The Courier

AFRICA-CARIBBEAN-PACIFIC - EUROPEAN COMMUNITY

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DEBT AND DEVELOPMENT

THE EUROPEAN COMMUNITY

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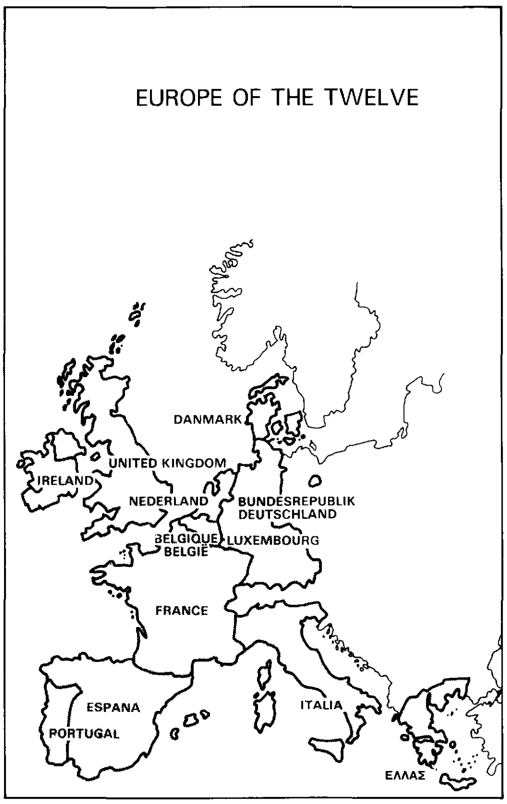

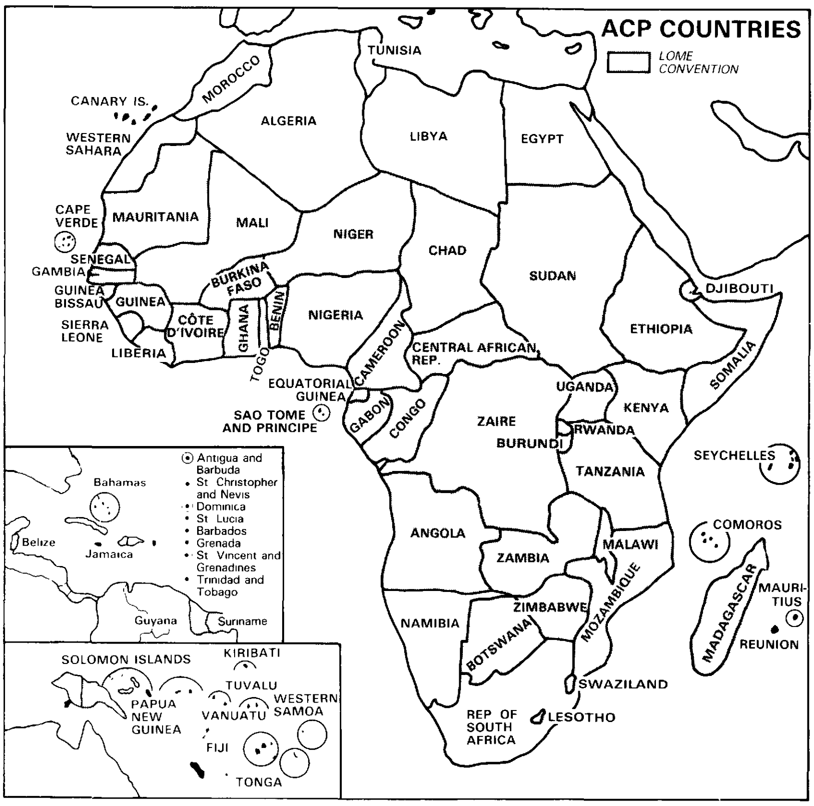

FRANCE

(Overseas departments)

Guadeloupe
Guiana
Martinique
Reunion

(Overseas territories)

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

NETHERLANDS

(Overseas countries)

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

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

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1 May 1986: Lomé III takes effect

MEETING POINT: Michel Hauswirth

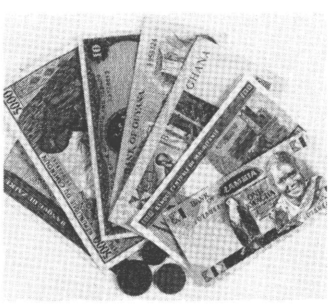
At the end of May, Michel Hauswirth leaves his post as Deputy Director-General for Development at the Commission, a post he has held for the past ten years. He looks back on the changes that have come about during this time, based on "a profound alteration in the concept of aid" which, if development is to be achieved, means working closely with local populations and avoiding over-sophisticated solutions. "Common sense must be given pride of place".
Pages 4 to 8

COUNTRY REPORTS

BENIN: Since 1972 stability has come to Benin, a small country on the West African coast, hitched up against the Nigerian giant, which, because of its repeated political crises, had long been known as the "sick man" of Africa. Now it is its economic situation—and its heavy debt burden in particular—that is causing most concern. President Kérékou discusses these issues, and many more. **Pages 9 to 26**

ZIMBABWE: Having turned just six on 18 April 1986, the Republic of Zimbabwe may be young, but its economy is mature well beyond its years, intrinsically resilient, yet also fundamentally dualistic. Prime Minister Robert Mugabe reviews past performance and points to some of the challenges his country is facing in the near future.
Pages 27 to 51

DOSSIER: Debt and development



The ever-growing debt of the Third World is a source of major international concern. For the debtor developing countries, access to credit has not paved the way for economic progress. On the contrary, it has further impoverished the poorest of the poor. The creditors, for their part, acknowledge that debtor countries will only become solvent through growth in their economies, by structural reforms and by improved management of credit. The Courier's Dossier looks at the question. **Pages 60 to 96**

NEWS ROUND-UP: ACP-EEC Council in Barbados

The ACP-EEC Council met in the Barbados capital, Bridgetown, on 24 and 25 April. Discussions were dominated by the negotiations on the guaranteed price for unrefined ACP sugar—fixed in two stages—for the 1985/86 campaign, on which the joint ministerial meeting was unable to reach complete agreement. **Pages I to IV**

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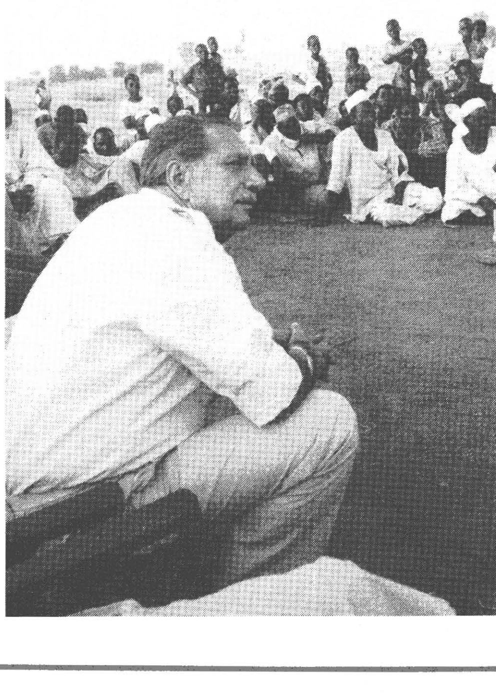
1 May 1986: Lomé III takes effect

The Third Lomé Convention takes effect on 1 May. Of itself the occasion does not warrant particular note considering that, from the date of its signature (8 December 1984) and without waiting for its formal ratification, we have been inspired and guided in our work as implementers of ACP-EEC cooperation by this third Lomé "contract", with its innovations and its new departures.

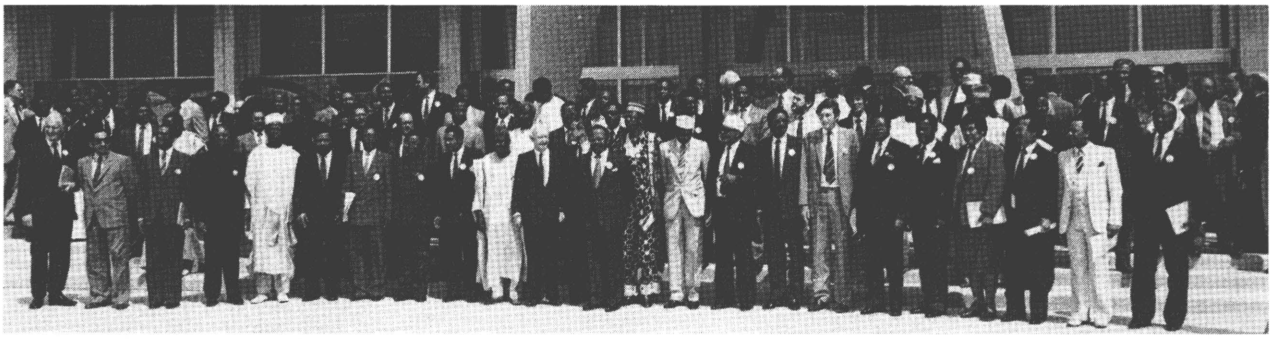
The programming of aid is due to be completed in the weeks to come. Both by character and out of a sense of responsibility, I am not normally one to indulge in triumphalism, but the achievement is of such note that I cannot refrain from expressing both my own and the Commission's appreciation to all those involved in attaining this objective in so short a space of time. Each of us should devote serious thought to the values and implications of the new method of working — by way of confirmation, not just of the validity of the Lomé III approach, but above all, of the reservoirs of experience, trust and reciprocity bequeathed by Lomés I and II. Today, more than ever, Lomé III—far from seeming some abstract shot in the dark produced at a negotiating table—convinces as the logical and coherent fruit of a process stretching back over more than 20 years, the offspring of a continuing relationship between partners who have learnt over time to make of their very differences, their inequality, the basis of a profitable cohabitation.

In programming aid under Lomé III, it should be remembered, the concept of concentrating on particular sectors has been respected—with absolute priority being given to agriculture. It is also important to emphasize that our missions have provided a tangible and pertinent example of what is, and must henceforth be, the proudest boast of ACP-EEC cooperation: policy dialogue—a true case of political collaboration in its highest and, at the same time, most concrete form, viz, the progressive reconciliation of different authorities and needs in service to a common objective. So from this dialogue—a genuine debate on the economic policies of each individual ACP state—we now have detailed indicative programmes, no longer to be understood as catalogues of good intentions but as syntheses of development priorities and options to be matched by corresponding commitments on the part of both partners over the next five years.

Let it be clear that I consider the agreements concluded as absolutely binding and will work, in my capacity as Commissioner responsible for Development, to ensure their observance, taking steps if necessary, in the same capacity, to see to the updating of programmes, with the requisite combination of elasticity and rigour, where alterations in certain economic determinants convince us such updating is called for. We have launched a new approach which no longer allows room for improvisation or arbitrary judgments. There is reason to believe that the room for interpretation which, in the past, has sometimes affected financing decisions will only be eliminated, or at any rate overcome, by concrete reference to the priorities and commitments agreed on at the outset.



Having cited in broad outline the positive aspects and advantages of the programming exercise, I should make clear that I have no illusions about the difficulties which the adoption of this new methodology could entail for our work. Projects are one thing, programmes another. Hence the need to update our method of work in the implementation phase too, indeed particularly in this phase, without permitting this to become an excuse for failure to observe timetables.



"Without having taken part in the negotiation of Lomé III, I consider it my duty, to ensure its implementation in toto and in spirit"

There is a risk of a certain dissipation in time; precisely because we are aware of this risk we must all make an exceptional effort to avert it. Failing such an effort—as always happens when the level of practical application does not match theoretical innovations—we will soon have to content ourselves with very modest results from a process which has begun so well. For my own part, while prepared to take full responsibility for a slower timetable for the launching of the programmes, I am certainly not prepared to accept that this should lead to a chain reaction of delays in our activities.

Without having taken part in the negotiation of Lomé III, I consider it my duty, as already mentioned, to ensure its implementation in toto and in spirit. This prompts me to draw the attention of my collaborators and of our ACP partners to the necessity and urgency of pushing our thinking to its limits. Lomé III invites us—e.g. with its new chapter on social and cultural cooperation—to invent new contexts and explore new fields for interchange and the promotion of development. It obliges us to take the cultural aspects of cooperation into account by, on the one hand, the taking on board of the human factors in projects and programmes and on the other hand, by the definition of courses of action, of actual projects, aimed at recovering, safeguarding and reviving the traditions and cultures of the peoples living in the ACP countries. But Lomé III also draws our attention to the position of women and on the need to examine, within our own programmes, specific action which could be taken to improve their standard of living in a world which, to date, has not always made this possible.

This is not, I think, mere speculative suggestion; it is intended rather to map out the compulsory course of the race which we must, as soon as possible, begin to run—all the more compulsory if we genuinely prize a notion of development which, besides economic institutions and factors, integrates human values in a convincing, participatory and pluralistic way.

A hard open contest in prospect, then, with everything to play for and, for that very reason, all the more exciting, all the more portentous. A contest in which it is perhaps timely to reassert our commitment as we prepare to celebrate, on 1 May, the entry into force of our development contract's latest five-year extension.

LORENZO NATALI
Vice-President of the Commission of the European Communities

MEETING POINT...

Michel Hauswirth
Deputy Director-General for Development

"Development will only come about if governments and their people take proper responsibility for it..."

The Courier

Farewell: At the end of May, after ten years at the Commission, Michel Hauswirth retires as Deputy Director-General for Development. In conversation with *The Courier*, he spoke of his experience within the Community and of the thoughts that that experience has inspired.

► *Mr Hauswirth, for the past ten years, you have been at the heart of the Community's development operations. What stands out particularly in this long period?*

— From the point of view of Community aid proper, what stands out in recent years most is enlargement. With Lomé I we enlarged to include many African, Caribbean and Pacific countries and we extended Community assistance to other parts of the world. Obviously our development activities in these other areas have had neither the intensity nor the variety of the Conventions, but, over the years, they have become an increasingly important part of Community development aid.

But there are other developments too, not specifically Community ones, which are of considerable importance. Over the past 10 years, there has been a profound change in the way both donor and recipient countries look at aid.

In 1960, development was thought to depend on how much you invested. All you had to do, it was thought, was have the money to make the investments—the profitability of which had been clearly studied—and development would, or so it was thought, ensue virtually automatically. That's putting it very simply, I know, but one of the important things about the change is that, in the '70s, people began to realize, not terribly quickly admittedly, that money alone would not generate development and that a great deal else was needed as well.

Developing countries were similarly disappointed; many of them had thought that development was a relatively simple matter, something that could be achieved almost without them, provided there were enough people willing to plough in money and technical know-how. They were forced, finally, to see that this was something of a illusion and development could only come about if the countries and the people who lived in them took proper responsibility for it. It was not just a government problem. What the governments—including those in the developed world—have to do is encourage public opinion and run the policy so that every individual makes his own contribution to development.

► *How would you assess the practical results of Community cooperation over the past ten years for the ACPs in general? Africa has been the main recipient of Community aid, so how do you explain its present situation compared to the situation in the other developing regions of the world?*

— Although development needs are vast and any budget is doomed to be called inadequate, Community cooperation does represent an impressive amount of credit. The Community and the Member States are to be congratulated. All the countries of Africa—the AASM first of all, under the Conventions of Yaoundé and then the vast majority of the countries of Africa, together with the nations of the Caribbean and the Pacific since Lomé I—have received very substantial sums in Community aid.

As to the results from the spending of these sums—well, there are some excellent things and there are also some less good things.

Thanks to Community aid, it has been possible to make a large number of investments, in particular in the basic infrastructure that is so essential. These are the achievements that last and they are to be greatly valued. There are ports, dams and miles and miles of roads that have, in fact, been able to be built thanks to the European Development Fund.

And there are things that have been more difficult to achieve, particularly in agriculture where, without speaking of failure, I could name whole lists of problems. But it would be a grave mistake to think the difficulties have been a total loss; they have been essential experience. In development, as in many other fields, progress is not just a matter of success, but the fruit of the experience acquired in handling difficulties along the way. Agriculture, or the rural world in general let us say, is a difficult field, one in which we and many other aid donors (the Community is by no means alone in this), have our problems and our occasional failures.

What is important is that both the successes and the difficulties are behind the development of the combined thinking of the ACPs and the EEC that the negotiators enshrined in Lomé.

The second part of your question relates to Africa. Here, in absolute terms, there is not much point in making comparisons. Africa cannot be compared to the other two big developing continents, Asia and Latin America. Asia and Latin America have a potential that is not to be found so immediately or so directly in Africa.

It is true of course, that some countries of Africa have considerable potential, both in their agriculture and in their natural resources, their mines, their forests and so on. But it is also true that many of them are appallingly short of resources. Without in any way wishing to criticize, I think that Africa's problems and the reason why it has so many debts today are partly the outcome of a dream of development that was beyond the bounds of reality. Let me explain myself. Many African nations undertook policies that generated recurrent costs they were in no way able to pay. This is something on which African thinking has also evolved. At the moment, they are all much more aware of the need for a balance between what they want and what they can maintain.

"... and take the whole context into account"

▶ *The vocabulary of cooperation is changing. It is as if there was a fashion with the slogans "trade not aid", "programmes not projects", "less technical cooperation" and so on. Where do you stand in relation to these different trends?*

— The remark that development aid is prone to fashion and slogans is a just one. You could well list the successive key words round which it has been built. I personally do not much believe in slogans, although I think they reflect certain truths.

The one you quoted, "trade not aid", corresponds to a certain truth. But it is a truth only to the extent that trade actually needs to be developed. It is not always necessary. In the short term, there are countries for which the development of trade is of no immediate significance and, in their case, aid is vital until a fresh balance can be struck.

"Programmes not projects" is a thoroughly interesting phrase because it sums up what we have learned from experience. As I said just now, the idea in the '60s was that you only needed to set up infrastructure and "productive" investments to get more or less automatic development. I also said that we had been forced to change our minds and wake up to the fact that development was more than just a question of money. If you replace the concept of project by the concept of programme, you are in fact saying that you not only have to take the financial and technical aspects of what you want to do into account, but consider the whole context too—and often much more than the financial and technical side. Alongside a given investment, there has to be (or be created) an environment which will ensure that it can be properly used and maintained. In rural development, for example, this environment is absolutely fundamental and involves a wide range of factors. But even in the very simple case of a road, say, building a road implies that the means of maintaining it have to be created. So the idea of a programme reflects the quest for profound coherence between what is being done and the environment or the circumstances in which it is being done.

Au revoir

One wouldn't have said so, watching him at work over the last few months, but Michel Hauswirth has reached the unyielding barrier of retirement age. At the end of May, he will be leaving his job of Deputy Director- General, responsible for the three geographical Directorates, themselves responsible for implementing the Lomé Conventions. It is exactly ten years now that Michel Hauswirth has held the post, which he took over from Jacques Ferrandi after having held senior positions in the French Civil Service, notably in the cooperation and development service from 1968 to 1974. This was to prove an invaluable asset in the task he was to take up at the Commission, not only in his day-to-day work but also—on two occasions—as one of the Community negotiators during the renewal of the Lomé Conventions in 1979 and 1984.

In his interview with The Courier, Michel Hauswirth has recalled some of his experiences and given his point of view on the evolution of the Community's development cooperation as he has seen it.

What he does not say, and what I wish to say on his behalf, is that he has left his personal mark on that evolution. It is no easy task to coordinate the work of dozens of specialists of differing background in dozens of countries all distinct from each other. It is not easy to translate new ideas, as enshrined, for example, in the successive Lomé Conventions, into concrete realities without courting confusion. It is not easy to draw lessons from a multiplicity of experiences, rewarding perhaps, but sometimes very far from the expected results. Michel Hauswirth did all those things, succeeding in them without creating a fuss, I would almost say with modesty. Always available, he pursued his ideas, with constancy and sometimes with impressive perseverance, like a yeoman ploughing a straight furrow, never stopping his furrow before the edge of the field but always respectful of the land and of others.

Michel Hauswirth is not leaving us altogether. Having been nominated Special Adviser to the Commission, he is ready to put at our disposal his wise counsel on the many subjects which he has mastered.

Thus, without in reality losing a loyal and devoted colleague, I retain a friend to whom I say "Au revoir" and thank you.

Dieter Frisch
Director-General

The success of any development scheme depends greatly on the consideration given to the socio-cultural and technical environment.

What about technical cooperation?

▶ *I wonder about the meaning of a statement like "there should be less technical cooperation"*

— It may seem a good idea to reduce technical cooperation as it is at the moment, but that is not to say that the overall reduction has to be great. It is more a question of quality than quantity. Technical input by people from developed countries to developing countries is essential.

When technical assistance is held up to question, it is because there has often been a great temptation to keep cooperation officers where they are, in spite of the fact that they have become over-qualified for the job, although this sort of technical cooperation is vital at other levels.

To sum up, there is still great need of technical cooperation and technical assistance, but the people supplying it should have different qualifications from those needed when independence began in the '60s.

▶ *The Lomé Conventions, like those of Yaoundé which preceded them, have three major chapters—institutions, trade and financial and technical cooperation. Which of these seems to you to have been most successful, and why?*

— It would be a mistake to try to compare the three chapters. Each is quite different, and each has its own function and its own merits. It's impossible to say that one has been more "successful" than the others.

If one looks at the question of the institutions which, if you remember, have been in existence since the Yaoundé Conventions and which have been perfected in each of the successive Conventions, they constitute a vitally important means of communication between the Community and the ACPs. This is most important: it is a facet of general policy. Institutions are centres of understanding and of exchanges of views. They are virtually irreplaceable, and must be used to maximum advantage.

Trade also plays an absolutely vital role, and one which is not always appreciated as it deserves to be. It is the practical application of the principle to which you referred just now, "trade not aid", and it could be said that the Community has tried to apply this principle from the start. But it would be unfair, when speaking of trade with the ACPs, to emphasize only the difficulties that we have come up against without emphasizing also the high spots. There have, it is true, been difficulties, but, objectively speaking, they have only been minor ones. What is important is the opening of the entire European market to virtually all ACP production—the only exception being a tiny margin for a small number of products. On the Community side, moreover, constant efforts have been made to reduce this margin still further and to solve the various problems that might arise. The real problem, in many cases, is that the ACP countries don't have much in the way of products to export other than raw materials; the limit is not, therefore, the result of protectionism on the part of Europe. But trade flows are being created, even if they are limited for the moment. It's a door which is always open.

As regards this part of the Convention, it's a question of finding, together with our ACP partners, better ways than have been used in the past of taking advantage of Community support in the field of trade.

As for financial and technical cooperation, I have already touched on this... the aim is to assist the ACPs' efforts to develop their economies, so as to improve the living conditions of their people. I think that technical and financial cooperation and trade complement each other, though. Part of technical and financial cooperation should, in fact, be used not only to help in the growth of ACP countries, production and trade with industrialized countries, but also in developing intra-ACP trade. When one talks of trade relations it is easy, in fact, to forget that trade between neighbouring ACP states is often almost inexistent. Yet it is clear that absolute priority should be given to organizing the expansion of trade and production at regional level. Efforts to do this have been made, but there remains a great deal to be done.

▶ *A keynote of Lomé III is the concentration of aid. But is this not likely to lessen the flexibility of Community aid and partly do away with what has been called its "human face"?*

— No, I don't think that is the case at all.

First of all, the idea of concentration echoes the idea of programmes. Obviously, Community aid to a given country cannot be used in the same way and with the same intensity, either all over a given territory or in all fields within a smaller area. Concentration means choosing, asking our partner to suggest a sector on which we can concentrate, or maybe a geographical area in which we can attempt to overcome the various problems hampering development.

Concentration is an extremely positive concept and it reflects the idea of programmes, because when you concentrate on one region or sector, you are not just going to do one thing. You are going to run a whole series of coherently linked schemes side by side—which is where flexibility is essential.

The basic idea is that, if you run coherent schemes, either in a given field or in a given region, you will increase the effectiveness of aid. It may be obvious, but some obvious things still need constant repetition. The drive for coherence is one that should be completely beneficial and may even snowball if everyone understands it.

"Staggered spending, but also rapid spending"

▶ *At this stage in the programming of Lomé III, it would appear that a large proportion of the funds will be going to rural development. Do you think that the ACP agricultural authorities will be able to absorb this aid rapidly and efficiently? And, conversely, is the Commission doing all it should to recruit specialists to assess and monitor projects, for example?*

— That question follows on from the other one. It is true that in the indicative programmes drawn up so far—and that is a large percentage of them, almost 50 out of 66—rural development is clearly dominant.

The first thing to ask is what rural development actually means. The important thing is to realize that rural development does not mean agriculture, or not just agriculture. It is agriculture plus the agricultural environment and it will often be the environment more than the agriculture itself. So rural development embraces all sorts of activities—facilities for people in country areas, transport, trade and commerce, storage, credit and so on—and you could produce long lists of things that you would need to do to bring it about. Rural development is very far from being limitative.

The second part of your question—can the ACPs absorb the aid to rural development quickly?—is essential.

I have to stress, in this respect, the development and diversification of the various means of intervention offered by the Convention. They have been continuous since the '60s, but they are particularly noticeable in Lomé III.

Two of the many means are worth special attention. First the accent on maintenance and, second, the possibility of importing the goods required to ensure that a given sector of the economy can be maintained in working order.

If the various means of the Convention are used properly, it is possible to come up with programmes that contain, as they did in the past, investments which involve staggered spending as well as other things that generate rapid spending—the supply of spare parts, for example, and agricultural input and raw materials, which are easy to absorb.

This will also mean that the ACPs are getting a response to their constant concern about the time it takes to make the payments. If all the means offered by the Convention are used, then we can achieve a good average time for payments and the installation of longer-term facilities.

Lastly, concentration, in rural development especially, does not mean the schemes have to be long-lasting ones. The programme idea is important here. It is often important to combine a series of small schemes which can be implemented quickly, one after the other, without much technical assistance.

The real issue, I think, is not whether the Commission is taking steps to recruit specialists for Lomé III. Of course, bearing in mind the volume of

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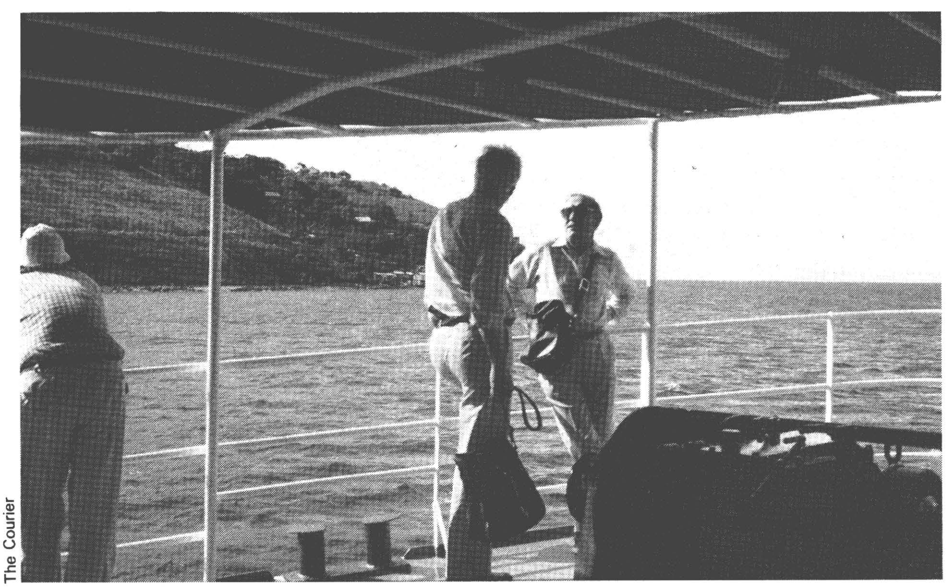

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On-the-spot visits are indispensible...

work we have in DG VIII, there has never been enough staff, particularly if you compare our numbers to those of most of the other bilateral and multilateral funders across the world. So some recruitment would, of course, be eminently desirable.

However, DG VIII uses consultants and consultancies a great deal. If it continues to do this and does so on the basis of proper terms of reference, then it will be able to cope with the volume of work—which is certainly not expected to decrease.

"The new opportunities afforded by Lomé III must be taken advantage of"

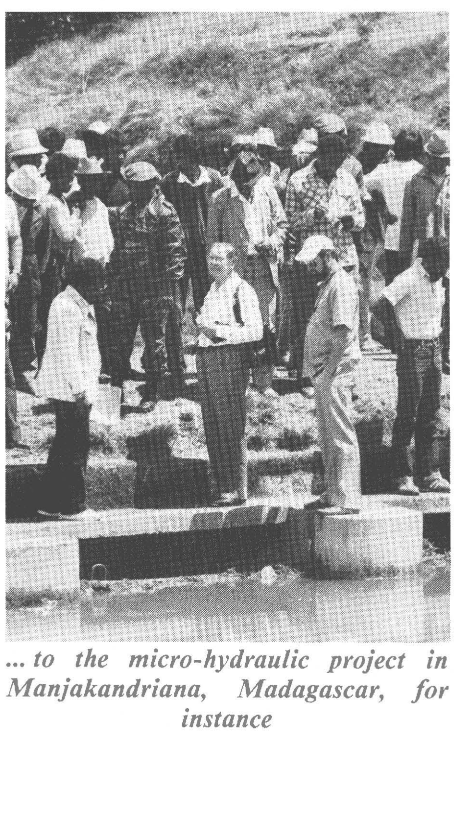
► *Lomé III is an extremely ambitious Convention. Its aim (self-reliant development and the new areas of cooperation, for example) is ambitious and its procedures, which are more detailed than they used to be, are ambitious too. Do you think these possibilities are really likely to be used?*

— The new areas of cooperation are those I mentioned just now—help with maintenance, to a certain extent, for example, and even degressive aid with running costs. And import programmes linked to the recovery of a specific economic activity.

Lomé III has many other innovations, but this is not the place to list them. Lastly, if you look for difficulties that might occur in the implementation of these innovations, I think it is not on the ACP side nor in the Commission that you will find them. However, you cannot discount the possibility of people in the Member States not understanding these innovations and the national experts not being keen on the new methods of intervention instituted by Lomé III as a result. This could well be a source of constraint at the beginning, but I believe that, if the new possibilities are used properly, then there will be considerable progress in Community development aid.

Lomé III's detailed provisions on cultural and social cooperation are both new and extremely important. Will we manage to put this part of the Convention into practice or not? You would need to be clairvoyant to answer that one and, since I am not, all I can say is that these provisions have to be implemented because one of the important aspects of development—and this is one of the lessons of the last 25 years—is that it cannot be imported. So you have to stimulate the people's deep-seated desire for development, without going against their culture or their habits. Putting man at the centre of development means training man for development and creating the sort of outlook that makes people want to develop. The aid we provide will thus be multiplied by the will of the people who receive it. And here again, we find the idea of the programmes that Lomé III embodies. Clearly, we have moved from the idea of projects to the idea of programmes because the negotiators thought that flexible programmes that combined a number of varied and coherent schemes would make it easier to take account of the wishes and abilities of the population and thus make for thriving and effective cooperation. This is fundamental. Development will never succeed unless we can accomplish this stage satisfactorily. When you look at the best-developed countries, in fact, in Asia for example, you are forced to the conclusion that a great deal of development is due to the will of the people and their ability to contribute to it.

► *Do you think loans, even soft ones, are the right sort of financing for the ACP countries?*



... to the micro-hydraulic project in Manjakandriana, Madagascar, for instance

— The current problems in the ACPs are no doubt at least partly the result of the fact that they were encouraged to run too many schemes with loans. Whether the loan is a soft one or a short one with a high rate of interest is neither here nor there. The problem, essentially, is the same. Even with soft loans, the ACP countries, many of them in any case, find themselves in difficulty not just when it comes to the interest, but to reimbursement of the capital above all. The African countries (and this is specific to them) have often been forced to use loans for schemes which even in our countries would be financed from the budget. When the ACPs are short of budget resources, the only way of helping them with their development is to give them grants. This does not mean gifts. It means acting in such a way as to avoid giving them recurrent costs they cannot cope with. I have often said that the breakdown of loans and grants is unsatisfactory, especially in most of the countries of Africa. The percentage of grants has to be increased, for a time at least, and in any case until Africa has emerged from its present situation. I say this all the more freely as grants have always been predominant in Community aid and represent about 80% of the total funds available.

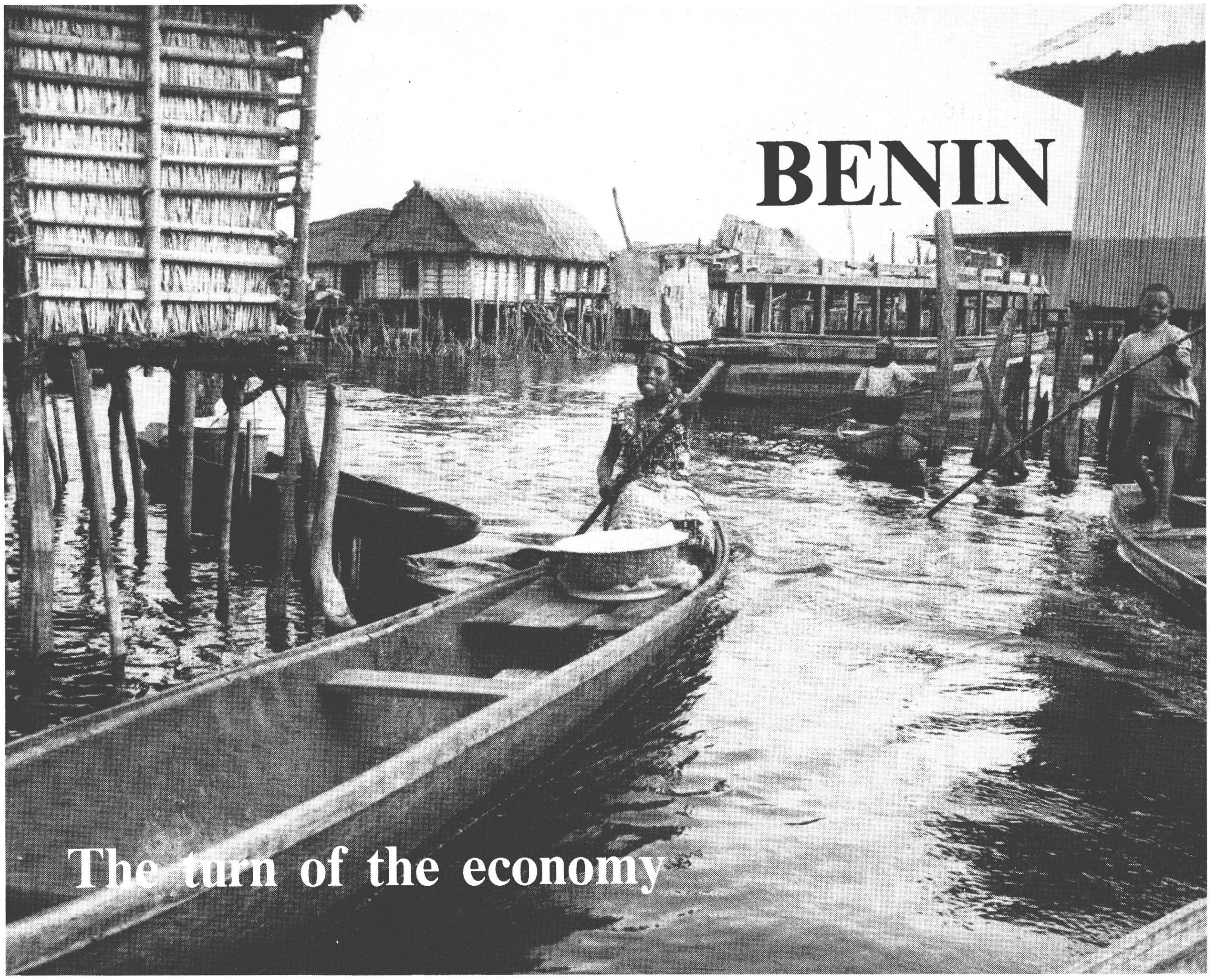
"Simplicity means success"

► *If your successor were to ask you for advice on the best way of doing the job, what would you say?*

— It's very difficult to tell. Everyone has to abide by his own habits, his own feelings and his own beliefs. However, experience suggests that you should start by trying not to complicate the issue. Issues tend to complicate themselves unaided. And you should also use your common sense as much as you can. Lastly, you should always make things simple.

One of the problems of development, often, is a tendency to seek very sophisticated solutions. This means you go in for refinements that are completely divorced from reality. And you head for disaster. To my mind, simplicity is the golden rule in development. It means success. o

Interview by
Marie-Hélène BIRINDELLI



BENIN

The turn of the economy

Benin is a little mushroom-shaped country on the west coast of Africa. It is squeezed between Togo to the west and gigantic Nigeria to the east, with Burkina Faso and Niger to the north, and it stretches 700 km from the Atlantic Coast to the edge of the Sahel. Thus its 112 622 km^2 offer a condensed picture of the whole continent. And it is proud to be the country with easily the most written literature in an Africa where oral tradition prevails.

Benin was open to European voyagers right back in the 16th century and it was soon at the centre of the black slave trade on the "Slave Coast". The stream of reports from military commanders, agency chiefs, slave ship captains and missionaries began. They mentioned great kings, administrators and war lords—Ghezo, for example, who got a veritable battalion of women warriors together and brought in an advanced tax reform, and Béhanzin, who fought the French arrivals tooth and nail and died in exile in Guadeloupe. But above all they gave a picture of many little kingdoms centred on towns that still bear witness to this rich past. There was Ouidah, the religious town still famous for its holy python, and Porto Novo, the administrative centre, which gradually lost its role to Cotonou with its port, and above all there was Abomey (its kings were to play a crucial part in resisting colonization) which gave its name to the country as a whole when the French wanted to avoid the name used thus far, Benin, being confused with the English territories further east and called it the colony of Dahomey. Robert Cornevin's book on Benin says that this is the only example of the name of a conquered kingdom being used for a unit five times as big.

But it was indeed because the name of Dahomey only symbolized a small territory in the south of the country and reminded people of defeat, that President Kérékou, who had come to power in October 1972, announced that they would go back to the old name of Benin on 30 November 1975. This was a better symbol of national unity, in spite of the fact that there is a state of Benin in the neighbouring Nigerian federation.

Continuity?

History is probably more visible on the canvas of contemporary events in Benin than elsewhere. It is for all the world as if the polarization of politics around rival cities for centuries, something which has provoked comparison with ancient Greece, had influenced the first steps of the young independent State. For no party domination and no chief emerged uncontested in what was then Dahomey, which was quite unlike what happened in the rest of Africa. There were three leaders from parties of comparable size, deeply rooted in their respective electoral fiefs, who led the country to independence. Sourou Migan Apithy had his political base in Porto Novo, Justin Tométin Ahomadegbé led the centre-south region and Hubert Coutoucou Maga headed the north. As none of the three managed to achieve supremacy, various forms of coalition and several types of government, each with its own constitutional changes, were tried out. But they led nowhere. Dahomey had become ungovernable. The army stepped in for the first time in 1963, then again in 1965 and a third time in 1969—when it brought down a régime run by a new man, Dr Emile Derlin Zinsou, who had no fief of his own and was thought to have more chance of appearing as a unifying force.

The following year, the country embarked upon a new idea that has since been tried out in other ways in Yugoslavia and Italy. It involved setting up a presidential council, a veritable triumvirate of the three historic leaders, each of whom was to exercise supreme power in turn. Hubert Maga was invested as Head of State in 1970. Two years later he handed over to Justin Ahomadegbé—who was overturned a few months afterwards by Commander Mathieu Kérékou's *coup d'état.*

The country has been stable since then. This is particularly remarkable in that it had beaten every crisis record before. In 12 years, it had seen four coups d'état, two unsuccessful plots, five Heads of State, five constitutions and three referenda. Apart from a fruitless attempted *putsch* in 1975 and a failed landing by mercenaries in January 1977, there have been no political troubles since President Kérékou took over. This is something even the opponents of Benin's official Marxist-Leninist line are willing to admit, for it is undeniable.

Pragmatism

It is also impossible to deny that the régime has developed greatly over the past few years. It has become more flexible, fewer political slogans are broadcast and there is less talk of ideology. The Minister for Trade, Craft and Tourism, Soulé Dankoro, may be right in thinking that, now the big reforms—nationalization of the banks, the new education policy, nationalization of the economy—have been carried out, the revolution in Benin has been consolidated... "and now we must develop the economy".

It would also be reasonable to think that, in this economic crisis from which no country is safe, Benin should be paying more and more attention to its economy and applying the sort of measures that some of its neighbours are using. This has already led to an attack on one of the cornerstones of socialist belief, state firms. "We

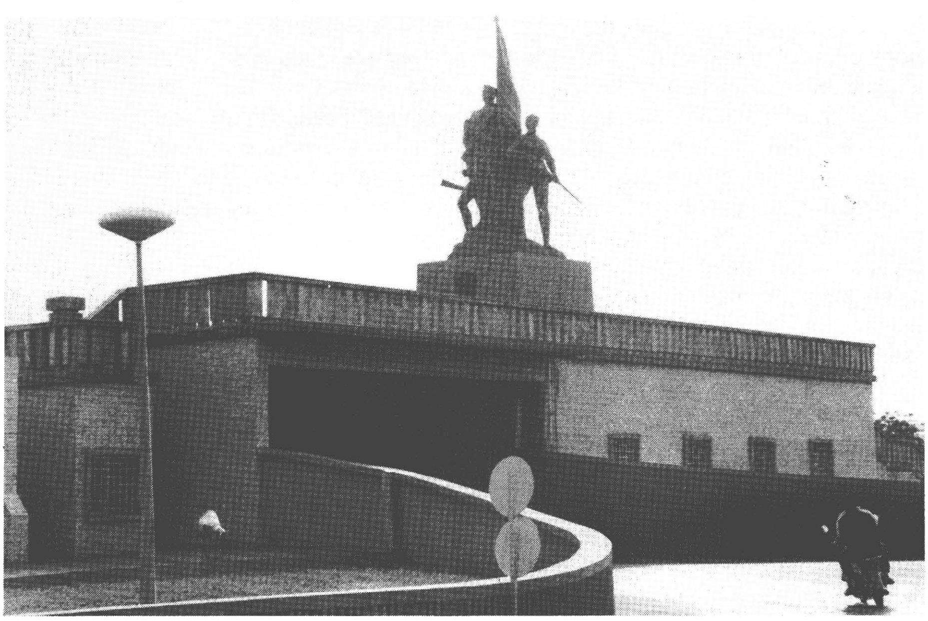
FAO / Banoun / Caracciolo

Except in the rare case of climatic problems, Benin is self-sufficient in food

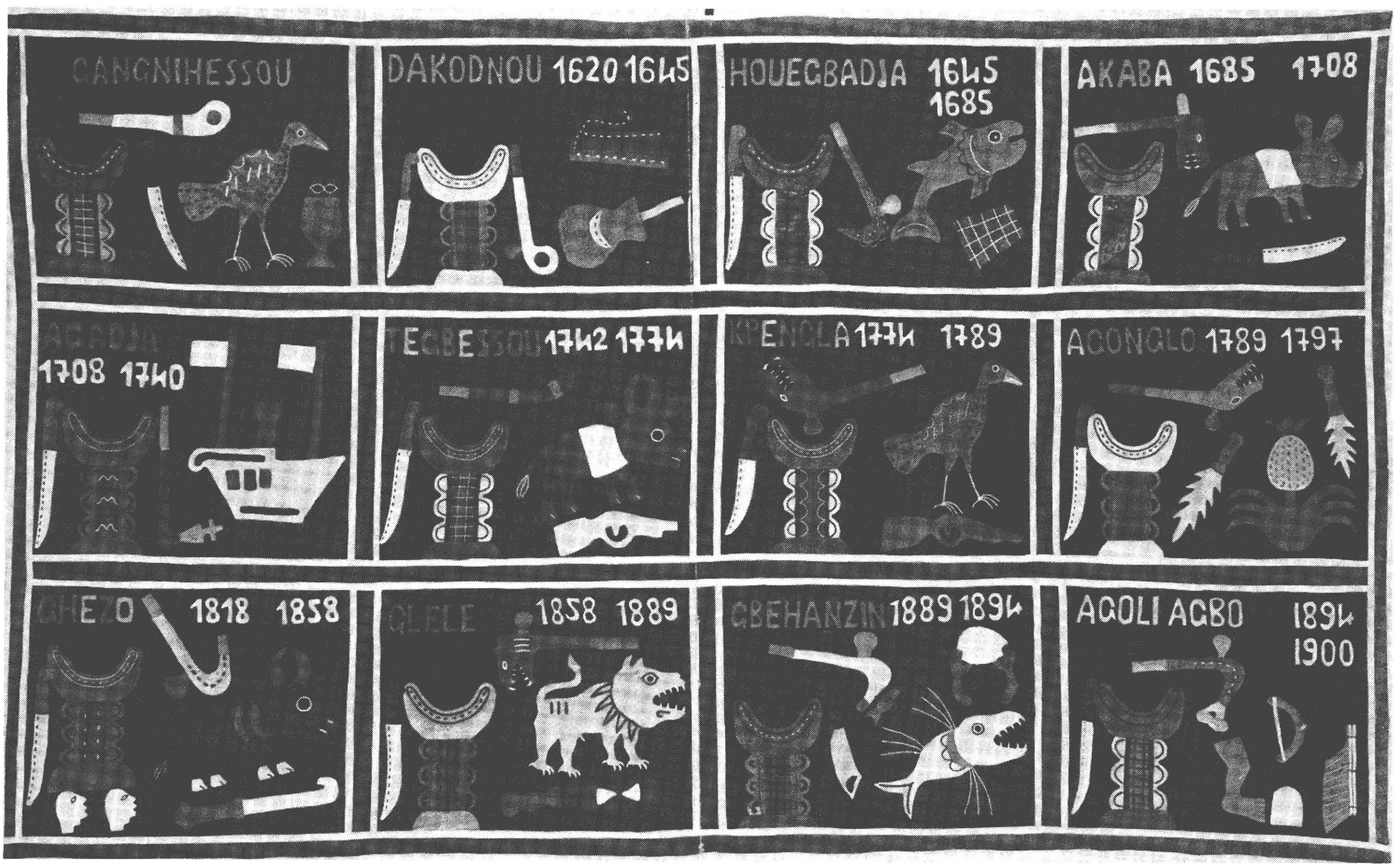
started by running down and even closing down firms that were not making a profit", President Kérékou said. "And we shall not hesitate to call on the private sector in certain cases".

Will this pragmatism go as far as negotiations with the IMF such as several of the neighbouring countries have had? The question mark has been there for some time. The country is heavily in debt and many of its loans are on ordinary commercial terms, particularly those contracted for the Savè sugar factory and the Onigbolo cement works and to underwrite the tapping of the Sèmè oil field, three major operations that are in difficulty now the loans have to be paid back (see article entitled: «Higher bid on agriculture»).

Benin's external debt servicing, an estimated US$ 800 million, is an intolerable burden on the economy. It accounted for 35% of the value of exports, including arrears, in 1984. And as the economy needs a breather and some fresh financial input, many people think Benin will go to the IMF, which has to be done before it can apply to the Club of Paris to have its



Monument in the centre of Cotonou, commemorating the victims of the mercenaries' attempted coup in 1977 debt rescheduled. This is how President Kérékou saw it in his interview with *The Courier* (see next page).



Benin is famous for its patchwork cloth. Here is a reproduction of the emblems of the Kings of Abomey with their names and the length of their reigns

Austerity

Preliminary talks have already taken place, but Benin still seems to be hesitating—for ideological reasons, no doubt, as the Beninese are jealous of their independence and do not want to seem under the IMF's thumb. But there is also a fear of the consequences that IMF programmes, which always spell austerity, have had on other countries. President Kérékou sums it up this way: "There will be no maize war in Benin", a transparent reference to the popular uprising that some countries experienced not so long ago after staple foods went up in price at IMF instigation.

But Benin has already brought in some restrictions of its own. The State has considerably tightened its belt. Operating expenditure has been frozen at the 1982 level, the systematic recruitment to the civil service of the newly qualified has been stopped and a plan to rationalize and reorganize State firms has been launched.

If Benin takes a decisive step in the IMF's direction, which would be a major decision in its development process, it will certainly take as many guarantees as it can, Isaac Kilayossi, Director-General of the Finance Ministry, assured me. "If we negotiate with the Fund and it is in the country's interest to introduce this programme... our obligations to the Fund have to be reconciled with the interests of Benin". This is caution indeed.

Prosperity

Whatever Benin ultimately chooses to do, stringency and an effort will be called for. But although it has a genuine problem on its hands, the country is not without its assets. It is on the list of least developed nations, certainly, but it is also one of the few countries of Africa that can, except in the mercifully rare case of climatic problems, meet is own food requirements, which is no mean achievement. Yet less than 15% of its arable land is under cultivation, so it has a considerable margin if it wants to become a food exporter.

And then, only a few years ago, before the crisis which the closing of the Nigerian borders in 1984 had further worsened, Benin was in a coveted financial situation. Credit was easy because, as President Kérékou says, Benin had the reputation of being "the best payer" there was.

So how can this land, cradle of a refined civilization and steeped in history, fail to follow up stability with prosperity (provided, of course, it can solve its debt problem and the will to tackle economic issues head on gets stronger)! Particularly since the Beninese tend to be highly industrious. The country's Mama Benzes, the richest among these outstanding businesswomen of the west coast of Africa, prove it every day, as do the fishermen in the admirable Ganvié community that live perched in their houses above the lake and refuse to decamp as long as the lagoon allows them means of life and hope. o A.T.

Profile of Benin

Area: 112 622 km^2

Date of independence: 1 August 1960

Population: 3.7 million (1983)

Rate of population growth: 2.7% p.a.

Head of State: President Mathieu Kérékou

Ruling party: Parti de la Révolution Populaire du Benin

Capital: Porto-Novo

Major towns: Cotonou, Abomey, Parakou

GNP par capita: US $ 330 (1982)

Principal exports: cotton, palm oil, oil

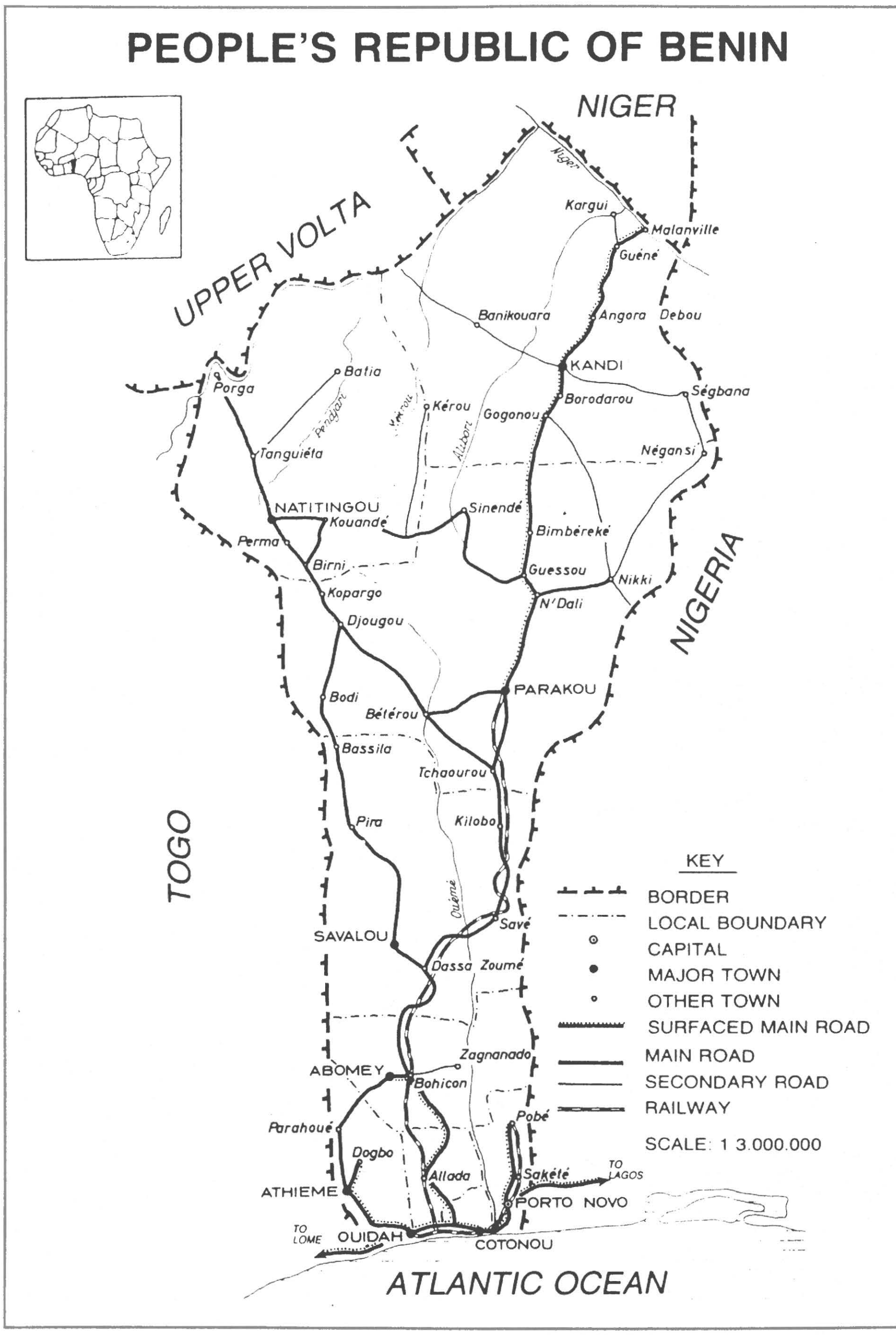
Principal food products: maize, yams, cassava, millet/sorghum

Official language: French

Other languages: Fon, Yoruba, Bariba

Currency: CFAF (CFAF 1 = FF 0.02)

ODA: $ 75.9 m (1982)



"We have to negotiate with our creditors in a climate of mutual confidence"

— An interview with President Mathieu Kérékou

"We cannot spend all our time writing slogans", President Mathieu Kérékou told me in the long talk we had in the immense reception room at the Palais de la République in Cotonou. And there is no doubt that, over the past few years, Benin has become less inward-looking. Some people even say the revolution has paused. But what has remained is a very militant, left-wing style of speaking. It comes out in this written interview with President Kérékou, who was anxious to present his country's point of view in the sort of detail that might have been omitted if he had given his answers orally.

Yet he spoke to me with precision for more than an hour—without any papers and without evading any of the issues. He went from the ironic "No-one gets lost in Benin's prisons" and "Don't think Benin is the Latin Quarter of Africa, for, although we've got plenty of administrators, we are short of technicians") to the serious ("the general regression in Africa" and bureaucracy "which paralyses the African economic take-off"). And he constantly spoke with overtones of revolutionary haranguing as if addressing a meeting—which he visibly often does—and giving the impression he could go on for hours.

President Kérékou has been in power for over 13 years now. He is a career soldier, an army general, and he can seem bitter. "When Africans have a white chief, they work. When they have one of their brothers, maybe a more competent one, they take him for their equal. Which is why some state firms fail."

But he views the difficulties of socialist regimes in Africa serenely, as he makes a distinction between "an idea and its implementation", as there may be a difference between the two. As he sees it, there is no doubt that Africans are "born socialists".

In this interview, President Kérékou answers The Courier's questions.

▶ *Under your regime, Benin has achieved a stability it hitherto lacked. But its economic development seems to be marking time. Why do you think this is?*

— Under our regime, you said?

As we, revolutionary, consistent, lucid and responsible Beninese, see it, a country cannot have a really revolutionary régime if it identifies with just one man, however willing and able he may be.

This is why the regime set up on 26 October 1972 is a regime of the whole of the Beninese people, because it is an objective and faithful reflection of its profound and legitimate aspirations.

Having made that clear, we must both admit that it is impossible to talk about economic development in a country that is politically unstable. But alas, that, unfortunately, was what our country was during the first 12 years of national independence and international sovereignty.

So, when the Revolutionary Powers took over on 26 October 1972, our People, our Party and our Revolutioinary State were able to create and gradually establish, on sound, healthy bases, new political, administrative and technical structures to encourage our Country's economic and social development.

The programme of national reconstruction and the new policy of national independence of 30 November 1972 enabled our great revolutionary movement of national liberation of 26 October 1972 to become deeply rooted in the popular masses in our towns and our countryside over the years and to win many a victory in political, economic, social and cultural fields.

And with our adoption of socialist-type development based on Marxism-Leninism of 30 November 1974, with the foundation of our avant-garde party, the Benin People's Revolutionary Party, and with the creation of the People's Republic of Benin, a decisive step was taken in the annals of history by our militant workers.

Similarly, with the subsequent application of the Fundamental Law of 26 August 1977, which clearly lays down the political organization of our changing society, we can assure you, with legitimate pride, today, that our country has moved without a hitch from revolutionary legality to constitutional revolutionary legitimacy.

Economically speaking, our People, our Party and our Revolutionary State are bravely working gradually to build up a national socialist economy that is independent and prosperous in the light of the revolutionary principle of counting on oneself first.

So new conditions that encourage the methodical implementation of economic and social measures that do not come up against inertia and psychological barriers are being created right across the territory and all the socio-professional and professional classes and categories compete in their keenness to work in a spirit of enthusiasm and healthy emulation.

So our Revolutionary State has taken over the vital sectors of our economy with out too much difficulty. It was in this context of a real awakening of the national awareness that the first three-year State plan (1977-80) made a considerable contribution to laying the foundations for economic growth, with a decent rate of self-sufficiency in food and industrialization geared to the local processing of natural resources.

The aim of the first five-year State plan (1983-87) is to pursue and further specify the aims and strategy of the first three-year plan, in particular by providing the operational content of the main policies laid down in the Programme announced on 30 November 1972. The minimum 10-point plan of our avant-garde party, the Benin People's Revolutionary Party, is now being implemented.

That is to say that a critical analysis of economic trends—not just in Benin but throughout Africa—has led our continent's organization, the OAU, to select the sort of growth strategy that will ensure self-reliant, self-sustaining development within the framework of a growing, independent and prosperous national economy.

This is why State intervention in the economic life of our nation is organized in such a way as to allow it to guide, control and stimulate national production.

But we have to admit that, in spite of all our political, economic, social and cultural efforts, we have not been spared the harmful effects of the profound economic crisis that has hit all countries the world over. Everyone knows that in Africa, this great continent of ours, the disastrous effects of the long world economic crisis are made even worse by natural disasters such as drought, desertification, grain-eating birds and locusts.

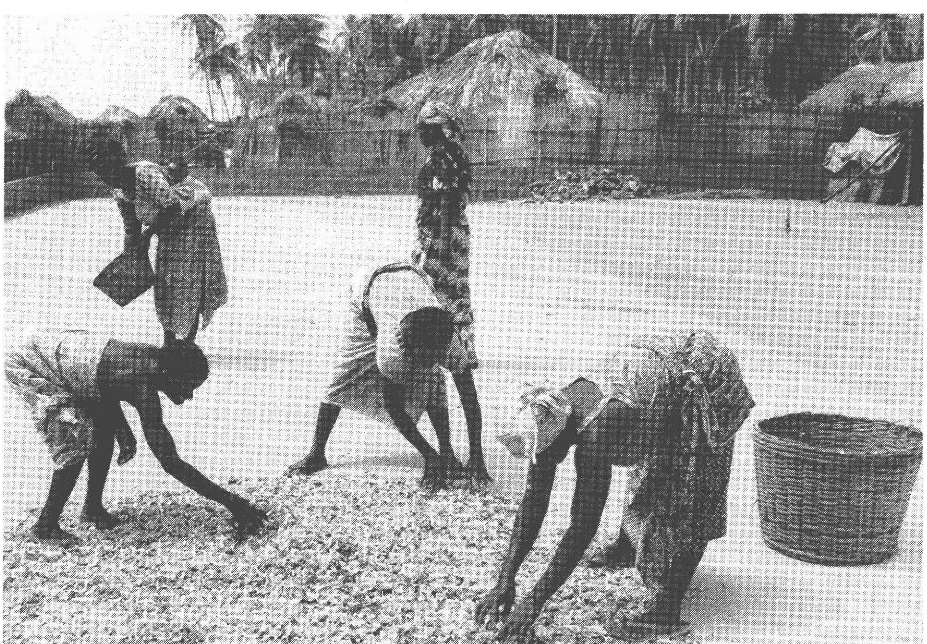
The deterioration in the terms of trade, higher interest rates and the ever-increasing debt burden can only aggravate a dramatic situation that is receiving special attention from the OAU and our Party and Revolutionary State more particularly.

In the face of all these many different complex issues, I should like to place particular emphasis here on the fact that we are increasingly convinced that it is only the introduction of a new, fairer, international economic order, through the North-South Dialogue, that will enable mankind to emerge victorious from the present world economic crisis.

It was at the second ordinary national conference in Cotonou on 18-24 November 1985 that our avant-garde party, the Benin People's Revolutionary Party, once more solemnly announced its general policy line and fundamental economic, social and cultural development options to history and to the world.

In conclusion, I should say that Benin is not the only country to be hard hit by the harmful effects of the lengthy crisis that is profoundly undermining the world economy. What I mean is that the economy of every country, large, small, rich and poor, has been paralysed over the past few years.

That is how we sum up the economic situation of the nation at the moment.



Drying fish at Ayiguinnon

"The first three-year State plan (1977-80) made a considerable contribution to laying the foundations for economic growth with a decent rate of self-sufficiency in food"

New investment code

▶ *Your state sector in Benin is running into difficulties—as indeed are state sectors elsewhere in Africa—and the Government seems to be moving towards a liberalization of the economy. What are the prospects here?*

— There is no secret about the fact that in Benin, and everywhere else in Africa and the world, the state sector has always had problems—for various reasons—regardless of the political, economic or socio-economic environment in which state and semi-state organizations have to work.

This is why we in Benin have always paid particular attention to the management of state firms. In April 1982, for example, we ran a thorough critical appraisal of the state sector when the following important measures were decided on:
— Non-vital sectors of the economy to be removed from State control so it could concentrate on the priority sectors of development;
— The State sector to be reorganized (radical restructuring of the public firms which were already in difficulty) and changes to be made to the structures to group firms with similar activities together to make for the rational utilization of all available human, financial and material means;
— Improvements to be made to the management of national and provincial public and semi-public firms.

These measures have already led to various decisions:
— a reform of the institutional framework governing the public and semi-public firms;
— further improvements to economic efficiency and the financial results of the sector;
— a review of state involvement in the various sectors of the economy;
— the opening of a large number of economic activities (in particular textiles, the building trade, goods transport, transit and consigning and importation and distribution) to both national and foreign operators.

The terms on which these activities are open to private individuals (nationals and foreigners) were clearly defined at our meeting with economic operators working in the People's Republic of Benin in February 1985.

This meeting was an opportunity both to inspire confidence in all national and foreign economic operators and to encourage them to gear their activities to productive sectors such as agriculture and industry.

It was an excellent occasion to remind the businessmen of the world that our new investment code offers them a legal framework to guarantee their capital and interest.

► *Benin is traditionally self-sufficient in food, but that has not stopped it from having some shortages this year. How do you expect to achieve lasting self-sufficiency here?*

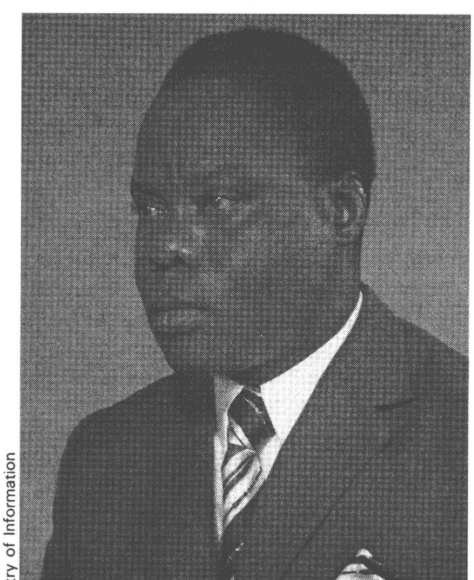
— Ensuring agricultural production can keep mankind alive and meet its fundamental needs has always been a crucial problem, as you know. So our Party is right to make agriculture the basis of our national economy and industry the driving force.

This is why the development of agricultural production should make for a proper, gradual solution to the vital problem of feeding the masses in our towns and our countryside and be a foundation for the industrialization of our country.

But as our farming is still very dependent on the rain, it is constantly threatened by the caprices of the climate and other natural disasters—drought, the desertification and the floods that periodically bring us serious food shortages.

When we have normal, regular rainfall, we can produce the food we need in spite of an ever-expanding population, poorly organized productive forces in the country, no modern farming methods and non-controlled trade in agricultural produce.

Our Party and our Revolutionary State have set up the National Cereal Board (ONC) to ensure that our people get regular supplies of food. The Board's job includes promoting food crops, regulating cereal prices between harvests and selling any surplus production to countries that are our brothers and our friends.



Ministry of Information

"The regional approach is the safest way for the whole of Africa gradually to achieve economic liberation and integration"

Our Party and our Revolutionary State have enabled the ONC to perform its functions efficiently by setting up a consumer budget to see what the people's real food requirements are.

So in the long term, fundamental self-sufficiency in food can only be achieved, in our case, if agriculture is modernized through the development of agricultural cooperation, agricultural research, the control of water resources, the rational and regular use of fertilizer and pesticide, better prices for the producers, proper marketing, the development of rural service roads and storage facilities and so on.

These important tasks feature in our Party's economic and social programme and will be carried out, methodically, in our economic and social development plans.

A positive diagnosis

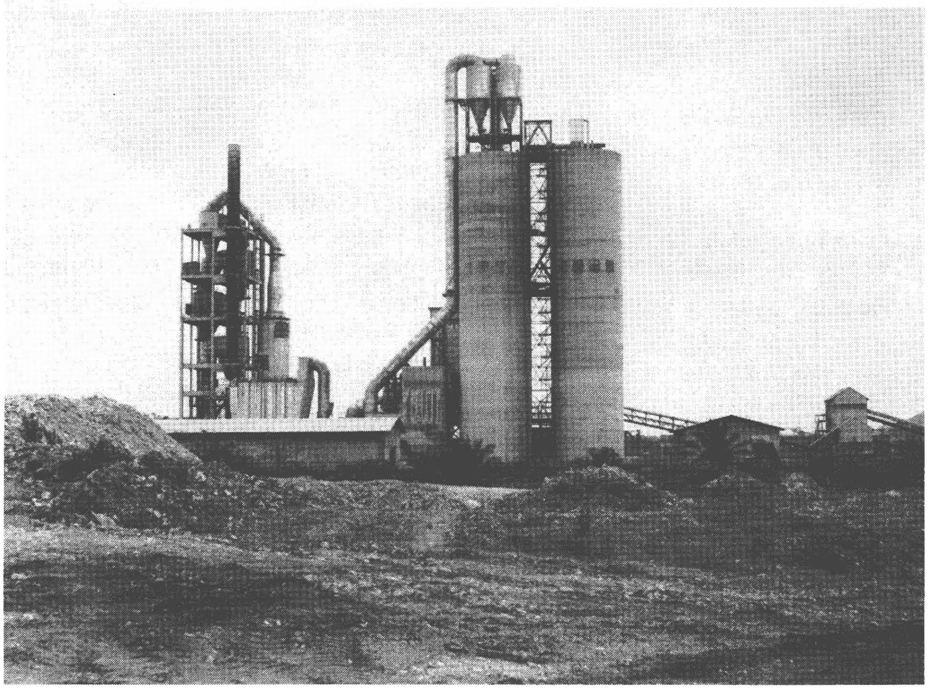
► *Industry is the driving force of development—although development is flagging a bit at the moment with the Savè sugar and Onigbolo cement works problems. What is the outlook for these two prides of Beninese industry?*

— The economic difficulties facing the two partners in these schemes—the People's Republic of Benin and the Federal Republic of Nigeria—have seriously affected the working capital of these two factories. Onigbolo Cement has marketing problems as well and finds it hard to get electricity supplies and cheap fuel oil.

Both states have been tireless in seeking objective answers whereby the two firms, which are jointly owned by Nigeria and Benin, can play their full part in ECOWAS, the Economic Community of West African States.

It was the two Heads of State who instigated a visit to the two factories by Nigeria's Federal Minister of Industry and Benin's Minister of Finance and the Economy from Wednesday 26 February to Saturday 1 March earlier this year.

The visit was an opportunity for the Ministers and their teams to reassure themselves as to the standard of the facilities and see what problems still



The Onigbolo cement plant, a Benino-Nigerian joint venture which suffered from the economic difficulties of the two partners

need to be solved, properly and diligently, for the two mixed companies to become really operational.

The positive diagnosis on the sugar factory and the cement works is, as you no doubt realize, the practical result of all the work the two Governments have put in over the past few years to help find a proper, diligent solution to the problems of the working capital and the electric and fuel oil supplies.

Obviously the visit by the Nigerian Federal Minister for Industry on 28 February, the day the frontiers between our two countries were opened again, means that the outlook for the Savè sugar company and Onigbolo Cement, both highly profitable ventures, is better.

▶ *Benin has oil, but it hasn't yet felt the benefit of its black gold and now there is a glut and a price slump on the world market. Isn't this likely to compromise your exploitation of this resource?*

— Your question is one of vital importance to our country, which, as you so rightly say, has been producing oil since October 1982. But please remember that the deposit we are tapping is the Sèmè one, which is small and under the sea.

Most earnings from Sèmè between 1983 and the present day have been used to pay for the running and development of the project and, most important, to pay back the debts we contracted to finance it. This is why Sèmè has not had any noticeable effect on the national economy so far.

However, the recent change in project management methods and the new development plan that has been devised to improve production are reasons to hope that the Beninese economy will feel the benefit of oil this year, in spite of falling crude prices on the international market. But it has to be admitted that the non-stop decline in crude prices since the beginning of 1986 is seriously affecting all the oil-producing countries.

The producers who are least hurt by the price drop are those with large underground fields where production costs are minimal and those with large offshore fields who have already paid off most of their equipment. There is no doubt that countries working small fields of the size of Sèmè are finding the major investments they have had to make a considerable burden.

This means that, if oil prices go on falling, the viability of a large number of deposits across the world will be in doubt.

So the Sèmè oil operation will not be the only one in trouble. We have to hope that, in view of the vested interests in the world oil market, the price of crude will not go on falling in an anarchic manner.

▶ *Benin's external debt is getting bigger all the time. What solution do you envisage?*

— A critical analysis, by source of financing, of Benin's external debt shows that the bulk of what we owe, 80%, is in the form of bilateral loans.

So the increase is largely due to the rise of the American dollar, the currency in which more than 40% of our external debts are quoted. The inadequate performance of our public firms, which have been badly affected by the international economic and financial crisis that has shaken all the underdeveloped nations with these loans, is also partly to blame.

The profound economic crisis has led to mounting arrears in the servicing of the debt. The solution our country envisages in this state of impasse involves applying pertinent recommendations by international organizations, such as the UN's Economic Commission for Africa (ECA) and the Organization of African Unity (OAU), and getting the creditors to write off all or part of the debt or to reschedule in the light of the new economic situation in Benin. This should mean that debt servicing will at least be brought into line with export earnings and GNP.

This is why we have to negotiate with our creditors in a climate of mutual confidence.

We did not hesitate to call on the International Monetary Fund to conclude a structural adjustment programme with our country, for this very reason.

As you can see, Benin intends meeting all its commitments and it strongly hopes that the IMF will understand the main concerns of our Party and our Revolutionary State.

A regional approach—the safest way

▶ *After its recent failures, do you think that regional cooperation still has a good chance?*

— It has certainly been apparent that cooperation along the lines of regional integration among the States of west Africa has not been doing so well in recent years. That was what made our detractors ironically say that this part of Africa is a formidable challenge to the practice of integration.

Many people in the know wonder whether cooperation and economic integration are taken seriously in west Africa—as if they didn't know that the building of an economic community, be it big or be it small, is not an easy task.

At all events, there is no secret about the deterioration of the world economy being made considerably worse throughout sub-Saharan Africa by unprecedented drought and desertification, with the serious consequence of an economic and financial crisis in the member countries.

To be truthful, these are all unavoidable problems.

The European Economic Community had the same thing in 1970, after 13 years of existence.

The time has no doubt come for the leaders of the continent of Africa daily to increase their awareness of the many different problems facing their peoples and their States and to apply the appropriate remedies within the framework of the OAU and other regional and sub-regional organizations, with a view to the wellbeing—and the better-being—of the workers in our towns and our countryside.

This is a basic problem and the way it is handled, which will be decided by the States in the sub-region, should increase the chances of survival of both Communities—the CEAO and ECOWAS.

However, if these two organizations are to be viable, they will have to merge on solid foundations. Or at least they will have to operate regularly and without any form of discrimination, thereby encouraging the simultaneous, coordinated and harmonious development of all the national economies of the member countries.

The achievement of such noble objectives means that all the partners must have a common political will and an acute sense of solidarity and cooperation that are displayed through the deliberate acceptance of sacrifices by each and every one involved.

Clearly, the path to the construction of any community is strewn with obstacles—which is why the African States' vow to unite the whole of the continent in the interests of the peoples of Africa, their decision to build regional economic unions step by step and their common political will gradually to better the living and working conditions of their nations should overcome the obstacles whatever they are.

The noble and exciting nature of the gigantic and historic task which the States of the west African sub-region have to accomplish should take precedence over individual concessions and sacrifice, so our common struggle, led courageously by the two great communities of our sub-region, the CEAO and ECOWAS, is not simply the manifestation of a wager.

That is why we sincerely believe that the word "failure" is too strong to describe the inevitable economic difficulties west Africa is now faced with.

Although phase two of the ECOWAS protocol on free movement and right of residence has proved difficult to implement and Nigeria's frontiers have been closed for two years, there is still no reason to lose sight of the fact that there is no shortage of common political will among CEAO and ECOWAS members and that they are patiently seeking the appropriate ways and means of solving these problems.

It is thanks to this common political will that many differences have been settled on many different occasions.

ANAD(*), for example, found an answer to the conflict between Burkina Faso and Mali, which were fighting over the Agacher zone.

The periodic consultation meetings when Heads of State and Government of the Entente Council harmonize their points of view on problems of the moment have always been held in a climate of serenity and mutual confidence.

ECOWAS has also run a number of agricultural, fisheries, industrial and commercial schemes.

These are irrefutable proof of the vitality of the organizations in our sub-region.

(*) Editor's note: The Agreement on Non-Aggression and Defence.

Efforts are being made in other sub-regions to make sub-regional cooperation an efficient means of development.

And lastly, the Heads of State and Government of the whole continent, who are profoundly aware of the challenge of under-development, devoted the 21st OAU summit to development in Africa.

They took some important decisions with a view to righting the African economy, in particular the short-, medium- and long-term multisectoral economic recovery programme.

On the basis of all these objective considerations, we are entitled to believe and to affirm that west African cooperation is well under way. How could it be otherwise when the regional approach is the safest way for the whole of Africa gradually to achieve economic liberation and integration and the self-reliant, self-sustaining development laid down in the action plan and the Final Act of Lagos?

"Our country is not afraid of calling on the IMF"

▶ *Many African countries have already applied IMF remedies. Benin seems to be hesitating to follow in their footsteps. If this is fact the case, could you tell us why?*

— Most of the African countries have indeed embarked on adjustment programmes with the IMF.

We have already told you that the economic process which the difficult international economic situation forces upon us has already been started, responsibly and in full knowledge of the facts.

So we have applied for and been granted IMF diagnosis and inspection missions in various sectors of the national economy. These took place between October 1984 and December 1985.

They led to some preliminary recommendations which are now the subject of thorough critical appraisal. There is no doubt that this study will result in an adjustment programme whereby we can continue victoriously along the path towards a prosperous, independent, national economy.

Our country is not afraid of calling

on the IMF and so there is no reason to hesitate to do what so many other countries have done—in spite of the fact that experience has shown that the IMF brings more constraints than it provides solutions to the problems the recipient countries have to face.

However, the decision to call on the IMF is not a recent one and, if no adjustment programme has been introduced so far, it is not because the political will is not there. It is because of the slowness of the IMF's procedures.

► *The closing of Nigeria's frontiers was a blow to the Beninese economy. Just how big a blow was it?*

— As you know, the problems attendant on the international economic crisis which has made life so difficult for everyone, the developing nations especially, could not be worsened or overcome by the simple closing or opening of the Nigerian frontiers.

This is why our country has always felt that any economic recovery measures that individual states take to make an efficient job of combatting the harmful effects of the crisis are matters for those states alone. The closing of the frontiers you mentioned has to be seen in this context.

However, since the economies in our sub-region are interlaced, as they are elsewhere in the world, it is perfectly natural for the closing of Nigeria's frontiers to have more or less unpleasant repercussions on the economies of its neighbours.

But in fact, this situation, like everything else in life, has its advantages and its disadvantages and they must be looked at objectively.

So there is nothing I can say—except remind you that the closing of the borders between Nigeria and its neighbours seriously interfered with the free movement of individuals and goods and was a severe blow to ECOWAS.

Today, very fortunately, the frontiers are open again and have been so since 1 March. So we very much hope that free movement of individuals and goods can start up again without anyone making it difficult—which would be pointless in view of the fact that we want gradually to build an economic community, of which ECOWAS is the living symbol, in western Africa.

EEC aid — substantial support

► *Lomé III will be taking effect soon. What do you think of your cooperation with Europe and is there any new stimulus you would like to give it?*

— Cooperation between the People's Republic of Benin and the European Economic Community is one of the most important and most active examples of cooperation, from the point of view of both quantity and quality.

The Dantokpa market in Cotonou
"The closing of the borders seriously interfered with the free movement of individuals and goods"

Quantitatively speaking, the Community has allocated us various types of aid (grants, soft loans, Stabex transfers, food aid, emergency aid and so on), amounting to CFAF 60 600 million under the first five EDFs.

So Community aid is important—it was CFAF 5 112 million under the first EDF and rose to CFAF 20 092 million under the fifth.

As to quality—the EEC has contributed to every sector of the socio-economic life of the nation and has therefore been a substantial support to the Beninese Government in that it has constantly improved the living and working conditions of the masses in our town and country areas.

But in spite of the relatively positive picture of EEC-Benin cooperation, it is still worth pointing out that there is still a long way to go and many a challenge to take up.

Benin, with a per capita GDP of CFAF 106 000, is one of the 26 least developed countries of the world. This is why the UN Conference on the LDCs in Paris in September 1981 said our country should benefit from special provisions on official development assistance.

At the moment, Benin and the Commission of the European Communities are working actively to produce the 6th EDF national indicative programme for implementation under Lomé III.

The constant concern of the central authorities of our Party and our Revolutionary State here is to set great store by the experience our nation of militant workers has acquired in all fields and to ensure that sustained efforts be continued so we can remove or reduce the barriers and obstacles which emerged during previous Conventions and which have resulted in certain limits to the optimalization of cooperation.

So our country has no doubt at all that the EEC will do more to be flexible with EDF procedure, make a better contribution to the economic and social development of Benin and find the right means of getting the national firms and consultancies involved in Community schemes.

Ready for the Revolution, the fight continues! ○

Interview by A.T.

Higher bid on agriculture

"You don't choose your neighbours", they say, meaning you have to resign yourself to them and try to cope as best you can. It goes for states as well as people. And the Beninese must have thought it often, as their tiny country is stuck to the side of giant Nigeria, ten times as big as they are and with 25 times as many people. Benin's geographical situation has shaped its vocation as a way through to the Nigerian market. Traditionally, trade is an all-important activity, second only to farming, and it accounts for something like 15% of GNP. There are two sides to it:

1. The transit of goods to landlocked countries inside Africa—Burkina Faso, for example, and most importantly, Niger. Traffic to Niger has kept the port of Cotonou very busy, in spite of the loss of overflow from the port of Lagos which has now been extended. The transit trade is known and is under control.

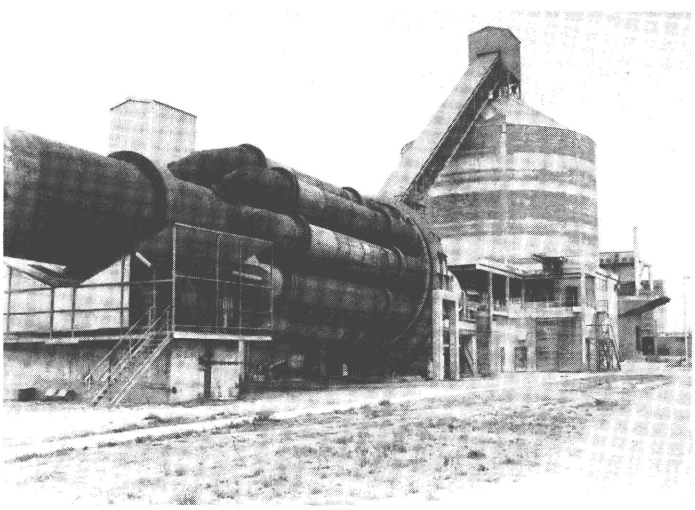
2. Import to Benin and subsequent export to Nigeria of luxury goods, drinks and cloth, largely through non-official (not to say fraudulent) channels. This, combined with supplying the local market with Nigerian manufactures, through the same channels, makes up the bulk of trade—which, although it makes for individual enrichment, does little for a State that does not control it.

So the news that Nigeria had closed its frontiers in April 1984, officially for a bank-note change, was a real economic bombshell, as Benin's trade sector had always reflected Nigeria's demand, peaking during the oil boom. The immediate result was a general decline in activity. Christine Padonou, one of Benin's leading businesswomen, the so called "Mama Benz", says her annual turnover (it was up around the CFAF 3-4 billion mark in the good days) was cut by half. And the State got in fewer customs duties and less tax when traffic through Cotonou port and airport slackened. But not everything is bad.

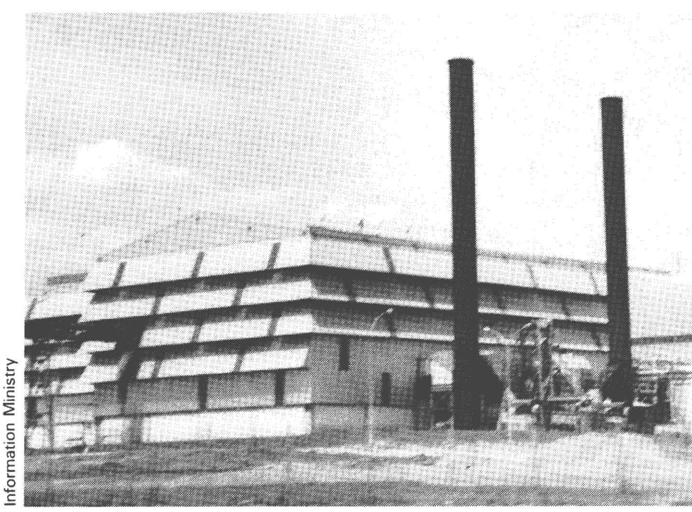
Far from it. Since the frontiers closed, Benin has seen its crime rate drop, says Soulé Dankoro, Minister for Trade, Craft and Tourism. And the supply of food products, especially maize, on the markets has increased spectacularly (Nigeria has traditionally taken about 20% of Benin's agricultural production), leading to a drop in prices—to the great satisfaction of the consumers in the towns.

But the most beneficial effect, Soulé Dankoro maintains, is a more general one. "The closing of the borders taught us to rely first on ourselves... I don't say we should be living in isolation... but dependence should not be as obvious as that... we are learning to live with the borders closed and it isn't nearly so difficult now as it was at the beginning...".

Just a week after this talk, Nigeria decided to open its frontiers again. They had of course always been crossable—as the "made in Lagos" biscuits and soap-powder in the Porto Novo bus-station shop and on the Dantokpa market in Cotonou and the retail sales of smuggled petroleum products all along the roads to the frontier were there to show. But, they assured me, the lessons of the closure will not be forgotten.



The Courier



Information Ministry

The Onigbolo cement plant... and the Savè sugar factory
Benin pinned great hopes on these two projects which are now experiencing major problems

Meeting commitments

Something else that is food for thought, and not alas a plus point for the indispensible regional cooperation either, are the problems currently being faced by two joint industrial ventures—the Savè Sugar Society (3S) and the Onigbolo Cement Works. Both these firms belong to Benin and Nigeria jointly. They were financed very largely by foreign loans which the two States have guaranteed. 3S cost CFAF 69 billion. Production began in 1983 and was expected to reach 47 000 t of refined sugar (four fifths of it to be exported to Nigeria) by 1987, but things are going slowly at the moment. SCO, the cement works, was a cheaper proposition and only cost CFAF 37 billion. It was supposed to produce 500 000 t cement p.a., 60% of it for Nigeria, but so far it has had to be content with sharing the Beninese market with two other producers which it supplies with clinker. So it is working well below capacity. And like 3S, it is a victim of Nigeria's refusal to purchase its share of output.

Yet Benin had placed lot of hope in these two projects and, although they demanded a considerable financial effort, they should have brought in enough profit to pay back the loans. Nigeria needs a great deal of sugar and cement and the markets seemed assured.

But when the projects were being set up, apparently not enough attention was paid to marketing the goods on the Nigerian market—import duties mean that both Onigbolo cement and Savè sugar are not terribly competitive. But Nigeria is not only part-owner of the two companies but a guarantor, with Benin, of the loans—which they should have started paying back in 1982. But arrears have been mounting up since then.

The political events in Nigeria are of course partly to blame for the problems the two companies are faced with, and Benin insists that commitments be met. SCO and 3S were designed for the Nigerian market and they will not be a paying proposition if their products cannot accede to it. Recently, a delegation consisting of the Nigerian Minister for Industry and Benin's Minister for Finance visited the two factories and discussed the matter. But whatever happens, says President Kérékou, "we have lost at least two years".

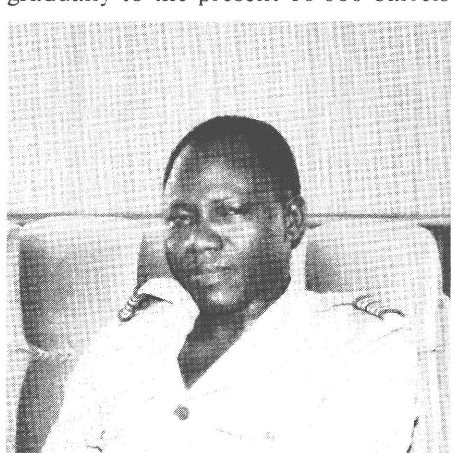
Lower prices

Although Benin sought Nigeria's involvement in the sugar and cement projects, it embarked on financing the tapping of the Sèmè oil reserves on its

Soulé Dankoro,
Minister for Trade, Craft and Tourism

own. This bed was discovered off Sèmè, very near Nigeria's territorial waters, back in 1968. Nothing was done about it until the Governement signed a service contract with the Norwegian company SAGA Petroleum in 1979. This was the firm which had carried out the feasibility study. Boring began in 1982 and in April the following year the first consignment of Beninese oil, a heavy but slightly sulphurous crude, was exported. It has cost the State $ 140 million borrowed from Norwegian banks and international financial institutions such as the IBRD and the EIB.

Since then, production has increased gradually to the present 10 000 barrels



Adolphe Biaou,
Minister for Rural Development and Cooperative Action

per day (there are seven wells in operation), but the recent world price slump has sown doubts about the continuing wellbeing of the sector.

When Sèmè started producing, a barrel of crude was worth about $ 26. Today's figure is more like $ 12. But profitability studies suggest that this can still be a paying concern at $ 11 per barrel, although the margin is tight, particularly since Benin has to pay SAGA a fine for breach of contract as well as cope with reimbursement of the loan. Since the end of last year, the State found SAGA's terms too harsh and took a new partner, an American one this time, PANOCO, the Pan Ocean Oil Corporation.

As the Beninese co-director André Yoro told me, a developing country exploiting a resource as important as oil "always expects it to give it an economic take-off, solve the nation's financial problems and pay for other projects, particularly in social infrastructure. With our old partner, the methods of management and contract structures were such that we couldn't get the full benefit of the exploitation of our resource".

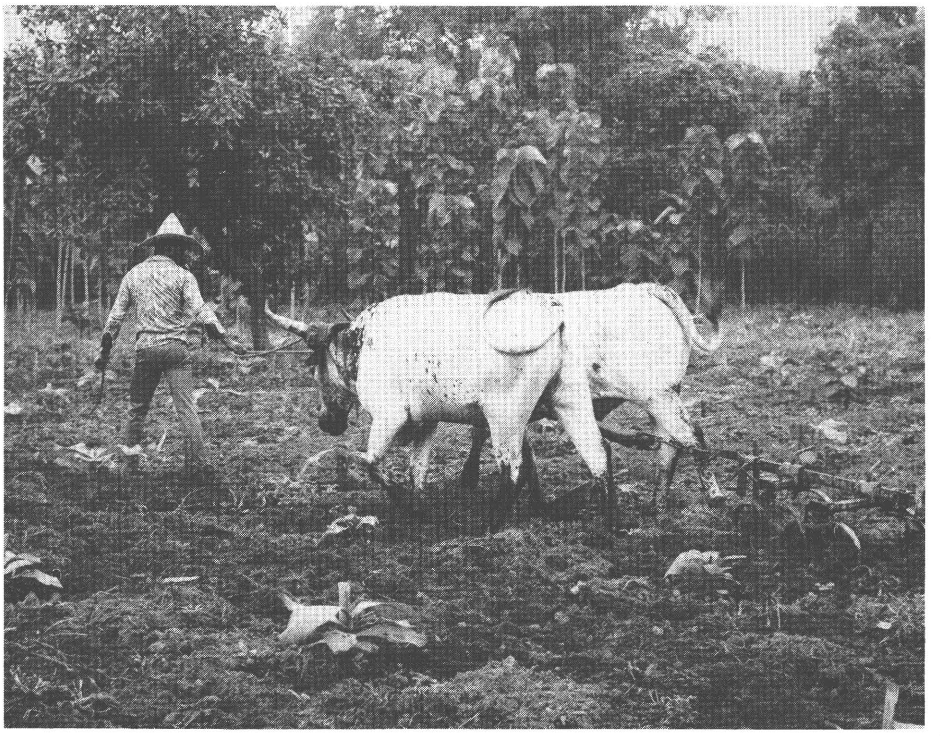
But he is resolutely optimistic, in spite of the problems of the moment. He thinks the company is viable, regardless of the worrying drop in prices. Phase II, which is already under way, will see the facilities extended and more wells sunk so production should increase. And prospecting at sea and on the continental shelf will continue alongside. Two conferences, one in London and one in Houston, were held last year to encourage other companies to join in this drive.

A change of tactic

These three schemes—the Savè sugar works, the Onigbolo cement works and the Sèmè oil operation—are major schemes for a country of Benin's size and they accentuated the priority which the 1978-80 development plan put on industrialization as the driving force of development. Between them, they accounted for almost half the CFAF 244 billion of financing foreseen. But if the accompanying investments, the energy and the transport projects and so on, are taken into account the figure is as high as 75%. But investments in rural development only amounted to 11% of the total, so the new 1983-87 development plan (there have been two interim plans to finish projects already under way) is a complete change of direction.

Agriculture is now the essential thing and the emphasis is on self-sufficiency in food. Traditionally, of course, Benin can feed its 3.7 million-strong population unless drought cuts the harvests, but this has only happened twice over the past 10 years—once in 1976-77 and once in 1982. This is particularly remarkable in that less than 15% of the arable land is actually in use. It is easy to understand why so little land is being worked.

Adolphe Biaou, the Minister for Rural Development and Cooperative Action, explained that "most of the peasants use hoes. But we have made progress with bringing in draught animals and we think we can do better still—until one day we have tractors. But we aren't in a hurry. We don't want to get our peasants too mechanized too quickly".

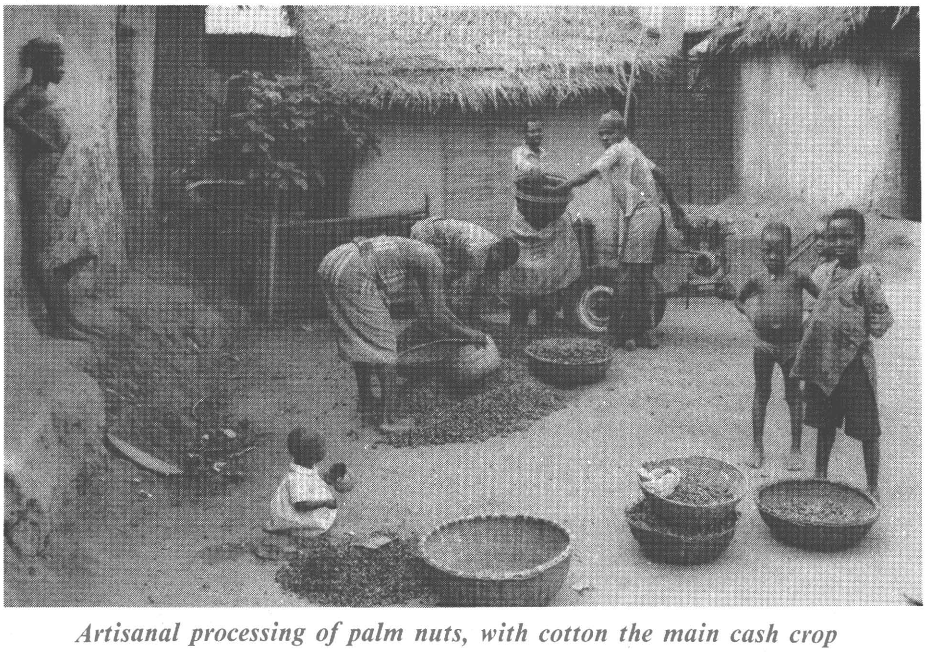


Vivant Univers

Draught animals are increasingly used, but most farmers still use hoes

Boosting food exports

Food crops dominate farming. Maize, particularly, is grown in the densely—populated south where there are two rainy seasons and two harvests. Yams and sorghum are grown in the north, in the Atacora and the province of Borgou. Benin also produces manioc, beans and rice. There is regional trade, mainly with Niger and Nigeria, in these food products, which represent about 20% of the value of the country's exports. The big ambition is to boost the volume of exports further, something which is perfectly possible bearing in mind all the land available, provided production can be encouraged.



FAO / T. Fenyes

Artisanal processing of palm nuts, with cotton the main cash crop

The authorities could well adopt the methods used to boost cotton production here. Cotton, along with oil palms and groundnuts, is the nation's main cash crop and farmers were encouraged to produce more when the price paid to the producer went up. The response to this stimulus was spectacular.

Last year, cotton expanded in a remarkable manner, reaching almost 90 000 t when the average output in 1979-81 was around 18 700 t. But it is not always easy to juggle with the prices, Adolphe Biaou said, because the country is affected by what happens on the international market. "When we raise prices and buy production, we have to be able to place it to recover the outlay and fill the coffers. If the world prices drop in between, we are left with a deficit. We haven't yet found a satisfactory answer to the problem of fixing prices for food products".

Transforming the villages

But that is what they have to do. Because the purchasing power of the peasants, who make up 90% of the population, has to be raised if they are to stop being "potential consumers and become real consumers of all kinds of economic goods", as Planning and Statistics Minister Zul-Kifi Salami puts it.

This means paying more for what they produce and doing so as part of an official strategy of independent, self-sustaining development. And this means having a big enough domestic market to set up industrial firms that have a good chance of being viable.

The Mama Benzes— an institution and its myths

I had been warned. "Many of these women have millions. Some of them are billionairesses. But if you saw them, you'd think they were penniless". I was sitting in Christine Padonou's waiting room—she is one of the five top Mama Benzes—with the banker friend who got me the appointment and I could not keep these words of Soulé Dankoro, the Minister for Trade, Craft and Tourism, out of my mind. Particularly since some of the clichés I had heard so often were already turning out to be true.

So, true to that thoroughly African good-natured anarchy, the main facade of the elegant storeyed house that is both the home and the offices of Ms Padonou was hidden behind a muddle of sacks of rice covered with enormous sheets of plastic to protect them from the rain. "So it's true", I thought. "They really do stack their goods anywhere. Even in their houses". As I was later to find out, those were only some of the emergency stocks and canned food, boxes of alcohol and crates of soap were piled up in several of the rooms. And Ms Padonou has plenty of other warehouses across Cotonou.

The waiting room had samples of her wholesale goods—washing power, canned food, alcohol, cloth etc.—on the floor. There were three women waiting in silence. Weren't they part of the solely female pyramid that controls the whole consumer goods distribution chain from import through retail selling? Another cliché.

And when my friend introduced me to a beautiful young woman, the eldest daughter of the house, who emerged from the next room and sat at a table opposite us, I needed no further confirmation. "That must be the heiress to the fortune", I thought. They were right. The women really do run the business and the men—two brothers who, I was to learn, are studying in France at their mother's expense—are systematically excluded. I caught myself watching her face, trying to detect the experienced businesswoman she will be one of these days when she in turn has been promoted to the rank of Mama Benz. But for the time being, she is learning the job by being her mother's secretary.

Those were the lines along which my mind was running when the door behind her opened wide. Christine Padonou motioned us into the office and there all the truisms, all the rumours and all the clichés suddenly crumbled.

The long room contained a big desk with a large safe to the right of it and there was a group of armchairs too. Between the two was a telex, a sign of the times if there ever was one, and a telephone that never stopped ringing. There were always top officials on the other end, as the titles she sometimes used revealed.

Decidedly, the all-too-common idea of a Mama Benz as a fat African woman with her purse hidden in her *pagne* and all her accounts in her head is quite wrong. It does not stand up to even a few minutes with Christine Padonou, one of the five richest businesswomen in Benin (although she categorically refuses to confirm this, maintaining she knows nothing about her competitors' fortunes), who is nothing like it at all. Quite the opposite. She is a modern businesswoman with up-to-date accounts and a sound grasp of French. And although she cannot (yet) read or write, she is very good at counting—what can't you do with a pocket calculator?—and both telex and telephone are an integral part of her business life.

"I pay my taxes regularly", she said proudly, "and I do a lot of work with the banks". My banker friend, who had dealt with some of these transactions, confirms this. As soon as their turnover reaches a certain point, he told me, the Mama Benzes have to use a bank. Christine Padonou's turnover was something like CFAF 3-4 billion a year between 1977 and 1980, during the Nigerian oil boom. But the closing of the frontiers in April 1984 cut it in half.

Christine Padonou, Mama Benz and modern busines woman. On her desk, is part of her day's takings

Checking the accounts in a fisheries cooperative. The women really do run the business

Ms Padonou is starting to use her financial powers to diversify her activities and break into industry. She has just invested in constructing cold rooms for fish marketing, maybe the first step towards building a processing plant.

Christine Padonou is a practising Christian and she shares her undeniable success with the people of Athiémé in the Mono area, where she comes from, financing, in particular, road works and water supplies for the dispensary.

The Government, as was to be expected, is trying to capitalize on the dynamic Mama Benzes—Soulé Dankoro suggests there are tens of thousands of these women across Benin—by attracting them to the official trade structures. At the end of last year, Dankoro's Ministry reorganized Benin's Chamber of Commerce and Industry and took a vote in which they took a full part. But he has no illusions. Changing their outlook will be a long, hard job.

One more thing. Mama Benz is not really the right title for Christine Padonou. She does not ride around in one of those solid German limousines beloved of her colleagues, which gave them their name. She has a much more modest French car... o A.T.

The agriculture behind this strategy would provide the industries with the necessary raw materials and get back the agricultural input it needed to increase its output.

That is the thinking behind the second State Plan as presented to the round table of funders in Cotonou in March 1983. It is based on basic rural development programmes that are integrated at grass-roots level, in the villages, and should transform the way of life.

"Agricultural projects are no longer designed in isolation", Mr Salami said. They now include such things as the provision of agricultural input at the right time, the proper use of the factors of production, agricultural extension services, health coverage, village water engineering and literacy campaigns, all of which contribute to the same aim of boosting productivity and production.

This new priority on the rural world is, Minister Salami said, completely in line with the Lomé III policies. And this, he thinks, facilitated the dialogue with the Commission when talks were held on the Indicative Programme of Community aid—which was eventually signed in Cotonou on 10 April.

State control

"Benin is not one of the worst-off in Africa", the President told me. And it is true. With a per capita GDP of $ 330 (*), it is indeed ahead of many of the other countries on that continent. But it is also a long way behind the leaders and recent economic trends have only widened the gap. Some schemes the Government was counting on have failed (so far) to fulfil their promise—take the three major sugar, cement and oil projects, for example. The targets of the public firms, which are the State's means of controlling the economy, have not been reached, in spite of the attention paid to them.

State control goes back to the mid-70s. The idea then was to stop foreign control of the modern sector, particularly banking, distribution and industry and to ensure that the consumer got certain essential services at a reasonable price.

But the 60 or so public firms which opened in a wide range of sectors (industry, trade, transport and finance) did not have the anticipated effect on the economy. Most of them ran into serious financial difficulty fairly fast and they cost the State at least CFAF 15 billion-worth of capital plus a further CFAF 135 billion of loans which Benin had to guarantee.

Noticeable decline

Attitudes have been changing in this field over the past couple of years. The Government has decided to wind up some of the firms, to merge others and to reorganize—which will mean further investments and new loans. But debt servicing is already an impossible burden that in 1985 took CFAF 16 billion of a budget—bled white by treasury losses and almost entirely earmarked for civil service wages—of CFAF 50 billion.

The failure of the State firms has a lot to do with Benin's problems today. The other main reason for the present economic marasma, as we have seen, is the decline in activity in Nigeria, a situation which has been made worse by the closing of the borders for almost two years (April 1984 to March 1986).

The result was a very noticeable decline in trade, the second pillar of the economy after agriculture. And although the frontiers were opened again on 1 March this year, the falling price of oil, Nigeria's biggest export, suggests there will be a long period of austerity in Benin's main neighbour.

The key to the future

However, the overall picture is not entirely black. The sun is shining on agriculture. Two out of three Beninese work in farming, giving the country its self-sufficiency in food, something which is much coveted in an Africa where famine and malnutrition are a scourge.

Benin's future very much depends on how far it can modernize its agriculture, diversify its output and produce a surplus for export. How many countries that are developed today have had to pass this way? o A.T.

(*) 1982 figure.

EEC-Benin cooperation (*)

Relations between the EEC and Benin go back to the creation of the EEC in 1957; Dahomey, as the country was then called, was eligible, in its capacity as an associated territory, for funding from the First EDF, from which it received ECU 20 143 000 of grants. After its independence in 1960, cooperation with the Community continued in the framework of the First and Second Yaoundé Conventions under which it received ECU 22 825 000 and ECU 26 580 000 respectively.

With the conclusion of the Lomé I Convention, EEC-Benin relations underwent a considerable expansion due to the multiplication of instruments of cooperation. Since then Benin has benefitted from the whole range of these instruments; apart from EDF financing in the areas of rural development, social infrastructure and transport, the country has made use of trade promotion exercises, Stabex transfers, EIB and CDI activities and regional cooperation programmes; and, outside the Convention, of food aid and emergency aid and NGO co-financing.

(*) Article based on information supplied by the Commission Delegation in Benin.

Implementation of Lomé I and Lomé II

Benin's indicative programme under the 4th EDF (Lomé I) is ECU 44 300 000; it comprises 39 projects of which 25 are ongoing and 14 completed. At 31 December 1985, 85.4% of the indicative programme had been engaged and 73% disbursed. The programmable amount for the 5th EDF (Lomé II) is ECU 55 000 000. The priorities underlined by the Benin Government at the moment of signature of the programme in July 1980 were, firstly, rural development to which 32% of the total financial envelope was committed, transport infrastructure with 30%, social infrastructure with 15%, training and technical assistance with 8% and mines and energy with 7%.

At the end of 1985, 78% of this programme had been committed (16 projects in operation and 2 completed) but only 20% disbursed. However, in 1985 there was a marked increase in the rate of absorption of aid. In fact, eight financing decisions were taken, of which six related to the 5th EDF. Two of these, concerned with the Dassa-Savé road, amounted to ECU 17 420 000, 85% of the financing decided upon in that year. The sums not yet committed stand at ECU 6 616 061 for the 4th EDF and ECU 12 318 000 for the 5th EDF.

Non-programmable aid

Under Lomé I Benin benefitted from one aid action of ECU 19 258 and from nine Stabex transfer decisions totalling ECU 20 366 720. Under Lomé II it received emergency aid on four occasions for a total amount of ECU 1 499 095 of which the last, approved in September 1985 concerned ECU 200 000 aid for flood victims. The operation, which covers four of the country's six provinces concerns the supply of medicines which will have a long-term effect on the health of the population.

Under Lomé II, Benin, which saw its income from exports fall, received ECU 3 944 814 in eight Stabex transfers, of which the last, paid out in 1985, was of a value of ECU 510 647 for groundnut oil cake. Under Lomé I the country benefitted from nine Stabex transfer decisions totalling ECU 20 366 790.

In addition, Benin is an active member of several regional and subregional organizations of which ECOWAS, the Entente Council and the CEAO are the principal, and takes part in a whole range of regional projects covering West Africa and even the whole continent. In all, it partici-

The EEC has cooperated with Benin from its inception. It was under the Yaoundé Convention that these urban sanitation works for the city of Cotonou were financed pates in 14 projects aimed at improving air navigation in Africa and Madagascar, financing schools for mining and geology, and programmes for improving strains of rice, maize, niébé and soya in tropical Africa, for an overall amount of ECU 43 million.

Lomé III

The indicative programme for Lomé III was signed at Cotonou on 10 April last. Benin will receive an overall financial envelope of ECU 80 m (roughly equivalent to CFA francs 27.535 billion) comprising ECU 75.1 m of loans and ECU 8.5 m of risk capital managed by the EIB. EEC-Benin cooperation under the 6th EDF will be concentrated, roughly equally, on two sectors:

— rural development, for the most part in Mono Province, by the establishment of a coherent programme of measures aimed at increasing productivity (land clearance, supply of inputs, improvements in storage and setting up of rural credit facilities, etc.) and of measures aimed at improving the quality of life in rural areas (village water schemes, public health, appropriate training etc.);

— rehabilitation or modernisation and maintenance of infrastructures.

Apart from these two main sectors, Community financing may be obtained for certain other areas, including the national component of regional projects, environmental protection, the upgrading of the capacity to absorb aid, and technical and professional training. o

An example of an EDF project (*)

The EDF has financed dozens of projects in Benin, ranging from surfacing roads to the construction of hospitals, from the setting up of national parks to agricultural and livestock development and taking in geological and mining research and the setting up of village water schemes.

But it is pisciculture which we have chosen as an example of EDF activities in Benin. Firstly, because it is a pilot project which may have value as an example not only for the country but for the whole of Africa, since pisciculture is still a subject in its infancy; secondly, because a form of aquaculture exists in Benin in traditional form, practised by the inhabitants of the coastal village of Ganvié in their lagoon. They create mini-lagoons in the interior of the mangrove swamps by planting a sort of bush called acadja round about, from whose roots young fish can draw nourishment and grow. After six months the acadja grove is surrounded by fine-mesh nets and the fish are hauled in. This method of fishing nets about 7000 tons of fish a year.

The project which will base itself unhesitatingly on traditional savoir-faire, will be seeking to modernise existing practice, in the main by establishing a fish-farm for the production of fry. These will be given to local fishermen for release into their own enclosures or sold to others.

The project's total cost is ECU 4.1 m of the which the EDF contribution will be ECU 2.6 m spread over the 2nd, 4th and 5th EDFs, and will have as its main objectives:

— the creation at Godomey of a fish-farm for the production of fry and the adaptation to local conditions of fish production in ponds.

— experiments with improved methods of fish production in lagoons.

— initial and in-service training of Benin staff necessary for the development of fish farming.

— furnishing of technical assistance.

The project was officially launched in 1978. After a difficult start, the project gathered momentum during its second phase. A further objective was added to the project during its second phase, namely, the extension of fish-farming into the rural environment of Mono Province.

Currently, the project's management unit comprises five technical services as well as the general administration unit. These are:

— the Godomey station, with 55 non-emptiable ponds, each of 800 m^2 designed for the production and intermediate fattening of the fry of the *tilapia nilotica*, integrated with a chicken and a pig farm, whose slurry is used to fertilise the ponds;

— the Lake Nokoué station, designed to survey the fattening enclosures and the pre-extension ponds currently comprises eight experimental ponds for fishermen employed by the project and 26 pre-extension ponds for associated fishermen;

— a small station for the production and reproduction of *tilapia nilotica* fry;

— a fish-meal factory on the banks of Lake Nokoué with a theoretical capacity of 300 tons a year was opened in October 1985 after the bankruptcy of the only Beninese factory producing granulated fish-meal;

— the Aplahoué (Mono Province) fish farm comprises eight ponds fed by a watercourse and is integrated with small pig farms.

Several enclosures on the fish-farming project on Lake Nokoué

(*) Article based on a report by the Directorate General for Development.

Results of the Project

The Godomey station

The management of the Godomey station has greatly improved. There is a good working atmosphere among the Beninese staff thanks to the adoption of a responsibility system and wage incentives. The technical assistance makes progress checks and intervenes in case any problems arise. The heads of departments and the foremen in charge of the working groups organize themselves largely on their own initiative. Project personnel performance is evaluated every three months by the director, in collaboration with the technical assistance, and the incentives are calculated in the light of this. The system seems to be working to general satisfaction.

On the one hand, a series of teething troubles (construction delays, several successive floods entailing loss of fish stocks, introduction of unviable species, etc.) did not allow Godomey station to find its real functioning rythm. On the other hand, a temporary change in demand slowed down the production of fingerlings.

These two sets of reasons led to changes in production (development of mixed production, in 20 ponds, of a mix of commercially-viable fish and fry and fingerlings). The systematic continuation of this system of production has produced good results:
— monthly collection of a series of data on growth (weight and size), mortality and conversion rate;
— improved integration of Beninese staff;
— development of a production management routine.

Lagoon pisciculture

Lagoon pisciculture and its supporting operations are extremely promising aspects of the project and seem to have found a response with the fishermen of Lake Nokoué. The positioning of the points of intervention on the lake has been well done from the socio-economic point of view.

— The traditional use of the acadjas marks a transitional point between fishing and fish-farming.

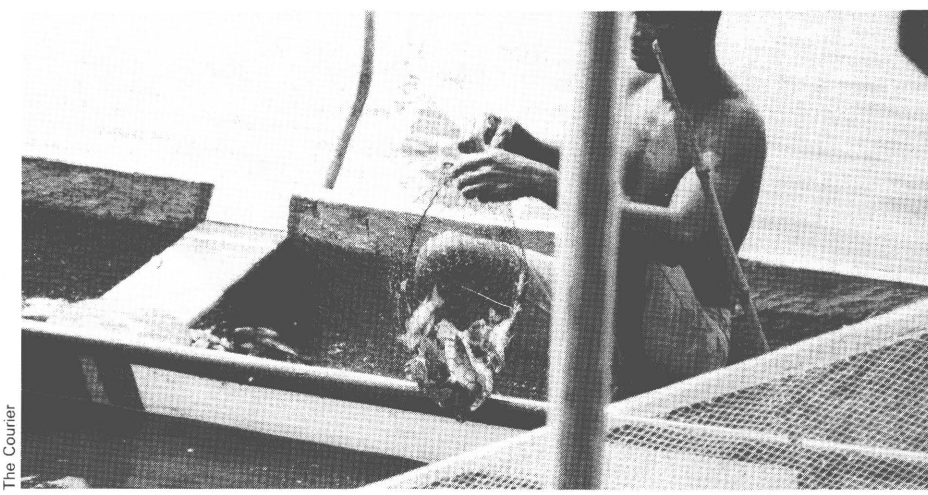
— The fishermen are already familiar with a number of the tasks integral to enclosed fish-farming.

— In the northern part of the lake the acadjas are the object of traditional property law.

— Women operate a widespread and effective fish marketing system.

— The Cotonou fish market is close enough to absorb the fish. Sea and fresh water fish are widely acceptable.

The project has received the support of village chiefs which is a guarantee that it will see the organic integration of new technology into social life. The project is currently aiding 26 associated fishermen, as well as eight fishermen directly employed. Several problems exist, especially that of uncontrolled salinity, which weakens the fish and makes them vulnerable to disease. The salinity increases through the frequent opening of the dam, which increases the proportion of seawater in the lagoon. At first, it was thought to be an ecological problem, but it has turned out to be an economic one, since a small number of shrimp fishermen (200 to 500) have been opening the sluices excessively. They live in the area of the dam and channel which link the lagoon to the sea and their activities risk not only jeopardizing the breeding of *tilapia nilotica* in enclosures but also damaging (albeit slightly) the acadjas on which about 50 000 people on the northern part of Lake Nokoué depend for their living. If this problem cannot be eliminated or at least mitigated, studies will have to be made of the feasibility of transferring the enclosures further north towards the (fresh water) rivers. The range of action for the transfer is limited by the restricted radius of action of the fishermens' canoes.


The Courier

Aquaculture is traditionally practised in Benin. Here a fish-farmer recovers fish that have matured in the shelter of the acadjas

Conclusions

In principle, fish-farming can never replace fishing as an alternative but rather plays a complementary role. In the specific case of lagoon pisciculture in Benin the project's maximum capacity is 600 tons a year (if all goes well) compared with the yield from the acadjas which is of the order of 7 000 tons a year.

As a young discipline, pisciculture needs a lot of time before the methodology is mastered. The project in Benin is at the head of those in Africa but it still requires work on it, so as not to expose the fish-farmers/fishermen to excessive risks.

— The project seeks to consolidate the management of the Godomey station and to support to the maximum the current phase of pre-extension work on Lake Nokoué. It is also following with great interest a private venture undertaken by five fishermen trained on the project, involving enclosed pisciculture on the Porto Novo lagoon a site apparently well-chosen from the point of view of the ecology. This venture is being assisted jointly by the project and CARDER Ouémé.

— Inasmuch as the expansion of pisciculture to the rural environment is concerned, which seems to be what the Government wants, a detailed feasibility study is required on both the socio-economic and the technical aspects. Such a study, which has yet to be undertaken, will be launched to prepare the third phase of the project. It will also deal with the possibility of extending lagoon pisciculture. ○

ZIMBABWE

A pragmatic approach to a resilient economy

"Our nation is young, but it is rich in experience: the experience of heroically waging a victorious war of national liberation, of successfully undertaking tasks of post-war rehabilitation and reconstruction and firmly laying the foundation for the building of a new, just and democratic society in Zimbabwe. As we enter the second half of our first decade as an independent, sovereign state, we face many new challenges..."

Pronouncing these words at the opening session of Zimbabwe's second Parliament in July 1985, President Canaan Banana could not have better summarized his country's performance so far, as well as the path mapped out for its future. Having turned just six on 18 April 1986, this Republic may be young, yet its economy is mature well beyond its years. Well-endowed with a vast range of mineral, agricultural and human resources, it has already reached a fairly high degree of sophistication, building on the undeniable advantages of its economic inheritance. Indeed, international economic sanctions applied against the illegal Smith minority regime during the UDI period [1] contributed to developing a wide range of import substitutes.

Yet this inheritance, turned to maximum benefit for all Zimbabweans by the Government after the much longed-for and bitterly fought-over independence, contained in itself a major injustice which became a top priority to be tackled: the majority of Zimbabweans live in the so-called communal areas, disadvantaged by their generally poor soils and patchy rainfall, and hardly integrated into the mainstream of the country's socio-economic development. Redressing the imbalances caused by this dualistic nature of the economy therefore was, and still is, the major challenge facing this young Republic, as it will provide the answer to the main aspirations of the majority of its population.

(1) UDI: Unilateral Declaration of Independence proclaimed by Ian Smith on 11 November 1965.

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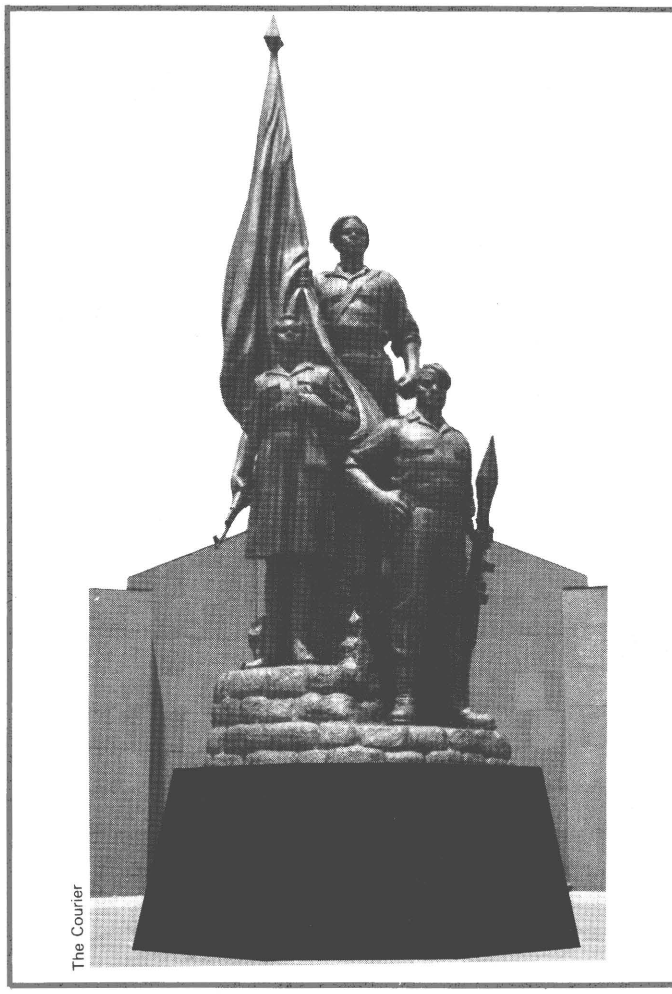
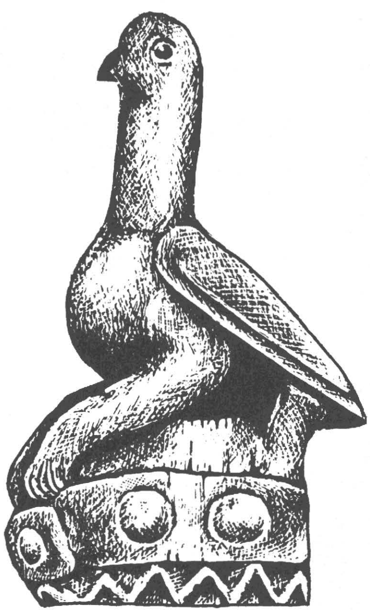


The Courier

The Courier

Zimbabwe's recent history in a nutshell: from oppression to freedom through the armed struggle. The illustrations show part of Zimbabwe's new National Monument, Heroes' Acre, still under construction near Harare, the capital

The Birds of Zimbabwe take flight



Vivant Univers

Partial view of the impressive Acropolis-like Hill Complex of the Great Zimbabwe ruins

Landlocked in the heart of Southern Africa and bordering on Zambia, Mozambique, South Africa and Botswana, Zimbabwe covers some 390 245 km^2 which, in EEC terms, is roughly the size of West Germany plus Denmark and the whole of the Benelux. Four-fifths of its area lies above 600 m, an altitude which explains the generally fine climate. The main feature is a large 650 km-long and 80 km-wide central plateau, the so-called Highveld, flanked on either side by the Middleveld, (600 m to 1200 m high) which is itself cut into different smaller plateaus by a number of rivers. Below 600 m one speaks of the Lowveld, which basically comprises the narrow northern Zambesi river valley and the broad Limpopo valley in the south. The central plateau vegetation is mostly savanna grassland while the rest of the country is covered with wooded savanna. Part of the high mountainous region on the eastern border, stretching over some 350 km and peaking at the 2592 m high Inyangani, is covered with forest. Rainfall can be very irregular and patchy and varies from an annual average of about 1000 mm in the centre to only some 300 mm in the lower areas. The unreliable and capricious nature of it—up to three out of every ten years are drought years—constitutes, in fact, a major bottleneck for further agricultural development. The mastering of water resources for irrigation purposes therefore ranks high on the priority list. Already a large number of man-made lakes—including Lake Kariba, covering 5000 km^2—are tapped both for hydro-electricity and water supply purposes.

Whereas the recent history of the estimated 8.2 million Zimbabweans is still fairly fresh in most people's minds, (see also the first Zimbabwe *Courier* report—issue N° 66—March 1981) in fact their broader sense of nationalism and history stretches back way beyond their colonial past and independence struggle. The word "Zimbabwe" being derived from the Shona "dzimba dza mabwe" (houses of stone) or "dzimba woye" (venerated houses), there is no better place to search for the essence and core of this nation than the ruins of Great Zimbabwe near Masvingo. First seen by a European in 1872, Zimbabwe's premier national monument is the remainder of a Shona-Karanga civilization, flourishing between the 12th and 15th centuries, though its cultural influence did not wane after its political decline. Composed of three main groups of man-made stone structures—the biggest in Africa except for the pyramids in Egypt—the spread-out valley complex, the impressive Great Enclosure and the all-dominating Hill Complex, they form one of Africa's most fascinating features. Though their massive walls still to some extent remain enigmatic and mysterious—unlike the north-eastern Monomatapa Kingdom that lasted from the 15th to the 19th century and is better known, mainly due to Portuguese historic records—they are unique witnesses of a great past, a source of inspiration for the fierce sense of nationalism that also inspired the independence struggle. No wonder the renowned Great Zimbabwe Birds, carved out of soapstone and once used as totems for ritual purposes, are now omnipresent symbols found also on the country's flag and crest.

"An intrinsically resilient economy"

These words pronounced, not without a touch of pride, by Zdenek Silavecky, Group Economist at the Standard Chartered Merchant Bank of Zimbabwe and therefore a well-placed observer of the main economic trends, point out clearly that Zimbabwe is basically a rich country. At the same time however, it is also still fundamentally dualistic, with a highly developed modern productive sector, be it in agriculture, mining, commerce or industry, and an underdeveloped communal sector where subsistence farming provides a livelihood for 80% of the population.

Economic performance since independence has known its ups and downs: at first, the euphoria of freedom was accompanied by an economic boom with a double digit GDP growth rate in 1981 (12%), then in 1982 came a downturn. Three consecutive years of drought and a sluggish world economy caused stagnation and even decline. In 1983 real GDP growth rate was negative (−3.5%); by 1984 GDP at current prices reached Z$ 5699 million (1) but its real growth rate was still no more than a mere 1%. At last, rainfall returned and caused a reversal almost as dramatic as a Greek deus ex machina: the 1984-85 farming season turned out bumper harvests of the major crops (see article by F. Nagel in *Courier* issue N° 93, pages 38-39, September 1985) which stoked up the whole economy, in which manufacturing output also responded to a better world economic outlook. In 1985 estimated real GDP growth rate came close to 6%, the visible trade balance showed an estimated Z$ 350 million surplus and the overall balance of payments was recorded at Z$ 250 million in the black; even the current account showed up an unusual +Z$ 80 million. Whereas inflation was cut back by 1985 to just below 10%, or about half of the 1983 figures, the debt service ratio nevertheless already stands at 25.6% and will probably rise to about 30% over the next two years before it comes down again. Still, even after three years of drought, and the resultant economic stagnation, Zimbabwe has been able to maintain its banking credibility and has not had to go through such exercises as debt rescheduling.

(1) ECU 1 = Z$ 1.55 (March 1986).

Much of this credibility is explained by a look at the country's main productive sectors: its mining, agriculture and manufacturing are all developed to a degree well beyond the average for sub-Saharan Africa.

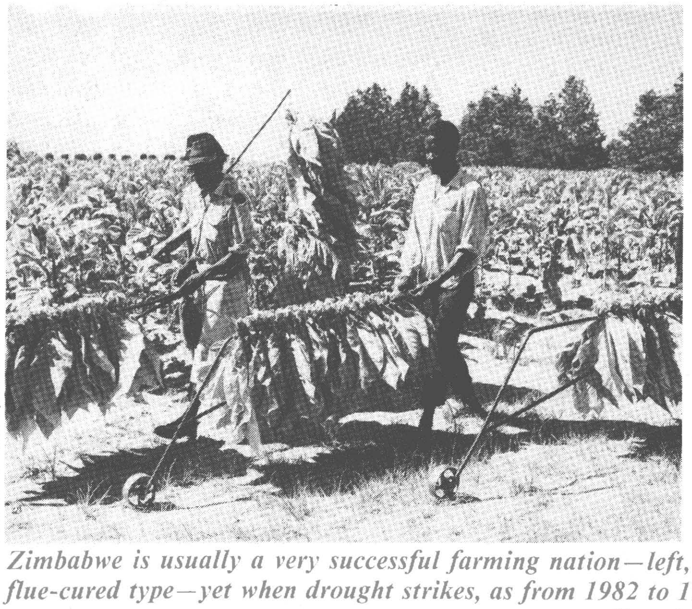
The mining sector is very diversified since about 40 types of minerals are mined here, mostly, however, on a small-scale basis, as only chromite and asbestos deposits can be classified as large. Though accounting only for 5%-6% of GDP, mining generates around 40% of foreign exchange, which makes this sector the largest export-earner. In 1985 the value of mining production totalled Z$ 629.6 million, a 15.2% increase over 1984, despite a marginal decline in the value of output. About 10 key minerals represent almost 90% of total production; the main ones being gold (473 000 ounces produced in 1985 worth Z$ 243 m), asbestos (173 500 tonnes—Z$ 84.5 m), nickel (9900 tonnes—Z$ 73.4 m), coal (3.1 m tonnes—Z$ 66.8 m), copper (20 500 tonnes—Z$ 43.3 m) and chrome (526 500 tonnes—Z$ 33.7 m).

The manufacturing sector is responsible for about a quarter of GDP, which is about three times the black African average. It provides a broad and varied range of over 6500 industrial products both for domestic use and for export. Employing close to 170 000 people, it is also the second most important job provider, preceded only by the agricultural sector. In 1985 industry expanded by 12%, reaching record production levels: the volume index of manufacturing reached 113 (1980 = 100), about 3% higher than the 1981 peak year. Most of this boom was due to expansion of the textile and cotton ginning sector, related to the record cotton crop, and to increased utilization of capacities in the metals sector. Though generating only about a quarter of the foreign exchange revenue, this is still in Mr Silavecky's view "the sector of the future in terms of value added, exports and employment".

Farming with a capital F

However developed the other key productive sectors, Zimbabwe's agriculture clearly remains the mainstay of its economy. Even in drought years, agriculture never provides less than about 15% of GDP, is the biggest formal employer (about 265 000 jobs) not to mention subsistence farming in which 80% of all Zimbabweans are involved, and provides close to 40% of foreign exchange.

Drive a few hundred kilometres through the country—noticing not



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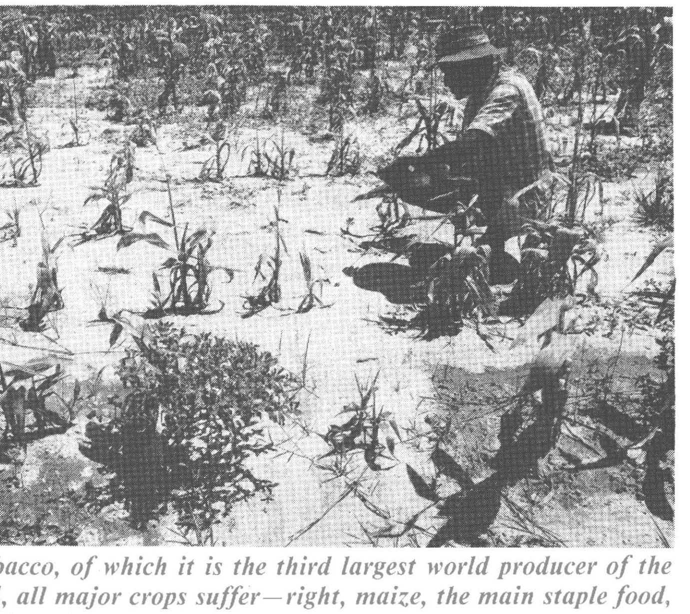
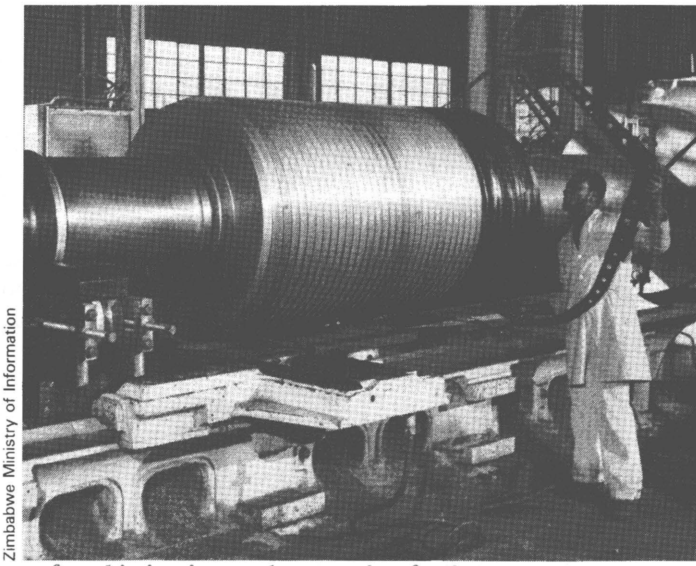


Zimbabwe Ministry of Information

Zimbabwe is usually a very successful farming nation—left, tobacco, of which it is the third largest world producer of the flue-cured type—yet when drought strikes, as from 1982 to 1984, all major crops suffer—right, maize, the main staple food, affected by drought

Zimbabwe Ministry of Information



Zimbabwe Ministry of Information

Both mining and manufacturing have reached a high degree of sophistication and are major foreign exchange earners

only the scenic beauty but also the generally well-kept transport infrastructure—and the dual character of Zimbabwe's rural sector becomes evident very rapidly. The so-called commercial farming areas (roughly 13.5 million hectares) bring to mind a combination of the American corn belt with vast expanses of tobacco, cotton and maize crops, and the Texas range lands with lots of healthy-looking cattle; then there are the communal lands (about 16.5 million ha), more familiar to African travellers, with high population concentration, (750 000 households) and with their generally very small farm plots with poor, sandy and coarse soils. Still, even in the latter, one is struck by the quantities of maize, cotton, vegetables etc. peasant farmers are growing.

In discussions with key personalities in this sector, one cannot fail to notice the philosophy behind farming in Zimbabwe: here, on all levels, be it peasant, small-scale or large-scale commercial, a Farmer is Somebody! As Moven Mahachi, Minister of Lands, Agriculture and Resettlement, stressed: "In Zimbabwe we consider all farming as business. We have got out of the thinking that farmers are social workers, merely supplying cheap food to urban populations, so at whatever level they are, we believe they should be reasonably rewarded for their output". No efforts are therefore spared in putting together good pricing structures, in keeping infrastructure up to date and even expanding it, in providing the proper marketing and storage facilities, in supplying the necessary inputs and in increasing the extension services. Agriculture has proved very successful over the years: Zimbabwe is for instance the third largest world producer of flue-cured tobacco, after Brazil and the USA; it has become the third biggest African cotton producer, it is a major producer and exporter of white maize on the Southern African scene. Other important crops are wheat and sugar and to a lesser extent tea, coffee and oilseeds. Maize is the main staple food but is also used as stock feed for part of the over 5.5 million cattle, which also make it an important beef and dairy producer.

In 1985, Zimbabwe set a farming example, so to speak, within the region, thereby fully living up to its responsibility for food security within SADCC: favourable weather conditions led to record-breaking harvests. Crop sales went up by 48% over 1984 to total Z$ 1100 million. They were marked by substantial further growth, for the second consecutive year, of crop sales from the communal sector: topping Z$ 225 million or 21% of marketed crop production, its share grew by no less than 118% over 1984 against only 48% for the commercial sector. The communal farmers sold almost half of the 1.82 million tonnes of maize delivered to the marketing organizations and performed almost as well in terms of cotton production.

The trend towards closing the gap and reducing disparities between the modern and peasant farming sector has been noted with much satisfaction by the government. Most of its efforts are indeed geared towards improved productivity and higher yields in the communal sector and, in fact, in sharing out the main agricultural asset, good farm land, on a fairer basis than up to now. About 36 000 farmers have been resettled and about 2.2 million hectares of land has been taken over to that end, though not all this land is under production yet. The new 1986-1990 Development Plan anticipates resettling another 15 000 farmers per year both on new lands and on lands previously underutilized. "We want to transform our communal sector right across, with an integrated approach biased towards agriculture" stressed Minister Mahachi. A lot of work remains to be done there in terms of marketing, storage, input supplies, infrastructural improvement, credit facilities and, of course, extension services. Irrigation will be brought to those areas and could have a major impact: it will allow communal farmers to work all year round and thus generate increased incomes and purchasing power. To serve the same purpose, livestock, which represents an estimated value of Z$ 700 million in the communal lands, will be tackled on a commercial basis.

"Make your farm as productive as you can"

"Redistributing the good farm lands is the best way of redistributing the productive means and therefore wealth" Minister Mahachi felt, adding that "what we want is food produced by whoever, be it commercial or communal farmers, so let there be that sort of competition".

John Laurie, President of the Commercial Farmers' Union, couldn't agree more: "We consider the increased output by the communal farmers as far from being a threat to us. On the contrary, farming is a national asset and what more can any farmer desire than to see more land being put to productive use—I greatly appreciate the constructive and realistic attitude of Government towards commercial farming and the exceptional partnership that has developed there. This was shown, for instance, by its positive response to our plea for increased foreign exchange allocations, which are vital for our basic import necessities. On the other hand, I am also very favourably impressed by its efforts to achieve agricultural progress in the communal lands, which prior to independence really didn't get the proper attention they deserved. Our call to any farmer would be: make your farm as productive as you can".

Though difficult on an individual basis, given the proportions (±4500 commercial farmers and a few hundred thousand communal ones), Mr Laurie definitely saw scope for increased and improved cooperation between the two main types of agriculture. "Behind the scenes we already give a significant amount of help to communal farmers so one could speak of a sort of internal transfer of technology". He also considered the recent boost in communal maize and cotton output as a further incentive for even more diversification and specialization in the commercial sector: "We are looking closely at all avenues of productivity, particularly export-oriented: more oilseeds, fruits—also for canning—vegetables and other horticultural produce, flowers, and also coffee and tea can lead to an expansion of agro-industrial development and exports". Mr Laurie also believes "more and more land should be brought under irrigation—up to 5000 ha a year—which is vital for our winter wheat production". Commercial farmers being predominantly white, though with some black colleagues already, Mr Laurie remained hopeful that more and more blacks would "come into our orbit". He also stressed "the need for increased decentralization of all services in an effort to try and keep people in the rural areas and fight urbanization, which was intensified by the prolonged drought. Already over 1.6 million people live on commercial farms and we make great efforts to improve the amenities for our employees, particularly when good crop sales allow it, so that people feel they can get as much in the countryside as in town".

On the sensitive issue of land redistribution, John Laurie was not partic

EDF – J. & P. Hubley

Building a small grain store in a resettlement scheme. Resettlement and redistribution of good farm land are key priorities

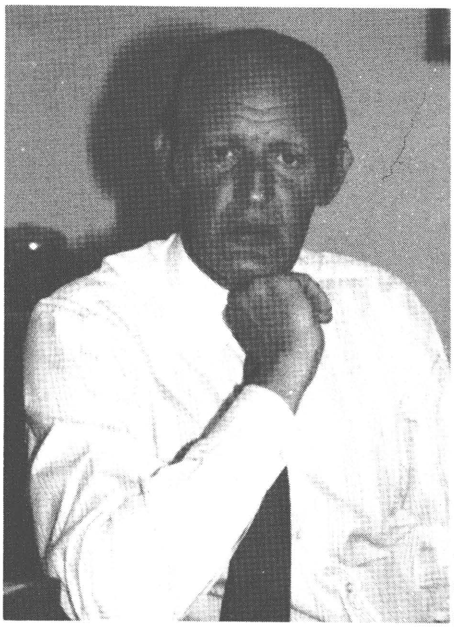
Zimbabwe Ministry of Information

Moven Mahachi, Minister of Lands, Agriculture and Resettlement
"We have got out of the thinking that farmers are social workers..."

ularly worried: "Everything goes by the willing seller-willing buyer principle and the new Land Acquisition Act, while maintaining that principle, now gives first choice to government to buy at a fair price. We always bear in mind that since independence, nothing was nationalized or taken over by government here. Generally speaking, what really counts for us is that we, as a Third World country, stand on our own two feet from an agricultural point of view. For any developing country it is terribly important to become food self-sufficient, and we have done so and more; we are also exporting some of our commodities on the world market. We are feeding and fending for ourselves, and as good producers all we want is a fair price, both at home and on the world market, so help us therefore to help ourselves".

"Communal farmers have become far more self-assured"

Enjoying the hospitality of Robson Gapare, President of the National Farmers Association of Zimbabwe (about 300 000 members organized in some 4 000 co-operative groups) and interviewing him in the middle of his 2.5 acres of land, near Serima, gives a good insight into the concerns and de-



The Courier

John Laurie, President of the Commercial Farmers' Union

"I greatly appreciate the constructive and realistic attitude of Government towards commercial farming..."

sires of the vast majority of communal farmers. Himself a so-called "master farmer"—who, thanks to their application of modern farm techniques, obtained higher productivity and therefore have a demonstrative effect on their fellow-farmers—he produces (though one should definitely mention the key role Mrs Gapare plays here—as do women in general in Zimbabwe) maize, vegetables and groundnuts, and also keeps 13 cattle. Last year, he was able to sell a surplus of no less than 76 bags (each of 90 kg) of maize, and, as the Scots say, "many a mickle makes a muckle..." In fact, if Zimbabwe continues producing maize at the current rate (maize deliveries for this year are forecasted at 1.4 million tonnes), it may, ironically speaking, develop problems along the EEC's CAP lines: the Grain Marketing Board might end up with large surpluses, enough to cover about five years of local consumption, at high storage costs...

"The boom in communal farming goes hand in hand with our farmers having become more self-assured" explained the NFAZ chairman. For Mr Gapare it was also quite obvious that communal output did not just take off because of a good "technical" environment (credit facilities, free fertilizers during the first two years of independence, increased prices, improved marketing, etc...): "Our surplus production today in communal lands in fact finds its origins in increased production prior to independence in order to supply food to the freedom fighters, so our minds were tuned, as it were, to produce more than our basic needs and thus contribute our bit to the freedom struggle".

He also greatly appreciated the extent to which peasant farmers' organizations are being consulted, for instance in the selection of farmers for resettlement schemes, and encouraged to utter their own practical ideas during the conceptual phase of the new Development Plan: "No African leader will accept that people can interfere in the decision-making process, but our PM is on record as having pushed this through!"

No farmer likes to be a tenant and Mr Gapare could only regret that "so far, the vast majority of us have no security of tenure of land for a number of reasons; we can only hold our land by right, not in full ownership, and therefore not even use it as collateral for a loan. But even if title-deeds were given to us today, that would still be tricky, politically speaking, as it would to a large extent create a static situation, whereby we peasant farmers would own only very poor land. So redistributing good lands really remains a key issue". Even on this poor soil, many a peasant farmer has already been able to improve his yield dramatically—only a minority still use their own maize in different phases: "This is a security for us, we can't take chances on the risk of not having enough food. Now we are really looking how, while maintaining our maize output, we could diversify and go more into other crops like soya-beans, cotton, white sorghum, vegetables and groundnuts". Working in close cooperation with the extension services, Mr Gapare also stressed how much he and his fellow-farmers appreciate the EEC's intervention in the communal lands: "The EEC has probably done more for us than one could have expected. Its aid is of direct use to us and EEC-sponsored micro-projects are such a success here that people ask for more of them".

That comment led Mrs Gapare to express a very concrete wish. "If only we could get more tools and even tractors here... I've waited several months again before a tractor could come and plough my field..."

"The skills of our labour force are vital to the success of the Plan"

While everybody in Zimbabwe seemed to be holding their breath as it were, awaiting the imminent publica-

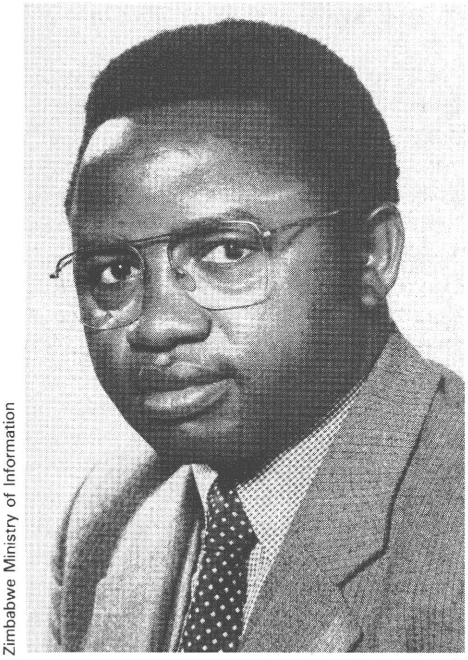
The Courier

Robson Gapare, President of the National Farmers' Association of Zimbabwe, which organizes communal farmers, discussing this year's crop with Peter Christiansen, Economic Adviser at the Commission Delegation in Harare tion of the new five-year Development Plan (see interview p 41 with Finance Minister Chidzero), it is already quite clear that Zimbabwe will have to cope with creating enough jobs to absorb the already high degree of unemployment (estimated at 12-14%). There are also more school-leavers coming onto the market every year; their present number (of about 90 000) is expected to treble over the next five years. On the other hand, the necessary skills will have to be provided to carry out the Plan to its full extent.

As Dr Frederick Shava, Minister of Labour, Manpower Planning and Social Welfare, put it: "The question of job creation is really the multi-million dollar question. Presently about 1.2 million people are formally employed, out of a total of about 2.5 million employable people, that is able-bodied persons of employment age. The difference, of course, cannot be determined as unemployed persons: there is a whole range of informal activities which definitely also contribute to the economy. Those we have to structure and organize, for instance in cooperatives; and on the other hand we have to cope with those fully unemployed, particularly in urban areas, and an ever-increasing number of school-leavers". "At Independence", he continued, "we had no idea of our stock of skills, so first we surveyed them in order to find out shortages and determine priorities. Some of these became quite clear: we have to try and cover the whole spectrum of engineering, with the exclusion only of space engineering, right across all sectors of the economy; we are also in need of highly-qualified senior managers in finance, banking and accountancy; in middle-management we look at two levels, one more finance-oriented, the other for technicians in the hard sciences. For the latter we are not so badly off: although many skills left the country, not a single factory closed down and in fact the middle-skilled labour performed as well as the former professionals. Many skills are there but need trade-testing".

"It has also become paramount that in every Ministry we need trained personnel in order to translate the Plan into concrete realities. In those areas where there are manpower problems, we will continue to recruit from abroad to assure the success of the public sector investment programme", Minister Shava explained.

Having to look also after people's well-being, even in difficult times like the three-year drought, Minister Shava felt a few key lessons could be drawn from that experience: "The most important one, perhaps, is the awareness that we must put every effort to dam our rivers and prevent our water galloping to the Indian Ocean. Harnessing the waters for irrigation is therefore vital. Our second most important lesson was that whatever assistance is given to people under those harsh circumstances, it still must be linked to development: it is not enough to provide food, you also have to put them to work—let them build small infrastructures like dams and feeder roads for instance—and thus let them create their own income, contributing to their well-being. Finally I would say, we realized the necessity of increasing and improving storage facilities for staple food to cope with future droughts".


Zimbabwe Ministry of Information

Dr. Frederick Shava, Minister of Labour, Manpower Planning and Social Welfare

"The question of job-creation is really the multi-million dollar question"

Private sector concerns

Up to now the private sector has no real problems in finding proper labour, which is described as "basically good and easy to train, and a major asset for our development, together with our good infrastructure, our management and our basic raw materials". Having said this, that doesn't mean that, in the view of Anthony Read, Executive Director of the Confederation of Zimbabwe Industries (CZI)—also Member of Parliament whose organization is the local antenna of the ACP-EEC Centre for the Development of Industry—there isn't a cloud in the sky: "Some labour regulations are not conducive to investment and to some extent we have suffered from somewhat erratic decisions by certain government officials. We also feel the price control system is almost diabolic but perhaps most of all we are concerned over the foreign exchange allocations system. The foreign exchange control here is one of the tightest in the world—that is an inheritance from the economic sanctions period prior to Independence—and this really hampers us a lot. Our present foreign exchange allocation for industry is, in value and in real terms only about 45% of what it was at independence, and that is without taking into account inflation in the industrialized world".

In more general terms, Mr Read felt that "policies practised by Government haven't encouraged foreign investment enough. For instance, international investment guarantees haven't been accepted yet, and they also didn't sufficiently perceive the need for a return on investment which we think should be in the range of 25%". Government, of course, takes a different stand on this (see again Minister Chidzero's interview page 00) but, even Mr Read admits, "this is not a country where foreign investors will easily find as-yet-untapped potential. Most small-scale investment opportunities have already been taken up locally—which, by the way, also explains why, from our point of view, the CDI's record here has been pretty negative. On the other hand, many industrialists, because of the UDI period, have not really got a habit of looking outside for foreign partners, and on the other hand we really require large-scale investment in such areas as foodstuffs, chemicals, pharmaceuticals and engineering.

"We may get some spill-overs now, due to disinvestment in South Africa, given the escalation of troubles there" Mr Read added, though stressing at the same time that "full trade sanctions on South Africa may make things very difficult for us, as it is still one of our biggest markets, as well as a major supplier of materials to Zimbabwe industries. We obviously must consolidate our position within the PTA—although Zimbabwe faces all sorts of problems there—and start looking for other sources of supply, but this always brings us back to the problem of transport and access".

All eyes on the Beira Corridor

The future of Zimbabwe's transport outlets could indeed become very tricky if the final blow-up, which so many observers forecast, finally happens in South Africa. Dependence on South African routes is near-total: during the fiscal year 1984/85 (ending 30 June), between 80%-90% of Zimbabwe's import and export traffic used the two major South African rail links (the Beitbridge line and the Plumtree line through Botswana). According to certain sources, the South Africans are even slashing their rail freight tariffs—partly as a result of internal competition with road transport—which could even increase this dependence.

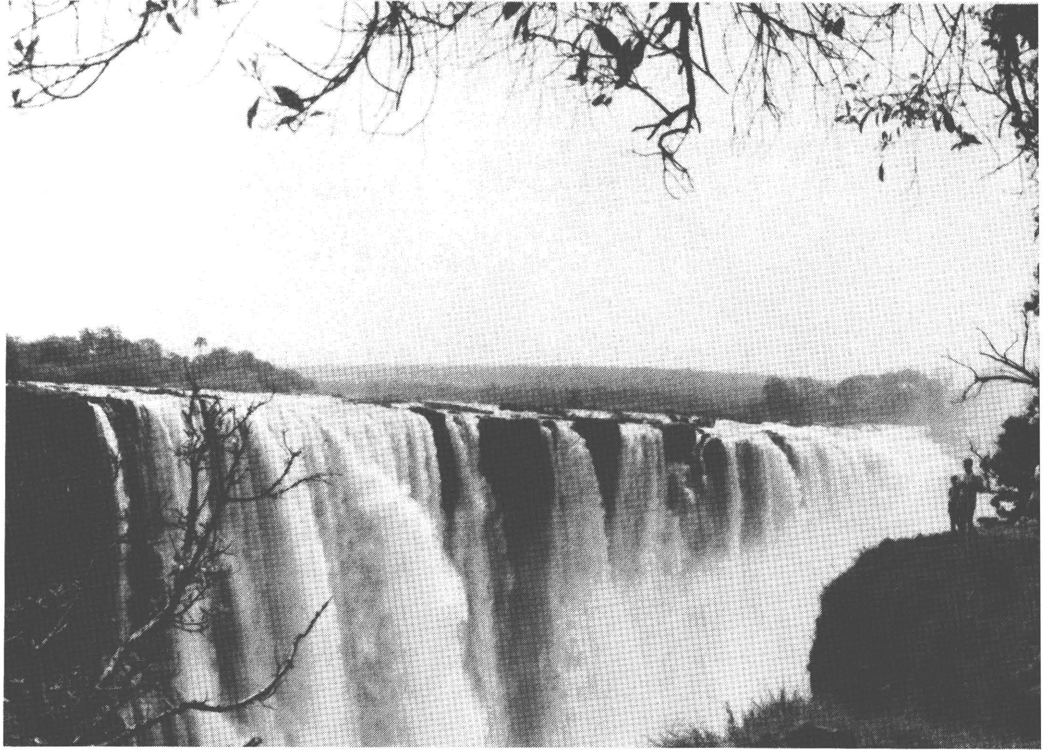
Of course it isn't just Zimbabwe but also Zambia, Malawi, southern Zaïre, Botswana, Swaziland and Lesotho which are concerned by this burning issue, which explains why communications rank so high on SADCC's priority list. The Beira corridor—comprising the 293 km-long railway line from Mutare (on Zimbabwe's border with Mozambique) to Beira, a road parallel to it and the Beira port—would be a partial alternative to South African routes, although the outlet via Maputo is in terms of technical facilities in principle more promising for some of Zimbabwe's industries which are located predominantly in the south. The line from Chicualacuala to Maputo, however, has been disrupted by RENAMO's destabilization activities. The Beira Corridor, too, suffered security problems due to RENAMO actions, to the extent that presently abouit 6 000 of Zimbabwe's troops are deployed to ensure its security and continued operation. Theoretically, the Beira line could handle about 1.8 million tonnes, yet the actual performance of the whole system is way below that, and is, in fact, in urgent need of rehabilitation and upgrading. The line is only a single track with very high gradients and a slow turn-around; built in the early 1950s, most of the port's equipment is outdated (cranes from about 1930!), it has a very narrow quay, no roll-on roll-off or container handling facilities, is very tidal and needs dredging to increase the berthing capacity. SADCC has worked out a global programme of upgrading of the whole Corridor, including the port, covering over 60 different projects costing a projected US$ 660 million over a period of 10 years. A major donors' conference took place in mid-April to set out both a contingency and a longer-term programme. Some donors like the USA, the Nordic countries, the Netherlands and the EEC, have already earmarked funds or are providing practical help to develop this alternative route and the Zimbabwe authorities, in close cooperation with their Mozambican colleagues, are prepared to defend and keep it open at any price.

"Amazing Zimbabwe"

Trade routes in the future may well become a problem. That does not mean however, that one can not get there and see for oneself what a fantastic variety of tourist assets this country has to offer.

Not only are there the Great Zimbabwe ruins—and similar ruins in many other places—vital to all those who want to try and understand Zimbabwe as well as to broaden their overall historical perspective of this part of the African continent. There is, of course, also the varied and rich culture of the different sections that make up Zimbabwe's population. There are several first-rate national parks and wild-life reserves covering a tenth of the land, with game viewing, safaris etc. and where concern for the environment is apparent. This balance between environment and development is, in fact, one of the major objectives of the new Development Plan. There is also Lake Kariba, which offers a whole range of leisure and relaxation

The Courier



Zimbabwe Ministry of Information

The breathtaking and unforgettable "Mosi oa Tunya" (Smoke that thunders). Livingstone, who named the famous Falls after Queen Victoria, felt they offered "scenes so lovely they must have been gazed upon by angels"

activities. There is so much more that any long list would fail to mention it all. But one view will remain imprinted in memory forever: the breathtaking "Mosi oa Tunya" or "Smoke that thunders", the African name for the famous Victoria Falls. When the first white man, Livingstone, was brought to them by local Africans in 1855 and named them after Queen Victoria, he was so impressed that he wrote in his diary: "Scenes so lovely must have been gazed upon by angels in their flight". One couldn't agree more. Situated about midway on the Zambesi river between its source and the Indian Ocean, the falls are 1688 metres wide, made up of five different chasms ranging from 61 to 108 m in height. In the flood season over 545 million litres of water plunge down here every minute, sending clouds to over 500 metres up in the sky, which explains where the African name comes from. Easily accessible for sightseeing, though at the risk of being soaked by the spray, they are so impressive that even American tourists have to admit "they are bigger and better than anything we have back home" (referring, of course, to the Niagara Falls).

In 1985, over 361 000 people visited Zimbabwe, up by 15% over the previous year, about 320 000 giving holiday as the main purpose of their visit. The estimated earnings for last year for all visitors have been put at about Z$ 41 m, but tourism representatives like Nelson Samkange and David Kaufman, both assistant Director-Generals at the Zimbabwe Tourist Development Corporation, respectively in charge of marketing and research and planning, pointed out the "weakness in statistical surveys, grossly underestimating tourist revenue, which we in the trade believe to be rather in the area of Z$ 100 m". Both also expect their sector to grow even more. "Reduced oil prices increase disposable incomes in our main tourist markets, as does the upswing in the world economy, and also makes long-haul destinations like ours cheaper" explained Mr Samkange.

A major boost to tourism income could also be given by conference business in Harare's new complex comprising a very modern Conference Centre and Sheraton Hotel, the whole irreverently referred to by taxi drivers as "the golden delicious", their way of describing the luxury inside and the golden shine outside caused by the reflected sun. SADCC's last ministerial meeting took place there, as well as a number of other major gatherings, such as an intra-ACP Council, but the high point will come in August-September later this year, as Zimbabwe will host the next Non-Aligned Summit.

There are also an increasing number of South Africans visiting Zimbabwe, not just on economic grounds given their restricted holiday allowances, but also out of a certain curiosity, maybe trying to find out for themselves how their own future may turn out.

Growing with equity

If they are open-minded enough, they can see for themselves that a multi-racial society with a thriving economy is possible in this part of the world. The white population is now estimated at about 120 000, down by about half since independence, but the situation has evolved in such a way that emigration of white Zimbabweans has considerably slowed down and there are clear indications that some would not mind coming back.

The process of unification that has taken place here is impressive. Some problems do remain to be dealt with, as Prime Minister Mugabe explains in his following interview. But all in all, a steady determination to achieve its goals, combined with a sound sense of pragmatism, has allowed Zimbabwe not only to preserve its basic economic prosperity but also to expand it to some extent, while reducing disparities and growing with equity. There are still many challenges to be faced, but as Minister Chidzero stressed "there is a distinct possibility of an economic breakthrough". The regional complication, given the already-dramatic situation in South Africa, hangs as a cloud over the future of the region, but does not prevent one dreaming of the potential of this whole area with a free Namibia and majority-ruled South Africa with Zimbabwe at the core of it. ○

Roger DE BACKER

Creating "one society with a common destiny... a feat in its own category"

An interview with Prime Minister Robert Mugabe

Zimbabwe, six years on from Independence on 18 April 1980, has gone a long way towards attaining its "4 R" priorities, resettlement, rehabilitation, reconstruction and reconciliation. It owes much of this progress to the able leadership of Robert Mugabe.

Having led the Zimbabwe African National Union or ZANU (PF) through the armed struggle against the Rhodesian minority regime—which had detained him in prison from 1964 to 1974—Robert Mugabe finally savoured the sweet taste of victory, first during the 1979 Lancaster House negotiations, and later after winning a landslide victory at the first (February 1980) elections. In July 1985, he led ZANU (PF) as President and First Secretary of its Politburo and Central Committee to another resounding victory, thereby increasing his majority in the second Parliament from 57 to 64 of the 80 common roll seats. The Lancaster House Agreement stated that a majority of 70 seats out of the total 100 seats, including the reserved 20 white seats, would be required if certain aspects of the Constitution were to be changed after 1 April 1987. During this year's Independence celebrations, the Prime Minister announced that he intended to invoke this constitutional possibility in order to abolish the reserved 20 white seats, which he considers quite disproportionate to the actual numbers of whites remaining in the country.

Now 62, Robert Mugabe's single-minded dedication of purpose has not faltered a bit, quite the contrary. Within Zimbabwe he continues to pursue his political, socio-economic and development goals with staunch yet pragmatic determination. Within the context of Southern African turmoil, his pleas, both as a Frontline State and a SADCC leader, for a truly free Namibia and a majority-ruled South Africa have been made with increasing persistence. Now he will be heard even more on the international scene, as in August this year he will succeed Rajiv Gandhi as Chairman of the Non-Aligned Movement.

In his second interview with The Courier (see issue n° 66, March 1981), he reviews past achievements, points out how he succeeded turning swords into ploughshares and explains why he is striving for the establishment of a one-party system. He also comments on the dramatic situation in Southern Africa and puts the "bi-focal" EEC-ACP relationship into perspective.

· Photo: Zimbabwe Ministry of Information

National reconciliation

► *Prime Minister, in 1985 you were voted back into office with an increased majority. Looking back on the first six years of Independence, what would you say have been the main achievements and what the main disappointments?*

— I suppose our achievements really could be categorized. There are those in the military field, and we have of course those in the socio-economic field. So one would really have to do a comparative exercise, but it doesn't matter what you do, what advance is made. If you don't have security, if you don't have peace, then those advances are nullified, almost, and in fact it may not be possible even to make them. And so I should like to believe that the policy of national reconciliation was the highlight of our achievements, in the sense that we brought together the blacks and whites who had been opposed to each other, and separated by a system as inimical as that of apartheid in South Africa. To get them really to accept that now they were one society with common objectives and a common destiny, that was a feat in its own category, but that has happened.

Unifying the armed forces: "a stupendous exercise"

Within even that context you had the political division between ZANU and ZAPU, and going together with that, the struggle we fought was on two parallel fronts, the ZANLA front and the ZIPRA front, and we were fighting, divided as we were militarily, a common enemy who also had his forces. So the task on the eve of independence was to unify the forces, three separate forces, ZANLA, ZIPRA and the Rhodesian forces—not to mention Muzorewa's own forces within the Rhodesian context and the remnants of Sithole's. Well, the exercise was a very stupendous one for a start, but we took the position that no force was greater than the other, no force should claim precedence over allies, all of them were equal—the Rhodesians wanted to make theirs the core force... And so all the generals stood before their forces as it were—theoretically—and we had to integrate the forces. But of course the larger segments were those of ZANLA and ZIPRA, the largest being that of ZANLA—the Rhodesians didn't have much really by way of regular forces, they had depended on what they called the territorials, people who were taken from their walks of life to serve in the army, so the regular army was only three battalions or so, but ZANLA had about 20 000, and ZIPRA some 16 000. We managed to integrate these and that was a feat. The British assisted us. We got in the British tactically, because we had to create confidence on the part of the whites, and also as a deterrent to South Africa, because there had been talk about a possible coup if my party won the elections, and true, there was that design. We feel that by our policy of national reconciliation, the preparedness to integrate all the forces and make them one, the request we made to the British to assist us in the process, that the combination of these made those who had cherished notions about a coup, abandon them. So there it was, we created a situation of peace.

EDF – J. & P. Hubley

"Our education system has really been one of the highlights of our endeavour during the last six years"

Since Independence the number of pupils in school has more than tripled

Rehabilitating the economy

Now, having said that, we must also recognize that we inherited an economy which to some extent had become dilapidated, but to other extents had infrastructures which were quite advanced. The bridges in the rural areas, the roads, the schools, the agriculture, all had deteriorated terribly—even in commercial agriculture there were farms that had been abandoned. But in urban areas, factories and industrial enterprises had emerged, in order to enable Rhodesia to have those substitutes which it needed, now that certain goods it used to import could not come in. So there was that import substitution process which they carried out and they established industries to be self-sufficient. We inherited that, but to us what was very important was to rehabilitate the economy overall, especially rural development and agriculture, and alongside that to resettle the people, both refugees from abroad and from within the country itself—people who had left their home areas to seek other areas within the country which were safer. We undertook that resettlement and we were helped immensely by voluntary organizations, by a number of countries, mainly European countries, which gave us aid for resettlement. That exercise was done, and within a short period we had no refugees any more and they had turned into peasant farmers. At the end of 1980, our first year of independence, we had a bumper harvest: we produced, at the end of that period, some 2.2 million tonnes of maize and we have not yet beaten that record. So there we managed to succeed, but in the industrial field, now, we had new markets instead of just the South African and the black or clandestine markets which the Rhodesian regime had established for us. We now had open markets within the region and abroad. So Zimbabwe had opened itself, as it were, to a new relationship with the outside world and the outside world had equally opened itself to that kind of friendship with Zimbabwe. The lax capacity which was in our factories was utilized, and our manufactured products output also rose in 1980/81 and we therefore experienced quite a high performance in our industries. Of course that was before the world recession.

As we did that, we had to attend to the problem of education and health as vigorously as we could. After all, the development of manpower is essential if you are to carry out any economic development at all. So we went full blast into the area of establishing schools, in rural areas especially, encouraging people in self-reliance projects to undertake these, and we stimulated this new interest in socio-economic development, especially in the development of social services. Within a short period, we had schools emerging throughout the country. Whereas in 1979 we had about 800 000 pupils in school, the number went on rising and rising until we got, by the end of 1984, to 2.5 million children in school, and this year the number is even more. We believe now that the figures will stabilize, that the bulge we had because of children who had been thrown out of school during the war, has been taken care of, and we will have to cater for the natural growth from births. So our educational system has really been one of the highlights of our endeavours during the last six years. The social service, which has to do with peoples' health, has also been remarkably advanced, but it's at a slower pace than our education. Now every child can go to a secondary school, let alone go into a primary school—primary education is free, but secondary education is not free yet. However, the fees are reasonable, especially in the rural schools.

But we are also assisting the parents to be more productive agriculturally. We are giving incentives to peasants so they can be more productive, by way of prices and by making credit facilities accessible to them, and they also get help from extension officers. That way they will have an income, we believe, provided the climate is good, an income to enable them to pay school fees for their children, to look after their families and feed them, and perhaps have a little cash to save. We haven't got to a position where every peasant is as productive as another, not yet. A number of factors come into it, like the question of the land and soils. Most peasant agriculture is really in areas which have sandy, coarse soil, and we have to carry out the programme of resettlement to its conclusion. This we managed to begin, and to some extent to implement it, but it's a long way from being accomplished. In resettling them, we must ensure that they have the right services, the extension workers I have made reference to, and access to facilities like those offered by the Agricultural Finance Corporation, and ensuring therefore that they have the necessary equipment with which to carry out their agriculture. If we can develop a relationship between them and the extension officers, increase the number of extension officers so that we have one extension officer to a village, this is what we would want to establish—who will, on a day-to-day basis, be giving advice, supervise the agriculture of every peasant widow, widower, poor family or whatever—that way we hope we can improve the performance of our peasant agriculture.

Our bid during the next five years, when we have the new five-year plan, is precisely to do that: improve on our agriculture fundamentally. But this means, of course, the improvement of other things that go with that. Roads and feeder roads must be improved, we have worked on them, they are better than most roads in other countries, but still they dilapidate when heavy rains come, and now we must look at how to make them permanent. But otherwise you can travel to every corner of our country—yes, there will be bumps, but you will get there and our crops from all corners get to their centres and depots. So we would hope that a combination of development projects will yield a level of rural development which will help us to achieve the balance between the level of development of urban people and that of people in rural areas. It may not be an achievement on par as such, but at least we will be able to raise the standard of living of the rural peasants.

Zimbabwe Ministry of Information

"We hope that we can improve the performance of our peasant agriculture. Our bid during the next five years... is precisely to do that"

"Our traditional style of life is that of oneness"

▶ *One of your major stated goals is the establishment of a one-party system in the near future. Why is this so important to you, how do you intend to achieve it and by when?*

— Well, the one-party state is just a political philosophy we've had all along, even before the liberation struggle. We feel that a multi-party state is an oddity, it's a strange phenomenon to us, and we say this in all genuineness. We feel it makes an unnecessary division in our society, that our own traditional style of life is that of oneness—we are one family, under one chief with various headmen under him, and if we can use this concept to create one political society, allowing for expressions of opinion of various kinds, that would be better than a multi-party state and its divisional nature. It's important because we want unity, it's important because we must attain the goal of development and of raising the standard of living of our people and avoid bickering and unnecessary quarrelling for the sake of power. We are not in that dramatic a hurry which most people think we are in. We postulate this as our goal and, true, we are proceeding towards it by organizing our party. In 1980 we won 57 seats, in 1985 we won seven more seats, and got 64 out of 80. We are hoping that by talking the same language, we can come together and unite our people. It's necessary, we have got to avoid this unnecessary fighting which is taking place in the western part of the country, and attend to the problem of developing our country and society. So that's the main reason really why we would want to see a one-party state.

We are not after a system, as some people think, which frustrates opposition, which negates democracy, far from it: in fact we would want to enhance democracy. We would be the last people, really, to try and throttle those with opposed views to our own because we fought for democracy and we know how painful it was to achieve the democratic order that prevails in the country today. So we cannot really establish a system which defies what we sincerely believe in. But what we wouldn't want to see is a system which

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On the establishment of a one-party state:

"We are not after a system, as some people think, which frustrates opposition, which negates democracy, far from it: in fact we would want to enhance democracy"

enables those who are defeated at the polls to resort to all kinds of undemocratic measures in order to achieve their goal, as is happening now within ZAPU: some elements there have taken to violence because they lost the elections in 1980 and lost their elections again in 1985. So we believe that if we are united we will do better: we would work together, the goals would be identical and our quarrels, so to say, would be family in-fights, as we will regard ourselves then as one large family.

A plea for pressures on South Africa

▶ *As future Chairman of the Non-Aligned Movement and as leader of a country which is a major SADCC partner as well as a Frontline State, what do you expect from the international community as a whole and from Europe in particular as regards the dramatic situation in South Africa?*

— It's an honour that we have been chosen as the host country for the Non-Aligned Summit in August and September and that I, in particular, have had this honour of Chairman conferred on me for three years. But we believe that the choice of our venue is motivated, amongst other things, by the situation in Southern Africa, that there should be pressure exerted on the South African regime to change the system there. So we would hope that the holding of the Summit here will add some political pressure to the pressures already being exerted internationally, by the Commonwealth, bilaterally by countries which have relations with South Africa, and by Europe. The EEC has already pronounced itself by way of given measures and given political pressure opposed to apartheid and has demanded that there should be changes to the system. So we believe that the Non-Aligned Movement will, after the Summit, have that force of pressure which, combined with other pressures, can perhaps bring about change in South Africa. Now, our expectation here in the region as a Frontline State, neighbouring on South Africa, is really that Europe, which has historical relations with South Africa, should be seen to be more committed to the attainment of human rights in South Africa, than to its economic interests. This has been my quarrel with Mrs Thatcher, that for her it's British economic interests that predominate, rather than human rights—and I raised this point at Nassau in the Commonwealth, I raised it in my letters to her. I feel that Britain is being impelled by the consideration of purely economic interests, and so is putting these above human rights and the question of freedom in South Africa. So if Europe were to speak with one voice, act as one, impose sanctions against South Africa, there would certainly be some change in South Africa.

▶ *But if sanctions are imposed on South Africa, what becomes of Zimbabwe itself, as your economies are interdependent, for instance in the field of transport? How will you cope with the effects of such effective sanctions?*

— We will have to adapt. We have said that if sanctions are imposed against South Africa, naturally we would expect some assistance in order for us to be able to alleviate the pressure of sanctions. But let it not be forgotten that, really, South Africa also depends on us to a very great extent. We have volumes and volumes of foreign currency or Rand that goes down south, pensioners will save millions of dollars per year which go to South Africa, let alone what we pay for the imports that come from South Africa. And we are, to date, the greatest market in Africa South Africa has, and it will think twice before it imposes counter-measures on us. It will be the loser in the long run.

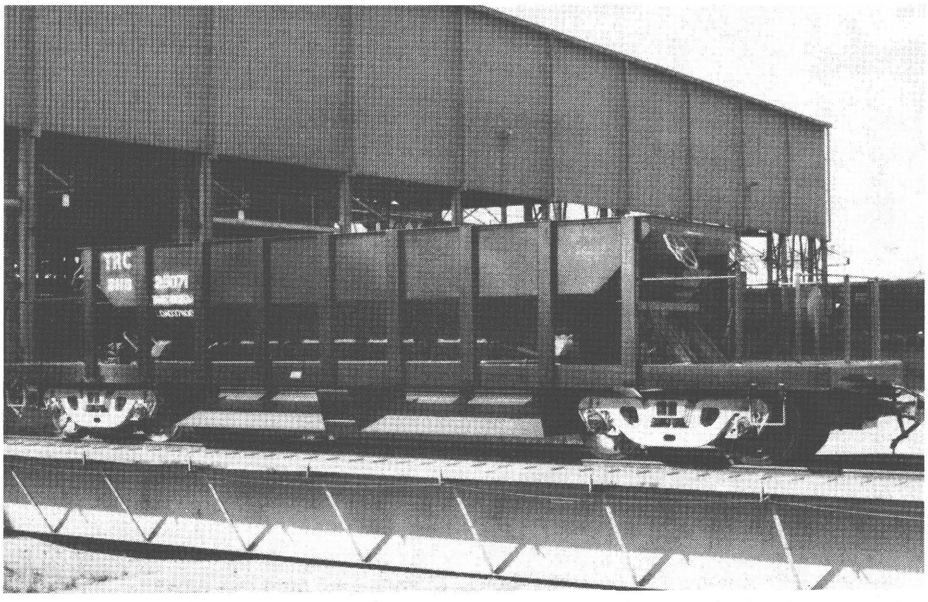
▶ *Is there not also a current trend whereby white South Africans are coming to Zimbabwe to see how things are going, bearing in mind their own future?*

— That's true. That also, I think, has been a good thing, an eye-opener to most whites. Even those who ran to South Africa and left us are coming back, because the green pastures they thought existed in South Africa aren't there. They are coming back, and they see that the ones they left behind are still as comfortable, if not more comfortable than before. We have not touched them, we have not touched their properties. If anything, they are going ahead with their style of life, and we believe we have been an example to some extent that can be emulated by the people in South Africa.

"We value our relationship with the EEC very greatly"

▶ *What is your view of Zimbabwe's cooperation with the EEC so far and what scope do you see for it under Lomé III?*

— We are happy that we became a member of the ACP-EEC cooperation



The Courier

"One would want to see the EEC help the ACP countries to raise their industrial development and compete with the EEC..."

Zimbabwe has been quite successful in this field already: 45 such ballast hopper wagons were supplied by a Zimbabwe company to Tanzania on an EDF tender

in 1980 when we became independent—naturally starting in 1980 was starting rather late: that was the time of Lomé II, and the advantages the early starters had were not quite our own advantages. We had to struggle to get a sugar quota under the Sugar Protocol. We couldn't really be accommodated under the Sysmin regime—we are a mineral-producing country as much as we are agricultural. But we benefitted immensely from the grants and soft loans that were extended to us, and I can assure you that has helped us develop certain lines of our agriculture, and other areas, infrastructural and socio-economic. We were happy that we became also part of those who negotiated Lomé III, and although our global ACP target was not met and we only got some ECU 8.5 billion, still that is aid which is coming our ACP way, and which will go a long way once again in helping us establish ourselves. For Zimbabwe, which is still a young state, we cannot really look askance at the aid that comes from the EEC. We are very happy with the relationship which is not purely economic, it's also a political and a social relationship with perhaps the greatest or the most successful economic community in the world. The association is also really bi-focal as it were, involving both the ACP grouping and the ACP-EEC grouping. That brings together countries of various population strengths, economic systems, political systems and ideologies, and perhaps it's a forum for a comparative exercise of how various ideologies, when applied to the economies of the various systems, operate. In fact within the ACP and for the six years we have been a member, we have noticed that the question of ideology is not of paramount interest to the EEC, as such. It is how you utilize the aid, how that aid, combined with your own efforts, yields a better performance for you, and that to us is quite salutary. EEC aid is given without any strings attached, and I can assure you we value this relationship very greatly indeed.

It's also in the quest for North-South cooperation. It's a start in that direction, in fact much more than a start, as we have achieved much more by way of cooperation between the EEC and the ACP, and there is no other example of North-South cooperation comparable to this cooperation. Perhaps, as some people say, this may be the nucleus for a New International Economic Order, we don't know, but we would hope that the relationship continues. However, it remains, of course, a relationship between the developed and developing countries, countries which are superior economically, much more developed, much more experienced with greater technology, and countries which are inferior in terms of their economies, who have yet to develop their technology and depend much more on primary products, on agriculture. One would want to see the EEC help the ACP countries to raise their industrial development and be able to compete with the EEC, but whether that is possible or not, I don't know. I feel that's the area which we must attend to, so that we are not just primary producers of products which are quite identical: nearly everybody produces sugar and the EEC produces its own sugar and buys our own sugar out of charity, as it were. We would want to produce certain other goods which can compete with those of the EEC—even textiles, certain equipment that can be used in their industrial infrastructures. But that is an area perhaps which is more sensitive and where enterprises in the EEC might be opposed, because they see competition between them and us. However, the starting point is to import technology, and all these aspects are provided for in the Lomé III Convention as they were provided for also in the Lomé II Convention.

The implementation, of course, is important, but I notice that Lomé has now laid greater emphasis on agricultural development, and I don't see us really being able to take a leap into the industrial sphere before our agriculture is highly developed. It's still primitive, we still perhaps have to develop ideas as to how our agriculture should go and most of us are agricultural, often with a still primitive agriculture—in some cases people still use sticks to dig the soil. I've seen that, and we must go beyond that. For us in Zimbabwe, we are not only fortunate in that our agriculture is slightly more advanced than the others, in that we use the plough, but we have also taken to using the tractor in a very big way now, and we would want to see other countries in Africa follow suit—there are one or two others which are on a par with us, and once agriculture is taken care of, and people can feed themselves, then the other things will take care of themselves. After all, you can only develop your textile industry if the raw resources exist, if you can grow cotton, and grow other materials which can then be used by your enterprises in the manufacturing sector. o

Interview by
Roger DE BACKER

"There is a distinct possibility of an economic breakthrough"

An interview with Dr Bernard Chidzero Minister of Finance, Economic Planning and Development

A member of the ZANU (PF) Central Committee and also an MP, Dr Bernard Chidzero's main concern over the past few months has been the preparation of Zimbabwe's 1986-90 Development Plan, to be launched soon. In the following interview, the former UNCTAD deputy secretary-general reviews economic performance so far and points out the key priorities of the new Plan as well as its financing. He also touches upon the sensitive lands issue and stresses Zimbabwe's intention "to exploit Lomé III to the fullest".

Zimbabwe Ministry of Information

"We have been honouring all our obligations... We are a Government of honour"

Ups and downs in the economy

▶ *Can you make a global comment on Zimbabwe's economic performance since independence in 1980, on the first six years of Zimbabwe's economic life?*

— That's a formidable task to perform, but I would say this much, that we have just completed now an economic and social review of the Zimbabwe economy since 1980—which covers a period of five years, that is, up to the end of last year. Nevertheless, for what it is worth, I can say the economy has performed well on average since 1980. I say on average, because we have had periods of high rates of growth—in 1980/81 when our real rate of growth in GDP amounted to about 12%. That was obviously due to the favourable economic conditions obtaining in the world market, high demand for minerals and agricultural products, good rains which contributed considerably to our agricultural output of maize, tobacco and all the rest, and of course also the reintroduction of the Zimbabwe economy into the world economy on an open basis so that we could trade openly. It was also due to the large injection of external aid which assisted in our finances, both in the fiscal account as well as in the current account. Naturally the end of the war redirected resources to normal economic activities so that underutilized capacity was brought back to use. Manpower returned to the economy after having been concentrated on the fight for freedom during the war. Demand also peaked up given the enthusiasm of people coming back to more peaceful conditions.

These were some of the factors which contributed to a very high rate of growth but this was followed by nearly three years of drought, which coincided with worldwide economic recession, so that both in terms of production as far as agriculture is concerned and in terms of our export markets we were hit very badly. Our production declined disastrously in agriculture, our mineral exports slumped in demand and declined. That was a double tragedy for us, and we registered in one year a negative rate of growth. On average, over those three years, that is following the two years of high performance, our economy grew by only about 2%, which was a sharp drop. The third phase has been quite a significant up-swing in the economy—again as a result of good rains, and an upturn in the world economy. There was great domestic demand as a result of increased income to the farmers because of good crops and because of certain policies which we took internally to increase wages, particularly for the low-income group, which also generated demand. So last year we got nearly a 5% rate of growth. We expect this year to get about the same or even slightly more. Our balance of payments over the last two years improved dramatically, to the extent that we have not only registered a surplus on our trade account, but indeed a favourable balance on the current account and an overall favourable balance of payments. We don't know, of course, how long that situation is going to last, much will depend on what happens in the world economy and what nature brings with it—good rains or scarce rains, but we are reasonably optimistic.

Broadly speaking that is how we have performed in somewhat quantitive terms, but in more general terms I can say the economy has not only expanded but we have also registered significant developments in the social services, for instance in education where we witnessed a significant development. Equally we have had significant development in health; health services were limited in terms of availability to the masses of the people so that increased government expenditure, sustained with aid, incidentally also from the EEC, enabled us to build clinics in the rural areas, and to expand medical services to people who otherwise did not have that. Construction of roads has been very significant both in the industrial as well as in the, peasant areas, and generally I believe that we can say the standard of living of the people of Zimbabwe has improved.

Need for job creation

But that is not to say we have not experienced significant problems during that period. The principal problems have been a rather slow growth in employment, the significant rate of growth in GDP has not been matched by an equal rate of growth in employment. There has been a decline in employment in agriculture, partly due to a rationalization process, there has also been a decline of employment in the domestic sector, that is, people employed as house workers and so on, partly because of the departure of a section of the white population, but also in response to increased wages. So we have a large unemployment problem which has been exacerbated by a large net output of school leavers for whom we have not been able to find employment. I have already indicated the large increase in schools, and this has been leading to something like 80 000-85 000 new entrants into the economy with good education backgrounds, and we have been providing employment for only about 40 000-45 000 of these students. This is not satisfactory, because it means that we have a considerable number of people without employment, but with a background of secondary education. That has been a very serious problem for us. Yet there is generally a shortage of skilled manpower in the economy, in spite of our sustained efforts of training both inside Zimbabwe and outside, and we have had to hire expatriate staff, particularly in the field of education. But that's a temporary situation, we have significant numbers of people being trained in the country and outside and when they return we should be able to cope with that problem. As the economy expands naturally, there will be scarce skills in key areas—it could be in engineering, it could be the medical field, but we are planning to respond to that situation in the Five-Year Plan.

I think, on balance, these problems have been outweighed by the benefits which have accrued to the people from the combined efforts of government's enlightened policies, realistic policies, and, of course, continued support which we have been getting from the outside world, the EEC not least among these.

Outlining the new Five-Year Plan

▶ *You are preparing the Five-Year Plan 1986/90: what are the main objectives?*

— I can give you a broad outline of what the Five-Year Plan is going to be about. First we recognize that this is a country with certain problems which we have inherited historically, and there are also structural problems to which we have to respond, so we are planning a lot based on the history and structure of the economy of Zimbabwe but also on the aspirations of this Government in terms of its socio-economic philosophy trust. On that basis, the basic objectives of the Five-Year Plan will obviously be to attain a significant rate of growth in terms of production of goods and services, which we expect to be not less than 5% on average throughout the five-year period. That 5% is calculated on the basis of what we can reasonably expect in terms of investment and in terms of our human capacities and our variety of skills and raw materials. It also takes account of the fact that our population is growing at a rate of about 3%, and if we are to increase the per capita income or the general standard of living of our people, we have decided we need to grow by not less than 5%, otherwise we will just be going to remain where we are.

Secondly, I have referred earlier to the question of unemployment, so employment is a major issue in the Five-Year Plan and this highlights, together with the first one, the need for increased and sustained modernization of resources for domestic employment purposes, but also enlightened policies to attract foreign investment, certainly in the key areas, in order to achieve our objective. It also means we have to examine carefully how we finance our social services, in order to redress the imbalance which has grown in the sense that we have been spending more on social services and less in terms of investment in material production. We need to re-examine therefore Government expenditure policies to ensure growth as well as employment.

A third objective will be land reform and more efficient utilization of land. Land is a basic issue in this country; we have resettled people, but we are not always thinking in terms of moving people from one area to another, but also in terms of productivity, to redress the imbalance in land ownership, which could be a politically explosive issue between commercial farmers on the one hand and the peasant people who live in the communal areas.

A further objective of the Plan, which is a key issue for other areas, is expanded and sustained manpower training and development in the various sectors and disciplines so that we can have the adequate personnel with managerial skills right up to the technical and professional personnel we require.

We have an added objective, which is to maintain and sustain a balance between the exploitation of our resources and the requirement to preserve our natural resources. To have an ecological balance poses the whole issue of development and environment, in the sense that our mineral resources are to be exploited with care and with an eye on the future, and those resources which are renewable, trees, plants etc. have also to be exploited accordingly. We have huge programmes to try to bring about reafforestation, and also we are looking at our wildlife, elephants, rhinos, etc. That's going to be a major objective in the Plan.

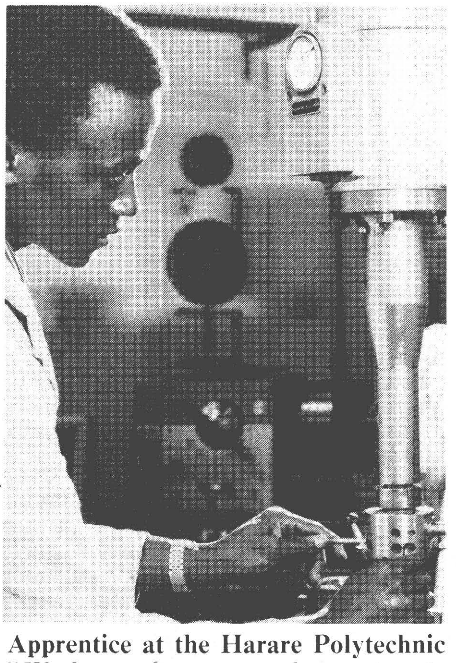
Finally we would want of course, within the context of Lagos Plan of Action, which is really continental cooperation in Africa, and more especially within the programme adopted by the OAU Summit last year, called Africa's Priority Programme for Economic Recovery, to participate as fully as possible and to contribute our best efforts to bringing about that economic recovery in Africa, that economic independence in Africa through various means: trade, industrial cooperation, manpower development and so on. We are already members of the various organizations of the OAU, but more especially the economic organizations such as the Preferential Trade Area, the Southern African Development Coordination Conference, and soon, and we would like to give meaning and credibility to these institutions. This means more has to be done by African countries to achieve collective self-reliance and sustained development based on our own efforts, so that outside efforts are only complementary or supplementary to what we can do. It means a change in policies, in agriculture, food production and other sectors, and we are planning to do just that and we will make every effort to contribute to it.

"The outside world has given us a shot in the arm"

▶ *Shortly after independence, Zimbabwe organized a major donors' pledging conference, ZIMCORD. To what extent did donors come up to your expectations, and how do you expect to ensure the financing of the new Plan? And what would be the role of the donors?*

— The financing of the Plan as far as external finances are concerned would take roughly three forms: official development assistance—that's related closely to ZIMCORD. There is also direct foreign investment, which is a separate aspect altogether, and thirdly, of course, borrowing on commercial terms. Now our experience over the last five years has been that we have received considerable support, both commitments and disbursements of resources pledged at ZIMCORD and subsequent to that. For instance, if my memory serves me right, in the case of the EEC, as of December 1985 total committed resources amounted to about ECU 163 million and at the same time disbursement was nearly ECU 96 million, and we consider this to be a very good disbursement ratio. We have been very encouraged, and indeed we are also grateful that the outside world has given us a shot in the arm and continues to do so to some extent. We realize, however, we cannot continue to rely on masses of financing, there are growing demands in other parts of Africa. When we met in ZIMCORD in March 1981, I believe I said that we hoped that in five or six years' time we would be gradually joining the group of donors rather than remaining among the recipients. The intervening years, particularly because of the world economic recession and the drought, have not made this possible, and we still require sustained effort. We envisage, therefore, that in the Five-Year Plan that type of assistance will have a critical role to play.

As regards the second source of financing, that is direct foreign investment, there has been relatively little, for a variety of reasons. Some has come in. A number of British companies have invested or increased their commitment and investment in this country, but generally that has not been very significant. I don't think this is peculiar to Zimbabwe, I think it's quite common in the rest of Africa and the Third World. Part of the explanation may lie in the fact that real interest rates were high and people prefer to put their money in fixed deposits, without the risks of investing in Third World countries where they never knew what was going to happen. The overhanging debt problem also frightened people who feared some of these economies might collapse. And of course, for a young country like Zimbabwe there was some uncertainty about what might happen or not happen. I would add also that our new investors do not find it very easy to break through the gap here as we were not exactly virgin territory and there is quite good competition here. They will be able to find a lot of partners if they want to move fast. This is a very sophisticated economy with a fairly high degree of industrialization and financial structure. We are now looking at our investment policies to see how we can reformulate them in terms of the mobilization of domestic resources.


Zimbabwe Ministry of Information

Apprentice at the Harare Polytechnic
"We have a large unemployment problem... Yet there is generally a shortage of skilled manpower in the economy"

However, there may be other reasons why investment hasn't been forthcoming. Some people think we are too much of a socialist country, or some refer to us refusing to sign investment guarantee agreements and all the rest. But we don't believe in all these legalistic arrangements, we believe that what is required is basically the soundness of an economy, the soundness of policies, and the credibility of a government in terms of honouring its obligations. We have been honouring all our obligations. We temporarily suspended remittance of dividends and profits in 1984 when we were at the height of the drought period and when we faced the prospect of importing huge amounts of food. I promised at that time that as soon as we had better days coming we would resume the repayment, and indeed barely 12-13 months afterwards we resumed payment. That is the sort of thing we want, keeping our word: we are a Government of honour.

On the third account, that is borrowing, yes, we have managed to borrow both on a soft loan basis, that is to say on a bi-lateral government-to-government basis which has assisted us tremendously, and in this regard we also have an access to the European Investment Bank for a number of our projects such as the Wankie Power Station. We also borrowed commercially as well as from international organizations as the World Bank, and the IMF, and our credit rating, I believe, is a very healthy one.

The sensitive lands issue

▶ *May we briefly return to what you indicated yourself as, possibly, a politically sensitive issue, the issue of lands. One can imagine that outside observers will also have a close look at what's going to happen to the commercial agricultural sector, and the extent* *to which the Government will try to promote a combination and complementarity between higher productivity in the communal sector while still preserving the well-functioning commercial sector?*

— The commercial farmer has a role to play in this country. Government has accepted that agriculture should function broadly along three lines: the commercial farmer which is large scale, whether he is white or black is immaterial; there even, more professional farming is required, particularly for products such as cotton, tobacco in particular and, say, wheat, which requires irrigation. We have accepted that, there is no problem about that. We've also adopted as a policy stand that the small-scale farmer who falls between the commercial farmer and the peasant farmer has a role to play, and he will be assisted. Finally, there are the communal or peasant farmers who are either in the communal areas or in the new areas of resettlement, that's another issue. What we are saying simply is that there is land and fairly sizeable amounts of landlying either fallow or unutilized in the hands of individuals or companies, and I do not see why that land should be kept there unutilized, we ought to utilize it. In that, we have got to redress the imbalance: about 80% of our people live in rural areas, and mainly in the communal areas, and it's largely poor land, over-populated and we cannot from the point of view of equity and justice, and indeed from an economic point of view, sustain that sort of situation. After all, the war was fought on that basis! We are not saying that we are going to squeeze out commercial farmers; on the contrary. But we will discuss with them, and some of them are readily selling the land which they don't use, and others will negotiate on one basis or another. But we realize quite fully the important role commercial farmers play.

▶ *But always on a willing buyer-willing seller basis?*

— That is the position, although we have slightly amended the situation in the sense that while retaining the willing buyer-willing seller principle, we had hoped that when sellers are selling land they should give some preference to Government.

"We shall try to exploit Lomé III to the fullest"

▶ *How do you appreciate cooperation with the EEC so far, and particularly what sort of scope do you see to it now that the new Lomé Convention is coming into force later this year?*

— As I indicated earlier, we have very good programmes with the EEC countries and the Community as a whole. This is largely in the field of economic and technical cooperation where, as I indicated, committed and disbursed resources have been significant, related of course to the very important projects to which EEC resources have been committed. They were in critical and well chosen areas such as the building of the Veterinary Faculty, given the importance of manpower training.

But the relationship has not only been on that basis. We have experienced an expanded trading relationship with the EEC. Compared to trade at the time of independence, by the end of last year it had nearly quadrupled. The EEC countries have become, as a group, our number one trading partner, both in terms of imports and exports. Of course, individual countries within that group are important. At a first stage it was the Federal Republic of Germany, but now the UK has taken over to become our number one trade partner and the Federal Republic of Germany is now number two, and I believe Italy is number three. But as a group they are our single largest trading partner and we expect to expand this. This has been largely at the expense of our trading relationship with South Africa. South Africa was the largest trading partner, but if you compare the two, the EEC and South Africa, the EEC has clearly taken the lead, although if you take individual countries then South Africa still leads the UK.

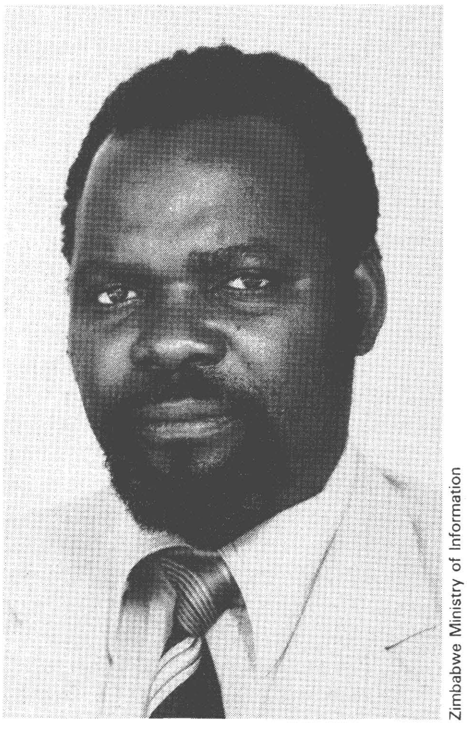
That trading relationship is terribly important for us, and we are looking forward to making full use of the provisions of the Lomé Convention. We shall try to exploit Lomé III to the fullest. We are not content in just having that money lying there on a bookkeeping arrangement, we have learned a few lessons over the last few years in terms of making full use of aid and loan resources. We had meetings with donors a few years ago and we are working fairly closely with the World Bank and the UNDP to advance the effectiveness of the instruments of aid utilization both in terms of project identification and formulation, as well as their management and, of course, effective communication with donors. We look forward, therefore, to the next five years, which coincide with our five-year Development Plan, with great expectations to increase cooperation with the EEC. We hope that people understand that there is a distinct possibility of an economic breakthrough in Zimbabwe. It's a country with that potential, partly because of its historical structure, partly because of its resource endowment, and partly because of the policies we have espoused to rapidly transform and industrialize this economy. I believe that we have the capacity to do so, in any case we are determined to do so. But clearly, being a landlocked country is a major problem: we rely on the support and goodwill of the world, I say so bearing in mind the possibility of untoward developments in South Africa. With South Africa close to our trade routes, we have real difficulties, particularly if the situation in Mozambique doesn't improve; by which I mean the rail line to Maputo which is a major rail outlet. This is not functioning because of the activities of the MNR there; the Beira line has a limited capacity and its expansion and modernization is not a project which can be carried out in a year, it will probably take three to five years to remodernize and achieve the Beira corridor. Again, this is an area where we would hope we can get support, South Africa existing or not existing as a hostile country, because this is a shorter distance for us and it is therefore important to us.

So there are major areas of cooperation with the European Community as with other countries such as the US and socialist countries, to achieve economic transformation not only in Zimbabwe, but in other countries, and also to strengthen our efforts at regional cooperation. That way the Southern part of the continent, hopefully including South Africa eventually, can become a dynamic and progressive part of the continent and thus contribute to the total effort of changing the African situation. o

Interview by R.D.B.

"We will take full advantage of the Convention's trade cooperation provisions"

An interview with Dr Oliver Munyaradzi, Minister of Trade and Commerce


Zimbabwe Ministry of Information

In the following interview, Trade and Commerce Minister Dr Oliver Munyaradzi reviews some aspects of Zimbabwe's relationship with the EEC, comments on intra-ACP trade as well as trade within the Preferential Trade Area and assures *The Courier* he has "no sleepless nights as to when sanctions are applied against South Africa".

On the Sugar Protocol

▶ *Minister, you have just returned from the ACP-EEC special Council on sugar. What were your impressions?*

— The general idea of an ACP-EEC relationship is a very good one, because at least we can be assured of entry to a developed market at reasonable prices which is very important for our development back home. The fact that we are mostly primary commodities producers, and indeed that we are not able to control the prices of those products is, I think, a question of the world economic order rather than of ACP-EEC relations. But the fact that the ACP countries are given an opportunity from time to time to meet and talk over problems relating to that ACP-EEC relationship and to talk of problems on intra-ACP trade and relations is equally important as it provides us with a proper forum.

As regards the ACP-EEC Sugar Protocol, this is probably the most beneficial trade instrument of ACP-EEC relations, yet the implementation of its provisions is subject to divergent interpretations, contrary to the original intentions of the Contracting Parties. The global agreed quantity of sugar available to the ACP under this Protocol is still the same as when the Protocol first came into force in 1975, yet more ACP sugar exporting countries have acceded to the Protocol, and the EEC cane sugar market has expanded through accessions since then. The guaranteed price for ACP sugar under this Protocol has remained relatively static over a number of years and is no longer remunerative to ACP sugar producers, most of whom are largely dependent on exports to the EEC for their livelihood.

My own impression is that we are now witnessing a reimposition by former colonial powers of their will on ACP countries, but so far we are weak—that's our own fault—and have to accept it. We are grateful for an EEC sugar price higher than the one prevailing on the world market, but I regret the present total lack of real price negotiations and I am afraid that there is a mentality behind it that may creep into the rest of our cooperation. We must keep the dialogue with our EEC partners open and we may not allow very narrow sectoral interests to take the pace over our global relationship. I am, however, confident that the spirit and goodwill of ACP-EEC relations will prevail in improving upon the Convention.

▶ *The EEC is the major trading partner for Zimbabwe with more than one-third of both exports and imports. How do you feel this relationship will develop?*

— It is a fact that the EEC is a major trading partner for Zimbabwe. On average, about one third of both our total exports and imports are with the EEC. We exported goods worth about Z$ 259.6 million to the EEC of 10 Member States in 1982. This figure rose to Z$ 332.8 million in 1983 and to Z$ 418.1 million in 1984. During the same period, Zimbabwe imported goods worth Z$ 357.3 million in 1982, Z$ 301.1 million in 1983 and Z$ 352.6 million in 1984 from the EEC. The general trend in Zimbabwe's trade relations with the EEC is therefore that this trade has increased since Zimbabwe formally acceded to the ACP-EEC Convention in 1982. I see this relationship developing during the implementation of the present Convention since a number of the EEC's trade barriers on imports from the ACP have been eliminated in this Convention. The accession of Spain and Portugal to the EEC from 1 January 1986 will also mean a larger EEC market for Zimbabwean exports and sources for her imports.

Another factor which could result in increased trade flows between Zimbabwe and the EEC is that, as our manufacturing industry develops, we will export more value added goods to the EEC, taking full advantage of the Convention's trade cooperation provisions, and at the same time import more industrial machinery and spare parts as well as industrial raw materials.

South-South and intra-ACP trade

▶ *Zimbabwe has a vast range of manufactured goods of international quality standard at competitive prices. Thanks to this, several tenders under the fifth EDF have been won by Zimbabwean manufacturers. What can Zimbabwe do to increase this and other aspects of South-South trade involving Zimbabwe?*

— We have very actively increased our programme of activities aimed at developing South-South trade, particularly in regional markets. In recent years we have increased our trade fair participation programme from five fairs in Africa in 1981 to 11 in 1985.

In addition to this, we have a number of plans to increase promotional efforts in neighbouring countries. We have computerized our tender information dissemination. We are undertaking detailed market research in a number of major African markets to highlight product categories which Zimbabwe could supply, which are currently being imported from other parts of the world. We will be expanding the range and type of our promotional activities. On the import side we are making efforts to increase imports from non-traditional sources especially fellow-members of the Preferential Trade Area through the increased use of the PTA Clearing Facility.

From the above I hope you can see the importance we attach to South-South trade, particularly regional PTA markets, and that we are committed to increasing it where possible.

► *As far as intra-ACP trade is concerned, Zimbabwe has great potential but trade with other ACPs seems to be very limited at present...*

— Indeed, that is correct. I have just returned from a PTA meeting, and we are aware of the sort of lopsidedness of the way Zimbabwe trades with its neighbours and other ACP countries. But we are only fairly recently independent and with time and the right policies and the right thrust we hope to push this trade to a very great extent. One of the reasons for this lopsidedness is that 90% of the foreign exchange used for our imports is meant for basic inputs and equipment, fairly sophisticated ones, which are often not available with our neighbours or other PTA members. We are now in the process of identifying which of them can supply some of those raw materials and as they are identified we then divert our sources. We also need to promote our own products more with them. Obviously as far as intra-ACP trade is concerned, there is an overall problem with foreign exchange shortages. If we want to go ahead with it, then it must be a deliberate move to promote this sort of trade, an example we have set already within the PTA, which means that we should envisage to buy from another ACP even if the price is slightly higher than the world price.

The role of the PTA

► *Could you give an appraisal of the evolution of the PTA and the possible subsequent increase of regional trade?*

— The Preferential Trade Area for Eastern and Southern African States was established to effect a new system of economic relationships among Member States to reduce their traditional dependence on the developed countries and to strengthen their economic links. The PTA Treaty was signed in Lusaka, Zambia on 21 December, 1981, and came into force on 30 September, 1982 when it was ratified by a minimum of seven member States, as stipulated in Article 50 of the Treaty. Zimbabwe signed the Treaty on 29 June, 1982 and ratified it on 30 September, 1982. The objectives of the PTA will be attained on a step-by-step approach, beginning with a Preferential Trade Area that will be gradually upgraded to a sub-regional Common Market by 1992. Eventually it is hoped that the sub-regional Common Market will be upgraded to an Economic Community for Eastern and Southern African States which will eventually link up with other sub-regional Economic Communities to form an African Common Market by the year 2000. To date 15 countries are signatories of the PTA Treaty (1). The five countries which have not signed the Treaty are Angola, Botswana, Mozambique, Madagascar and Seychelles. It is hoped that those countries which have not yet joined the PTA will do so soon.


Zimbabwe Ministry of Information

Zimbabwe has a 30 000 tonne sugar quota under the Sugar Protocol

"My own impression is that we are now witnessing a reimposition by former colonial powers of their will on ACP countries..." said Minister Munyaradzi on this issue

The cardinal principle of the PTA Treaty is a collective effort in attaining self-reliance. The 11 Protocols of the Treaty deal with cooperation in various fields of economic activity. Of the 11 Protocols, eight have a direct bearing on trade. The basic aim of the Protocols relating to trade is both to increase the volume of trade and to facilitate its flow. The trade Protocols are concerned with the reduction and eventual elimination of tariff and non-tariff barriers; customs co-operation, Rules of Origin for products included in the PTA Common List, which receive preferential rates of duty when traded within the PTA region; re-export of goods; transit trade and transit facilities; clearing and payments arrangements, simplification and harmonization of trade documents; and standardization and quality control of products. The other three Protocols cover other areas and fields of economic cooperation which are directed to the key productive and service sectors of the economy, namely agriculture, industry, transport and communications.

The operational phase of the PTA was launched in Harare on July 1, 1984. This marked the beginning of the progressive reduction of tariff rates concerning the products which are in the Common List. Most countries have completed the first round of tariff reductions. The PTA Clearing House was launched in February, 1984 in Harare. The Clearing House is administered by the Reserve Bank of Zimbabwe of behalf of the Member States. Its aim is to encourage the use

(1) Membership of the PTA is open to the following 20 countries: Angola, Botswana, Burundi, Comoros, Djibouti, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Seychelles, Somalia, Swaziland, Tanzania, Uganda, Rwanda, Zambia, Zimbabwe.

of national currencies in the settlement of intra-PTA trade transactions, thus reducing the use of foreign currency. However, Member States have not to date maximized the use of the Clearing House. The PTA has also made some progress in the establishment of a PTA Trade and Development Bank which will finance trade and development projects. The Bank is located in Bujumbura, Burundi. The Charter of the Bank came into force on 6 November 1985 and the Bank started operating on 1 January 1986 with a small number of core staff.

In conclusion, if the facilities offered by the PTA are fully utilized we should have a significant increase in intra-regional trade. The PTA is addressing itself to all the problems that are affecting full participation of member states in PTA activities.

▶ *One criticism that could be made of the PTA, is that, with regard to the structure of Zimbabwe's economy, about 60% of which is multinational, the PTA requirements of local equity and management seem rather tough. To what extent does this prevent Zimbabwean companies from taking advantage of PTA trade arrangements?*

— Expressing my strictly personal views on this matter, I do agree that this is already creating problems for some of our companies. I feel that the PTA approach of trying to impose these requirements of equity holdings and management structures on member countries has probably got to be looked at again and modified in such a way as to allow the government of each member state to decide how fast they are going to move towards localization of equity and management rather than get it imposed. We are in a situation whereby certain PTA members have deliberately taken a policy of nationalization and from the day of their independence they virtually nationalized their whole economy. But this is not a Zimbabwean feature, we have not taken on such a policy. On the contrary, we deliberately avoided it because we didn't think it was in the best interests of Zimbabwe. We prefer a slow process of localization by negotiation rather than by nationalization. So this matter will have to be looked into again and we will have to present our arguments in those fora in order to bring about a modification and a more realistic approach towards equity holding and management localization. Already some concessions were made to us given our very recent independent status but whether those concessions are sufficient for Zimbabwe to really take part in an active way in the PTA, is open to question and we have to look at it again. Also, not all PTA members are rigid in their approach to these rules, some are quite flexible about it, but I would certainly like to discuss it as a whole in future.

Zimbabwe Ministry of Information

Minister Munyaradzi considers Zimbabwe's annual EEC quota of 8 100 tonnes of prime beef, "though limited in quantity, gives international respectability to the quality of our meat and therefore a means of opening up other world markets"

"South Africa would suffer as much as ourselves if they were to close the trade routes"

▶ *From a trade point of view, Zimbabwe's and South Africa's economies are closely intertwined. In view of the impending crisis there, what could be the effects of such a crisis on Zimbabwe's overall trade?*

— The Southern African problem, as far as Zimbabwe is concerned, has got to be looked at in two phases, the first being the present short-term crisis, the second phase being a free, majority-ruled South Africa, which would give us a completely different set of circumstances. To apply one's minds to the first, and most dangerous phase, well I quite honestly don't get sleepless nights as to when sanctions are applied against South Africa. As far as trade routes are concerned, I think if one is going to be realistic one must see that the relationship between Zimbabwe and South Africa at the moment is one of interdependence. Granted, I agree with those who forecast that if South Africa were to close its trade routes to Zimbabwe for transport purposes, then this would be disastrous. But we have not just been sitting and waiting until South Africa does so, we are engaged in a very active programme of improvement of routes through Mozambique and I am almost certain that we can keep the Beira Corridor open. We are prepared to fight to the last man to keep it open. Maputo is a different kettle of fish, because even the direct line from Zimbabwe is long and difficult to defend. Events are now moving so fast that South Africa may find it not in its best interests to close the trade routes even if sanctions are applied against it. It needs our cooperation to accede to its vast hinterland. So it's a two-way process: South Africa would suffer as much as ourselves if they were to close the trade routes. Their railway system was constructed to serve most neighbouring countries and they would have a lot of unutilized railway capacity. So I think there will have to be give and take come the time that sanctions against South Africa are applied. At present we have to consolidate our markets in view also of a really free Namibia and Azania, and, ironically speaking, we may cease to be called the top dogs of the region when South Africa becomes majority-ruled... ○

Interview by R.D.B.

EEC-Zimbabwe cooperation

By Gaspard DÜNKELSBÜHLER (*)

The wide-ranging cooperation which has developed between the EEC and Zimbabwe in the first six years after Independence is an expression of the diversified nature of Zimbabwe's society and economy and of the various instruments of ACP-EEC cooperation.

While emphasis has been, from the beginning, on assistance to the rural areas, first through the Non-Associated States Programme and later under the Lomé II National Indicative Programme, most aspects of the aid mechanism have played a role: while normal development aid in the form of grants or soft loans, sometimes both together, was the general rule, "crisis" instruments such as food aid and emergency aid were also applied in the very beginning and during the difficulties caused by drought in the years 1982/84. The resources of the European Investment Bank have been used, as have risk capital and interest subsidies. A large number of NGOs were able to implement development programmes through co-funding with the EEC. EEC regional funds enabled important priorities to be tackled, notably in the field of animal disease control. Due to Zimbabwe's advanced modern sector, trade between the country and the EEC has increased considerably in the past six years. The annual quota under the Protocol for sugar exports to the EEC has been increased from 25 000 million tonnes to 30 000 mt. After careful preparation of its veterinary services and of its abattoir infrastructure, now among the most advanced in Africa, Zimbabwe has, since October 1985, been allowed to export an annual quota of 8 100 mt of prime beef to the EEC. The country has also been actively involved in triangular aid operations, whereby the EEC bought maize and emergency aid supplies for the benefit of neighbouring countries. Furthermore its manufacturing industry has increasingly succeeded in winning EDF supply tenders in other ACP countries. This varied scale of cooperation will continue under Lomé III. The possibilities of benefitting from STABEX and SYSMIN might be added if there is a decline in export or export-oriented productivity.

At the ZIMCORD conference in March 1981 the EEC pledged a total of ECU 150.7 m out of a total pledge of the international donors of ECU 1 400 m. At the end of 1985 this pledge had been surpassed by ECU 30 m (Table 1).

Of the ECU 189.7 m actually pledged, ECU 172.8 m have been allocated for specific purposes through financing decisions and ECU 103.7 m have been disbursed.

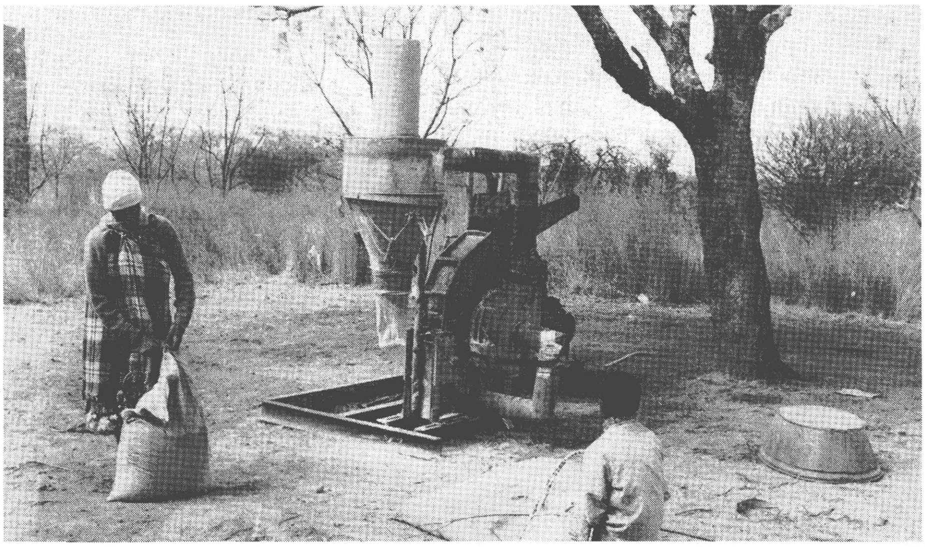
At independence in 1980, before Zimbabwe joined the Lomé II Convention, the EEC granted immediate assistance from its budgetary resources:
— ECU 9 m through UNCHR for the resettlement of refugees;
— ECU 1.1 m for veterinary programmes amongst cattle raising communities;
— ECU 1.1 m food aid in milk products through the World Food Programme;
— ECU 1 m contribution to the work of NGOs in Zimbabwe; in particular, assistance to education and health programmes in the rural areas.

Following on from the emergency phase under the budget line for the Non-Associated States Programme, in 1980 and 1981 a total of ECU 18.5 m went to seven priority projects in the Communal Lands and for the Resettlement Schemes. At the end of February 1986, ECU 15.6 m had been disbursed. All seven projects will be completed by the end of 1986.

The projects implemented under the NA programme have, in many cases, been the starting point of projects under the Lomé II National Indicative Programme (see below). In this context several studies were launched, preparing Zimbabwe's full utilization of the means put at its disposal when joining the Lomé Convention.

Cooperation under Lomé II

Zimbabwe joined the ACP Group on 1 March 1982, following ratification by the EEC and ACP States. The National Indicative Programme (NIP—see Table 2) provided for an amount of ECU 40 m (ECU 30 m in grants, ECU 10 m in special loans). This allocation was in due course increased by ECU 9 m of special loans in 1983, an adjustment to the NIP based on a reserve allocated for possible STABEX and SYSMIN purposes, which did not materialize for several reasons and in particular because of the healthy performances of the sectors concerned.


EDF - J. & P. Hubley

In 1980-81, EEC aid to Zimbabwe under the non-associated States programme went mainly to the communal lands and to resettlement schemes. Here a maize grinding mill, part of the infrastructure provided for the Tokwe Intensive Resettlement Programme

(*) Delegate of the Commission of the European Communities in Harare, Zimbabwe.

Table 1: Total EEC aid to Zimbabwe — Situation as at end 1985

Million ECU - 1 ECU = Z$1.06 (15.12.1984); Z$1.46 (15.12.85)	ZIMCORD pledge	Actual pledge	Financing decision	ECU disbursed
1. Emergency aid and food aid 1980 NGO projects 1980-1981	12.2	12.2	12.2	12.2
2. Non-associated States programme 1980-1981	18.5	18.5	18.5	15.6
3. European Development Fund:				
— National indicative programme	49.0	49.0	35.0	11.5
— Regional fund	30.0	30.0	27.1	12.1
— Emergency aid 1982-1984	2.0	5.0	5.0	5.0
— Risk capital (administered by EIB)	4.0	5.4	5.4	1.8
— Interest subsidy (for EIB Loan)	—	6.7	6.7	6.7
4. Emergency food aid	—	6.9	6.9	6.9
5. Food aid	—	16.9 (est.)	16.9 (est.)	16.9 (est.)
6. European Investment Bank	35.0	35.0	35.0	11.6
7. NGO projects 1982-1985	—	4.1	4.1	3.4 (est.)
TOTAL	150.7	189.7	172.8	103.7

Table 2: Summary of 5th EDF NIP sub-sectors Situation as at end 1985

in ECU

Project title	Financing decision amount	Disbursed (end March'86)
A. Agriculture and Rural Development		
- Accelerated resettlement schemes	5 450 000	2 587 526
- Smallholder coffee fruit programme	4 200 000	NIL
- Technical assistance MLRRD	216 000	180 000
- 1st microprojects programme	1 355 400	1 105 440
- 2nd microprojects programme	2 200 000	1 455 053
- 3rd microprojects programme	3 000 000	313 327
- Tsetse control	3 900 000	—
- Fruit and vegetable growing — Mashonaland East	2 900 000	—
Sub-total sector A	**23 221 400**	**5 641 346**
B. Development of Human Resources		
- Multi-annual training	2 230 000	600 000
- Staff training, Gweru Technical College	490 000	279 704
- Veterinary Faculty	7 500 000	2 211 389
Sub-total sector B	**10 220 000**	**3 091 093**
C. Economic Infrastructure		
- Rural water supply, Masvingo Province	2 800 000	2 050 009
- Coal resources and utilization study	500 000	406 462
- Rural water supply, Matabeleland study	185 000	—
- Rural water supply Matabeleland	4 105 000	—
Sub-total sector C	**7 590 000**	**2 456 471**
D. Supporting Activities		
- International Rural Technology Exhibition 1982	124 000	82 768
- Trade Promotion Study (Toepfer)	12 500	12 000
- Trade Promotion TA	200 000	54 975
- Extension (PTA) Studies	75 000	70 797
- Extension (BDPA) Studies	21 000	19 387
- Management Information System Study	26 000	24 641
- Water Supply Study	34 000	30 592
- Gweru Tender	27 000	25 024
- TA to ZDB	280 000	NIL
- Study and Expert Fund to ZDB	210 000	NIL
Sub-total sector D	**1 009 500**	**320 184**
TOTAL	**42 040 900**	**11 509 094**

Table 3

EMERGENCY FOOD AID	Item	Approximate value ECU
Emergency food aid 1983	1 500 mt beans	500 000
Emergency food aid 1984	17 500 mt maize	5 575 000
Emergency food aid 1984 (via UNHCR)	2 200 mt maize 200 mt beans	685 000 150 000
Total value emergency food aid		**6 910 000**

PROGRAMME FOOD AID	Item	Approximate value ECU
1982 food aid	4 000 mt skimmed milk powder 1 000 mt butteroil	5 900 000
1983 food aid	4 000 mt SMP 250 mt butteroil 6 000 mt beans	3 600 000 5 000 000
1984 food aid	4 000 mt SMP 15 000 mt wheat	— 2 400 000
Total value food aid (est.)		**16 900 000**

EMERGENCY AID PROJECTS — 5th EDF in ECU	Financing decision amount	Disbursed
Emergency aid 1982 (Water and transport)	1 000 000	992 980
Emergency aid 1983 (Hyprobeans and salt)	1 500 000	1 478 544
Emergency aid 1984 (Mozambican Displaced Persons)	1 800 000	1 800 000
Emergency aid 1984 (Pre-school feeding drought relief)	700 000	700 000
Total	**5 000 000**	**4 971 524**

Fifty-six per cent of the NIP of ECU 49 m was allocated to "agriculture and rural development", 23% to "human resources development", 16% to "economic infrastructure" and 6% to "supporting activities". Eighty-six per cent of the NIP (ECU 42.2 m) has been the subject of financing decisions and ECU 11.5 m have been disbursed to date (see Table 2).

The remaining balance is expected to be used for the extension of grain storage facilities.

Several comments can be made on the programme financed under the NIP. First and foremost, the programme has been entirely in line with Zimbabwe's Three-Year Transitional Development Plan. Another basic feature has been the harmonization between national and regional development objectives, with a high degree of joint use of NIP funds and funds from the regional allocation. The recently opened Veterinary Faculty at the University of Zimbabwe was financed to the tune of ECU 7.5 m through the NIP and for the remaining ECU 5.5 m by the Regional Programme. Likewise the Tsetse Eradication Project for four countries of the region (ECU 19.15 m 5th EDF and ECU 1.5 m NA programme for Mozambique) has been financed as follows:

- Regional funds ECU 8.35 m
- Zimbabwe NIP ECU 3.9 m
- Malawi NIP ECU 1.9 m
- Zambia NIP ECU 5.0 m

Another particular feature has been the three annual Microprojects programmes, which to date, have benefitted some 200 grass-roots projects from a financial envelope of ECU 6 m.

In the vital field of human resources development, two projects should be mentioned: assistance to the vocational training programme with the construction of the Gweru Training College, the latter being accomplished under the NA programme while the teaching of trainers was financed under the NIP and is still ongoing; and the training programme in cotton growing for 900 peasant farmers over three years.

The involvement of the EDF in rural water supply and sanitation in areas suffering most from irregular rainfall has been considerable. The establishment of 282 boreholes and 36 wells in Masvingo Province in 1984, during the previous drought, brought a substantial improvement for the wellbeing of numerous families in this region. In February 1986, the EEC Commission approved the financing of a similar water supply and sanitation project in four districts of Matabeleland South, which will be all the more important given the continuing severe drought conditions prevailing in that province.

The regional projects administered from Zimbabwe with EEC funds com-

Zimbabwe trade with the EEC

Since independence, the EEC as a group has developed into Zimbabwe's most important trading partner. In 1981 approximately 27% of all trade (export and import) took place with South Africa and 27%, also, with the 10 EEC Member States. The importance of South Africa as a trading partner has diminished especially as far as being a source for import. By 1984, 31.5% of all Zimbabwe's trade took place with the EEC, while only 18.7% was with South Africa.

A major part of imports from the EEC consists of machinery and chemicals, while exports are mostly raw materials and semi-manufactured products. Table 1 lists the 10 most important export products to the EEC.

Of the EEC Member States, only France ran any appreciable surplus in its visible trade with Zimbabwe, while the three major trading partners (UK, Fed. Rep. of Germany and Italy) all ran deficits in 1984 (Table 2).

Table 1: EEC imports from Zimbabwe — 10 most important products — in million ECU

Product / Year	1982	1983	1984
1. Tobacco	117	150	113
2. Ferrochrome	66	56	57
3. Cotton	43	44	51
4. Copper	13	21	31
5. Nickel	24	21	27
6. Tea	4	5	19
7. Sugar	9	13	13
9. Asbestos	17	12	11
9. Iron matte	3	3	11
10. Coffee	4	5	10
Total top ten	300	330	343
Total exports	366	405	428

Table 2: EEC Member States' trade with Zimbabwe — 1984 — in million ECU

	Import	Export	Surplus + Deficit −
Germany	109	67	−43
France	25	46	+21
Italy	89	40	−49
Netherlands	38	20	−17
Belgium-Luxembourg	21	13	− 8
United Kingdom	137	116	−21
Ireland	3	1	− 2
Denmark	4	7	+ 3
Greece	3	1	− 2
Total	428	311	−117

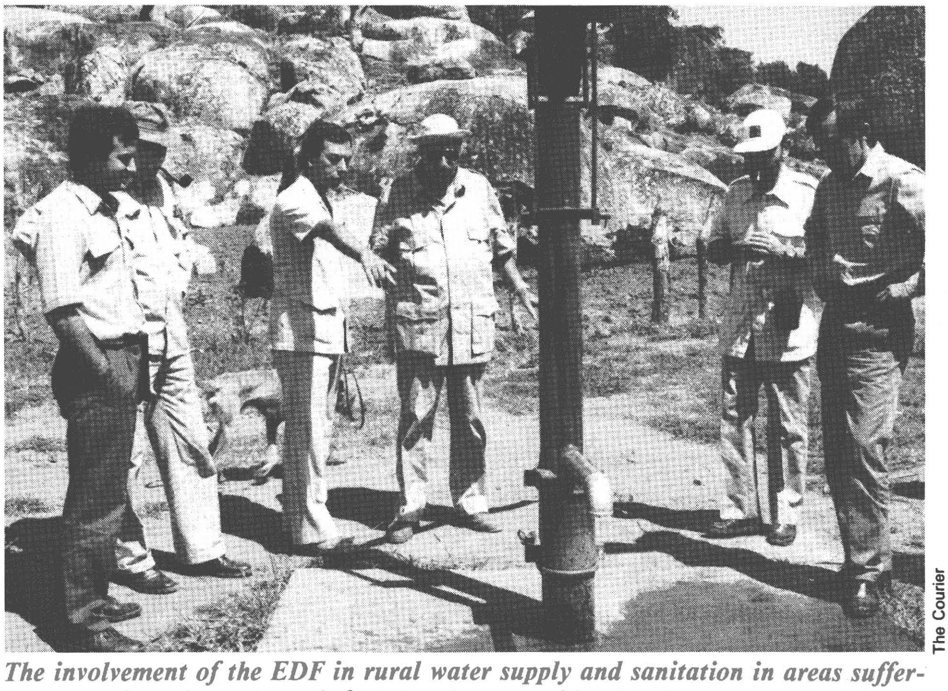
Peter CHRISTIANSEN, Economic adviser

prise eight activities, amounting to ECU 27.1 m of which 12.2 m has already been disbursed. The emphasis is clearly on agricultural and rural development. Zimbabwe's experience in this area is also the reason for its role as overall coordinator of the SADCC "Food and Agriculture" sector and in particular the Food Security Sector.

The European Investment Bank has concentrated its efforts in the energy and communications sectors, with two loans from its own resources totalling ECU 35 m (ECU 20 m for the Wankie Power Station; ECU 15 m for the improvement of telecommunications) and benefitting from interest subsidies from the EDF amounting ECU 6.7 m. Furthermore, ECU 0.4 m of risk capital was granted for a study of the possibilities of the use of Zimbabwean coal, and co-financed with resources from the NIP. Likewise, under the risk capital provisions, the EIB assists the Zimbabwe Development Bank (ZDB) to the tune of ECU 5 m. An ECU 4.5 m loan has been allocated to the Government for the acquisition of shares in ZDB and ECU 0.5 m for EEC participation in ZDB shareholding. As a complementary measure, the European Development Fund (EDF) provides technical assistance and short-term expertise to ZDB.

Food aid and emergency aid

During the difficult period of drought from 1982 to 1984 when assistance of a different type became necessary and could be made available within a short space of time, Zimbabwe received emergency food aid and programme food aid (Table 3) in the form of beans and maize, the first for free distribution, the second for commercialization. Counterpart funds generated by the second action were used to procure seeds in the form of "crop packs" distributed free of charge to 52 000 peasants allowing them to plant maize once the rains had returned. In 1984 15 000 mt of wheat and 6 000 mt of beans were also granted under normal food aid procedures. While the beans were for free distribution to groups of the population in need, the wheat has been commercialized and its counterpart funds are earmarked for the National Irrigation Fund, created some time ago to increase the irrigated cropping surface and wheat production, thus diminishing imports. Displaced persons from Mozambique flowing into Zimbabwe during these last years had to be accommodated and to receive food, clothes and medical care, and benefitted from the efforts of the Zimbabwean Authorities with help from the EEC channelled through the UNHCR and various NGOs.


The Courier

The involvement of the EDF in rural water supply and sanitation in areas suffering most from irregular rainfall, has been considerable. Here Rony Sabah, the Delegation's civil engineering adviser, explains the simple technology involved in the EEC borehole no 3 to Vice-President Natali at Nemazuwa Village. Second from the left (with pipe) is EEC Delegate Gaspard Dünkelsbühler

In 1984 and 1985 two EEC-funded emergency aid operations in favour of the populations in Tete Province (Mozambique) totalling ECU 2 m, were prepared in Zimbabwe. Almost all the goods and transport were procured by the Zimbabwean private sector, the Zimbabwean NGO "Zimbabwe Freedom from Hunger" taking an active part in the operation, assisted by two European NGOs, German Agroaction (FRG) and Oxfam UK. The speedy recovery of Zimbabwe's agricultural sector after the years of drought and the subsequent bumper harvest, as well as the competitivity of the private sector, have enabled these possibilities to be used to the benefit of the neighbouring country.

I would like to draw particular attention to the prudent use of food aid in Zimbabwe: being aware of the risks food aid can create for local food production, the Government of Zimbabwe and the EEC have acted carefully whenever food aid was unavoidable. The counterpart funds generated by the maize and wheat operations were fed back into the peasant sector to stimulate production. From 1982 to 1984 the Dairy Marketing Board received a total of 8 000 mt of skimmed milk powder and 1 250 mt of butteroil in order to bridge the gap between the supply and demand of milk products, an objective achieved in 1985. The counterpart funds generated by these products will be used to promote dairy development in communal areas which are not yet self-sufficient in milk products, following the guidelines of a Dairy Development Plan currently under preparation by the Government.

In conclusion, it can be said after six years of cooperation between the EEC and Zimbabwe, encouraging results have been achieved, constituting a solid basis for future collaboration under Lomé III, with its increased allocations for Zimbabwe (see Courier No. 95, yellow pages II and III for programming results). The experience has given Zimbabwe a realistic knowledge of the willingness, the potential and the procedures of Community aid, and the EEC a good impression of the dynamics and potential of this young nation. ○ G.D.

ANTI-APARTHEID DAYS
"Keeping international pressure up"

The week of events against apartheid and racial discrimination opens in Brussels. Right to left: C. Rutten (Netherlands), Yacouba Sandi (Niger), Willy De Clercq (EEC) Commission), Omar Sy (Senegal), Omar Giama (Somalia) and Hassan A. Fodha (UN Office)

March 21 1960. A crucial date for Africa and for the so-called free world. Few can recall it... but that was the day a policy of armed repression of the opponents of the racial discrimination—apartheid— institutionalized in 1948, began in South Africa. It was the day of the Sharpeville massacre, and the date has been taken over by the UN as an international day for the abolition of racial discrimination.

This year, as always, the ACP Group, OAU Ambassadors, members of the OAU Office and Belgian anti-apartheid movements organized a whole series of events. The EEC Commission, the UN information office (Brussels) and many important figures from Europe, the Arab world, Asia (China) and the Communist bloc also took part.

Yacouba Sandi (Niger), Chairman of the OAU Ambassadors in Brussels, said in his opening speech that "the history of this day is closely tied up with the history of the black people of South Africa — who are still determinedly resisting apartheid". To these people he paid a great tribute, for "at this very moment, as we speak, men, women and children are falling under the fire of the guns of the racialist Government in South Africa... More than 25 million people every day suffer humiliation because of the colour of their skin".

Most speakers spoke of the harsh reality of apartheid for the black population of South Africa. Titus M. Mboweni, one of the ANC representatives in London, described it poignantly. Omar Giama (Somalia), Chairman of the ACP Committee of Ambassadors, Omar Sy (Senegal), representing President Diouf, current head of the OAU, and L. Buzingo, head of the OAU Brussels office, called on the international community, and the EEC in particular, to take efficient, practical measures against the South African regime to get the Government to make the indispensible and ineluctible change. "The South African Government has done nothing it has not been forced to — and when it does anything, it is too little, too late and costs too much in terms of human life" he said. "What those who can still influence the Botha Government should do is tell the last partisans of apartheid that their opposition to the process of democratization is in vain and they cannot prevent the coming of a peaceful, multiracial South African society", Yacouba Sandi maintained, reminding the meeting of the consequences of South Africa's policy on the constantly delayed Namibian independence.

The President of the Committee of ACP Ambassadors, speaking on behalf of the Group of 66 African, Caribbean and Pacific States, believed that by organizing such Days, "We renew our commitment to, and support for, the struggle against racial discrimination and apartheid".

"The ideals of this struggle", he went on, "transcend all boundaries. They are ideals of peace and justice. They are ideals for the whole of mankind". Repeating his anxiety at the alarming developments in South Africa, he added: "The situation in South Africa continues to remain the focus of worldwide attention. Apartheid South Africa continues its stubborn refusal to acknowledge the legitimate aspirations of the majority of its people. The events and developments in South Africa for the past year are conclusive proof of the fact that united opposition to the racist regime is growing daily but the regime's only response is further repression".

The situation was, Ambassador Giama believed, most serious, and continued to deteriorate in spite of the recent ending of the state of emergency. He underlined the independent ACPs' anxiety at "The repressive South African regime [which] does not spare even the children who are increasingly being killed, detained and subjected to all the agonies reserved to their elders". But, he went on, "The opposition, with its consolidated strength and increased consciousness of the legitimacy of its demands, will not be overcome and forced to surrender to racial discrimination and apartheid".

Mr Rutten, speaking on behalf of the President of the EEC Council, and Mrs Paulette Pierson-Mathy, Chairman of the Committee against colonialism and apartheid, Belgium's oldest anti-racial movement

Delegates in the Salle Pacheco. Foreground, right to left, Ambassadors Ruall Harris (Barbados), M.L. Naïmbaye (Chad), A. Mangongo-Nazambi (Gabon), C. Valy Tuho (Ivory Coast) and Maurice St John (Trinidad & Tobago)

The Somali Ambassador reaffirmed the ACP Group's support to the liberation movements of South Africa, and to all those who—at great personal cost—support the struggle against apartheid.

Recalling Europe's role in the South African issue, Ambassador Giama said that the EEC was to be "commended for the Declaration on the restrictive and positive measures against South Africa adopted in September 1985. These are measures which had long been warranted and justified by the situation in South Africa".

Mr C. Rutten (Netherlands), Head of the Committee of Permanent Representatives (the Ambassadors of the 12 Member States of the EEC), spoke on behalf of Mr Van den Broek, the Dutch Foreign Affairs Minister and President-in-Office of the European Council of Ministers, saying that the Community condemned apartheid. "Racial discrimination is incompatible with the principles of dignity and equality for all human beings proclaimed in the UN Charter and the Declaration of Human Rights", he said, "and the Twelve are firmly opposed to any form of discrimination, racial or otherwise".

Willy De Clercq, the EEC Commissioner for External Relations, said how much importance the Commission attached to the campaign against racialism and regretted that there was "still room for racial discrimination in this world of ours".

Everyone's problem

He stressed Community solidarity with the victims of apartheid—for whom the Community had adopted an ECU 10 million (about US$ 7 million) aid programme — and paid tribute, on the Commission's behalf, to all those who put so much energy into the campaign against racial discrimination in Africa. He then went on to say that: "Your aims are our aims. The Community was created as a reaction against the disasters of the Second World War — which was the most atrocious way of showing us just how ignorance and a lack of understanding and tolerance can nurture hatred and lead to the most terrible crimes against mankind.

The creation of the Community is proof of the European countries' determination to make sure that such a thing never happens again. We are working together to make the world a humanitarian society, a society of peace and prosperity where all the members live in solidarity, regardless of differences of nationality, religion and race.

How could we fail to take a stand against racialism in its most hideous form — the institutionalized racialism of apartheid, which deprives the vast majority of the South African population of its civil, economic, political and social rights, of its human dignity, in a word? How could we fail unreservedly to condemn a system which provokes dramas like the Sharpeville massacre of 26 years ago, whose victims we remember today, and claims fresh lives almost every day? How could we fail to call for the immediate abolition of apartheid in all its forms? And I say abolition because the system cannot be changed or altered. Human dignity is indivisible. There can be no half measures. It is common to all mankind. The fight against apartheid is everyone's problem".

Violence in South Africa was also to the fore. "In this country, violence comes from the State itself, so the Africans' use of armed force is all the more legitimate", said the representative of the African National Congress, the main anti-apartheid movement in South Africa. This country, as we know, claims that the church justifies racial segregation — but is not the church denying what the South African Government says? Christ does not just give spiritual freedom. Freedom should help individuals and peoples to free themselves from all oppression. So international pressure will have to be kept up, "until apartheid has been eliminated". ○ LUCIEN PAGNI

Racism under the microscope

An interdisciplinary seminar on the theme "racism before science" was organized by the Free University of Brussels as its contribution to the week of international demonstrations against racism and apartheid. In a two-day, heavily-loaded programme, historians, sociologists, psychologists, biologists and experts on law and political science debated the origins and causes of racism through their various disciplines. The picture that emerged was that of a phenomenon without foundation or justification and a deviation from the truth.

For starters, the term "race" itself has had a chequered history. It was derived from the Latin "ratio" or from the Italian "razza" meaning "kind or species" and was used in the 16th century to denote family lineage. In the 18th century the French naturalist Georges-Louis Buffon applied it, for the first time, to human groups, innocently of course, as keeper of the Jardin du Roi and its museum, where the cataloguing of items was part of his activities. Then came Joseph Arthur Gobineau in the 19th, with his *Essay on the Inequality of Human Races* that was to provide the 20th century racist with his ideological base.

The defeat of fascism in the Second World War and the frontal attack on racial discrimination at both international and national levels with resolutions, conventions and legislation appeared to have finally put racism at bay, but events in the western industrialized societies in recent months—racial attacks and electoral successes of overtly racist political parties—have signalled its resurgence. With apartheid claiming victims daily in South Africa, the FUB-sponsored colloquy could not have fitted better into the general efforts to raise the consciousness of the world to the dimensions and the foreseeable consequences of racism.

The seminar was opened by the rector of the University, Mr Jean Michot, and was chaired at various stages by its prime movers, Professor Paule Bouvier and Mr Robert Anciaux, and by Mr Raymond Chasle, Ambassador of Mauritius to the European Communities.

Egypt of the Pharaohs

It was to history that the seminar turned first. Speaking on "The perception of difference in the Egypt of the Pharaohs", Professor Roland Tefnin, philologist and expert on oriental history, noted a complete lack of perception of difference on the basis of race or of the colour of the skin in this cradle of civilization. Egypt was the meeting point of two migratory races—negroes from the south and white-skinned people from the north—and was in ancient times, as it is today, a highly permeable and racially-mixed society.

To the ancient Egyptian, the colour black had no negative connotations. It was, on the contrary, associated with joy, fecundity and rebirth. If there was any opposition of colours it was between black and red, the former linked, in the mind of the ancient Egyptian, to the black fecundity of the Nile and its basin and the latter associated with the red barrenness of the desert. Armed with slides of the paintings and sculptures of this ancient civilization, Professor Tefnin showed conclusively that colours were used there indiscriminately. Black was sometimes used for a white-skinned character and white for a black-skinned character. Colours had no order of importance, a clear indication of the society's acceptance, albeit subconsciously, of its racially-mixed character.

The idea of the purity of the blood was equally absent. Pharaohs, for example, accepted foreign princesses as wives, though they never gave theirs to foreign kings, in keeping, perhaps, with what Professor Tefnin, described as their "ethnocentrism".

Egyptian ethnocentrism was one of condescendence and of mistrust of foreigners—a mistrust based on the fear of black magic and witchcraft. The Egyptians prided themselves on their moral rectitude, their social order as against their neighbours' decadence and disorder. They believed that their supremacy was written in the cosmic order. Abroad meant weakness, chaos and lawlessness while Egypt signified strength, law and order. Professor Tefnin saw this as more or less political and economic, as the Egyptian conception of nation was not based on physical or biological characteristics but on language. To them anyone who spoke their language was an Egyptian.

Racism in a society in crisis

The tendency to exclude, says sociologist, Professor Claude Javeau, is a universal phenomenon. Discrimination takes many forms—discrimination against women, handicapped children and sick people and discrimination on the grounds of race, the latter based on concrete facts—morphology, paramorphology, the colour of the skin and culture.

Speaking on "The return of racism in a society in crisis", Professor Javeau noted that one can be a xenophobe without necessarily being a racist. Discrimination is an entrenched daily behaviour. There is, on the one hand, rejection of the "other person" for fear of contamination because "he is not like us" and, on the other, the fear of the "other person" because "he does not have the rules necessary to live in our society". Gypsies, Jews, blacks and other strangers are thus seen as threats.

In the Western industrialized societies, this rejection of foreigners has intensified in recent years for a number of reasons; first, there is the economic factor, the crisis provoked by high oil prices which has led not only to the scapegoating of foreigners but also to a feeling that the erstwhile colonies were taking a revenge on their former colonial masters and the development of a reflex of defence in the latter. Professor Javeau pinpoints a second factor in what he calls "contemporary egotism"—the trend towards a kind of narcissism, self-withdrawal from society, a society seen as hostile. This results in the creation of many small worlds, in an emphasis on differences and in a kind of anti-humanism, all of which are being reinforced by a third factor—the mass media, which tend to mould public opinion, more often negatively, on issues such as immigration, insecurity, unemployment and chauvinism.

The Human Race

Racial prejudice

Racism is an aberration from nature, a deviation from reality and a camouflage of the truth. As Professor Pierre Salmon said in his "critique of racial prejudice", the cross-breeding of the human species is not only practicable, it has been going on for ages and is being intensified. There is no race that is completely homogeneous. This explains why modern civilizations are rich. Indeed, contacts between different civilizations, as history shows, have always been productive: the West has borrowed from the East and Europe has borrowed from Arab civilizations and from Christianity.

Racial prejudice is often the result of ignorance, of irrational judgment of values and of cultures. More often, though, it is based on personal profits, economic exploitation or is a result of national and religious tensions. Professor Salmon believes that racial prejudice can be overcome through education. He notes that children, for example, do not feel racial repugnance until they have been influenced by adults. Education should start at their level to steel them against the negative influences of adults as they grow up. Religious and moral education should be part and parcel of this drive, even if passages of the Bible have been used erroneously by racists to justify their behaviour.

This possibility of overcoming racism through education was not entirely shared by psychologist Anne-Marie Cambier who pointed out the perpetual duel that exists between the "me" and the "other person" and the vision that the former has of the latter as a permanent threat. Madame Cambier seemed to infer that racism is part of the human condition as her emphasis is on the recognition by humanity of the interest and the right of the individual to be different. That is what might be called tolerance, not much comfort for those at the receiving end of racism, for one can be tolerated and allowed to be different without being given equal rights. What should be recognized is human diversity and its richness, the diversity which Professor Albert Jacquard of the Universities of Paris VI and of Geneva spoke about in his contribution: "The biologist scared by racism".

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Humanitude

An eminent biologist, Professor Jacquard returned inevitably to the issue of genetics which had been referred to by previous speakers. He affirmed that at least 99% of the genes associated with the human species are present in men of all races, and no two persons have identical genes (1). No scientific evidence has emerged to date to prove the contrary. There are no biological bases for racism. Of course, psychologically, each and every one of us would like to feel he or she belongs to an elite. Those who declared the Rights of Man during the French Revolution were right. They believed in the dictates of their conscience and common sense and did not seek evidence outside nature. Equal rights, Professor Jacquard said, is a human invention. Man is Man, he cannot be classified. Any classification of humanity is a classification without foundation.

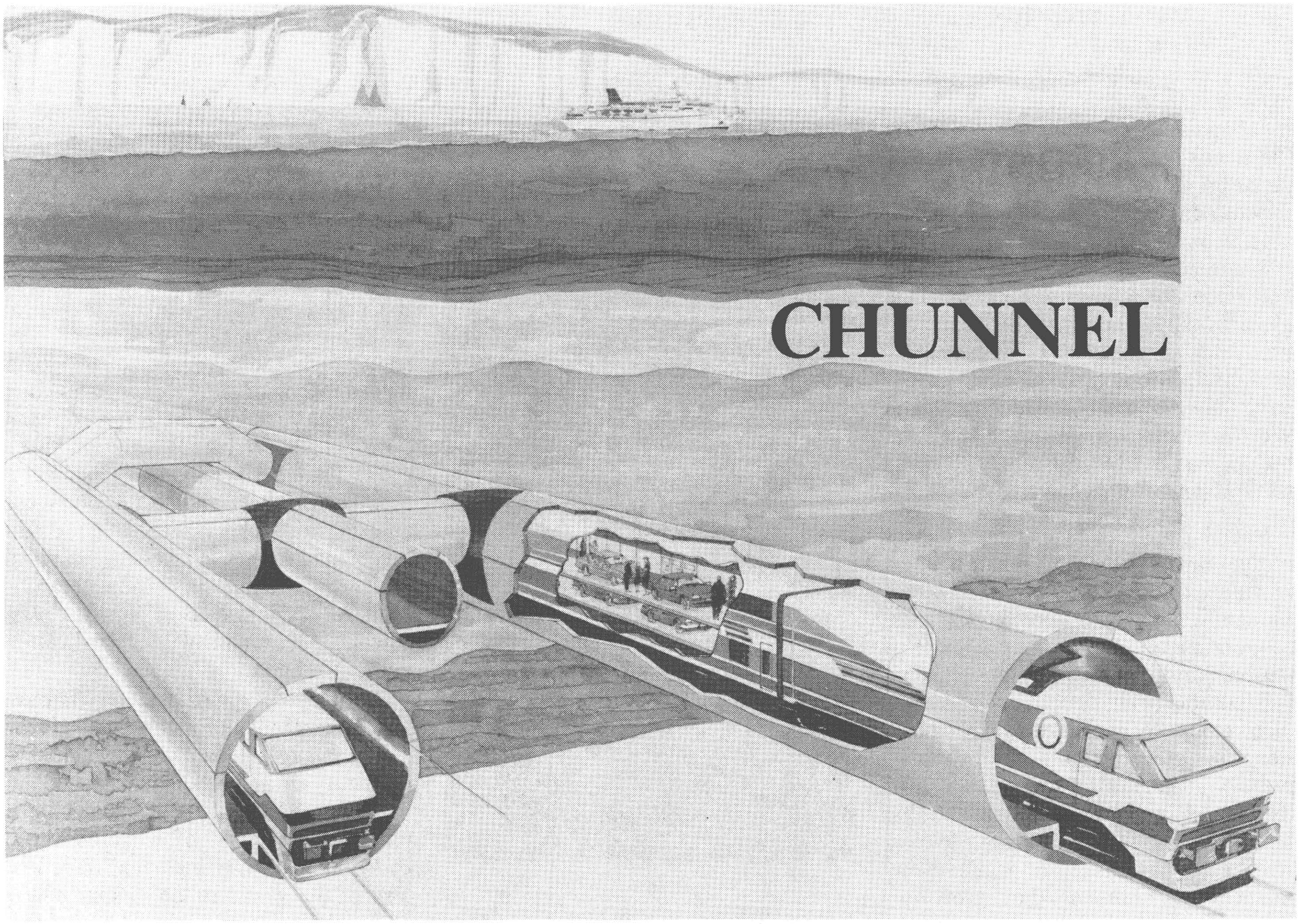
Professor Jacquard warned that we live in a planet that is gradually being overpopulated. The heterogeneity of humanity must be taken into account, its richness recognized. What man is today is the result of what has been going on since the "big bang". The history of the world is the history of the accumulation of power, power to reproduce, power to oppose nature. Man is the conquest of man. Racism begins when the "me" locks himself in a world that excludes the "other person"—the "other person" seen as a member of a group.

The complexity and the ambivalence of the relationship between the "me" and the "other person" emerged clearly throughout the seminar: the "me" needs the "other person" and, at the same time he wants to exclude him. Yet, he cannot survive without him. Man needs man, in fact, there is no man without another man.

It was perhaps for this reason that Professor Jacquard talked of man's suicidal tendency. He who despises another man, he said, is a man that cannot accept himself—all the hatred ends in suicide. Racism is, in a way, a wish for collective suicide. Becoming aware of what man is is the basis for fighting racism. Professor Jacquard called this "humanitude", drawing inspiration from Senghor's "négritude". o

Augustine OYOWE

(1) Except twins.



Britain and France sign Channel Tunnel Treaty

It was in 1804 that Napoleon's Armée d'Angleterre was massing in the French Channel Ports. England's Continental allies had been cowed, and only the narrow strip of sea, patrolled by the Royal Navy stood between England and Napoleon's invincible 'grognards'. The invasion menace was debated in every inn, market and shop, and, of course in the House of Lords. For words of reassurance, the peers turned to Earl St. Vincent, England's most senior and victorious Admiral. "I do not say they cannot come" he said slowly. Silence fell, and apprehension grew. Then he continued, "I only say they cannot come by sea." *Cheers of relief.*

Nearly two centuries later, the 21-mile strip of sea that has separated England physically and psychologically from its Continental neighbours and partners will no longer serve as a moat. With the news that a Channel tunnel is definitely to be built, come reassuring signs of economic confidence and tangible proof of how long-estranged Europeans are moving closer together.

In the historic 15th-century chapter house of Canterbury Cathedral, President Mitterrand of France and Prime Minister Thatcher of Britain looked on while their respective Foreign Ministers signed a document that may well become as historic as their surroundings. This ceremony took place on 12 February, only three weeks after the 20 January 'summit' in Lille, at which President Mitterrand and Prime Minister Thatcher announced that a fixed link, in the form of a twin rail tunnel, would be built between France and Britain. The Franco-British Treaty signed at Canterbury will not be published in full until it is ratified by the Parliaments of both countries, probably in the early summer of 1987, but its signature served to underline the firm commitment of both countries to the project, and to provide for the complex international machinery to regulate such matters as safety and the environment, legal aspects and arbitration, as well as outlining the proponderant role that private enterprise will play in the building and running of the tunnel.

The twin-bore tunnel will carry rail traffic only; two railports will be built, at Fréthun, some miles west of Calais, and at Cheriton, close to Folkestone, where cars and lorries will be loaded aboard special shuttle trains which will cover the 30 miles in about half an hour. Public opinion was massively in favour of a road link as well, for the sake of convenience and, at the backs of their minds, the fear of industrial action by train crews. And indeed, the agreement signed at Canterbury gives the Channel Tunnel/France-Manche consortium the job of drawing up plans for a road link by the year 2000.

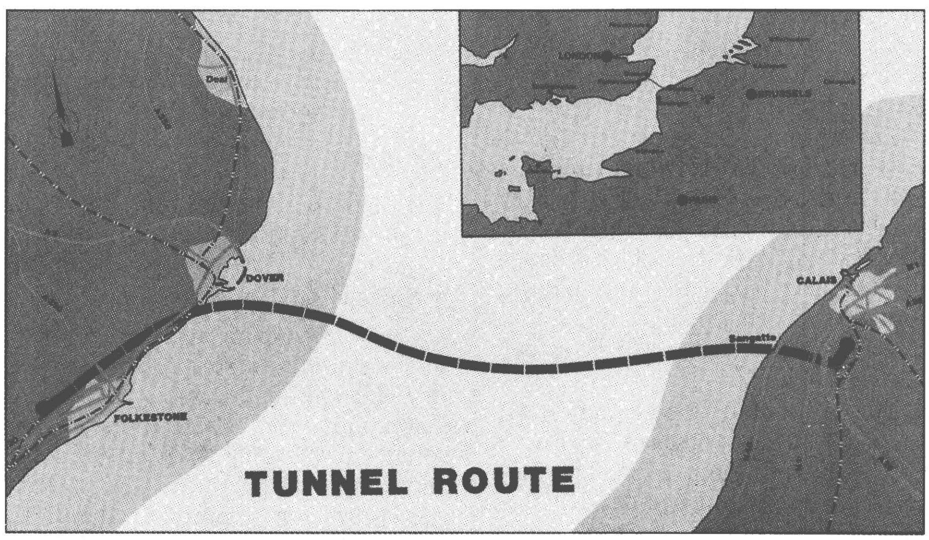
Should they fail to do so, another group may do so and break the consortium's monopoly. But a completed road link has effectively been pushed twenty years into the future by considerations of technical and financial caution.

The decision to build a rail-only link was dictated, at least in part, by wholesome caution. During the months before the final choice, a series of road and rail schemes had been presented, many of them far more costly, though technologically state-of-the-art, than the ECU 4 bn final choice. The ECU 11.4 bn Eurobridge scheme, for example, proposed a 21-mile-long bridge, whose seven spans would have each been over three miles long, which would have carried road traffic in an anodized-aluminium shell hung on cables made from parafil, a synthetic fibre six times stronger than steel. The Ecu 19 bn Euroroute plan proposed twin islands built in mid-Channel, linked to the land by bridges and to each other by a tunnel, to which road traffic would have descended from each island by a spiral ramp. What the average motorist would have avoided in terms of seasickness, he would quite probably have made up in vertigo!

The final design was also chosen because it offers the best prospects for the backers to recover the financial outlay. The entire ECU 4 bn will be put up by an Anglo-French consortium, the Channel Tunnel/France Manche Group whose backers read like a roll-call of French and British financial and construction leaders. On the French side, backers include Crédit Lyonnais, Banque Indosuez, Banque Nationale de Paris and the constructors Bouyguez, Dumez, Spie Batignolles, Société Auxiliaire d'Entreprises and Société Générale d'Entreprises. On the British side, the Midland and National Westminster Banks are leading the constructors Balfour Beatty, Costain, Tarmac, Taylor Woodrow and Wimpey. In return for finding the cash, and thus relieving the two governments of the task, the tunnel's backers will have a monopoly of the link until 2020 and there will be no government regulation of the tariffs.

If official prudence dictated both the choice of design and the method of financing, boldness was more in evidence at the decision to go ahead with the project in the first place. For Mrs Thatcher, the attraction of the scheme doubtless lay in the prospects of the jobs the fixed link will create in the near future and in the civil engineering know-how that will be engendered. Although the completed tunnel will create no more than 5 500 jobs (and put some 20 000 ferry-related jobs at risk) the actual construction will involve 5 000 workers on either side of the Channel and up to 25 000 more on each side providing the construction materials. For President Mitterrand, the lure is additional. The creation of a pole of attraction in France's depressed North-East region is seen as a distinct possibility, with Lille's fortunes rising as Anglo-Continental trade increases.

Opposition to the fixed link has come from a number of quarters, most of them situated in England. Ranging from fears for the environment of England's coastal counties, through economic arguments against destroying the economy of the Channel ports like Dover and Folkestone, to purely atavistic fears of invasion (potential invaders range from rabid dogs to Russian tanks), the protests have found little echo in France. Protesters will have a chance to make their objections during the period before the ratification of the treaty, but the work is confidently expected to start in 1987 and finish in 1993.



Traditional British distrust of foreigners must surely have weakened in the face of so many cultural influences from 'the Continent'. Pizza houses have sprouted in every small town, lager beer has supplemented the traditional, lukewarm, murky 'bitter' ale, if not supplanted it, and the British are at or near the top of the league for imports of champagne. It would be difficult, under these circumstances, for Mrs Thatcher to echo the words of Prime Minister W.E. Gladstone in 1870: "Happy England! Happy that the wise dispensation of Providence has cut her off, by that streak of silver sea, partly from the dangers, absolutely from the temptations, which attend upon the local neighbourhood of the Continental nations."

It was in 1801 that Albert Mathieu, a French engineer, proposed to Napoleon the construction of a Channel Tunnel, and the idea has resurfaced on a number of occasions since then, in 1856 thanks to Thomé de Gamond, in 1880 by Sir Edward Watkin's Submarine Continental Railway Company, and, most recently, with the Heath-Pompidou Treaty of 1973. That such a recent débâcle was at the back of the minds of Mitterrand and Thatcher can be gauged from the fact that neither government has involved itself in the financial backing. An economic downturn will not, as it was in 1975, be made the excuse for one or other side backing down. Now that the Common Market is truly established, it will be the logic of the market that will dictate the fate of the link. Judging by the optimism expressed both at Lille and at Canterbury, and the concentration on the fixed link's economic benefits, it is fairly clear that by 1993, travellers between France and England will have the luxury of a choice. o

Tom GLASER

EEC-ACP trade patterns: greater expansion in 1985

In its September-October 1985 issue (n° 93), *The Courier* quoted some preliminary estimates of EEC-ACP trade patterns for the first quarter of that year. The figures for the full year are now available.

While the size of the first quarter's increase was not maintained, the figures show, nevertheless, a clear increase in EEC imports from the ACP (5.6% more than in 1984) as well as in EEC exports to the ACP (6.6% up on 1984). This represents a genuine improvement compared with the trend in the EEC's trade with the Third World as a whole. This article analyses this improvement and gives details of the EEC's imports from the ACP as a whole, as well as from the various regions of the ACP group.

In 1985, the Community imported ECU 26 800 million worth of goods from the ACP, a rise of 5.6% on 1984. In contrast, imports from all developing countries rose by only 2.8% and the Community's total imports rose by 4.6%. The ACP countries increased their share of the EEC market to around 6.7%.

The Community's exports to the ACP reached ECU 18 000 million in 1985, a rise of 6.6% on 1984. This was smaller than the improvement in the EEC's total exports, which rose by 8.4%, but exports to the ACP performed much better than those to all developing countries which actually fell by 1.4%.

The Community's trade deficit with the ACP zone worsened slightly to ECU 8 700 million in 1985. The Community had a total trade deficit of ECU 19 000 million.

In 1985, 56% of imports from the ACP originated in West Africa (*), 20% came from Central Africa, 16% from East and Southern Africa and 8% came from the Caribbean and Pacific area. Imports from Central Africa rose 14% and those from the Caribbean and Pacific increased by 13%. On the other hand, imports from West Africa rose by only 4% and those from East and Southern Africa fell by 2%.

(*) For the purpose of this article, each ACP country is allocated to one of four zones. West Africa is bounded on the East by Nigeria and Niger. Central Africa stretches from Chad in the North to Zaïre in the South and includes Rwanda and Burundi. East and Southern Africa represents the rest of the continent, and includes the new ACP members Angola and Mozambique. The fourth zone covers Caribbean and Pacific ACP countries.

Community exports to Central Africa rose by 13% in 1985 and those to East and Southern Africa grew by 12%. Exports to West Africa were 7% higher, but those to the Caribbean and Pacific area fell by 22%.

Analysis of imports by commodity

Petroleum:

- EEC imports from ACP, 1985: ECU 12 200 million (46% of imports)
- Change on 1984: +6%

Crude petroleum represented 46% of Community imports from the ACP in 1985. The ACP now supply 19% of Community petroleum imports. Nigeria is the leading ACP oil producer and accounted for most of West Africa's petroleum exports to the EEC. This zone supplied 79% of ACP exports in the product, with Central Africa producing a further 17%. In spite of EEC petroleum imports from all sources falling by 7%, imports from the ACP rose by 6%, though this was a smaller rise than the 32% recorded in 1984. However, exports from Central Africa in 1985 increased substantially, rising by 36%.

Coffee:

- EEC imports from ACP, 1985: ECU 2 300 million (9%)
- Change on 1984: +7%

The ACP supplied 41% of EEC coffee imports in 1985. Coffee is the largest Community import from East and Southern Africa, representing 21% of Community imports from the region and 38% of the Community's coffee imports from the ACP. However, 1985 was a poor year for the region, with coffee imports into the Community falling by 8%. Central Africa supplied 30% of coffee imports from the ACP, and West Africa 28%. Imports of coffee from the latter region rose by 38%. Overall, the growth in coffee imports from the ACP matched that in imports from all sources: 7%.

Cocoa:

- EEC imports from ACP, 1985: ECU 1 900 million (7%)
- Change on 1984: +12%

The ACP are, of course, the dominant supplier of cocoa to the Community. Last year, 79% of imports came from the ACP, 76% of which originated from West Africa and 19% from Central Africa. As with coffee, the growth in imports from the ACP more or less matched that in total cocoa imports. However, imports from West Africa rose by 16% whilst those from Central Africa fell by 2%.

Copper:

- EEC imports from ACP, 1985: ECU 1 100 million (4%)
- Change on 1984: +4%

The Community obtained 24% of its copper imports from the ACP last year. Central Africa is the leading sup-

Zimbabwe Ministry of Information

In 1985 the ACP supplied 41% of the EEC's coffee imports plier, with a 59% share in imports from the ACP, with East and Southern Africa accounting for a further 30% and the Caribbean and Pacific supplying 11%. Imports from Central Africa rose by 18%, but those from East and Southern Africa fell by 8% and those from the Caribbean and Pacific fell by 17%.

Petroleum products:

- EEC imports from ACP, 1985: ECU 700 million (3%)
- Change on 1984: +24%

The Caribbean and Pacific region supplied 63% of the petroleum products imported from the ACP by the Community in 1985. Petroleum products were 21% of the imports from this region. Other ACP regions with a significant level of exports were Central Africa (17% of the ACP total) and East and Southern Africa (14% of the total). The increase in 1985 in Community imports from the ACP was 24%, compared with 15% from all countries.

Wood:

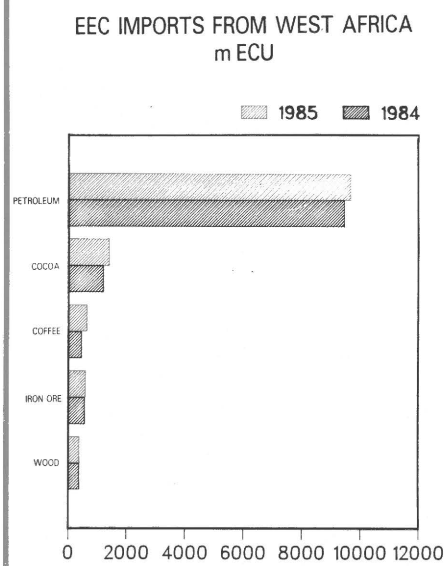
- EEC imports from ACP, 1985: ECU 700 million (3%)
- Change on 1984: +1%

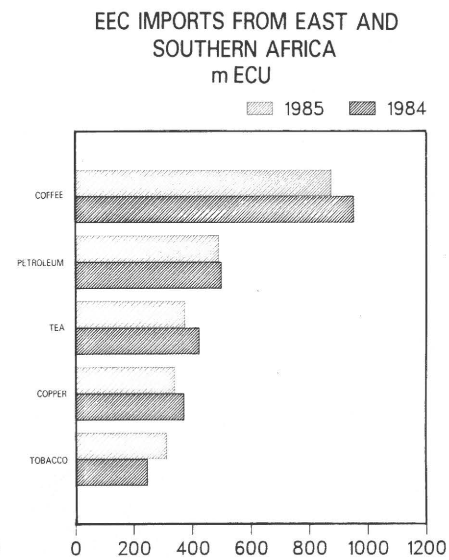
The ACP countries supply about one eighth of wood (in the rough, or simply worked) imported by the Community. West Africa is the origin of 55% of the wood imported from the ACP, and Central Africa accounts for most of the remainder. Imports rose by 1% from both regions, compared with a fall of 9% in Community imports from all sources.

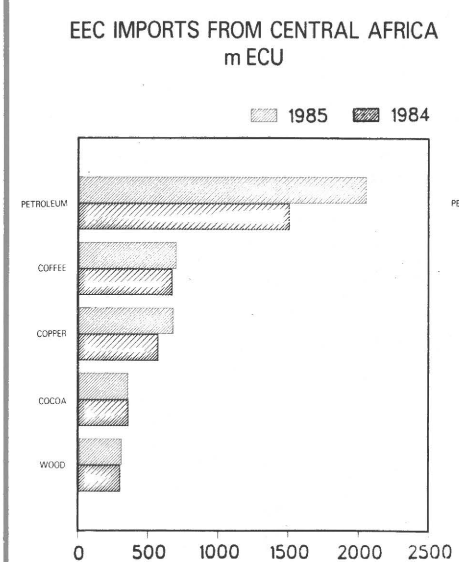
Pearls and precious stones:

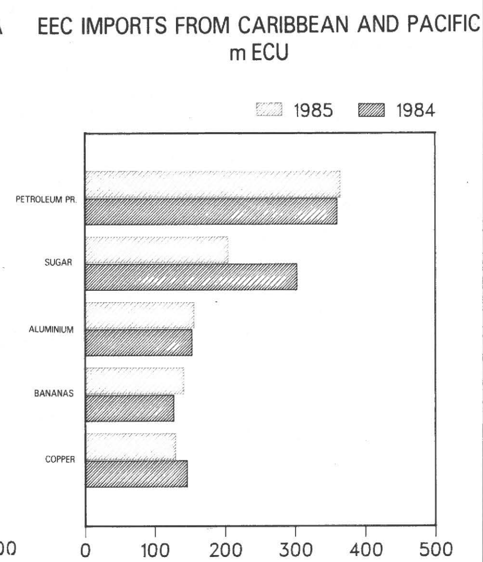
- EEC imports from ACP, 1985: ECU 600 million (2%)
- Change on 1984: +12%

Precious stones represent 6% of the Community's imports from Central Africa, which supplied 46% of the ACP total in 1985. West Africa (32% of the total) and the Caribbean and Pacific (18%) were also exporters. Imports from Central Africa fell by 9% last year, a sharper fall than the 6% decline in Community imports from all sources. However, there was a very large increase in imports from the Caribbean and Pacific region.









Iron ore:

- EEC imports from ACP, 1985: ECU 600 million (2%)
- Change on 1984: +5%

West Africa supplied all the ACP exports of iron ore. These rose by 5% last year.

Sugar:

- EEC imports from ACP, 1985: ECU 500 million (2%)
- Change on 1984: −16%

The ACP countries supplied 83% of Community sugar imports. In 1984, imports from the ACP rose by 27%, but this gain was partially reversed by a 16% fall in 1985. Imports from East and Southern Africa (55% of the ACP total) fell by 12% in 1985 whilst those from the Caribbean and Pacific (43% of the total) fell by 23%. These figures compare with a 17% fall in sugar imports from all sources.

Aluminium:

- EEC imports from ACP, 1985: ECU 500 million (2%)
- Change on 1984: +13%

West Africa supplied 62% of Community imports of aluminium from the ACP, and the Caribbean and Pacific the remainder. The Community's total imports of aluminium rose by 8% in 1985, 64% of which was furnished by the ACP. Imports from the above two ACP regions rose by 9% and 21% respectively. o

Debt and development

CEE – Ch. Lambiotte

The minefield of international debt still smells strongly of sulphur and is threatening to explode under the feet of the debtors — and the creditors. Everything is relative, of course. The debtors do not look at the future in the same way as the creditors, and the fear that the insolvency of the Third World will bring the international financial system crashing to the ground seems unlikely to be realized, the World Bank says.

Where does the developing world's international debt stand in the second half of 1986? Since 1980, about 17 countries in the Third World have had the worst debts, amounting to almost half the total debt of all the developing nations combined, reaching the figure of US$ 446 billion out of the US $ 950 billion bill at the end of 1985 (see table at end of dossier). Three ACP countries (Nigeria, with $ 19.3 billion, Côte d'Ivoire, with $ 8 billion and Jamaica, with $ 3.4 billion) are among the 17 biggest debtors.

But Brazil ($ 107.3 billion), Mexico ($ 99 billion), Argentina ($ 50.8 billon), Venezuela, the Philippines and Chile (with $ 33.6, $ 24,8 and $ 21 billion respectively) are at the top of the league.

The burden of debt is felt differently in the different countries of the Third World. Clearly, the external debt of the Africans or the ACPs in general has not been the best way of speeding up economic growth. For many of them it has brought enormous constraint and their debts are mounting because the servicing (capital plus interest) is growing faster. So the debt servicing of Senegal, Sudan, Zaïre, Liberia and Zambia in 1985-87, for example, is three times what is was in 1982-84. Further figures give a better idea of just how onerous the debt is for the ACP economies. In 1984, per capita GNP in Benin was $ 270 and per capita debt $ 148; the figures for Côte d'Ivoire were $ 620 and $ 490, and for Zambia $ 470 and $ 429.

The total official debts of Africa south of the Sahara were more than $ 57 billion at the end of 1984 and the annual servicing bill $ 5.887 billion in 1982-84. The figure for 1985-87 is an estimated $ 10.735 billion.

At the same time, there is a constant decline in export earnings from raw materials. which form the basis of these countries' external trade, and their manufactures and consumer goods are slowing down noticeably too. The consumer debt has grown to the detriment of the investment debt and the small amount of income from their one or two exports is not enough for them to face their international financial commitments. So the trend of the past 15 years has led to today's credit squeeze on the poorest countries — which are also being asked to bring in particularly austere economic reforms.

Credit has not helped the Third World grow. On the contrary. The question is now how to change from chronic debt to the economic progress that creates wealth, the only way of solving the debt problem.

The first thing is that the creditors now agree that the classic remedy, rescheduling, is no longer enough to do away with the developing countries' debt servicing problems and new financial resources are needed to boost growth-generating investments. Secondly, at the same time as the reform of their economic policies, the developing countries need to step up their debt management abilities, which in some cases means changing the external borrowing rules. Just as they need external aid to promote the growth of their economies, said the World Bank in its 1986 report, the developing countries will need more technical assistance if they are rapidly to introduce efficient debt management systems. The Bank echoed the Baker Plan in suggesting that the creditors combine forces on a certain number of measures in economic development agreements that will ensure the recipient countries use the funds properly.

But whatever incentives the creditors agree on, the developing countries' debt problem will never be solved while the inappropriate loans and growth strategies that have led to the present situation last. These are the two things that are fundamentally responsible for the dilemma of the developing world's debt. The developing nations have been forced by the IMF to pay their enormous external debts by cutting domestic spending, doing away with food subsidies, freezing wages and, most important, making their currencies cheap — which means devaluation. And it is the poor and medium-income populations who paid for the measures taken when international debt worsened.

The Courier's dossier this time describes how the ACP nations get into debt and how it affects their economies. The solutions are complex. Tentative answers are suggested in the articles describing the situation in the ACP countries of Africa, the Caribbean and the Pacific. An interview with UNCTAD Secretary-General Kenneth Dadzie and a viewpoint of the Commission also point to a number of possible solutions at a time when, as the IBRD figures on debt show, the creditors' outlook is changing and they are looking towards an international financial system that takes a little more notice of the real strength of the borrower countries. The fundamental question—a vital one in the final analysis—posed by debt is that of the political independence of the states concerned. o

LUCIEN PAGNI

Third World debt

By Pascal ARNAUD (*)

Over the past 40 years, some of the developing countries' financial requirements have been met with injections of capital from abroad. The types of financing used to cover all the different needs have changed considerably. The rapid increase in loans contracted on the international market which began in the early '70s has reduced the relative importance of traditional forms of financing (direct investment and official aid) and, since the beginning of the '80s, it has generated new problems too. Four years of effort have not produced an answer to them, but they have to be solved if the developing countries are to re-establish both regular growth and their position in international economic relations.

External financing

Typically, developing countries have relatively small incomes and large financial requirements as a result. Many reasons for injecting financing from abroad were found in the '50s and '60s—the developing world did not have enough domestic savings or foreign exchange, its financial requirements were huge, the returns on capital were greater there than in the industrialized world, and so on. There was a general feeling that development meant non-stop transfers of capital from the developed countries to bridge the gaps of underdevelopment. After the 1930-45 period of crisis and war, the international capital markets disappeared. External financing was now direct:

— Official Development Assistance consists of loans from public bodies and multilateral institutions with the main aim of boosting development and raising the standard of living in the recipient countries. These are soft loans. The terms are laid down in advance and the rates are fixed.

— Firms make direct investments in the developing countries. Only one undertaking is involved, as the subsidiary is an integral part of the parent company. The recipient country has no debt and there are profits, calculated once the results of operation are known, to pay.

By 1950, after liquidation in 1930-45, the developing countries had very little debt. But loans from the industrialized countries increased rapidly in 1955-60, more rapidly in fact than the developing countries' exports that went to service them. These exports expanded by an average 6% in 1960-71, but debts mounted at the rate of 14% p.a. By the end of 1971, direct investments were an estimated $ 80-100 billion and the debt $ 110 billion. Asia had the biggest bills to pay (42% of the total), Latin America owed 38% and the recently independent African countries owed only 20%.

By the end of the '60s, there was considerable criticism of these forms of financing, primarily of the quality of the aid, of the fact that it was tied (recipients had to buy in the donor countries) and of the cost, the amounts paid over in profits and debt servicing being thought excessive. The cost of the capital loaned or invested ate up 17% of the developing countries' export earnings in 1960 and 22% in 1971. The low-income nations were the worst off. They spent 19% of their export earnings just on servicing their debts, whereas the figure for medium- and high-income nations was 9%.

There were many external payment difficulties and debt was a very heavy burden. It seemed difficult to achieve the aims of development without a substantial increase in official transfers—which had to cost less. In fact, development financing gave way to an extraordinary expansion of balance of payment financing from the capital markets.

These markets reappeared in the '60s and opened their doors to the developing countries in 1971-73. Private credit was in the form of syndicated bank credit and the banks—essentially those in the industrialized world—got themselves organized and offered medium-term credit, as well as standard commercial credit, to clients from the developing world (i.e. to public and private national firms, subsidiaries of multinationals, banks and regional and national authorities).

Bank credit in the developing countries rose by an average 28% p.a. between 1973 and 1981. This was not excessive, as export earnings in the new debtor countries were increasing steadily as new export industries developed and raw material prices improved. Between 1977 and 1980, their outstanding bank debt dropped from 82% to 75% of export earnings and the figures were down from 163% to 159% in the case of Latin America. It was in the '70s that the bank debt grew, with expansionist monetary policies, the switch to floating currencies, changes in the international monetary system, the rise and fall of commodity (including oil) prices and expanding trade surpluses and deficits. All this encouraged and reflected the development of international capital markets—which fed them in turn. They rose from $ 2.8 billion in 1962 to $ 76 billion in 1970, $ 250 billion in 1974 and around $ 1000 billion in 1981. The developing countries' share of the banks' international assets was 30% at this stage.

The banks gave credit to countries whose export earnings seemed most likely to cover the servicing of the debt. In the non-oil exporting group, it was the Latin American countries which got the lion's share, with 46% at the end of 1982, while the Africans only got 10%. The OPEC nations, which had oil as their guarantee, obtained nearly 22%. Bank financing was concentrated on only a handful of countries whose solvency was in no doubt. The three biggest debtors (Brazil, Mexico and Argentina) got nearly 40% between them and the 12 biggest 60%. These credits mounted so far after 1973 that the developing countries, primarily one or two medium- and high-income countries, in fact, were receiving external financing that was out of all proportion to anything

(*) The author, who works in the EEC's Directorate-General for Economic and Financial Affairs, also wrote "La dette du Tiers Monde" (Third World Debt) — Editions Découverte, Paris, 1986 (second edition).

they might have imagined in 1970, at the start of the second development decade. By the end of 1981, the total bank debt was more than 40% of the total debts of the developing countries, although it had not existed at all 10 years earlier. The servicing was more expensive than on loans from official organizations, as interest depended on the cost of refinancing to the banks and therefore on the market rates.

The expansion of Eurocredits channelled into the Third World up until 1981 was an opportunity for the reopening of the international capital markets, which had disappeared after the catastrophes of 1930-45, to solvent borrowers, the countries of Latin America, the Middle East and some countries of Asia and Africa. Investors, including the banks, were anxious to diversify their business and the multinationals were anxious to diversify both their business and their location and they took an active part in this readjustment—which led to international economic relations becoming far more complex.

The readjustment of the international capital markets was not without its ups and downs. As they were unable to get to what was deemed to be a satisfactory level of debt gradually, both debtors and creditors went too far. The 1979-83 period was not a good one. There was the oil shock, interest rates and the dollar soared, recession hit the industrialized world and commodity prices went down.

External debt

External financing is extremely useful when it comes to growth in the developing world, but it is difficult to manage and there has to be considerable continuity in the economic policy of the country concerned. Some developing countries have had problems with their external payments over the past 30 years. In 1956, the Club of Paris was formed to solve the problems of Argentina, which was unable to meet its repayment commitments to its official creditors. The Club, which has no legal status or formal rules, consists of the main official creditors of the countries which for various reasons, apply for renegotiation of their debt. The multilateral nature of the operation means that no single creditor has the advantage and this makes for the sort of collaboration through which a viable solution for the debtor country can be arrived at. Problems have usually arisen because of faulty domestic management or unsuitable economic policies (relating to the exchange rate, interest rates, the budget and so on). The adjustment programme destined to restore the country's ability to meet its commitments is devised with the help of the IMF, which provides technical and financial assistance to countries with temporary balance of payments difficulties.

The problems with the official creditors are long-standing. The Club of Paris has dealt with them efficiently, in spite of the fact that the transfers to development may still look inadequate. The settling of this kind of external financing poses no problem to the international payments system. The supply of capital and credit is restricted by the creditor countries independently of demand in the recipient countries. Moreover, in cases of non-repayment, there will be an extra burden on the public budgets and this could lead to higher taxation or public lending and a slight rise in interest rates. Between 1956 and 1970, the Club of Paris renegotiated $ 6.5 billion of a total debt of around $ 100 billion. The number of renegotiations increased over the 1971-81 decade to 40, but the amounts in question were still small—about $ 20 billion of a total official debt of $ 450 billion at the end of 1981. Payment problems were clearly increasingly caused by the instability of the international markets following the break with the monetary system set up after World War II. But the capital and commercial markets were not the only ones to be hit. The commodity markets were also affected. The mounting balance of payments problems in the developing world was due to the failure of the debtor countries' economic leaders to react and adapt to the unstable markets.

Banks always run greater risks than official creditors. Between 1971 and 1981, they lent more than their capital to the developing countries and it would be very serious if they lost this, since they could well lose their credibility with their depositors thus putting the under threat the international system of finances. The banks realised the full extent of the risks in the developing countries after the Mexican moratorium in August 1982.

The risk attached to interest rates is that the borrower has to support their instability through the technique of variable rates, but if they go too high, he will find it difficult to keep up the repayments. The risk is then the banks', who thought they were safe. The risk attached to transfers is that, even if loans to Third World customers are spread over a number of activities in both public and private sectors and in public works and exports, they can only pay up if the relevant exchange is available in their central banks or on the exchange markets. A healthy firm in an economy with no foreign exchange cannot honour its debts abroad. There is always a question of whether a country can pay or not. It is all a matter of assessment. It cannot go bankrupt like a firm could, it is thought, hence the confidence shown in Third World clients who have obtained all sorts of guarantees from their parent state.

A country in difficulties also needs fresh credit to renew its capital. It cannot repay because even interest payments are a problem, but any bank will be tempted to go it alone and put its own interests before those of the creditors in general. This is where the risk of over-reacting comes in. If some banks stop renewing their loans, the country will ask the others for more credit and they will take fright and stop lending too. As they are worried about other countries finding themselves in the same situation, the banks reduce their lending to a whole region and this leads to further payment crises. In 1983, the capital markets closed to the whole of Latin America, to all the African countries bar Libya, South Africa and Algeria and to one or two countries in Asia, including the Philippines.

The payment crises in the countries with bank loans (medium- and high-income members of the developing world) made it impossible to honour commitments to the official creditors and they asked for their debts to be renegotiated at the Club of Paris. But their problems are different from those of the low-income countries, whose export earnings are small and unstable.

• African countries in general are faced with problems of economic and political organization, in many cases linked to bad development policies. Reorganization means a sustained effort in the medium term and (concessional) international financial assistance is essential for this. Their debt problems are aggravating an already difficult situation for which they are not primarily responsible. A case-by-case approach to their problems by the official creditors and multilateral development organizations should make it possible to bring in reforms and apply the sort of policies that will get their development back on the rails.

• Countries with bank loans (the Latin American nations, the Philippines and one or two African countries, Nigeria, Côte d'Ivoire and Morocco) have special debt problems due to the instability of conditions (interest rates, refinancing, risk of expropriation etc) on the international capital markets. The approach since 1982 has been to bring about a drastic reduction in their external financing requirements by, as a first step, cutting imports (from 20% to 50% as the case may be). In return for full repayment of the interest, the debtor countries have got their debts refinanced and obtained one or two new loans as well.

Their external debt problems have not been solved since 1982, but the situation is less explosive now. After their exports took off again in 1984, they felt the effects of waning growth in the USA at a time when commodity prices were also depressed. Their imports are very small. Without adequate export earnings, how can they pay back the perennially high interest on their debts? That is the question they have been asking since 1985. The African countries have mounting arrears, including debts to the IMF, and they are counting on official assistance to save the day. Latin America can no longer cope with a further deterioration in its foreign payments and there is a general feeling of lassitude amongst the population after three years of effort. In August 1985, the new President of Peru kept the promise he had made during the election campaign and decided to cut debt servicing to 10% of export earnings for a year.

In October of last year, James Baker III, the American Secretary of the Treasury, suggested a new plan to the annual meeting of the IBRD and the IMF. He proposed that all parties concerned should double their efforts, the debtor countries to achieve greater efficiency, the banks to give more loans and the development banks (the IBRD and the regional banks) to provide more supervision and financing. The main idea was that there can be no answer to the Third World's problems if there is no growth and that growth should be, preferably, in its export earnings. Baker even gave figures—15 of the big debtors, $20 billion-worth of new bank loans over three years and $20 billion-worth more loans from the development banks. The American plan was soon judged to be a partial answer. Why these countries and these figures? The banks called on the governments in the industrialized world to make their contribution and the governments then stressed the fact that the IMF should not be left on the sidelines. The debtor countries not listed were suprised at being left out. Those that were, called for fair sharing of the debt with the creditors. And lastly, the IMF and the World Bank agreed, stressing the co-responsibility of everyone concerned in the debt crisis and the quest for a solution. The Baker plan was announced eight months ago, but is taking time to be put into practice.

Development financing

Bank financing in the developing countries has shown its limits. It is a complement to other financial input and it should be used to cushion changes in the international economic situation, not make them worse. The monetary and financial disorder of the past 15 years has made people forget that a net transfer has to be organized to the poor countries. When official transfers are deducted, the present deficit in the debtor countries amounted to $ 22 billion and $ 27 billion in 1984 and 1985 respectively. With world inflation at 3%, net capital injections (or a current deficit) of more than $ 25-30 billion (88 × 3%) would be needed to prevent the outstanding debt from dropping in real terms. And lastly, as the whole world has a $ 100 billion deficit in non-registered earnings (private Third World assets in the industrialized countries, for example) the latter are not running a deficit, but a surplus: they are financing the developed countries.

The most obvious lesson to learn from the trends in international financing over three decades is the perverse link between development and external debt. The many development theories of the '50s and '60s obviously have very little to say about the extraordinary developments of the past few years.

Monetary and financial theory has not reflected these developments much either. International lending, typically, involves the risk of the borrower reneging, a sovereign risk (individual behaviour and economic policy decisions in the country of origin of the borrower) and the risk of overreaction on the financial markets (linked to the conflict between collective interests and the interests of the banks and individuals involved). Theoretical models tend to give very little consideration to this sort of thing. This is probably one of the reasons why it is difficult to design flexible solutions that reconcile views that are deemed to be opposing where they should be complementary. The theory behind the economic policy (and the solution to the debt problem) does not yet reflect the new situation of the past 15 years.

In April 1986, the final sessions of the Interim Development Committee recalled the need to reinforce, along the lines defined by this initiative, the strategy followed in matters regarding indebtedness. Progress has also been made in greater cooperation between the World Bank and the IMF, which has set up a structural adjustment facility for the benefit of low-income countries. o P.A.

Africa's debt burden and its consequences

By Chandra S. HARDY (*)

Over the past year, most of the attention on sub-Saharan Africa has focused on the widespread drought and resulting famine. But African countries face another crisis, one that has the potential for even more devastating consequences to Africa's long-term development: an unmanageable debt burden. The combined external debt of the African nations exceeds $125 billion. By comparison with the debt of wealthier developing countries, this is not much—Brazil alone faces a debt of $100 billion. But for the very poor African economies, the debt weighs heavily. The debt burden increases Africa's dependence on the outside world, slows the prospects of economic recovery and growth, jeopardizes the stability of African governments, and increases the poverty of Africa and her peoples.

Though it is relatively small in size, Africa's debt warrants the concern of the rest of the world because of the debilitating effect it has on overall African development. The size of Africa's debt is increasing, yet the ability of African countries to repay that debt is decreasing. Debt prevents Africa from financing much-needed economic recovery programmes as scarce foreign export earnings and aid inflows must be used to service debt. Similarly, the need to meet debt service payments diverts resources from such basic public expenditures as food, health and education programmes, and investments in infrastructure.

Many African countries are forced to forsake the well-being of their peoples at present and forfeit their prospects for recovery and growth in the future. Yet the existing mechanisms for dealing with the debt—repeated debt reschedulings and "austerity programmes"—have proved inadequate and may actually have exacerbated the problem.

Dimensions of the debt problem

Africa's debt receives less attention than that of the "major debtors", for it is not perceived as threatening the viability of the international financial system. Africa accounts for just 10% of total developing-country debt and less than 5% of the debt owed to banks. Yet these statistics are deceptive. The debt indicators for Africa are similar to those of the largest borrowers: debt service payments due total 50% to 60% of export earnings. In the case of low-income countries (indicated on Table 1), the total debt is more than half the value of output and six times the value of exports.

Moreover, the dimensions of Africa's debt problem are expanding rapidly. From 1973 to 1983, Africa's debt registered a sixfold increase. For low-income Africa, the growth of long-term indebtedness was more modest, but even so there was more than a fourfold increase—from $ 5 billion in 1973 to $ 22 billion in 1983.

The structure of African countries' debt has changed markedly over the last decade as well. The share of official and concessional capital received has declined, and the share of private and commercial debt has increased. The changes in debt structure are reflected in the hardening of the average terms: over the decade, maturities and grace periods have become shorter and interest rates have become higher. As a result, the grant element (degree of concessionality) on new loans fell from 32% in 1973 to 16% in 1982. The change in the terms of the debt has also led to a rapid increase in debt service obligations paid, from $ 1.2 billion in 1973 to nearly $ 6 billion in 1983 (see Table 4).

The growth of indebtedness in African countries over the past decade has been high, and it has not been matched by an increased ability to pay. An important indication of Africa's rising debt burden is the sharp jump in the debt service ratio, from 9.5% in 1975 to 20.5% in 1981. The burden is even greater for low-income Africa, where the ratio increased from 9.2% to 22% over the same period. However, these data are not a true reflection of the debt burden because they refer only to the debt service paid on public medium- and long-term debt. When payments on short-term debt, arrears, and payments to the IMF are taken into account, the debt service ratio exceeds 50% for the sub-Saharan region, and for many countries it exceeds 100%.

Another indicator of Africa's financial vulnerability is the drastic decline in the level of foreign-exchange reserves. In 1984, the value of Africa's gross foreign-exchange reserves was less than one month (27 days) of a much-reduced level of imports, which meant there was no cushion for further shocks. (By contrast, the correspon-

(*) For the Overseas Development Council.

ding figure was 113 days for Latin America and 97 for Asia.) Still another indicator is the decline in net capital inflows due to the rise in amortization payments and to a decline in new aid commitments. Between 1980 and 1983, new aid commitments to low-income Africa fell by 45%. Commitments from private sources fell from $1.5 billion to just $ 137 million. The recent decline in commitments indicates that the level of future inflows is likely to remain depressed, while debt service payments are expected to remain high. Thus, while the debt of African countries grew by $ 21 billion between 1979 and 1983, net inflows increased by only $ 1 billion, and net transfers declined in nominal terms. The figures indicate Africa's desperate financial plight, with foreign-exchange earnings and aid commitments vastly insufficient to meet debt service payments, to pay for essential imports, or to finance economic recovery programmes.

Table 1
Debt of sub-Saharan Africa, 1983

	Public and publicly-guaranteed medium- and long-term debt only (U.S. $ millions)	Debt service ratio ([a]) (percentages)
Benin (*)	614.8	– (**)
Botswana	230.2	2.9
Burkina Faso (*)	398.4	–
Burundi (*)	284.0	–
Cameroon	1 882.9	13.9
Cape Verde (*)	67.2	–
Central African Republic (*)	215.0	11.3
Chad (*)	128.9	0.6
Comoros (*)	89.7	–
Congo	1 486.8	20.5
Djibouti	39.2	–
Equatorial Guinea	102.9	–
Ethiopia (*)	1 222.6	11.5
Gabon	728.9	9.4
Gambia (*)	163.8	3.1
Ghana (*)	1 095.1	14.2
Guinea (*)	1 215.5	–
Guinea-Bissau (*)	138.2	–
Côte d'Ivoire	4 769.1	30.6
Kenya	2 383.7	20.6
Lesotho	145.2	2.5
Liberia	699.1	6.6
Madagascar (*)	1 489.8	–
Malawi (*)	718.6	–
Mali (*)	880.8	6.1
Mauritania	1 171.1	10.0
Mauritius	332.5	16.4
Niger (*)	629.2	–
Nigeria	11 757.2	18.6
Rwanda (*)	219.7	2.6
Senegal	1 496.2	–
Seychelles	41.7	3.9
Sierra Leone (*)	359.4	–
Somalia (*)	1 149.1	13.1
Sudan (*)	5 664.5	17.8
Swaziland	182.7	20.4
Tanzania (*)	1 819.6	–
Togo (*)	805.3	16.8
Uganda (*)	623.2	–
Zaïre (*)	4 022.0	–
Zambia	2 638.0	12.6
Zimbabwe	1 497.2	31.6

(*) Denotes "low-income" countries—those with a 1983 per capita GNP of less than $ 400.
(**) Not available.
([a]) Repayments of principal and interest as a percentage of exports of goods and services.
Source: *World Debt Tables, 1984-85* (Washington, D.C., World Bank, 1985).

Economic situation and outlook

In the last decade, most African countries have suffered from falling output growth rates, rising inflation rates, and widening current-account deficits. From 1974 to 1984, per capita GDP declined nearly 1% per year. Inflation jumped from an annual rate of 10% to over 20%. And the combined current-account deficit increased from $ 4 billion to $ 14 billion.

The deterioration was largely due to a series of external shocks. In addition to wars (domestic and foreign) and two prolonged periods of drought, Africa over the past decade has experienced a fivefold increase in the price of grain, a sevenfold increase in the price of oil, as well as recession and inflation in the industrial countries, which resulted in high and volatile interest and exchange rates and a collapse in commodity prices.

Domestic policies have also played a major role in the decline of Africa's economies, many of which were characterized by weak institutional structures, overblown bureaucracies, and governments committed to over-ambitious expenditure programmes that they could no longer fund. Unable and often unwilling to cut expenditures as fast as revenues were falling, governments resorted to deficit financing that fueled inflation. In addition, catastrophic drought exposed the principal policy failure of African governments: neglect of the agricultural sector.

The economic woes of African countries are further compounded by the fact that their economies are extremely vulnerable to liquidity crises. Because they are fairly open economies, the share of trade to GDP and the ratio of debt to exports are high. This means that African economies are more susceptible to international fluctuations than other, less open economies. African economies, predominantly agricultural, are also more subject to climatic variations. Because primary commodities account for nearly 80% of the region's exports, the African economies suffer sharper terms-of-

Table 2
Selected economic indicators for sub-Saharan Africa, 1973-82

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
					(percentages)					
Economic growth	2.39	6.27	2.75	5.85	2.82	1.84	1.52	2.69	1.84	1.90
Inflation	9.86	17.07	15.84	16.63	24.30	18.95	22.32	23.29	25.84	16.25
Terms of trade	8.30	7.63	−12.19	7.16	17.64	−7.25	−0.35	−7.09	−6.21	−4.74
Ratio, external debt to GDP	24.90	25.87	27.50	32.82	35.10	36.90	38.96	42.36	23.41	50.63
Debt service ratio	—	8.00	9.50	9.50	11.40	15.00	15.50	17.20	20.50	27.40
					(U.S.$ billions)					
Current account	−4.50	−4.00	−7.20	−6.50	−6.60	−9.40	−9.90	−12.90	−14.00	−13.20
Net official transfers	1.10	1.50	1.70	2.00	2.30	2.50	3.10	3.20	3.60	3.20
Net capital inflows	3.80	2.60	4.90	4.40	4.90	6.30	6.40	7.10	6.80	6.80
Overall balance of payments	0.50	0.30	−0.60	−0.10	0.70	−0.40	−0.20	−2.40	−3.60	−3.20
Total outstanding debt	1.60	14.75	18.40	23.40	30.22	37.20	45.54	57.23	61.84	67.70

Source: International Monetary Fund, Current Studies Division; *World Economic Outlook*, Occasional Paper No. 9.

trade swings than, say, exporters of manufactured goods.

Finally, the poorest countries of Africa are less able to withstand shocks, as they have repeatedly been called upon to do. Because they are underdeveloped and have rigid production structures, Africa's poorest economies cannot move quickly from one kind of export to another when international prices deteriorate; nor can they reduce imports in favour of domestic substitutes. Unlike those of the major borrowers, African economies are less able to smooth adjustment to shocks by borrowing. They lack access to balance-of-payments financing from banks; their IMF quotas are small; their net reserve levels are negative; and their administrative and institutional capacity for crisis management is weak.

For most African countries, the economic outlook for the coming decade is poor. Few countries can expect to see any improvement in living standards even if there is a large and sustained recovery in OECD-country growth. And unless major remedial measures are taken by the international community, the situation will become even worse.

Shortcomings of current approaches

Debt rescheduling. The payments imbalances of African countries in relation to GDP are so large (9% in 1984) and the ability to correct these imbalances so limited that there is very little disagreement that Africa requires higher levels of net capital inflows and longer periods of adjustment. Yet the policy response to Africa's debt-servicing problems has been short-term and piecemeal, consisting largely of annual debt reschedulings that do not take into account the need for *additional* aid.

Since 1975, 15 African countries have rescheduled debt in multilateral negotiations with official creditors or commercial banks on 47 occasions. An even greater number of countries are accumulating arrears on payments. But the numerous debt reschedulings have proved ineffective in alleviating the debt crisis of African countries.

Table 3
Debt indicators (percentages)

Principal ratios	Major borrowers	sub-Saharan Africa	Low-income Africa
Debt/export	167	197	598
Debt/GNP	29	32	37
Debt service/exports	22	20	31
Interest/GNP	2.3	1.5	0.9

Source: World Debt Tables, World Bank, 1984.

Table 4
Growth of African indebtedness (U.S.$ billions)

	1973	1979	1983
Debt outstanding ([a])	9.9	36.7	57.8
Disbursements	2.2	8.8	10.6
Net inflows	1.3	6.2	7.4
Principal repayments	0.9	1.6	3.1
Interest	0.3	1.3	2.6
Debt service	1.2	2.8	5.7
Net transfers	1.0	5.0	4.8
Exports	13.3	40.5	28.0
Debt service ratio (percentages)	8.8	7.0	20.3

([a]) Public and publicly guaranteed medium- and long-term debt only.
Source: World Debt Tables, World Bank.

Cotton, the sole export product of some heavily-indebted countries (Chad) or regions (northern Cameroon, in this photo) is a "noble" fibre which makes expensive finished products. But as a primary commodity it brings in little and faces fierce competition from synthetic fibres

The Paris Club

Official debt renegotiations take place within the framework of a meeting of the "Paris Club". The Paris Club is not a legal body or organization but an *ad hoc* group of Western creditor governments that have met in Paris under the chairmanship of the French Treasury since 1956 to renegotiate the debt of countries falling behind in debt service payments.

The Paris Club mechanism has not been effective in easing Africa's debt difficulties. The procedures adopted by the Paris Club place strict limits on the definition of the debts eligible for debt relief. Consequently, more than half of the debt service due is not considered eligible. Furthermore, relief is then provided on only a small part of the remaining debt; and since the amount of relief is usually insufficient to ease the liquidity problem for more than a year or two, this arrangement has led to repeated reschedulings.

The effect of repeated reschedulings has been to increase the debt burden. Debt relief has been provided by stretching out maturities at marked rates of interest. This has had the effect of raising interest charges on debts incurred at original average interest rates of 6% to average rates of 10%. As a result, interest payments have risen from $ 429 million in 1973 to an estimated $ 3.3 billion in 1984, and over the next three years, they will account for one third of debt service due.

Unfortunately, repeated Paris Club reschedulings have not served as a catalyst in mobilizing *additional* public and private funds for Africa. The level of net flows to African countries is largely decided by official sources, and at present official donors compartmentalize their financial dealing with Africa, with debt relief coordinated through the Paris Club and the level of new commitments usually coordinated at a meeting of aid donors. As a result, after 21 reschedulings since 1979, the level of net inflows of official development assistance (ODA)—$ 12 billion—had declined to $ 6 billion in 1983, and net inflows from private sources have turned negative—that is, loan repayments now exceed new loans.

Finally, Paris Club reschedulings also have not succeeded in normalizing short-term financial arrangements. The official export credit agencies that provide guarantees on private credits to developing countries do not provide credit insurance for countries accumulating arrears or those requesting debt reschedulings. Until about 1979, once a country had agreed to an IMF programme and rescheduled part of its long-term debt, its creditworthiness for some amount of insured credits was restored. This is no longer the case. Accepting the discipline of an IMF programme and restructuring debt at market rates only provides temporary relief and does not lead to a reopening of trade lines of credit.

Thus for the poorest countries with intractable debt difficulties, the existing Paris Club mechanism for debt rescheduling is not an effective solution. The method and terms of Paris Club renegotiations do not take into account Africa's long-term requirement for net resource inflows to halt the economic decline and stimulate a recovery in production. Many countries have been unwilling or unable to reach agreement with the IMF—a precondition of Paris Club rescheduling. Consequently, far from abating, the crisis has deepened. Debt service payments are consuming an increasing share of Africa's declining export earnings and net capital flows, despite the fact that almost the only debts currently being serviced are those to the World Bank and the IMF.

The International Monetary Fund

Over the past decade, the IMF has played a major role in helping African countries to finance their growing payments imbalances. In 1975, purchases from the IMF's Oil Facility furnished 53% of the total IMF gross flows to Africa and helped to cushion the strain of the first oil shock. In addition, the IMF used part of the profits from the sale of its gold holdings to establish the Trust Fund and an interest subsidy account to provide low-cost loans to its poorest members. After 1979, when commercial bank lending to Africa virtually dried up, the IMF became the only source of balance-of-payments (non-project) financing. Since the early 1980s, the IMF has made loans totalling more than $ 5 billion to African countries.

But as the IMF has become one of Africa's major creditors, it has also become a part of Africa's debt problem. A large part of Africa's debt to the IMF is now falling due, and heavy bunching is likely in the next few years. According to the World Bank, sub-Saharan Africa will have to repay the IMF about $ 1 billion a year between 1985 and 1987. This will not be easy; in 1985, African countries will pay back more to the IMF than they will receive in new money, whereas these countries recorded net inflows of about $ 800 million a year between 1980 and 1982.

Still, the IMF exercises a significant leadership function over the African nations. A consensus has emerged by which all financial arrangements now hinge upon the debtor country reaching prior agreement with the IMF. Bilateral and multilateral donors, as well as official credit agencies, have made their commitment levels contingent upon acceptance by the borrower of an IMF adjustment programme. Requests for debt rescheduling at the Paris Club require continual satisfaction of IMF performance criteria. In short, the IMF imprimatur is required for all important financial transactions of the African debtor nations.

Prescriptions unsuitable for Africa

Critics of the IMF argue that its prescriptions and funding are not suitable for Africa. For example, IMF-required "austerity programmes" impose a disproportionate share of the burden of adjustment on the poorest groups, thus intensifying social unrest and political discontent and inhibiting economic recovery and growth. Reduced spending on education and health detracts from the building of human capital, while decreased spending on infrastructure limits a country's long-term growth potential. Wage controls, credit restrictions, elimination of price controls, and increased taxes make it more difficult for people to meet the cost of their most basic needs. Currency devaluations increase import costs, including food and imports essential to development projects; increased reliance on primary commodity exports makes economies more vulnerable to external shocks.

In addition, Fund programmes require countries to show improvements in their external payments position in three to five years, but the required structural reforms take time to implement and require additional investment. IMF funds are also expensive—interest charges are only slightly below market rates and the payment periods average five years. Finally, reaching an agreement with the IMF does not ease the liquidity constraint. Very often net inflows from the IMF to Africa are zero—or even negative—during the course of a stabilization programmes.

While the IMF makes no allowances for the special problems of African countries, it also does not discriminate against Africa. IMF policy prescriptions are the same for all of its members. Criticism of the IMF's operation in Africa can therefore be interpreted as criticism of its policy of trying to solve developing-country indebtedness problems by using a generalized approach, when what is needed are performance criteria tailored to the needs of specific countries.

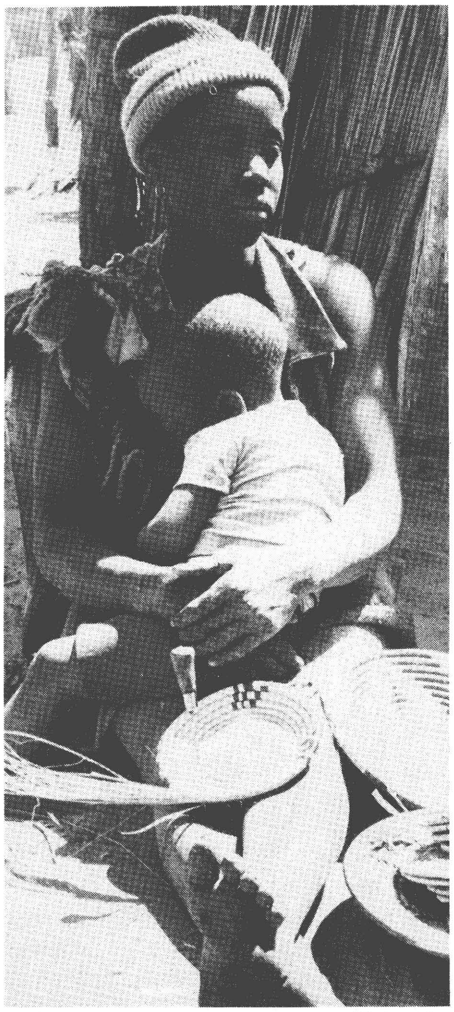
What can be done?

The piecemeal and short-term solutions that have been applied to Africa's debt problem so far have been ineffective and may even have worsened the situation. What is needed is a new approach that will consider both the financial and non-financial problems of the developing countries in Africa and that will address short-term problems in the longer-term context. Some options include the following:

Debt cancellation

The most effective solution to Africa's debt problem would be outright cancellation. High debt-service payments are in part due to the amortization of old debts. France, West Germany, and Britain have all forgiven debts to the poorest countries. While not all creditors are willing or able to cancel debt, even for the poorest countries, they do have the option of making the debts payable in local currency or of refinancing existing debt on highly concessional terms.

Repeated debt rescheduling has added to the debt burden of African countries, constrained access to trade financing, and failed to bring about an increase in import levels. Industrial-country leaders at the London Summit in May 1984 endorsed multi-year reschedulings that have been established for the major borrowers. According to the terms of these agreements, part of the debt owed to private sources has been rescheduled for 12 to 14 years at existing interest rates but with reduced spreads and fees. This type of rescheduling could be applied to Africa. The option should also be given to the poorest countries to automatically adjust repayment schedules to counter terms-of-trade deterioration.



Mother and child (Botswana). "For the very poor African economies, the debt burden weighs heavily"

Increased and improved aid

If the financial crisis abated tomorrow, Africa would not even be able to return to 1970 production levels because its productive capacity and the accompanying infrastructure have fallen apart during the intervening years. Increased imports and investment totalling billions of dollars are needed simply to rehabilitate existing productive capacity.

For the foreseeable future, most African countries will not become creditworthy for commercial bank lending and will have to rely on official concessional aid. The poorest countries could receive an additional $ 6 billion in annual ODA flows if bilateral donors complied with the multilaterally agreed target to raise their share of ODA from the current level of 0.08% to 0.15% of GNP. Increased assistance to the poorest countries could also be achieved by a reduction in the share of ODA granted the upper-income developing countries.

In addition to an increase in the amount of aid to African countries there must be an improvement in the *quality* of aid. Domestic policy reforms must continually be encouraged, and donors also need to take certain measures to improve aid effectiveness.

First, aid flows should be brought into line with the current financing priorities of the recipient countries by raising investment and recurrent expenditures on agriculture, rehabilitating existing projects, and restructuring the debt according to each country's debt-servicing capacity.

Second, the number of development projects should be reduced. The World Bank's 1985 World Development Report states that in sub-Saharan Africa the proliferation of projects may actually have undermined the development efforts of individual countries.

Third, tied aid should be reduced. About one half of bilateral ODA is tied to purchases in the donor country. This practice can add up to 20% to a project's cost in addition to creating projects that are not suited to local conditions.

Fourth, financing of local-currency and recurrent expenditures should be increased.

More effective debt management

Good debt management is part of good economic management, and while better systems for controlling debt do not prevent crises from occurring, they do minimize the real economic burden of financial disruptions. In order to improve debt management, developing countries should 1) utilize available computer facilities to improve the recording and processing of data on all foreign exchange receipts and payments; 2) establish systems for directing this information to the country's decision-makers, especially at the Central Bank and the Ministry of Finance; 3) forego borrowing for investment if the returns or requirements are questionable; and 4) strictly limit borrowing that is not long-term and concessional.

Increased allocation of Special Drawing Rights

In addition to increased resource transfers, Africa needs a stable source of reserve creation and access to short-term financing. For the poorest countries, the only source of balance-of-payments financing is the IMF. However, the size of IMF quotas is unrelated to global liquidity needs, and Africa's share of IMF quotas is very low. A special issue of Special Drawing Rights (SDRs) (1) is needed pending increased quotas for African countries and enlarged access to Fund resources. An agreement could also be reached by which the industrial and oil-exporting countries would forego their allocation of SDRs in favour of the poorest countries. Trade arrears could be taken up by the IMF and refinanced along with the debt owed to the IMF. Alternatively, the special SDR issue could be used to consolidate short-term arrears and replenish reserve levels. The problem of insufficient liquidity in Africa could also be eased by increased access to an enlarged Compensatory Financing Facility.

> ***"An agreement could also be reached by which the industrial and oil-exporting countries would forego their allocation of SDRs in favour of the poorest countries"***

Specific action needs to be taken with regard to the debt owed to the IMF, the World Bank, and the regional development banks. These institutions account for almost half of the projected debt service, yet they are not allowed by current rules or conventions to reschedule debts.

Trends in 1984 suggest that the IMF may be reducing its net exposure in Africa. If so, net transfers from the Fund will soon be large and negative, which suggests that another source of balance-of-payments financing will be needed if IMF debts are to be repaid on time. If IMF lending were to increase, it should be on concessional terms. This could be accomplished by a newly created and specially funded Trust Fund which would take over and refinance existing IMF debts on soft terms. By targeting this concessional window to the poorest developing countries, sub-Saharan Africa couldbe the primary beneficiary. o

C.S.H.

(1) SDRs are international liquidity and reserves created and managed by the IMF, valued on the basis of a basket of currencies, and designed to replace gold and the U.S. dollar as the principal international reserve assets.

Priority must be given to food production (photo, Botswana). The current proportion of food imports in the debt of African countries is too high

Caribbean indebtedness

By Harold RUSSEL (*)

The prominent economist, Dr Courtney Blackman, in his article "The Balance of payments crisis in the Caribbean: which way out?", published in 1979, said: "A country's decline in a balance of payments crisis may be compared to a man on a slippery slope; once his slide begins, it is extremely difficult for him to reverse the process".

Unlike a corporate entity, a sovereign state, when faced with overwhelming debts, cannot declare bankruptcy, send home the workers and opt out. People, who may be called innocent bystanders, are involved and their expectations are fuelled by modern technological communications. These innocent bystanders, under the democratic system, are able to make changes to the leadership team of the country once every five years or so, often after the damage has been done and the bank account pillaged by politically-motivated decisions, recklessness and over-indulgence.

Responsibilities

The CARICOM countries, like many other Third World countries, have had their share of economic catastrophes. Part of the blame lies with the economic disorder of world trade, part lies with bad political administration. Jamaica and Guyana have been plunged into what appears to be an irrecoverable abyss of debt. Barbados has registered significant increases in foreign debt, with export earnings deteriorating. Trinidad and Tobago, at the end of 1985, devalued in an effort to stem the crumbling of its reserves. Further weakening of oil prices is expected to offset the anticipated gains from devaluation. The OECS countries continue to prosper from the inability of any one country to lead them into rash decisions. The ECCB has, therefore, been able to double its foreign reserves from EC$ 207 m in December 1982 to EC$ 408 m in June 1985. Belize has been able to maintain positive foreign balances during the last five critical years. These are the main protagonists of CARICOM, and the general picture is not at all encouraging.

In 1976, the international reserves of Jamaica stood at negative US$ 171 m. By 1980, this had deteriorated to US$ 537 m and by 1985 to US$ 1.044 m. The net external debt as at September 1985 was US$ 1.8 billion. Expressed in Jamaican dollars, with the exchange rate at 5.5 : 1 (November 1985), the internal national debt plummeted to 6.5 billion by September 1985. What is even more significant is that export trade earnings registered deficits against imports by approximately US$ 500 m for each year 1981-1985. During these years, annual export earnings actually fell by over US$ 200 m. Even the relatively low import figure of 1984, US$ 1.2 billion, was matched by the lowest export figures in seven years of US$ 739 m. Nineteen eighty-five will be lower yet, with the figures to September 1985 being the lowest in seven years for a similar period. Earnings from tourism, meanwhile, have been unable to fill the gap, and continued borrowings, to meet necessary raw materials for the manufacturing sector and to service debt, erode any possibility of improvement to the balance of payments.

A look at the performance sectors shows the source of some of the trouble. Bauxite, the main foreign exchange earner, contributing 68.6 % of income in 1984, has had more than its share of problems. It once contributed handsomely, not only to earnings, but also to capital inflows. Now, with the downturn in the world market demand; the consequent closure of the foreign-operated companies, the latest being Reynolds following JAMALCO (Alumina) and Alcoa; the cessation of shipments under the US General Stockpile Agreement, Jamaica's position in 1986 is likely to be even worse. Bauxite earnings January to October 1985 are down 37 % as compared with 1984.

Sugar and bananas have experienced both production and price declines, and the manufacturing sector has had setbacks due to the shrinking of the CARICOM market. The irony of the situation is that Jamaica was the first country to institute protective measures against CARICOM goods, throwing workers in Trinidad and Barbados out of jobs.

In 1977, Jamaica borrowed from the IMF in the lower tranches but in 1978, was in the Extended Fund Facility. High public consumption and poor management of the economy led to these approaches. The change in ideology also frightened away many of the hard-working entrepreneurs, together with the dollars they had accumulated.

30 % of the population below subsistence level

Since being in power, Prime Minister Seaga has enjoyed the goodwill of the USA. Net capital inflows in fiscal year 1984/85 were JA$ 586 m. There has also been good patronage for tourism, which has stayed buoyant despite social unrest. Earnings for the ten months to October 1985 were US$ 388 m. The latest programme of structural adjustment, although necessarily long-termed, seems puny in effort, considering the enormity of the debt to be wiped off. The programme is into its third year, and the intention is to make incremental changes in the economy's structure so that reallocation of resources will develop significant performance in key areas affecting export earnings and import substitution. In the meantime, over 30% of the population has been plunged below subsistence level; the public sector expansion started under Manley has been reversed, with free University education being the latest casualty. The harder the effort to meet IMF demands, the lower the effective standard, as demonstrated by the re-introduction of fee payment without sympathy for the economic strictures and realities of the moment. Public sector spending has been cut to the bare

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(1) Editorial subtitles.

bones, privatization of Government-run and -owned industries has taken place, yet the country struggles to meet the stipulations of the lender of last resort that will lead to the crumbs of life support. Internally, the money position is even worse as bank liquidity ratios climb to 47% and mortgage rates sometimes exceed 25%.

It may be said that Jamaica's downhill journey started in the mid-1970s, and that once its foreign reserves fell into deficit, it has not been able to find an economic formula to reverse the trend. Saddled with ever-increasing debt servicing, it has not been able to either increase exports or reduce imports significantly.

Guyana, posturing a socialist political ideology, has fared no better. Its last happy year was 1975, when both sugar and bauxite fetched good prices. Immediately, heavy capital works were undertaken, leaving nothing to buttress the poor market prices that unfortunately prevailed in the following year. The downward trend followed that of Jamaica with remarkable similarity.

In 1975, the external debt stood at US$ 292 m. This rose to US$ 545 m in 1980 and by June 1985 was at US$ 713 m. Meanwhile, the internal national debt moved from GUY$ 400 m in 1975 to GUY$ 5.7 billion in June 1985. Except for the year 1978, the balance of visible trade remained in the red during those years, reaching GUY$ 234 m in 1981. The bank balance of the Central Bank makes sorry reading—January 1984, GUY$ 15.3 m in credit (approximately US$ 4 m to feed a country of 800 000). Private transfers from relatives who have gone abroad contribute "significantly" to the foreign income of Guyana. Direct investment is negligible and invisible earnings of no consequence.

Like Jamaica, Guyana has not been able to improve its earnings from primary products. They took over their bauxite industry and ran into problems. Both production and price fell. Foreign earnings dropped from GUY$ 250 m in 1978 to GUY$ 360 m in 1984 (the parity of the Guyana dollar against the U.S. dollar changed twice during the period). In the case of sugar, earnings moved from GUY$ 234 m in 1978 to GUY$ 271 m in 1984. 1986 threatens a reduction by 100 000 long tons in assured sugar markets. Rice earned GUY$ 96 m in 1978 and GUY$ 80 m in 1984. Since servicing of foreign debts imposes higher demands on earnings as the debt increases, then the efforts to maintain a favourable credit rating are made at the expense of the standard of living of the Guyanese. It is true that poor weather and poor market conditions have contributed to low revenue; however, the public sector has grown rapidly, and so has consumption spending in this area in line with political gropings.

Sugar cane field in Jamaica

Debtors "have not been able to either increase exports or reduce imports significantly"

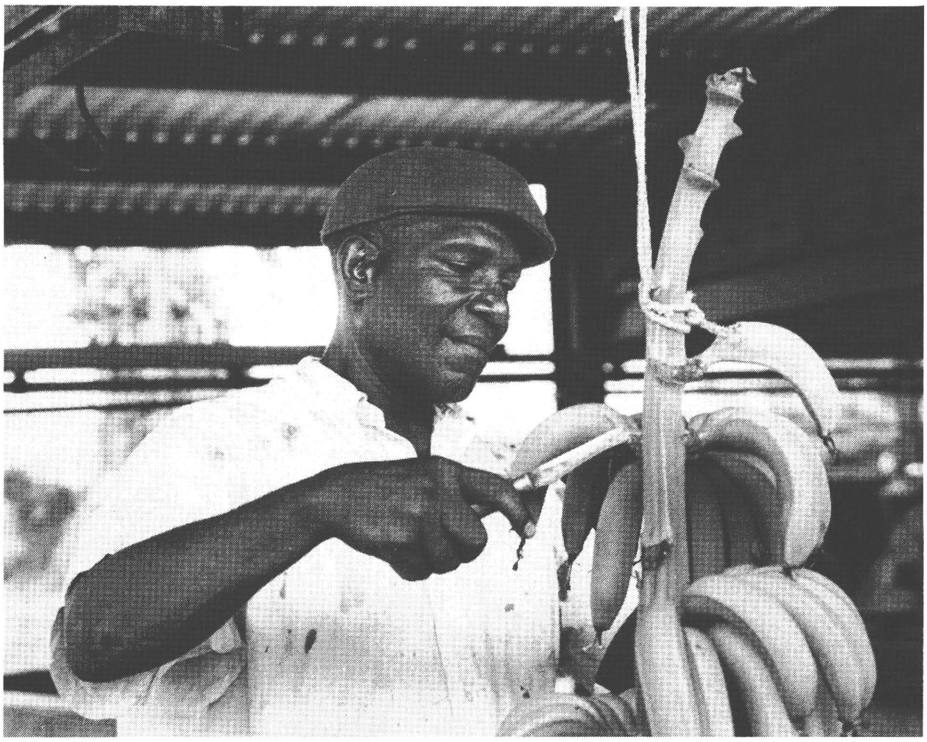
Guyana too

Thus Guyana, too, has turned to the IMF. In 1979, it entered into a three-year Extended Fund Facility arrangement. This was designed to implement structural adjustments. The programme ran into difficulties and by 1980 was rearranged and aimed at long-term structural transformation and diversification. This failed miserably, and in 1982, the IMF suspended the programme. Since then, Guyana's debt position has deteriorated, with feeble sporadic efforts to resuscitate the economy through internal measures. Today, without the wherewithal to reduce the (*) TT$ 500 m owed to Trinidad, people are, once more, taking to the donkey as a mode of transportation.

Formidable problems

Trinidad, unlike Jamaica and Guyana, saw its foreign reserves shoot up as a result of the increase in oil prices in 1973. This has created a different set of problems for Trinidad. Wages in the oil sector have distorted those in the essential agricultural sector, forcing subsidies from Government, in order to keep the sector afloat. Other sectors have suffered: prices of houses, cars and land, to name a few, have sky-rocketed. Consumer spending of surplus income has led to heavy dependence on imported goods, and a consequent outflow of foreign exchange. In 1984, the foreign reserves decreased for the second successive year by almost US$ 1 billion, despite defensive measures which affected imports from other CARICOM territories. In 1985, even harsher measures had to be introduced to protect the foreign reserves (see statistical figures, Assets of Central Bank). In December 1985, the Trinidad dollar was deva-

(*) Trinidad and Tobago dollar.



Cutting of bunches of bananas (Jamaica)
Both production and price have declined

lued by 33 ⅓% against the US dollar, or put in a different way, a Trinidadian has to find 50% more TT dollars in order to buy one US dollar.

Trinidad's problems go deeper, and are more frightening. It has spent much of its oil earnings on such things as petro-chemical manufacturing, on a steel industry and on other capital-intensive, but not labour-intensive projects. These have had to be subsidised and now are unable to find markets for their products.

Union pressures since devaluation are building up in an effort to re-establish pre-devaluation relationships between wages and the prices index. Recently, the sugar industry was plunged into further losses on account of strike action during the reaping of the crop. In addition to internal problems, the CARICOM partners appear unsympathetic to the imminent economic problems of a people whose first structural adjustment will have to be psychological.

	JAMAICA		GUYANA		BARBADOS		TRINIDAD					
Year	International reserves US $	Trade deficit US $	External debt US $	Foreign earnings: bauxite, alumina, sugar, rice US $	External debt US $	Trade deficit US $	Assets of Central Bank US $	Trade: exports US $	Trade: imports US $	Net services deficit US $	Net transfers deficit US $	Official borrowings US $
1976	– 171	—	361	—	25	150						
1977	– 205	23	400	—	28	176						
1978	– 343	83	434	662	45	184						
1979	– 473	188	493	638	56	273						
1980	– 537	213	545	874	82	297	2 728					
1981	– 776	499	635	843	130	380	3 281	2495	1988	103	90	15
1982	– 836	614	669	607	144	296	2 991	2211	2778	95	105	93
1983	–1216	595	702	505	174	301	2 016	2273	2576	459	119	95
1984	–1012	443	715	710	183	268	1 273	2106	1914	638	131	190
1985	–1044 Feb. 85	456	713	530	225	174	833	2133	1582	584	172	163
	Gross External Debt Sept. 85 1.826 M	To Sept. 85	June 85	To Sept. 85	Nov. 85	To Sept. 85	Aug. 85	Dec. 85	Dec. 85	Dec. 85	Dec. 85	Dec. 85

(1) Figures quoted in millions.

Rice production in Trinidad
"Much of its oil earnings have been spent in petro-chemical manufacturing, but not on labour-intensive projects"

The howls of protest which greeted the imposition of import licences for goods from CARICOM countries have not died down, even though Trinidad has taken the ultimate step. The oil-rich country has been looked upon for many years as the saviour of the surrounding territories. It not only provided a market, but also a source of loan funding and credit. But Trinidad has only followed what Jamaica and Guyana did earlier when their balances of payment started to deteriorate.

Regional cooperation affected

But how have these debt problems affected the efforts towards CARICOM co-operation? The most significant casualty in the resulting weakening of the early resolve to establish a trading block is the demise of the CARICOM Multilateral Clearing Facility (CMCF). Guyana drew down over 80% of the US$ 200 m limit of the Facility, and then did not pay. The resulting shocks were felt particularly by Barbados, which had almost 70% of its foreign reserves tied up in the Facility. Manufacturers in the Caribbean islands had started to enjoy CARICOM trading and the sudden demise of the system led to many bankruptcies, much vilification and a definite lack of trust. Most manufacturers were caught napping, and will need a long period and a reserves cushion with which to gear for the extra-CARICOM markets.

Following the collapse of the CMCF, Barbados sought help from the IMF after attempting to borrow its way out of trouble in 1981. Performance of the sugar and manufacturing sectors declined, and in 1985, Barbados borrowed US$ 20 m on the Japanese market and US$ 25 m on the UK market in order to protect its foreign reserves. Its programme for a massive capital works expansion in the 1986 election year ignores the sobering lessons experienced by Guyana in 1975/76, or by Jamaica in the same year. The weakness of our democratic system as it now stands may be showing up since, whether the Government wins or loses, the people may very well find their foreign reserves in disarray by the end of 1986, bearing in mind that in Barbados US$ 65 m of the US$ 115 m of foreign reserves held by the Central Bank are still tied up in the defunct CMCF, and therefore unusable.

"A period of respite"

It is indeed surprising that there has not been more acrimony between the CARICOM territories as each tries to minimize the effects of their economic shortcomings. However, the major territories failed to implement the terms of the Nassau Agreement giving protection against extra-CARICOM goods. Lip service has, for the most part, been paid to lifting protectionist measures in Jamaica and Trinidad. While there is much rhetoric, there is a sense of stalemate as if, despite the antics, there is an unspoken understanding.

A need for continued support

Given this situation, the weakening of the market and the urgent need to find hard currency, the US market, through the CBI, appears to be the quickest and most accessible substitute. The countries of the Caribbean are drawn into the dependence net of the USA, and on the response of the States to the performance of the dollar. Except insofar as quotas for the CBI may be inter-substituted when one country is unable to meet its allocation, there appears to be little chance of the CARICOM market forming an effective trading bloc in the near future. The price of entry of new CARICOM goods to the U.S. market has not been clearly spelled out. If it involves a programmed reciprocity, then the choice to shop in cheaper markets will be further restricted, no matter what the state of the US dollar.

The picture appears to be one of continuing deterioration, unless a period of respite is given by the lender nations/institutions. There is an obvious need for continued support, not in the form of loans, but of grants. o

H.R.

External debt in the South Pacific

By S. SIWATIBAU (*)

The paths followed by countries which now find themselves with difficult external debt positions were broadly similar. Following upon the quadrupling of oil prices in 1973, the oil exporters found themselves with substantial resources at their disposal. Much of these were invested with international commercial banks. These banks were in turn keen to lend these resources which had no conditionality tagged upon them. They found very willing borrowers among the non-oil developing countries. Many of these countries capitalized upon ready access to medium-term commercial credit to maintain high levels of consumption and investment at a time when world recession steadily deepened. Many investments which were put on stream could appropriately invite the label of "white elephants".

External factors were not supportive of the development efforts of non-oil developing countries. Prices of export commodities declined even further. The terms of trade worsened. Interest rates in the capital markets of the world rose markedly. Protectionism in the industrial countries widened and deepened in scope. The international commercial banks, seeing that the capacities to service external debt of quite a number of non-oil developing countries were rapidly eroding, became increasingly reluctant to make more credit available to them.

The average debt service ratio, computed as external debt service payments to exports of goods and services, have ranged beyond 35% for some of the debtors.

The Associate Pacific island economies

These may be characterized broadly:

1. They are waterlocked archipelagoes. Except for Papua New Guinea with a total area of 461 693 km^2 and a population of 3.25 million, they are relatively small in area and have small populations.

2. There are vast distances between them and their main markets. Transport costs are extremely high.

3. Internal transportation is difficult, calling for proportionately vast investments of resources.

4. They have very open economies. They depend heavily upon importing and exporting.

5. The bases of their economies are still very narrow. They rely upon a limited range of export commodities. External prices both for their exports and imports bear heavily upon their standards of living. Large swings in terms of trade are regularly experienced.

6. They enjoy a good climate, and generally pleasant weather, except for hurricanes which frequent Tonga, Fiji and Vanuatu in the summer. Some of them are very well endowed with natural resources. The sea presents all of them with a lot of potential. Papua New Guinea has substantial mineral deposits. Most have timber resources.

They have had and, except for Western Samoa whose people used to have ready access to New Zealand, continue to have very high population growth rates. Consequently they have relatively young population structures resulting in large influxes of young people into the labour force every year.

7. The services accounts in the balance of payments are important to all of them. Tourism features prominently in Fiji and Vanuatu. It is given all encouragement in the other countries. Overseas remittances are vitally important for Tonga and Samoa which have sizeable proportions of their people living abroad.

8. They run consistent deficits in the current accounts of their balance of payments. In recent years these have been very high in the cases of Papua New Guinea, Solomons and Western Samoa. The exception has been Vanuatu which enjoyed current account surpluses for a number of years till 1985.

In the main, the inflows in the capital account which match the current account deficits in the balance of payments have been for investments and not whittled away in consumption.

9. They have to varying degrees been in receipt of generous overseas aid. Papua New Guinea receives substantial budgetary support from Australia as part of the enlightened economic arrangement settled upon independence.

10. Apart, perhaps, from Western Samoa which continues to go through a difficult period of economic adjustment with IMF support, inflation rates have been relatively low in the South Pacific countries.

The debt issue

Papua New Guinea. Like other South Pacific countries, Papua New Guinea suffered in the wake of the world recession which began in 1980. Oil prices rose steeply. Other import prices continued to increase while those of her export commodities declined. The terms of trade consequently fell. They fell by about 27% in 1981 and by a further 9% in 1982. This trend, together with static output, resulted in substantial falls in incomes of the population.

The deficit in the current account of the balance of payments widened in the face of a rising import bill and static export receipts. It was 31.9% of GDP in 1981; a very high level when compared to most countries. It has hovered around this level up to 1984. It was expected to have improved to about 19.1% of GDP in 1985.

The government budget deficit also widened in the early 1980s. This

(*) Governor, Reserve Bank of Fiji (Suva).

Table 1: External debt and related data
Papua New Guinea

	1981 %	1982 %	1983 %	1984 %	1985 (*) %
Total external debt to GDP	36.9	52.5	75.6	76.2	75.5
External debt service ratio	8.8	15.2	22.3	29.0	24.0
Current account in the balance of payments to GDPs	−20.7	−20.1	−15.6	−13.6	−10.0
Current account in the balance of payments (excluding official transfers) to GDP	−31.9	−31.1	−26.6	−29.4	−19.1
Government budget deficit to GDP:					
(a) excluding foreign grants	−16.7	−16.7	−15.1	−11.8	−14.2
(b) including foreign grants	− 5.9	− 6.1	− 4.3	− 1.1	− 5.3
Changes in real GDP	1.5	− 0.2	0.8	2.2	7.7
Changes in consumer prices	5.6	6.9	8.5	4.4	4.5
Changes in terms of trade	−26.8	− 8.7	10.9	10.6	− 2.7
Gross domestic investment to GDP	26.5	32.3	30.6	23.9	23.5
Gross domestic savings to GDP	6.2	32.3	30.6	23.9	23.5
Gross external reserves in months of imports	4.8	4.2	5.6	6.0	4.9

Area 461 693 km^2
Population 3.25 million
Population growth rate 2.1% per annum
GDP per capita (1984) 728 Special Drawing Rights (SDR) (*) IMF projections.

happened as revenue growth decelerated in the wake of slow economic growth while expenditure maintained its previous momentum. Government had to enter the foreign capital markets and borrowed heavily in an attempt to finance both the widening budget deficits and the deficits in the current account of the balance of payments.

The external debt service ratio, which was at a low of 8.8% in 1981, started to rise. It was 15.2% in 1982 and continued upon its upward path. It reached a high of 29% in 1984 but was projected at about 24% for 1985. It rose five-fold between 1980 and 1984. As will have been noted, those figures are consistently higher than the average for all non-oil developing countries.

Total external debt to GDP rose from 37% in 1981 to 76% in 1984 and 1985. Private external debt is associated mainly with the large OK Tedi mining project. This project accounts for about 56% of total outstanding external debt in 1984.

A number of important factors make the relatively large external debt and debt burden of Papua New Guinea manageable:

1. Short-term debt is very small. The bulk of external debt is concessionary and is contracted over relatively long periods.

2. A very large proportion of external debt is owed by OK Tedi, a large corporate group with considerable resources and formidable foreign exchange earning capacity. OK Tedi expects its copper exports to be on stream in the 1990s. Such expectations, if fully realised, will give rise to a marked increase in export receipts and consequent reduction in debt service burden during that decade.

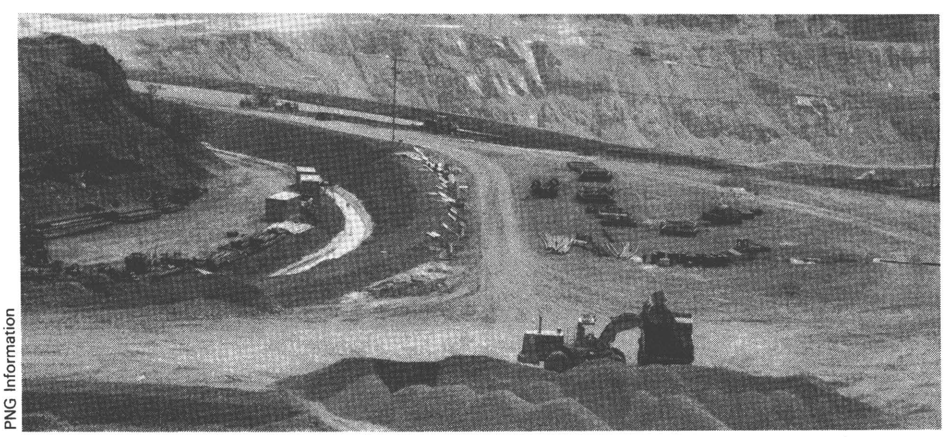
3. Australia's annual grant to the Papua New Guinea Government is currently running at about Kina 230 million. This constitutes a welcome budgetary and balance of payments support. It equalled some 29% of export receipts in 1984.

This grant was the subject of a recent study. It is now proposed that it be reduced at the rate of 3% per annum in constant Australian price terms over a five-year period beginning in 1986. It was also suggested that its composition be progressively changed from untied cash grants to tied project type assistance. But even if these proposals were to be implemented, this very special assistance has and will continue to be a welcome addition to Papua New Guinea's annual pool of financial resources.

Given the vagaries of the weather, of external economic factors and of changing terms of trade, the Papua New Guinea government has done much through domestic policies to maintain financial stability and manageable external indebtedness. When required, fiscal policies have been tightened. Monetary and incomes policies have also been employed in support to contain the budget deficit and domestic demand in the pursuit of these objectives.

Solomon Islands. Beginning in 1980 export prices declined. Import prices, particularly those of oil, rose rapidly following upon the further escalation in oil prices. The terms of trade declined. Income levels fell.

The deficit in the current account of the balance of payments widened, reaching 13.4% in 1982. It improved to 5.2% in 1984 but was expected to have deteriorated to about 17% in the past year. The budget deficit also came


PNG Information

As the main export product of Papua New Guinea, copper accounted for about 56% of total outstanding external debt in 1984

Table 2: External debt and related data
Solomon Islands

	1982 %	1983 %	1984 %	1985 (*) %
Total external debt to GDP	30.3	43.9	33.0	36.0
External debt service ratio	2.1	4.2	6.0	8.1
Official grants and concessional loans to GDP	10.4	14.0	10.5	10.3
Current account in the balance of payments to GDP	−13.4	−13.3	− 5.2	−17.5
Government budget deficit to GDP	−11.3	−10.8	− 4.4	− 8.0
Changes in real GDP		4.8	14.9	− 8.0
Changes in consumer prices	12.5	7.3	11.0	10.0
Changes in terms of trade	− 0.8	−10.6	31.0	−12.5
Gross external reserves in months of imports	6.0	7.0	7.0	5.0

Area 27 556 km²
Population 260 000
Population growth rate 3.5% p.a.
GDP per capita (1984) 675 SDR

(*) IMF projections.

under increased pressure. Revenue stagnated while expenditures, particularly operating expenditures, were difficult to contain. The government budget deficit which hovered around a high of 11% in 1982 and 1983 declined to 4.4% in 1984.

The Solomon Islands government entered the foreign capital markets to finance the budget and current account deficits. However, the country's external debt service ratio remains comparatively low, having risen from 2.1% in 1982 to 6.0% in 1984 and an estimated 8.1% in 1985. It should, however, be noted that the debt service ratio has accelerated fast and that its growth will need to be slowed down. The country enjoys a relatively high level of official grants and concessional loans which were running at about a level of between 10% and 14% of GDP between 1982 and 1985. The bulk of the country's external indebtedness is also long-term.

Vanuatu. Vanuatu is dependent upon copra, other tree crops, cattle, tourism, forestry and fishing. But, like Fiji and Tonga, the country is regularly subjected to batterings from hurricanes. Two hurricanes in early 1985 resulted in a substantial reduction in copra production, increased expenditure and damage to tourist facilities.

The terms of trade, which fell sharply since the oil price escalation of 1980 and the world recession which followed, rose by some 34% in 1983 and 56% in 1984. These improved positions reflected the favourable prices for copra in those years. Copra prices, however, came down significantly in 1985 resulting in a major fall in the terms of trade in that year.

Vanuatu, like other South Pacific Island countries, traditionally runs substantial visible trade deficits. But these have always been offset by receipts from services, mainly tourism, official transfers and capital inflows. Vanuatu is one of the very few countries which has enjoyed surpluses in the current account of its balance of payments. As a proportion of GDP, this item was as high as 20.5% in 1984. It is, however, expected to go into a deficit of about 6.4% in 1985.

External debt and debt service are very low. External debt hovered between 4% and 5% of GDP in 1984. It was expected at about 8% in 1985; a figure still very low by world standards.

External debt service ratio was only 5.2% of GDP in 1982. It fell steadily to 1.9% in 1984 but was expected to rise to a modest 4.1% last year.

Vanuatu does not show complacency with its low external indebtedness. It is doing all it can to contain the budget deficit. To this end it is determined to cut back upon the cost of the civil service and to diversify the base of its revenue. It requires much overseas investment for development. It hopes to pursue these through private capital, supplemented by official flows which are long term and concessionary.

Fiji. The pattern of developments in Fiji since 1980 broadly followed those of Papua New Guinea. The terms of trade fell steeply and export prices declined while import prices rose. Real GDP and income levels declined.

Table 3: External debt and related data
Vanuatu

	1982 %	1983 %	1984 %	1985 (*) %
Total external debt to GDP	4.9	4.4	4.2	7.9
External debt service ratio	5.2	3.0	1.9	4.1
Foreign grants (including Technical Assistance) to GDP	41.8	31.0	35.0	28.8
Current account in the balance of payments to GDP	13.4	4.1	20.5	− 6.4
Government budget deficit to GDP	− 4.2	− 0.7	4.9	− 0.3
Changes in real GDP	2.0	3.0	5.0	− 3.0
Changes in consumer prices	6.2	1.7	5.5	4.0
Changes in terms of trade	−18.6	33.7	55.9	−47.8
Gross external reserves in months of imports	3.8	2.8	3.6	4.7

Area 12 000 km²
Population 130 000
Population growth rate 3.0% p.a.
GDP per capita (1984) 730 SDR

(*) IMF projections.

Table 4: External debt and related data
Fiji

	1982 %	1983 %	1984 %	1985 %	1986 (*) %
Total external debt to GDP	34	39	36	35	32
External debt service ratio	8	10	11	15	14
Current account in the balance of payments to GDP	− 9.2	− 8.0	− 3.7	− 3.3	− 3.4
Government budget deficit to GDP	− 6.6	− 3.9	− 3.4	− 3.3	− 3.4
Changes in real GDP	− 1.1	− 4.4	9.4	− 1.7	3.3
Changes in consumer prices	7.0	6.8	5.3	4.8	4.5
Changes in terms of trade	− 4.9	8.5	− 3.9	−13.7	11.5
Gross official reserves in months of imports	3.6	3.4	3.7	4.0	3.6

Area	18 333 km^2
Population	699 000
Population growth rate	2.0% p.a.
GDP per capita (1984)	1 640 SDR

(*) IMF projections.

GDP per capita fell by 2% per annum between 1979 and 1983.

The public sector savings declined significantly as current government expenditure, mainly wages and salaries, escalated while revenue growth slowed down in the face of economic stagnation. The budget deficit widened steadily. It rose to 6.6% in 1982. The Fiji Government had to work hard to bring it down to about 3.3% in 1985.

Private investment fell in the wake of the world recession and declining business profits. Public sector investments declined as large projects were completed and also as government attempted to cut back upon total expenditures.

The deficit in the current account of the balance of payments reached 9.4% in 1982; a high figure for Fiji. It has come down to about 4% in 1985.

The external debt service ratio, like those of the Solomons, Tonga and Vanuatu is still well below the average for non-oil developing countries. It was about 5.4% in 1979. It rose to 8% in 1982, 10% in 1983 and 15% in 1985. It is the pace at which the external debt service ratio has accelerated over the last five years which is currently giving concern to the Fiji authorities.

Western Samoa. Western Samoa embarked upon an ambitious development programme in the second half of the 1970s. This resulted in growing deficits of the government budget and of the current account in the balance of payments. The rate of inflation rose. External indebtedness also increased.

Western Samoa's position became even more difficult, beginning in 1980 with the further oil price escalation and the onset of the world recession. Her terms of trade declined. Output declined steadily from 1980 to 1982. The deficit in the current account grew wider and external indebtedness continued to rise. By 1982 the country's international reserves were almost exhausted. External payments arrears appeared and persisted.

Inflation continued unabated, peaking to 20.5% in 1981. Further stabilization programmes with IMF support had to be put in place.

The deficit in the current account rose to 27% in 1981. It has declined to 14.3% in 1983 following upon the finalization of the recent IMF stabilization programme. External debt to GDP at about 79% and external debt service ratio at around 60% are the highest in the South Pacific. The Western Samoan external debt service ratio is well above the average for all non-oil developing countries.

The economic position of Western Samoa has improved gradually since 1982. Inflation has come down. The terms of trade have improved. The deficit in the current account has narrowed, although at about 14% in 1983 and an expected 12% in 1985 it is still too high. The external payments arrears have been effectively eliminated and the country's gross external reserves are now in excess of two months of imports; a significant improvement upon less than a month in 1981.

Table 5: External debt and related data
Western Samoa

	1981 %	1982 %	1983 %	1984 (*)%
Total external debt to GDP	71.1	71.5	79.4	79.5
External debt service ratio	34.4	37.7	56.6	61.3
Current account in the balance of payments to GDP	−27.2	−17.1	−14.3	−14.1
Government budget deficit to GDP	−16.2	−14.6	− 2.2	− 2.5
Changes in real GDP	− 9.1	− 1.0	0.5	2.1
Changes in consumer prices	20.5	18.4	16.5	12.0
Changes in terms of trade	−22.4	0.8	31.2	18.5
Gross external reserves in months of imports	0.7	0.9	1.7	2.3
External payments arrears (year-end) (SDR millions)	8.8	13.1	2.6	1.7

Area	2 784 km^2
Population	150 000
Population growth rate	0.9%
GDP per capita (1984)	601 SDR

Source (a) Various IMF publications
(b) National Statistical publications
(*) IMF projections.

Western Samoa has had to accept and adopt the usual discipline that accompanies IMF programmes. She had to depreciate the W. Samoa Tala on a number of occasions, drastically reduce the budget deficit, tightly contain domestic bank credit, raise interest rates and cut back upon external borrowing. Given luck with future movements in her terms of trade and the discipline which is now well established, Western Samoa should once again achieve financial discipline and a manageable external debt position in the near future.

Tonga. Tonga's main exports are coconut products, vanilla beans and bananas. Tourism is actively encouraged and has become an important source of foreign exchange earnings. Remittances from Tongans living and working abroad, mainly in the United States, New Zealand and Australia, have grown considerably and offset a large proportion of the country's trade deficits. The country consistently runs large trade deficits. The economy is very open, with imports making up well over 50% of GDP.

The deficits in the current account in the balance of payments are always much narrower than the trade deficits thanks to surpluses in the services account and inward remittances. These current account deficits are offset by foreign aid, official grants and concessional loans.

Table 6: External debt and related data
Tonga

	1981/1982	1982/1983	1983/1984	1984/1985
External debt service ratio	–	–	–	–
Current account in the balance of payments to GDP	–11.6	–18.0	–4.6	–6.9
Total aid to GDP	22.4	20.1	13.4	11.1
Changes in real GDP	13.4	5.6	14.6	1.5
Changes in consumer prices	11.9	4.0	4.4	11.4

The deficits in the current account reached 11.6% in 1981/82 and 18.0% in 1982/83, due to adverse movements in the terms of trade and reduced output in the wake of inclemant weather. But these have narrowed to 4.6% in 1983/84 and 6.9% in 1984/85.

Tonga's external debt service ratio is very low. It was about 3% in fiscal 1984/85.

The country has enjoyed both internal and external financial stability. A Central Bank is being set up. This institution will help in ensuring that monetary policy plays a supportive role in maintaining financial stability and a manageable external debt position for the country.

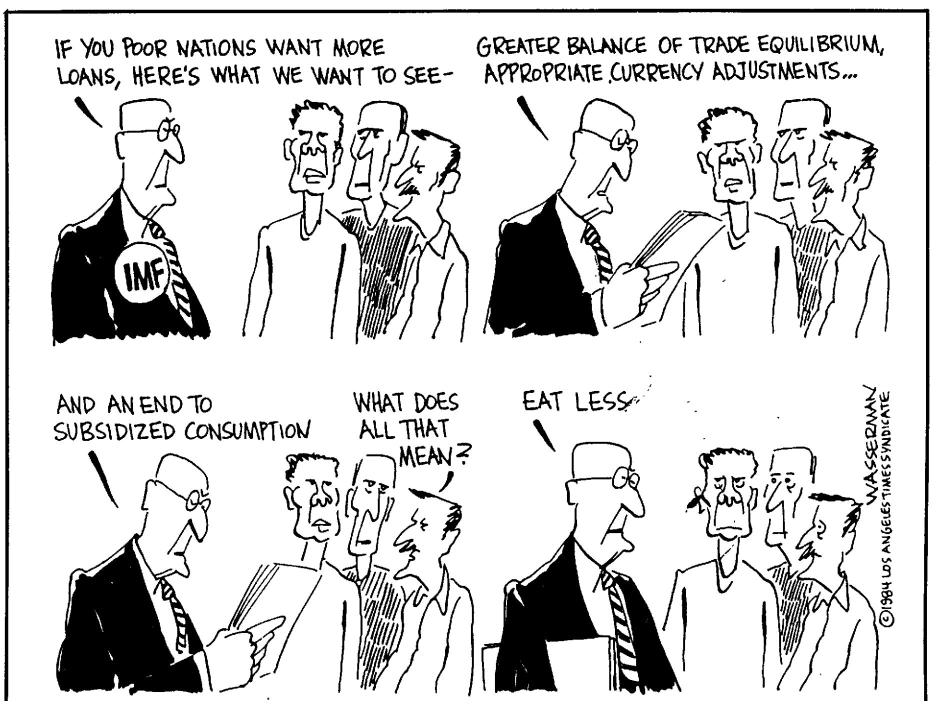
The South Pacific Associate member countries experienced relative financial stability during the past decade. They have been very conscious of the fact that financial stability is a precondition to the achievement of steady long-term growth and development. Towards this important objective they have attempted to employ fiscal, monetary and incomes policies wherever considered appropriate.

Noting that they have very open economies with heavy dependence upon a limited range of export commodities, they have attempted to maintain ample cushions of external reserves. An equivalent of at least three months of imports have been assessed by many of them as desirable.

Some of them are in receipt of relatively attractive financial assistance. Such are welcome and have helped in their development efforts.

External debt and debt service is still relatively low in the region. Papua New Guinea's situation stands out, but for the reasons explained she can probably digest it comfortably. Western Samoa's situation also stands out. But she is coming out of it reasonably well with IMF support and guidance.

The associate countries in the region will have to maintain discipline in the years ahead: 1. They will have to tightly contain the growth of their operating expenditures, particularly of the cost of the public service. It is vital that budget deficits be contained and public resources channelled away from consumption and into investments. 2. Capital inflows, both public and private, which are offsetting to current account deficits should always be applied for investments with high returns and not for sustaining high levels of national consumption. 3. Over-enthusiastic forays into the international commercial credit markets should be kept to a minimum. 4. Close attention should continue to be devoted to the important subject of external debt management in the years ahead. o S.S.



"An extremely worrisome situation"

Kenneth Dadzie, UNCTAD Secretary-General

Mr Kenneth Dadzie (Ghana) was appointed UNCTAD Secretary-General at the end of last year. He takes over from Gamani Corea (Sri Lanka) at a time when developing countries are facing very serious economic difficulties. Increased debt and major falls in export revenues characterize, roughly speaking, the trends in poor countries' economies. Replying to Lucien Pagni's questions for *The Courier*, Kenneth Dadzie describes the "worrisome situation" of the Third World and outlines some lasting solutions to indebtedness.


UNCTAD - L. BIANCO (Geneva)

Kenneth Dadzie
"Developing countries need to shift resources towards growth-oriented investment policies and ensure that these resources are efficiently utilized"

► *Mr Secretary-General, what are the principal factors accounting for the debt crisis?*

— The debt problem is rooted in a series of complex and interrelated factors, both domestic and external. Perhaps a useful point of departure for considering your question is the shift in the pattern of international financial flows to developing countries during the 1970's. The need to cover the large payments deficits following the abrupt rise in the oil prices in the early 1970's led many developing countries to finance a significant component of their deficits at market terms, which led to an overall hardening in the terms of their debt. The absence of official intermediation designed to offset, or ar least contain, the risks associated with rapid growth in private debt at variable interest rates set the stage for the dramatic eruption of debt servicing difficulties in the early 1980s.

The increased exposure of many developing countries to a pattern of financing critically dependent upon a smoothly functioning mechanism for rolling-over of maturities which, as we now know, broke down abruptly in the early 1980's led initially to a tight liquidity squeeze, but the overall situation was generally considered manageable. Following the second oil shock in 1979 and the subsequent convergence of the impact of the external shocks revolving around further deterioration in terms of trade, decline in import demand in developed countries and the rise in interest rates collectively, brought about an open debt crisis and a sharp reversal in the growth performance of developing countries.

These exogenous shocks accounted for a large share of the deterioration in developing countries' current accounts during the subsequent years. Some of the deterioration undoubtedly reflected the influence of inappropriate domestic policies and, in some instances, led to capital flight. The incidence of these shocks varied markedly among developing countries. Although the fall in commodity prices affected all regions, the impact was particularly severe on Africa, where terms of trade had declined over a longer-period and where difficulties on the supply side aggravated further the impact of the external shocks.

In the case of Latin America, on the other hand, given the heavy concentration of commercial debt at variable rates, the impact of the rapid rise in interest rates was of greater significance in initiating acute servicing difficulties.

UNCTAD estimates indicate that the cumulative loss of export earnings due to the commodity price collapse during 1980-1983 accounted for a third of the total current-account deficit of non-oil developing countries over the period, accounting for more than 50 per cent of the deficit in economies as varied as Honduras, Malaysia, Ethiopia and Zambia.

The cumulative loss of export earnings represented almost half of the expansion in the external debt of these countries over this period. In addition, excess payments due to interest rate rises during this period (in relation to historical rates) accounted for as much as one half to one third of the total interest payments. Government budgets are now required to make provisions for larger absolute amounts of debt-service payments, which have grown, due both to interest rate increases and to the currency depreciation of the recent past. At the same time, the curtailment of imports in many countries had the effect of lowering tariff revenues, a key source of public finance in many countries. In order to offset the impact of interest rate rises and other extended shocks, many countries borrowed further: but much of the additional borrowing was contracted for the purpose of servicing debt rather than financing development. As a result, debt outstanding has continued to grow—albeit at a lower pace than during the 1970s—largely on account of rescheduling and capitalization of interest and arrears.

► *It is nearly five years since the debt crisis broke: how do you assess the present debt situation?*

— The present situation is extremely worrisome: debt servicing problems of both the highly-indebted countries in Latin America and those of countries in Africa are not transitory: they have all the elements of a long-haul and protracted character. The way they are dealt with will determine the prospects for a resumption of growth in both developed and developing countries. It is now acknowledged that satisfactory rates of growth in the developed countries are not possible without positive growth in per capita incomes in the developing world. Likewise, it is also acknowledged that debt problems cannot be resolved through purely financial operations, such as rescheduling, although such operations have a role to play in the short-run. The debt problem has also exerted severe stresses on the multilateral trading system: if these stresses are not rapidly eliminated through a roll-back of protectionist measures particularly as they affect developing countries exports, the prospect of a satisfactory resolution of the problem will recede further.

"The reduction in current deficits by itself has not provided the basis for an investment-oriented process of adjustment"

As you know, over the past five years, developing countries have adopted a variety of measures to deal with the debt situation. The effect of the policies has been to reduce (and even eliminate) payments deficits. Between 1982 and 1984, the current-account deficit of developing countries was reduced by roughly two thirds. The reduction of payments deficits was not the result of deliberate policies concerning the desirable pace or direction of adjustment in the debtor countries, nor did it reflect symmetrical distribution of the burden of adjustment since the bulk of it has been through reduction in absorption. Indeed, it would be reasonable to argue that the reduction in current deficits by itself has not provided the basis for an investment-oriented process of adjustment. Factors which brought about the reduction in payments deficits essentially reflect declines in the availability of external financing, particularly new lending from private banks, reduced lending from export credit agencies and, to a lesser extent, from the multilateral lending institutions.

The cost of the forced adjustment has been exceedingly high. Many of the major borrowers and low income countries suffered drastic declines in output, investment, and employment levels, with the poorer and the weakest section of the society affected disproportionately. UNICEF studies have drawn attention to the impact of the retrenchment policies on children, pointing out that in many instances there has been a marked rise in the levels of malnutrition and in mortality rates.

"Expectations have not materialized"

It had been assumed that the sacrifices made by the debtor developing countries, together with the large number of debt rescheduling exercises, would bring about improvements in the debt situation, strengthen the capital transfer process and permit resumption of growth. We now know that these expectations have not materialised. The virtual collapse in the pattern of international financial flows that had emerged in the 1970s has been largely replaced by exceptional means of financing, characterized by involuntary lending, rising arrears including to multilateral lending institutions, and frequent debt rescheduling. The debt reorganisation exercises in the aggregate do not appear to have resulted in visible improvements in the underlying debt servicing capacity. The fact that payments arrears have persisted in the face of reschedulings of the order witnessed in the recent past underscores serious weaknesses in the present approaches to debt re-organisation. The outlook for countries which have rescheduled and have accumulated payments arrears appears particularly bleak. Expectations continue to be that the per capita income of many debtor countries will not regain pre-crisis level until 1990 or even beyond. While earlier there was some optimism that perhaps the most serious phase of the debt crisis had been put behind us, thanks to the extraordinary efforts by the banks, governments and the International Monetary Fund, this optimism has been replaced by a serious concern that we may well witness a second, much more serious, debt crisis in the not-too-distant future if current trends were to persist.

► *Secretary-General, you referred to the possibility of a second round of debt servicing difficulties: what are the prospects, over the medium-term, of avoiding or forestalling such a possibility?*

— This would very much depend upon developments in the international economic environment and the extent to which debtor countries' adjustment efforts can be shifted to more growth-oriented patterns characterized by an expansion of investment. As regards the external environment there is a broad consensus with respect to the minimum necessary conditions for resumption of orderly debt servicing and growth. These include: first, that growth rates in developed market-economy countries remain at acceptable levels but in any case do not fall below 3% per annum over the next years. Secondly, interest rates decline significantly below current levels; thirdly, the prices of primary commodities recover to acceptable levels and finally, concessional flows rise above current levels and funds provided by export credit agencies for trade-related financing are restored toward their pre-crisis levels. This implies a marked improvement in net transfers that would raise import and investment levels and help deal with the question of arrears and depleted reserves.

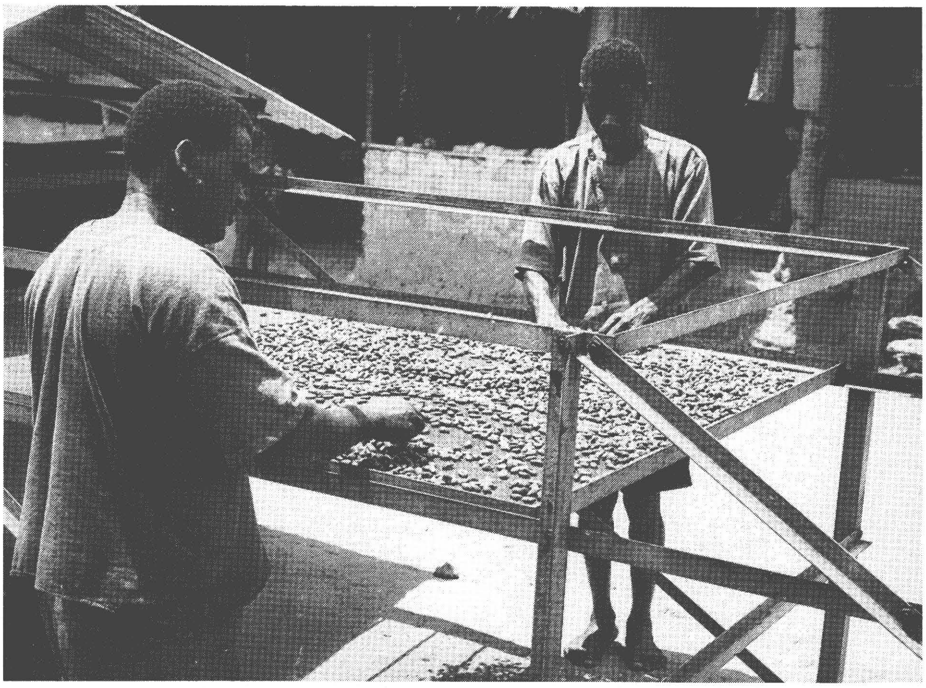
On their part, developing countries need to shift resources towards growth-oriented investment policies and ensure that these resources are efficiently utilized. However, the efficacy of these measures would also depend upon improvements in international economic environment.

In the case of African countries, investment to GNP ratio would need to rise markedly above the current level of 14% to make any significant dent in its growth performance. The task of simply restoring productive capacity to the earlier level in key sectors such as transportation, education and health services would alone claim a large proportion of the incremental investment. However, given the collapse in domestic savings performance and the difficulties in raising it over the medium-term, much of the rise in investment would need to be financed from external savings.

On this basis, medium-term outlook for the debt situation is bleak and would be considerably worse if some of the rather optimistic assumptions underlying the above forecasts were removed. On the other hand, a significant improvement in perspectives would require the achievement of major policy changes, in particular regarding commodity prices and availability of new financing. The recent collapse in the price of oil has added greatly to the debt problems of a number of oil exporters: on the other hand, it will undoubtedly provide relief to the net oil importing economies. If developed countries were to take advantage of the lower inflation and improvements in their terms of trade to undertake coordinated expansion of their economies, the international economic situation could improve.

Africa's debt profile: similar to that of the major debtors

▶ *How do you assess the recent initiatives, in particular the Baker Plan, to tackle the debt crisis?*



Selecting cocoa in Côte d'Ivoire

"A significant improvement in perspectives would require the achievement of major policy changes, in particular regarding commodity prices..."

— The approach underlying the Baker initiative represents a welcome shift in official thinking concerning some of the conditions necessary for a durable solution to the debt crisis. The recent approaches should be examined in the light of the strategy which had been pursued until recently. As yov know, this involved, at least for the major debtor countries, rescheduling under the aegis of the International Monetary Fund, involuntary lending and adjustment designed to ensure that debt service payments, at least with respect to interest obligations, were fulfilled. The essential focus of that approach was to secure the integrity of the international banking system.

If the strategy with respect to major debtors was of an *ad hoc* variety, it would be fair to say that, with respect to countries in Africa, there was no strategy at all. Although African countries, outstanding debt is much smaller than that of countries in other regions, in relation to the relevant macro-economic indicators, such as debt service ratio, and debt outstanding to GDP and total exports, Africa's debt profile is strikingly similar to that of the major debtors. Since African debt did not pose any systematic consequences, it has attracted less attention in the creditor countries.

The scope of the Baker initiative

The Baker initiative is an important departure from earlier approaches, in so far as it implicitly recognizes that a viable debt strategy requires restoration of import and investment levels in order to revive growth, and has to be underpinned by both new private and official financing and appropriate policy adaptations internally. A key lacuna of this initiative, however, is that it does not take any explicit position concerning the external policy environment: issues relating to interest rates, growth in OECD economies, access to product markets, the commodity trade and the restoration of trade credits and new concessional flows to acceptable levels are not addressed at all. Indeed, it has been widely argued that, even if the sums envisaged under the Baker initiative were to materialise rapidly enough, they may fall short of its principal objective, namely the revival of growth in the major debtor economies.

In this connection, I should like to draw attention to the Declaration adopted by the Cartagena Group in Montevideo last year, which contains a set of emergency proposals for negotiations on debt and growth. These are designed to take the Baker initiative a step forward towards its own goal of reviving growth while avoiding default. Consequently, some have seen it as a counter-proposal and others as a complement to the Baker initiative. The Montevideo Declaration differs from the Baker initiative in that it pays explicit attention to some of exogenous elements I mentioned earlier. It calls, in particular, for lower interest rates and lower bank fees. It also advocates distinguishing the presently outstanding debt from new loans; targetting net transfers in relation to minimum growth objectives; and putting an end to protectionist measures in developed countries.

The African countries have also considered various approaches to deal with the debt question: for example, the question of a debt conference is high on their agenda. As I understood it, the objective of such a conference would be to start a political dialogue between the creditors, debtors and official international institutions to deal with their debt problems.

A wide range of proposals

In conclusion, I should like to add that a wide range of proposals and suggestions have been advanced in recent years by eminent bankers, academics and others to deal with the debt situation. Broadly speaking, the various proposals can be grouped under four headings: the first set of proposals revolve around procedural reforms covering matters such as multiyear rescheduling and lengthening the maturities of claims. A second set of proposals are targetted toward changing the nature of the claims on developing countries in such a way as to reduce their current debt service without reducing the value of these claims to creditors. Then again there are the proposals designed to consolidate claims in the hands of a new financial institution. Finally, there are several suggestions designed to write down debt, some of them requiring the injection of new official money. Some of the concepts underlying these approaches warrant, in my opinion, serious attention by policy-makers.

▶ *Secretary-General, what role can UNCTAD play in helping find solutions to the debt crisis?*

— UNCTAD has been an important and recognised forum in dealing with several aspects of the debt issue. The question of debt has been on UNCTAD's agenda since its inception and was an important topic at the last session of the conference. The discussions in UNCTAD's Trade and Development Board have also helped to highlight and deepen the international community's understanding of the interrelationships between debt, trade, capital flows and development.

In 1978, the Trade and Development Board of UNCTAD adopted an important decision concerning retroactive adjustment of the terms of bilateral ODA debt owed by poorer developing countries. The framework provided by that resolution (165-S-IX) for debt relief has to date been widely used by DAC member countries and has resulted in nominal measures covering about $ 5.7 billion, of which $ 3.3 billion was in the form of debt cancellation benefitting over 40 developing countries. I should point out that this resolution continues to provide the basis for governments to seek legislative approval in their countries so as to continue to improve the terms of bilateral ODA debt. An important aspect of our work in this area is to ensure that the considerable scope which exists for fuller implementation of resolution 165-S-IX is utilized by governments. At the same time, I expect that governments will wish to build further consensus on debt relief measures, given the much more difficult situation prevailing now. Discussions in UNCTAD have also helped evolve an internationally-agreed framework for debt rescheduling in official fora. Resolution 222(XXI) on agreed features for debt reorganisation now provides an important framework to governments to seek to improve procedures and modalities of debt organisation in a way which ensures consistency between the objectives of debt rescheduling and those of maintaining the momentum of development. UNCTAD Secretariat continues to participate in every Paris Club meeting involving developing countries.

In these two areas our future work is geared towards seeking ways of building upon consensus already established in UNCTAD and to provide a forum to governments to further their objectives. In addition to these vital areas, UNCTAD has become actively involved in providing technical assistance to developing countries in the area of debt management. We are now putting in place debt monitoring and management systems in 14 developing countries in all regions of the world. The objective of our technical assistance programme is to enable countries to strengthen their external debt reporting, monitoring and analytical capability and to provide services designed to place the management of external finance on a more business-like footing. In each of these areas, we are cooperating with other international financial institutions and I am confident that over the period ahead we will increase our contribution in this area. o

Interview by L.P.

FAO

Agriculture in Burkina Faso

"Many of the major borrowers and low income countries suffered drastic declines in output, investment, and employment levels..."

Financing the LDCs: how the banks are reacting

By Jean CHEVAL (*)

Attitudes to the developing countries' external debt have changed dramatically over the past 18 months. Optimism gradually spread during 1984 when everyone, especially in the banks, seemed to think the system set up in 1982 was working properly and the worst was over. But there was a sudden *volte-face* in the summer of 1985 and those involved soon began to talk about disaster instead of praising each other as they had done before. Uncertainty has once more gripped the Western banks and one particular worry is how their strategies vis-à-vis the developing countries should evolve.

A partial answer can be got from seeing how various favourable factors enabled their tactics to be modulated in 1984 and early 1985. There are limits to the change (and 1986 will make them clearer) and no harm will necessarily be done to the international system of finance.

Macro-economic performances in the developing countries have improved a lot, especially in Latin America where the banks' biggest commitments are concentrated. The upturn in world trade, and the spectacular surge of American imports in particular, have boosted exports from the developing world and, in countries which have had financial problems to cope with, it has combined with import restrictions and brought about a simultaneous reduction in the current payments deficit and got domestic economic growth off the ground again. This last result is especially important in that it has made it possible at least to partly neutralize what could be very tense social and political situations.

Nevertheless, any deterioration, however moderate, in the international environment and especially any slowing-down in the rate of development of world trade would be bound to hamper the banks, for two reasons:

• It will be very difficult to adjust the developing countries' external situation to this slow-down any further. The countries which have had financial problems still have considerable internal imbalances — inflation, encouraged by aggressive devaluation and trade surpluses, is still high and, particularly in Latin America, it is only the exchange policy that has made industries competitive on the international market and there have been no changes to decisive factors such as the protection of domestic firms, inefficiency and corruption in the public sector or banking and financing problems. Obviously, as a recent consensus has shown, the vital reforms will be impossible unless sufficient domestic growth can be sustained for a period of years. This means that, in the case of the (anticipated) slow-down in the growth rate of the world economy, two things would happen. First, competition between the developing countries would be much greater and could only be supported by successive devaluations which would have very damaging structural effects (an economy of speculation). Second, the terms of the developing countries'—and the banks'—choice between respecting external commitments and sustaining minimum growth at home would be in very different terms from what they were in 1982.

• Given the anticipated increase in the developing countries' financial requirements, the banks will be unable to avoid substantially upping their lending. Historically speaking, the banks play a supporting role in developing country financing. Countries running a current deficit start by using resources that do not entail debt (official grants and maybe direct investments). They then move on to multilateral and bilateral official credit and leave any further needs to be covered by bank loans and/or variations in the foreign exchange reserves. Whatever comes of the IMF-IBRD meetings on multilateral credit flows held in Seoul recently, on their own they cannot be expected to solve the financial problems that will emerge because of the delays in making payments (given the developing countries' actual financing requirements) and above all because the problems are concentrated in a small number of countries. This is where the banks will be forced to grant further loans — including, of course, to countries that have just rescheduled.

So were the optimists wrong? And is the anxiety in financial circles justified? A look at the facts and at assumptions for trends over the next 18 months indeed suggests that things are not quite so cut and dried. Our conclusion in this period of growing uncertainty about the future of banking in the developing countries (whose psychological reversals are only the most obvious reflection) is twofold:

— After the changes attendant on an exceptionally good economic situation in 1984, the banks will certainly have to revise their ideas about relative withdrawal from the developing countries. Assets will increase as world trade wanes and risks are increasingly perceived, because the banks will be forced to reintegrate operations not currently on their books.

— But in "reasonably optimistic" assumptions about the international environment and the control of domestic demand in the developing countries, this reversal does not mean insurmountable sums (2-3% more than the very slow rate observed since 1983), particularly since multilateral credit can provide some of the additional financing required.

However, any viable and lasting answer to the debt problem supposes that the developing countries do not have to bear the full effect of external factors outside their control. This means, in particular, that interest rates must be compatible with the rate at which world trade is expanding, and that there has to be machinery to soften the blow to the developing countries of fluctuating raw material prices and the macro-economic climate in the industrialized world, as long as such fluctuation lasts and the size of the debt stock makes it increasingly difficult for the developing countries to make any internal economic adjustments. ○ J.C.

(*) Of the Banque Indo-Suez, Paris.

DOSSIER

Debt and development: a dilemma?

The dilemma of the 1980s, as the World Bank puts it, is the link between debt and unachieved development needs. In its latest report presented in March, the Bank said that any lasting, satisfactory answer to the problem of debt hinged on sustaining growth and not just stabilizing external payments by a hair's breadth. The problems could be removed by restoring a balance between the economic potential and external obligations of ailing economies through rapid growth. For if growth is slow and servicing the debt eats up any increase in domestic saving, makeshift measures will not provide lasting solutions.

Armed with this finding (which emerges from the fact that the drop in production also has a lot to do with the increase in debt), the World Bank investigated the matter in 1983-84 and came up with the conclusion that, if the debtor countries are to become solvent once more, both their own economies and the international economy must start growing again.

Jean Baneth of the Worlds Bank's Economic Study Department announced the new debt figures for 1985-86 (some of the more eloquent ones are set out below) in Brussels recently. He explained that a new approach consisting of various national and international initiatives was called for if solvency was to be achieved.

First of all, he said, we have to generate sustained economic growth in the OECD countries, i.e. the main industrialized countries of the world. Unless we can go back to a situation of expanding economic production in the developed countries, demand for the Third World's raw materials will never increase and protectionism could well occur in the importing countries too.

The second decisive factor is the introduction and pursuance of a sound economic policy in the developing countries. Larger debts have often been due to bad economic policies, Mr Baneth said, which result in bad investments, bad management and minimal export capacities in most cases. This is what some analyses mean when they say that African countries are suffering more from their management than their debts.

The third factor in a return to solvency is, the World Bank representative maintains, a certain amount of flexibility towards the debtors by the creditors.

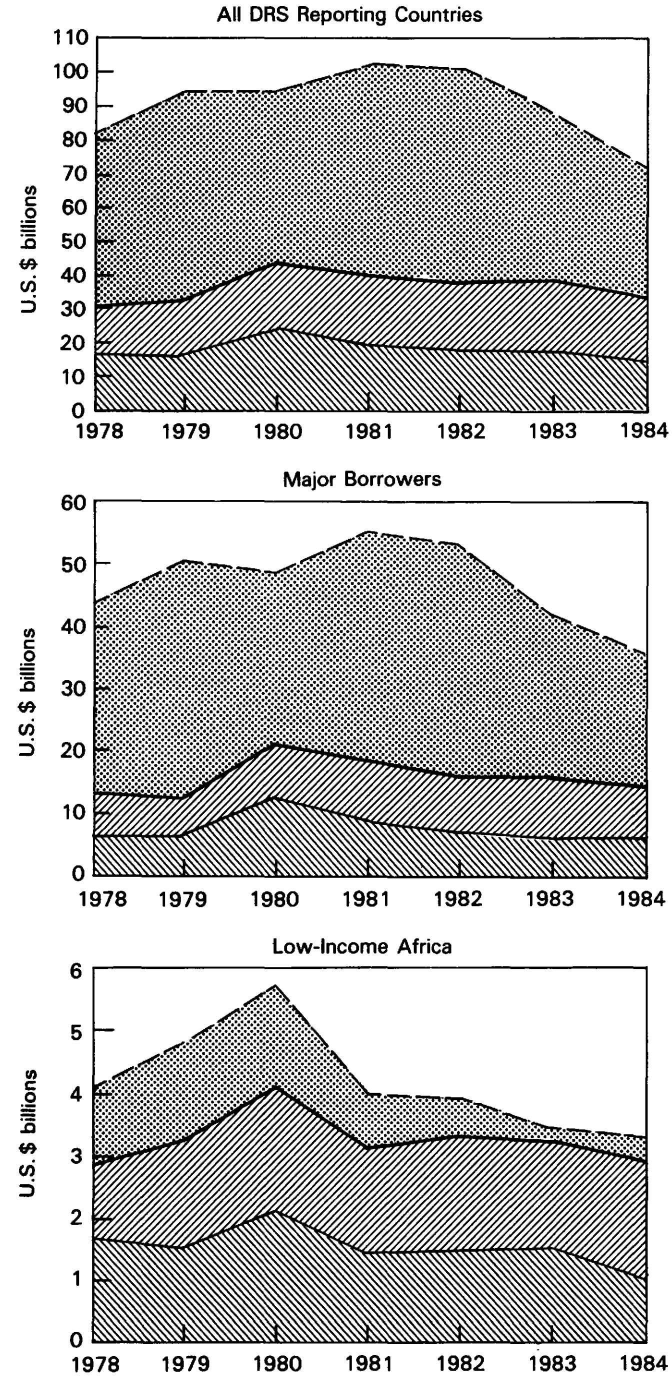
And the fourth factor is a concerted attempt to stimulate growth by the governments and the financial institutions, in other words, there should be collective agreements between creditors.

The creditors, Jean Baneth said, also wanted to see some change in the type of debts incurred by the poorest and the medium-income countries. Emphasis should be on long and structural adjustment loans that would enable these countries to rationalize their domestic finances, as this would make for better use of aid in a better-run economy.

The charts and tables indicate the size of the problem and the unpromising trends in the developing countries. o

L.P.

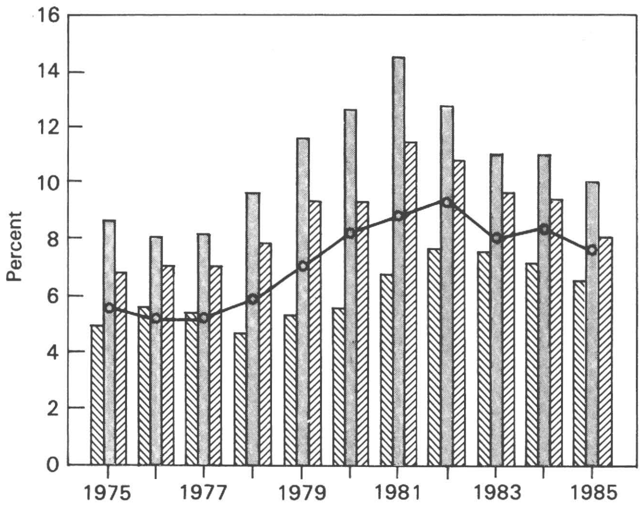
Figure 1. New Commitments to Public and Publicly Guaranteed Borrowers in Developing Countries, 1978-84



Total commitments (———) comprise private sources (▨) and official sources (——); official sources are made up of multilateral (▨) plus bilateral funds (▧).

Note: The data for all DRS reporting countries are for the 107 countries that report through the DRS in standard format; the totals for 1978 and 1979 exclude data for Hungary and Romania. Major borrowers include Argentina, Brazil, Chile, Egypt, India, Indonesia, Israel, South Korea, Mexico, Turkey, Venezuela, and Yugoslavia. Each of these countries owed at least $ 16 billion of long-term debt to external creditors at the end of 1984. The data for low-income Africa are for the 26 African countries with GNP per capita no greater than $ 400 in 1984.

Figure 2. Average interest rates on commitments of long-term loans to public and publicly guaranteed borrowers and average interest rate paid on long-term debt, 1975-85



Average rate on commitments from:
official sources;
private sources;
all loans.
o Average interest rate paid.

Note: The average interest rate paid on outstanding long-term debt is defined as interest actually paid on all long-term debt divided by the average of the beginning- and end-period total long-term debt. All figures for 1984 are preliminary. The figures for interest rates on 1985 commitments are estimates from a biased sample accounting for no more than a fifth of total commitments. The figure for the average interest rate paid for 1985 is an estimate.

Seventeen heavily indebted countries

The table below illustrates the experience, since 1980, of 17 heavily indebted countries. These countries account for nearly half of all developing countries' debts: $ 446 billion out of $ 950 billion at the end of 1985. Of this amount, they owed over 80 % ($ 360 billion) to private creditors, mostly at variable interest rates. For the four largest borrowers in this group, total debt and the share owed to private creditors were $ 291 billion and 88 %, respectively.

So long as debt service continues to absorb such a share of the indebted countries' resources, voluntary new lending will not amount to much. The solution lies in resumed growth, which will gradually lighten the relative weight of debt servicing.

Seventeen heavily indebted countries

Country	Debt outstanding, 1985 (a)		Debt service, 1985-87 (b) (U.S. $ billion)		Debt ratios, 1985 (%)		Trade balance, 1984 (d) (U.S. $ billion)		Average annual growth rates, 1980-84 (d) (%)				
	Total (U.S. $ billion)	Of which private source (%)	Total	Of which interest	DOD/ GNP	Interest/ XGS (c)	Total	Change from 1980	GDP	Exports	Imports	Investment	Per capita consumption
Argentina	50.8	86.8	20.4	12.7	71.9	25.4	3.9	5.3	−1.6	3.6	−14.7	−16.8	−2.7
Bolivia	4.0	39.3	1.6	0.6	121.1	43.0	0.3	0.1	−4.7	− 1.7	−15.8	−22.1	−7.8
Brazil	107.3	84.2	39.7	28.0	49.7	38.2	13.1	15.9	0.1	10.8	− 7.3	−8.6	−1.2
Chile	21.0	87.2	9.2	5.0	126.9	42.9	0.3	1.1	−1.4	0.7	− 4.2	−11.6	−2.1
Colombia	11.3	57.5	6.4	2.5	36.8	16.4	0.3	0.6	1.8	0.8	2.4	2.4	−0.1
Costa Rica	4.2	59.7	2.4	0.9	136.3	24.0	− 0.1	0.3	−0.4	1.1	− 9.1	− 9.4	+4.8
Ecuador (e)	8.5	73.8	3.4	2.1	91.5	24.8	1.1	0.8	1.1	2.6	−13.7	−16.9	−2.3
Côte d'Ivoire	8.0	64.1	4.0	1.4	135.4	18.4	1.3	0.9	−2.3	1.3	− 8.8	−19.5	−6.6
Jamaica	3.4	24.0	1.3	0.5	238.5	12.5	− 0.3	− 0.2	1.3	− 2.5	− 2.1	9.5	−1.4
Mexico	99.0	89.1	44.4	27.2	60.9	34.1	12.8	15.6	1.3	10.5	−14.5	−10.1	−1.4
Morocco	14.0	39.1	6.0	2.4	111.4	12.7	− 1.4	− 0.4	2.5	4.1	− 1.0	− 2.7	−0.2
Nigeria	19.3	88.2	9.1	3.1	22.9	12.1	3.0	− 8.2	−4.7	−13.3	−12.1	−19.3	−4.3
Peru	13.4	60.7	5.2	3.1	97.9	7.9	1.0	0.2	−0.7	− 0.6	−10.8	− 5.3	−3.7
Philippines	24.8	67.8	9.5	4.9	76.1	12.3	− 0.7	1.3	0.8	3.6	− 4.8	−12.4	0.0
Uruguay	3.6	82.1	1.4	0.8	72.7	21.8	0.2	0.8	−3.7	2.2	−11.3	−20.2	−4.7
Venezuela (e)	33.6	99.5	17.8	7.8	73.3	10.4	8.0	− 0.2	−1.8	− 3.8	−19.3	−15.6	−6.4
Yugoslavia (f)	19.6	64.0	13.6	4.0	44.1	12.4	− 1.2	3.7	0.6	− 0.6	− 8.1	− 2.9	−0.5
Total	**445.9**	**80.8**	**194.9**	**106.9**	**58.8**	**23.5**	**41.6**	**37.8**	**−0.3**	**1.8**	**− 9.2**	**− 9.7**	**−1.8**

(a) Estimated total external liabilities, including the use of IMF credit.
(b) Debt service is based on known long-term debt and terms at end-1984. It does not take into account new loans contracted or debt reschedulings signed after that date.
(c) Based on estimated interest actually paid on total external liabilities in 1985.
(d) Latest year for which data are available. Growth rates are computed from time series in constant prices, using beginning- and end-period values.
(e) The merchandise trade balance for 1984 is not available; the value shown is for 1983.
(f) Average annual growth rates are for 1980-83, except for GDP which is for 1980-84.

Multilateral debt renegotiations, 1975-85

(U.S. $ Millions)

Country	Number of renego- tations, 1975-85	1975-81		1982		1983		1984		1985		
		Paris Club	Commer- cial bank	Paris Club	Commer- cial bank	Paris Club	Commer- cial bank	Paris Club	Commer- cial bank signed	Paris Club	Commer- cial bank signed	Commercial bank agreed in principle
1. Argentina	3		970							(2,000)	(16,600)	
2. Bolivia	2		444									(536)
3. Brazil	3					(3,478)	(4,532)		(5,350)			
4. Central African Republic	3	55				(13)				(14)		
5. Chile	4	216					(3,400)			(176)(c)	(6,000)	
6. Costa Rica	4					97	1,240			(166)	(299)	
7. Dominican Republic	3						497			(296)		(787)
8. Ecuador	5					(200)	(1,835)		(590)	(400)	(4,475)	
9. Equatorial Guinea	1									(29)		
10. Gabon	1	105(a)										
11. Guyana	3		29		14							(27)(f)
12. Honduras	1											(220)
13. India	3	436(b)										
14. Côte d'Ivoire	3							(218)		(229)	(558)	
15. Jamaica	6		229					(106)	(164)	(70)	(193)	
16. Liberia	6	55			27	18		(17)				(71)
17. Madagascar	6	142		103				(146)	(195)	(135)		(78)
18. Malawi	3			24		(30)		59				
19. Mauritania	1									(77)		
20. Mexico	3					1,550(c)	(23,625)			48,725(d)		
21. Morocco	4					1,225	475			(1,000)		(530)
22. Mozambique	1							(200)				
23. Nicaragua	4		770		102				(145)			
24. Niger	4				33		(39)	28	(32)			
25. Nigeria	2						2,006		(924)(e)			
26. Panama	2									(15)	(603)	
27. Pakistan	1	263(b)										
28. Peru	6	478	821			(450)	(380)	(1,000)				(1,415)
29. Philippines	2							(936)			(5,567)	
30. Romania	4			(234)	(1,598)	(195)	(567)					
31. Senegal	6	77		84		64			(97)	(105)	(22)	
32. Sierra Leone	4	68						88				(25)
33. Somalia	1									(142)		
34. Sudan	6	373	638	174		502		(179)			(230)	
35. Togo	7	262	68			114	74	(51)		(22)		
36. Turkey	5	4,696(b)	5,740									
37. Uganda	2	(56)		(22)								
38. Uruguay	2						(815)					(2,000)
39. Venezuela	1											(20,750)
40. Yugoslavia	6					(988)(d)	(1,586)	(750)(c)	(1,246)	(625)(c)	(3,605)	
41. Zaïre	7	2,168	402			(1,317)				(383)		
42. Zambia	3					(285)		(164)	(74)			
Total	**144**	**9 450**	**10 111**	**641**	**1 741**	**10 559**	**41 091**	**3 894**	**8 813**	**5 916**	**86 877**	**26 439**

Note: Data cover arrangements formally completed in 1975-85 plus commercial bank reschedulings agreed in principle but not completed in 1985. Figures indicate renegotiated amounts as reported by the countries or, if in parenthesis, as estimated by staff members. Cuba and Poland, which also renegotiated debt-service payments with official creditors and commercial banks, are not members of the World Bank and therefore are excluded from this table.

(a) Denotes an agreement of a special task force.

(b) Denotes an aid consortium agreement.

(c) Technically this was an agreement of a creditor group meeting, not a Paris Club.

(d) Includes debt of $ 23 625 million previously rescheduled in 1983.

(e) Denotes an agreement with suppliers on uninsured short-term trade arrears. Amount includes only promissory notes issues to 1985.

(f) Denotes agreements deferred until negotiations with the IMF are finalized. Amount includes principal due from April 1983 to July 1985.

Sub-Saharan Africa's public long-term debt and debt service

External indebtedness is not the most fundamental impediment to accelerated growth of sub-Saharan African economies. But it has become, for many of them, a factor that constrains—as it makes even more urgent—the implementation of policies to revive their economies. Obligations on past borrowings now absorb much of Africa's foreign exchange earnings, as well as a rising share of African governments' budgets. Domestic savings, already inadequate for the investment needed for growth, are increasingly consumed by the servicing costs of past borrowings.

Country	Per Capita long-term public debt. end-1984 (U.S. $)	Debt and debt service (U.S. $ millions)			Share in debt service due in 1985-86 (%)			Memo items	
		Long-term public debt outstanding end-1984	Public debt service paid annual average 1982-84	Public debt service due annual average, 1985-87	Private sources	Official bilateral	Official multi-lateral	Use of IMF credit, end 1984 (U.S. $ millions)	Number of multilateral reschedulings, 1975-85
Benin	148	581.5	25.7	87.4	74	11	15	—	—
Botswana	268	276.1	23.5	48.0	19	20	61	—	—
Burkina Faso	62	407.4	18.6	39.8	31	26	44	—	—
Burundi	73	334.4	10.2	29.9	22	36	42	—	—
Cameroon	176	1,737.8	231.5	281.4	41	30	29	—	—
Cape Verde	210	67.5	3.2	7.1	4	49	47	—	—
Central African Republic	89	224.4	11.6	21.3	17	57	26	23.9	3
Chad (b)	22	109.0	1.1	5.5	15	31	55	4.4	—
Comoros (b)	273	103.8	1.7	6.1	1	49	49	—	—
Congo	759	1,395.6	222.9	319.8	70	21	10	—	—
Djibouti	176	62.6	3.5	6.5	26	37	37	—	—
Equatorial Guinea	280	102.6	2.6	11.9	37	47	17	8.5	1
Ethiopia	33	1,384.2	68.8	126.3	35	48	18	74.6	—
Gabon	892	724.5	249.9	207.7	77	18	5	—	1
Gambia	226	161.0	8.2	16.9	41	23	36	27.0	—
Ghana	84	1,122.4	81.0	104.7	11	47	42	467.8	—
Guinea	196	1,168.2	83.5	138.5	19	66	16	11.3	—
Guinea Bissau	170	149.4	2.7	14.9	23	43	34	3.7	—
Côte d'Ivoire	490	4,834.6	797.1	1,020.3	70	12	18	591.2	3
Kenya	134	2,633.4	326.5	374.6	40	24	36	379.9	—
Lesotho	90	134.3	17.2	12.7	39	9	52	—	—
Liberia	357	756.7	35.7	109.5	42	26	32	208.1	6
Madagascar	168	1,636.4	94.0	253.5	41	50	9	148.0	6
Malawi	107	730.6	67.5	77.4	50	19	31	112.7	3
Mali	131	960.0	12.7	86.2	8	71	21	63.7	—
Mauritania	703	1,170.6	39.6	151.6	14	63	23	29.7	1
Mauritius	54	54.2	73.0	63.2	40	20	40	154.2	—
Niger	108	677.9	83.6	91.4	44	36	20	44.3	4
Nigeria	122	11,815.4	2,226.4	3,882.6	86	8	5	—	1
Rwanda	42	243.9	5.1	12.1	0	36	64	—	—
Senegal	243	1,555.1	65.3	227.9	33	47	20	200.8	6
Seychelles (c)	673	43.1	2.5	6.8	37	38	25	—	—
Sierra Leone	93	341.6	12.2	34.1	32	37	32	74.3	4
Somalia	236	1,233.0	23.6	132.0	6	47	47	101.6	1
Sudan	264	5,658.8	102.9	794.9	34	57	9	598.1	6
Swaziland	244	178.0	19.0	22.8	14	20	66	9.8	—
Tanzania	121	2,593.7	66.6	272.0	28	45	28	23.6	—
Togo	225	659.2	49.9	102.7	27	63	11	49.3	7
Uganda	47	675.2	77.6	106.7	29	47	25	315.0	2
Zaïre	134	4,083.7	205.0	661.3	29	63	8	579.5	7
Zambia	429	2,778.7	137.2	433.9	38	41	21	697.9	3
Zimbabwe	177	1,445.8	286.5	331.1	80	10	9	256.2	—
Total	**146**	**57 006.3**	**5 877.1**	**10 735.3**	**59**	**27**	**14**	**5 259.1**	**65**

. . Not available; — true zero.
Note: Excludes countries that do not report in standard format under the DRS.
(a) Agreements reached with private banks and official creditors are counted separately, even if they fall within the same year.
(b) Per capita GNP is for 1982.
(c) Per capita GNP is for 1983.

The GNP of ACP countries reporting under the DRS, 1970 — 1975 — 1980-84

(U.S. $ millions)

Country or Territory	1970	1975	1980	1981	1982	1983	1984
Africa							
Benin	252.8	540.3	1 160.9	1 087.5	1 056.8	1 038.9	971.9
Botswana	82.0	254.4	851.6	804.6	703.2	816.7	880.1
Burkina Faso	324.1	656.5	1 436.8	1 331.5	1 180.7	1 043.1	956.1
Burundi	235.3	412.3	954.0	972.8	999.6	1 082.3	933.9
Cameroon	1 082.6	2 524.4	6 626.4	7 418.4	7 097.8	7 084.3	7 505.2
Cape Verde	. .	58.5	108.1	99.5	100.3	96.8	97.1
Central African Republic	178.6	375.6	799.3	699.6	674.3	617.5	605.3
Chad	269.7	496.0	502.1	396.0	320.7	. .	. .
Comoros	24.7	59.7	120.9	110.8	105.6	. .	. .
Congo	267.2	736.7	1 584.9	1 881.3	2 030.9	1 953.2	1 830.9
Djibouti	. .	. .	312.1	340.0	326.6	. .	. .
Equatorial Guinea	66.9	104.5	. .	. .	. .	. .	. .
Ethiopia	1 776.3	2 651.9	4 113.0	4 271.0	4 427.1	4 729.2	4 689.4
Gabon	315.8	2 016.6	3 799.3	3 432.1	3 254.8	3 091.8	2 972.8
Gambia	53.7	120.9	230.4	202.5	207.5	196.5	159.3
Ghana	1 942.0	2 787.9	4 426.3	4 311.3	4 193.3	4 273.5	4 794.7
Guinea	662.8	1 115.1	1 632.0	1 608.5	1 569.9	1 757.2	1 811.6
Guinea-Bissau	78.7	111.4	104.8	153.9	164.8	160.1	133.7
Côte d'Ivoire	1 398.2	3 766.8	10 018.9	7 541.7	6 583.3	5 975.3	5 753.8
Kenya	1 544.7	3 133.2	6 869.0	6 468.7	5 928.2	5 631.0	5 747.8
Lesotho	104.7	286.7	642.1	666.6	606.1	633.0	553.5
Liberia	318.2	574.6	977.2	959.7	941.2	969.6	977.5
Madagascar	861.0	1 816.4	3 194.0	2 815.3	2 753.7	2 850.2	2 233.8
Malawi	283.3	615.2	856.4	975.9	1 107.6	1 296.6	1 625.2
Mali	269.5	627.6	1 336.1	1 118.8	1 035.1	986.3	1 001.1
Mauritania	195.8	450.5	671.7	722.6	701.8	740.3	683.7
Mauritius	222.4	667.2	1 123.6	1 113.2	1 049.1	1 067.8	1 004.0
Niger	365.8	646.7	1 806.9	1 648.3	1 500.5	1 295.3	1 095.7
Nigeria	10 025.2	34 174.3	86 261.9	77 273.8	74 279.1	65 534.2	74 715.3
Rwanda	220.4	564.2	1 152.0	1 265.1	1 448.3	1 574.9	1 613.1
Senegal	843.7	1 841.2	2 860.4	2 359.3	2 470.6	2 445.0	2 255.4
Seychelles	18.4	47.6	142.0	149.7	149.3	149.6	. .
Sierra Leone	416.2	626.0	1 069.2	1 129.9	1 242.0	1 040.9	985.2
Somalia	316.4	697.7	1 173.9	1 672.0	1 726.6	1 520.4	1 364.0
Sudan	2 011.5	4 295.8	6 958.3	8 577.8	7 994.7	7 364.8	. .
Swaziland	111.2	286.1	576.8	620.8	549.3	605.6	513.9
Tanzania	1 280.7	2 577.2	4 896.1	5 399.0	5 099.3	4 389.1	3 813.1
Togo	248.8	614.5	1 109.8	925.9	802.4	707.2	658.4
Uganda	1 892.9	2 454.8	2 971.5	2 836.6	4 347.4	4 696.6	4 998.2
Zaïre	1 763.4	3 531.2	5 786.7	5 094.9	5 099.7	4 397.4	3 094.4
Zambia	1 742.0	2 342.5	3 595.0	3 900.0	3 637.3	3 146.3	2 428.8
Zimbabwe	1 481.2	3 424.0	5 284.8	6 256.2	6 527.5	5 656.9	5 094.8
Pacific							
Fiji	210.8	675.2	1 186.2	1 228.4	1 203.5	1 138.8	1 182.3
Papua New Guinea	625.8	1 284.2	2 460.3	2 436.3	2 299.0	2 256.3	2 410.0
Solomon Islands	32.0	64.0	128.9	157.7	157.3	144.2	. .
Vanuatu	. .	. .	95.9	82.2	82.5	. .	. .
Western Samoa	. .	. .	. .	. .	. .	. .	. .
Caribbean							
Bahamas	364.7	403.7	729.8	775.8	834.8	901.2	964.4
Barbados	180.8	400.9	836.8	946.9	986.8	1 034.9	1 131.8
Belize	47.7	96.2	169.3	181.2	161.2	168.1	171.5
Grenada	21.4	33.3	62.8	74.0	75.8	78.5	82.1
Guyana	246.5	490.3	550.2	509.9	438.7	455.7	423.6
Jamaica	1 349.0	2 201.8	2 395.6	2 577.7	2 773.9	3 068.8	2 073.1
St. Vincent	18.4	32.9	56.9	70.9	81.6	89.6	98.0
Trinidad and Tobago	823.5	2 397.9	6 115.5	6 796.3	7 297.7	8 319.4	8 986.8

Financing and debt

A Commission viewpoint

In a report to the Council of Ministers, the Commission of the European Communities set out its position on the problem of debt in developing countries.

The report, part of which is given below under the title "Financing and Debt", examines the medium- and long-term questions posed by sub-Saharan Africa's indebtedness and puts forward a number of proposals for tackling the problem—acknowledging that the present method of rescheduling debts appeared "inappropriate to the situation of many sub-Saharan debtor countries".

Over the last few years Africa as a whole, and sub-Saharan Africa in particular, has received a sustained flow of concessional resources, which, although it has increased, has not been nearly enough to compensate for the decline in financial flows at market rates since 1982. For sub-Saharan Africa, the total contribution of net external resources fell by 25% between 1980-82 and 1984, in spite of numerous debt relief operations, the effect of which is estimated at an average of $ 2 500 million per year for 1983 and 1984. At the same time, the net annual contribution of IMF resources decreased—through the combined effect of a reduction in purchase and an increase in repurchases—from $ 1 200 million in 1980-83 to $ 600 million in 1984. It is highly likely that this contribution was negative in 1985. It will almost certainly remain so in the text few years.

These developments took place against a background of increasing debt problems, which in many cases have reached crisis proportions. However, the situation is far from being uniform, both from the point of view of the degree of debt and from that of the debt structure. Thus, in sub-Saharan Africa there are countries with an *ex-ante* servicing/export ratio of well below 15%, and sometimes even 10%, alongside countries for which this ratio is sometimes much more than 50%. For some countries most of the *ex ante* servicing on the public debt is owed to commercial banks, while for others the lion's share goes to bilateral public creditors, such as the DAC, OPEC or the Eastern Bloc countries. In certain cases payments owed to multilateral bodies concern mainly the IMF, in others the World Bank group or the OPEC bodies.

However, the above figures are not necessarily an indication of the payments actually made (*ex-post* servicing). Even for countries going through a debt crisis such servicing is not very high and sometimes even less than that of countries which service their debt regularly—following the accumulation of arrears (evaluated at $ 11 600 million for the end of 1984) and numerous debt relief operations (36 operations in 17 countries between 1980 and May 1985, to take only multilateral operations involving public creditors).

The real problem faced by sub-Saharan countries is the result of two other factors: the relatively large—and increasing—share, particularly for the poorest countries, of payments owed to multilateral creditors and, secondly, the cost in terms of development resulting from the process which *ex-ante* servicing becomes *ex-post* servicing. There is also the unpredictable way in which resources become available once they have been freed by debt relief operations.

- On average for the years 1986 and 1987, 37% of the public debt servicing of all countries eligible for IDA assistance will be owed to multilateral creditors (1985: 33%), of which more than half (20%) to the IMF, which in certain cases will absorb 40%-50% of the payments to be made. In absolute terms, the average amount for 1986 and 1987 to be transferred to multilateral bodies by these countries will be about $ 2 100 million (i.e. nearly twice the amount for the years 1983 and 1984), of which $ 1 100 million to the IMF alone. According to World Bank estimates, payments owed to multilateral creditors will remain at this level for the rest of the '80s.

- As multilateral bodies never take part in debt relief operations, these payments cannot be rescheduled. Moreover, in most cases, extended arrears to multilateral bodies, which are more likely in Africa than elsewhere, lead to the automatic suspension of disbursements from any credits committed and also often block any further contributions. Arrears owed to the IMF, in particular, block any further assistance, and consequently debt relief operations. Sudan and Liberia, which were recently declared ineligible for IMF resources because of their arrears, are cases in point.

African countries, and the poorest countries in particular, therefore run greater risks when they accumulate arrears. At the same time, a smaller proportion of their debt can be relieved, as in this case no relief can be provided except through the granting of further credit.

- It is impossible to quantify the economic cost of the non-payment of *ex-ante* servicing. A number of mechanisms are involved, and the more "under-developed" a country is, the more seriously it is affected. Long before payments cease, long-term financial management is diverted to short-term management, and uncertainty about the future makes any coherent policy-making difficult, or even impossible, so that stop-gap measures have to be taken. As soon as arrears start accumulating, imports become more expensive, as suppliers include a premium for belated payment in their prices, any imports made are subject to the availability of finance, so that investment programmes are often distorted, preference being given to the setting up of new capacity rather than the maintenance or rehabilitation of existing capacity. In order to "legalize" the situation, rare human (and financial) resources are used up in numerous journeys, reports and negotiations with creditors.

- Finally, the method currently used by public creditors for the relief of multilateral debt does not seem to fit the situation of many of the debtor

Abbreviations

DAC: Development Assistance Committee (part of OECD)

OPEC: Organization of Petroleum Exporting Countries

IDA: International Development Association

IMF: International Monetary Fund

CIEC: Conference for International Economic Cooperation

UNCTAD: UN Conference on Trade and Development

IBRD: International Bank for Reconstruction and Development (World Bank)

ODA: Official Development Assistance

LLDCs: Least Developed Countries

SDR: Special Drawing Rights

countries of sub-Saharan Africa. In the first place, relief operations are often undertaken too late—only after the harmful effects described above have begun to be felt—once significant arears have accumulated. This is mainly the fault of debtors, who refer to their creditors too late, although Resolution 222 (XXI)[(1)], which was adopted in September 1980 on the initiative of the EEC after long negotiations both within the CIEC and UNCTAD, offers any country which believes it has difficulties involving debt the possibility of referring to its creditors and donors "at an early stage, when, in its judgment, the problem involving indebtedness exists or is *likely to emerge*".

Approach to be adopted

• All too often, these operations are carried out with a short-term financial view, as if it were merely a matter of getting over the hump of one or two difficult years. In most cases, therefore, the consolidation periods are from 12-18 months, often only partially geared to the future. Moreover, high rates of interest are applied to the rescheduling/refinancing of non-concessional loans (including public export credits or those guaranteed by the public sector), which are sometimes higher than the initial rates. Thus, in many cases the problems are simply carried forward to the future. There is a succession of renegotiations (sometimes at intervals of 18-24 months). The resources made available are too unpredictable and span too short a period of time for them to be integrated into an economic restructuring programme, where a medium-term view is required. As a result, too much emphasis is often laid on measures to restrict demand.

If there is to be a return to lasting growth in sub-Saharan Africa, the implementation and indeed the pursuit, of strict adjustment policies will be required of African countries. To back these efforts, there will necessarily have to be a considerable increase in the financial resources allocated to the countries which undertake them. The chances of this strategy succeeding would be improved by a better international environment, with higher export earnings and lower interest rates.

The necessary adjustment

The need for policy reforms is recognized by an increasing number of sub-Saharan countries. They also acknowledge their past mistakes and their obligation to honour external debt commitments (see OAU Declaration).

At this point, they should not be discouraged by a lack of response from donors and creditors and their adjustment efforts should be backed by adequate financing. The kind of adjustment to be made should take account of each country's individual situation. In some circumstances, short-term stabilization measures will probably still be necessary. On the whole, in view of the fact that the problems are basically of a structural nature, the adjustment process should be made as long as possible and measures should be geared to increasing supply rather than reducing demand. The contributions of donors and creditors should be tailored to this requirement.

Mobilization of external resources

The mobilization of external resources should take account of the indebtedness of sub-Saharan countries and the special problem raised by repurchases from the IMF. In this respect the principle advocated by the World Bank, that no bilateral donor should be in a situation of negative net payments in relation to countries making genuine adjustment efforts, seems entirely relevant and should, in the Commission's view, be confirmed by the Member States both at the next meeting of the IBRD/IMF Development Committee and at the Special Session of the General Assembly.

Concessional resources. According to the World Bank, for the period 1986-90, the concessional resources allocated to those countries eligible for IDA, not taking into account any future debt relief, should come to at least $ 11 000 million per year (gross payments), which is an increase of nearly 70% compared with 1980-82.

In view of the substantial ODA requirements of other countries, in Africa and elsewhere, there can be no such increase unless rapid progress is made towards the objectives of 0.7% and 0.15% (LLDCs).

At the Special Session of the General Assembly, therefore, the Member States should reiterate their commitment to these objectives, specifying the target date, which cannot be later than the date currently envisaged (1990). In view of the specific situation of some Member States (those with relatively recent aid programmes or which have just joined the Community) the progress to be made in this respect should be all the more rapid the further a donor country is from attaining these objectives. This principle was adopted in 1974 by the Council and introduced subsequently in all important international negotiations, but has been somewhat neglected for some time. In the Commission's view it has lost nothing of its relevance both within and outside the Community.

Multilateral bodies will have to play an important role in directing and financing the structural adjustment in sub-Saharan Africa. They should therefore have much more scope for action, bearing in mind that their debt relief measures can only come from fresh credit. In this context there are two immediate problems which have to be solved quickly: the eighth replenishment of IDA resources and reutilization of the resources of the IMF Trust Fund.

IDA VIII

Negotiations for IDA VIII have just begun. As was planned in Seoul, they

(1) The implementation of which was requested by the OAU in its Declaration of July 1985.

should be completed by September 1986 at the latest, in order to avoid another gap between two replenishments. However, the bracket currently envisaged at the start of the negotiations ($ 10 500 million to $ 12 500) seems insufficient.

It is very likely that, as in 1984, the United States will want to limit the amount of the replenishment. In this case the question arises as to whether, as a last resort, the Member States (and the other partners) should not abandon the present burden-sharing and accept a greater share in IDA VIII (38%, for example, which was their share in IDA VI), instead of resorting after the event to the special facilities of 1984 and 1985, which make burden-sharing artificial anyway (1), without any of the benefits which can offset the risks for the multilateral system involved in a multitude of special facilities over a long period of time.

The question of the possibility of stiffer financial conditions for IDA loans requires careful examination in the light of the volume of IDA VIII.

In any case, the effect on the IDA cash situation will be negligible and will be felt at a much later stage. The additional burden for recipient countries—particularly if interest rates are combined with shorter grace and repayment periods—will, however, be relatively high, particularly for blend countries.

From the political point of view, stiffer conditions would constitute a misleading signal—in view of the debt problems currently facing many IDA recipients and the large number of multilateral loans to sub-Saharan Africa which cannot be rescheduled.

The alternative suggestion from the IDA, to introduce a mechanism for recycling IDA loans within the recipient country by means of a two-tier loan procedure, does, however, merit attention. Such a mechanism would not affect the interest payments to be made by the recipient government while at the same time, by involving the IDA in the allocation of the funds to be recycled, would ensure a better use of these funds for adjustment purposes.

(1) In view of their contributions to the Special Facility for Africa, the Member States' share in all IDA VII + the Special Fund for Africa was 37% instead of 35% in IDA VII alone, and that of the United States was 23% instead of 25%.

Trust fund. The decision at Seoul and the fact that India and China have waived their entitlement to this Fund constitute an important stage in meeting the claims of the African countries, which requested the Fund's revival in the OAU Declarations.

It is now important that a quick decision be taken on practical ways of reutilizing this Fund, as most of the resources (2 700 million SDRs) must be allocated to IDA countries in sub-Saharan Africa.

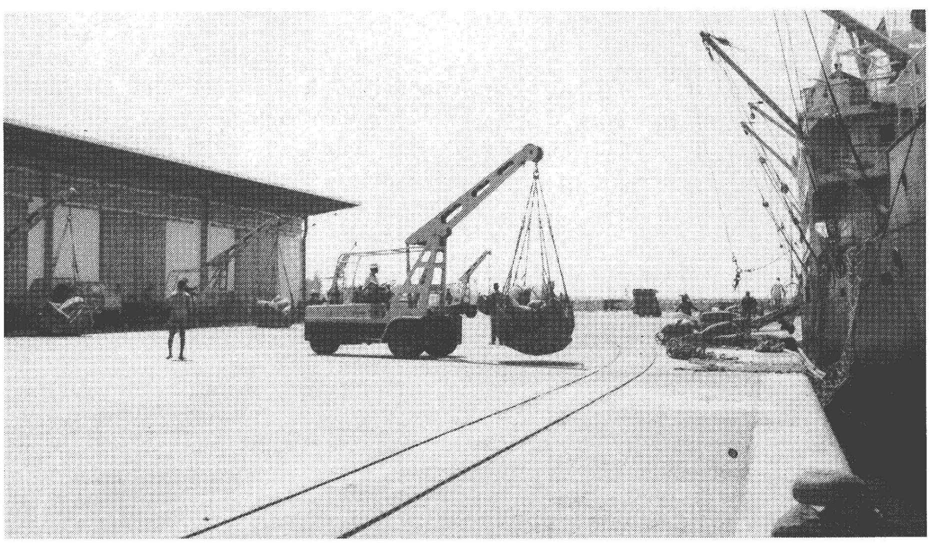
As regards the financial conditions for the loans to be granted and the adjustment programmes to be financed, the current plans are to maintain the initial conditions (interest 0.5%, grace period/maturity 5/10 years) and fix the duration of programmes at three years. In view of the structural nature of the problems in sub-Saharan Africa (and the special method of financing), it nevertheless seems to be preferable (and possible) to extend the grace period and the duration beyond that which is envisaged and provide for at least the possibility of longer programmes, depending on the capacity of the recipient countries to establish and support such programmes.

Every effort should be made to gather more bilateral resources, to be used jointly with the Trust Fund, as some of these resources could be used to prefinance loans from this Fund, to which only an average of 500 million per year will flow back between 1986 and 1991. Even if these bilateral resources were not really additional, they would be more effective back-up for adjustment if they were used jointly with the Fund and the IDA.

Non-concessional resources. The bulk of the external resources for Africa south of the Sahara must take the form of ODA. For some countries south of the Sahara and for North Africa, however, the provision of non-concessional resources will remain as important as ever.

Bank credit. Bank credit will continue to play an essential role in a number of African countries. The Baker initiative is therefore also important for this continent—although at the present stage of the discussions only three African countries are involved. The implementation of this plan must progress more quickly than has hitherto been the case. The main factor in this respect is that the banks should regain confidence in the medium-ferm improvement of the creditworthiness of the countries concerned, through a credible effort on the part of the latter to adjust, and also that they should be certain that they are not the only ones to make a commitment.

As regards this aspect of burden-sharing between banks and the public sector (more important than any idea of official guarantees, which is unrealistic), the attitude of the industrialized countries to the World Bank and with regard to export credits will be significant. It should also be ensured that the prudential and fiscal rules governing



The port of Cotonou in Benin

"Export credits are a major and relatively advantageous source of non-concessional finance, particularly for relatively poor countries"

provision for losses should not stand in the way of a return to the use of bank credit.

The World Bank

The World Bank's capacity for providing aid and its means of action should not be restricted by a lack of capital and artificial limits for non-project aid. It should also remain possible for the limits set for each country to be exceeded temporarily—although not beyond what is compatible with financial good sense.

The Member States have already said that they are in favour of an increase in the Bank's capital; they will no doubt have to confirm this in the next few months and should not spare any effort, when the time comes, in exercising sufficient pressure on the United States, since some of the latter's recent statements on the subject have raised doubts as to its real attitude.

Export credits. Export credits are a major and relatively advantageous source of non-concessional finance, particularly for relatively poor countries—because of their fixed interest rates and relatively long maturity. The volume of this type of contribution has decreased significantly over the last few years, not only as a result of a decline in demand, but also because of exporting countries' restrictive guarantee policies. The problem is particularly acute for countries which have concluded an agreement with the IMF and have been able to rearrange their debt.

It is obvious that official guarantees cannot be granted if it is almost certain that they will be needed. The Commission nevertheless considers that these guarantees should once more be given as soon as a country's financial situation has become sufficiently stable for its medium-term creditworthiness to improve.

Transparency as regards the terms governing renewed use of the guarantee should be improved. This could be achieved through more frequent exchanges of information between exporting countries, or even approximation of Member States' cover policies, and through notification of these policies to the IMF in each individual case. This would make it easier for the IMF and the World Bank to take account, in designing their programmes, of the commercial financing available in the medium term and to keep bank creditors informed where governments too are prepared to make a fresh commitment in a given country. This readiness on the part of governments could also be confirmed by a public statement by the member countries, as made by the Exim Bank in the United States recently.

The return to the use of financing by export credits—which is necessary—should be accompanied by improved incorporation of these credits in the beneficiary countries' development/adjustment priorities. The particular circumstances of the beneficiaries should be taken into account more in the selection of the operations to be financed: human aptitudes, technical capacities, ability to cope with recurring costs, requirements as regards aid for maintenance/rehabilitation, return in terms of foreign currency, etc. To that end, each transaction should be subject, in the context of closer cooperation between export credit agencies and creditor countries' cooperation ministries, to a critical examination based on criteria enabling it to be evaluated from a development point of view.

Lastly, if the World Bank's experience were called upon more systematically, or if cofinancing were even arranged with the World Bank, this would be another way of enhancing the contribution made by export credits to the financing of development.

Direct investment. Direct investment is potentially a valuable source of external financing which does not create debts. It can at the same time provide know-how, export markets, etc. It has been at a standstill for a number of years.

Foreign businessmen will make such investment where the political, social and economic environment is such that it is safe and profitable to invest.

The host countries must—in so far as they wish to attract foreign investment—create and maintain such an environment. Effective price formation mechanisms, realistic exchange rates, appropriate taxation systems, the creation of markets on a regional scale (particularly important in Africa, owing to the small size of the markets in most countries) and so on can all contribute to this, as can the treatment of foreign investment, from the administrative and legal aspects, on the basis of rules (and practices) which are transparent, fair and sufficiently stable to enable long-term investment decisions to be taken.

The ACP States have made a number of commitments vis-à-vis the Community in this respect in the third Lomé Convention; fair and balanced treatment of investors, clear and stable conditions, and maintenance of a secure, predictable investment climate. They should normally be expected to confirm them vis-à-vis the international community at the special session of the General Assembly, to demonstrate their interest in this type of contribution.

The investors, for their part, must adhere to the host countries' development priorities—although this does not mean having unjustified criteria imposed upon them, e.g. with regard to the origin of inputs, and they should themselves avoid methods such as bans on exports, restrictions regarding the transfer of know-how, etc.

Capital-exporting countries can encourage—with certain limits—investment flows through supplementary financing, taxation measures, the conclusion of protection agreements and the granting of guarantees. A number of measures are being examined in the framework of the Lomé Convention. The World Bank has presented for signature a Convention on the setting up of a Multilateral Investment Guarantee Agency (MIGA).

This Agency is meant to work very flexibly, so as to avoid as far as possible duplication of effort with existing national systems and so as to be able to cover types of investment which have hitherto proved impossible to cover. The Agency would have the additional advantage of securing commitment not only from the capital-exporting countries but also from the host countries—the risks would be more widely spread in this way, and the host countries more likely to behave "properly".

In the Commission's opinion, guarantee systems may prove useful. In particular, a properly established MIGA could contribute—together with an improvement in the potential host countries' economic situation—to renewed direct investment in those countries which join the MIGA. The Commission therefore considers that all the Member States should sign this Convention as soon as possible and at the same time make every effort to ensure that other countries—industrialized and developing countries alike—do the same.

More precise and verifiable commitments

Support for policies of adjustment outlined in the OAU Declaration calls for greater coordination of the approaches of the various donors, aid which is highly flexible and adaptable and, in accordance with a long-accepted principle at international level, aid which is more predictable, sustained and increasingly guaranteed.

The attainment of these objectives will require, among other things, an improvement in the coordination process, both at operational level and within bodies of the Consultative Group type.

Supplementary measures concerning debt

The resources which Africa will need over the next few years cannot be supplied entirely by new credit. In its assessment of needs the World Bank assumes annual rescheduling at the rate of almost $ 2 000 million (principal only), just for the countries eligible for funds from the IDA. However, for a number of IDA countries, whose situation and prospects are particularly bad, more radical relief measures are required.

The extreme diversity of the debt situations in Africa and the need to integrate debt relief into packages for the financing of development/adjustment preclude any deviation from the case-by-case approach and make it inappropriate to adopt general measures of the type called for in the Declaration by the OAU limiting debt servicing to 20% of exports, and of the debt itself to 30% of GNP. They would also turn an international conference on Africa's debt into an exercise without any real impact.

Zimbabwe Ministry of Information

Loans are channelled through local banks

The case-by-case approach does not, however, prevent certain improvements from being made to operations for the relief of public-sector debt.

The first improvement should be the adoption of a longer-term view on debt relief. The consolidation periods should be extended further into the future, without laying down precise rules applicable to all cases.

This obviously implies that debtor countries can work out longer-term adjustment programmes—the whole set of proposals made in this document is centred on this objective. This also presupposes giving consideration to the possibility that debt relief operations might no longer be exclusively linked with agreements with the IMF (which could themselves reflect a longer term view more frequently), but also, and in certain cases exclusively, with structural adjustment loans from the World Bank.

The Commission considers that such an approach would meet all the requirements of the present situation in Africa.

Since debt relief operations are a component of development financing, their financial terms should correspond to this function and depend more on the capacity to service the debt than on the type of credit which forms the subject of the operation.

Significant progress has already been made in this sphere, by extending the grace periods and periods to maturity, but additional improvements are needed, particularly as regards interest rate levels. These rates should generally not exceed the initial rate in the case of commercial loans and, in the case of the ODA debt, the interest rates applied to new ODA loans. It will, however, probably be necessary to go beyond these bounds in certain cases.

Lastly, creditor/donor exercises should be more coordinated and complementary.

One way of ensuring this, without undermining the prerogatives of either party, would be to hold the meetings of the Paris Club and the Consultative Groups, wherever appropriate, in conjunction with each other and in the same place. This would be made easier by the fact that in most cases the same countries and even, in some instances, the same departments are involved—a secondary beneficial effect would be the saving in cost and valuable time, and not just for the developing countries concerned.

An initial joint meeting could possibly be held to examine the development/adjustment programme to be financed, after which there would be two-way traffic between the two exercises, in order to ensure that the two parties' working hypotheses and end results were consistent. Following the close—which would take place separately—of the two exercises, a joint final communiqué could be adopted.

The monitoring mechanism referred to above could obviously apply to both exercises, and additional financing measures which might be necessary could be taken with regard to the debt, or with regard to new financial contributions.

In the case of countries in which bank debt plays a particularly important role, an appropriate method should also be found for integrating bank creditors into this process.

The Commission suggests that the members of the Paris Club should examine with the World Bank and the IMF the exact formula which could be used to attain this objective.

For certain IDA countries, however, even improved conventional debt relief measures will not be enough. According to the World Bank's forecasts, these countries' debt servicing costs as a proportion of export earnings will continue to increase, in the absence of special measures, over the remainder of this decade and in 1991 will still be almost 60% on average.

Most of these countries are LLDCs and so have already benefitted, in recent years, from the Retroactive Terms Adjustment (RTA) of ODA, set in motion as a result of UNCTAD resolution 165 (S-IX) (1978), in the adoption of which the Community played a key role—as it did previously in the adoption of the decision which led to the implementation of the CIEC's Special Action Programme, one of the reasons for which was the debt problem.

Under the RTA, most of the present LLDCs, and in certain cases other developing countries, have benefitted from measures ranging from the straightforward cancellation of ODA debt to the granting of new credit which could be rapidly disbursed. The nominal value of the measures taken can be valued very approximately at over US$ 6 000 million, of which over US$ 4 000 million was provided by the Member States of the Community. In most cases the measures taken comprised cancellation of the debts.

It would, in the Commission's opinion, be perfectly justifiable in the present circumstances to resume implementation of this resolution, in some cases for countries which are not LLDCs. It is a move which the developing countries have been demanding for a long time, and it is also called for in the OAU's Declaration.

A statement to this effect at the special session of the General Assembly would make a valuable contribution to its success. Every effort should be made to include other industrialized countries, although their participation should not be made a precondition.

The Club of Paris and the Club of London

After the developing country debt crisis broke out in 1982 and spread from Mexico to the developing world as a whole, worsening the while, creditors got together to coordinate their attitudes to debtors and see what measures ought to be adopted. So, alongside the IMF, which some are quick to call the "economic police", and the World Bank, which gets a slightly better press in debtor countries, there are the Clubs of Paris and London. The Club of Paris is the better known and the more active, while the Club of London is made up primarily of private creditors whose discreet activity is more along the lines of a police enquiry.

The Club of Paris may also look like a coterie of taciturn creditors, but it pays more attention to guaranteed public debt. These creditors Clubs are not institutions with firm rules and the participants are primarily interested in solving the problem of debtors' non-payment as best they can.

But neither the Club of London nor the Club of Paris can actually solve debtor countries' problems. They simply lighten the load of the debt in the short or medium term by rescheduling. But between the beginning of 1983 and the end of 1985, for example, the Club of Paris managed to reschedule far more of the developing countries' debt—something like $ 33 billion—than the IMF did over the same period.

The Club of Paris, like the Club of London no doubt, has its own well-tried methods. When the financial leaders of the countries applying for rescheduling explain the economic and political grounds for spreading their debts over a longer period, the Club acts in consultation with the IMF, the World Bank and UNCTAD, which assess the exact short-, medium- and long-term economic situations of the applicants and their ability to cope with the what are often drastic remedies required to get their debts rescheduled.

It is only after this economic and financial assessment that the country is granted rescheduling—the arrangements for which, let us not forget, are at the total discretion of the creditors and decided on in the absence of the debtors.

Standard practice in the Club now tends to be for debts to be rescheduled over one or two or more years according to the applicant country's chances of economic recovery.

But even if the Club of Paris in particular is not badly thought of by its debtors, its long-term benefit still appears to be somewhat hypothetical, in that debtors are forced to come back with the same requests time and time again. ○ L.P.

It goes without saying that the RTA could be relaunched on a case-by-case basis, which is how it was applied originally, within the context of the member countries' aid policies. It should, however, in certain cases be extended beyond ODA and also cover export credits, in the form of concessional refinancing. There are precedents for this, for example the case of Indonesia, some of whose commercial debts were rescheduled in 1970 over 30 years, with a grace period of 15 years, and without any interest on overdue payments.

Recourse to the IMF might be facilitated if the perspective of the Fund's stabilization programmes was longer-term: greater predictability of official flows, greater transparency of export credit guarantees, greater interlocking of adjustment loans from the Bank with IMF operations with a vew to an integrated package, reconciling the need for stabilization with development needs, etc. would be movements in the right direction. The IMF could—and should—therefore, where quota limits pose no problem, have more frequent recourse to three-year stand-by agreements or to programmes under its Extended Facility.

It should take greater account, in its programme follow-up and its evaluation, of results as regards performance criteria, of the specific problems which the countries undergoing adjustment may encounter during the period of the programme. ○

Trees of life

Paris Conference broaches international scientific protection policy

It was François Mitterrand who instigated the big international conference held in Paris in early February to look at the serious human and ecological problems posed by dying forests in Europe and Africa, especially the Sahel. It was called SILVA (after the Latin word for forest) and it brought together people from 62 countries, most of them Heads of State, Prime Ministers, Ministers, top officials and specialists in trees and forests in dry and temperate zones (see Courier n° 96, yellow pages). Western Europe was represented, as were international organizations such as the FAO and the EEC.

But was it really so important to convene so many people to discuss trees and their future at at time when so many of the countries taking up the French invitation had such acute economic, political and social problems? President François Mitterrand anticipated the question in his opening speech to the Conference in the Sorbonne when he said that, "although modern man has set out to conquer and develop space both on earth and in the cosmos, he has often forgotten to take time into account". "The time-scale for trees is as for centuries", he went on, "but it is still an urgent problem, since "rarely in our history have our forests been under such threat. Governments have to deal with the present, of course", he continued, "but we have to make a rapid attack on the forest front. Protecting trees and forests is not just a matter of developing the space around us. It is also a way of conquering time". And one of the essentials was for today's leaders to commit themselves to this if they wanted to "leave coming generations an earth on which they can live".

The interest, the number and the standard of the participants showed that here was an issue that had gone beyond national boundaries to become a matter of international and indeed transnational concern. Acid rain, for example, the supreme offender in the laying waste of European and North American forests, and desertification in other places, Africa especially, were more than one state could cope with on its own, President Mitterrand said, announcing some practical reafforestation support measures (in response to the forestry meeting run in The Hague in November last year) whereby the French contribution to anti-desertification/pro-afforestation, currently FF 100 million p.a., would be doubled over the next five years.

Mr Mitterrand was followed by a number of other speakers including Abdou Diouf, the President of Senegal, Captain Thomas Sankara, the Head of State of Burkina Faso, Chancellor Helmut Kohl of West Germany, Mr Braks, the Dutch Agriculture Minister, Mr E. Saouma, the Head of the FAO and Jacques Delors, the President of the EEC Commission.

President Sankara mentioned the natural and human dangers threatening life in the Sahel and then explained what his Government was doing to halt the advancing desert. He said they should make it clear that the anti-desertification campaign was a campaign to achieve a proper balance between man, nature and society—which made it a political fight first and foremost and not something ineluctable that had to be borne with. Burkina Faso had set up a Ministry of Water Resources, alongside the Ministry of the Environment and Tourism, to create the sort of conditions that would help the population with its economic and social development. This, Captain Sankara added, showed that his country was willing to "state the problems clearly so as to be in a position to solve them".

Helmut Kohl, the Chancellor of West Germany, the European country worst hit by chemical pollution, said that he and his Government were strongly in favour of President Mitterrand's idea of calling the conference and encouraging the most eminent scientific institutions to pool their efforts and know how to study tree physiology. This would yield a better understanding of trees and make it easier to find the best cures for the diseases that affected them. He also appealed to other industrialized countries to agree to considerable cuts in pollution emission in the atmosphere.

The Chancellor discussed the destruction of forests in the tropics and sub-tropics, soil erosion and advancing desertification in the Sahel. His Government, he said, was determined to "make a bigger contribution to the campaign to halt desertification and the destruction of forests in Africa". Over the coming five years, he announced, West Germany would be providing aid worth DM 150 million for African forests and, in 1986, it would be starting to send out young specialists to Africa as part of the European Volunteer Programme which the President of France and the Head of the German Government had decided on in November last year. Lastly, the Chancellor reminded the Conference of the inadequacy of the funds earmarked for the UN anti-desertification programmes adopted at the Nairobi Conference in 1977. He assured participants that the Federal Government would do its utmost to see that the UN Environmental Programme and the FAO campaign were a success.

The Dutch Agriculture Minister, Mr Braks, stressed the responsibilities that lay with the political leaders. "It is essential" he said "for the specific characteristics of our forests, their potential and their limitations to be taken into account when political decisions are made. We are morally obliged to invest for the benefit of future generations without getting any benefit ourselves". This was an act of political courage, he added.

The Netherlands have often led the way with schemes demanding both courage and responsibility. Mr Braks said that his Government would be giving greater support to the programmes to combat acid rain and other atmospheric pollution in Europe, along the lines of other countries at the conference—Japan, for example, the Scandinavian nations and, of course, France. Forestry was not just a national matter and, if they were to be effective, forestry policies had to take account of the fact that forests, or the absence of them, were important beyond the national boundaries. Mr Braks, who will be presiding the European Council of Agriculture Ministers until 1 July, also said he would be doing his best to get the twelve EEC Member States to defend and protect trees in towns as well as in the forests themselves.


Photo FAO

"The tree is endangered, our environment is threatened" (E. Saouma — FAO) Timber production (as here in Congo) constitutes one of the main causes of the spread of deforestation in Africa

FF 1 billion over five years

Jacques Delors spoke on behalf of the EEC Commission. "Over the next five years", he said, "something like FF 1 billion (400 million of which from the Community, 200 million from the Member States and 400 million from international sources) would be channelled into tree-planting in Africa". He announced that in April, at the Commission's instigation, the Council would discuss the implementation of an anti-desertification strategy and it would be a good idea for this to be part of a large overall scheme involving the African Governments and nations, international institutions and NGOs and other major economic units in America and Asia. A plan of this sort would bring us to the year 2000 and should mean we can stop the destruction of the forests and pave the way for recovery. "We can do this if we do it together", he said. "It is one of the great challenges of the latter end of the 20th century".

'Eurosilva'

Two working parties ("Oak" for Europe and "Acacia" for Africa) discussed the overall scientific, financial and political means required to handle this situation. Any profound natural or environmental imbalance was a serious threat to the future of mankind, because, through the air, water resources and photosynthesis, it had such a crucial effect on human equilibrium and on nature. The basic idea was that the destruction of the trees and forests was in some ways comparable to the destruction of any living body and the conference decided to begin at the beginning and find out how trees work and react to external attacks and to viruses. A study of tree physiology was the way to do this and it was therefore decided to set up a network of some 30 top-level scientists dealing with plant physiology. It would be called Eurosilva. The Chairman of the conference, René Souchon, thought the idea was in fact not to open a research centre, but to concentrate on understanding the scientific machinery that would enable the best defences against acid rain and other tree diseases to be perfected. These scientists would be a task force, the spearhead in this new branch of research called plant physiology, Mr Souchon added. And Africa would of course benefit from the results if it could not, through lack of scientific staff, actually take part in the Eurosilva programme.

Remote-sensing would be stepped up in the anti-desertification campaign, in particular by means of the Spot Image satellite successfully launched in early March this year.

Participants also pointed out that trees were not only attacked by disease and acid rain but that man was, alas, a major contributor here. The Chairman said that our trees were being attacked and that things had to change, but this could only come about if individuals altered their behaviour. This means "making people aware of the problem and making them shoulder responsibility for it". It was training in childhood that would teach each and every one of us to respect trees both in the forests and in the towns.

The conference wound up with some specific and practical commitments on the need for and the urgency of a national, European, African and international tree and forest protection policy. The many resolutions (of three types — "Silva", "Oak" and "Acacia") and the solemn Paris appeal on this subject showed the great interest people felt in the role of the tree in our lives. o

L.P.

EEC-Ghana arts festival Accra, March 1986

By Jeffrey RUSSELL (*)

Messiah cut a striking figure as he stepped from the El Al jumbo jet onto the tarmac at Jan Smuts Airport. His robe and his eyes shone whiter than white against his black skin. He handled the Press with dexterity. Later, he cut a still more striking figure as he walked steadily over the sea in a hail of bullets from above. The doubting pilot began to wonder if there was something wrong with his machine as the escapee from Robben Island (1) walked on and on...

By the end of their non-stop two hour show, Abibigromma (two young Ghanaian actors) had the audience—black and white—stamping and chanting with them. With boundless energy and very few props, they had conjured up a vision of South Africa as the scene of the Messiah's second coming. Their spirited interpretation of the political satire "Woza Albert" opened the 1986 Europe-Ghana arts festival in style.

Two years earlier, the three European cultural institutions in Accra—the British Council, the Goethe Institute and the Alliance Française—had staged a similar event, to give Ghanaians a chance to see something more recent than Shakespeare, Schiller or Molière. The event was a popular success, but for the second edition it was agreed to include contemporary arts from Ghana and to associate the European Community. The 1986 version was consequently called "A New Look at Arts from Europe and Ghana", the Arts Council of Ghana helped the three cultural institutions to organize it, and the EEC made a contribution.

The idea of associating the Ghana Arts Council was a happy one. The inclusion of Ghanaian drama, films, dance and paintings made for a balanced programme; it helped to dispel any impression of "cultural imperialism" that a purely European programme might have created; and it gave Ghanaian artists a certain amount of publicity. The two-man act Abibigromma, for example, had been performing "Woza Albert" to single-figure audiences—a poor reward for a lot of hard work and talent. On the opening night of the festival they had an audience of 300.

Few Europeans associate Africa, or at least English-speaking Africa, with film-making, but the evening devoted to video productions by the National Film and Television Institute suggested considerable film activity in Ghana.

Shot by students of the Institute, the films shown were not technically sophisticated but they had vitality, a sense of fun and a healthy dose of social criticism. In one film, the exposure of a fraud—a great bearded fellow with two costumes and two rooms who took money off a childless young wife first as fetish-man and then as priest—was particularly well done. In another, a village school teacher, under the stern eye of the district inspector, takes his class through their multiplication table: "Eleven ones eleven, eleven twos eleven eleven, eleven threes eleven eleven eleven...". More fun than "Out of Africa".

The EEC's contribution took the form of a graphic presentation of the Community's development activities in Ghana, an illustrated brochure, a number of documentary films, and support for a radio quiz on EEC/ACP/Ghana topics organized by Ghana Broadcasting Corporation. The panels, posters and photographs illustrating the Community, the EEC-ACP relationship and EEC-funded projects in Ghana were mounted in the same room as an exhibition of paintings and sculptures by modern Ghanaian artists. Curiously enough, the effect was not incongruous. It was even possible to see in the mixture of exhibits a symbol of the spirit of cooperation—each side having something to offer.

Although the EEC's contribution was necessarily centred on development, the idea of associating the Community with the festival was less illogical than might appear at first sight. The Commission is of course present in Ghana, as in other ACP countries, as a development agency, helping to administer the European Development Fund. As such it has little to do with art. But it is the only visibly European—as distinct from British, or French, or German—institution in the country. Its presence at the festival allowed all the EEC countries to be represented in some way, however small, and not just the bigger Member States.

An exercise of this kind gives the Commission staff involved a chance to see something else of the country they are working in than its economic problems. It also gives them an opportunity to work for a time with people handling cultural and educational programmes (British Council, Goethe Institute, Arts Council, and so on). Such contacts can only be beneficial now that the Lomé Convention contains a chapter on cultural cooperation. ○ J.R.

(*) Principal Administrator. Directorate-General for Information.

(1) Robben Island is South Africa's maximum-security prison for political detainees.

The Director of the Arts Council of Ghana draws attention to a Ghanaian embossed painting at the Arts Council Centre in Accra

CTA Bulletin
TECHNICAL CENTRE FOR AGRICULTURAL AND RURAL COOPERATION

Pastureland and livestock in the Sahel:

Mapping the available resources

by Dr J. CHABEUF (*)

One of the priorities of the Technical Centre for Agricultural and Rural Cooperation (CTA) is to summarize and edit a variety of different material.

The acute problems thrown up by the drought in the Sahel have made proper maps of pastureland and livestock a top priority.

The IEMVT was invited to produce these by the CTA, as, since 1958, it has charted more than 2 million km^2 of this region, which is more or less exclusively devoted to herding.

The documents that will be published are in the form of an atlas giving all available data on every aspect of herding in the area in question. In addition to details of plant life and water resources, there will be information on disease-carriers (ticks, tsetse flies and so on), the human population, the organization of livestock services, etc.

A figure for livestock production potential (on a scale of which the top figure correlates with good rainfall and the bottom with bad) will be given for each zone.

The first figure corresponds to productivity in 1974 and represents the growth of natural pastureland during normal rainfall over the period 1942-70. Most agrostological research was indeed carried out during the last 10 years of this period.

The second figure is for productivity recorded in 1984 in a number of places in the Sahel, most of which had exceptionally bad rainfall that year. The figure should be seen as representing a very poor year.

So the zones in the maps reflect the actual situation — varying productivity of the vegetable biomass and relative constancy of certain factors that play a major ecological role.

Lastly, it emerged that subjects connected with pastureland in the more general context of herding had to be dealt with so as to show exactly how the various environmental constraints affected the way the herdsmen use their pastures.

The Institute called on other people and organizations with expert knowledge of the area, on its own research staff, many of whom have worked in the Sahel, and on national departments of livestock to do this particular job.

The atlas will contain an outline of a number of countries (Chad, Niger, Mali, Burkina Faso, Senegal and Mauritania) and a regional summary of the whole of the Sahel ecological-climatological zone.

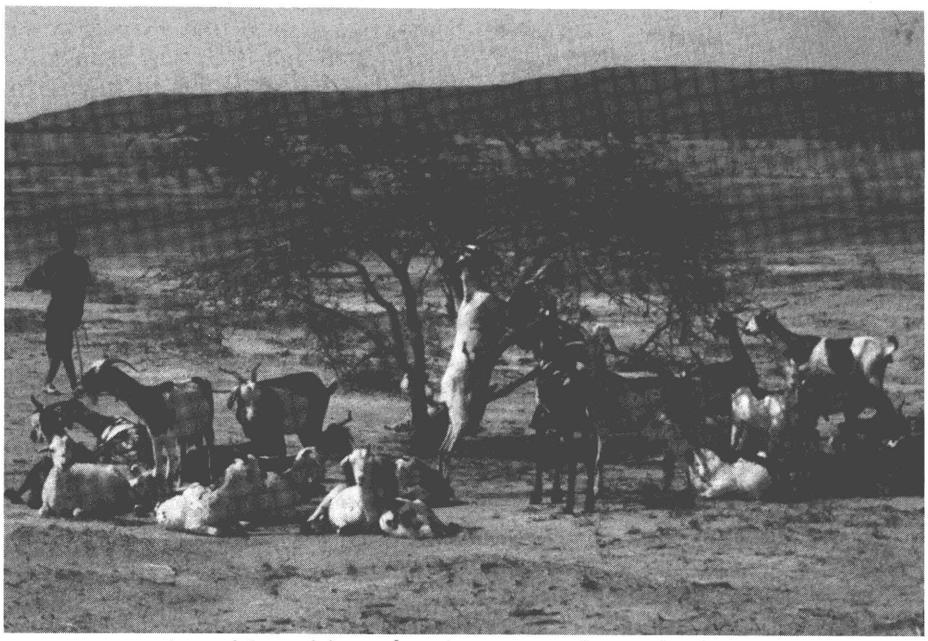
The different sections will be brought out at intervals over the three-year period 1986-89.

The first country study — Chad

The first volume, a study of Chad, came out in March 1986.

Chad, like the other countries of the Sahel, is very much at the mercy of its climate. Huge variations, bringing alternate periods (sometimes decades, sometimes centuries) of wet and dry weather, have been occuring since time immemorial. But who can say how long the present dry period will last?

The other major factor affecting Chad's development is that it is landlocked. It is a long way from the ocean and links with the coast are bad. Domestic trade is hampered by the poor state of the communications network and, although the country is relatively safe from international competition when it comes to imports of animal products, it has to pay a lot for the input to its livestock industry that cannot currently be produced at home. So the country should be seeking self-sufficiency in this sector.



GTZ

The study begins with a siting of various domestic species in a given country: in this case Chad

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With exports, it is the other way about and producers get a relatively smaller net profit than would herdsmen in countries that are less cut off.

Pastureland and water resources

The first stage here was a botanical study and it led to an investigation of the number of animals the pastureland could support. Figures for the first harvests date back to 1869, but little is known about eastern Chad, particularly beyond the 19th meridian, and there have been no harvests in the Lake Iro region since early in this century. Some important work has, of course, been done. There is a catalogue of vascular plants and a lexicon of the vernacular names of plants growing in Chad. The herbarium in the Farcha laboratory is also thriving and providing an opportunity for any Chadian researcher interested in working there.

The chapter on farming activities in the cartographical work now being completed is based on a large number of investigations which the author summarizes under three headings — standarization of knowledge, generalization and updating.

There were no particular problems attached to standardization. The scale used in the summary is 1 : 500 000, the most useful as far as planners are concerned.

The generalization section was an opportunity to iron out variations in the composition of the flora. It involved forming groups of major ecological units, by substratum and rainfall, with primary productivity as the main criterion.

The updating of information, which, in spite of climatic variations, yielded a useable map, was based on 1974, which was very good, as the top end, and 1984, which was rather bad. This range brought out the large deficit in Chad. The user can find the potential of any given region for a year when rainfall is known or assumed from simple correlations between that rainfall and the corresponding potential at either end of the scale. In sandy areas, for example, if the rainfall returns to normal, herdsmen will have to be content with grazing the 1974 maximum number of animals on the pastureland if the returning vegetation is not to be put at risk.

The survey of underground water resources was made by the Geological and Mineral Research Bureau (BRGM), which has been working out in Chad for more than 30 years now.

There is water everywhere, there is no doubt about that, although eastern Chad is a problem and a study of the effects of drought on the piezometric surface of the water table has yet to be carried out.

Plans to tap resources should be made in the light of the overall needs of both pastureland and people. That is to say that, when a well or a borehole is sited and the particular method of drawing the water from it is chosen, particular attention should be paid to the local people and customs and to the value and potential of the pastureland.

The cartographers had this vital link in mind when they drew the map of the pastures, which gives as much detail as possible of the watering points. Remember that, historically speaking, Chad was one of the first countries to take a multidisciplinary approach to water engineering in the livestock sector and that, as soon as the first programmes got off the ground, teams (each comprising a farming specialist, a veterinary surgeon and a hydro-geologist) sunk the wells and boreholes after consulting the local people and the authorities.

Potential mineral resources

Information on the mineral content of pastureland is given in addition to details of the pastures and the water resources. This composition, which should be seen alongside the map on the chemical make-up of the water table, goes some way to explaining the cattle movement aimed at balancing food intake.

The results charted on the maps are derived from an analysis of plant harvests made by the farming specialists, i.e. taken from samples gathered at the end of the rainy season and the beginning of the dry season. There are too few of them to enable us to produce a map of any specific shortcomings, but they do show shortages of phosphorus, copper, zinc and, in some cases, calcium. So these are the first elements to be injected if a cattle-tick distribution programme is to be economically tested and then actually set up.

If herdsmen use the pastureland and the water resources, they will need constantly to adapt to variations in quality and quantity, both during any one year and over a period of years. The response to the considerable changes that have occurred since 1970 was detected from an analysis of three situations — the pre-1970 situation, one that many people consider good, and the situations in 1974 and 1984, when there was drought.

The author, who has described and charted the response to these crises and the upheavals they created in the herding community, was out in the field in all three of these periods and is therefore especially well qualified to investigate the changes.

The health of the herd

The next chapter is on domestic animals. It does not attempt exhaustive coverage, as this would run to several volumes, and the study is simply an introduction to the subject which refers the reader to a very full bibliography on zootechnics in Chad. It begins with a geographical siting of the situation of the various species of domestic animal, based on existing work.

It goes on to investigate three biological constraints — tsetse flies, ticks and worms — that affect the use of pastureland and the productivity of cattle.

Tsetse flies deter herdsmen from using pastureland in southern Chad. It is currently difficicult to say exactly how the flies are spread, as the last systematic surveys were back in 1956 (central and eastern Chad) and 1974 (the west). There is no doubt that infested areas have shrunk considerably since then, as northern boundaries have worked their way south following successive years of poor rainfall and a change in the natural habitat.

The map should be seen alongside the maps of seasonal movements which keep as closely as possible to areas where the tsetse fly is not a threat.

We have tackled tick distribution although no methodical survey has been run and parasitologists have only taken one-off samples during general surveys.


GTZ/Uwe Rau

"The drought in the Sahel has made proper maps of pastureland and livestock a priority"

Our study hinges on the 500 mm isohyet, which is the southern limit for major cattle ticks. In the years following bad rainfall, the ticks move southwards, the northern population is reduced and endemic stability ceases. Young animals born during these periods will not be infected in the early months of life, so, when things return to normal, there will be clinical forms of the disease that are far more serious than those of the past.

Our knowledge of the way worms are distributed has been only very partially updated since 1967 when the Farcha laboratory included sections on activities related to helminths and helminthiasis in its annual report. These are the distribution maps we have reproduced. Do not forget that they show the situation in 1967 and that drought has interfered with it. However, it seemed a good idea to publish it, since, if the weather returns to what it was in this wet period, the distribution described in these pages would very likely recur.

The work ends with a chapter on the veterinary infrastructure whereby the Livestock Service can intervene in the field. At the moment, one of the administration's concerns is to rehabilitate and redevelop this infrastructure in the light of the upheavals the country has just undergone.

* * *

The idea of producing a survey of all our information on pastureland in Chad led us to formulate one or two problems elsewhere along the production chain. But not all the livestock issues are covered. One particular omission is infectious diseases, a topic which is amply discussed in a collection of documents in the Farcha laboratory.

The pictures of livestock reproduced in this book cry out for those interested to improve this particular branch of photography to make it more dynamic and forward-looking. It should show that the multidisciplinary approach that has prevailed so far needs taking further, as there is no doubt that development is everyone's problem. ○ J. C.

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ACP COUNCIL OF MINISTERS IN BARBADOS

The Prime Minister of Barbados, Bernard St. John (centre) giving the opening speech at the 11th ACP-EEC Ministerial Council. On his left Paul Tovua, President of the ACP Council of Ministers and on his right, Omar Giama, Chairman of the Committee of Ambassadors and Edwin Carrington, Secretary-General of the ACP Group.

The Community's representatives, amongst whom Mr van Eekelen, President of the EEC Council of Ministers (6th from the right), Lorenzo Natali, Vice-President of the Commission (2nd from right); and Dieter Frisch, Director-General for Development and André Auclert, Director (3rd from right and far right respectively)

Not an unmitigated success

The 11th ACP-EEC Council of Ministers met in Bridgetown, the capital of Barbados, on 24 and 25 April. This was the last meeting before the new Convention, Lomé III, took effect on 1 May and 58 of the 66-strong ACP Group and all 12 Member States of the Community were there — which no doubt had something to do with the attraction of the islands of the Caribbean. Tuvalu, for example, may well not have been there because of the expense of sending a delegate all that way and perhaps Swaziland stayed away because that was the week of its own national celebrations, the coronation of the new king.

Before opening the discussions, the meeting granted the new Republic of Haiti, which in fact does not fulfil the requirements for becoming a full member of the ACP Group, observer status. This was in line with ACP Ministers' attitudes when they discussed Haiti's application a few days earlier. Yves Auguste, the Haiti Ambassador to the UN, said how politically and economically important the ACP-EEC forum was for his country. Observer status was no indication of what position the Community might take on any application Haiti made to join the Group and the Lomé Convention, Mr Van Eekelen, the Chairman of the European Council of Ministers, pointed out.

The 11th Council was not an unmitigated success, in spite of the studious surroundings (the Samuel Jackman Prescod Polytechnic in Bridgetown) and the call for a spirit of wisdom and cooperation that the Barbadian PM Bernard St John made in his opening speech, no doubt in anticipation of the problems that would be thrown up by the various items on the agenda — starting with sugar, the only field where a practical decision was needed, which dominated the whole of the discussions.

Sugar — compromise does not satisfy producers

After lengthy discussions in which both EEC and ACP speakers brought out the arguments used so often over the past few months, the Council reached a compromise on the fixing of guaranteed prices for 1985-86 late on the evening of 25 April. It does not satisfy the producers. The Community had said it would not back down from the position it adopted at the Sugar Council on 4 March and the Fijian Vice-Premier, Mr Qionibaravi, the spokesman for the producers, sadly announced that they accepted the Commission's proposal in view of the critical economic situation and suffering in the producing countries. The Community decision not to increase raw sugar prices by 1.33% over the whole delivery period had, he felt, been a serious disappointment to the exporting countries and it was a pity that the Community had maintained the decision which "introduced an element of discrimination amongst us".

Richard Cheltenham, the Barbadian Agriculture Minister, assured the meeting that the ACPs had accepted the EEC's offer under protest. The offer had brought discrimination among ACP producers and it was this that was behind their refusal to accept the Community position.

The agreement will cover a 1.33% increase on ACP sugar delivered between 1 April and 30 June 1986 and a 1.15% increase on quantities exported between 1 July 1985 and 31 March 1986.

"We have accepted the Community's final offer under protest", Richard Cheltenham said. "We have also already begun negotiations with both French and British refiners, represented by Tate and Lyle, so we can look at the commercial contract and get compensation for the losses attendant on the small relative increase of the last nine months". Tate and Lyle, he went on, had agreed, on behalf of all the producers, to give global compensation to take account of the exporters' loss of earnings. This compensation, according to the principal negotiators of the sugar group at the Council, would involve 33% of the quantities exported by each country during the first nine months of delivery and amount to something like 12% on the 1.15% increase.

Mauritian refusal and Madagascan reserves

This agreement and the potential compensation were a disappointment to the producers, of course, but only Mauritius said it would not accept the Community offer as it stood, at least for the time being, and reserved the right to use any other method offered by the Sugar Protocol to get what it wanted. Mr Deerpalsingh, the Mauritian Agriculture and Natural Resources Minister, and spokesman for the sugar group for 1986-87, said that his country was under more pressure than the others when it came to the fixing of guaranteed prices for raw sugar and had not been associated with the contact and other discussions with the refiners. He thought the European Council of Ministers refusal to apply the Commission recommendation for a 1.33% increase in ACP sugar prices and the discriminatory nature of this position meant that third countries—such as India, which delivers later—would benefit more from their sugar exports to the Community than the ACPs did. The Mauritian Delegation at Bridgetown confirmed that Mauritius would not accept the Commission's proposals until it had looked at the results of the negotiations with the refiners carefully.

Madagascar also had reservations about the Bridgetown sugar agreement, although it did in fact subscribe to it.

Mr Van Eekelen, the Dutch Secretary of State for European Affairs and current President of the European Council of Ministers, and Lorenzo Natali, the Development Commissioner, had already set out the Community arguments in the lengthy sugar price negotiations. In particular, Mr Van Eekelen reminded the meeting of the dismantling of the differential between raw sugar and white sugar and the advantages to the ACPs of prefixing the Monetary Compensatory Amounts from 1986 onwards. He called on the ACPs to think further about the EEC offers because there would be no room for further negotiation.

Mr Natali said that the guaranteed price offered for 1.3 million tons of raw ACP sugar was 10% up on the

SUGAR
The situation on the eve of the Barbadian Council

As *The Courier* announced in no. 96, the special ACP-EEC ministerial Council on sugar was held in Brussels on 4 March this year. The idea was to seek agreement—hitherto unobtainable—on the fixing of an annually regulated guaranteed price for the 1.3 million tons of raw cane sugar the ACPs are entitled to export to the EEC under the Sugar protocol for the 1985-86 sugar year that began on 1 July 1985. The EEC suggested an increase of 1.15%, while the ACPs wanted 1.33%.

One of the first things the Council did was to clarify the arguments both parties had put forward in support of their figures. The Community thought that the European operators could only buy sugar if the competitive potential of the refiners was maintained in relation to the producers of beet sugar. The refining margin in both cases should go up by 1.3% in relation to the basis for sugar price calculation (the Pisani Declaration), but this basis should be different for raw and white sugar, being lower for the first than for the second. This, technically speaking, is why there is a difference between the increase given to Community producer of white sugar (1.33%) and those of raw sugar (1.15%). For the ACPs, the problem is more one of macro-economics because of the importance of sugar exports for many ACP States and of the increase in the costs of production (energy, transport etc) in these countries. The ACP position was backed by the Commission.

A further outcome of the Council was that the Community formally proposed that ACP exports be covered by the system of prefixing of Monetary Compensatory Amounts (MCAs) which the EEC applied to certain European agricultural products. This machinery made it possible to make up for the effects of fluctuation due to a rise in the national currency in which payments had to be made in relation to the ECU between the conclusion of the contract and actual delivery of the goods.

Subsequent discussion led to the Community agreeing to compensate for the difference between its initial offer and the 1.33% which the ACPs wanted, but only after 1 April and for the end of the sugar year — which the ACP Group found unacceptable. In figures, the amount of the loss in earnings for the first nine months was, if 1.15% was agreed on, about ECU 675 000 and the quantities in question (sugar already sold) amounted to 75-80% of the original quota. But above all, the ACP Group was dissatisfied with the MCA system.

It was impossible to avoid the subject coming up at Bridgetown. In the event of these latest discussions failing, the ACPS were determined to use the arbitration arrangements laid down in Lomé for the settlement of disputes. o international price and cost the Community budget ECU 400-500 million—i.e. as much as the Lomé II Stabex fund—over five years. He said that refusal or acceptance of the EEC proposals was a matter of opting for an egg now or a chicken that would lay lots of eggs tomorrow. In other words, the ACPs would do well to accept today's offer—it might not be all they wanted at the moment, but it would mean they would benefit more from the next sugar year onwards.

This argument had considerable effect on the way the discussions continued and ultimately led to agreement.

Special UN session on Africa

The Council looked at other aspects of cooperation and there were broad and sometimes lively discussions. Although few (if any) practical decisions were taken, ACP and EEC Ministers harmonized their views on questions such as the special UN session on the economic situation in Africa scheduled for 26-31 May in New York. Both the EEC and the ACP Group agreed that this meeting should try and avoid making declarations with no practical outcome and seek a series of actions that could be carried out by the African countries and the industrialized world.

Mr Van Eekelen underlined the importance of the Special Session when it came to profound thought, in the light of experience, on how to cope with the economic crisis in Africa and ensure the continent's future.

The Community will be basing itself on the policies adopted by the Development Council of 17 April and the Africans will mainly be using the priority economic recovery plan for Africa (1986-90) which OAU Heads of State and Government adopted in Addis Ababa in July 1985.

Mr Van Eekelen thought the African crisis was mainly one of production and said that, in the final analysis, the continent had the prime responsibility for its development. It should ensure this development, he said, by creating the relevant administrative structures. He also emphasized that intra-ACP trade stimulated production by providing nearby markets. He recognized the need for more ODA for Africa and stressed that the sort of administration that seemed distant and finicky would act as a brake on development and the sort that facilitated and encouraged economic action would be an incentive.

"Our institutions know trade is important"

EEC-ACP trade had not been favourable to the ACPs for many years now and the ACPs were just as worried as the Community about it. A report on the situation in 1970-80 had been commissioned. Discussion of the consultant's report were still not finished but the Joint Council of Ministers said the study, which was due out this year and could also cover 1981-84, would be extremely useful and called on the Jackson (Joint Assembly) working group to forward its conclusions as soon as possible. However, Lorenzo Natali pointed out that one third of ACP products were exported and more than half of them came to the Community. This trade was worth ECU 8.4 billion in 1984, he said, hence its importance, although the figure was relative because ACP exports had dropped and the results of the past 15 years were extremely disappointing. At the same time, third countries had cornered large sections of the Community market to the detriment of the ACPs. Without denying that there were external, climatic factors behind the poor ACP performence, Mr Natali said that the ACP countries themselves were also responsible for this loss of part of the European market.

The constant reminder by both Mr Van Eekelen and Mr Natali of the African ACPs responsibility for the decline of their trade relations with the Community was not commented on by the ACP Ministers. However, it is the main reason for the situation. The Community is a set of free market economies, an organized one of course, but one which is largely open. No provision or preferential agreement can interfere with competition and the less competitive products and countries will not resist for long. The Community is experiencing this, to its loss, with, say Japan and electronics.

"Our institutions know trade is important", Lorenzo Natali said. But some barriers to EEC-ACP trade are on the supply side and therefore the responsibility of the ACP countries, he explained. He deplored the trend in ACP-EEC trade which, conversely, also affected the Community, as the decline in ACP import capacities was a brake on the Community's export potential. He also said he regretted the persistent weakness of trade between the ACP nations.

Stabex remainder —is the file closed?

Before discussing the trade problems, the Council looked at the redistribution of the Lomé II Stabex remainder and its reconstitution for 1982 for two countries, Gabon and Congo. This led to some hard talking.

The ACPs asked for the global Lomé II Stabex amount of about ECU 500 million to be redistributed and the Comunity replied that the amounts payable were not due to the ACPs and that the Community had made a political gesture on 18 April 1986, accepting the offer of a further ECU 127 180 016. "The decision to allocate these ECU 127 million from the Stabex remainder which the Joint Council took has not been contested and there have been no reservations", Lorenzo Natali said. But the ACPs maintained that as long as the global amount of the Lomé II Stabex allocation has not been dealt with, the problem would not be solved. The ACP Group felt that Stabex did not compensate for losses in export earnings, but stabilized them downwards. The Community's decision to close the discussion of this question was not a logical one in that, although the EEC is the recognized manager of the funds, it is the ACP-EEC Council that should take decisions about payments, said Seydina Oumar Sy, the Senegalese Ambassador to Brussels. The parties could do nothing more than note their disagreement on this.

And the Community rejected the ACP request for derogation for exports (all destinations) from Sudan, Uganda and Tanzania and called on the ACP-EEC Committee of Ambassadors to take another look at this problem.

Southern Africa — more than just economic relations in the future

The Southern African situation and its repercussions on the countries in that part of the world gave rise to lively discussions between the Community and the ACP countries. The ACP Group, and the Caribbean countries to an ever-increasing extent, are very much alive to the way the apartheid problem is developing. No-one doubts the sincerity of the Member States' condemnation of South African segregation, but for the first time the ACPs compared their theoretical position with what they actually do in practice. The Group felt that "South Africa only resists because it has the support of certain countries which are also our partners". "Is it still right to stress economic relations with Europe and the USA if they fail to be more active in opposing the South African system which is the very negation of our identity?" asked Dr Kalu I. Kalu, the Nigerian Planning Minister. "Now our relations also have to take account of how our partners look at and deal with South Africa", he added.

The ACP Group and, in particular, Mr. J. van Dunem, the Angolan Justice Minster, and the Community said they agreed on the fact that Namibian independence could not be tied to the departure from Angola of Cuban troops who had been there before this UN controlled territory had been occupied by South Africa. The Angolan Minister said that the Cubans had been asked to help by the Government of a country whose independence and territorial integrity was being threatened by South Africa.

Tuna and cocoa

The ACPs stressed their great concern at the declining supplies to their tuna industries, particularly in Senegal, Côte d'Ivoire Ghana and Mauritania from the European fleets. They blamed the new Community regulations that laid down a reference price for tuna for canning and compensatory amounts in case of price fluctuation. Mr Natali's reply to the effect that there was not yet any EEC ruling and so no tie-up between the landing of catches in the ACP countries concerned did not satisfy Senegal which might not "sign the fishing agreement with the Community until corrective measures had been taken to re-establish the previous pattern of landings". The ACP-EEC sub-committee should be able to continue discussions on this in Brussels.

The same goes for cocoa, Kenyan green beans, pineapples and one-day-old Mauritian chicks. It would be a good idea to take a closer look at the problems raised by the entry of these products in Brussels. But on the subject of cocoa, especially, the EEC Council said that Parliament had not yet given any decision on the cocoa content of chocolate so the situation was unchanged and the Community would not be bringing in any amendments without consulting the ACPs on the ACP-EEC committee on trade cooperation first.

The ACPs insisted that the Community should take an active part in the negotiation and signing of a new international cocoa agreement once the extension of the third agreement, which expired in mid-84, ran out next September. The EEC also wanted the dialogue to start up again.

ACP workers and students and transitional measures

An increasing number of ACP workers and students are coming up against problems of staying in the Community legally and the ACPs asked the Joint Council to adopt provisions, in particular to set up a working party to look into implementation of the joint declaration in annex IX of Lomé III. Both Mr Van Eekelen and Mr Natali felt that this problem was more one for the Member States, although the Comission was already trying to get on with those aspects within the Community's scope. The Community, they said, would give the relevant support to practical projects put forward by the ACP countries, in particular as part of the indicative programmes and the training of ACP workers. Lastly the ACP-EEC Council of Ministers adopted a decision on the transitional application of Lomé III to Spain and Portugal pending their accession to the Convention signed in Lomé on 8 December 1984. This transitional measure will last until 31 December 1986, at the latest, when the Protocol of Accession of Spain and Portugal to Lomé should be finalized.

The Council ended in a round of applause but with few (rather fragile) agreements on the main items on the agenda. It was a kind of imperfect agreement on the basics.

Group unity and the Secretariat-General's finances at the ACP Council

The ACP Council of Ministers met on 20-24 April with the Solomon Islands' Foreign Relations Minister Paul Tovua, Chairman of the ACP-EEC Council, in the chair.

In his opening speech, Nigel Barrow, the Barbadian Minister for Foreign Relations and trade, called for the Group to unite to defend their rights and interests in the face of the EEC. He felt that relations between the Community and the ACPs had not always been smooth. "We have met with problems of interpretation and implementation of the first two Conventions on which we thought we agreed and had signed as partners. "Without seeking any deliberate reason for disagreement, we should be careful in sensitive areas (financial cooperation, technical cooperation, trade, Stabex and sugar)", Mr Barrow said.

But the most important thing, he maintained, was cooperation between the different members of the ACP Group. "I am convinced that our greatest commercial and economic potential resides not just in the traditional model established between us and the industrialized world, but in a genuine pattern of trade between our countries... We should avoid limiting our potential to relations with the industrial nations alons".

After discussing the problems of cooperation within the Group and relations with the EEC, the Council of Ministers spent some time on the very serious financial problems of the Group's Secretariat-General in Brussels. The Ministers recognized the fact that the general deterioration of the Secretariat-General's dire financial difficulties could have serious repercussions on the workings of the ACP institution responsible for monitoring relations with the Community. Edwin Carrington (Trinidad & Tobago), Secretary-General of the Group, put people on their guard against staff demotivation due to the present financial problems.

The Minister launched an urgent appeal to the countries, especially those primarily responsible, to take emergency measures to pay their contributions to the Secretariat budget and to find ways of enabling their Governments to fulfil these obligations without undue delay.

The Council rejected all appeals for external financing from such places as the EDF, but, at Liberia's request, left each country to choose the sources for contributions to the Secretariat-General's budget freely. o

LUCIEN PAGNI

LOMÉ III PROGRAMMING

The new ACP-EEC Convention came into force on 1 May. The Commission and the ACP States are continuing the programming of the 6th EDF and, to date, more than two-thirds of ACP countries have drawn up an new indicative programme of Community aid. *The Courier* has already published the outline of some of these programmes (see no.s 93, 95 and 96).

The sum indicated for each country in the financial package does not include additional resources which could be made available to ACP countries during the life of the Convention in the form of non-programmable aid administered by the Commission, such as Stabex transfers, emergency aid or food aid. In addition, the European Investment Bank may contribute from the resources which it manages, to the financing of productive investment projects that comply with the criteria and statutes of the Bank and the provisions of the Convention.

If for certain countries an idea of the Bank's funding is given, it is stressed that the actual financial package will only be finally decided when projects have been submitted and approved.

Antigua and Barbuda

Antigua and Barbuda's programmable aid—ECU 4 m (± $ EC 10 m)—includes ECU 2.5 m of grants, ECU 1 m of soft loans managed by the Commission and ECU 0.5 m of risk capital managed by the EIB.

Community aid will be concentrated on the development of economic infrastructure: 80 % of grants will go towards rehabilitating roads. Training and tourist promotion are the two other priority sectors.

The Community had indicated that a sum of ECU 72 m could serve as the basis for regional programmes in the Caribbean.

The Indicative Programme of Community aid was signed on 11 February 1986 in St. John's by Lester B. Bird, Vice Prime Minister of Antigua and Barbuda, by Maurice Foley, Deputy Director-General for Development for the Commission and by John Ainsworth for the EIB.

St. Christopher and Nevis

St. Christopher and Nevis will be receiving the sum of ECU 3 m (equivalent to approximately EC $ 7.5 m) as programmable resources, comprising ECU 2.5 m in the form of grants, and ECU 0.5 m in the form of risk capital managed by the European Investment Bank.

The aid, it was agreed, would be focused on social infrastructure (primary school rehabilitation programme) in St. Christopher and on improvement of water supply in rural areas in Nevis.

VIth EDF: Division of contributions

The VIth EDF of the Third Lomé Convention (1986-1990) has ECU 7.5 bn at its disposal.

Following Spain and Portugal's entry into the Community, the Commission put forward a proposal to the Council on changes in the internal agreement defining the contributions of each Member State to the EDF.

On the basis of this proposal, contributions will henceforth be as follows:

	(ECU M)
Belgium	296.94
Denmark	155.82
France	1 768.20
Federal Republic of Germany	1 954.40
Greece	93.03
Ireland	41.30
Italy	943.80
Luxembourg	14.00
Netherlands	423.36
Portugal	66.15
Spain	499.80
United Kingdom	1 243.20

The Community delegation indicated that a sum of ECU 72 m could be considered as a basis for the establishment of regional cooperation programmes.

The Indicative Programme was signed on 13 February 1986 on behalf of St. Christopher and Nevis by Dr Kennedy Simmonds, on behalf of the Commission of the European Communities by Mr Maurice Foley, and by Mr John Ainsworth for the European Investment Bank.

Barbados

Barbados will be receiving the sum of ECU 5.0 m (equivalent to approximately BDS $ 9.2 m) as programmable resources. This sum is composed of ECU 3 m in the form of grants and ECU 2 m in the form of special loans managed by the Commission.

The development of rural production and marketing and the development of the export of rural products were defined as the focus of their cooperation, and 75 % of the resources available will be devoted to these areas.

In addition, the European Investment Bank could contribute from its own resources to the financing of productive projects and programmes in industry, agro-industry, tourism and mining, and in energy production, transport and telecommunications linked to these sectors. As an indicative order of magnitude, the Bank's contribution could amount to ECU 10 m.

A sum of ECU 72 m was indicated as a basis for the establishment of regional cooperation programmes.

The Indicative Programme of EEC aid to Barbados was signed in Bridgetown on 18 Febraury 1986 by the Prime Minister of Barbados, the Honourable H. Bernard St. John, on behalf of the European Community by Mr Maurice Foley, and by Mr John Ainsworth on behalf of the European Investment Bank.

Guyana

Guyana will have at its disposal the sum of ECU 20.5 (approximately equivalent to G $ 75 m) as programmable resources, wholly in the form of grants.

The Community's aid would, it was agreed, be focused on economic infrastructure, in order to remove bottlenecks acting as a constraint on increased production. In particular, actions would be concentrated on transportation and water management.

A sum of ECU 72 m (equivalent to G $ 263 million) could be earmarked for regional cooperation in the Caribbean, it was indicated.

The Indicative Programme of Community aid was signed jointly on behalf of Guyana by the Minister of

Finance, Cde Greenidge, by Mr Foley on behalf of the Commission of the European Communities, and by Mr Ainsworth for the European Investment Bank.

Papua New Guinea

Papua New Guinea will receive the sum of ECU 32.5 m (equivalent to about K29 million) as programmable resources, comprising ECU 18.5 in the form of non-reimbursable grants and ECU 14 m in the form of soft loans.

The Community's aid would, it was agreed, be focused on agriculture and rural development. Approximately 75% of the resources should be devoted to this sector, in which the Government's objectives are increases in primary production, improvement of health, improvement of water supply, rural electrification and other measures to enhance living standards for rural population.

The Indicative Programme of Community aid was signed on behalf of Papua New Guinea by Mr Legu Vagi, Minister of Foreign Affairs, by Mr Michel Hauswirth, on behalf of the Commission of the European Communities and by Mr T. Oursin for the European Investment Bank.

Zaïre

Zaïre will receive ECU 147 m (approximately equivalent to Z 7.4 billion), of which ECU 117 m will be in the form of grants and ECU 30 m in the form of soft loans.

Community aid will be concentrated, on the one hand, on agricultural production, on woodfuel in the area surrounding Kinshasa and, on the other hand, on a variety of multi-sectoral development programmes in Kivu.

The EIB will give priority to consideration of the investing of its funds in these fields, provided that projects comply with its criteria and the provisions of the Convention.

The Indicative Programme was signed in Kinshasa on 27 February by Citizen Sambwa Pida Nbagui, State Commissioner for Planning, for the Republic of Zaïre, by Mr Dieter Frisch, Director-General for Development for the Commission, and by Mr Martin Curwen for the EIB.

Kiribati

Kiribati will be receiving the sum of ECU 6 m (equivalent to A $ 7.68 million at the current rate of exchange) as programmable resources, ECU 5.5 m of which in the form of non-reimbursable grant managed by the Commission and ECU 0.5 m as risk capital, managed by the European Investment Bank.

Community aid will focus on the fisheries and telecommunications sectors, in order to assist development of Kiribati's productive resources and improve communications within the country.

The Community indicated that a sum of ECU 34 m (equivalent to A $ 43.5 million) had been earmarked for regional cooperation in the Pacific.

The indicative programme of Community aid was signed in Tarawa on 7 March by the Honourable B. Boanereke on behalf of Kiribati, by Mr Michel Hauswirth on behalf of the Commission of the European Communities, and, Mr Morten Scholer in respect of matters under the responsibility of the European Investment Bank.

Fiji

Fiji will be receiving the sum of ECU 19 m (approximately 19 million F $) as programmable resources, ECU 14 m of which in the form of non-reimbursable grants and ECU 5 m in the form of soft loans.

The Community's aid would, it was agreed be focused essentially on the agricultural and rural development sectors.

Ten years of EEC-Ethiopia cooperation

The visit of the programming mission to Ethiopia from 13-19 March provided an opportunity for reviewing ten years of cooperation between Socialist Ethiopia and the EEC, as well as for preparing the implementation of Lomé III.

The extent of the amounts committed (ECU 665 m) and the wide variety of types of development aid available were emphasized by both delegations, who found the results of past cooperation both positive and highly encouraging.

The volume of aid which had been given to Ethiopia by the Community on humanitarian grounds, in response to the needs of the Ethiopian people created by drought and famine, had been particularly valued.

Finally, the funds foreseen as programmable aid under the Third Lomé Convention (ECU 230 m)—for which the Ethiopian authorities expressed their appreciation—would enable relations between Socialist Ethiopia and the Community to be both strengthened and further developed. o

During the programming mission to Ethiopia, Dieter Frisch had the opportunity of meeting President Mengistu

A sum of ECU 34 m could be earmarked for regional operations in the Pacific, it was indicated.

The Indicative Programme of Community aid was signed in Suva on 13 March on behalf of Fiji by Mr Mosese Qionibaravi, Deputy Prime Minister and Minister for Finance, on behalf of the Commission of the European Communities by Mr Michel Hauswirth, Deputy Director-General for Development and by Mr Morten Scholer in respect of matters under the responsibility of the European Investment Bank.

Tonga

The Kingdom of Tonga will be receiving the sum of ECU 6 m (equivalent to 7.8 m Pa'anga), as programmable resources, comprising ECU 5.5 million Pa'anga) in non-reimbursable grants, and ECU 0.5 million in the form of risk capital, managed by the European Investment Bank.

The Community's aid would focus on the integrated regional development of Vava'u. The Community undertook to help the Government to stimulate the economic and social development of Vava'u through, inter alia, financing of works, supplies and lines of credit.

A sum of ECU 34 m (equivalent to 44.2 million Pa'anga) could be earmarked for regional cooperation, it was indicated.

The Indicative Programme of Community aid was signed in Nuku'alofa on 18 March on behalf of the Kingdom of Tonga by the Hon. Fr. S. M. Tupou, Governor of Vava'u, on behalf of the Commission of the European Communities by Mr Michel Hauswirth, Deputy Director-General for Development, and by Mr Morten Scholer for the EIB.

Ethiopia

Socialist Ethiopia will dispose of ECU 230 m in programmable aid of which ECU 182 m will be in the form of grants; ECU 18 m in the form of soft loans and ECU 30 m in the form of risk capital managed by the European Investment Bank.

The Community's aid would be focused on peasant agriculture as a first priority to achieve, through an integrated approach, food self-sufficiency. Export crops and livestock development could be supported by the Community as a second priority. In this context a sustained effort will be made to increase production in high-potential agricultural areas and a significant programme of restoring agricultural capacity in the drought-stricken areas will be implemented.

Maurice Foley in conversation with Commodore Ebitu Okoh Ukiwe, Nigeria's Chief of Staff

In addition, the European Investment Bank may contribute from the resources which it manages, to the financing of production investment projects, in particular in the sectors of mining, electric power, agro-processing and manufacturing and in favour of small and medium-scale enterprises, that comply with the criteria and statutes of the Bank and the provisions of the Convention.

The Community delegation indicated that a sum of ECU 185 m has been earmarked for regional cooperation in Eastern Africa which may include actions in the framework of IGADD.

The Indicative Programme was signed in Addis Ababa on 18 March 1986 by Comrade Mersie Ejigu, member of the Central Committee of the WPE and Minister in charge of the General Plan, ONCCP, on behalf of Socialist Ethiopia; by Mr Dieter Frisch, Director-General for Development on behalf of the Commission, and by Mr J. Silvain in respect of matters under the responsibility of the European Investment Bank.

Nigeria

Nigeria will be receiving a sum of ECU 200 m of which ECU 50 m in the form of grants and ECU 150 m in the form of special loans (at 1% interest, with 40 years' maturity and 10 years' grace).

Community support would be focussed on rural development, in association with appropriate education, training and research, to which about 75% of the resources managed by the Commission will be devoted. In addition, the EIB would envisage, as an indicative order of magnitude, an amount of ECU 100 m to be provided from the resources that it manages.

The EIB indicated that it could contribute to the financing of productive projects and programmes in industry, agro-industry, tourism and mining, and in energy production, transport and telecommunications linked to these sectors.

A sum of ECU 210 m could be earmarked for regional cooperation, it was indicated,

The Indicative Programme was signed in Lagos on 25 March by Dr Kalu I. Kalu, Minister of National Planning on behalf of the Federal Republic of Nigeria, by Mr Maurice Foley, Deputy Director-General for Development for the Commission and by Mr Thomas Oursin for the EIB.

Togo

Togo will receive ECU 61 m in programmable aid, of which ECU 47.5 m will be in the form of grants ECU 7 m in soft loans and ECU 6.5 m as risk capital (a total of approximately CFAF 20 billion).

Aid will be concentrated in two main fields—rural development and food self-sufficiency on the one hand, and maintenance and rehabilitation of infrastructure on the other hand. In the field of rehabilitation and maintenance capacity, Community aid will focus principally on the maintenance, repair and upgrading of certain existing roads, and on combating coastal erosion, at both national and regional level.

The Indicative Programme was signed in Lomé on 4 April by Mr Yaovi Adodo, Minister of Planning and Industry for the Republic of Togo, by Mr Dieter Frisch, Director-General for Development for the Commission, and by Mr Patrick Thomas for the EIB.

Benin

Benin will receive ECU 80 m in programmable aid (about CFAF 27 billion), of which ECU 71.5 m in the form of grants and ECU 8.5 m in the form of risk capital managed by the EIB.

Aid will be concentrated in two sectors—the coordinated development of rural areas and on the rehabilitation, modernization and maintenance of infrastructures. The Commission will devote the bulk of its aid to these sectors, in practically equal shares.

It was also indicated that a sum of ECU 210 m (the approximate equivalent of CFAF 72 billion) would be earmarked for regional cooperation in West Africa.

The Indicative Programme was signed in Cotonou on 10 April by Mr Zul-Kifl Salami, Minister for Planning and Statistics for the People's Republic of Benin, by Mr Dieter Frisch, Director-General for Development for the Commission and by Mr J. Biancarelli for the EIB. o

LOMÉ III

Spain and Portugal take their first steps towards the Convention

Spain and Portugal's accession to the Community on 1 January this year brings something new to ACP-EEC relations and the parties to the Convention have to negotiate the consequences.

Lomé III provides for enlargement and Article 284 says that the ACP and the Community should examine the effects of it and negotiate a Protocol of Accession to include adaptation and transitional measures, to the Convention. This article also provides for transitional arrangements for relations between the ACP Group and Spain and Portugal until the Protocol takes effect.

How did things stand in April?

First of all, let us not forget that some provisions relating to the two new arrivals were already introduced when the transitional measures for ACP-EEC relations in the period between expiry of Lomé II (28 February 1985) and entry into effect of Lomé III (1 May 1986) were extended beyond 28 February 1986. At this stage, the parties recognized that the transitional measures had to apply to relations between the ACPs and the enlarged Community. They noted that Spanish and Portuguese imports of ACP products were covered by autonomous Community measures based on similar measures to the trade arrangements between the these two countries and the former 10.

What this actually means is that Spain and Portugal do not have to wait for the Protocol of Accession and can already take their first steps towards the Lomé trade arrangements for the ACP countries, within the limits of their own gradual adaptation to the common market and some special provisions in the Act of Accession to the Community. They may not, in fact, grant third countries, even those which have preferential arrangements, greater advantages than they grant to the rest of the Community.

The important thing, however, is still the negotiation of the Protocol of Accession to Lomé III, for which meetings between the Community and the ACPs were officially started in December last year, with the Commission negotiating for the EEC. Technical meetings of ACP and EEC departments have continued since then with a view to better defining any difficulties that crop up in trade, this being the field with the most outstanding problems. Negotiations can then be continued afterwards.

Once they have been completed and the Protocol is signed, all that needs to be done is for all the parties to Lomé III to ratify. Until this lengthy procedure is over, cooperation relations between the two new Member States and the ACP Group will be covered by transitional arrangements, in line with Article 284 of Lomé III.

We already know that the system whereby ACP products accede to the Spanish and Portuguese markets, which is organized autonomously as part of the transitional Lomé II-Lomé III arrangements, can continue to be applied until the end of this years.

The two new States thus already took their first steps towards ACP-EEC relations in early March and the process of formal accession to Lomé III is under way. o

EDF

Favourable opinions from the 209th and 210th meeting of the EDF Committee has led to Commission decisions to finance the following projects.

Benin, Burkina Faso, Côte d'Ivoire, Mali, Mauritania, Niger, Senegal and Togo – 4th EDF grant of ECU 400 000 to boost facilities at centres run by the Organization Coordinating the Campaign against Major Endemic Diseases (OCCGE).

This is an inter-state organization which aims to promote the detection and treatment of the major endemic diseases in West Africa and to improve research into their control.

The project involves boosting the technical and logistical facilities in the 10 centres and institutes which the OCCGE coordinates.

Burkina Faso – 5th EDF grant of ECU 285 000 to develop fisheries potential.

This project is part of a master plan to develop the country's fisheries and fish farming sector, mainly by developing existing facilities.

The idea is to provide training and equipment for 1 100 fishermen and fish farmers in the villages who are organized and work about 14 000 ha of water in five areas.

Economic Community of West African States (ECOWAS) – 5th EDF grant of ECU 700 000 to run an information campaign and promote investments in West Africa.

The project covers the financing of a mainly industrial cooperation operation between EEC and West African firms. It involves information campaigns and the promotion of European investments in the member countries of ECOWAS, leading to the 7th West African Industrial Forum in Dakar in 1986.

Solomon Islands – 4th/5th EDF grant of ECU 7 550 000 for port and urban infrastructure at Noro.

The idea is to give Noro the infrastructure which the small town and deep water port need to become a focus for industrial development for the western province and to build a tuna preserving plant. The Government will also get technical assistance with managing and following up the project.

Suriname – 5th EDF grant of ECU 720 000 to improve the artificial insemination services.

The idea is to improve the genetic qualities of Suriname's dairy herd so as to boost milk production and make the country self-sufficient in this product.

The project involves setting up an artificial insemination centre with refrigeration facilities for sperm storage and liquid nitrogen production and providing equipment for inseminators in the agricultural back-up centres, input for the first years and expert advice with training technical assistance staff.

All ACP States and OCTs – ECU 400 000 from the 5th EDF for a programme of short training and advanced training sessions in 1986.

This involves providing financing for 1986 to run:
– short information sessions for ACP students and managers studying in Europe;
– advanced training sessions on specific subjects for ACP officials and managers either in Europe or in the ACP States.

Niger – A 5th EDF grant of ECU 3 100 000 to modernize traditional wells in the Ouallam region.

This should provide the water supplies the people in the rural Niamey department (Ouallam sub-prefecture) need by modernizing 100 traditional wells and involving the local people who will benefit from the scheme in actually doing the work, with a view to making them both financially and materially responsible for maintenance. The project will also train people to carry out the maintenance.

The main results should be coverage of about 50 000 rural dwellers' water requirements, providing enough water throughout the year for personal needs and for the village agricultural activities (cattle, gardening, off-season crops and tree-planting).

Equatorial Guinea – 5th EDF grant of ECU 900 000 to rehabilitate cocoa growing on the island of Bioko.

This is part of a general World Bank project aimed at reactivating and rationalizing cocoa production on Bioko.

The cost of the general project is an estimated US$ 16.2 million (approximately ECU 18.9 million). The EDF part, which represents 4.5% of the total, is worth ECU 900 000.

This EDF co-financing will go to purchase agricultural input for people in cooperatives as well as for independent smallholders, starting in 1987. The producers will then pay back the credit to constitute working capital for the following years.

Kenya – 5th EDF grant of ECU 1 000 000 to improve health infrastructure in the Machakos area.

The project includes supplying money to complete the extensions to the health infrastructure. This programme involves:
– building and fitting out a new polyclinic on the present site of the Machakos provincial hospital. A total of 11 new buildings were to be provided for admissions, emergencies, consultation, treatment rooms and wards, dentistry, a laboratory, a pharmacy, radiology, a theatre and physiotherapy;
– extensions to four health centres in Athi River, Sultan Hamud, Mbooni and Nunguni and the construction of a new health centre in Matiliku with housing for the staff and the supply of additional equipment for all five centres.

Kenya

Tambach-Biretwo road
Fifth EDF
Special loan: ECU 4 200 000
Grant: ECU 500 000

The project concerns the construction of a surfaced road between Tambach and Biretwo (10.5 km) to replace the present track of beaten earth. This segment is part of the road linking Sergoit and Marigat (110 km) in the west of Kenya, and which gives access to the Kerio Valley and its adjacent bottom-lands which have a high agricultural potential.

The project will provide all-weather road access to serve agricultural and livestock-raising areas to which access is currently difficult all year round. In addition the new road will broaden economic activities in the region and improve the living conditions of the rural population by opening the region to potential transit trade.

The completion of the project will result in considerable economies for the road users and will reduce maintenance costs, an important proportion of which is paid in foreign exchange.

Rwanda

Multiannual Training Programme
Fifth EDF
Grant: ECU 1 000 000

The project completes the Multiannual Training Programme in the framework of the revision of the indicative programme begun in 1984. The objective is to intensify training efforts for statisticians (I.A.M.S.E.A.-Kigali), veterinarians (Ecole Inter-Etats de Sciences et Médecine Vétérinaire, Dakar) as well as training five national managers competent in the fields of economics, mathematics and agronomy who will replace part of the external technical assistance currently working at the Rwanda National University.

Assistance to the CCO (Centrale Comptable et Organisation)
Fifth EDF
Grant: ECU 3 100 000

The project consists of prolonging the assistance furnished to the CCO for the continuation and intensification of the work undertaken since 1984 in the context of a project to re-establish public undertakings in Rwanda. The objective of the CCO is to improve the effectiveness and financial results of public undertakings so that they may play their full part economically in the framework of their respective tasks.

Zimbabwe

Provision of drinking water in rural areas in Matabeleland South
Fifth EDF
Grant: ECU 1 100 000
Special loan: ECU 3 000 000

The aim of this project is to provide drinking water and safe and permanent sanitary conditions for 72 000 inhabitants of Matabeleland South who are subject to frequent droughts. The province, which has a total population of 763 000 and a population growth rate of 3.6%, only has 1 800 to 2 000 water points at present. The resources provided by the EDF will enable 250 drillings to take place, the sinking of 100 wells, the provision of manual pumps, permit preparatory work to proceed on a medium-sized dam after tendering procedures, and will help improve the sanitary situation through the construction of about 6 000 public latrines.

Comoros

Small-scale livestock raising at Anjouan
Fifth EDF
Grant: ECU 200 000

In the framework of its efforts to reduce the country's dependence on imported food to improve the nutritional level of the population and to create an alternative source of income for rural areas, the Comoros Government has decided to extend to the island of Anjouan the type of development project which has been launched with considerable success on Grand Comoros. The aim of the project is to increase the production of eggs and meat on the island, either for sale or local consumption.

To achieve these objectives the project will concentrate on:
— providing laying chickens and hens for eating;
— increasing provision of material for breeding;
— provision on concentrated foodstuffs for the launch phase of the project;
— running the Patsy centre and its connected operations.

Cameroon

Village oil palm plantations at Dibolbari
Fifth EDF
Grant: ECU 1 110 000

This project is aimed at consolidating the work funded jointly by the European Community and the Cameroon Government since 1978 of creating village palm plantations round the periphery of the Société Camerounais de Palmeraies (SOCAPALM) at Dibombari in the Littoral Province, by improving the network of collection tracks. The objective is to restore about 85 km of forest paths, reopen about 40 km of rural tracks which have been abandoned and to maintain about 165 km of tracks in all, in a radius of 25 km round the refinery at Nkapa. ○

EIB

Loan for panel factory in Malawi

The European Investment Bank (EIB) has signed a conditional loan agreement for ECU 3.97 million with the Government of Malawi to enable Viphya Pulp and Paper Corporation (Vipcor), a Government-owned corporation responsible for developing the Viphya forest, to acquire an equity participation in Viphya Plywoods and Allied Industries Ltd (Viply). Viply is constructing an integrated sawmill and panel factory at Chikangawa to utilize the extensive Viphya forestry resources to produce sawn timber, plywood and panel board, thereby cutting back on the volume of imports.

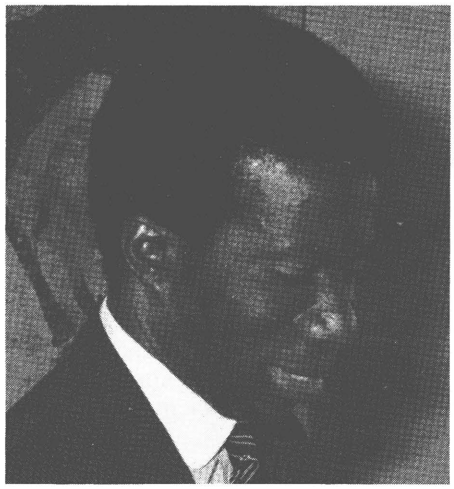
The funds, advanced for up to 25 years at 2%, will use up the balance of the risk capital resources available under the Second Lomé Convention and managed by the Bank, and in funding part of Viply's equity, will go towards providing the undertaking with a sound financial footing on which to launch its activities.

The project, costed at ECU 31.0 million, seeks to meet local demand for panel board for which Malawi only has one factory at present and is thus compelled to resort to imports. It is planned to establish a sawmill with an annual capacity of 13 000 m^3 of sawnwood as well as a panel factory turning out 15 000 m^3 of panel products a year (7 500 m^3 of plywood and 7 500 m^3 of panel board), mainly for the local market. Wood will be supplied from the Viphya forest, covering over 54 000 hectares, while phased reafforestation of the areas depleted as a result of the operation is also programmed. ○

ACP EMBASSIES

The new Ambassadors of Sierra Leone and Togo have presented their credentials to the Presidents of the Council and the Commission of the European Communities.

Sierra Leone



The Ambassador of Sierra Leone, 42-year-old Abdul Gadire Koroma, who read law at the Universities of London and Kiev, was Permanent Representative to the UN (1981-85) before being appointed to Brussels.

Togo

Mr E. Koué K. Assiongbon 38, the new Togolese Ambassador, is an agricultural engineer who dealt with rural development projects before being posted to the EEC. ○

EMERGENCY AID

The Commission has just decided to send financing to Madagascar, Sao Tomé & Principe, Jamaica and Somalia as part of the Lomé III emergency aid arrangements.

Madagascar: ECU 500 000

This aid is for the victims of Onorinina, the hurricane which hit the island on 16 March. Thousands are without shelter and the town of Tamatave, which was particularly badly hit, is cut off. The relief includes basic supplies—food, blankets and so on.

Sao Tomé & Principe: ECU 350 000

A violent outbreak of malaria killed almost 200 children on the islands in January and February this year. The aid is in response to a Government appeal and is intended for an emergency treatment and drainage programme being run by the Portuguese Red Cross.

Jamaica: ECU 85 000

A Government appeal following damage by hurricane Kate has led the Commission to send relief worth ECU 85 000 for the worst-off families in Jamaica.

Somalia: ECU 500 000

This is to cope with deteriorating medical situation in the Somalian refugee camps.

Médecins sans Frontières (the implementing agency) will be getting ECU 230 000 of this to fly out a medical team, drugs and vehicles.

The UN High Commissioner for Refugees is to get the remaining ECU 270 000 to send out medicines and transport people to other camps. o

FISHING

ACP-EEC — Fishing agreement with Madagascar published, agreement with Guinea extended and negotiations with other countries begin

The EEC Council approved the Madagascar-Community fishing agreement here today. This is a three-year agreement which will be extended every two years thereafter if neither party denounces it. It lays down the rights of access of Community vessels fishing tuna and shellfish in Madgascan waters and sets out the dues and other advantages the Community will be giving in exchange.

The Council also adopted a decision extending (via an exchange of letters) the EEC-Guinea fishing agreement until 7 August. A new agreement will have to be negotiated in the meantime.

The Commission has also opened negotiations with Guadeloupe (with a view to obtaining fishing rights for the French departments Martinique and Guadeloupe) and exploratory talks with Antigua are about to start. Other steps are to be taken to extend the fishing agreements with third countries as far as possible so that the Member States' fleets have alternative fishing grounds. o

VISITS

• Vanuatu's PM visits the Commission

Walter Hadye Lini, the Prime Minister, led Vanuatu's delegation to the Commission on 28 February 1986 for talks with Development Commissioner Lorenzo Natali.

Walter Lini
Prime Minister of Vanuatu

Vanuatu (ex-New Hebrides) became independent in July 1980 and acceded to the Lomé Convention on 18 March the following year, although it had already benefitted from Community assistance from Lomé I (1975-80) by virtue of being an OCT.

During this period, financial and technical aid from the Community was concentrated on infrastructure and agricultural development. This amounted to ECU 2.8 million. Under Lomé II (1980-85), Vanuatu received ECU 4.5 million worth of aid and this was mainly channelled into developing the coconut industry and the fisheries sector.

The Lomé III indicative programme (1986-90) was signed on 25 November last year. The amount involved this time is ECU 6.5 million, it is for financial and technical cooperation and will be concentrated in the rural development and fisheries sectors.

The export earnings stabilization system has been a particular help to Vanuatu, which received transfers worth ECU 10.3 million for copra, the country's main product, and cocoa, over the 1975-85 decade. o

• Lorenzo Natali in Côte d'Ivoire

Vice-President Natali undertook an official visit to Côte d'Ivoire from 8-10 March 1986, during which he met President Felix Houphouet-Boigny as well as various members of his Government. Discussions held centred on cooperation between the Community and Côte d'Ivoire, as well as on the agreements on primary products, in the light of the recent UNCTAD conference on cocoa.

There was general satisfaction, on both sides, on the state of past cooperation and ways were examined of making even better use of the grants to be made under Lomé III.

As regards the negotiations for a 4th cocoa agreement, which had foundered the previous week in Geneva, the Ivorian Minister of Agriculture, Water and Forestry, Mr Bra Kanon, explained the reasons for Côte d'Ivoire's withdrawal from the negotiations. Mr Natali, for his part regretted that the negotiations had failed and reaffirmed the Community's desire to reach agreement.

Mr Natali being received by President Houphouet-Boigny

Following their discussions, Mr Natali and the Ivorian leaders agreed on the need to restart talks on this difficult issue, to give fresh impetus towards a successful outcome to the Cocoa agreement negotiations to be held from 7-11 July 1986. o

NGOs

Annual General Meeting

Representatives of some 500 NGOs which help the Community implement its development aid policy held their 12th annual meeting in Brussels from 22-24 April.

The last meeting (1985) was held at a time of particular concern about the situation in Africa, as famine had hit the Sahel, but this year's meeting was an opportunity to reflect on past achievements. 1986, in fact, is the 10th anniversary of the NGO Liaison Committee, the coordination body set up to do a range of jobs including promoting EEC-NGO collaboration in all areas of development.

Although the retiring Chairman, Menotti Bottazzi, (Pierre Galand replaces him) made an opening speech stressing that the annual meeting should not be an exercise in self-congratulation, as the poverty in the world left no room for complacency, the success of EEC-NGO cooperation over the past decade was nonetheless considerable.

The funds channelled into NGO development projects have increased sixfold over the past decade, something like 400 projects having been cofinanced every year.

The Courier will return to the results of this meeting in its next issue. o

GENERAL INFORMATION

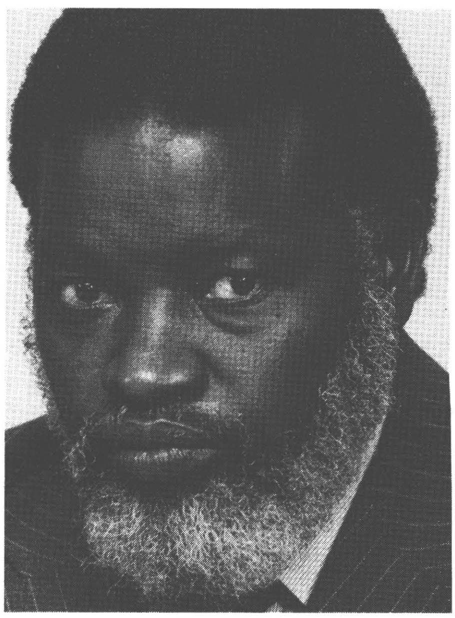
Namibia: Second International Conference

The second Brussels International Conference on Namibia was held in the Belgian capital from 5-7 May, 14 years after the first conference in 1972. It was organized by an international preparatory committee, with a large number of heads of state or government of African or non-aligned countries acting as patrons, and had as its purpose to mobilize international action aimed at securing independence for Namibia. The meeting—which was attended by numerous participants, including ACP Ambassadors, Commission representatives, United Nations bodies, political parties and trade unionists. The SWAPO (South-West African People's Organization) was led by Mr Sam Nujoma.

In a message to the conference, Claude Cheysson, who was unable to attend the final working session called for "continuous worldwide attention to be called to the dreadful fate of the Namibian people and to all that the immense delay in its independence means in respect of human rights and world peace". Before that he had recalled his participation—as French Foreign Minister—in the "Contact Group" on Namibia: "the South Africans, and now the Americans, too", he said, "admit that they want to help Savimbi in Angola directly—which would imply that UNITA, left on her own, might founder—*here* is the real reason for delaying independence, and it is unpardonable, and must be denounced".

For his part, Sam Nujoma, SWAPO's President, emphasized that "In Namibia, the demand for freedom is persistent and intense. The voices of the masses of our people are loud and clear. They want independence, and they want it now!" Having recalled that 1986 had been proclaimed a year of "General Mobilization and Decisive Action for Final Victory" he said that the armed struggle would intensify throughout Namibia.

"The year 1986" he said, "will mark several anniversaries, two of which I wish to underline here. One is



Sam Nujoma, SWAPO's President

the 20th anniversary of the launching of the armed struggle by SWAPO's military wing, the People's Liberation Army of Namibia (PLAN), on 26 August 1966. SWAPO is here to stay. Our fighters have faced the enemy in the field. There is military stalemate now. Time and circumstances are in our favour. We cannot lose. The victory is ours.

The other event is the 20th anniversary of the termination by the General Assembly of the United Nations of racist South Africa's mandate over Namibia. In July this year, the UN Council for Namibia will hold a major International Conference on Namibia; in connection with this important anniversary. Our friends and supporters should help publicize and support this initiative".

The Conference ended by a call to European public opinion in particular—and Western opinion in general—to intensify its campaign for a free Namibia and increase its support to SWAPO. Amongst the various recommendations made was one to apply economic sanctions to South Africa and an appeal was made to all government and bodies, and in particular to the Member States of the Community, to persuade the United States to abandon their present policy towards South African and UNITA and to force the governments of the UK, the US and West Germany to give up blocking United Nations action with regard, in particular, to sanctions. o

NON-ASSOCIATED COUNTRIES

The Commission has just decided to finance a number of projects as part of its technical and financial assistance programme for non-associated countries.

Bhutan — ECU 1 100 000 for technical assistance to the Department of Agriculture

This is a technical assistance programme to supply the Department of Agriculture with a rural development engineer and an agricultural economist for a three-year period. The idea is to boost the Department's potential when it comes to defining agricultural development policies.

The assistance will also make it possible to identify and prepare new projects which could then benefit from Community aid.

Colombia — ECU 4 000 000 for a micro-project programme along the Pacific coast

The idea here is to help the small, isolated fishing, farming and mining communities along the wooded river banks near the Pacific coast of Colombia run small development schemes. They will involve small amounts of production credit and the creation of infrastructure with manual assistance from the recipients.

The aim is to get the people who are currently scraping a subsistence living to produce a surplus they can trade. This should create the potential for self-reliant development based on the stimulation of trade between the communities.

Rajastan — ECU 28 million to develop mustard seed production

Oilseed production is an important side of Indian industry, as it provides employment for something like 14 million people.

However, the increase in oilseed production is very much behind the increase in agricultural production in general. Annual oilseed output went up by only 45% over the 1966-81 period, while the output of food grains went up by about 75%. So the Indian Government has decided to do its best to boost oilseed production via a series of integrated development schemes that will improve both the facilities and the production potential of this sector.

The idea is to get a total of 700 oilseed producer cooperatives (OSCS) organized. These cooperatives will involve 175 000 mustard seed producers with a total output of 50 500 t.

The project will cost ECU 43 million and ECU 28 million of this will be financed by the EEC. o

WORLD BANK

Saudi Arabia joins the Special Aid Fund for sub-Saharan Africa

The Kingdom of Saudi Arabia, represented by the Saudi Fund for Development, signed a Protocol last month, together with the International Development Association (IDA) on its participation in the Special Aid Fund. This will involve it in joint financing. The Saudi financial contribution, scheduled to cover three years, will be SRI 360 million (i.e. about US $ 100 million), which brings the Special Fund up to around US $ 1.5 billion.

The Special Fund is financed by 18 donor countries and the World Bank and gives support to countries south of the Sahara that apply economic reform programmes. It is administered by IDA. Since it started up on 1 July 1985, 13 operations have been approved for an approximate total value of US $ 450 million in 11 countries of Africa. o

MEDITERRANEAN

The Commission has decided to finance four projects as part of its financial and technical aid programme for the associated countries of the Mediterranean.

Algeria — ECU 2 750 000 to train managers for the Ministry of Public Works

The project is to boost training facilities for engineers at the Ministry of Public Works (back-up for institutes of higher education and adult education for middle management).

It includes, in particular:
— training for teachers via grants for study in Europe;
— advanced training etc. for middle management in employment via short sessions in Algeria with technical assistance from EEC experts;
— the supply of teaching materials and scientific and technical documentation.

Algeria — ECU 3 900 000 to train managers for heavy industry

The aim here is to:
— provide management training for 6 000 senior managers in Algeria's heavy industry over a five-year period. The fields covered will be general management, production management, financial management and accounting, the management of human resources, project management and marketing;
— training for teachers who will ensure the continuity and organization of the programmes;
— the supply of teaching materials (li-

brary and other resources) and technical support (photocopying machines, projectors etc.) so the three training centres can function properly;
— the preparation and production of the right teaching material for heavy industry in Algeria.

Tunisia — **ECU 1 000 000 to boost the research facilities at the Directorate for Water Resources at the Ministry of Agriculture**

The idea here is to boost the research, study and training potential of the Directorate for Water Resources at the Ministry of Agriculture via two pilot projects in two typical regions of Tunisia—Cap Bon (north east) and Sidi Bouzid (central Tunisia) and greater computerization of hydrological and hydro-geological data at the Directorate in Tunis.

Jordan — **ECU 2 000 000 for the Faculty of Engineering and Technology (FET), Phase II**

The main purpose of this project is to develop the Faculty of Engineering and Technology at the University of Jordan. It includes a programme to supply equipment, provide technical assistance and specialized university and technical training to complete and extend what has already been done in the Community-financed Phase I. The project also involves providing the Faculty with computer facilities (equipment, software and technical cooperation) and the relevant specialized training, particularly for technicians. o

EUROPEAN COMMUNITY

Development Cooperation Council

Community Development Ministers met in Luxembourg on 17 April under the chairmanship of Mrs E.M. Schoo, the Dutch Development Cooperation Minister.

Ministers discussed various food aid schemes in Africa, experience of the food strategies and the general structural aspects of African development.

They dealt with the safe food supplies the developing world is aiming at, with a detailed exchange on the food aid policies and management of the past few years, bearing in mind the need to adapt Community aid to development conditions and demands.

In the light of all this, the Commission said it intended to make proposals to the Council on amending the outline food aid agreement and the mobilization regulation.

The idea would be to make food aid an even more effective means of assisting development and providing support for the developing world's quest for self-sufficiency. It was also to ensure that this aid is better adapted to the needs of the people who receive it.

Rehabilitation-Recovery Plan for the African countries worst hit by drought

The Milan Council underlined the vital importance of an emergency plan to prevent recurrence of famine. This meant a short- and a medium-term plan on the one hand and a long-term plan on the other.

When discussing short- and medium-term measures, the Development Council of 4 November 1985 had welcomed the Rehabilitation and Recovery Plan for the most drought-ridden nations of Africa which Vice-President Natali presented, and said it agreed with the general guidelines of the plan (ECU 108 m plus aid from the Member States).

The Luxembourg Council heard a progress report from the Commission on the Plan, which is already well under way and scheduled for completion by the end of the year. It expressed its appreciation of the Commission for the conditions of implementation and, in particular, for the speed with which the Commission had acted.

Anti-desertification

The protection of natural resources and the campaign against desertification in Africa are long-term concerns which the Milan Council had stressed, underlining the need for all European, Community and bilateral aid to give priority to this type of intervention.

It was with this in mind that the Commission proposed a coherent overall policy comprising specific schemes to protect natural resources as well as agricultural projects and the implementation of suitable research and population policies, with particular emphasis on concentrating available Community means (Lomé, food aid, NGOs, southern Mediterranean countries) and on coordination between the Commission and the Member States and other donors.

The Council expressed its appreciation of this important communication, approving both the analysis and the general approach.

It decided to implement a long-term European action plan combining the means of both Community and Member States to fight desertification.

It also stressed the importance of close coordination of the schemes of the Member States, the Community and other funders and noted the availability of the Member States in this respect.

Centre for Development Policy Management

The Council noted the Dutch Delegation's statement on setting up a Centre for Development Policy Management in Maastricht to train people in the formulation and implementation of development policies. The Dutch Development Minister, Mrs Schoo, said that her country had decided to provide the initial financing of NFL 40 million to get the Centre under way. She said she hoped that others would join in this drive to make this operation to help the ACPs a success.

The Five's decision to abandon the laisser-faire attitude they had adopted so far was a step towards better control of exchange relations between the principal currencies. But swaps would not solve the problems by themselves. Most industrialized countries should and must cooperate more closely and coordinate their economic policies better. Although the exchange situation now seems better balanced than it did a year ago, it would be wrong to lose sight of the fact that, if the dollar went on dropping, there would be serious problems of the sort experienced in 1978 and there would be the sort of distortion that would be harmful for Europe because of the instability of relations between the dollar and the ECU and the yen and the ECU.

In this field too, the Community had to adopt a common position and take international initiatives to cope with the new phase of debt. o

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INDUSTRIAL OPPORTUNITIES

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GRENADIAN COSMETIC PRODUCTS SUCCEED IN CARIBBEAN MARKET

Grenada, one of the world's smallest island nations, has benefitted from CDI's assistance to develop a cosmetics industry using local raw materials.

The story begins four years ago with the establishment of a French-Grenadian joint venture for the blending, conditioning and packaging of perfumery products for the local and Caricom markets.

This joint venture company, known as Spice Island Perfumes Ltd, received assistance from CDI in its early days for visits by its Managing Director, Mrs Angela Clements, to European laboratories, to plan new products and select equipment. Its perfumes were soon selling well in Grenada and other Caribbean markets.

After a difficult period due to troubles on the island in 1983, the company again approached CDI for assistance in finding a European technical partner for diversification into cosmetics and toiletries. It was interested in products like shampoos, conditioners, deodorants and body creams. A market survey had shown that Grenada and other Caricom countries were substantial importers of such products.

CDI therefore engaged the head of a UK cosmetics company, Mrs Marion Edsor of Smallborough Laboratories Ltd, to give practical help to Spice Island Perfumes Ltd.

It was decided to set up a subsidiary company (to be known as Spice Island Cosmetics Ltd) for which Mrs Edsor would create cosmetic formulations using local and imported ingredients plus fragrances from the parent perfume company. Mrs Edsor also helped with the procurement of equipment and raw materials. She trained the production technician and helped with the establishment of production lines and quality control.

Both companies (in which Grenadians now have a majority shareholding) are providing employment in an attractive luxury industry. They are using more locally available raw materials—notably alcohol and coconut oil—and are contributing to a reduction of regional imports, thus saving foreign exchange. The operations therefore satisfy some of the major criteria for CDI assistance; and CDI is pleased to observe that the products are gaining growing acceptance in the regional market.

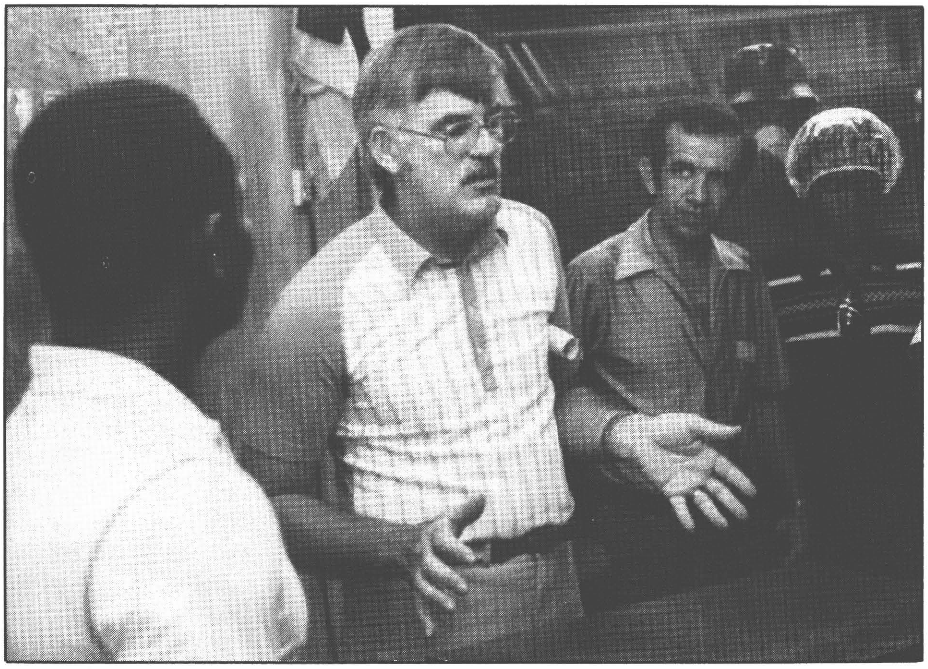
Throughout the first half of this year, CDI is studying—with the help of consultants—the industrial potential of the whole Caribbean region. The purpose is to identify other promising ventures, like the Spice Island perfume and cosmetics companies, which can qualify for CDI's assistance in obtaining know-how and European franchising or joint venture partners. ■

Checking the quality of the cosmetics mix in a kettle: Production technician of Spice Island Cosmetics Mr Patrick Thomas; Managing Director Mrs Angela Clements (centre); and CDI-sponsored cosmetics expert Mrs Marion Edsor.

CONTENTS

WOOD INDUSTRIES IN CARIBBEAN BENEFIT FROM DOMINICA WORKSHOP

Owners and managers of 14 woodworking firms employing 160 people in the Caribbean, have set new short-term operational objectives as a result of a CDI-sponsored workshop held in Dominica, during the last fortnight of February.



CDI-sponsored consultant Mr Bill Vernon conducting a demonstration on wood-finishing during the workshop in Dominica.

The workshop was attended by 21 participants from six member states of the Organisation of Eastern Caribbean States (OECS) namely, Dominica, Grenada, Monserrat, St. Kitts & Nevis, St. Lucia and St. Vincent.

The Caribbean Association of Industry and Commerce (CAIC) co-sponsored the workshop; and CDI's antenna organisation in Dominica, the Industrial Development Corporation, helped substantially in setting up local arrangements. Three of the participants were from woodwork training establishments.

The participants are to achieve their new operational objectives within three months and the results will be monitored by CDI and CAIC.

These objectives include: improvement of plant layout, setting-up proper costing systems, correct maintenance of all machines and hand tools, construction of jigs for the better use of machinery, cleaning out workshops, improvement of safety, preparation and implementation of realistic budgets, specialisation of tasks, improvement of marketing, checking of incoming stocks, postponement of machinery purchases (pending analysis of real needs), a move to new premises and in (two cases) reduction of staff.

The workshop was conducted by two Irish experts commissioned by CDI: Mr Bill Vernon, a wood industry specialist and Mr John Ryan, a cost accountant and production engineer experienced in the wood industry.

JOINT VENTURE APPROACH

In opening the workshop, Mr Charles Maynard, Dominica's Minister for Agriculture, Trade, Industry and Tourism, highlighted the importance to Dominica of its wood sector. This point was echoed in an address by CDI's Deputy Director, Mr. Jens Mosgard who explained that Dominica was chosen for the workshop because of the importance of her wood industries, based on the country's excellent resources.

Mr Jens Mosgard also emphasized the advantages of joint ventures. "A lot of industries", he said, "have been set up in developing countries based on turn-key plants, or on separate deliveries of equipment, know-how and training. We believe, however, that the joint venture has significant advantages, because the financial participation of the joint venture partner, as the supplier of technical and operational know-how, is a greater assurance that the operation will be viable".

"The joint venture partner", continued Mr Mosgard, "has his investment at stake and wants to see a profit, whereas the turn-key/know-how supplier usually provides only a guarantee for the correct technical operation of the plant, which does not necessarily lead to profit".

"Equally important in the joint venture, is the total package which may provide not only finance and know-how, but also key manpower, possibly marketing assistance (including even access to overseas markets). You can of course get all these facilities by buying them individually, but usually at a higher price and without any assurance of profit".

Before leaving Dominica, the CDI delegation met the Prime Minister, Mrs Eugénie Charles and other local authorities, to review Dominican industrial projects likely to require CDI's assistance under Lomé III.

CARIBBEAN DEVELOPMENT ENTERPRISE

In the discussions with the Prime Minister it was suggested that Dominica could offer an excellent infrastructure for a wood industries development enterprise, to serve all the Eastern Caribbean states, by:

- offering a design and engineering facility to assist furniture manufacturers with new designs and to help other wood industries with the execution of extensions, improvement of production, repair of machines, saw doctoring, etc.;
- training supervisors, repair technicians, designers, etc.;
- providing services and supplies such as the manufacture of parts, tool-making and the construction of jigs, fixtures, etc.;
- providing a marketing service and export channel.

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.

Organisations reprinting these offers in their own publications, are asked ALWAYS to include the corresponding CDI reference numbers.

Fresh marine shrimps. Antigua (West Indies). **662.ANT.FOO.**

A private local company which has the capacity to produce 49 tons a year of fresh "heads on" marine shrimps, seeks an ACP partner to complete a proposed new 30-acre facility.

The EEC partner should provide the necessary technical expertise and be able to inject an additional equity investment of Ecu 110 000 (*). He should also establish a commercial processing facility and feed mill. Any available used machinery, in good condition, would be welcome.

Cashewnut processing. Malawi. **660.MWI.2.FOO.**

A large local group is in the process of diversifying from a monoculture (tobacco) operation into cashewnuts.

Estate development began in 1980 and to date approximately 160 000 cashew trees have been planted. Yield in 1987 will be around 1 600 tons as trees become more mature.

The company wants to set up a processing plant and would like to contact potential technical, marketing and joint venture partners.

Factory buildings are available on the estate.

Outdoor footwear for men. St. Kitts & Nevis (West Indies). **662.STK.LEA.**

A private local company with an annual production of about 50 000 pairs of shoes with leather uppers and synthetic soles is searching for an EEC joint venture partner.

The EEC partner would preferably be a manufacturer who wished either to expand his sales (especially to the USA market) of specific products, within any footwear category suitable for production on the St. Kitts & Nevis company's equipment.

A sub-contracting agreement with an EEC manufacturer may also be of interest.

It should be noted that products manufactured in St. Kitts & Nevis have duty free access to the USA market under the US Caribbean Basin Initiative. (Quotas are, however, applied).

Wooden products—doors, window frames, coffins. Swaziland. **660.SWA.1.TIM.**

A private company set up with Swedish assistance produces doors, windows, coffins and other items, from locally available pine.

It is interested in identifying an EEC technical partner who could buy a certain percentage of the shares and provide know-how and marketing facilities.

The firm has a turnover of about Ecu 32 000 (*) per month and employs sixty people.

The availability of cheap local pine should attract EEC wood users interested in exporting their traditional products from Swaziland.

The local development bank may also become a shareholder in this firm. ■

(*) For the value of the Ecu see page 6.

Dominica workshop *(continued)*

Such an enterprise could be implemented in cooperation with one or more European enterprises in possession of know-how and markets, with shareholding by parastatal bodies and Eastern Caribbean private wood industries.

To implement such a facility would require a large amount of training and exceptional development costs. It would be necessary to have at least a couple of million of Ecu to cover these costs over a four to five-year development period.

The Prime Minister indicated that it should be possible for Dominica, together with at least one other State, to get access to EDF regional funds for such assistance.

The CDI-sponsored experts who conducted the wood industry workshop have prepared terms of reference for such a development enterprise, in collaboration with the workshop participants.

CDI's mission to Dominica was combined with project verification missions to Antigua and St. Kitts and Nevis. ■

NEWS IN BRIEF

The Executive Committee of CDI's Joint Governing Board in session on April 8th.

NEW ACP BOARD MEMBERS

The second meeting of CDI's Joint Governing Board under Lomé III, took place in Brussels on April 9th.

This was preceded on the morning of April 8th by a meeting of the newly-appointed ACP members. Each ACP region may nominate two members to the Board for the duration of the Convention. The ACP nominations, to date are as follows:

WEST AFRICA

• **Ghana.** Mrs Theresa Owusu (47), Deputy Secretary at the Ministry of Finance and Economic Planning, with special responsibility for budgets and investment. She helped to draw up Ghana's investment code and was Executive Director of the Central Bank of Ghana.

• **Togo.** Mrs Ketevi Neyran, Director of Development Planning at the Ministry of Planning and Industry. (Mrs Neyran was prevented by illness from attending the meeting).

CENTRAL AFRICA

• **Cameroon.** Mr Zachée Mongo Soo (54), Ambassador of Cameroon to the EEC. He was previously responsible for the coordination of industrial projects in Cameroon and for national planning.

• **Rwanda.** The nominee was not yet appointed. No representative attended the meeting.

SOUTHERN AFRICA

• **Angola.** Maria Luisa Perdigao Abrantes (34), Director of the Office for International Affairs at the Ministry for Industry. For nine years she has been attached at senior level to government departments dealing with various aspects of industry.

• **Botswana.** Mr Kekoma Mothibatsela, Director of Industrial Affairs, at the Ministry of Commerce and Industry. (He was unable to attend the meeting, but was represented by Dr Moteane John Melamu, Ambassador of Botswana to the EEC).

EAST AFRICA

• **Sudan.** The nominee was not yet appointed. (The country was represented by Mr Rahmatulla Mohamed Osman, First Secretary at the Embassy of Sudan to the EEC).

• **Tanzania.** Mr Edgar Makota (45), General Manager, Tanzania Cashew Marketing Board. His 19 years in the cashew industry include the management of factories and the opening up of cashew markets worldwide.

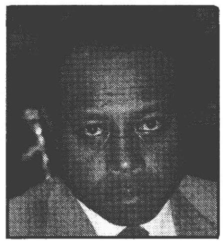
CARIBBEAN

• **Guyana.** Mr Clement Duncan (45), Executive Director, Guyana Manufacturing and Industrial Development Agency (GUYMIDA). Following an academic background in electrical engineering and management, he has spent 21 years in industry. His experience includes industrial training and periods as an operations engineer and as a lecturer in technology.

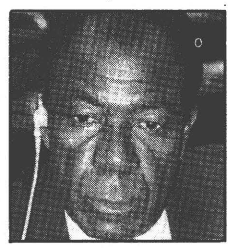
• **Surinam.** Dr Subhaas Mungra (40), Director General, National Development Bank of Surinam. He has previously been Chairman of the Government Guarantee Fund, the Sucxnam Postal Savings Bank and the National Development Bank. He

Dr Subhaas Mungra, Surinam, (vice-Chairman).

Mr Edgar Makota, Tanzania (Member of Executive Committee).

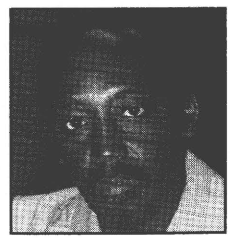


Mr Wep Kanawi, Papua New Guinea (Member of Executive Committee).

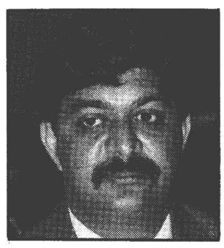


H.E. Ambassador Zachée Mongo Soo, Cameroon.

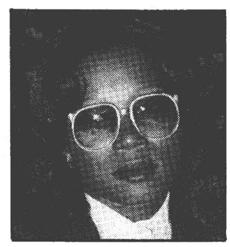
Mrs Theresa Owusu, Ghana.



Mr Clement Duncan, Guyana.



Mr Chandu Raniga, Fiji.



Ms Maria Luisa Perdigao Abrantes, Angola.

continues to lecture in monetary economics and project analysis at the University of Surinam.

PACIFIC

• **Fiji.** Mr Chandu Raniga (39), private manufacturer in the food sector, President of the Fiji Manufacturers' Association and leader of numerous trade missions in the Pacific region.

• **Papua New Guinea.** Mr Wep Kanawi (36), Secretary of the Department of Industrial Development. His extensive experience includes the Chairmanships of a bank, a development corporation, three companies and the Commonwealth working group on industry. For four years he has been his government's chief industrial policy maker and has long experience in planning and the promotion of foreign investment.

EXECUTIVE COMMITTEE

The ACP members elected Dr Subhaas Mungra (Surinam) as vice-Chairman of the Joint Governing Board. They also elected Mr Edgar Makota (Tanzania) and Mr Wep Kanawi (Papua New Guinea) as delegate administrators to the Executive Committee of the Board.

A meeting of the Executive Committee was held on the afternoon of April 8th.

(For details of the European members of the Joint Governing Board, see issues number 45 and 46 of Industrial Opportunities).

ANNUAL REPORT FOR 1985

CDI's Joint Governing Board, during the above-mentioned meeting in April, approved the organisation's Annual Report for 1985.

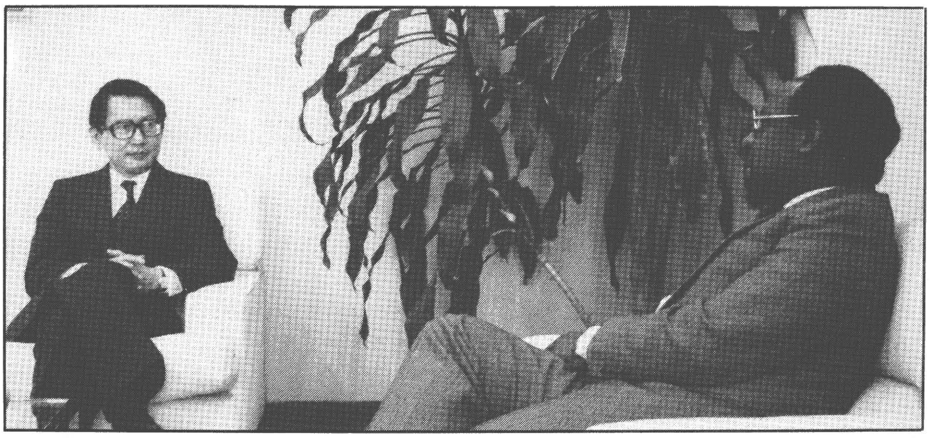
The Report shows that during the year ACP companies, or ACP project promoters, benefitted from 323 CDI interventions.

Here are some significant results, for 1985, taken from the Report:

• Twenty three CDI assisted projects entered the production stage (including three adapted technology projects);

• Implementation assistance was given to 34 ACP projects;

• CDI co-financed 22 feasibility studies for ACP-EEC joint ventures;



Singapore Ambassador, Dr Chiang Hai-Ding (left), in discussion with CDI Director Dr I. A. Akinrele.

• CDI provided 30 ACP companies with expertise for rehabilitation, diversification or expansion;

• The record number of 321 ACP technicians received in-plant training financed by CDI;

• CDI covered the costs of business trips for 54 ACP entrepreneurs and for three prospective EEC investors;

• Seventeen CDI staff members undertook missions to 19 ACP countries;

• CDI has now established field representatives or "antennae" in all but four of the 66 ACP States;

• Senior staff members from nine of CDI's antenna organisations spent periods at CDI's Brussels office, under the Industrial Promotion Attaché Programme;

• A total of 54 production proposals from EEC firms were publicised, by CDI, among ACP business circles;

• CDI answered 369 major requests from ACP countries, for technical, industrial or market information.

A longer account of the 1985 Annual Report will be carried in a future issue of Industrial Opportunities.

VISITORS TO CDI

Visitors to CDI during February and March included the following, who were received by the Director:

• Mr Klaus Kempf, Cologne-based Investment Promotion Expert, for Africa and the Middle East regions, with the United Nations Industrial Development Organisation (UNIDO). Mr Kempf discussed ways of cooperating with CDI for the promotion of ACP projects;

• Mr Wolfgang Heinz, Director of the Brussels office of the Friedrich Naumann Foundation;

• His Excellency, Mr A. Assiongbon, Ambassador of Togo to the EEC;

• His Excellency, Dr Chiang Hai-Ding, Ambassador of Singapore to the EEC;

• His Excellency, Mr Joseph Laryea, Ambassador of Ghana to the EEC.

Mr Mogens Hasdorf, Deputy Director of IFU (the Danish Industrialisation Fund for Developing Countries), was received by the CDI's Deputy Director, Mr Jens Mosgard. Mr Mosgard also received Professor Hans-Gert Braun, Director of Promotion with DEG (the German investment corporation for developing countries), and Mr G. Wissel, the new adviser and Secretary General of the Group of Seven. In February, Mr Mosgard held a project review meeting with a Western Samoan delegation led by the country's Minister for Economic Affairs, the Hon. Mr Pite Letagoloa.

TELEVISION PROGRAMME

Twice during the month of March, RTBF (the TV network for the francophone community of Belgium) transmitted a half-hour television programme on CDI.

The programme was intended to inform small and medium-sized enterprises in Belgium, of investment opportunities in ACP countries, obtainable through CDI.

It also featured some successful CDI-assisted operations mounted by Belgian companies and their ACP partners.

NEWS IN BRIEF *continues on page 7.*

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 below. It would also be useful if they enclosed complementary information, including the latest balance sheet.

Please ALWAYS mention the CDI reference numbers when reproducing these proposals.

All equipment costs are quoted in Ecu (European currency units). The value of the Ecu may easily be ascertained from its relationship to other European currencies. Thus, on 1st April 1986: 1 Ecu = £ 0.635027, or FF 6.66333, or DM 2.17210.

Sisal twines and ropes

IRISH PROPOSAL - 86/11

A fifty-year old Irish company is a major manufacturer of ropes, twines and carpets.

This company wishes to establish the production of sisal baler twine, packaging twine and ropes, in an ACP country. It is prepared to invest know-how as a contribution to equity under a joint venture agreement with an ACP partner.

The minimum production capacities are:

• Sisal baler and packaging twines — 7 000 tons per annum;

• Sisal ropes — 500 tons per annum.

The raw material required is sisal, henequen or manila. The Irish company therefore believes that its offer may be of particular interest to sisal-growing ACP countries such as Angola, Kenya, Madagascar, Mozambique, Sudan and Tanzania.

A second-hand twine and rope plant is available for Ecu 920 000. CDI may be able to provide an evaluation by an independent expert of the value, suitability and condition of this plant.

Food, drink, meat and animal feed

DANISH PROPOSAL - 86/12

A subsidiary of a large Danish drink company provides know-how, investment and technology for a wide range of manufacturing operations in the food and drink sectors.

It is interested in establishing joint ventures with ACP partners in any of the following fields:

• **Malt production.** The minimum capacity is 6 000 tons per year for an investment of about Ecu 2.3 million. The basic raw materials are sorghum or barley.

• **Breweries.** The minimum capacity is 50 000 hls per year for an investment of about Ecu 2.3 million. The basic raw materials are malt, sorghum (or other local cereals), hops, yeast and water.

• **Soft drink plants.** The minimum capacity is 10 000 hls per year for an investment of about Ecu 233 000. The basic raw materials are sugar, essences, water.

• **Feed mills.** The minimum capacity is 5 tons an hour for an investment of about Ecu 233 000. The basic raw materials are waste products from breweries, and food and milling industries, e.g. spent grains, yeast, molasses and husk.

• **Slaughterhouses** (for poultry, cattle, pigs, goat, sheep, etc.). The minimum capacity depends on the type of animal involved, but the minimum investment would be about Ecu 233 000.

• **Meat processing.** The minimum capacity depends on the type of product, but the minimum investment would be about Ecu 233 000.

• **Cold storage facilities.** The minimum capacity would be 500 m^2 for an investment of about Ecu 93 000.

• **Processing of fruits.** The minimum intake capacity would be 1 ton an hour of local fruits or vegetables for an investment of about Ecu 465 000.

The Danish company can take a share of the equity. It can also supply and install equipment and provide technical assistance.

Wide range of paint products

ITALIAN PROPOSAL - 86/13

A manufacturer of paint products wishes to establish joint ventures with ACP entrepreneurs for the production of quartz-plastic coatings, enamels, varnishes, wall paints, waterproofings, granulated coatings, road signalling/floor paints, premixed powder plasters, strippable paint for mechanical industries, intumescent paints, etc.

The minimum capacity is 3 tons per day for an investment of about Ecu 310 000.

The basic raw materials required are: water, cement (1 000 tons per year); vinylic resins (150 tons per year); siliceous sand (800 tons per year); titanium oxide (100 tons per year).

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.

CDI ASSISTANCE TO ACP-EEC INDUSTRIAL VENTURES

CDI can help ACP and EEC partners to set up their joint industrial projects by providing the following assistance:

- **financing in-depth evaluations of industrial proposals;**
- **co-financing feasibility studies and market studies;**
- **acting as an honest broker during negotiations;**
- **obtaining independent evaluations of the value and suitability of second-hand plant;**
- **locating sources of finance;**
- **contributing to the cost of business trips to allow prospective partners to meet;**
- **helping to draft legal agreements using standard models;**
- **providing funds for training and short-term expertise during commissioning and start-up.**

The Italian firm can take a share of the equity and/or enter into licencing arrangements. It can also supply and install equipment and provide technical assistance and training.

Wood-based low cost housing
DANISH PROPOSAL - 86/14

A Danish company wishes to contact interested ACP companies with a view to examining the possibilities for industrial collaboration in the production of pre-shaped components that can be quickly and easily erected as low cost family dwellings (self-help systems).

This building system is based on the maximum use of the local workforce, adaptability to local building styles and minimal transport volume. It can be used to construct not only family dwellings but also agricultural developments (stables, cowsheds, pigsties), or schools and colleges.

The Danish company is open to joint ventures, licencing, or the provision of know-how or turn-key plants.

A project based on this system would require a plot of 10 000 m^2 to 15 000 m^2 with a covered area of 2 000 m^2 to 4 000 m^2.

Minimum capacity: Pre-fabricated components for 300 to 500 houses per year.

Investment in machinery would amount to Ecu 537 000. ■

NEWS IN BRIEF *continued from page 5.*

BRICK-MAKING IN CAMEROON

CDI financed a Belgian expert for a three-week assignment in Cameroon, during which he helped to set up production of bricks made from stabilised earth and cement.

The expert supervised the installation and commissioning of plant and equipment. He also set up the initial manufacture, drying and testing of the bricks.

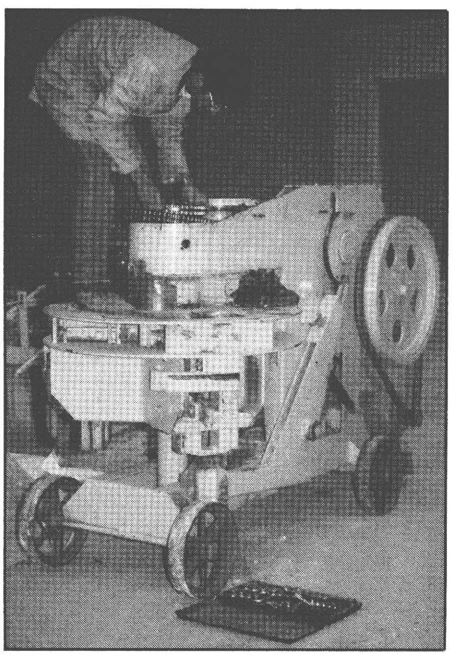
He trained the work-force and carried out tests to select the most suitable local soils, to determine the most appropriate mixes and to establish the strength of the products.

It was necessary for him to organise an adequate supply of water and to arrange the construction of more spacious facilities for the drying and storage of soil and bricks.

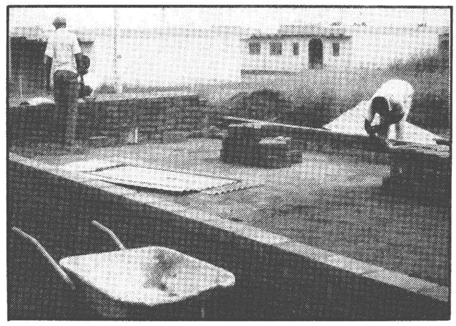
Towards the end of his stay, the expert supervised the initial stages of the construction of a demonstration house, to be built with bricks produced by the new plant.

During the expert's stay in Cameroon output of bricks rose from 200 to between 1 200 and 1 500 per *day*. However, he believes that once the company is firmly established output could reach industrial levels as high as 2 500 bricks per *hour*.

The expert's company was also selected by CDI to train a Tanzanian brick-maker, Mr A. Sheriff of Arusha, who spent several weeks at the company's Belgian headquarters. (See photo).



Mr A. Sheriff of Tanzania training on a brick-press in Belgium.



A demonstration house under construction using bricks made in the new plant in Cameroon.

THREE SUCCESSES IN THE PACIFIC

1. Roofing tiles. A letter from the Vanuatu Development Bank refers to the "fruitful outcome" of a CDI intervention concerning the production of roofing tiles from coconut fibre and cement. The project is now in production following finance received from the Bank and training funded by CDI.

2. Honey products. A letter from the Development Bank of Western Samoa says that, as a result of CDI's promotional efforts, a West German joint venture and marketing partner was found for the Samoa American Bee Company (SABCO).

The letter goes on to say that the West German investors "have now taken up shares in SABCO as well as providing bee-keeping expertise to manage the project and train local bee-keepers".

The West Germans have guaranteed to buy honey and related products produced by SABCO, for sale in their European markets.

CDI helped to negotiate the joint venture agreement and provided finance for studies and implementation. The project directly employs 12 people in Western Samoa and also provides an outlet for numerous self-employed bee-keepers.

3. Button blanks. A letter received from a French button manufacturer warmly thanks CDI for its help in setting up joint venture production of mother-of-pearl button blanks in Vanuatu and Mauritius.

The projects entered production in 1985 and we hope to describe them in more detail in a future issue of Industrial Opportunities. ■

LICENCING FOR TECHNOLOGY TRANSFER

BY PATRICK KEENE, OF CDI'S INVESTMENT PROMOTION DIVISION

Licencing is a very common means of transferring industrial know-how and technology between and within EEC and ACP countries. Nonetheless, the advantages, drawbacks and complexities of licencing, are not thoroughly or widely understood.

In this article, Patrick Keene briefly defines and explains licencing, following his attendance at a seminar recently conducted in Amsterdam by a leading international licencing specialist.

It is useful to begin by asking why anyone should be interested in buying or selling a licence.

Well, the industrialist who **buys** a licence (viz. the licensee) buys, in effect, a tool which he quite simply believes will enable him to generate an otherwise inaccessible income.

Small firms in ACP or EEC countries sometimes purchase a licence to acquire and keep abreast of a technology which is in continuous development.

The purchase of a licence may involve anything from the acquisition of a complete turn-key plant to the addition of a special process to an existing operation.

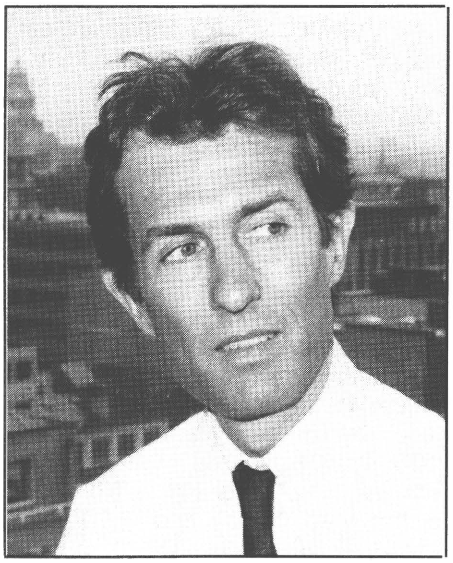
A licensee will need to examine carefully the royalties demanded. Royalties should be related to factors such as the size of the market, the age of the patent involved and the profitability of the project.

The purchase of a licence may also entail the acquisition of a well known trademark. This type of licencing agreement is very close to the industrial franchising described in issue number 47 of Industrial Opportunities.

A licence which permits the use of a well known trademark in a large market, can be very valuable.

The industrialist who **sells** a licence (viz. the licensor) hopes that its sale will earn him an income through royalties.

A dynamic licensor is forever on the look-out for potential new licensees and for new markets which could absorb products manufactured with his technology.



Patrick Keene

LICENSING AGREEMENT

A licencing agreement includes the following provisions:

• **Precise descriptions of the technology or invention covered by the licence.**

— **Descriptions of any technical services to be provided by the licensor.** This covers, for instance, where and when any training will take place, and any further research, start-up assistance or technical follow-up visits, to be provided. The costs of such services and who will pay for them, are also stated.

• **Payments and royalties.** This provision covers the royalty rates, defines the maximum and minimum limits to the total royalty payments and states the interest to be paid whenever there is a delay in payment. It also sets out conditions for countertrade (barter) arrangements in lieu of cash payments. Royalties are usually expressed as a percentage of the licensee's net invoiced sales of the licensed products.

• **Accounting and reporting.** This provision describes in detail the records that the licensee is obliged to keep. It also states who should be allowed to inspect these records. It is important to ensure that the taxation, currency exchange and reporting provisions, conform to the laws of the licensee's country.

• **Term, renewal and cancellation.** A licence tied to a particular patent usually expires when the term of the original patent itself expires. The patent then becomes public property. A licence is also terminated if the licensee becomes bankrupt or fails to pay his royalties.

• **Trademark.** It is imperative to clearly define a trademark, the manner in which it will be displayed, the products which carry it and the territory in which it is to be used.

• **Types of licence.** A licence may be broad or narrow e.g. it may cover an entire plant or be limited to one particular process within a plant. It may be either exclusive or non-exclusive. The territory of application can be worldwide, or be limited to one or several countries.

CONSIDERATIONS FOR THE ACP LICENSEE

It is important that a potential ACP licensee bears in mind the following points:

— The technology for which he negociates a licence should be appropriate to the conditions in his country.

— The technology to be acquired under licence should utilise his country's local raw materials.

— The production should make a positive contribution to the economy of his country. This may include the development of local supplying industries.

— The licensor should be obliged to train key personnel.

CDI'S ASSISTANCE

CDI is willing to promote sound licencing proposals from EEC firms and to assist with the implementation of ACP manufacturing projects to be established under licencing agreements with EEC firms.

However, licencing proposals and projects must involve suitable technologies and must have the potential to create significant development effects, before CDI can agree to promote or assist them. ■

OPERATIONAL SUMMARY

No. 33 — May 1986

(position as at 22 April 1986)

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

Please cover only one subject at a time.

Sectoral Index

AGRICULTURE	
Irrigation and soil development, infrastructures, improvement	Burundi, Cameroun, Chad, Côte d'Ivoire, Ghana, Guinea, Equatorial Guinea, Madagascar, Malawi, Mauritius, Niger, Rwanda, Senegal, Sierra Leone, Somalia, Sudan, Swaziland, Togo, Zambia, Zimbabwe, Egypt, Tunisia, Syria, Bangladesh, Indonesia, Nepal, India, Bhutan, Mozambique, Thailand, Pakistan, Dominican Republic, Costa Rica, Ecuador, Colombia
Coffee, tea, tobacco, cereals, coconuts, ground-nut, maize, sugar, cotton, palm-nuts, rice, rubber, potatoes, citrus fruit	Burundi, Djibouti, Equatorial Guinea, Ghana, Jamaica, Liberia, Madagascar, Malawi, P.N.G., Solomon Islands, Sierra Leone, Somalia, Suriname, Zimbabwe, CILSS, Tunisia, Bangladesh, Thailand
Seed and crop protection, environment	Botswana, Burundi, Comoros, Mali, Niger, Rwanda, Somalia, Tanzania, Niger Basin Authority, CILSS, Egypt, Tunisia, Jordan, Bangladesh, Nepal, China (People's Rep.), Yemen, Panama, Costa Rica, Honduras, El Salvador, Guatemala
Agro-industry	Burundi, Liberia, Rwanda, Solomon Islands, Togo, Thailand
Forestry	Chad, Guinea Bissau, Nigeria, New Caledonia, Niger Basin Authority
STOCK FARMING-FISHING-PISCICULTURE	
Improvement	Antigua and Barbuda, Botswana, Burkina Faso, Burundi, Comoros, Côte d'Ivoire, Djibouti, Ghana, Kiribati, Jamaica, Senegal, Sierra Leone, Somalia, Zaire, Congo, Gabon, Sao Tomé & Principe, Equatorial Guinea, Angola
Veterinary projects	Kenya, Zambia, Suriname, African Countries, Eastern Africa, O.C.C.G.E., ICIPE, Malawi-Zambia-Zimbabwe, Chad, Egypt, Mozambique
Processing industry	Madagascar, Tonga, Neth. Antilles, French Polynesia, Angola
RURAL HYDRAULICS	
Wells, bores, pumps, pipes, small dams	Botswana, Ethiopia, Guinea, Guinea Bissau, Mali, Mauritania, Lesotho, Liberia, Senegal, Sierra Leone, Swaziland, Burkina Faso, Zimbabwe, Montserrat, Egypt, Tunisia, Syria, Bhutan
TOWN WATER SUPPLY AND SEWERAGE	
Water supply, pipes, drinking water	Djibouti, Madagascar, Tanzania, Zimbabwe
Sewerage, waste water, collectors, pumping stations, treatment	Cape Verde, Cyprus
SOCIAL CONSTRUCTIONS	
Houses, schools, hospitals, buildings, laboratories	Belize, Benin, Burundi, Chad, Djibouti, Ethiopia, Fiji, Gambia, Guinea, Guinea Bissau, Kenya, Madagascar, Malawi, Mali, Mauritania, Niger, Sierra Leone, Somalia, Suriname, Swaziland, Tanzania, CEAO, Maritime Transport Conference, UDEAC, MRU, Eastern Africa, CARICOM, Egypt, Syria, Jordan, Colombia, Nepal
TRANSPORTS AND COMMUNICATIONS	
Roads, bridges, airports, railways, ports	Burkina Faso, Cameroon, Dominica, Gambia, Equatorial Guinea, Kenya, Liberia, Madagascar, Malawi, Niger, P.N.G., Sierra Leone, Solomon Islands, Somalia, Suriname, Tanzania, Tonga, Zaire, Guyana-Suriname, Niger-Nigeria, Eastern African Countries, CARICOM, Pakistan, Pacific ACP Countries
TELECOMMUNICATIONS	
Radio, telephone, satellites, hertzian	UAPT, Sierra Leone
ENERGY	
Power stations, dams, electrification	Equatorial Guinea, Ethiopia, Madagascar, Mauritania, P.N.G., Somalia, Suriname, Zaire, Zambia, O.M.V.G., Egypt
NEW AND RENEWABLE ENERGY	
Solar, wind-wills, biomass, gas, geothermics	Guinea, Senegal, Suriname, Pacific OCT
MINING	
Soil survey, research, geophysical survey,	Botswana
Infrastructure, production, processing plants	Ghana, Rwanda, Zambia
MAPPING	
Soil-Air	
INDUSTRY	
Plants, productions	Guinea, Malawi
TRADE, INDUSTRY, TOURISM, INVESTMENT PROMOTION - MANAGEMENT - MARKETING - S.M.E. TRAINING	Chad, Ghana, Guinea, Guinea Bissau, Kenya, Madagascar, Malawi, Niger, Rwanda, Senegal, Somalia, Sierra Leone, St. Lucia, Swaziland, Trinidad and Tobago, Tanzania, Togo, Zambia, Botswana-Swaziland, Neth. Antilles, Pacific ACP Countries, Egypt, Algeria, Banco Centro-Americano, Andean Pact., China (People's Rep.), Thailand, Costa Rica, El Salvador

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Commission of the European Communities
200, rue de la Loi
1049 Brussels
Belgium

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 2nd half 86. 5th EDF.
EDF AB 5003 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

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 2nd half 86. 4th EDF.
EDF BEN 4011 A6b

★ **Support to the Abomey Hospital.** Resp. Auth.: Ministère de la Santé Publique. 1.5 mECU. Supply of equipment and furniture by int. tender launched in April 86 (conditional). Project on appraisal. Date foreseen for financing decision June 86. 4th EDF.
EDF BEN 4015 A7a

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

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). Project in execution. 5th EDF.
EDF BT 5003 A3a

Wildlife tourism environment. T.A. in the area of Tourism and Wildlife. 2.1 mECU. Short-list done for restr. tender. Project in execution. 5th EDF.
EDF BT 5019 A8f

★ **Geophysical exploration of the Ncojane and Nosop sedimentary basins.** Resp. Auth.: Ministry of Mineral Resources and Water Affaris. Estimated cost 1.6 mECU. Project on appraisal. 5th EDF.
EDF BT 5020 A2b

BURKINA FASO

Drinking water supply in the Yatenga region. Phase II. Resp. Auth.: Ministère de l'Eau. 5 mECU. Boreholes and wells. Supplies. All by int. tenders. T.A.: BURGEAP (F). Project in execution. 5th EDF.
EDF BK 5016 A2b

Improvement of halieutic production in Burkina Faso. Resp. Auth.: Ministère de l'Environnement et du Tourisme. Estimated total cost 3.850 mECU. EDF 2.850 mECU, local 1 mECU. Infrastructural works, buildings, supply of equipment and vehicles, T.A. and training. Works by direct labour, supplies by int. tender, T.A.: restr. tender. Date financing decision February 86. 5th EDF.
EDF BK 5018 A3a

Ouagadougou-Kaya railways. Resp. Auth.: Ministère Promotion Economique. 5.5 mECU. Supply of rails, equipment and ballast. Project on appraisal. 5th EDF.
EDF BK 5019 A2d

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. Resp. Auth.: Ministère de l'Education Nationale. Estimated cost 5 mECU. Int. tender dossier: BRUSA-PASQUE (I). Works: int. tender (conditional) launched in December 85. Date financing decision April 86. 5th EDF.
EDF BU 5017 A6b

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. Short-list done. Project in execution. 5th EDF.
EDF BU 5005 A3a

CAMEROON

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

Dibombari oil palm-tree plantations. Phase II: feeder roads. Resp. Auth.: SOCAPALM. EDF 1.110 mECU. Feeder roads rehabilitation and construction. Works by direct labour. Date financing decision March 86. 5th EDF.
EDF CM 5005 A3A

Community rural development in the BAFUT region. Phase II. Resp. Auth.: Gouverneur de la Province du Nord-Ouest. 1.5

mECU. Rural inputs, drought farming, hydro-agricultural rehabilitation. Works by acc. tender. Supplies by direct agreement. T.A.: Short-list alrteady drawn up. Date financing decision April 86. 5th EDF.
EDF CM 5020 A3a

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. Various actions for: organizing the peasantry, stocking and marketing, utilization of improved seeds and production techniques. T.A.: Short-list done for restr. tender. Project on appraisal. Date foreseen for financing decision 2nd half 86. 5th EDF.
EDF CD 5010 A3b

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). Int. tender for supplies launched in March 86. Project in execution. 5th EDF.
EDF CD 5012 A3a

Renovation and equipment of "Lycée Technique Commercial" in Technique de Bangui. N'Djamena. Resp. Auth.: Ministère du Plan et de la Reconstruction. Works and supply of equipment by acc. tender. Project on appraisal. Date foreseen for financing decision June 86. 5th EDF.
EDF CD 5015 A6d

COMOROS

Small stock-farming promotion in Anjouan. Estimated cost 0.200 mECU. Supply of equipment. Date financing decision March 86. 5th EDF.
EDF COM 5010 A3a

COTE D'IVOIRE

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 in execution. 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

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

★ **Djibouti water supply.** Estimated cost 0.800 mECU. Watermain in the region of Damerjog Atar. Project on appraisal. 5th EDF.
EDF DI 5001 A2b

DOMINICA

★ **Feeder Roads Project.** Estimated cost 3.8 mECU. Improvement of existing feeder roads and construction of new ones. Works by direct labour. Project on appraisal. 6th EDF.
EDF DOM 6001 A2d

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

Malabo's electrification (Phase II). 2.7 mECU. Purchase of generator sets, repairing of the power-station and town mains extension. 2 int. tender launched in June 85. Project on appraisal. Date foreseen for financing decision 1st half 86. 5th EDF.
EDF EG 5003 A2ai

Cocoa-tree plantations rehabilitation on Bioko island. Estimated total cost 19 mECU. EDF 0.900 mECU. World Bank 11 mECU. OPEC 1.2 mECU, BADEA 3.3 mECU, local 2.6 mECU. EDF part: supply of fertilizers. Date financing decision March 86. 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

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). Project in execution. 5th EDF.
EDF ET 5016 A2b

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, 1st half 1986. 4th EDF.
EDF GM 4005 A6b

Upper River Division feeder roads. Resp. Auth.: Public Works Dept. Estimated cost 2.750 mECU. Construction and reinstatement of 83 km in the Sandu and Wuli districts. Works by direct labour. Supplies by int. tender launched in March 86. 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 launched in February 86. 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

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. Int. tender for engines foreseen in May 86. 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

Twifo smallholder Oil Palm Project. Resp. Auth.: TOPP. 3,715 m ECU. Works, supplies and T.A. 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. Prequalification launched in February 86. 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

Assistance to the «Ecole Nationale des Arts et Métiers-ENAM-Conakry». 2.265 mECU. Building renovation and supply of equipment. T.A. 5th EDF.
EDF GUI 5028 A6d

Go into production for the plastic plant "SOGUIPLAST". Resp. Auth.: Guinea Government. Estimated cost ±6 mECU. Prequalification launched in April 86 to set up with Guinean authorities a joint-company for plant management and for a T.A. (12 months). Supply of row materials (plastics) by int. tender foreseen in May or June 86. All int. tenders will be conditionals. Project on appraisal. Date foreseen for financing decision June 86. 5th EDF.
EDF GUI 5022 A2a

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 2nd half 86. 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). 85 wells in the GABU region. Works by acc. tender. Date financing decision April 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

(See Côte d'Ivoire)

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. Int. tender for supplies launched in March 86. Project in execution. 5th EDF.
EDF JM 5005 A3a

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

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-Biretwo road. Asphalted road construction. 10.5 km. 4.5 mECU. Int. tender (conditional) launched in November 85. Supervision of works. Project in execution. Date financing decision February 86. 5th EDF.
EDF KE 5021 A2d

Reinforcement of the medical infrastructure in the district of Machakos. 1.100 mECU. Works and supplies. Date financing decision March 86. 5th EDF.
EDF KE 5022 A7a

KIRIBATI

Fishing-boats. 2.8 mECU. Purchase of 2 boats, 26 m. each. T.A.: Ian Macallan (ACP) Project in execution. 5th EDF.
EDF KI 5002 A3d

LESOTHO

"Highlands Water Scheme" Project. Resp. Auth.: Ministry of Water, Energy and Mining. Estimated EDF contribution 9.8 mECU. Final planning study on hydraulics and T.A. to the Lesotho Highlands Development Authority. Project on appraisal. 6th EDF.
EDF LSO 6001 A2b

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). Project in execution. 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. Project in execution. 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

Monrovia Port. Resp. Auth.: National Port Authority. Estimated cost 1.9 mECU. Management assistance. Project on appraisal. Date foreseen for financing decision 1st half 86. 5th EDF.
EDF LBR 5019 A2d

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 raw materials for handicrafts by int. tender. T.A.: APRODI (F). Project in execution. 5th EDF.
EDF MAG 5017 A4d

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 launched in December 85. T.A. by direct agreement. Project in execution. 5th EDF.
EDF MAG 5024 A3a

Rehabilitation of rice-growing areas in the Toliara Province. Resp. Auth.: Ministère de la Production Agricole et de la Réforme 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. Short-list done. Works: int. tender launched in February 86. Project in execution. 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. Date foreseen for financing decision 1st half 86. 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 '86. T.A.: Short-list done for restr. tender. Project in execution. 5th EDF.
EDF MAI 5021 A4e

Mwansambo Rural Growth Centre. Resp. Auth.: OPC, Rural Development Division. 0.900 mECU. Works, supplies and T.A. Date financing decision April 86. 5th EDF.
EDF MAI 5028 A3a

Blantyre-Lirangwe M1 Road. Resp. Auth.: Ministry of Works. 23.6 mECU. Road construction and rehabilitation. Works by int. tender (conditional) launched in February 86. T.A.: Rhein-Rhur (D). Project on appraisal. 6th EDF.
EDF MAI 6001 A2d

★ **Mpherembe Smallholder Tobacco Project.** Resp. Auth.: Ministry of Agriculture. Estimated total cost 7.36 mECU. EDF 5.360 mECU, local 2 mECU. Works and supplies. Project on appraisal. 6th EDF.
EDF MAI 6002 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

Rural hydraulics programme. 5.8 mECU. 300 wells and pumps. T.A.: Géohydraulique (F). 2. int. tenders launched in April 86. Project in execution. 5th EDF.
EDF MLI 5017 A2b

★ **Support to establish undertakings and to insert young graduates.** Estimated cost 3 mECU. EDF 2.8 mECU, PNUD 0.2 mECU. Project on appraisal. 5th EDF.
EDF MLI 5021 A4e

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 2nd quarter 86. 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

T.A. and training for hospital equipment maintenance. Resp. Auth.: Ministère de l'Equipement. 0.540 mECU. Date financing decision April 86. 5th EDF.
EDF MAU 5011 A7a

MAURITIUS

Development of Ile Rodrigues. Resp. Auth.: Ministry of Agriculture. 3 mECU. Development centred on agricultural production. Economical and technical study under 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

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 short-list done. Supplies by int. tender or direct agreement. 5th EDF.
EDF NIR 5004 A3b

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. Project in execution. 5th EDF.
EDF NIR 5020 A3a

Traditional wells reparing in the Ouallam Region. Resp. Auth.: Ministère de l'Hydraulique. 3.1 mECU. 100 wells. Works, supervision and training. Supervision of works: M. Botz (F) and M. Motte (B). Project in execution. Date financing decision March 86. 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, short-list done. 5th EDF.
EDF UNI 5001 A3c

PAPUA NEW GUINEA

Magi highway. Resp. Auth.: Department of Transport. 3.5 mECU. Upgrading and sealing of a road section. Works: int. tender foreseen 1st half '86. 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 line extensions from existing grids. Date financing decision April 86 for the 1st power plant. 1st int. tender (conditional) launched in October 85. 5th EDF.
EDF PNG 5011a A2a

Kimbe-Talasea Road. Resp. Auth.: Departments of Works and Transport. 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.: Short-list done. Project in execution. 5th EDF.
EDF RW 5016 A4a

Support to the: "Centrale Comptable et Organisation". Resp. Auth.: Présidence de la République. 3.1 mECU. T.A. and training. Project in execution. Date financing decision March 86. 5th EDF.
EDF RW 5014 A1b

★ **T.A. to "OCIR-THE".** Continuation of the T.A. 0.250 mECU. Project on appraisal. 5th EDF.
EDF RW 5024 A1b

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 86. Project on appraisal. 5th EDF.
EDF SE 5005 A2a

Trade Promotion programme. Resp. Auth.: Centre Sénégalais du Commerce Extérieur. 1.083 mECU. Actions for production, 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. EDF 1.6 mECU. Works, supplies and training. Project on appraisal. Date foreseen for financing decision June 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, economic study. Study. M. Dhonte (F). Project in execution. 5th EDF.
EDF SE 5030 A3a

SIERRA LEONE

Rural hydraulics. Resp. Auth.: Ministry of Energy and Power. 1.55 mECU. Construction of water points for villages with 2000 inhabitants. Int. tender for supplies launched in March 86. Project in execution. 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.: MacAlister, Elliot and Partners (UK). 5th EDF.
EDF SL 5019 A3d

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. T.A.: Short-list done restr. tender. Project in execution. 5th EDF.
EDF SL 5006 A3a

Support to the Geological Surveys Department. 1.30 mECU. T.A. and training, supply of equipment. Project in execution. 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. Works by acc. tender already launched. Project on appraisal. Date foreseen for financing decision June 86. 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 Hydrotechnik (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. Int. tender (conditional) launched in October 85. Date financing decision March 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 1986. Equipment: powerhouse main equipment and auxiliary equipment, int. tenders in 1987. Gates, valves, intake equipment, int tender in 1987. Int. tender with prequalification launched in February 86 for hydraulic tests. 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-Shalambot-Goluen. Resp. Auth.: Ministry of Public Works. Works by int. tender in 86. Supervision of works. Studies: AIC. PROGETTI (I). 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). Int. tender for vehicles launched in March 86. 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.: Transtec (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. Project in execution. 5th EDF.
EDF SO 5016 A3a

Rinderpest programme assistance. Resp. Auth.: Ministry of Livestock 0.207 mECU. Stabex 81. Supply of vehicles and equipment by int. tender launched in March 86. Project in execution. 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. Date financing decision April 86. 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

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. 0.72 mECU. Building of a new station and provision of equipment and material. Date financing decision March 86. 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 super-

vision: 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 3.9 mECU. Construction and equipping of the college. Project in execution. ber 5th EDF.
EDF SW 5006 A6a

TANZANIA

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 '86. Supplies: int. tender in '86. Supervision of works: G.W.E. (D). Project in execution. 5th EDF.
EDF TA 5003 A2b

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. EDF 1.1 mECU. Works and supply of equipment. Project in execution. 5th EDF.
EDF TA 5017 A7a

Cooperative Rural Development Bank (CRDB) Project. 3.15 mECU. Provision of equipment, training and T.A. Project on appraisal. Date foreseen for financing decision June 86. 5th EDF.
EDF TA 5026 A3a

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 '86. 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 86. 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

Goat development project. Resp. Auth.: Ministry of Agriculture. 0,950 mECU. Works and supply of equipment. Project on appraisal. Date foreseen for financing decision June 86. 5th EDF.
EDF TR 5005 A3a

UGANDA

Kampala-Masaka Road. Phase II. Resp. Auth.: Government of Uganda. Estimated cost 13 mECU. Reconstruction of 64 km of the road. Int. tender conditional foreseen in May 86. Project on appraisal. 5th EDF.
EDF UG 5003 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 2nd 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 chosen among customs officers from EEC Member States Customs Departments. Project in execution. 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 2nd half 86.
958-ZA 5022 A3a

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. 19 int. tenders launched in January, February and March 86. Project in execution. 5th EDF.
EDF ZA/SYS/5024 A4a

ZIMBABWE

Small-holder Coffee and Fruit Development Programme. Resp. Auth.: Ministry of Lands, Resettlement and Rural Development. 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). 2.9 mECU. Works, supply of equipment and materials, T.A. and credit line. T.A.: Short-list done for restr. tender. Project in execution. 5th EDF.
EDF ZIM 5012 A3a

Rural water supply in South Matabeleland. Resp. Auth.: Ministry of Energy, Water Resources and Development. Boring, wells, supply of hand pumps (MEWRD). 4.1 mECU. Date financing decision February 86. 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 (conditional) launched in December 85. Project on appraisal. Date foreseen for financing decision June 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

Tourism improvement. Curaçao. Phase I. Otrobanda sewerage. Resp. Auth.: Ministry of Public Works. Estimated total cost 5 mECU. EDF 3 mECU, Netherlands 2 mECU. EDF part: sewage, road works, piping. Project on appraisal. 5th EDF.
EDF NEA 5013 A5c

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

MONTSERRAT

Water Supply Project. Resp. Auth.: Montserrat Water Authority and Ministry of Public Works. 1 mECU. Project planning: Short-list already drawn up for restr. tender. Project on appraisal. Date foreseen for financing decision 2nd half 86. 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

Regional Projects

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

MEMBER COUNTRIES OF CEDEAO

Trade and investment promotion in West Africa (Forum industriel de l'Afrique de l'Ouest-Dakar). Resp. Auth.: CEDEAO. 0.700 mECU. Information and investment promotion and organization of the Forum. Date financing decision March 86. 5th EDF.
EDF REG 5142 A1b

MEMBER COUNTRIES OF OCCGE ORGANISATION DE COORDINATION ET DE COOPERATION POUR LA LUTTE CONTRE LES GRANDES ENDEMIES

Strengthening of the OCCGE Centres. Resp. Auth.: National Authorizing Officer in Côte d'Ivoire. 0.500 mECU. Purchase of vehicles and equipment. Date financing decision March 86. 4th EDF.
EDF REG 4082 A3a

GUYANA — SURINAME

Guyana — ferry-link. Resp. Auth.: Ministry of Public Works and Ministerie van Openbare Werken. Link ferry on Corentine river. 12.1 mECU. Study under way by C.A. Liburd and Ass. + Sescon Group (ACP). Project in execution. 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. 2.380 mECU. Project in execution.
958-REG 5140 A3a

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

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 strategy. Short-list already drawn up. for restr. tender. Project in execution. 5th EDF.
EDF REG 5714 A5c

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 under 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

★ **Kigali-Gatuna-Corridor North.** Resp. Auth.: Government of Rwanda. Section road, 22 km at the border between Rwanda and Uganda. Project on appraisal. 5th EDF.
EDF REG 5332 A2d

CAMEROON — COTE D'IVOIRE — 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 in execution. 5th EDF.
EDF REG 5054 A3a

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. vaccines and research. Project in execution. 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 already drawn up. Project on appraisal. 5th EDF.
EDF REG 5421 A2d

BOTSWANA — SWAZILAND — ZIMBABWE

Regional Railway Training. Phase II. Estimated cost 2 mECU. Date financing decision April 86. 5th EDF.
EDF REG 5410 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 2nd 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. Project in execution. 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. Project in execution. 5th EDF.
EDF REG 5043 A3a

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 1st half 86. 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

ALGERIA

Training for heavy industry. Resp. Auth.: Ministère de l'Industrie Lourde(MILD). 3.9 mECU. T.A., training, supply of pedagogical equipment. Date financing decision March 86.
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. Date financing decision March 86.
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

TUNISIA

Experimental station to compost household refuse in the city of Tunis. Special hunger programme. 0.800 mECU. T.A.: Short-list done. Int tender launched in February 86. 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. Date financing decision March 86.
MMI TUN 2004 A2b

Evaluation of soil resources and their liability to desertification in Southern Tunisia. Resp. Auth.: Ministère de l'Agriculture. Estimated 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

Management improvement in the public irrigated areas in Tunisia. Resp. Auth.: Ministère de l'Agriculture. EEC contribution 2 mECU. Rehabilitation of hydro-electric equipment, training and T.A. Project on appraisal.
MMI TUN 2006 A3A

T.A. to the "Unités Coopératives de Production Agricole (U.C.P.A.). Resp. Auth.: B.N.D.A. 1.800 mECU. T.A., training and supply of equipment. Project on appraisal.
MMI TUN 2007 A3a

JORDAN

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

Faculty of Engineering and Technology, University of Jordan, Phase II. 2 mECU. Supply of equipment, A.T. and training. Date financing decision March 86.
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. 2 int. tenders for supplies and works launched in March 86. 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

CYPRUS

★ **Sanitation in Nicosia. Phase II.** Resp. Auth.: Sewage Board of Nicosia for the

south and the Department for Water, Geology and Mining for the north. EEC part 2.4 mECU. Increase of capacity of the treatment plant. For the north by local tender, for the south by int. tender. Project on appraisal.
MMI 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 2nd half 86.
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. Project in execution.
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 86.
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 in execution.
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 86.
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 Committee. (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. Project in execution.
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 in execution.
ALA BD 8504 A3a

CHINA (PEOPLE'S REP.)

Fruit Cultivating and Preservation Techniques. Estimated total cost 4.350 mECU. EEC 1.600 mECU. Cofinancing with Italy. T.A. and transfer of technology. T.A.: Apples: 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. TRACTIONNEL (B).
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

Gansu Sugar Beet Development. Resp. Auth.: Gansu Province Department of Agriculture. EEC contribution 1 mECU. T.A., training and supply of equipment. Project on appraisal. Date foreseen for financing decision 1st half 86.
ALA CHN 8517 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 on appraisal. Date foreseen for financing decision April 86.
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. Project in execution.
ALA IN 8418 A3a

Supply of fertilizers. Resp. Auth.: Minerals and Metals Trading Corporation of India (MMTC). 45 mECU. Supply of urea by int. tender (conditional) launched in January 86. Project on appraisal. Date foreseen for financing decision 1st half 86.
ALA IN 8512 A3a

YEMEN

Seed production centre. Estimated cost 5.8 mECU. Project in execution.
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 86.
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 1st half 86.
ALA PAK 8422 A3a

★ **Rural Electrification.** Project stage: identification.
ALA PAK 8522

★ **Vocational training.** Project stage identification.
ALA PAK 8518

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 in execution.
ALA NEP 8407 A6b

Soil and water conservation in Bagmati Watershed. Special hunger programme. 5.5 mECU. Project in execution.
958-NEP 8401 A3a

★ **Arjun Kuhola Irrigation Projet.** Project stage: identification.
ALA NEP 8521 A3e

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. Project in execution.
ALA BHU A2b

T.A. programme to the Department of Agriculture. Resp. Auth.: Ministry of Agriculture and Forests. 1.1 mECU. Two experts during 3 years. 1 Rural Development Engineer and 1 agro-economist. Short-list not yet drawn up for restr. tender. Date financing decision March 86.
ALA BHU 8513 A3a

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 in execution.
ALA TH 8509 A3a

PACTO ANDINO MEMBER COUNTRIES

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 1st half 86.
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

Microprojects programme in the pacific coastal. Line of credit, T.A. and training, EEC contribution 4 mECU and supply of equipment. Date financing decisions March 86.
ALA CO 8516 A3a

BANCO CENTRO-AMERICANO DE INTEGRACION ECONOMICA

Support for SME in Central America. T.A. MPR (D) — DELFT UNIVERS. (Neth) — S.O.D. (F). AFNOR.
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 in execution.
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 in execution.
ALA REG 8505 A3a

EL SALVADOR

★ **Rehabilitation Programme. University of El Salvador.** Resp. Auth.: U.E.S. Total estimated cost 5 mECU. EEC 3.3 mECU. Italy 1.7 mECU. EEC part: supply of equipment, T.A. and training for Agronomics and partly for Electrotechnology. Italy part: supplies for Electrotechnology, Physics and Mechanics, T.A. and training. Project on appraisal. Date foreseen for financing decision 1st half 86.
ALA REG 8519 A6c

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 June 86.
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.

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Try the Rabbit. A handbook on rabbit-raising for beginners S.O. Adjare Intermediate Technology Publications 9, King St., London WC2 — 39 pages — 1984

Rabbits are an easily-maintained and convenient source of nutritious food—and income. This guide to small-scale rabbit-keeping, based on the author's experience in Ghana, should pave the way for the introduction of rabbit-keeping in other tropical countries. The reader can count on finding within this work the kind of realistic advice needed to set up and manage a rabbitry successfully.

ooo

Christopher TUGENDHAT — **Making Sense of Europe,** Viking, Penguin Books Ltd., Harmondsworth, Middlesex, U.K. — 240 pages — £ 9.96 — 1986

The author is a former member of the European Commission (1977-80) and its Vice-President (1981-1985). A former journalist and MP from 1970-1980, Mr Tugendhat develops, with a wealth of analysis, historical basis and the experience of many years, his assessment of the European Community as it was designed by its founders and as he sees it in the future, provided what he regards as certain pitfalls can be avoided. He says his approach is based on the spirit of one of its founders Mr Paul-Henri Spaak whose "realism" he praises. Mr Tugendhat is completely right although he forgets to mention Spaak when he says that a politician has the right to dream. All those who knew him remember his pragmatism. If he happened to sometimes make a mistake, it was because of his pragmatism: because of it he accepted the "Luxembourg compromise" stating that no one would ever call upon it since in the Community things happen differently... Mr Tugendhat rightly points out the discrepancy between what some politicans say and what they do. He dismisses the federalist idea as outmoded and says that other formulas must be sought. Among these, he mentions the differentiated approach, whilst at the same time stressing the danger of this destroying fundamental Community unity. He suggests an organization in which there would be a core of activities in which all member countries would be involved, surrounded by a series of concentric circles in which the participants vary with a leadership group present in each. He suggests two priorities for the core: reform of the common agricultural policy and the completion of a large international market, including services. The ideal solution would be to add to these two priorities, according to Tugendhat, economic and monetary cooperation and closer alignment of foreign policy.

His conclusion is, however, that if in the long run the choice amounts to going forward on a "partial" basis or not making any progress at all, the first choice will be the right one. This was the theory—some might say the paradox—of the European Parliament's draft Treaty...

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Pressure Groups, Policies and Development — The Private Sector and EEC-Third World Policy. Edited by Christopher Stevens and Joan Verloren Van Themaat. Hodder and Stoughton ODI/IDS (Institute of Social Studies) — 175 pages — £8.95 — 1985.

A common misconception about Euro-South relations is that the only actors are governments and private businesses. But in fact a range of important non-governmental institutions also exercise considerable influence on them. They vary from the well-known development charities, such as Oxfam, to less public but even more important pressure groups influencing trade policies, and from political parties to trade unions.

Pressure Groups, Policies and Development, the fifth volume in the EEC and the Third World Survey series, focuses on the activities of some of these key pressure groups and developing NGOs, in the context of a broad review of recent events, including an analysis of the Third Lomé Convention, the most recent Multifibre Arrangement and the crisis in the Common Agricultural Policy.

Aid from development NGOs in the EEC is big business — they disburse more than $650 million a year from their own resources. But how do they operate? Supporters claim that they are more 'people-oriented' than governments; critics say that too often they are inefficient and 'export' European political and religious conflicts. These claims are considered and assessed.

An important part of the book is devoted to the effects on the Third World of the two biggest obstacles to export to Europe—the Common Agricultural Policy and the Multifibre Arrangement—themselves largely the fruits of pressure group activity. Various future scenarios are considered and proposals for reform made.

Christopher Stevens is a Research Fellow at the Centre for European Policy Studies, a Research Fellow at the Institute of Development Studies and a Research Officer at the Overseas Development Institute. Joan Verloren van Themaat is Lecturer in International Economics at the Institute of Social Studies, The Hague.

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Back cover: ***The Great Enclosure (11 m high and 243 m in circumference) is part of the National Monument of Great Zimbabwe. This complex, witness of a florishing Shona-Karanga civilization between the 12th and 15th centuries AD, forms the biggest ruins in Africa, second only to the pyramids in Egypt (photo: Zimbabwe Ministry of Information)***

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