest in African. Resp. Auth.: OUA and IBAR. Estimated total cost for 2 years 50 mECU. Supply of equipment T.A. vaccins and research. Project on appraisal. Date foreseen for financing decision December 85. 4th and 5th EDF.
EDF REG 5007 - 4085 A3a

S.A.D.C.C.

★ **Maseru Container Terminal.** Resp. Auth.: Lesotho GOL and SADCC. 1.350 mECU. Construction of container terminal and supply of containers, handling equipment. Study required: detailed design of works. Short list not yet drawn up. Project on appraisal. 5th EDF.
EDF REG 5421 A2d

MALAWI — ZAMBIA — ZIMBABWE

Regional Tsetse and Trypanosomiasis Control Programme. Resp. Auth.: Technical and financing responsibility: Zimbabwe national authorizing officer. 19.150 mECU. Works by direct labour. Vehicles, veterinary products, aerial spraying and equipments by int. tender. T.A. by direct agreement. Int. tender for vehicles and insecticides launched in October 85. Project in execution. 5th EDF.
EDF REG 5420 A3a

MEMBER COUNTRIES OF CARICOM

Regional hotel trade school in St Lucia. Resp. Auth.: Caricom Secretariat. Estimated total cost 0.9 mECU. EDF 0.2 mECU. Work financed locally. EDF part: supply of pedagogical equipment, furniture and 1 vehicle. Project on appraisal. 5th EDF.
EDF REG 5635 A6d

Assistance for Point-Salines International Airport-Grenada. Resp. Auth.: Caricom Secretariat and Grenada Int. Airport Authority. EDF part 1.74 mECU, T.A. and supply of radio and electronic navigational equipment. T.A. by direct agreement. Equipment by int. tender. Date foreseen for financing decision 1st half 86. 5th EDF.
EDF REG 5608 A2d

Moko Disease Control. Resp. Auth.: Windward Islands Banana Growers Association (WINBAN). 0.900 mECU. Works, supplies and T.A. Date financing decision July 85. 5th EDF.
EDF REG 5675 A3a

CARIBBEAN AND ACP COCOA PRODUCERS

Cocoa Research Unit (CRU), Phase II. Resp. Auth.: CRU in Trinidad. 2.624 mECU. Works, supply of equipments and agricultural inputs, T.A. and training. Date financing decision July 85. 5th EDF.
EDF REG 5043 A3a

ACP COUNTRIES

★ **T.A. to the ACP-EEC professional organizations (Association des Produits à Marché, APROMA).** 1.4 mECU. Further training, marketing improvement, development of concerted actions. Project on appraisal. Date foreseen for financing decision December 85. 5th EDF.
EDF REG 5052 A5d

MEDITERRANEAN COUNTRIES

EGYPT

Soil improvement programme in Kafreel-Sheikh Governorate. Resp. Auth.: Executive Authority for Land Improvement Projects (EALIP). Provisional amount 8 mECU. To reclaim an area of 65 000 acres of saline soil, located in Hamoul district of the Kafre-el-Sheikh Governorate. Short-list already drawn up. Project in execution.
MMI EGT 1001 A3e

Egyptian Renewable Energy Development Organization. EREDO. Resp. Auth.: Egyptian Government. EEC contribution 7.7 mECU. Construction and equipment for the centre. Works and supplies: int. tender with prequalification foreseen in 2nd half 85. T.A.: GET/KFA (D). Int. tender dossier: Phoebus (I).
MMI EGT 1002 A2a

Feasibility study for Thermal Power Station at Sidi-Krir. Resp. Auth.: Egyptian Electricity Authority. Study for a 1200 MW thermal power station. Estimated cost 2 mECU. Short-list already drawn-up.
MMI EGT 2004 A2a

Export Promotion. Resp. Auth.: Egypt Export Promotion Company (EEPC). T.A. to the EEPC. 0.920 mECU. Short-list already drawn up. Project in execution.
MMI EGT 2005 A5e

Kom-Ombo Soil Improvement Study. Resp. Auth.: EALIP. 1 mECU. Project in execution. Short-list drawn up.
MMI EGT 2003 A3e

Animal feed improvement. Resp. Auth.: Research Institute for Animal Production (RIAP) — Cairo. EEC Contribution 1.3 mECU. T.A., supply of equipment and training. T.A.: M. Barker (UK). Project in execution.
MMI EGT 2001 A3a

LEBANON

Industrial planning and industrial census. Resp. Auth.: Ministère de l'Industrie. 0.518 mECU. Foreign expert to supervise local experts for census. Mission in Lebanon 2 months EEC contribution covers all expenses for foreign expert and ±50% of total cost of the project. Project on appraisal.
MMI LE 1001 A1b

Aid for the Union Nationale de Crédit Coopératif (UNCC). 1.4 mECU. Line of credit to the UNCC and T.A. T.A.: M. DE CLERCQ (B).
MMI LE 1002 A3b

ALGERIA

Training for heavy industry. Resp. Auth.: Ministère de l'Industrie Lourde(MILD). 3.9 mECU. T.A., training, supply of pedagogical equipment. Project on appraisal.
MMI aL 2003 A6d

Training for Ministry of Public Works. Resp. Auth.: Ministère des Travaux Publics. Direction de la Formation. EEC contribution 2.75 mECU. T.A., training, scholarships and supply of pedagogical equipment. Project on appraisal.
MMI AL 2002 A6d

★ **Support to the «Ministère de l'Enseignement supérieur et de la recherche scientifique'' (MESRS).** Resp. Auth.: MESRS. 2.2 mECU. Training and supply of scientific equipment and T.A. Project on appraisal.
MMI AL 2004 A4g

MOROCCO

Interventions for Laboratoire de Technologie des céréales de Rabat. Resp. Auth.: Ministère de l'Agriculture. 0.790 mECU. Equipment, T.A. and training. Supply by restr. tender or direct agreement. T.A.: short-list already drawn up.
MMI MOR 1001 A3e

Credit for small farmers. Resp. Auth.: Caisse Nationale de Crédit Agricole (CNCA). Estimated total cost 33 mECU. EEC contribution 24 mECU. Date financing decision October 84.
MMI MOR 2001 A5a

Vocational and technical training. Resp. Auth.: Ministère de l'Equipement et Formation Professionelle. EEC contribution 19 mECU. Works in execution. Supplies: 2 int. tender launched in June 85. Trainers training CEBI (EUR). Project in execution. 5th EDF.
MMI MOR 2002 A6d

TUNISIA

Participation in creating 3 Training Vocational Centres: in Nabeul, Menzel-Bourguiba, Zaghouan. Resp. Auth.: O.T.T.E.E.F.P. (Office des Travailleurs Tunisiens à l'Etranger de l'Emploi et de la Formation Professionnelle.) EEC Contribution 3.87 mECU. Supply of equipment, T.A. and training. Supplies: int. tender for Nabeul foreseen in 2nd half '85. T.A.: A.A.B. (D).
MMI TUN 1001 A6d

Experimental station to compost household refuse in the city of Tunis. Special hunger programme. 0.800 mECU. T.A.: Short-list done. Project in execution.
958-TUN 0001 A2a

Date-palm plantations study project in Régime Maatoug. Resp. Auth.: Banque Nationale de Dév. Agricole (B.N.D.A.). 1.9 mECU. Feasibility study, drillings and access roads. Works by direct labour. Study: Short-list done. Project on appraisal.
MMI TUN 2001 A3a

Rural credit project to benefit small holders. Resp. Auth.: B.N.D.A. Estimated cost 16 mECU. Project on appraisal.
MMI TUN 2002 A3a

Water resources research and training study. Resp. Auth.: Ministère de l'Agriculture. 1.0 mECU. Supply of soil equipment and data system. T.A. and training. Project on appraisal.
MMI TUN 2004 A2b

Evaluation of soil resources and their liability to desertification in Southern Tunisia. Resp. Auth.: Ministère de l'Agriculture. Estimeted cost 1.2 mECU. EEC 0.400 mECU, local 0.800 mECU. T.A. and training. Supply of specialized equipment. Project on appraisal.
MMI TUN 2005 A3c

JORDAN

Research Programme into Agricultural Production in the semi-arid zones and areas suffering from desertification. Special hunger programme. 0.700 mECU. Project in execution.
958-JO 0001 A3a

Yarmouck University — Faculty of Science. Resp. Auth.: University of Yarmouck. 2.5 mECU. Supply of equipment for laboratories by int. tender launched in October 85. T.A. by restr. tender: short-list done. Project in execution.
MMI JO 2001 A6c

Busineess training centre at Sahab. Resp. Auth.: Vocational Training Corporation. 1 mECU Supply of equipment, T.A. and training. Supplies: int. tender launched in July 85.Project in execution.
MMI JO 2003 A6a

Faculty of Engineering and Technology, University of Jordan, Phase II. 2 mECU. Supply of equipment, A.T. and training. T.A.: M. Van Ryckegem (B). Project on appraisal. Date foreseen for financing decision October 85.
MMI JO 2002 A6a

SYRIA

ISSAT. Institut Supérieur des Sciences Appliquées et de Technologie. Resp. Auth.: State Planning Commission. Estimated total cost 22.2 mECU. EEC part: supply of teaching and training equipment for the institute. Project on appraisal.
MMI SYR 2002 A6b

Euphrates drainage and irrigation. Resp. Auth.: Ministry of Irrigation. General Organization for land development (GOLD). Estimated total cost 134.9 mECU. EEC 10 mECU, EIB 20 mECU, local 104.9 mECU. Works, supplies and T.A. Project in execution.
MMI SYR 2003 A3a

Rural Water Supply Suweida Region. Resp. Auth.: Ministry of Local Administration and Ministry of Housing and Utilities. Estimated total cost 8.1 mECU. EEC 3.2 mECU, local 4.9 mECU. Project in execution.
MMI SYR 2001 A2b

Non-associated developing countries

ANGOLA

Assistance to the fishing and fish-processing industry in the Namibe Province. Resp. Auth.: Ministerio das Pescas. EEC 4.250 MECU. Supply of equipment and T.A. Project on appraisal. Date foreseen for financing decision December 85.
ALA ANG 8415 A3d

Rural Water supply. Resp. Auth.: Ministère de l'Industrie et des Ressources Naturelles. HYDROMINA. Parallel cofinancing with UNICEF. EEC contribution 2.250 mECU. Study, T.A. and supply of hand-pumps, tubes, drilling equipment, vehicles. Date financing decision October 85.
ALA ANG 8425 A2b

MOZAMBIQUE

Rural development in the Moamba District. Resp. Auth.: Ministerio da Agricultura. Estimated total cost 9.15 mECU. EEC 7.5 mECU. Supply of equipment, rural inputs and T.A. Project on appraisal. Date foreseen for financing decision 2nd half 85.
ALA MOZ 8333 A3a

Environmental conservation measures: fight against tse-tse infestation. 1.5 mECU. Special hunger programme. Project in execution.
958-MOZ A3a

★ **Fishery development and rehabilitation.** Resp. Auth.: Secrétariat d'état pour la pêche. Total estimated cost 8.885 mECU. EEC 7.4 mECU. Supply of equipment and T.A. Project on appraisal. Date foreseen for financial decision November 85.
ALA MOZ 8507 A3d

BANGLADESH

Small-scale irrigation sector project. Resp. Auth.: Bangladesh Water Development Board (BWDB). Estimated total cost 82 mECU. EEC contribution 12 mECU. Cofinancing with ADB (Asian Dev. Bank). Works, supply of equipment and vehicles, T.A. and supervision. Works: acc. tender. Supplies: int. tender, 2nd half 85.
ALA BD 8112 A3a

Building of storage for fertilizers. Resp. Auth.: Bangladesh Agricultural Development Corporation (BADC). Cofinancing: EEC and Netherlands. Total cost 4 mECU. EEC 2 mECU Netherlands 2 mECU. EEC part: Works by int. tender. Netherlands part: buildings and T.A.
ALA BD 8201 A3f

Rangpur. Rural Development Programme. Resp. Auth.: Central Coordination Committe. (CCC). Total cost 40 mECU. EEC 25,5 mECU, NL 7 mECU, local 6 mECU. Works by acc. tender. Supplies by int. tender or direct agreement. Date financing decision October 85.
ALA BD A3e

★ **Cotton Development. Phase II.** Resp. Auth.: Central Coordination Committee (CCC) and Cotton Development Board (CDB). EEC 4.9 mECU. Supply of T.A. training and equipment. Project on appraisal. Date foreseen for financing decision December 85.
ALA BD 8504 A3a

CHINA (PEOPLE'S REP.)

Fruit Cultivating and Preservation Techniques. Estimated total cost 4.350 mECU. EEC 1.650 mECU. Cofinancing with Italy. T.A. and transfer of technology. T.A.: Applies: B.D.P.A. (F). Citrus: Media Coop (I). Project in execution.
ALA CHN 8337 A3a

Flood forecasting and management of Beijiang River. Estimated total cost 5.5 mECU. EEC 1.7 mECU T.A. and transfer of technology. Project in execution. Prequalification launched in October 85.
ALA CHN 8338 A8g

Prawn farming development. Estimated cost 0.700 mECU. Supplies and T.A. T.A.: Fish Farming Int. (UK). Project in execution.
ALA CHN 8341 A3d

Hainan Cashew Development. Resp. Auth.: Prefecture of the Autonomous Department of Li and Miao National Minorities. Estimated total cost 2.350 mECU. EEC 0.800 mECU. Supply of equipment and T.A. T.A.: K.I.T. (NL). Project in execution.
ALA CHN 8340 A3a

Vegetable Seedling Production in Beijing. Estimated cost 1.2 mECU. Supplies and T.A. T.A.: Oranjewoud (NL). Project in execution.
ALA CHN 8339 A3a

INDONESIA

Bali Irrigation Sector Project. Resp. Auth.: Ministry of Public Works. DG for Water Resources Development. EEC 12 mECU. ADB ±37 mECU. Local ±55 mECU. Rehabilitation and expansion of 50 village-level irrigation schemes, establishment of a water-management training centre, and establishment of climatological stations. T.A. Works: acc. tender.
ALA IND 8114 A3a

Provincial Irrigation Development (Western and Central Java). Resp. Auth.: D.G.W.R.D. Estimated total cost 423.6 mECU. EEC 26.3 mECU, World Bank 232.6 mECU, local 164.7 mECU. EEC part: dam construction and T.A.: study, execution project and tender dossier. Prequalification for dam construction launched in August 85. Project stage: identification.
ALA IND A3a

INDIA

Development of Water Control Systems for diversification of crops in Maharashtra. Resp. Auth.: Irrigation Department of the Government of Maharashtra. EEC contribution 15 mECU. Works, supplies, T.A. and training. Date financing decision March 85.
ALA IN 8418 A3a

YEMEN

Seed production centre. Estimated cost 5.8 mECU. Date financing decision October 85.
ALA YAR A3a

PAKISTAN

Karachi fishing port. Resp. Auth.: Fishery department of the Sind Province. Estimated cost 12 mECU. New facilities: quay, boat repair yard, fish-shed, dredging. Rehabilitation of existing facilities, equipments and TA. TA: Prof. Dr. Lockner & Partners (D). Works and supplies in 85.
ALA PAK 8101 A3d

Irrigation project in Palli and Lehri. Resp. Auth.: Department of Irrigation and Agriculture Baluchistan Provincial Government. Estimate ±10 mECU. Works and infrastructures. Studies for the execution and supervision of works. Project on appraisal. Date foreseen for financing decision 2nd half 85.
ALA PAK 8422 A3a

NEPAL

Nepal Administrative Staff College. NASC. Resp. Auth. NASC Secretariat. Estimated total cost 6.5 mECU. EEC 5 mECU, U.K. 1.5 mECU. Renovation and construction works, supply of equipment and training. Project on appraisal. Date foreseen for financing decision 2nd half 85.
ALA NEP 8407 A6b

Soil and water conservation in Bagmati Watershed. Special hunger programme. 5.5 mECU. Project in execution.
958-NEP 8401 A3a

BHUTAN

Water supply. Resp. Auth.: Inter dep. Commission on water and sanitation. Works by direct labour. 4.5 mECU. Supplies int. tender or direct agreement. T.A.: UNICEF. Date for financing July 1985.
ALA BHU A2b

THAILAND

Oilseed crop development programme. Resp. Auth.: Ministry of Agriculture — Oilseed Project Steering Committee. Total estimated cost 4.2 mECU. EEC 3.3 mECU. T.A. and supply of equipment. T.A.: Crown Agents (UK).
ALA TH 8203 A3a

Mae Nam Chi River Basin. Water Management Development. Resp. Auth.: Ministry of Agriculture and Cooperatives. Royal Irrigation Department. Estimated total cost 5 mECU. EEC 4 mECU. Supply of equipment, T.A. and training. Project in execution.
ALA TH 8412 A3a

Strengthening of planning capacities for diversification and rural development. Resp. Auth.: Ministry of Agriculture and Cooperatives. 2 mECU. T.A. for coordination, management, training needs, project identification and planning. T.A. for central and peripheral computer system for rural areas. Training and supply of computerized equipment. Short-list done. Project in execution.
ALA TH 8420 A3a

★ **Rural credit and rubber planting.** Resp. Auth.: Ministry of Agriculture and Cooperatives. 35 mECU. Supply of lines of credit, T.A., training, rural inputs, equipments. Project on appraisal. Date foreseen for financing decision December 85. Int. tender for fertilizers launched in November 85 (conditional).
ALA TH 8509 A3a

NICARAGUA — HONDURAS

Bridges reconstruction. Resp. Auth.: Ministry of Public Works. 3.2 mECU. Reconstruction of 3 bridges. Works, T.A. and site supervision. Date foreseen for financing decision 2nd half 85.
ALA NI 8209 A2d

MEMBER COUNTRIES OF PACTO ANDINO

Technical cooperation (industry and economic planning). Resp. Auth.: Junta del Acuerdo de Cartagena, Lima-Peru. Estimated total Cost: 1.7 mECU. EEC 1.1 mECU. To place experts, equipment and T.A. and training at Junta's disposal. Contracts, T.A. and experts by the Junta and the EEC.
ALA JUN 8107 A4a

Andean Programme for technological development (Rural PADT). Resp. Auth.: Junta del Acuerdo de Cartagena, Lima-Peru. Estimated total Cost: 7.560 mECU. EEC 3.927 mECU. Supply of equipment, training and T.A. Vehicles purchase: int. tender. T.A.: Short-lists to be drawn up by the EEC and decision by the Junta.
ALA JUN 8108 A3a

Regional programme for technical cooperation: food strategy. Resp. Auth.: JUNAC. EEC contribution 7 mECU for European T.A. and supply of data-computerized equipment by int. tender. Project in execution.
ALA JUN 8406 B1a

Regional programme for technical cooperation: industry and sub-regional exchanges. Resp. Auth.: JUNAC. EEC Contribution 7 mECU. T.A. and supply of equipment. Project in execution.
ALA JUN 8503 A4a

COSTA RICA — HONDURAS — NICARAGUA — PANAMA — DOMINICAN REPUBLIC

Latin American qualified nationals reinstatement in 5 Central American countries. Resp. Auth.: CIM (Comité Intergouvernemental pour les migrations). 1.4 mECU. Reinstatement of 75 qualified nationals via CIM. Date foreseen for financing decision 2nd half 85.
ALA CIM 8302 A8b

COLOMBIA

Reconstruction Programme. Resp. Auth.: Corporation de Reconstruction de Cauca. Total cost 5.9 mECU. EEC 3.9 mECU. EEC part: supply of materials and T.A. Project in execution.
ALA CO 8403 A8a

BANCO CENTRO-AMERICANO DE INTEGRACION ECONOMICA

Support for SME in Central America. Project on appraisal. Date foreseen for financing decision 2nd half 85.
ALA BCI 8414 A4a

DOMINICAN REPUBLIC

Integrated rural development pilot project in Western Cibao. 6 mECU. Special hunger programme. Project in execution.
958-DO 8402 A3a

COSTA RICA

Productive projects programme for refugees in Costa Rica. T.A. and line of credit. 3.6 mECU. Project in execution.
ALA CR 8501 A8b

Integrated rural development of the region of OSA/GOLFITO. Total cost 21.635 mECU. EEC 9.95 mECU. Supply of equipment, infrastructural works, maintenance, lines of credit and T.A. Project on appraisal. Date foreseen for financing decision October 85.
ALA CR 8506 A3a

PANAMA — COSTA RICA — NICARAGUA — HONDURAS — EL SALVADOR — GUATEMALA

Regional programme of technical cooperation for food security. Resp. Auth.: CADESCA (Comité de accion para el desarrollo economico y social de centroamerica - Panama). Total cost 9.07 mECU. EEC 4.82 mECU, France 0.350 mECU, local 3.9 mECU. T.A. training and supply of equipment. Project on appraisal. Date foreseen for financing decision October 85.
ALA REG 8505 A3a

ECUADOR

★ **Rural development in the region of the Chambo river.** Resp. Auth.: Institut Equatorien des Ressources Hydrauliques (INERHI). EEC 9 mECU. T.A. and training, irrigation works, line of credit, supply of equipment. Project on appraisal. Date foreseen for financing decision December 85.
ALA REG 8508 A3a

INTERNATIONAL CALLS FOR TENDER

All international calls for tender (int. tenders) referred to in this Operational Summary are notified in due time in the Official Journal (O.J.) of the European Communities' «S» supplement.

Subscriptions to the O.J. «S» supplement should be addressed to the «Office for Official Publications of the European Communities ». L-2985 Luxembourg. Tel.: 49 00 81.

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«Südsee: Polynesien - Melanesien - Mikronesien» (South Seas: Polynesia - Melanesia - Micronesia), a travel guide and description by Eberhard STAHN, Mai's Reiseführer Verslag, Frankfurt am Main 1 — 1984

The South Seas — who does not think of sun-drenched sand beaches ringed with palm groves, of emerald green lagoons, lush tropical vegetation and beguiling native charms? On hearing, then, of pollution, unemployment and depopulation in these same archipelagoes, one asks oneself: are our imaginings of an Eden-like idyll mere romatic clichés or do these catch-phrases grossly distort real life in the South Seas?

Mai's Welftührer "Südsee" (N° 34) is both a practical travel guide and a study of the region in one. In this account of 24 different countries in the South Pacific, Eberhard Stahn, who travelled extensively in the region during his four years (1978-82) as Delegate of the European Communities in Fiji, attempts, by providing factual information, to weed reality from myth and do justice to the multifariouness of the region: from the isolated atolls where life has hardly changed for centuries to cultural conflicts in the capital cities and the rapid changes overtaking these young nations. Its meticulous treatment of an unusual subject matter makes this book an indispensible guide for anyone planning a journey to the South Seas.

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Energy and Development: What Challenges? Which methods? A Study carried out by a Network of Research Centres for the Commission of the European Community. Preface by Etienne DAVIGNON. Lavoisier Publishing — 133 p. — 1984

This book is the result of a joint project undertaken three years ago. It gives a summary account of the research carried out and is intended for the general public.

The starting point for this project goes back five years, when some of the institutes making up the present network decided to join together and examine energy problems in developing countries. By its interest in their work and its significant financial contribution, the European Commission has enabled the project to expand and develop over the years.

The energy problems of developing countries and the elaboration of specific methods to be used in economic analysis and energy forecasting and planning in order to combat these problems aroused increasing interest during this period. A lot of research in universities and specialized institutes has been devoted to them. They gave rise to national, bilateral and multilateral specialist training programs and to the elaboration of development plans.

It is impossible to describe in a few words this abundance of activity. Suffice it to say that a few years ago the main preoccupation was the physical shortage of energy and its effects on a possible competitive situation between industrialized and developing countries for the limited fossil resources available. Today the emphasis is no longer on the tension in the world market. This does not mean that energy problems are any less acute. Nowadays it is more clearly understood that they extend far beyond the risk of any physical shortage.

Energy problems are complex because of the role played by energy in the economy. In the developing countries which are still putting their energy systems together, the choices to be made concerning basic development strategy options will have long-term effects which will extend far beyond the boundaries of the energy sector itself.

This is why the institutes participating in the current research are preoccupied with the numerous relationships existing between the energy system and the economic and social system as a whole and the possibilities thus afforded for alternative development strategies and policies. This forms one of the main lines of research, the results of which are given in this book.

ooo

Pierre JACQUEMOT & Marc RAFFINOT — **Accumulation et développement — Dix Etudes sur les économies du Tiers-Monde** (Accumulation and development — 10 studies on Third World economies) — Editions l'Harmattan, 7, rue de l'Ecole Polytechnique, 75005, Paris — 1985

Development crisis... development theory crisis... marginalization of the peasant classes... urban poverty... food shortage... environmental destruction... failing endogenous industry... excessive debt burden... all the signs of the collapse of our development models, liberal and Marxist. What the specialists on the Third World economy have spent the past 30 years building cannot really handle the contrasting processes that are typical of the way the different dependent societies of the South develop.

The 10 studies in this collection take stock of this development. They cover the peasant question, the place of industry and the role of the State in the accumulation of capital, generating thought on the instruments of a policy of more self-reliant development that ought rightly to be based on mobilizing the full social, productive and technological potential of the Third World, with the satisfaction of its own needs as the top priority.

THE COURIER

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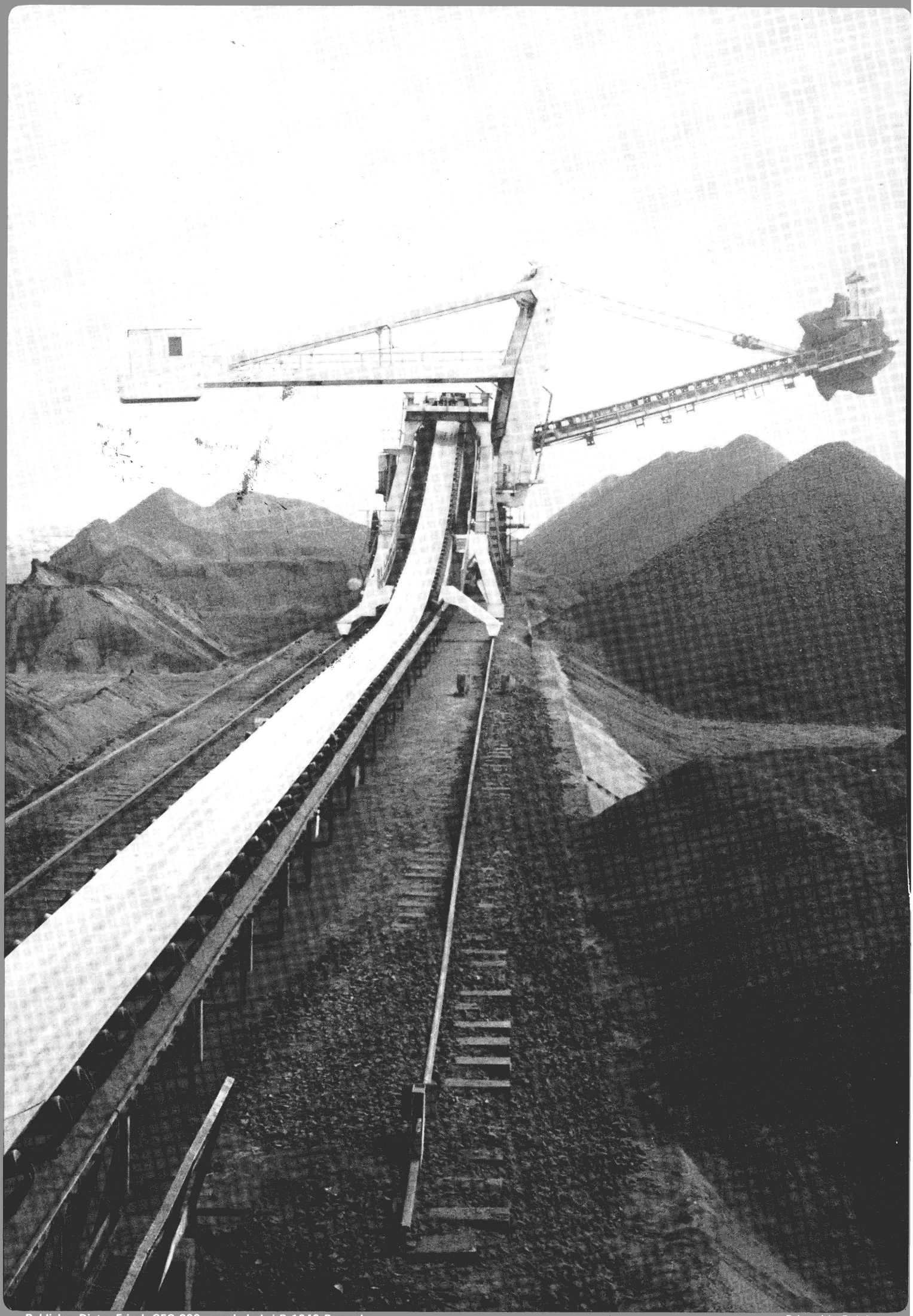
Back cover: ***The "Comilog" transport rail, 285 km long, carries Gabon's manganese to the port of Pointe-Noire in the People's Republic of the Congo (Photo Vivant Univers)***



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Printed in Belgium