The Courier

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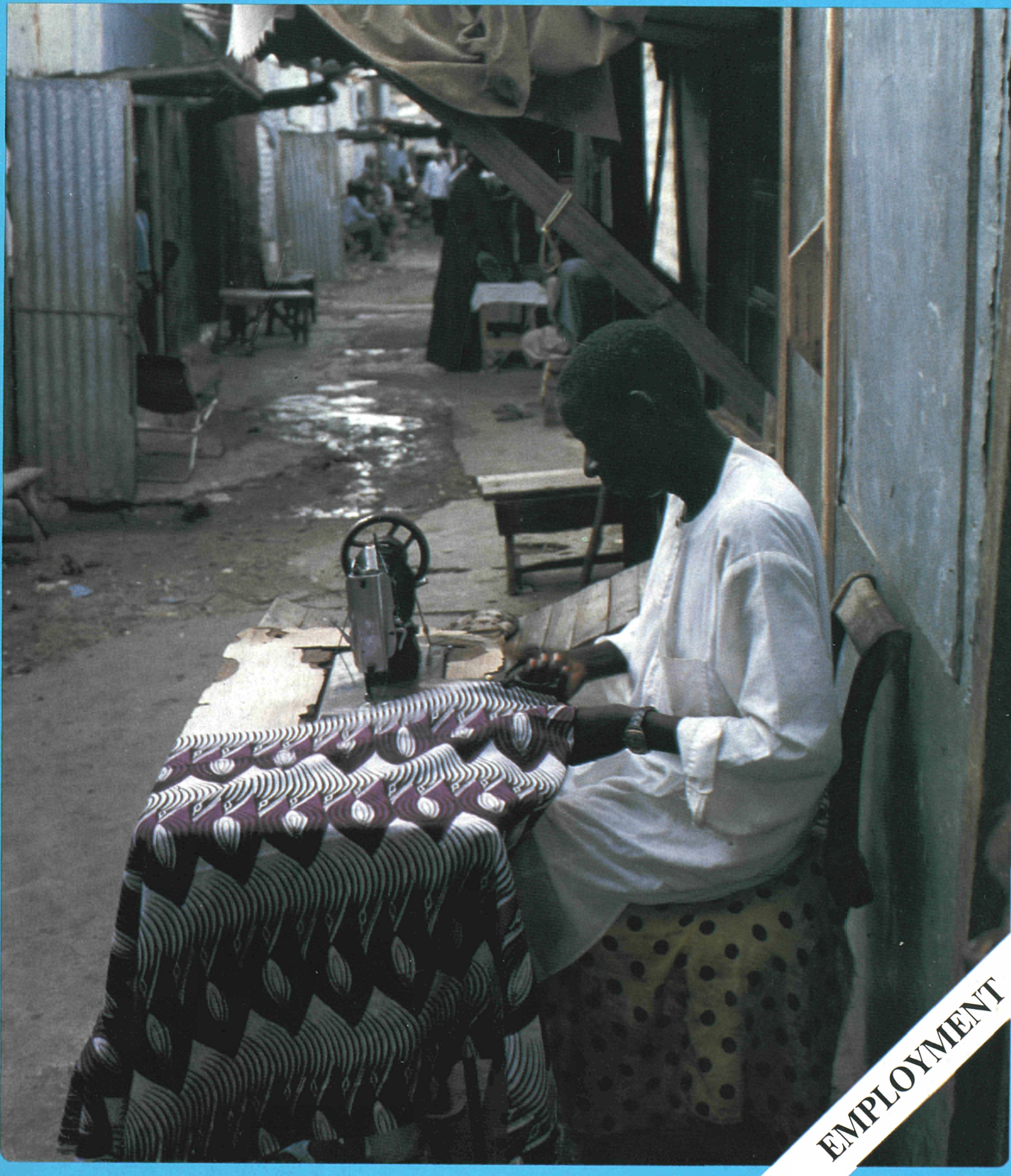

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of States
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THE 66 ACP STATES

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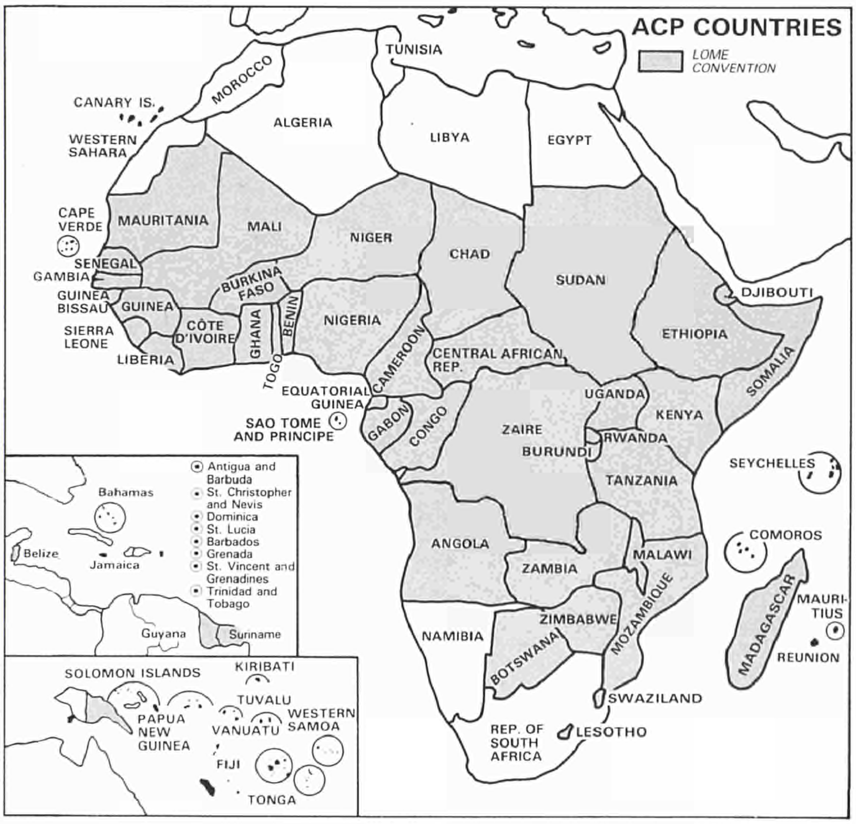

FRANCE

(Territorial collectivities)

Mayotte
St Pierre and Miquelon

(Overseas territories)

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

NETHERLANDS

(Overseas countries)

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

DENMARK

(Country having special relations with Denmark)

Greenland

UNITED KINGDOM

(Overseas countries and territories)

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

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

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Cover: *Africans will increasingly depend on self-employment in the coming years (photo Duquesne-Musyck)*

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ACP-EEC COUNCILS

South Africa: ACP and European Ministers met on 26 April in Luxembourg to examine the problem of apartheid in South Africa and the issue of the independence of Namibia. It was the first ever ACP/EEC "cooperation" on political matters, limited certainly in its initial ambition but "constructive" in having begun a process of higher-level consultation between the ACP and the EEC on two of the main political concerns (apartheid and Namibia) of the African continent. **Pages 5 to 6**

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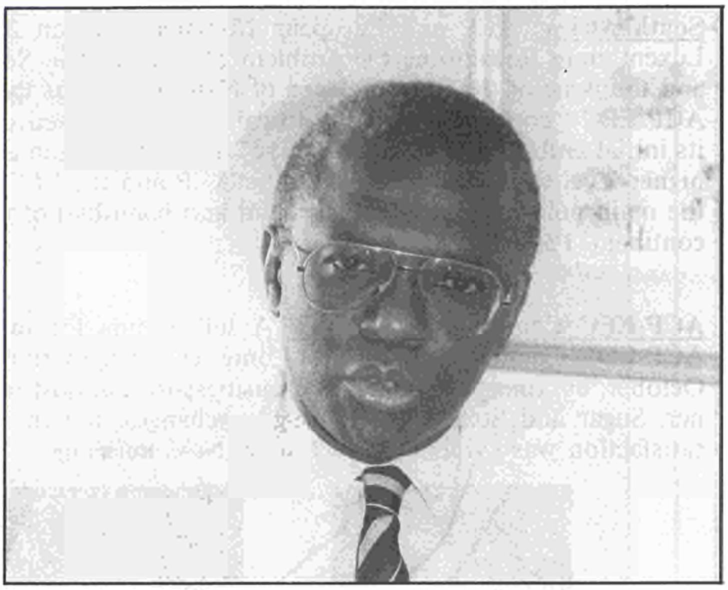
DOSSIER: Employment

The economic crisis of the past decade and the structural adjustment programmes now underway in many ACP States have resulted in massive job losses. The situation will become explosive if serious efforts are not made to create employment opportunities, particularly for those hardest hit—young people and women. **Pages 54 to 82**

BABACAR N'DIAYE

Chairman of the African Development Bank Group

"Don't reduce our Finance Ministers to debt negotiators"


The Courier

When he said this in London on 18 April, Babacar N'Diaye was sure of the attention of 300 leading representatives of the world of high finance. People who are used to juggling with multi-digit figures may well not have seen the problem from that particular angle yet... But the risk, the ADB Chairman warned, is virtually a reality for most of the countries of Africa today. Many a Finance Minister has to spend his time dealing with debt rescheduling, talking to the Club of Paris or the Club of London, meeting the creditors and so on instead of working to finance the country's development — which ought to be the top priority.

With the specific nature of the African debt in mind, and encouraged by the talk at the Venice Summit of 1987 (which led the IMF, the World Bank and the EEC to take a number of practical steps), the ADB and its financial advisers, S.G. Warbury & Co. Ltd, have come up with an original proposal for refinancing. External debt, a severe brake on development, is up at more than $ 200 billion at the present time. The Conference, on "The challenge to recovery and growth: finding solutions to Africa's external debt", held in London on 18 and 19 April, was a good opportunity not only for considerable bilateral contact, but for Babacar N'Diaye to illustrate the originality of the ADB's approach to an audience of economic and financial decision-makers from Africa and Ministers, senior officials and bankers from the developed world.

While the conference was going on, "Africa's biggest banker" gave an exclusive interview to The Courier on some of the ADB Group's future projects. But the main idea was to explain his plan, which, he says, he would be happy to see thrown out, "provided a better one can be found".

▶ *Mr N'Diaye, the ADB Group has an ambitious investment programme for Africa for 1987-91. Does it have the means to run it—given that these new commitments amount to more than the Bank committed over the whole of the 1967-86 period?*

— Thanks to the trebling of its capital—from $ 6.9 billion to more than $ 20 billion—the Bank proper now has an investment programme of something like $ 8 billion for this period. And we have just completed negotiations on replenishing the African Development Fund involving almost $ 3 billion. So, all in all, we are talking about a volume of investment of $ 10-11 billion over the five-year period 1987-91. This should be compared with the $ 8.4 billion we financed between 1967, the first year we financed operations, and the end of 1986. The nominal figure here is bigger than anything we have done in the Bank's 22 years of existence. We have the means and we, in fact, committed slightly more than $ 2 billion in 1987—at least a fifth of the programme we have drawn up for the five years.

"... we mustn't make too much of the absorption capacity"

▶ *Would you say that both the ADB, as a lender, and the recipients, have the human resources they need to guarantee that the credits can be absorbed properly?*

— There are no problems as far as our institution is concerned because the Bank has both the human and the financial resources to give us the expertise we need *vis-à-vis* the outside world.

However, I do think there is a problem here and one that needs clarifying... We are always saying that Africa cannot absorb the credit, but I think this is a false problem because, as we all know, there isn't enough capital to encourage investments. So the capacity to absorb and the need for investment are clear and precise. All that is missing, maybe, is the people to manage the projects. There again, these are not insurmountable barriers and all our projects include technical assistance that the ADB can provide either through its staff or by financing experts in other countries in Africa and elsewhere to help the country set up its projects and get them through to the implementation stage. So I believe that we really musn't make too much of the absorption capacity because, in fact, enormous investments are called for and we have to find the ingredient that will get them going. It takes goodwill and imagination by the funders and by the countries and their political authorities. They have to accept the fact that these human resources and this expertise are mobilised from the outside to come and help them.

The ADB and the triple "A"

▶ *Most of Africa's regional organisations are having acute financial problems and Air Afrique is just one example. How does the ADB manage to operate in such an unfavourable economic environment?*

— Let us say that we are not in the same line of business. We are a bank and our job is to lend money and if we are to lend money properly then we must have our loans repaid. We are also committed to always doing more—so we have to make sure our help means a net capital contribution. The States know they will find a satisfactory answer to their problems when it comes to financing projects that are important to the development of their economies and that, if they repay the loans properly, they can always get more. That, I believe, is something which gets them to make repayments to us regularly—as far as they can. That isn't to say that we don't have one or two countries which get behind or are in arrears. Of course we do. But the arrears aren't so big as to threaten our financial viability. We have had repeated arrears, not always the same ones, but every time we have been to the credit agencies and looked at our portfolio, even with these arrears, our superior credit rating—triple "A"—has been confirmed and now we even have triple "A+" — the tops (1). So the States do have problems, of course, and they are appreciable ones, but they have not caused many of them to lag a long way behind in their payments to the ADB.

The specific nature of the African debt

▶ *Since you are talking about arrears, can we look at the debt which is such a burden to Africa? You maintain that there is something special about the African debt which means that specifically African solutions are called for. Can you comment on this?*

— As you know, we have put forward a plan to refinance the African debt. It is based on an analysis of the present situation and the methods of reducing the debt which have been suggested to Africa—the best known of which is the Club of Paris. These methods have been clearly shown to be inadequate. All they are doing is shifting the debt into the future and by doing so they are making the financial burden heavier, because the servicing goes up every time the debt is rescheduled. What this means, ultimately, is that the more renegotiating the States do, the more debts they pile up. And what is even more important is the fact that these time-consuming negotiations are turning our Finance Ministers into debt negotiators—to the point where most of their time and expertise is going into negotiating the debt and not the vital, burning questions which are everyday currency in our countries. We thought this was an unhealthy situation.

We have also analysed other proposals on solving the debt problem. But most of them, apart from the Club of Paris' suggested rescheduling, are aimed at countries with a commercial debt of a structure and volume that are a threat to the international financial situation—particularly Latin America. Even in the Baker Plan, and it covers 15 countries, there are only three African nations—Côte d'Ivoire, Morocco and Nigeria—concerned and the description in the preamble clearly shows that it is the World Bank and the Inter-American Bank which are associated in implementation. What does this mean? The pointers are there. The plan was designed, primarily, for the Latin American countries, and, furthermore, for those whose debt structure is mainly commercial and likely to be a threat to the international financial equilibrium. So it was not meant for Africa.

The ADB mechanism...

So we designed something to cope with the specific nature of the African debt and—and this is very important and very new—our plan includes a mechanism for a redemption fund. This fund, which is paid at the same time as the interest (lower than the market rate) is paid every year for 20 years and proper placement should generate capital equal to the total amount of the debt which can thus be paid off.

When the debt is renegotiated, it should be changed into long-term securities payable at the end of the 20 or 30 years (according to country) and it is on maturing (20 or 30 years) that the redemption fund, thanks to proper placing, will generate an amount equal to the basic debt.

▶ *Lasting a minimum of 20 years?*

— According to country, but we think the minimum has to be 20. So if you like, there are four parts to this mechanism—an extended period of amortisation, a redemption fund, an interest rate that is below the going rate and, the fourth thing, securitisation, which is converting the loan into bonds. Those are the main points.

▶ *How has your proposal been greeted by the international financial community since it was launched in late November (1)? And what have those principally concerned, the African States themselves, had to say?*

Before we launched this operation in November, we made contact with various funders to try it out before we finalised the proposal. Our document includes the main lines laid down at the Venice Summit which talked about the African—more specifically—debt in terms of grace periods and extended periods of reimbursement, of financing things at less than the going rate and even of transforming some debts into grants, if not wiping them out altogether. In view of this general situation, we thought that the Group of 7 was intellectually predisposed to accept machinery along these lines. And from then on, we worked on the dossier.

We didn't suggest writing off the debt because our contacts with Heads of State and political authorities in Africa suggested that, morally speaking, commitments had to be honoured. However, it would be silly to overlook the reality of the situation—Africa's ability to pay back the debts. This was the basis on which we built the plan.

We presented it to several countries. We sent it to Washington, to France, to the UK, to Belgium and to Federal Germany. We contacted these countries first because, initially, we produced the plan to cope with Zaïre's debts and we took Zaïre's creditors to let them know what our ideas were. We had some fairly low-key reaction, according to country, and we had a great deal of contact. We got our answers—I cannot say they are all positive but a dialogue has been established. In some places, the response was fairly encouraging, but our strongest support so far has come from the biggest international institution, the World Bank, which understood what we were getting at.

This open support from the IBRD is highly satisfactory because the Bank carries a lot of weight. We have had positive reactions, and fairly encouraging ones too, from the United Kingdom and the dialogue is continuing with the USA. France is playing a waiting game—probably because its Finance Minister is chairman of the Club of Paris.

(1) Financial institutions such as the ADB, the World Bank, the EIB and so on obtain the bulk of their resources on the financial market. The sounder their portfolios are deemed to be for these markets, the better the conditions they get. The markets have a credit rating system for financial institutions, triple A being the highest.

(1) At the extraordinary OAU Summit which adopted the joint African position on the continent's external debt.

... and supervision

But one thing that has often cropped up in the comments we have received is the method of keeping tabs on the performance of the economic criteria. It is true that our initial plans didn't amount to very much here. The criticism was that the four-component system was interesting and would certainly suit the African situation better and substantially lighten the continent's debt burden, but if it took over all the debt and all the repayments, it could well lead to laxism on the part of the beneficiary States—which might then decline to run the reform and structural adjustment programmes properly. Our answer to that was to come up with a fifth component for our mechanism, a board of trustees to manage the resources of the redemption fund, lay down placing criteria and evaluate the amount to be placed every year in the light of the country's economic situation. We didn't, initially, give enough details about the role of the board, but we filled the gap when remarks were made. We suggested that the board be made up of people from the International Monetary Fund, the World Bank, the ADB, the creditors and the borrower countries. The board will assess the country's performance every year to see whether it is in line with the programme—which must itself be based on the programme devised and set up for that country by the IBRD. So the supervisory machinery will be put to proper use. What is even better is that we suggested that the secretariat and this board abide by the Club of Paris—we wanted to reassure the creditors that we do not intend to have any laxism. The job of the board, our document says, is to keep tabs on economic performance and, in the light of this performance, to recommend the additional amount of investment needed to maintain the debt ratio within a certain range. Or, if the country doesn't perform well and fails to meet the criteria, the board can tell its creditors—who will be represented on it, in fact—to slow down the flow of resources or stop it altogether.

The problem for the USA in particular, after the explanations given in Washington, has been the idea of issuing loans below the going rate. This could constitute a precedent, the USA says, and be used by American farmers, even. But I am happy to say that the farmers' association in the USA recently called for their own debt burden to be lightened via a reduction in the interest rates, that they cannot go on paying without endangering the survival of their farms. So this is something which is being discussed at purely national level at the moment... although it would be wrong to confuse international affairs with domestic ones.

Impact of debt restructuring on the budget — "subterfuge"

When some say that restructuring the debt by lowering the interest rates has an effect on the budget, and that is what bothers the creditors, we for our part say that, from the accounting angle, it is impossible, because you are dealing with countries which don't pay, which can't pay their interest back. And what do you do every year? You enter it as arrears. There is no such thing as a public accountant who would enter uncertain resources under revenue when drawing up the budget. And the payment of interest rates and the reimbursement of the loans which the bulk of the countries of the Third World, particularly those of Africa—since that is what we are talking about here—have to make have become uncertain quantities in everybody's books. They cannot go into the accounts and, better still, they cannot go into the profits and losses—which are the bad debts department.

So, as far as the argument about lower interest rates affecting the budget goes, I should like to see any official accountant tell me that he is counting on these interest repayments to finance his public spending. It's a subterfuge. That is why we believe it is possible, given a certain amount of goodwill, to jump a step. Take Zaïre, a case we have looked at in detail. We know that Zaïre's debt is one third capitalisation of interest, which is in itself derived from the fact that the burden of interest repayments goes up every time the debt is renegotiated. It's a penalty Zaïre has to pay. So in our proposal, we say yes to the basic debt, just as President Mobutu says yes to the basic debt. That is something we are morally committed to. But we have to stop this piling up of debts which has been done rather as if to penalise this country—and penalisation through many domestic things, that we must not deny, but by external things too. Is it Zaïre's fault if, say, copper prices drop and it can no longer cover its debts? There is room for discussion here, we think, to reduce this third of the debt and fix it at the bottom level and remove the penalties. Or the burden could be shared. That is our approach. Let us remove the penalties if we think external elements are more to blame for Zaïre's inability to pay back its debts and share the penalties if we think there is a problem of internal management and a problem of external factors. The fact that 30% of Zaïre's $4.6 billion-worth of external debts comes from this negative accumulation is a scandal. That is what we are thinking about. We think there is room here for people who want to help Africa to negotiate a reduction of this kind. Do you see—we haven't mentioned reducing the debt. That's something else, a commercial thing we can look at later on. But we are talking about other things which can be assessed both politically and morally and financially.

► *Will your plan be put into practice in some African countries soon? Zaïre has been mentioned, and Madagascar. What is going on here?*

— There certainly are other countries concerned—we have been approached by 15 or so nations. But those whose dossiers are ready to be presented to the various funders are indeed Zaïre and Madagascar. Once the dossiers are ready, it is up to the country in question. It is no longer the affair of the ADB as such, although it is there to advise and help the countries produce dossiers for the funders and the Club of Paris. That is how we can get things going.

Debt and structural adjustment

► *Speaking of debt—you also mentioned the problem of structural adjustment. You can't have one, apparently, without the other at the moment. But isn't this an area in which a different attitude is called for, maybe a more humane approach than the sometimes very rigid rules of certain international organisations? The ADB has been doing its own structural adjustment for a bit, too, hasn't it?*

— Yes it has. The ADB has been making structural adjustments for some time. Our $2 billion portfolio, as I said at the beginning, contains upwards of 20-25% of structural adjustment-linked loans this year. I don't mean the two things aren't linked... but our plan is a financial system, structural adjustment is an economic system, and we are running it as part of an adjustment programme. The programme for each country is derived from the policy framework paper discussed by the World Bank, the IMF and the country itself—and it is part of the job of supervision and a major concern of our administrative board to see how the plan is going. We think that, if the debt restructuring programme is intended to lighten the debt burden, then structural adjustment should make it possible, with the attendant resources, to get the economy off the ground again. That is why you can't have one without the other. You cannot think of a programme solely in terms of lightening the debt burden. You have to think about injecting new funds to get the economy going again. This is what I mean by saying that you can't have one without the other. ○

Interview by
Roger DE BACKER

South Africa

First meeting of ACP-EEC Ministers in Luxembourg – a "constructive" exchange of views –

It was during the meeting of the ACP-EEC Committee of Ambassadors on 18 December 1987 that the Community agreed to a meeting of Ministers to look at apartheid in South Africa and its consequences both for the economic and social situation in the neighbouring countries and for international peace. Although this meeting was reduced to a "Troika" from Europe (1) and a dozen ACPs (1), contrary to what the ACPs originally hoped, it was nonetheless a première the importance of which it would be wrong to overlook.

The Ministers (or their representatives) of the 15 countries and the representatives of the Commission therefore met in Luxembourg on 26 April. Almoustapha Soumaïla, Niger's Planning Minister and President-in-Office of the ACP Council of Ministers, opened the meeting, stressing the "capital importance" that the ACPs attached to the Community's role against apartheid and to the process of Namibian independence. He pointed to the spirit of ACP-EEC cooperation and particularly to Lomé III (Article 4 and Annex 1) which said that the parties were determined "to work effectively for the eradication of apartheid, which constitutes a violation of human rights and an affront to human dignity", saying that the Community and the ACPs could "attain significant political objectives outside the constraints which are bound to accompany the use of formal machinery". Which is why, he said, "we have agreed to join together for this meeting, which we have, on an exceptional basis, organised in this particular form... but is not to say that our institutions cannot deal with the apartheid issue within the framework of Lomé".

Then Mr Soumaïla, the President of the ACP Council and Mr Hugh Shearer, Jamaica's deputy PM, and Mrs M. Muyinda, Zambia's Foreign Minister, in turn described the situation in South Africa and the neighbouring States. They reminded the meeting that repressive measures against the Blacks had been stepped up in South Africa and that, contrary to what many obsevers expected a year or two ago, the South African Government was still not very receptive to appeals to reason or to any practical measures likely to lead to a peaceful solution to apartheid or Namibian independence. So the ACPs wanted the Community to adopt global economic (obligatory sanctions) and political (breaking off of diplomatic relations) measures against South Africa.

"Time is not on our side when it comes to a peaceful solution" in South Africa, the President of the ACP Council maintained. It is the duty of the European Community and the ACP States "to prevent further warfare in Southern Africa and ensure apartheid is eliminated", Niger's Minister insisted. And this means giving one or two "political signals" to Pretoria to make it realise that the Community and the ACPs are determined" to find a solution that would bring peace in the region. "There is no point in just announcing sanctions. They have to be applied". Over and above the measures the ACPs outlined in the Kingston Declaration (see below), they called on the Community to commit itself to banning imports of South African coal, uranium and gold and to stop letting South Africa have the sort of technological equipment that would help Pretoria boost its military and economic potential and independence.

However, the ACPs reaffirmed their attachment to a peaceful solution both to the conflict between Pretoria and its neighbours and the apartheid issue. The sign of the ACPs' wish for a non-violent solution was given by the Angolan Foreign Minister, Afonso Van Dunem Mbinda, who revealed that his country had made precise proposals to the American Government on withdrawing Cuban troops from Angola. Withdrawal of the (about 40 000) Cuban soldiers stationed in Angola is an essential point in the South African and American position in the quest for peace in the region (2).

Creating "a national dialogue"

Germany's Foreign Minister, Mr Hans-Dietrich Genscher, the President-in-Office of the European Council, replied to the President of the ACP Council. In regard to the ACPs' suggested measures, Mr Genscher reaffirmed the "Community's anti-apartheid commitment". The Twelve, he said, were not just an economic unit but — and this was most important — a Community "based on democracy". He emphasised where the Community stood on South Africa. "We are against racial discrimination and we reject it in all its forms... We think there is no reforming apartheid. It has to be done away with and we are ready to do this... The responsibility for the violence in South Africa does not fall on the victims' shoulders". Which is why, he said, "the Government should create the conditions for the national dialogue" that is vital to the quest for peace in South Africa. One of the conditions is that "Nelson Mandela and the other political prisoners be released", Mr Genscher said. He also wanted "the black majority to get better organised and make itself heard". The Community, he said, "had indicated to Pretoria that it was firmly against repression of the black majority" in South Africa. "Morally and by ideals, we are on the victims' side", said the President of the European Council.

When it came to sanctions against the South African régime, Denmark and Greece (President of the European Council as from 1 July) said they were ready to apply whatever measures the Community wanted, but Mr Genscher reaffirmed that the Community as such was not in favour of global economic sanctions against South Africa. Since the meeting of 26 April was "to exchange views and information", Mr Genscher said that "sanctions are not the way to reach our target... As far as the Com-

(1) Denmark, Germany and Greece for the Community and Nigeria, Burkina Faso, Zaïre, Burundi, Mauritius, Sudan, Angola, Zambia, Trinidad & Tobago, Jamaica, PNG and Western Samoa on the ACP side. The Community countries were the former, the present and the future Presidents of the European Council at the time of the meeting.

(2) Talks between Angola, South Africa, the USA and the USSR (observer) began in London and then continued (between Pretoria and Luanda) in Brazzaville (Congo) in May.

munity is concerned, this is a question of principle... We cannot even give you the idea we might take these sanctions", he added. "This is our position also on the political front".

However, the Community will continue with, and step up, the so-called positive measures to help the black population. The sums channelled into these measures (training, education, health, etc.) rose from ECU 10 million to ECU 20 million between 1986 and 1988, announced Lorenzo Natali—who, with Dieter Frisch, the Director-General for Development and Willy De Clercq (External Relations) represented the Commission in Luxembourg. Mr Natali, Commission Vice-President in charge of Development, said the Commission wanted to do more for the victims of apartheid and was planning on a budget of around ECU 25 million for this in 1989.

The first political cooperation meeting by European and ACP Ministers was a "constructive" exchange of views. It ended without any commitments being made on the ACPs' proposed economic and political sanctions against South Africa, but with a firm, joint commitment on the part of all the partners to "meet again", and also an ACP call to the Europeans: "The answer to the problem of South Africa and the States of Southern Africa", they said, "lies in the elimination of apartheid, and we invite you to join with us in fighting it, quickly and efficiently". o

Lucien PAGNI

The Kingston Declaration on Human Dignity

The Foreign Ministers of the African, Caribbean and Pacific Group of States met as a Special ACP Council in Kingston on 29 and 30 October 1987. They made an extensive review of the situation in South Africa and in Southern Africa as a whole. This situation results from the abhorrent practice of apartheid which is the most extreme form of denial of human dignity, they said.

The following are extracts from the Kingston Declaration. It emphasises that:

"(...) Apartheid in South Africa and the struggle against it is an issue of global importance and concern, and our countries are determined to continue to play our full part in international action aimed at its eradication. The issue is of special importance to the ACP Group because our Group includes nearly all the African countries, and all the Frontline and neighbouring States who are the States most directly affected by the very existence of apartheid. The spirit of cooperation and fraternal solidarity that binds us as a Group imposes on us a shared responsibility to work together for the total eradication of this evil system.

We have noted with deep concern that:

- inside South Africa the black majority continues to be subjected to a kind of modern-day slavery, many thousands, including women and young children, are imprisoned and tortured for so-called political offences, and the country is blanketed by a brutal state of emergency and rigid press censorship. In such circumstances, there is a considerable risk of widespread and violent confrontation which would spark a tragedy of immeasurable proportions;
- for the Frontline and neighbouring States, the increasing aggression by South Africa and its persistent acts of destabilisation, are creating vast economic and social problems, and threatening their security. Their plight is desperate;
- Namibia continues to be denied its independence as South Africa maintains its illegal occupation; and in the meantime, Namibia's natural resources are being wantonly plundered.

The linkage of Namibia's independence with the withdrawal of Cuban troops from Angola is extraneous to the Namibian issue and we consider such linkage as a dilatory manoeuvre to prolong the illegal occupation of Namibia.

We are convinced, and there is a great deal of evidence to support our view, that the South African Government will not respond to political pressure alone." (...)

The meeting condemned in particular the continued occupation of some parts of Angola by South Africa and noted that the current aggression against that country and Mozambique was grave. The changed nature of terrorist activities orchestrated by South Africa adds a new dimension to the deteriorating security situation in Angola and Mozambique.

We the Foreign Ministers firmly believe, along with the majority of the international community, that the application by the United Nations of comprehensive mandatory sanctions against South Africa is the only peaceful means of exerting the pressure necessary to eradicate the system of apartheid and bring about meaningful negotiations between the regime and the democratic forces in that country.

We have, however, been encouraged by the measures that some countries have taken, although they fall far short of the level necessary to effect desired change in South Africa. We urge these countries to widen and intensify their package of sanctions, because there are some indications that the South African economy is currently under pressure and is beginning to feel the effects of those sanctions which have been imposed. We believe that it is therefore timely to increase the pressure of sanctions now.

In that regard, we particularly urge the international community not to grant any new loans to South Africa, to refrain from all rescheduling of existing loans, to make no new investments there, and to withdraw all existing investments.

We for our part, have agreed on additional measures that we will apply. (...).

We express our appreciation for the assistance that the EEC and several of its Member States have made available to the Frontline and neighbouring States directly or through the Southern African Development Coordinating Committee, as well as the assistance granted to victims of apartheid in South Africa and Southern Africa within the context of the special relations between the ACP Group and the EEC.

We must however emphasise that such assistance cannot be a substitute for the measures required to eradicate the apartheid system. (...) o

EUROPEAN INVESTMENT BANK

EIB financing arrangements in the ACP States

by Philippe TABARY (*)

The European Investment Bank (EIB), the European Community's bank for long-term finance, centres primarily on EEC member countries which, in accordance with the tasks assigned to it under the Treaty of Rome, constitute its main theatre of activity. Since the first Yaoundé Convention, the geographical spread of EIB operations has been extended to embrace States signatory to the various Yaoundé and Lomé Conventions as well as overseas countries and territories enjoying special ties with certain EEC Member Countries (1).

The Third Lomé Convention and the Decision on the OCTs provide for EIB funding from own resources of up to ECU 1.2 billion (2) plus ECU 615 million in the form of risk capital assistance. In 1987, the Bank made available ECU 349 m (as against ECU 210 m during the previous year) for projects in 33 ACP States and in two overseas countries and territories.

These schemes, entailing total fixed asset costs of almost ECU 1.2 billion, encompassed a broad range of infrastructural works and productive activites, mainly involving industry and agricultural processing, the energy sector, telecommunications development, water supplies and port infrastructure. The Bank financed not only implementation of new projects, but also schemes for rehabilitating existing industries and installations.

Flexible procedures

EIB activity in the ACP States is closely coordinated with operations mounted by the Commission of the European Communities in conjunction with the European Development Fund. With an eye to ensuring maximum efficiency, responsibility for deploying Community development aid has in fact been shared, under successive conventions, between the Commission and the Bank (3).

In accordance with the provisions of the Convention, the Bank arranges operations on the basis of its customary procedures with regard to appraising loan applications and monitoring projects, irrespective of the type of resources mobilised.

In the ACP States, the EIB takes part with the Commission in programming missions organised at the start of each Convention with a view to discussing priorities and general outlines with the authorities in the countries concerned. Although these missions serve to pinpoint a certain number of projects, they represent only a guide for Bank activity and mention at this stage of a scheme which might qualify for a loan does not necessarily imply that it will ultimately be financed. Similarly, new projects or ventures not alluded to during programming missions may, of course, be submitted to the EIB at a later stage, provided that they are consonant with the general principles established during the programming mission.

Financing applications may be sent directly to the Bank and no particular formalities need to be completed; requests may also be submitted through the intermediary of the ACP State concerned, or contacts forged with the aid of the Commission Delegation in that country. Project promoters do not need to fill in any standard forms when approaching the EIB, a simple letter, telex or telephone call is sufficient to establish initial contacts.

Appraisal procedures

Applications are appraised by the Bank in conjunction with the promoter and the various authorities involved as well as with other potential lenders. As with all projects for which EIB financing is sought, the Bank studies the scheme's economic, financial and technical viability and vets its compliance with both the development priorities of the State in which it is located and the goals enshrined in the Convention (see text below).

The decision to grant a loan falls within the province of the EIB's Board of Directors comprising 22 members of whom 21 are appointed by EEC member countries and one by the Commission.

Turning to project implementation, special attention is accorded to ensuring that appropriate tendering arrangements are followed in the very interests of the scheme itself. After the EIB and the borrower have agreed on the best approach, tender notices are normally published in the Official Journal

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(1) See Courier N° 98 (July-August 1986) pages 17-20 for general features of EIB financing. The EIB also operates in the majority of Mediterranean countries which do not enjoy EEC membership.

(2) At 31 December 1987, 1 ECU = Ffrs 6.98, £ 0.70, US $ 1.30 and CFAF 349.17.

(3) For mining projects, for example, see The Courier No 109, page 11.

of the European Communities and possibly, in other specialist publications as well. Bidding must be open, at least to undertakings in the ACP States and EEC member countries, although, where appropriate, firms based in countries which have offered the Bank access to their capital markets or which, in the EIB's opinion, afford the project particular advantages may also be accepted.

Once the approval of the Board of Directors has been received, contracts may be signed whenever the borrower so wishes. Funds are disbursed in one or more instalments in line with progress on the project, while the EIB monitors schemes throughout the loan amortisation period.

Much the same procedures apply whatever the type of resources drawn on to fund a project. The time required to complete appraisal and approval procedures varies according to the complexity of the scheme considered, although the EIB makes every effort to speed up arrangements where possible.

Smaller enterprises

The above arrangements, which apply to projects financed through individual loans, differ slightly in cases where the EIB helps to fund small and medium-sized enterprises. In this event, the Bank is unable, for reasons of operational efficiency, to handle each venture directly and financing is provided in the form of a global loan to a development bank operating at national or regional level. This institution then acts as intermediary, appraising and monitoring applications in liaison with the EIB which must approve all allocations.

In practice, applications from smaller enterprises should be forwarded not to the EIB but directly to banks serving, or able to serve, as intermediaries in deploying the proceeds of global loans.

Further particulars can be obtained directly from the EIB in Luxembourg without the need to complete any formalities. o Ph.T.

The EIB's approach to appraising projects

Since it raises the bulk of its resources on the capital markets and has, in the interests above all of its own borrowers, to mobilise funds on the best conditions available, the EIB can only consider financing investment in the ACP States which makes a contribution, either direct or indirect, to economic growth and development in the countries where it operates. This factor, which derives from the vary nature of the Bank as an institution, has led it to turn in particular towards funding the productive sector (industry, agricultural processing, tourism) and infrastructure of economic importance (chiefly transport and telecommunications, water supply/sewerage facilities, port installations, energy production and distribution).

Drawing on the experience it has gained in examining and monitoring projects in these various categories, the EIB adopts the same general approach for financing from risk capital provided from EDF resources and managed by the Bank. An appraisal is conducted for every project, whether funded from own resources or risk capital, taking into account various economic and financial considerations, in particular:

The countries' economic priorities: In working out their development plans, the ACP countries need to define certain objectives. Those which concern the EIB are primarily how to replace imports by national production, build up export-oriented industries and produce energy so as to reduce dependence upon oil.

The investment projects must be assessed against these objectives. There are a number of opportunities for the EIB to single out the priorities, through various working contacts and during the official programming missions undertaken to draw up indicative aid programmes.

Such programmes do not firmly commit the Bank or the national authorities. It may be that, upon further examination, some of the investment ideas put forward are found to be less worthwhile than they seemed initially, (intervening changes in world markets for certain products could, for example, radically alter the viability of a project). On the other hand, new projects may emerge during the life of the Convention which had not been suggested during the programming mission.

Hence, although there is a basic framework built around the development objectives of each country, the Bank must pursue a flexible approach, taking account of the different types of financing open from both the Commission and the EIB. Experience suggests that this adaptability is to the advantage of the ACP countries concerned.

Forms of finance: When the EIB is asked to finance a project, the Bank has to make a general assessment of the economic and financial situation of the country and the nature of the project in order to decide what kind of support would be most appropriate.

Quite clearly a loan from the Bank's own resources, even with an interest rate subsidy, does represent a certain burden and can be granted only where the net effect will not jeopardise the country's public finances and external debt payments, taking account of its other obligations. It may be that right from the beginning risk capital finance of one form or another, on much softer conditions, appears the best solution, or indeed a mix of the two forms of finance.

This assessment of what form of finance to provide takes into account the economic and financial policies of the country concerned, the economic viability of investments already in operation or under way, the project's likely contribution to the balance of payments and Government revenues, the country's overall economic growth prospects.

The market: The appraisal must cover the market (one country, a group of countries or the world) for the product or service concerned so as to assess whether the investment is in line with realistically attainable sales objectives, both as to output and product price.

Market trends — consumption, trade, including intra-ACP trade, price, quality improvements — are studied over recent years so as to assess likely future developments. This enables the project to be tested against a range of possible market environments in which it could well have to work.

Where import substitution is involved the Bank tries to measure the likely performance against reference prices, based on international production and trade, so as to make sure that the venture is potentially competitive (a policy of import substitution at any price is a handicap, not a help, to development if it means a higher cost to the consumer, a possible burden on public finance and the tying up of scarce capital which could be more advantageously employed in other fields).

Economic viability: The assessment of the economic arguments in favour of a project — including its potential contribution to the use of a country's human, natural and financial resources — is just as, if not more, important than the more limited evaluation of its financial rate of return.

This means that the economic rate of return has to be calculated to get as near as possible to the "true" economic costs and benefits of a project, which may differ appreciably from those appearing in a purely financial view of a project (labour costs, taxes and customs duties, Government subsidies or unrealistic exchange rates can present figures which distort the real economic costs and benefits of an investment).

Using a range of estimates of possible rates of economic return, comparisons can be made with the economic viability of projects financed using the same amount of investment capital in another sector in the same country or region.

Employment: Almost all the ACP States suffer from chronic unemployment and under-employment. It is tempting, therefore, for countries undertaking industrial investment to opt for a relatively low technology input but a large labour force.

But in fact there is often not much room for manoeuvre. Successful industry, whether exporting or replacing imports, cannot ignore competitors' productivity and selling prices, so finally the choice of technologies is limited and the direct employment creation may well turn out to be less than originally hoped for.

So while the EIB certainly gives due weight in its appraisal to the investment cost per job, the indirect effects on employment may be just as important, if not more so. A number of basic industries provide relatively few jobs in themselves but act as a powerful stimulus to other activities — e.g. construction, public works of various kinds, services — which are not under the same constraints of international competition.

Another factor of importance is the training element, i.e. the extent to which a new industrial plant will help improve a country's industrial potential by training management personnel and skilled labour.

Value added: The contribution to value added is one of the most important elements to be considered in the appraisal and, here again, the induced effects are often as important as the directly quantifiable figures. Some projects can show a capital input/value added ratio which, looked at in isolation, is not very encouraging. But when the "downstream" effects are considered, the picture changes. Fertiliser plants designed specifically for the local market, for example, generally require a high capital investment yet offer relatively meagre value added but they have a significant role in developing efficient agriculture, where the ratio is completely the opposite: low capital investment, high value added. Basically the same argument applies to cement plants with their effects in promoting the construction industry. An even clearer case would be a hydro-electric plant, with minimal value added but powering economic activities downstream.

Balance of payments: In view of the frequently heavy deficits of the ACP States and the size of their external commitments, a project's possible effect in saving or earning foreign exchange is clearly a key factor.

The Bank's appraisal aims at weighing up all the aspects to get to the net benefits: the contribution to the balance of payments after reimbursement of loans for financing the project or necessary infrastructure associated with the scheme, after paying for imports of equipment, intermediate products, services from foreign companies, etc.

Sometimes an initially interesting investment idea turns out quite differently upon closer scrutiny. For instance, processing a local raw material, instead of selling it in its crude state, could in fact lead to a reduction in foreign exchange earnings because of the high cost of intermediate products which have to be imported for processing purposes. The cost of imported energy for countries with few resources of their own can, for example, exclude some processing activities.

Public finance: The same global approach — balancing the positive and negative factors to arrive at a net benefit — is used in evaluating the effects on public finance.

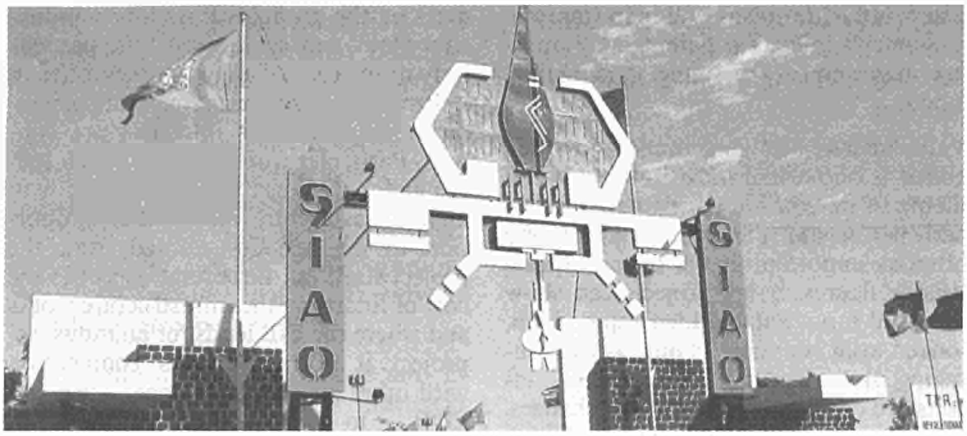
A government might, for example, draw substantial revenue from sales taxes on the products from a new industrial plant, but set against this, particularly in the case of large mining or heavy industrial projects, must be State expenditure on necessary infrastructure support. Particular care has to be taken that the national budget is not burdened with huge infrastructure costs out of proportion to the benefits derived from the project itself (an important aspect is the cost of financing the infrastructure works and where the EIB lends for an industrial project it normally seeks cooperation with other sources of finance — e.g. the EDF — to try to ensure that the infrastructure element is funded on soft terms).

Incremental income/distribution: Apart from the above factors the appraisal also includes an assessment of the impact of a project on local salaries, savings and profits. Certain projects may have only a limited effect on employment and salaries, but can nonetheless prove interesting if they are likely to generate surpluses which can be invested in productive activities in the country.

Clearly, there cannot be any precise predetermined formula for deciding upon the potential of a project to assist a country's development. The EIB's appraisals, basically similar to those of other major development agencies, aim at establishing broad criteria which can only be applied flexibly, on a case-by-case basis.

Experience under the Yaoundé and Lomé Conventions has shown that the questions raised and examined during a project appraisal provide a solid foundation for financing decisions. Where particular problems have arisen, calling for investigation in greater depth, the use of risk capital to finance studies has become a very useful tool. The regular exchange of information between the EIB, the Commission of the European Communities, the World Bank and other potential cofinancing institutions, both bilateral and multilateral, is also very important.

The appraisal procedures are designed not only to safeguard the Bank's own position on the capital markets, by allocating funds soundly; most significantly, they help to ensure that the projects are to the maximum benefit of the countries concerned and that they promote a good utilisation of scarce resources which, for developing countries with limited professional skills available for their own appraisal work, is seldom an easy thing to judge. ○ Ph.T.



Craft in the limelight in Ouagadougou

by Maurice FARINE (*)

Craft, in the broadest sense of the term, still looms large in the economies of most of the ACP countries, as it occupies an estimated 60% of the working population and accounts for about a third of GNP.

So many countries have set up a whole range of structures to back up, promote, develop and capitalise on craft—in which they have the support of most of the funders. Although the Burkinabé authorities have by no means come up with an ideal formula, they are aware of the problems and have suggested to the other African nations that they take stock of the situation. On the production side, they have organised the first Craft Fair in Ouagadougou and, on the back-up side, there has been a conference for craftsmen and craft supporters from 20 countries of Africa and a dozen funders.

These two events were run by the National Office for External Trade and the Chamber of Commerce and Industry, both in Ouagadougou. They had the support of the European Development Fund.

The Conference, opened by the Minister for Trade and Supply on 22 February, was a great success.

At the opening ceremony, Mr Collofong, the EEC Commission Delegate in Ouagadougou, spoke of the vital place of craft in the African economies. "The fact that the SIAO, the Ouagadougou Craft Fair, was held, shows the increasing interest in a sector of the economy which was long a poor relation as regards both development strategies and the financing channelled into its expansion. However, it was not only yesterday that people woke up to the importance of a properly structured, smoothly run craft sector or, in particular, to the key part it plays in the process of industrialisation. The importance of the sector is far greater than just its contribution to GNP".

Laotaye Dadje Nekeurmbaye, the representative of Chad, maintains that the traditional nature of a nation's craft is not just part of the economy. It represents the country's history, its culture, its traditions and its civilisation — the strength which has enabled it to survive the many difficulties it has had to face.

One of the first aims of the Conference was to trigger profound thought on the need for national and international concentration of the structures, aid and support offered to craftsmen. Mr Yahiaouli, adviser to Algeria's Ministry of Craft, brought up the problem of the status of the craftsman, something which needs defining better. In Algerian law, a craftsman is defined as someone who has the relevant qualifications, owns his own production tools and is himself responsible for running, managing and taking care of his activity.

Omar Benabdhalla (Morocco) described three categories of craftsman — utilitarian, the craftsman who is subject to competition on the domestic market and has to watch his quality and price on the external market (export quality control); artistic, the one who helps raise the standard of living, with increasing demand on the domestic market and a boost from expanding tourism and exports, and, lastly, the service craftsman, who plays an increasing and vital role in both rural and urban areas by maintaining and repairing machinery and equipment.

The success of craft on both external and domestic markets depends on quality, originality and price.

It has to be adapted to the external market. As FEDEAU expert Yves Marbrier sees it, utilitarian craft such as basketwork, pottery and weaving should have a decent market in Europe. This means being both profoundly original and fitting in with the fashions of the western environment. Weaving, for example, poses specific problems of maintenance and use (fast colours, machine washing etc.) Things such as table cloths and matching napkins, table sets and curtains can be created and the cloth has to be adapted (as regards thickness) for each particular use.

The meeting did not just recognise the genius and originality of African arts and crafts. It also raised the problem of providing a framework for the sector.

As Mr Collofong stressed, it is vital to set up a system that is both coherent and flexible and which leaves free rein for personal initiative. Existing initiatives have to be encouraged and guided, not bound by red tape with the authorities taking the decisions. The biggest job is to bring the craft services together into one department — something which is well under way in Burkina Faso and Niger. Lessening the financial and customs constraints would also give the sector a second wind.

The World Bank has learnt from its experiences in the craft world. First of all, that craft promotion schemes tend

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DFA

Left, the SIAO mascot in a Ouagadougou square. Right, one of the SIAO stands

not take enough notice of the importance of the macro-economic framework from the word go. The role of the investment code, for example, is never taken into consideration in craft promotion although it is easy to see that this code discriminates against small firms and encourages the big ones which use a lot of capital.

The second lesson is that some administrative procedures have to be simplified to help craft and small firms in general, particularly when it comes to opening companies, getting the services of promotion or credit institutions and having certain tax advantages.

A third lesson that the World Bank has learnt from its financing of craft and small businesses is that, if the trade banks can have security and minimise their risks, they are a far better bet than company banks when it comes to financing the activities of small concerns.

One fourth and last lesson is that, generally speaking, subsidy policies—the policy of free credit in general or credit subsidies—are not always an efficient way of promoting craft-type activity because these subsidies tend to push small businessmen to have more capital and equipment that is out of all proportion and will be under-utilised and lead to a waste of resources.

On the subject of the organisation and training of craftsmen, the Benin delegation brought up the problem of craft cooperatives. Managing them was a problem, although they had proven to be less fragile than commercial companies in times of crisis.

Fairs and exhibitions were unanimously seen as a first-class means of promotion and making contact. A permanent exhibition (Yves Marbrier) would help get the products better known and professional buyers could meet and buy products there and craftsmen see each other and compare and improve their goods.

The CEAO, its representative Mr Kafando announced, had set up a computer data base during the Ouagadougou Craft Fair to enable professional buyers to find out who produced or exported a given article and obtain information they wanted from the listing.

The chairman of the Conference, Mr Sawadogo, summed up the main problems as lack of organisation in the craft sector, lack of back-up, lack of information and lack of sales and distribution networks.

Although the Conference realised there were no miracle answers, its "Ouagadougou appeal" insisted on the need not only to make for permanent consultation by institutionalising the Ouagadougou Craft Fair and the Conference, but to work to rationalise national craft support policies within the framework of regional action and, possibly, structures.

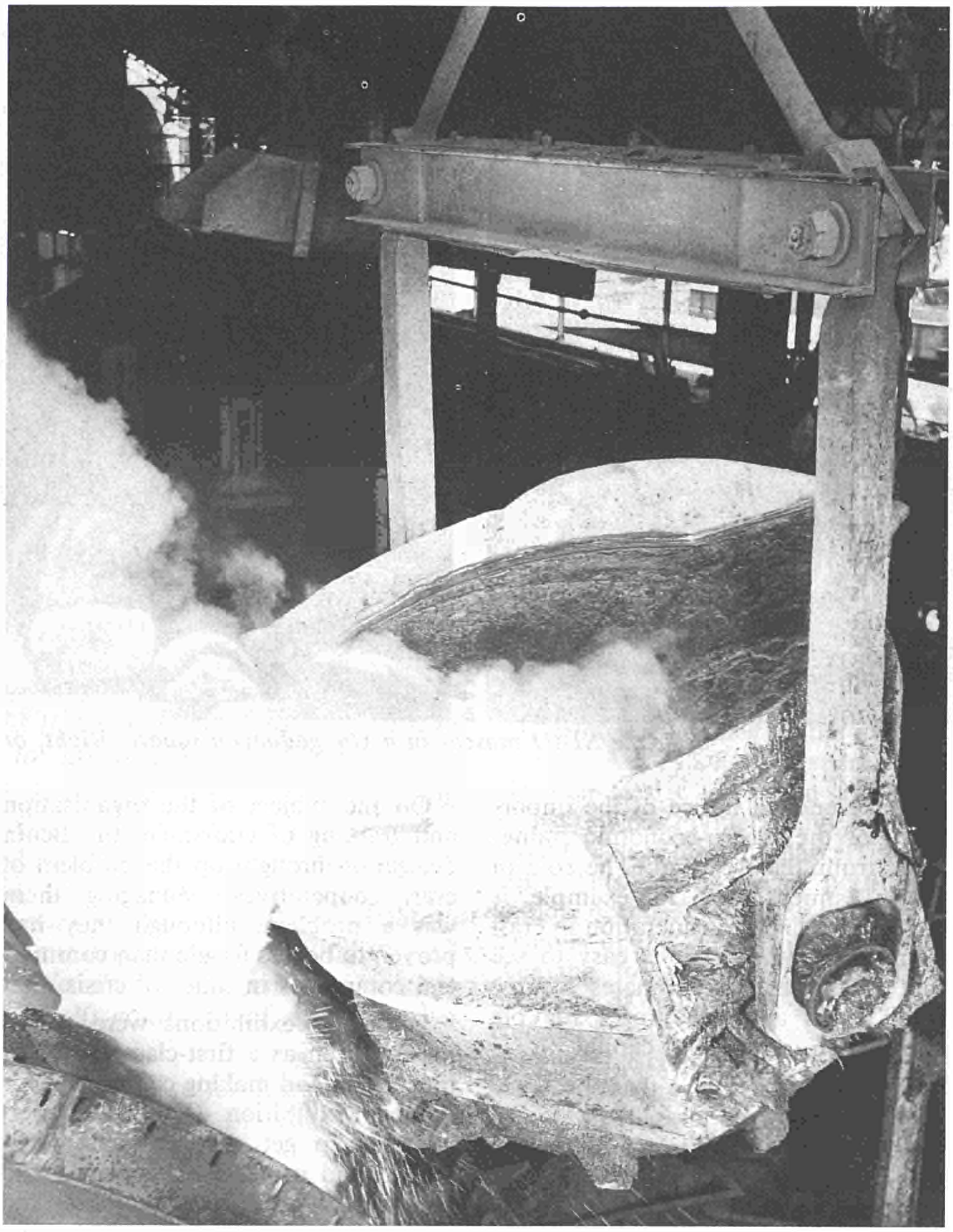
A document was drawn up at the end of the meeting entitled the Ouagadougou Declaration of Intent, an appeal which outlined most of the barriers to the development and promotion of African craft. The problems—technical and institutional and economic, financial and commercial—are the same throughout Africa, in all but one or two places.

There were recommendations, in particular for better coordination and harmonisation of the work of the funders and the State bodies in charge of craft, so that production would go up.

There were also plans for regional centres, permanent exhibitions for each country and regional raw materials shops.

All the speeches, remarks and recommendations are set out in a booklet which can be obtained from the SIAO (BP 589 – Tel. 30 62 23 or Telex 5258) or its link office in Europe (DFA s.a., 5 Petite rue Saint Jean, 13100 Aix-en-Provence, France – Tel. 42 27 99 82 – Telex 403 582). ○ M.F.

ZAÏRE



Smelting copper at the Lubumbashi works

The interminable restructuring

"It's all on a different scale here in Zaïre—a very large scale, concluded a top international official after a talk in Kinshasa on the country's economy. Agricultural, mineral and energy resources are huge, and so, alas, are the problems of its administration." The most striking thing about Zaïre is indeed its enormous size, outsize some would say, in many fields, starting with geography. Its 2 345 000 km^2—80 times the size of former colonial power Belgium—stretch across the Equator and make it the second biggest country in sub-Saharan Africa. It contains the world's second biggest virgin forest (Brazil has the biggest), covering a million km^2 of equatorial and sub-equatorial land (with an unparalleled wealth of tree species)—a tenth of the forests of the globe.

Another outstanding natural feature is the River Zaïre, the world's fifth largest, whose waters, peaceful and troubled by turn, flow 4700 km to the sea, absorbing as they go an impressive number of tributaries (including the Kasaï and the Oubangui) and forming a network of almost 13 000 km of navigable waterways. With an average flow of more than 40 000 m^3 per second, this most powerful river is second only to the Amazon. Its hydro-electric potential is an estimated 100 million kW per hour (13% of the world potential), a quarter of it from the Inga dam—which well respected researchers see as one day supplying power to Europe and all the African countries on the high tension network they suggest building.

Zaïre's exceptional climatic conditions—average rainfall over 1000 m in most places—and its many waterways mean its agricultural potential is enormous, although, alas, barely exploited at the moment, with only an estimated 5% of the nation's arable land under crop. The number and variety of agricultural products is virtually unlimited. Zaïre can produce practically anything it likes—export crops such as tea, coffee, oil palms, quinquina (60% of world output) or tobacco and food crops such as rice, wheat, manioc, maize, sugar cane, yams or taro.

The richness of the soil is matched only by the wealth of underground resources, for nature has provided an abundance the most sought-after metals and the rarest stones. It has copper (it is the world's fifth biggest producer), it has cobalt (the world's biggest producer, with 60% of all known reserves), it has zinc, manganese, gold, silver and diamonds (40% of world—excluding the Communist bloc—production), it has tin, cadmium and germanium and it has uranium... and I was staggered to find out that the raw material for the bombs dropped on Hiroshima and Nagasaki came from the Shinkolobwe mines in what was then the Belgian Congo.

Underground economy... and "matabish"

In spite of its colossal wealth, Zaïre's economic and financial problems in mid-1988 are impressive too. As the Executive Council of the MPR (People's Revolutionary Movement, the only party) noted in February, the State can no longer honour its commitments. The pay and expenses of Zaïre's Embassies abroad are in arrears, anything up to 17 months, and students on courses abroad have been waiting nearly two years for their grants. The country cannot pay its dues to the international organisations it belongs to either, or run its public investment programme to rehabilitate basic infrastructure. And the 1987 budget left a hole of Z 26 billion instead of the projected Z 6 million, so payment of the remaining SDR 75 million provided for in the agreement with the IMF was suspended.

The severe financial crisis is worsened (both cause and effect) by an estimated external debt of something like $ 5 billion. In spite of the very good rescheduling terms obtained from the Club of Paris last year, servicing is an increasingly heavy burden on the treasury. Inflation is now up beyond the 100% mark and the currency on a constant decline. The many young women who run exchange offices on "Wall Street"—as they call the downtown street of illicit activity, which leads to the beach (i.e. the river port) and the so-called thieves' market—offer rates 30% up on the official ones, although the authorities look upon 10% as the critical threshold.

The combination of heavy inflation and monetary erosion has hit the people's already notoriously poor purchasing power hard. The minimum wage in Zaïre's civil service, the lowest paid on the continent, was doubled last May (from Z 1800 to Z 3500) but it still barely covers the cost of a 50 kg sack of maize flour, one of the staples. Back in 1986, wages in Kinshasa were said to make up only a quarter of the household income. The balance has to be obtained in the parallel sector, "The underground... and very prosperous... sector" which First State Commissioner (PM) Sambwa Pida NBagui would like to see "come out into the open" (see interview).

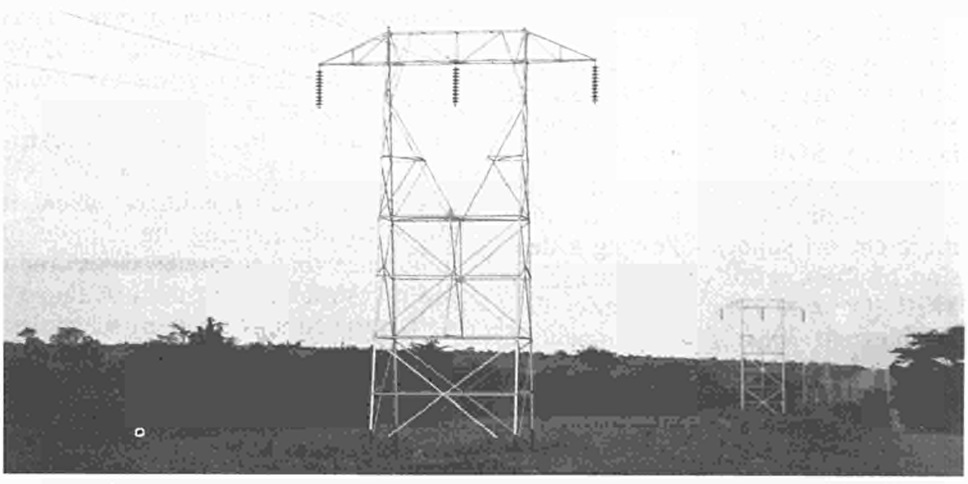
There is a flourishing black market—contraband coffee, illicit imports of spare parts and illegal selling of gold and precious stones and all of it helped by the size of the country and the fact that it has nine land frontiers, the record for the continent. A stroll through the streets of Lubumbashi is enough to get an idea of the extent of these transactions. As a friendly taxi driver suggested, all you have to do is try and count the masses of right-hand-drive cars—which have come through unofficial channels from an English-speaking country, in this case Zambia. As happens in other parts of Africa too, some civil servants make ends meet by "doing business using a member of the family as a front and not paying any tax", as Bemba Saolona, the very wealthy chairman of Zaïre's employers, put it. While, for the slightest thing, the not-so-well-off—with knowing smiles, suspicious unctuousness and embarrassing obsequiousness—have to to get their under-the-counter payment, the *matabish* that is so common everywhere.

The situation gives such cause for concern that the Council of Ministers issued a communiqué after its meeting on 29 April, condemning "tax and excise fraud and tax evasion by frauds, corrupters and dishonest traders" and threatening to treat all these activities as "war crimes".

The way to the IMF

Conditions are right again to pick up the dialogue with the IMF. A Zaïre mission led by deputy First State Commissioner Kamitatu Masamba, who is responsible for economic and financial affairs, talked with leaders of the Fund and World Bank in Washington in mid-April and a high-level mission from the Fund went out to Kinshasa in May. This time, Mr Sambwa says, the aim of Zaïre's authorities is not to conclude a conventional stand-by agreement limited to re-establishing the fundamental balance of the economy, but to negotiate a longer-term (three years) structural adjustment facility to allow for thoroughgoing reorganisation—with the unavoidable austerity measures, which, they hope in Kinshasa, will be less of a burden due to being spread

The Courier



Power from the Inga Dam is conveyed over 2000 km to the mines and smelting plants of Shaba

The Courier

Open-air art galleries in the "Thieves' Market". It has been estimated that, in Kinshasa, wages and salaries account for a mere quarter of household income

over a longer period (see interview page 21).

Few countries in Africa know the way to the IMF as well as Zaïre does. For its economic history over the past 10 years has been entirely dominated by its relations with this organisation. It was in 1978, after a severe crisis lasting three years, that the country began talking to the IMF—which backed a stabilisation programme in 1980 which was successful enough to make for conclusion of a three-year arrangement for SDR 912 million the following year. But in June 1982, failure to put up the requisite performance meant the agreement was denounced. Zaïre's arrears on its debt repayments continued to mount throughout this period, in spite of rescheduling. But the bridges were not cut and in 1983, after months of negotiations, the IMF approved a new stand-by agreement followed by confirmation agreements in 1984, 85 and 86, the last one, lasting 22 months, involving SDR 214 million. There ware two withdrawals, of SDR 23.8 million, before the IMF once more cut off supply following a decision by the Central Committee of the MPR (October 1986) to restrict debt servicing to 20% of budget spending and 10% of export revenue and to bring in a fixed exchange rate and price control.

This new break was followed by fresh discussion which led, in March 1987, to an adjustment programme involving stand-by credit of SDR 100 million, a structural adjustment facility of SDR 137 million and an additional financial facility of SDR 45.3 million, plus favourable rescheduling—the eighth—of the debt by the Club of Paris. But once again, failure to meet requirements as regards growth, the budget deficit and inflation led the Fund to suspend payments, although Zaïre had only had 25% of this umpteenth confirmation agreement. That is the most recent episode in the Zaïre-IMF affair—which will no doubt soon be moving into yet another phase. Agreement with the IMF is the "open sesame" to other funders' portfolios and Zaïre knows it. And it needs a lot of money—$ 1 billion p.a. in investments just to complete its five-year plan between now and 1990. Then there is the debt, the bulk of it contracted between 1968 and 1974 when everything in Zaïre was rosy, the economy was expanding at 7% p.a. and the return on investments was the most attractive in Africa.

Another vital condition when it comes to maintaining the climate of confidence that generates fresh credit and investments from the private sector is respecting repayment schedules. The problem is that, in spite of Zaïre's obvious goodwill, there has been no flood of new financing—to put it mildly. The authorities note bitterly that, between 1983 and 1986, the country repaid $ 1929 million but only had $ 1099 million-worth of new financing, making it a net exporter of capital.

Perturbation and stabilisation

Both the IMF and the World Bank seem to realise that the funders must put more money at Zaïre's disposal and that the structural programmes must involve larger amounts, for huge economic investments are called for in infrastructure alone. But unfortunately, for years "the country had a bad reputation", in the words of one of the experts called to the sickbed of Zaïre's economy, "and the financers are slow to alter their opinion, as previous behaviour still weighs heavy on their decisions".

The word "behaviour" is a reference to the cataclysm which Zaïrianisation was to the economy in 1973-4, when foreign-owned firms were switched to the hands of nationals overnight—and sometimes nationalised later in cases of flagrant bad management. Although this policy was seen to be a mistake only a year later and it was decided to retrocede—or hand back—the property to the former owners, the damage was done. The private sector's confidence was lost and the production and distribution networks seriously upset.

But there are many other reasons for the present crisis, some of them rooted in the Belgian colonial heritage. Zaïre was in a parlous state on independence. It had not a single graduate and was destined to suffer years of upheaval—the breakaway of Katanga (now Shaba) and the mercenaries and guerrilla warfare, with all it involves in terms of loss of life and destruction of infrastructure. The last armed invasion was in 1978 when the Katangan forces, the remains of the army of the defunct secessionary leader Moise Tshombe, launched an offensive on Kolwezi, a mining centre and the mainstay of Zaïre's economy, causing damage that Gécamines, the copper company, took years to repair.

The great merit of President Mobutu Sese Seko, who celebrates his 23rd anniversary as Head of State this year, is that he put an end to "Congolisation", which was division and foreign intervention, and united the country, ensuring political stability (his most virulent oponents are now in the Government) and rekindling national pride. No effort seems too great to strengthen this unity around the State and the symbols of it. Every Monday, the flag is raised in public offices and schools, an opportunity for a proper ceremony with a hymn and singing, dancing and slogans, and the same happens again at the end of the week when it comes down. The political conditioning the people get from the single party has astounding results. Everyone in Zaïre seems to know the national anthem by heart, as was proved to me by 200 illiterate peasants in the village of Bugobe a few kilometers from Bukavu at the end of a ceremony, when they sang the whole thing in French—although none of them actually knew the language of Descartes. How much energy and how many rehearsals went into achieving that?

Zaïrians today stand out from other Africans because of their "authenticity" (i.e. their forename, foreign names having been banned in 1971), their dress (ties are also prohibited) and their incomparable way of dancing (a talent even more remarkable among larger women) to the sound of the modern music that was born in Matonge but taken over by the whole of Africa.

Spending a night in Matonge, the heartland of Kinshasa night life, is an experience of a fascination that bears comparison only with a trip to the sea of sampans and floating restaurants in the Aberdeen district of Hong Kong. For, true to its reputation, Matonge does not sleep. How could it, with its hundreds of night-clubs, most of them out of doors, with their blaring music and its musts such as dancing at "Chez Petit Jean", the incessant activity of the "ngandas", those little bars where Primus and Castel (the most popular beers) flow like water and the wonderful smells wafting from restaurants where foreigners can eat dishes as exotic as elephant and boa meat, crocodile steaks (delicious) and smoked caterpillar. Matonge by night is beautiful. Take no notice of the crumbling facades and the doubtful alleyways. It is lively and joyous, vibrating with all the optimism of lovable people who go there to forget all their ills.

Gécamines - technological success

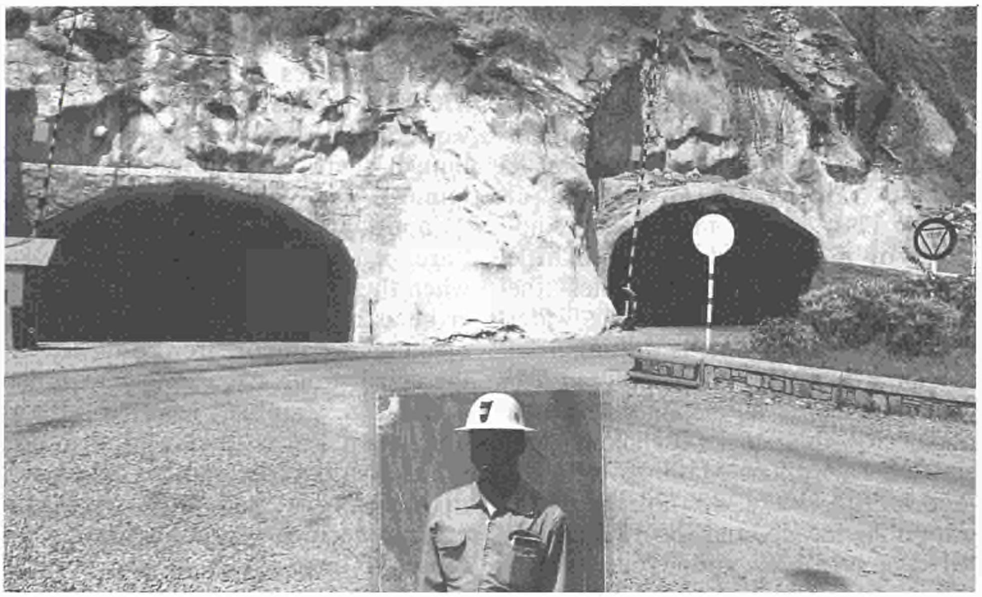
Matonge and Shaba are more than 2000 km apart, but much of this night life would disappear without the dynamism of the (copper) red triangle of Lubumbashi-Likasi-Kolwezi which generates the bulk of Zaïre's income. "When copper and cobalt prices are high, Gécamines (the General Mining & Quarrying Company) can account for as much as 70-80% of the country's foreign exchange earnings", confirmed Kiakwama Kia Kiziki, Head of Gécamines-Holding, which covers all the operations of the group. "It's about $ 1.1 billion a year". The company produces copper, mainly (its 470 000 tonnes p.a. make it the world's fifth biggest supplier), although there is some cobalt (14 000 tonnes) and zinc (65 000 tonnes). "Copper prices", Kiakwama told me, "are better than they were in 1986 when they slumped, but they will never be as high as the price of the manufactures we import from outside. On the cobalt front, we, together with our friends in Zambia, have a virtual monopoly. Prices fluctuated so much in the past that the end consumer was frightened—which is why, two years ago, we decided to stabilise prices because, if they go up too far, people

President Mobutu Sese Seko

The Courier

Mobilisation of the people by the single political party (here in Kivu) is noticeable all over Zaïre who make allied products such as nickel will start making cobalt. We have to fix our prices high enough to avoid substitution and keep other people off the market, but they have to be low enough not to discourage overall demand".

One name known the world over since the events of 1978 symbolises mining in Shaba province and that is Kolwezi. Immortalised in articles, books and even a film, Kolwezi, a peaceful little town with countless well-tended villas, is the main mining centre (with 85% of the activity of this group). And it is also the big metal extraction, electrochemical and refining centre (35% for copper, 100% for zinc and 60% for cobalt). Kolwezi is an enormous 15 kilometers long and 5 km wide. Sixty per cent of the copper mining is open cast, mainly from the vast Kov mine which currently goes down to −200 m. But this is only the first stage and Luabeya Tashikala, Chief Engineer of the Kov Pool, says that digging will go down to −400 m, at which stage it will no longer be economic to have the ore shifted by the fleet of giant 150-tonne dump trucks which can lift 60 m^3 at a time. Crushers and conveyor belts will have to be installed at the mine at an anticipated cost of $ 80 million. Mining costs are enormous, representing more than 50% of operating costs, as it takes a lot of work to uncover the deposit, with 7-8 m^3 of sterile earth having to be handled for every 1 m^3 of ore. So miners and their machines have to dig, remove and shift 3 million m^3 of earth in the open cast mines every month.



The Courier

Mr Nkulu in front of the Kamoto underground mine which he manages (above), and a load of cathodes, one of the forms in which copper is exported

The Courier

In underground mines such as Kamoto, a few miles from Kov, the ratio of sterile to ore is the other way round and 10 tonnes yields 9 tonnes of ore and 1 tonne of sterile. Kamoto is a fascinating mine to visit. Most people think a mine is a series of narrow tunnels under the earth, with little lifts to take the miners to the different veins and little trolleys heaving their way up to the surface. But in Kamoto, there are 300 km of real boulevards, open to big trucks which go down more than 570 m. After 10 years' digging, the first tonne was produced in 1968 and, today, 3 million tonnes of ore are extracted every year. The figure should go beyond the 3.8 million-tonne mark in 1990.

Mr Nkulu, the Head of Exploitation at Kamoto, told me that his is the third most modern mine in the world when it comes to machinery and equipment. Only one mine in Sweden and one in Chile are better. The most up-to-date techniques are used in Kolwezi and Gécamines' other mining and processing centres. The Zaïrians have a proper grasp of the technology involved—a fine achievement (it took two decades) for a country which had no higher cadres on independence. Zaïrian engineers, technicians, managers and doctors are in all the posts of responsibility, keeping a many-tentacled firm with almost 40 000 people on the payroll working to modern standards. Zaïrian senior staff accounted for 24% of the total in 1968, but it is 87% now", proudly announced Mulenda Mbo, the Head of Gécamines-Exploitation. "They convinced us that we were not yet capable of making an instrument of production like this one work. It was the events in Kolwezi in 1978 which triggered it off. The expatriate experts had gone back to Europe and we ourselves had to do the repairs, get production started up again and carry out the maintenance".

"There are only about 280 expatriates now", Kiakwama Kia Kiziki added, "although there were 2500 of them only a few years ago". And if you realise that a foreign expert costs the company five times as much as a Zaïrian cadre, you realise just what can be saved on supervision alone.

Gécamines is a State firm set up via nationalisation (with full compensation in two years, something the Zaïrians are particularly proud of) of Union Minière, a Belgian firm, in 1967. But as far as Kiakwama is concerned, the only State thing about it is the shareholder. Otherwise it has total autonomy of management, so it can stand up to foreign competition. "We are completely autonomous. We are free to produce, manage and sell by international standards", he assured me, "for there is international competition and we have to stay competitive". At one stage, when it was hard hit by a copper price slump and the events in Shaba, Gécamines was unable to make the necessary investments in replacement and maintenance. Since then, however, its finances have recovered considerably with aid from *inter alia* Sysmin (ECU 40 million) and, in 1984, '85 and '86, it even made large self-financed investments worth \$ 363 million. The firm is currently running a five-year modernisation plan costing \$ 1 billion (60% of it self-financed (1)) to maintain production levels, boost productivity and do more with the ore locally. An electro refining plant (100 000 t) will be created over the next two or three years to carry out the copper processing hitheto always done in Belgium.

But it is not all rosy. There are transport problems. Since the Benguela railway, which could shift ore from Shaba to the port of Lobito in Angola in 10 days, was closed down, the fastest way to the sea is south, via Zambia, Zimbabwe and the South African ports. It takes about a month. But it has to be paid for in hard currency—which is why Gécamines uses the 2700 km national route as far as possible. This is a rail-river combination involving two trans-shipments—Shaba-Ilebo (train), Ilebo-Kinshasa (barge) and Kinshasa-Matadi (train). It takes nearly two months to go from Lubumbashi to Matadi because the railway is old and derailment is common. Lastly, ore can be shifted through Kigoma on Lake Tanganyika and the port of Dar-Es-Salaam (a three-month journey with two trans-shipments).

(1) It will also benefit, in this context, from a second Sysmin financing worth ECU 41 million.

The Courier

Kiakwama Kia Kiziki
Managing Director of Gécamines Holdings

The transport problems mean that a very large amount of capital is tied up, particularly in spare parts to prevent stocks running out, and they force excessive prefinancing on the firm. "We have always got \$ 150 million-worth of products between our plants and the ports", Mulenda Mbo told me. And they push the cost of imports up to dizzy heights. "A 150 t truck costs us twice what it costs our Chilean competitors, he went on.

The Courier

Mulenda Mbo, Managing Director of Gécamines Operations

Kivu – lightening women's burden

The poor transport infrastructure is no doubt the biggest handicap, but it has to be seen in relation to the size of the country. For Zaïre's railway—5300 km of track, 800 km of them electrified—is the second biggest network in sub-Saharan Africa. There are also 13 000 km of navigable waterways and 145 000 km of road (only a small part of which, it is true, is asphalted). But it does not amount to much in a country 2345 million km^2 in area, particularly as the quality of this infrastructure often leaves a lot to be desired. With a coast only 40 km long, whole regions of Zaïre are completely landlocked (and the Zaïre delegation battled to try and get the country listed as semi-landlocked throughout the Lomé II negotiations). In many cases, planes are the only reliable means of transport—which is behind the burgeoning of tiny aircraft companies. Some of the big tea and coffee plantations have no hesitation in moving their products out by air. And meat is a regular cargo, particularly from Lubumbashi to Kinshasa, which puts the price of steak outside the budget of the average citizen in the capital.

Nowhere else perhaps than in Kivu is the shortage of road infrastructure more of a problem. This privileged region of lakes and hills, at the foot of a still active chain of volcanoes dominated by Mount Ruwenzori, is Zaïre's tourist area *par excellence*. But it is also one of its main farming areas. Here are concentrated the tea, quinquina and coffee plantations, the wheat fields, the sugar cane, the manioc and the taro and the vegetable gardens growing cabbages, carrots, strawberries, green beans and more. But without decent farm tracks or proper main roads, the food potential of this lovely region, with its outstandingly good climate, will be difficult to exploit. Trucks which venture onto these tracks, muddy and stony by turn, wear out fast. They are so bumpy that tomatoes and cabbages, for example, for which there is a large demand, particularly in the mining district of Shaba, cannot really be taken over them. "Roads are one of the Government's main concerns" declared State Commissioner for Planning Kasereka Kasai.

Tea plantation... and coffee harvesting

Here, the head of a local NGO admitted, it is not the producers who fix the prices. When they have walked dozens of kilometers through the mountains, they are exhausted by the time they get to Bukavu or Goma and they take whatever anyone offers them for their products. They have no choice. They are selling perishables and in any case they are too weary to drag themselves back into the hills, he told me.

And it is women you often see on these country roads, winding up and down endlessly, their backs bent under the weight of the baskets banging on the end of cords wound round their shoulders. Here, as in neighbouring Rwanda and Burundi, centuries of tradition have codified the functions of each sex. But while women have kept their roles of wife, mother and food supplier, men have gradually seen three of their four traditional jobs disappear, leaving them apparently idle today. They are no longer responsible for cutting the big trees (to clear the fields) since most of them have gone. They no longer go to war to protect the village, nor do they raise cattle, as the pressure of land in this high-altitude region is such that there is no room for big herds. All they are left with is the cash crops and seasonal jobbing.

This is why many people—in particular the European Development Fund through the Kivu programme—feel that every way should be sought of lightening women's burden. Some of the Community-financed schemes are resolutely working along these lines. Schemes to tap mountain springs and lay on water have, thanks to the devotion of the gallant volunteers of the Italian NGO Mondo Giusto (in charge of the project) already taken the worst out of water-fetching in several villages. The construction of dispensary-maternity units has improved health protection and the installation of water-powered mills has made it easier to make maize and manioc flour. The mills (several of them have been ordered by the EDF) which are made locally by SODERZA (Zaïre's Rural Development Company) only have 5-10% of imported components. All that has to be done is fit them to a small generator and they produce electricity—one of the main demands of the people of Kivu. SODERZA has already laid on electricity to four villages. The director, Scheyl Mottahedeh, a Canadian of Iranian origin, will tell you, with all the faith of a Bahad missionary, that Kivu has 500 waterfalls that could be developed and that this 250 000 m^3 region with its 5.2 million inhabitants has the means of obtaining energy independence—a vital forerunner of industrialisation.

Kivu is a region where agricultural development is hampered by the absence of a road network

The Brazil of Africa

Fascinating Zaïre, to which Nature has been so generous that its regions seem to combine all that is needed to make them self-sufficient... Shaba, for example, the mining area *par excellence,* could become a real granary (maize and sorghum) tomorrow. That, at least, is what Gécamines-Development, which is planning for the post-copper era (by no means soon), has undertaken to make it, its immediate aim being to supply the firm's 40 000 employees with staple foodstuffs. And Shaba also has vast HE potential—although for the moment it gets its energy from the Inga dam more than 2000 km away.

Things are similar in Kasaï, where the mining of precious substances (gold and diamonds) goes hand-in-hand with forestry and farming, and in the hinterland of Kinshasa, the vast 5 million-strong metropolis, which has huge agricultural and herding potential—development of which is being helped by the Community (Lomé III).

"Zaïre is a country of the future, of that there is no doubt", said First State Commissioner Sambwa Pida

15% of the country for national parks

More than half Zaïre is forest which, thanks to its biomass and the greenhouse effect, affects the climate of the whole region and has a large part to play in keeping the earth supplied with oxygen. Protection of this exceptional environment, which makes up more than 10% of the world's tropical forests and contains many areas which UNESCO classifies as the heritage of mankind, is of vital importance—something the Zaïre authorities have long since realised. Official speeches makes declarations of ecological faith. "Our ambition", said President Mobutu a couple of years ago, "is to make a natural paradise of our beautiful country. When the clever people have changed the world of the living into an artificial environment, we want Zaïre to be the last outpost of all that is human—nature untouched".

The aim, said Pendje Demodatdo, Commissioner for Land, the Environment and the Protection of Nature, is to make 12-15% of the territory national parks". And seven of them, totalling 7 710 000 ha, have already been created and there are three more on the drawing board.

What is essential is to ensure that they are proper sanctuaries for wildlife—no mean problem with areas of this kind. "Alas, we are not free of poaching", Mr Pendje said, "A few years ago we were not so well armed as the poachers, but we have made a big effort and now there are elephants in Virunga Park once again". Elephants are the first to fall to the hunters. An estimated $ 3 million-worth of contraband ivory left Zaïre between 1983 and 1987, and with ivory at $ 60 per kg and the average tusk at 50 kg, that means nearly 500 elephants were slaughtered.

The threat to the forest does not seem so great. The poor infrastructure—it's an ill wind that blows nobody any good—is a major brake on exploitation and Zaïre's forest has not suffered the irreparable damage that has occurred elsewhere on the continent.

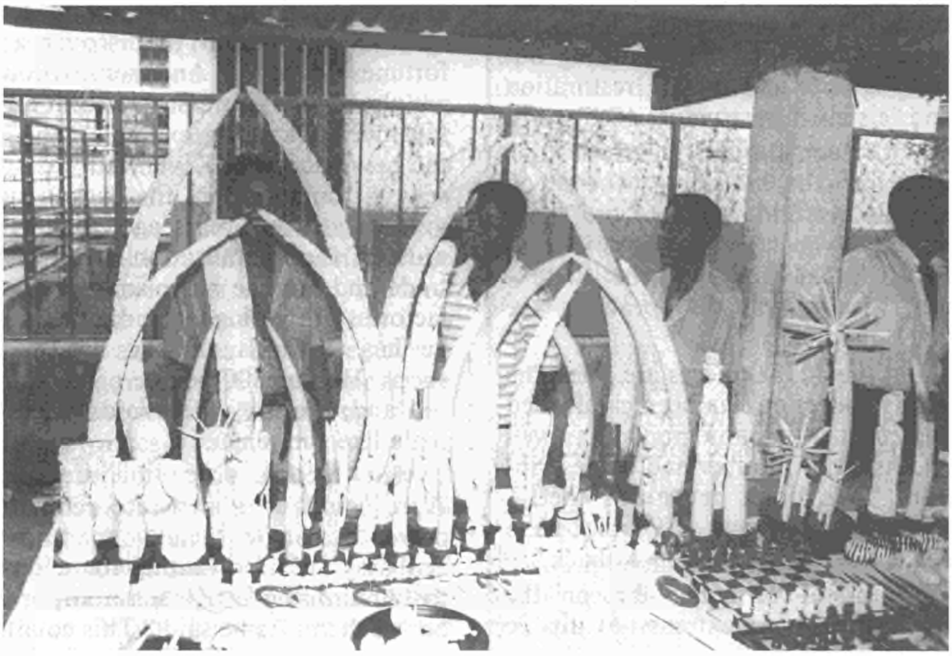
The first forestry concerns in Zaïre date back to the end of the last century, but industrial exploitation only

Pendje Demodatdo

Commissioner for Land, the Environment and the Protection of Nature

began in about 1930. The most recent figure available for the areas cleared by the forestry companies is for 1981, when 108 000 ha were cut (an estimated 60 million ha are deemed to be economically exploitable). However, one region has suffered from untimely deforestation and that is Bas-Zaïre.

The Government is aware of the need to replant and at one time used the "deforester reforests" rule, as Mr Mankoto, Head of Zaïre's Institute for the Protection of Nature explained to me. This meant the forestry concerns had to replant. But not only had they no particular training for this—they also tended only to plant wood for construction. Which is why the Government switched to the "deforester pays" rule—via a tax which is paid together with the export tax on timber, into the forestry reconstitution fund. This fund was only started up last year and its slender resources will no doubt mean that peasants, NGOs and foreign funders will have to help with the reafforestation operation. One of the aspects of Community cooperation with Zaïre under Lomé III is indeed a 6000 ha reafforestation scheme on the Batéké highlands. ○



Where there are poachers, elephants are the first to suffer...

NBagui. "But the wealth has to be exploited and developed. That is the problem... For the moment, copper alone accounts for the bulk of our foreign exchange earnings". But the situation could change quite quickly. As Mr Chavelier, Resident Representative of the World Bank said, "Zaïre could reap the benefits of the comparative advantage of having a realistic exchange rate, skilled labour, low wages and the enterprising outlook of people who are far-sighted, uninhibited and willing to run risks. The country already exports high quality textiles and it could be exporting furniture tomorrow". Look at the First State Commissioner's waiting room. The furniture there was all made locally, and it is easy to see there is no cause to envy better things from the developed world.

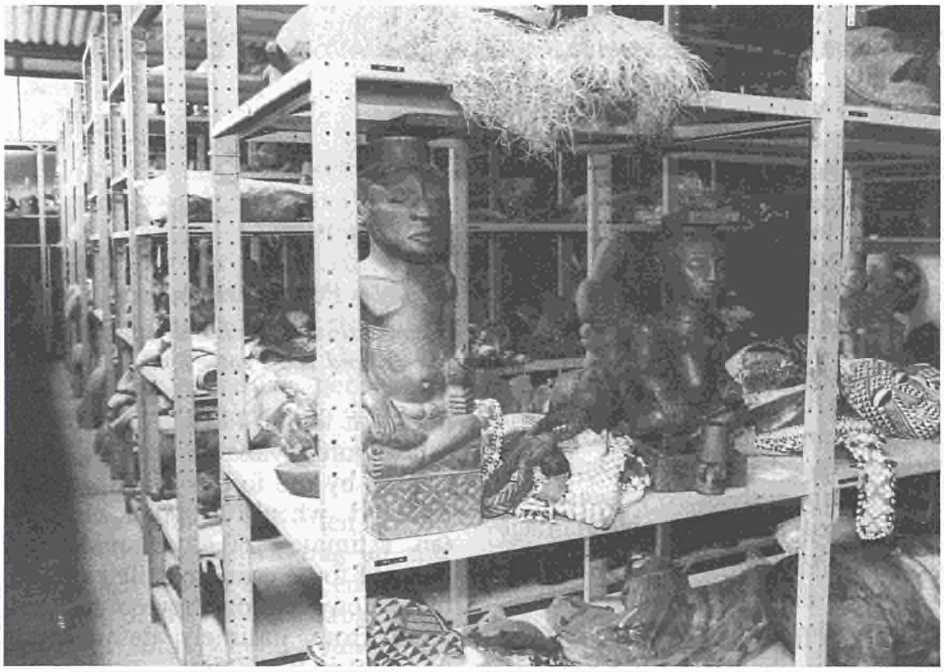
But order must be restored in the economy if this dynamism is to be generated. Inflation must be fought, tax and customs fiddles stopped and the State firms and the civil service reorganised. Such is the programme of the present Government—as it was of all the Governments which preceded it over the past decade. And a solution must be found to the debt problem, a field where changes are afoot. There is an increasing feeling in international financial circles that sub-Saharan Africa has to be found special solutions, not the repeated rescheduling by the Club of Paris which inevitably pushes up the interest rates.

If "development is an affair of generations", as one of the people in charge of this economic reorganisation told me, then everything that has been achieved since independence, particularly the political unification and training of the high-level cadres previously in such short supply, can be considered an honourable achievement for the present generation. But Zaïre radiates so much strength and power that it seems reasonable to expect more. It is one of the only countries of Africa where the myth of the frontier survives, that which led to the Far West being opened up with episodes such as the gold rush and its sudden, colossal fortunes. Like the Far West in the 19th century, Zaïre has vast areas of virgin territory to conquer. It has wealth to discover and fortunes to build. And some people are already making a success of it all—Nyamulinduka, for example, one of the new nababs of Kivu who was still selling peanuts round the bars to survive only a few years ago, made the most of the liberalisation of the gold trade and now he has plantations and factories processing tea and quinquina, he has sawmills and he has many shops. He has 300 people on the payroll and, they say, he avoids intellectuals like the plague.

Many people share the idea that Zaïre could be a first-rate economic power tomorrow. The young Indian Embassy Adviser waiting for a flight to Lubumbashi in Kinshasa airport is one of them. As he said "This country could be a giant—the Brazil of Africa. But..." ○

Amadou TRAORÉ

Fine collection seeks museum



The Courier

If you are the director of a museum with a 42 000-piece collection and no exhibition hall to display it and if, on top of that, the pieces are stored in big sheds in the presidential gardens and difficult for the general public to get at, then you have every reason for tearing your hair out. Or, of course, you can forever plead your cause to the national authorities and the funders. That is what Lema Gwete, the head of Zaïre's Institute of National Museums, does. And not unsuccessfully either, as Kinshasa museum has just got two buildings.

But they have to be renovated, he says. They have to be furnished, with display cabinets and cupboards, and the light and the temperature have to be right. The F 49 million from Belgium will no doubt be insufficient to cover it.

"For many people the museum is not a priority", Lema Gwete said, disapprovingly. "You have to generate interest with things that attract them. One of the ways of doing this is to set up workshops turning out craft objects and maybe restoration and leisure infrastructure too".

With such limited means as this, trips into the interior—"where you can always find works of art"—are out of the question. But it is vital to collect what may still be there—otherwise it will disappear on the black market.

But the 42 000 pieces are safe. The whole collection has been catalogued and most of it photographed as well and listed by number and by description. "We don't get much theft", Lema Gwete says. "People have tried, but we got the pieces back".

So much the better for, on the shelves, there are extremely valuable pieces, the oldest of them dating back to the 17th century. ○

"We must get our economies on the road to growth"

– says Sambwa Pida NBagui, First State Commissioner –

Sambwa Pida NBagui, First State Commissioner since March, is a specialist on financial and monetary matters. And indeed for 12 years, more than half his working life (which began in 1967), he was Governor of the Bank of Zaïre, first from 1970 to 1977 and then for a second period, from 1980 to 1985.

Some people saw his appointment as indicative of priority on these matters, particularly in view of the country's large debt and the discussions scheduled with the international financial organisations.

In the previous Government, Samba Pida NBagui was deputy First State Commissioner responsible for planning, finance, the budget, the national economy, industry and the State company portfolio.

In this interview, he talks about Zaïre's problems and the many reforms now being introduced.

The Courrier

▶ *Sir—you are taking over the reins of government at a time when the economic lights are red and there is a large budget deficit, wholesale inflation and a decline in the currency. How do you plan to right the situation and how long do you expect it will take you to do it?*

— I should like to start by saying that I really can't work miracles. So I can't answer you by saying that I—since the President of the Republic has just given me the job of First State Commissioner—am going to transform Zaïre into a paradise overnight. As you know, the basic economic problem in a country like Zaïre is having an economy turned towards the outside world. That is to say that, as far as our foreign exchange earnings are concerned, we are tributaries of fluctuating commodity prices—an extraneous factor over which none of the developing countries has any direct control. You can see at once just how big our problems are, particularly if you add the external debt—which is extremely large. As you know, there is a ratio for debt servicing and export earnings. If we in Zaïre hadn't had our debts rescheduled favourably, we would have had to spend almost 50% of our export earnings just on servicing the debt. Our dilemma is this: if the country is to preserve its dignity and have and keep a favourable image abroad, then obviously it has to respect its commitments in terms of servicing the debt. And it mustn't forget its economic development responsibilities either. The drama for the countries of the Third World—like Zaïre—is having a demographic explosion but not being able to keep the economy expanding faster than the population. Obviously, in cases of this kind, our countries are going to get poorer and poorer and we shall be unable to improve our people's standard of living.

▶ *Basically, what you are telling me is that you can't work miracles and the present situation is going to continue because the constraints will remain...*

— No. The external constraints—if external constraints there are as far as the debt is concerned—do not necessarily emerge when you look at the economic prospects in terms of growth. That is to say that the serious thing in a situation of this kind is the fact that the transfers in net terms which you have to have if you are to service your debt properly do not go hand in hand with a flow of capital back in the other direction. What you have to avoid is the country becoming a net exporter of capital.

But if a particular country creates conditions and a climate that are conducive to private investment, if it restores confidence by servicing its debt properly, then it will have a decent image abroad and there will be either a return of some of what it has transferred abroad or fresh external contributions.

It is all these resources, I think, which will help get the economy expanding at a certain rate. And this is why I am telling you that you have to fight—not this time to re-establish the basic equilibrium and stabilise the economy, you have to look further than that. We must get our economies on the road to growth—and that is something you can only do by reorganising the economy, by reducing its degree of extraversion and dependence on the outside world. In other words, you have to boost domestic production and diversify exports. But without this growth, without this significant improvement in domestic output, it will be very difficult for our countries both to develop and carry on honouring their commitments to their partners.

"The fraud you get everywhere is running away here"

▶ *Yes, but this expansion of domestic production itself depends on certain balances being struck—in the budget, for example, or in inflation, which has to be kept fairly low, whereas the present crisis apparently involves a huge amount of inflation.*

— I agree entirely. At the moment, we in Zaïre have extremely heavy inflation—which is why, for example, the President of the Republic has made 1988 a year of mobilisation of revenue. We realised that the returns on our budget revenue were not high—for example, we never go beyond the equivalent of $ 1 billion p.a., which really isn't enough. This means that the fraud you get everywhere is running away here, not just in the commodity exports sector but even in taxation. I am by no means convinced that we get in all the taxes we should and that OFIDA, the Customs and Excise Office, isn't being fiddled.

We are setting up new structures at the moment with new leaders to try and give this whole institution a boost and see that people pick up the President's cue.

▶ *If there is another agreement with the IMF—and everything seems to point to it—will this be the right one? Zaïre has made successive reorganisation plans with the Fund over the past 10 years, after all.*

— Our previous agreements with the IMF—and this is important—are quite different from the one we are planning on this time. In the past, we concluded what are called stand-by agreements, economic and financial agreements primarily aimed at re-establishing the basic balances in the economy. This is a vital phase if you are aiming to start moving along the path to economic growth at a second stage. But of course you can't go on stabilising an economy indefinitely. You can't go on with austerity. You have to look a bit further ahead, as I said just now. You have to make sure that, immediately after the stabilisation phase, you start off along the road to growth.

The stand-by programmes, which generally last 15-18 months, are not such that you can design a medium-term policy. But you realise that, unless you do something about the medium term, there are bound to be some things—the demographic factor, for example, which is a major handicap—which threaten a whole series of balances and maybe even create enormous problems at socio-political level. This is why the agreement we are planning with the IMF is not going to be the conventional stand-by agreement but a structural adjustment facility lasting a basic three years during which time we shall get our economy reorganised.

There again—and this is very important—all the programmes we shall be concluding with the IMF and the World Bank are in a coherent macro-economic climate—i.e. they are an integral part of our 1986-90 five-year plan which has the admittedly ambitious target of 4% p.a. average growth. You may well ask why. Simply because our average rate of demographic growth is 3%. The important thing is to see that, throughout this period, what we are trying to do is reverse the trend, stop the situation deteriorating and ensure that, by 1990, Zaïre's per capita income has improved and, of course, the people's purchasing power with it.

"You can't improve Zaïre's living conditions overnight"

▶ *Yes indeed—everyone agrees that the people of Zaïre are weary of austerity. The national press talks about it regularly. But are you sure that the rationalisation that is about to begin—if you can reach agreement with the IMF and the World Bank—won't include yet another period of austerity for these people? And if it does, how do you plan to make it easier to cope with?*

— You are right—but it's something we have to do. As I said just now, you can't improve Zaïre's living conditions overnight. I personally believe that the important thing is to see that the policies and programmes we intend running show signs that we are working along the right lines. I just told you that, over the next three years, we shall be working on a plan of economic reorganisation rather than just stabilisation. Major reforms are underway in our country and I personally am with those who believe that, once the programme is over, we will feel that things have begun to change and to improve.

▶ *You say there have to be signs. Can you mention one or two?*

— Yes, I can. One important sign—and I think this is the battle-horse of the present team on the Executive Council—is being able to contain inflation and manage to stabilise the currency.

You can do this economically by controlling the public finances, reducing the budget deficit to a minimum and raising revenue, as I just said, through the structures we have just set up—which I shall mention briefly. There is, for example, the tax department, now a directorate-general. There is a new team at the head of OFIDA and we are wondering whether to improve OFIDA logistically, with foreign technical assistance even, to make for a healthier attitude on the part of the customs officers. We shall soon be setting up a general financial inspection brigade. All these structures will, as I said, help mobilise and maximalise State finances.

▶ *The impression is that it is only now that Zaïre is setting up all these structures that are vital to any modern State...*

— That is not true. They were there, maybe, but in a different context, because they were a reflection of those that were there during the colonial era and they hadn't been given the dynamism to meet their obligations or perform the duties a State needs in the modern world. This is why we are reforming all the structures which existed but seemed to be overcome with lethargy. What we want to do now is inject fresh blood and give them a bit more dynamism so they really can play their rightful part in our economy.

Debts: to find a formula that takes account of the ability to repay"

▶ *Zaïre, like many countries in Africa, seems likely to be heavily in debt for some time to come. How do you intend tackling the debt problem? Have you got a strategy that will avoid repeated rescheduling?*

— Listen—that is a controversial subject. For the moment what I can tell you is that we are looking at a formula for refinancing the external debt with the help of the African Development Bank.

But it will take time for it to gain credibility, as we have to convince our various partners about it. The main idea is to stress the fact that we don't want to strangle the economies of the developing countries with more and more debt servicing. We have to take their development concerns into account, but at the same time these countries have to go on honouring their commitments to their creditors. In other words, the basic problem is to find a formula that takes enough account of their ability to repay.

We are still on the receiving end of the deteriorating terms of trade and the bulk of the developing countries' foreign exchange earnings must not just go on servicing the debt. This would put them in a position where they could no longer ensure their development as well, where they could no longer improve their people's standard of living. This is really what I mean by the dilemma I mentioned just now. We have to find a formula that is compatible with their development and meeting their financial commitments.

▶ *Are you in favour of, say, converting part of the debts, at a discount rate, into shares in public companies?*

— It's just one of the formulas, but it does have the immediate advantage, obviously, of lightening the burden of debt servicing and of boosting the confidence of the foreign investors—and that is the way you get investments.

But we have to be very careful about one other thing and that is to avoid going back to the situation we had before our nation was independent. We have to avoid the former "exploiters"—and it's a term I don't much like—coming back through the front door with this formula and us having more foreign than national shareholders in our firms.

This is why, when we are converting some of the debts into shares in our companies, we must try and use a formula you know well, that of partnership, so that private national interests can also be involved in this type of operation with the creation of mixed companies.

▶ *Zaïre will need a good deal of external financing in addition to its own resources to pay for its development. Some studies suggests a shortage of resources at $ 1 billion p.a. in 1987-90. What is the situation really like? What can Zaïre do to attract more financing?*

— I can confirm that figure for you because the forecasts produced by the IBRD—jointly, in fact, with Zaïrian experts—show that the financing gap will stay wide over the next few years, not far short of the figure you mentioned.

▶ *How do you account for that? Zaïre has a lot of resources after all...*

— The resources may be there, but... Let me remind you that copper alone represents more than 50% of our foreign exchange revenue. So you can easily see that there only has to be a slight change in copper prices to have a very big effect on the budget.

▶ *What I meant was that your country's potential wealth is such that it would be reasonable to think people will always provide it with the resources to develop them.*

— They are there when you list them, but you still have to exploit them. They have to be developed, that's the problem. I am telling you that, at the moment, our biggest source of foreign exchange is copper which accounts for about 50% of our exports.

I personally am not looking at the next few years and wondering what our potential income would be if we capitalised on all this wealth. Zaïre is one of the countries of the future, that much is clear, but for the moment, the plain fact of the matter is, as I just told you, that copper, and copper alone, accounts for the bulk of our foreign exchange earnings.

"The nationals must set an example"

▶ *I just want to ask how come more credit isn't made available to Zaïre given all this potential which is*

The Courier

"There only has to be slight change on copper prices to have a very big effect on the budget"

crying out to be exploited. Is it because for a long time the country got a bad press?

— As you know, the international financial institutions aren't the only ones involved when it comes to financing for these natural resources you are talking about. Operations of this type, essentially, must be financed by private investments, be they national or foreign. But there has to be a climate of confidence and an environment that is conducive to investment.

This is why I think it is vital to do the reforms needed to make sure of the investors first, so they realise that when they invest, they can do so with confidence.

When I say reform, I don't just mean tax and institutional reform. I also mean incentive measures to try and encourage some savers, those who have savings to invest in the country, rather than—and this is something regrettable for most developing countries—see some of them put their savings at the disposal of other economies by channelling them abroad. We have to try and rekindle this confidence so that the nationals now learn to help finance the development of their own countries, not invest abroad, and set an example for the foreigners. For if they themselves don't believe in their country's future, foreigners won't do so either.

▸ *Do Zaïre's citizens hold a lot of capital abroad?*

— All I am doing here is give you a macroeconomic principle. I can't tell you whether they hold a lot or a little, although it must be a fair amount. Take someone who buys a villa in Europe. There's nothing spectacular about it, it's not a lot, but if you add up all the little investments, you get a fairly considerable amount.

"There is the real set of accounts for the board and the other one for the taxman"

▸ *Are you thinking about any specific schemes to encourage all these people with capital to invest in their country? You talked about confidence...*

— We intend bringing in a special system. At one time we were thinking about introducing numbered bank accounts whose holders were anonymous—rather like what happens in Switzerland and other places. Anonymity has to be the rule for all transactions. But the experiment didn't give any spectacular results. They were disappointing, even. I know they were because I was running the Central Bank when we brought in the system of numbered accounts. Once again confidence was lacking. People said something like—and I am caricaturing a bit—"It's a trap". You musn't get caught because once you're in that'll be that". We had a whole series of laws and legal measures—in particular, there could be tax inquiries and goods could be confiscated—and none of that encouraged investors.

A tax amnesty

But for more than a year now, we have been bringing in reforms with the World Bank's help and this year—and this is no State secret, so I can tell you about it—we are planning to announce a tax amnesty here in Zaïre. This is the apotheosis, the cornerstone of reform. The idea of tax amnesty isn't to forget tax disputes or launder dirty money or help one particular class of people or make the State poor. It is something which should help bring back the climate of confidence.

For here in Zaïre, we have found that in our informal sector and in our firms there are two sets of accounts—the real set for the board and the other one, a quite different one, for the taxman. This leads not only to a large loss of revenue for the State budget but to under-estimation of the nation's GDP. As you can see, at the moment, as far as per capita income (GDP divided by number of inhabitants) is concerned, Zaïre is almost at the bottom of the African list. The national authorities are doing their best to see that this underground economy, which seems to be very thriving, can come out into the open and be counted in the gross domestic product.

▸ *Another big thing, over and above the tax reform, is the rationalisation of the State sector, isn't it? Can you tell us what the main lines of your policy are in this area?*

— I have to say that Zaïre's portfolio, as inherited from the colonials, was very considerable. The State portfolio, in fact, ought to be seen as a powerful instrument of development and maybe even the driving force behind the development process.

But since the colonial era, as the portfolio hasn't been properly looked after, we have realised, ultimately, that from some points of view it has been a fairly heavy burden on the State. For example—some big semi-State companies took out loans abroad but the State is now servicing the loans for them, which is quite wrong. We are reforming all this as part of our concerted liberalism and the process will lead us to use a policy of real prices. Provided certain provisions are made, because you also have to bear in mind the social cost of all these operations and the purchasing power of the population, which is fairly small, these firms should have their autonomy returned to them so, once the tariffs have been adjusted, they can generate enough resources of their own to be able to service their external debt and thus remove from the State the burden it is currently bearing for them.

These resources—which were used to repay these firms' debts—could then be switched to something else, thereby helping speed development up. There are so many resources that could have been used to finance productive projects but which cannot be because the State stepped in and gave its guarantee as regards reimbursing all the semi-State firms' loans.

"Zaïre has to make sure that the bulk of its copper can be moved along the national route"

▸ *Since the civil war in Angola began, Zaïre's copper exports have become more of a problem and are costing more. What is the likelihood of the Benguela railway opening again?*

— That is a problem which, I believe, we won't be able to solve in the short term. It is an eminently political question, as you know, because of the political situation in Angola. Neither group is ready, I think, to make any concessions yet. So I think the negotiations will take a good time yet.

But we are aware of this and our five-year plan for modernising the SNCZ, Zaïre's national railway, involves updating our national route. The SNCZ shifts copper from Shaba to Ilebo and from Ilebo. It is ONATRA (the National transport board) which shifts it to Kinshasa, after transhipment, and after Kinshasa, it is ONATRA which runs the railway to Matadi. The longest journey is from Shaba to Ilebo.

There was a round table of funders in Paris recently on financing the rehabilitation of this railway which, as you know, is very old and causes a lot of derailment. Buying coaches and modernising the track and the equipment are all included in the SNCZ's five-year plan—which coincides more or less with our national five-year plan. Once we have rehabilitated the national railway—I am not saying we will have shortened the distance we have to shift the ore, for the area is still the same—we think we shall be able to shift the copper properly and improve on the time involved a bit too. In any case, we don't have much choice. Copper is also exported along the southern route through South Africa. But you see, what with the changes and the trials and tribulations over there, Zaïre has to make sure that the bulk of its copper can be moved along the national route and not depend on what is going on in the neighbouring countries.

The Courier

"I am convinced that the development of all our countries means promoting agriculture—even if a country like Zaïre has extremely good mineral resources"

"We are completely satisfied with Lomé III"

▶ *Negotiations on renewing Lomé will be starting in a few months. Are you pleased with implementation of Lomé III and are there any changes you would like to see in the next one?*

— We are completely satisfied with the way Lomé III is being applied in our country. As you know, more than 60% of the resources have already been committed and I think the Community's new approach really does reflect Zaïre's concerns because it is in line with the aims of our five-year plan. At one time we planned individual projects, but, as you know, we dropped the idea in the five-year plan and we now have a macroeconomic approach which is both coherent and realistic.

Once upon a time the EEC's intervention here involved financing projects. But now it focuses aid on projects in a particular region. At the moment, the Kivu region, for example, is one of the focal areas, where roads are being financed and certain agricultural activities got off the ground. The Kinshasa hinterland is another, with the experiment on the Bateke highlands. The advantage, you see, is that, since the aims of the five-year plan and the Community's intended schemes happily coincide, it is all happening in complete harmony.

Another concern of the five-year plan is to make Zaïre self-sufficient in five staple products—maize, rice, manioc, fish and meat—by 1990. The focusing of Community schemes in the Kinshasa hinterland and in the Kivu involves boosting national production, ensuring proper supplies to the main urban centres and creating a reign of plenty. This is why we are absolutely satisfied with the way Lomé III is being implemented in our country,

"Zaïre has all the ideal conditions to become an outstanding agricultural producer"

▶ *Have you any ideas about "Lomé IV"?*

— I think what we have to do is carry on with the experience of the moment. And I think agriculture has a fundamental part to play in the development of the countries of Africa.

I am convinced that the development of all our countries means promoting agriculture—even if a country like Zaïre has, as you know, extremely good mineral resources. But they are mineral resources and they are not renewable, whereas when it comes to farming, Zaïre is decently watered by its network of rivers, it has fairly regular and plentiful rainfall, thank God, it has enough water in its rivers and its population isn't very dense, so it really has all the ideal conditions to become an outstanding producer. This, I think, should really be our concern for the coming years. Our biggest target must be to see that farming plays a part at least as big if not bigger than that currently played by mining. ○ A.T.

Learning about AIDS

"When it comes to AIDS, ignorance and carelessness are the real risks... Don't stay in the dark! Find out about it!" This is the sort of slogan that appears in the press in Zaïre regularly. And the message goes out on radio and television every day too. Even musicians have joined in the chorus. The famous Franco, for example, wrote:

Totika bilokoto lokota,
pona liboso ya Kolinga,
ata alati Kitoko tala ye!
(Look before you lose your heart,
Don't just pick up anyone.
They may be smooth, they may be smart,
But check them out before the fun!)

And the priests, too, have their word to say, as they regularly recommend prudence to their flock after mass.

There is no doubt that a major campaign to advertise the risks of Acquired Immune Deficiency Syndrome is under way in Zaïre—although it may not yet be doing its job if the insouciance of some people is anything to go by. But brochures and tracts have been distributed. Lectures have been organised and a national anti-AIDS programme with a medium-term (1988-92) plan drawn up. "AIDS is for decades", said Dr N'Galy Bosenge, coordinator with the BCC (Central Coordination Office) of the National AIDS Committee.

Many specialists say that there is a big AIDS epidemic in central Africa, but there is no irrefutable proof as far as Zaïre is concerned for there has been no nation-wide testing to reveal the prevalence of the disease. It would cost too much. The Committee's projected testing of 10 000 people is to cost $ 190 000. But some studies have been run in Kinshasa and in the interior and they show that the threat is a very serious one—in spite of Dr N'Galy's claim that AIDS is not even the third biggest cause of death in the country. Tests on the population of Kinshasa have shown a 3-8% seropositive rate. The figure in the Equateur province is only 1%, but it goes up to 4-8% among pregnant women (8% in Bas-Zaïre and 2% in Equateur), 27% among Kinshasa's prostitutes and 42% among TB sufferers (12% in Kasaï Occidental).

What makes Zaïre a unique case in Africa is the drive to research into AIDS. A few months ago, Zaïre's Professor Lhuruma's work with an Egyptian researcher led to the discovery of MMl, a substance which prevents development of the disease and enables the patient to regain weight. The clinical testing is being pursued and the attendant publicity has brought many AIDS victims to Kinshasa from throughout Zaïre and the countries around it.

Then there is joint research by Professor Lhuruma and the French Professor Zaghuri into an AIDS vaccine.

The experimental vaccine has been given to 40 volunteers—who have developed antibodies. It remains, as Dr Saluen, who is involved in the research, says, to prove that the antibodies actually immunise the patient. But here there is a major ethical problem, for putting those vaccinated into contact with the virus means making the volunteers run the risk of death, as the vaccine might not work. So the plan is to vaccinate a given group of the population, give it regular AIDS tests and compare the results with those obtained on an unvaccinated control group.

And then there is treatment for AIDS victims (10 in all), with active immunotherapy involving taking blood, activating the defence system and reinjecting it.

Even if it is not in Zaïre that a remedy is found, the country will no doubt be in a better position than many others to distribute it quickly when it is found. ○ A.T.

To succeed in business adapt to the environment

Everyone in Zaïre has heard of Bemba Saolona. He is almost as famous as President Mobutu himself. He is chairman of Zaïre's employers and the nation's first captain of industry and he controls 20 or so companies there, ranging from the manufacture of furniture and household goods to brewing through a papain production and export plant, a hypermarket, car-hire companies and insurance selling. But the pride of the SCIBE (Bemba Commercial and Industrial) group is of course SCIBE Airlift, the nation's first private fleet of planes—two Boeing 707s, two Boeing·727s, five Fokker F27s and one Hercules L130. And he has 30 000 people, including 100 or so expatriates, on his payroll.

Bemba Saolona is a billionaire, a self-made man, rising 50 and proud of his success. He is open about his penniless childhood as the illegitimate son of a Belgian father (who went back to Belgium at the start of World War II just as he was about to be born and has never been heard of since), about having to cut his education short because he had no money and about the problems he had when he started out as a broker and then a producer of coffee.

At a Club of African Managers' ceremony in Kinshasa in April, Bemba answered those who, he said, "claim that SCIBE-Zaïre is only a cover and Bemba the front man". There is no mystery, he maintains, about his success. He got it through hard work. There have been no special State grants, he swears. There have been no secret donations or special facilities. "We have produced, bought and sold and we have made profits which we reinvested instead of putting them on ice in foreign bank accounts".

The group invested Z 880 million—CFAF 1 700 billion—in 1987 alone.

The recipe is simple. "One of the basic conditions of success in business is being able to adapt to the environment. We do not think there is any such thing as an ideal environment. Any environment will vary and the essential thing is to make the most capital out of whatever advantages it offers". Young people should realise that if they are not to "give in to the now great temptation of thinking that somewhere there is an environment that offers all you need to succeed".

It comes as no surprise that Bemba Saolona is pro-private enterprise and privatisation of the State sector. The State, he thinks, should hand its plantations and livestock centres over to private interests and leave them to cope with the production and distribution of medical drugs it currently assures. And it should privatise certain services—the installation of telephones, for example, and the banks ("all banks here are in Belgian hands and that is a handicap for us")—and even make Gécamines capital available to Zaïrians.

What are the sectors of the future in Zaïre? Fishing and rice growing, he says, unhesitatingly. This is how our conversation in his offices in the industrial district of Kinshasa went...

▶ *Do you invest in Europe?*

— (Silence)... Er... No, I'm not interested. I can make my capital work for me here, you know. But I do have offices in Europe. You need contact, after all.

▶ *How much is Citizen Bemba worth?*

— No! That's a bit [indiscreet].

▶ *Are there any billionaires in Zaïre?*

— I've invested billions of Zaïres just in aircraft alone. Invested or in your account, it's worth the same.

As a patron of the arts, he has just created a Bemba Saolona prize worth Z 5 million (CFAF 10 million), to be awarded every year by a board of company directors and university professors. The idea is to enable a young Zaïrian to run "an agricultural, industrial or commercial project with an obvious impact when it comes to improving the living conditions of the population and the national economy".

And, remembering his deprived childhood, he has undertaken to pay for five Zaïrian students of higher education throughout their courses, to give them the possibility of extra training abroad too and to find them jobs in his group or a Zaïrian firm of their choice. Lastly, he will be offering 12 graduates annual computer training during the vacation.

With measures such as these, his popularity will know no bounds. ○

A.T.

Zaïre in figures (*)

Area: 2 345 409 km²

Population: 34.6 millions
Population per km²: 15

Major towns (1984):
Kinshasa: 5 million + (1988 estimate)
Lubumbashi: 545 000
Mbuji-Mayi: 423 000
Kananga: 290 000
Kisangani: 283 000

Monetary unit & exchange rate (September 1987):
Zaïre (Z) = Makute 100
ECU 1 = Z 136 624
US$ 1 = Z 121 023

GNP (constant prices): US$ 5.19 billion

Per capita GNP (constant prices): US$ 150

GNP 1984 (% of total)

Mining	24.7
Service (inc. public sector)	14.7
Trade	18.8
Agriculture	31.7
Other	10.1
GNP at market rates	100%

(*) Source: EEC.

Total external aid paid over:
1986: US$ 427 million
1985: US$ 319 million

Official external aid (paid over):
1988: US$ 5.77 billion
1985: US$4.96 billion

External trade (1984):

Imports (cif):	US$ 1 170 million
including:	
transport machinery & equipment	US$ 440 million
petroleum	US$ 190 million
food products	US$ 140 million
chemical products	US$ 110 million

Principal countries of origin (% of total):

Belgium & Luxembourg	23.5
Federal Republic of Germany	10.9
France	9.9
USA & Canada	9.1

Exports (fob):	US$ 1 787 million
including:	
copper	US$ 647 million
crude oil	US$ 311 million
cobalt	US$ 225 million
diamonds	US$ 203 million
coffee	US$ 96 million

Principal destinations (% of total):

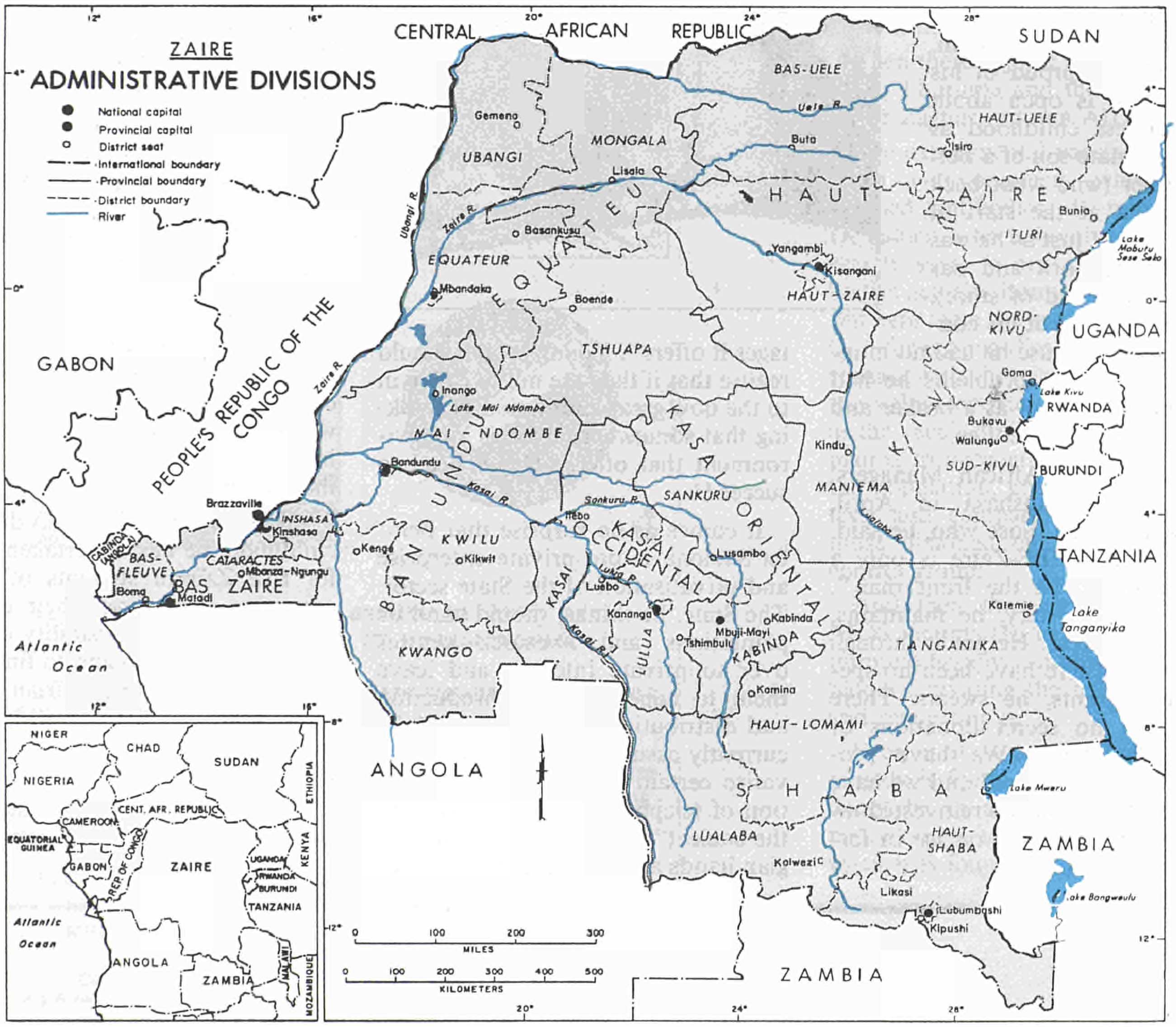
Belgium	34.6
USA & Canada	29.5
Federal Republic of Germany	11.1
Italy	6.6

Structure of exports by product (1980 & 1985):

	1980 %	1985 %
copper	45.5	37.1
cobalt	16.6	13.1
crude oil	10.0	16.7
coffee	7.2	9.9
diamonds	5.0	11.0
other	15.7	12.2
	100.0	100.0

Structure of imports (1980 & 1984):

	1980 %	1984 %
energy	16.3	22.6
consumer goods	10.1	6.2
raw materials	13.0	12.4
equipment	8.4	9.9
other	25.8	25.1
GECAMINES	26.4	23.8
	100.0	100.0



EEC-Zaïre cooperation

Zaïre was one of the AASM, the 18 Associated African States and Madagascar, so its relations with the Community date back to the very start of the building of Europe. As a signatory of the Yaoundé Conventions, it received financing totalling EUA (European Units of Account) 182 million from the first three European Development Funds. Priority for Community aid over this period (1985-75) was on the development of infrastructure (55%), particularly roads and the Inga HE dam, while 25% of the credits went on the social sector and 20% on agriculture.

When Lomé I was signed in 1975, with the extension of cooperation to more States and the creation of new developments facilities, Zaïre had an indicative programme worth EUA 96.5 million. And its priorities changed too. Rural development (with nearly 46% of financing) became the main area of intervention. This was the era of agro-industrial tea, coffee and oil palm plantations and of the relaunching of cotton. But infrastructure was not forgotten under the 4th EDF, receiving 25% of the total allocation, with the rest being channelled into training, studies and technical assistance.

With Lomé II, Zaïre once again put priority on transport and communications. Obviously this vast land with its exceptional wealth has huge requirements in this area and more than half the 5th EDF indicative programme (ECU 104 million, ECU 31.5 million of it loans on special terms) were reserved for this sector alone. Then came agricultural and rural development (22.8%), technical assistance and studies (12.1%), social infrastructure (7.2%), training (4.8%) and energy (2.4%).

Lomé III marked a change in the development policy of the Community — which stopped spreading its aid and went in for focal sectors and areas. The ECU 147 million of the 6th EDF indicative programme (ECU 30 million in special loans) went almost entirely (96%) to two areas of cooperation — agricultural production in the economic hinterland of Kinshasa (and the marketing of it in the capital) and a multi-sectoral series of development schemes in Kivu. This aid involves support for activities both up- and downstream of agricultural production, particularly schemes involving infrastructure, improving the standard of living (water, health and education), marketing and processing.

Kivu development programme

Kivu, on the eastern side of Zaïre opposite Uganda, Rwanda, Burundi and Tanzania, is part of the Great Lakes region. It covers 10% of the national territory (250 000 km^3) and contains almost 20% of the population (5.2 million).

There are few actual projects in the Kivu programme. The main idea is to instal the financial and technical means of intervening rapidly to help the rural communities run their own projects and meet their own needs.

This support goes, as a matter of priority, to communities which have what are deemed to be priority aims:
— self-sufficiency in food — boosting wheat output, developing highland marshes and irrigated plots and introducing selected oil palms;
— raising incomes from coffee (the country's main export crop);
— protecting the environment (reafforestation and preservation of the Virunga Park);
— opening up remote areas (feeder and local roads);

Implementaiton of Lomé I (4th EDF) (ECU million)

	Projected total	Actually committed
Indicative programme (*)	96.5 (1)	93.4 (1)
EIB	5.2	5.2
Exceptional aid	19.3	19.3
Other (delegation costs)	3.4	3.4
	124.4	121.3

(*) Indicative programme:

— Transport & communications infrastructure	20.2%
— Agriculture and rural development	45.6%
— Education & training	25.7%
— Social infrastructure	5.2%
— Technical assistance and studies	2.8%
— Reserve	0.5%

(1) The remainder of ECU 3.1 million is being kept in reserve to cover any overspending and any 6th EDF extensions.

Implementation of Lomé II (5th EDF) (ECU million)

	Projected total	Actually committed
Indicative programme (*)	104.0 (1)	98.2
EIB	18.2	18.2
Emergency aid	2.8	2.8
Sysmin	81.0	81.0
	206.0	190.2

(*) Indicative programme:

— Transport & communications infrastructure	50.2%
— Agriculture & rural development	22.9%
— Training	4.8%
— Energy	2.4%
— Social infrastructure	7.2%
— Technical assistance & studies	12.1%
— Reserve	0.5%

(1) Including ECU 31.5 million in the form of special loans.

An HE mill built by the villagers of Bideka and Ikoma with Commission help as part of the Kivu programme

— raising the standard of living (water supplies and other microprojects).

The programme works directly with and for the villagers, using all available interfaces — villages committees, cooperatives, health centres, religious missions, NGOs and economic operators.

It also works with bilateral aid projects (CIDA, GTZ, Italian cooperation etc.) and multilateral schemes (FAO and UNICEF) and it strives for complementarity, with them.

The financing agreement for the programme was signed on 7 August 1987. It is worth ECU 40 m, divided into four major sub-programmes:
— agriculture (wheat, oil palms, coffee, marsh drainage and irrigation): ECU 13.7 million;
— Virunga Park: ECU 7.5 m;
— accompanying programme (tracks, reafforestation, line of credit, documentation and information, administration and studies): ECU 14.8 m;
— drinking water (water supplies to twns etc.): ECU 4 m.

Italian cooperation has recently decided to channel ECU 5.7 m into the cofinancing of certain components (drinking water and Virunga Park).

The Zaïrian Government's contribution to the programme is primarily in the form of support for and consolidation of private initiatives taken at regional level. An Interdepartmental Monitoring Committee (CIS) has been set up for this purpose and will be guiding, coordinating and ensuring general control and permanent evaluation of the Kivu programme. The Committee is made up of permanent and acting representatives of the Executive Council and the semi-State bodies involved with the programme. The Committee discusses and decides on budgetary provisions put forward by the administrative unit in charge of programme management and submits the programme budget for the approval of the National Authorising Officer.

Economic hinterland of Kinshasa programme (APEK)

The national indicative programme for Zaïre has also chosen this programme as a focal area with the main aim of bringing about a substantial improvement in food supplies to the capital. The financing proposal for it is being drawn up now and should be put before the EDF Committee in July 1988.

The APEK programme will complete the system which the Community set up in the Kinshasa region with the financing proposals to replant and carry out accompanying measures over a 6 000 ha area of the Bateke highlands and rehabilitate the Matadi-Kinshasa-Kenge road which caters for most of Kinshasa's supplies.

The APEK programme has been designed and structured according to the same principles as those laid down for the Kivu programme. It contains two sub-sets — a vertical component of agricultural schemes and a horizontal one, the "accompanying" section, which gives the programme its coherence and deals with the common themes of technical and financial support.

The agricultural sub-programmes involve the principal local products which go into the Kinshasa housewife's shopping basket — manioc, vegetables, meat, palm oil and fruit. Products whose ecological requirements cannot be met in optimum conditions in the APEK (rice and cereals) are not included. The sub-programmes are based on the so-called emerging classes of producer, i.e. those who specialise in one particular crop or who

Implementation of Lomé III (6th EDF) (ECU '000)

A. Indicative programme	117 000 grants 30 000 special loans 147 000 total			
B. Commitments			Total	%
Situation at end December 1987			97 300	66.2
including:				
Bateke project	7 100			
Kivu programme	40 000			
agro-forestry testing	1 000			
studies and TA	2 200			
Osoko-Osokari road	19 500	(*) (special loan)		
Lubutu-Oso road	5 000			
Matadi-Kenge road	22 500			
(*) ±10 000 000 from Lomé II (special loan)				
EDF Committee envisaged in 2nd half of 1988:				
Kinshasa hinterland programme (APEK)			35 000	
			132 300	90.0

The bulk of the balance is for a high tension line in Nord Kivu — a technical study is due to start soon and implementation will be financed in 1989/90. The EIB might be taking over the financing.

C. EIB

Loan from own resources for Gécamines — 50 million ECU are large enough to market a sizeable percentage of their production. They are aimed at groups which exist or are being formed at the moment, strengthening the idea of mutual responsibility and are divided into four favoured areas of intervention, each of them geared to a particular theme and backed by secondary activities. A special diversification sub-programme is also proposed to make it possible to run small-scale testing of some crops and/or techniques. This for a class of young urban unemployed who have gone back to rural life. The aim in each of these areas is for the sub-programmes to remove the principal brakes on development by organising the vital services, both upstream and downstream, on a large enough scale to be viable for private operators.

The accompanying sub-programme components are the catalysts development requires — rehabilitation of tracks and bridges, training, studies, a line of credit and a grant for village microprojects, for example.

A programme coordination unit based in Kinshasa acts as an interface between the various people involved in the sub-programmes and the authorities (represented by an Interdepartmental Monitoring Committee which thus plays its part at the highest level).

It coordinates the different sub-programmes — which are generally contracted out to economic operators whose ability is recognised in their field and who are located in the areas in question. It directly manages the accompanying sub-programme.

The total financing required for the programme is ECU 35 million — ECU 22 million for the agricultural sub-programmes and ECU 13 million for the accompanying measures.

Zaïre and the EIB

Convention	Signed on	Name of loan	Amount
Loans from own resources:			
Yaoundé 2	1971 03 10	Gécamines I	16 000 000.00
Yaoundé 2	1971 12 02	Sofide I	1 600 000.00
Yaoundé 2	1074 12 16	Gécamines II	16 600 000.00
Lomé 3	1986 07 25	Gécamines III	50 000 000.00
Total			84 200 000.00
Special loans — EIB management — risk capital:			
Yaoundé 1	1970 12 14	Inga high tension network	9 000 000.00
Yaoundé 2	1974 12 18	Regideso	5 803 000.00
Lomé 1	1977 11 15	Sofide II	1 096 000.00
Lomé 1	1978 04 07	Gosuma Agro-industrial Company	30 000.00
Lomé 1	1978 12 19	Palmeza	4 000 000.00
Yaoundé 2	1978 12 19	Route Penetungu/Lubutu	14 000 000.00
Yaoundé 2	1978 12 19	Palmeza	1 786 898.19
Lomé 2	1981 09 08	Sofide IV	6 000 000.00
Lomé 1	1982 10 28	Study for Zaïretain	380 000.00
Lomé 2	1984 06 29	Ruzizi power plant	2 000 000.00
Lomé 2	1984 12 19	Sofide V PG	12 000 000.00
Total			56 095 898.19
Shares:			
Lomé 1	1977 11 15	Sofide II	98 264.13
Lomé 1	1980 12 18	Sofide III	38 027.63
Lomé 2	1984 12 18	Sofide V	154 880.42
Total			291 172 18
Commission loans:			
Lomé 1	1979 02 06	Bulu Ubangi cocoa plant	1 970 000.00
Lomé 1	1979 11 14	Gosuma (Ubangi) palm plant	7 513 101.81
Lomé 1	1979 12 07	Water Supply Kinshasa	4 850 000.00
Lomé 1	1980 04 04	Improvement of the Lobito railway line	1 800 000.00
Lomé 2	1982 10 15	Rehab. copper & cobalt plants	40 000 000.00
Lomé 2	1984 08 31	Ruzizi 2 Zaïre, power plant	5 743 334.00

Tapping a mountain spring in Nord Kivu

Sysmin

The EEC's aid to Zaïre is not confined to running the indicative programmes. Some of the other instruments of the Lomé Convention have also been used to help the country — including two Sysmin transfers.

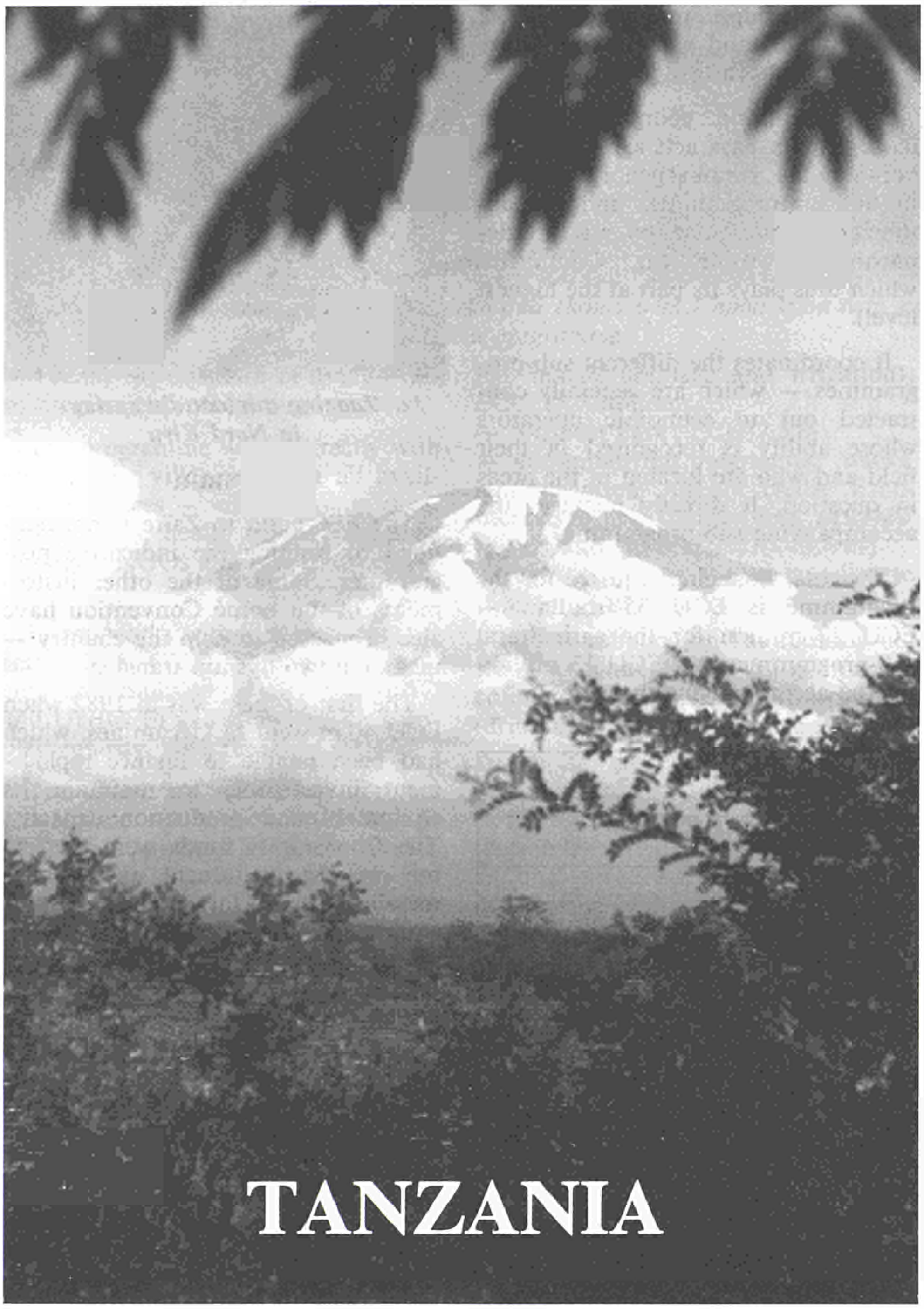
The first of these was in 1982 when ECU 40 m went to Gécamines, which had been unable to finance replacement investments to maintain its equipment and production capacity. The Community funds were used to buy mining equipment and finance metallurgical installations, transport equipment and spare parts.

The second Sysmin intervention (ECU 41 m, decided on in 1986) was not just for Gécamines (ECU 30 m). Zaïre's National Railways also got ECU 11 m to shift the copper, zinc and cobalt. The money will be used to buy mining equipment and machine tools and rehabilitate the motors in various installations. Rails and sleepers will also be replaced on three very old stretches of track (total 68 km), where trains are often derailed.

The EIB

The EIB began its work in Zaïre under Yaoundé I and its latest intervention was in 1986 — an ECU 50 m loan for Gécamines. It has used every method of intervention in this country — loans from own resources, risk capital, shares etc. (see Table).

Lastly, no picture of Community aid would be complete without the food aid, counterpart funds from which are used to finance productive investments, or the regional cooperation of which several projects are of direct interest to Zaïre. ○



The intricate society

Kilimanjaro, Africa's highest mountain, is commonly used to portray Tanzania's scenic potential by the national authorities. But the mountain is more than that — it is an apposite symbol for Tanzania's achievements and aspirations. For much of the time, Kilimanjaro's snow-clad peak stands out bright and clear in the sunlight, and the broad impressive foothills can be clearly discerned. But between them, blocking the view entirely, lies a bank of cloud, so that the observer never knows how the foothills are actually blended with the shining summit. So it is with Tanzania. The shining summit, personified by Mwalimu (Teacher) Julius Nyerere, is Tanzania's international prestige: a member of the Non-Aligned Group of nations, with as much influence as India under Nehru, Nkrumah's Ghana or Sukarno's Indonesia and a pedigree stretching back almost that far; a founder member of the Front-Line States with an impeccable record of backing words with deeds; a record of standing up to Great Powers — whether the USA, Germany or Britain — on matters of principle, and not counting the cost in terms of lost or suspended foreign aid; and of course, a country where the military is subordinated to the civil power but which has proved its primary worth in the military campaign against Idi Amin (1979-81) and its support to Mozambique today.

The foothills, broad and powerful, are the domestic achievements of Tanzania since independence in 1961. Primary education and health care at the basic level have been greatly expanded; there is a perfectly genuine sense of nationhood, with no lingering tribal or racial animosities, and political debate is still vigorous after a quarter of a century, within the framework of a one-party state. There is no glaring disparity between rich and poor, there is considerable provison for social welfare, housing and even pensions for government employees, and there is room for private enterprise alongside a highly-developed (if not highly efficient) public sector.

But between the foothills and the summit lie the clouds which obscure an intricate society, and one in the throes of change. In 1977 the unitary parties of Tanganyika (TANU) and Zanzibar (ASP) were merged to form the single, country-wide Chama Cha Mapinduzi (CCM) which is today the sole political party in the country. The CCM adopted the slogan "Socialism and Self-Reliance" and today, "Tanzania is neither fully socialist nor fully self-reliant" according to the (Tanzanian) authors of a recent book, "The Challenges for Tanzania's Economy". Indeed, after more than 25 years, Tanzania seems little better off in per capita GNP terms ($ 210) than it was at independence.

The roots of stagnation

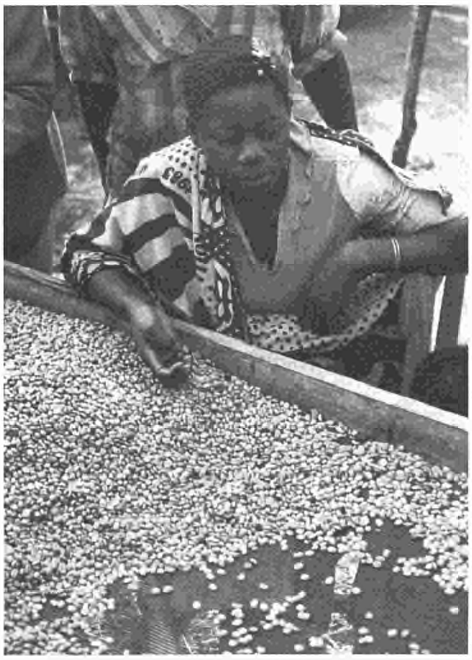
Tanzania's poverty goes hand-in-hand with its pride. While the British still governed what was then Tanganyika under a UN mandate, efforts were made to prevent erosion by using manual labour to build terraces, and to prevent rinderpest and other livestock diseases by systematic dipping. The leaders of TANU, the independence party, saw this as an opportunity for a campaign of civil disobedience and it worked only too well. But today, deforestation and cattle disease are rampant. At Independence, Tanzania had a small but quite efficient industrial base and a commercial class composed largely of Asians. By 1967, most of the industry (held largely by foreign interests) had been nationalised and the foreign interests compensated. At the same time, TANU philosophy was strongly against the 'middleman' and some vital commercial functions were placed in the hands of cumbersome and bureaucratic State trading corporations. These expensive and uneconomic takeovers were made in the full knowledge of their economic costs but with the firmest of faith in their social benefits. Tanzania has no desire to enrich a small class while leaving the bulk of the population in their original condition.

Education, too, has been drawn into the Tanzanian concept of society. Universal Primary Education (UPE) was the country's goal from the start. It would be in Kiswahili, the national language, and would cover basic literacy and numeracy before tackling a work-related curriculum that would ensure a constant supply of literate, technically-aware farmers. After all, 85% of the population is rural and agricultural and the authorities were not keen to set up an education system which used a foreign language and which educated people into urban drift. And growth has been impressive, from 470 000 primary school enrolments in 1960 to 3.57 million in 1981. And the adult literacy rate is one of the highest, at 80%, in Africa. But Tanzania, by concentrating its resources on primary, practical, education, has few resources and only limited interest in the secondary and tertiary sectors. Only 2.4% of the eligible population goes on to secondary education, and it is at this level that the technical and managerial skills, so sorely needed in the country, are acquired.

EEC

Drying sisal — an industry now in steep decline

This pursuit of equity as the only viable basis for long-term growth was also evident in agricultural policy. The Arusha Declaration of 1967 was followed by strenuous efforts to concentrate the population in villages where they could more easily be provided with public services, inputs and extension advice, as well as foreign capital, mostly in the form of aid, and, as importantly, where the preconditions for collective, non-exploitative and politically-aware farming could be provided. From 1967-73, villages on the new pattern gathered in 2 million inhabitants, and, during the most intensive phase, from 1973-5, another



EEC

Coffee, Tanzania's major foreign exchange earner — up to now

7 million were villagised. Some of the means used during this latter phase could by no means be called voluntary. But little could halt the decline in Tanzania's agricultural output, particularly of its export-earning cash crops, cotton, tea, sisal and cashew nuts. In 1967 production of these was as follows: cotton: 60 000 tons; tea: 7 200 tons; sisal: 220 100 tons and cashew nuts: 76 500 tons. In 1986, these figures were: cotton: 31 700 tons; tea: 9 500 tons; sisal: 15 000 tons and cashew nuts: 17 800 tons. Almost alone with tea, coffee increased its output (from 40 000 tons in 1967 to 50 000 tons in 1986). Looking back on this period, Agriculture Minister Makweta commented "Production fell — some of it through natural constraints and some through our own fault. We must be honest and objective about this." Though during the years prior to the 'big push' into Ujamaa villages, Tanzania was able to feed itself, the years since have seen the use of food aid: 32 000 tons of maize and 11 000 tons of milk powder under Lomé I, 44 600 tons of maize and 14 600 tons of milk power under Lomé II, and 10 000 tons of cereal and 1 200 tons of milk powder so far under Lomé III. But the basis of rural life has been irrevocably changed: nowadays some 95% of the peasant population lives in 'development villages' and is linked into the political and material life of the nation. Equality and mass participation count for more in the short term than growth or prosperity: it is, no doubt, a hard choice, but one which has been made quite deliberately.

Mr Kimaro's smallholding in Arusha District. Mr Kimaro is third from left at the back

On matters which affect Tanzania's social and political system, there would at first glance seem to be a homogeneity about the pursuit of its broad goals. From the earliest days, Tanzania was quite unflinching in the pursuit of a principled, non-aligned foreign policy. In 1964, it forfeited West German aid following a dispute over the East German Consulate in Zanzibar. In 1965, it broke off diplomatic relations with the UK (and thus a sizeable amount of foreign aid) over the matter of Southern Rhodesia. And, most dramatic of all, its relations with the USA have never really recovered from the expulsion of US diplomats in 1965 for meddling in Zanzibar's internal affairs. Thus Tanzania refused to put expediency above principle in the conduct of its foreign relations, but at the same time its rectitude was a cause of its undoing: for another aspect of Tanzania's growing international standing was its attractiveness to the countries of the Nordic bloc. These "small", wealthy and highly-developed countries could boast of some of the most comprehensive social security systems in the world and an enviable record of the pursuit of equity abroad and equality at home. President Nyerere's political philosophy was very similar and a deep, responsive chord was struck. But lavish donor aid and mutual goodwill sometimes obscured the fact that the social systems of the partners were very far apart. As a result, the country made enormous capital investments it was unable to sustain, and underwent a series of administrative and structural shifts with which its small and overworked managerial class could not cope adequately. Tanzania entered the 1980s on its knees: maize production in 1982 was at half the level of 1972, and maize is the country's staple food crop.

The international economic climate rapidly turned more hostile with the second sharp rise in oil prices; Tanzania had coped reasonably well with the price rises in 1974 but had no answer to this second blow. The liberation of Uganda from the rule of Idi Amin, and the maintenance of its army there for a transitional period, cost the equivalent of a whole year's export earnings, and the break-up of the East African Community had deprived Tanzania of much capital and institutional support. The trade deficit as a percentage of export earnings was a staggering 223% in 1985/6 and inflation is even now running at 30% a year. Despite the highest ideals and the noblest aims, with a unified and literate population, and backed by a wide variety of partners in cooperation, something had gone very wrong. Starting in 1982, still under President Nyerere, and gathering momentum since 1985 under President Ali Hassan Mwinyi, the problem of stagnation and decline began to be faced.

The long haul back to growth

The drastic situation called for drastic remedies. In agriculture, the Government published a White Paper which envisaged a radical change of direction — the system of crop authorities which had been set up in the mid-1970s was to be scrapped and the co-operative movement re-introduced. By 1984, progress was being made in tackling such key economic questions as the overvaluation of the shilling, but the world market prices of Tanzania's exports continued to stagnate, the rains remained poor, and the donor community was not convinced that enough was being done to revive the economy. Most importantly, the reforms had little effect, in the short term at least, in changing expectations and performance in the agriculture sector which is the cornerstone of the economy and the primary preoccupation of Tanzania. It employs 86% of the population and contributes 48.4% of GDP as well as almost all the domestically-generated foreign exchange earnings (about $ 400 m in 1987/8).

The overwhelming bulk of agriculture is peasant-based, whether this concerns staples like maize, cassava and bananas, or export crops like coffee, tea and cotton. Even in the "development villages" communal agriculture has not really taken off and the private and family plots are the mainstay.

Samuel Kimaro farms on 2½ hectares near Moshi in the north of the country. On about 1 ha he has about 1 000 coffee trees, intercropped with bananas, and on the rest he grows maize. He also keeps three cows and a number of pigs. He is self-sufficient in food and in a good year he will have a surplus of maize and bananas for sale. Again, in a good year he will be able to sell 1 200 kg of coffee at 66 TShs per kilo. (At the time of writing, this would be equivalent to 75 c US, about half the price of coffee on the international market). Mr Kimaro would be quite content with this were he able to buy pesticides and fertilisers. But even when he can buy them, they can arrive too late in the season to do any good. And he worries about the transport problem — it contributes as much to the delays as the foreign exchange shortages.

Corrado da Vico farms the 4 000-acre Monduli Estate in the Kilimanjaro region, growing wheat, nasturtiums and coffee and raising cattle for beef and milk. He is a member of the Tanganyika Coffee Growers Association and still considers himself a coffee grower first and foremost, despite the fact that only 10% of the estate is given over to coffee. The wheat and nasturtiums can be sold, explained Mr da Vico, by private treaty, but coffee must go through his marketing cooperative, in this case the TCGA, to the Tanzania Coffee Marketing Board. His principal complaints are that payments are late — and often insufficient — and that there is a grave shortage of foreign exchange which causes graver shortages of herbicides and pesticides. Mr da Vico exports his nasturtiums and is allowed to retain some of the foreign exchange and can therefore buy his own, but the price is high. (Herbicide costs 1 600 TShs a litre for private buyers, 35% more than for official ones, and one litre is probably not sufficient for one acre. Mr da Vico spends around $ 7 500 on herbicides for a single spraying and CBD — Coffee Berry Disease — is rife in the region). A further complaint is that there is insufficient distinction made between the grades of coffee produced and thus little real incentive to improve. Mr de Vico wants to improve: his father started Monduli in 1931 and is buried on a windswept hill in the middle of the estate, and Mr da Vico's whole existence is bound up with the farm. But, he says, "smallholder coffee is generally of low quality because of the lack of incentive."

The Kibu Estate, also in Kilimanjaro, is run as an estate by the local Cooperative Union. It has 664 acres under coffee and 600 under maize, beans and sunflowers. It has 400 acres under grass to feed 120 cattle and provide hay for sale to neighbouring villages. The estate was once a private one, owned by a Swiss company which was nationalised in 1973 and the owners were paid 5 m TShs in compensation (about $ 300 000 at the then-prevailing rates of exchange). From 1973 to 1980 about 350 tons of coffee were produced, but from 1980 to 1986 the annual average fell to around 200 tons. There is a permanent labour force of 120 families on the estate, each with about one acre of private "shamba" (garden) but the establishment should have 180. The rest are simply not attracted by the government-imposed minimum wage of 1 060 TShs a month. "A man can make much more in family farming," explained the estate's Executive Director Elisama Isaac Swai. "We have tried all sorts of incentives: free medical services, a

The Courier

Maize in store at Songea — at risk from wet and insects

cooperative shop, free transport, credit, free lunches, a contributory pension scheme and paying for the teacher and part of the construction of a school. But we still lack about one third of the desired labour force. It is a fact that subsistence farming, eked out with cash sales of the surplus, and perhaps seasonal casual labour at 50 TShs a day, is proving much more popular."

But that is not the only worry for Mr Swai. The world price for coffee was $ 1.50/kg at the time of the interview, and the estate was paid only one half of that, fixed by the Coffee Marketing Board. Not only that, but while a standard formula of advance payment was made on delivery, the final payments were long in arrears. In January 1988, Mr Swai was still awaiting payment for the 1986/7 crop. Also, he complained, input supply was erratic and often in blanket form — no account seemed to be taken of specific local needs or desires. "There are too many middlemen" complained Mr Swai.

Mr Swai, surely a man in a privileged position in a public sector-dominated production system, a civil servant, really, answerable in the end to the Ministry of Local Government and Cooperatives, was voicing the same kind of complaint about the system as the small farmer, Mr Kimaro, and the large private farmer Mr da Vico. "Too many middlemen" did not refer to profiteers and speculators, for no coffee grower may sell privately. Mr Swai was referring to the complex, ineffective and seemingly irrational interplay of bureaucratic forces which have presided over a series of agricultural false starts and disasters for the past 20 years. A measure of popular faith in the official marketing structure can be gleaned from the fact that the country's staple, maize, is sold to an overwhelming extent on the parallel market. It is the Government's policy that the National Milling Corporation is the purchaser of last resort, and that cooperatives may buy from, and sell to, each other. In practice, however, there are so many difficulties that it is the informal sector which deals with the lion's share.

The current administrative infrastructure is as follows: the Coopera-

The Courier

Emil Nduguru, Marketing Manager of the Ruvuma Cooperative Society

tive Unions, abolished in 1976, were reinstated in 1983 with the principal tasks of crop marketing and input supply. Each union, which covers (in most cases) the boundaries of the administrative district, is established as a limited company legally owned by its constituent primary societies. A primary society is a village or group of villages assessed by the government as a financially viable unit, and given a small management structure to enable it to act as the local arm of the Cooperative Union, to incorporate a Ministry of Agriculture extension officer ("bwana shamba") and to act as the basic unit for storage, accounting, input supply, and credit. Unfortunately finance is not controlled either by the primary societies or by the Cooperative Unions. It is the responsibility of two State banks. The National Bank of Commerce lends money to the Cooperative Unions to make the cash purchases of crops from primary societies who pass on this cash to their farmers. In early 1988, cooperatives bought maize at 8.3 TShs/kg and sold it to the monopsonist National Milling Corporation at 12 TShs/kg, in order to cover the 28% interest charges. After all, the cooperatives must have the cash to pay the farmers, and cannot expect immediate payment from the giant National Milling Corporation which is the purchaser of maize of the last resort. The Cooperative and Rural Development Bank also lends money at 28% to the Cooperative Unions for input procurement, which is then sold to individual farmers by their primary societies. The recovery rate of these loans during the last few years has not been exactly spectacular: 30% on fertilisers, 25% on equipment and 18% on livestock loans. This is the reason why Cooperative Union purchase prices are so relatively low and why their prices for inputs are not as advantageous as they might be. In Mpitimbi, in the south-west of the country, the primary society does relatively little business. There is a town nearby, and villagers can obtain a more regular and cheaper supply of fertiliser by going there.

The supply of inputs is controlled by yet another parastatal organisation, the Agricultural and Industrial Suppply Company, and fertiliser must be obtained from the Tanzania Fertiliser Company. While these companies are supposed to deal through the cooperative unions, they cannot turn aside customers from their numerous town-based retail outlets.

For staples such as maize, the cooperatives sell in theory to each other or to the National Milling Corporation, and almost all export crops have a marketing board which is the sole purchaser. The cooperative union thus has to deal with all these, if its primary societies produce the relevant crops and buy them in. Even where the export crops are concerned, none of those close to their production gets any of the foreign exchange. This is allocated by the government.

The primary societies and their principal partners, the Cooperative Unions, operate within the regional administrative framework. Officers from the cooperatives sit on regional councils where they deal directly with regional technical advisers from the Ministry of Agriculture, and other representatives of the central government. But they also sit on District Councils, elected bodies with revenue-raising powers presided over by the District Commissioner but ultimately responsible to the Ministry of Local Government and Cooperatives.


The Courier

"We need... imported items for the construction of a storage system". Makeshift store at Mpitimbi

Thus any attempt, made either on the initiative of the government or by an external donor operating with the knowledge and consent of the government, must pick its way through a bureaucratic minefield. Extension, marketing, transport, input supply are all in the hands of cumbersome and complex parastatal corporations or ministries. Each village, district and region has its own hierarchy. No single person or authority seems to have the power to untie the Gordian Knot.

The problem of success – agriculture's current headaches

When the government launched its Economic Recovery Programme, using, in a highly-selective and thoughtful manner, some of the current prescriptions in the World Bank's structural adjustment programme, it concentrated on revitalising peasant production. And that meant one thing first and foremost—realistic producer prices. These now exist, for all that farmers and production managers complain about only getting half the world price for coffee, for example. Jackson Makweta, Tanzania's Minister of Agriculture, put one of the problems of success squarely. "Realistic producer prices are fine in developed countries where, say, 5% of the population feeds 95%. You can afford to "feather-bed" the farmer to a certain extent. But in Tanzania, 90% of our food is produced by 90% of the population. We have to pay incentive prices and buy all the crops, with no guarantee that we can resell to the food-dependent population. It's not an institutional issue but one of financial management."

Thus, the farmer is given a realistic price. But one result which creates serious problems for Tanzania is the increasing indebtedness of the purchasing bodies. The National Milling Corporation buys all the maize that is surplus to the immediate requirements of the growers and which they cannot sell through parallel channels. To do this, as Minister Makweta complained, involves the NMC borrowing at 28% — short-term rates — to finance a strategic, that is, long-term, reserve. "The bureaucracy involved is a constraint. It is fine in theory to buy in crops, sell them and pay the loan back. But we have the problem of gearing our public finances and also the question mark over the essential viability of the borrowers — 70% of whom are public bodies. The NMC alone loses a billion shillings a year."

Tropical agriculture, went on Mr Makweta, is full of variables. Rainfall is just one. In 1986 and 1987, Tanzania had adequate rains and incentive producer prices. What it lacked was an adequate storage and transport infrastructure. In a bad year, the crops fail to appear; in a good year they rot in makeshift storage (like the Maji-Maji football stadium in Songea).

The private sector is not much help here. "There are very few private grain traders," said Minister Makweta, "because, let's face it, it is not very profitable to buy at a fixed price and sell at what the market will bear." The government has been forced to take matters into its own hands on the question of strategic storage. A Committee has been set up, chaired by the Minister of State in the Prime Minister's Office to investigate the nature of the problem. There is now a District Strategic Grain Reserve Plan, but as the Minister explained "we didn't see storage as a problem for a long time, and when we began with the godown (warehouse) programme — we were going to build 650 — we had built only three before we realised that it clashed with our regional policy. Villages have a part to play, but we can't ask the peasants to borrow money to build their stores."

The Cooperative Unions should form the vital link here, but, as Emil Nduguru, Marketing Manager of the Ruvuma Cooperative Union, explained: "Our financial stringency means that far more demands are made upon us than we can cope with. We need better training for our managers, imported and domestic raw materials for the construction of a storage system, better roads and more transport. At the moment, our total staff in the Ruvuma Cooperative Union is 450, of which only five are graduates." When the Cooperative Unions were abolished in 1976, Mr Nduguru explained, it was because they had grown too powerful. They had the money and they dictated the policy. Now they have been revived and their new situation means that they are almost perpetually indebted. They pose no political threat, but as far as solving local problems are concerned, they are something of a broken reed.

The Hon. Jackson Makweta, Minister of Agriculture

Thus, even in good years, Tanzanian agriculture faces problems. The Cooperative Unions cannot afford to undertake the construction of stores, the private sector refuses to be drawn into a no-win financial game, and the parastatal marketing bodies run up colossal debts. And that does not take the problem of transport into account.

Transport – the fraying lifeline

Tanzania's many woes — poor agricultural export performance, foreign exchange shortages, industrial capacity under-use — are often traced back to the country's transport infrastructure. Agriculture Minister Jackson Makweta began his replies to questions on agriculture and its problems with a disquistion on the transport system. "This is a rich poor country", he said. "And our transport system was skewed in colonial times. Trunk roads were discouraged in order to make the railways pay. The only main road was the Great North Road which linked Kenya in the north with Northern Rhodesia (now Zambia) in the south. Over time, the population increased, our production increased, but no major investment was made in the transport infrastructure and today, cotton production in the Great Lakes region must still move by rail as it did in 1914".

Minister of Communications and Works Mustafa Nyang'anyi is nothing if not a realist. He knows the attractions of railways for a planned economy. There is the certainty of government control, the predictability of needs and responses to needs, and the general feeling that a railway is a social tool, while a road benefits only those who can drive on it. "Railways are the most reliable means of transportation given their limitations. They are capital-intensive during the construction phase, but then they became cost effective." However, he said, a thousand wagons and 32 locomotives had to be rehabilitated as a matter of urgency, and at a cost of $ 26 m, "in order to get us back to where we were in 1978, and we need 20 new locos and 800 more wagons to cope with increased passenger and goods traffic."

Tanzania currently has three main railway lines. Two of them, the Central Line and the Tazara, running roughly east to west, while the third, the Northern Line, runs round the periphery of the country, from the north down to the east. The population is concentrated on the periphery of the country and the most fertile agricultural areas are, too. This means a great

"Cotton... must still move by rail as it did in 1914"

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The Hon. Mustafa Nyang'anyi, Minister of Communications and Works. "Railways are the most reliable"

deal in a country of almost 1 m square kilometres (945 000, to be exact), and a population of over 23 million rising by 3.4% each year. It greatly increases the need for considerable road networks, if only to feed the railways.

But, before tackling the problem of roads, the problem of the railways must be broached. How is it possible that $ 26 m are now required simply to return to the *status quo* of 1978? The authors of "The Challenges to Tanzania's Economy" can provide some of the answers. 1978 was the year after the dissolution of the East African Community's finest achievement, the East African Railways, which served Kenya, Uganda and Tanzania. "The Tanzania Railway Corporation (TRC) was established in 1977 to replace the East African Railways Corporation. The 2 600 km of the TRC include the Central Line from Dar es Salaam to Kigoma and Mwanza, and the Northern Line from Arusha to Tanga. The TRC has not played the role that it is capable of playing. When the EAC was dissolved, all maintenance facilities for rail were located in Kenya, as was much of the rolling stock. The TRC immediately faced problems in the number of vehicles and the ability to repair those it already had... In 1973 construction was begun on a third line, the Tanzania-Zambia railway, with Chinese assistance... The impetus for the rail line was more political than economic... Actual cost of construction for purposes of calculating the loan repayments was not established until the project was completed... Trade with Zambia has never met the expectations created by feasibility studies, and Zambian trade has declined precipitously... because of the establishment of majority rule in Zimbabwe."

But it is the country's 46 000 km road network that is the major worry. Poor roads — and in Tanzania they are very poor — cost money. Money is lost when crops cannot be transported, when lorries fall to pieces, when funds for development are diverted towards maintenance, and when low speeds consume extra amounts of expensive imported fuel. "The entire economy" says "The Challenge to Tanzania's Economy", "is affected by the general lack of maintenance." When Minister Nyang'anyi broached the problem of maintenance, he prefaced his remarks with "The Party has now decreed that roads are the top priority." He was insistent that the problem was one of scale. "40 000 of the 46 000 km of roads are earth roads and in a tropical country, where there can be four to five months of rain, that means grading 40 000 km in six or so months. There is a Trunk Road Maintenance Unit in each Region, backed up by a Resident Engineer. All major agricultural programmes will now contain a road element. And it is true that in the past, we didn't prepare ourselves well in terms of planning, pre-feasibility studies and road design. This year we will devote funds to pre-feasibility studies on a variety of routes."

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"Earth roads... in a tropical country... means grading 40 000 km in six months"

But once again, the authors of "The Challenge to Tanzania's Economy" have a point to add: "Much road repair could be handled with labour-intensive methods; road repair is an instance in which organised group efforts could produce benefits to whole communities. Financial constraints placed on the government by its limited total budget prevent it from paying salaries and inducing the mobilisation of human resources that would be necessary."

The analysis goes on: "The chief concerns of policies developed for vehicle use have been to diminish the role of private operators, to increase government control and to regulate rates." And goes on further, that "the relative efficiency of private operators is obvious in their employment and cost figures. The average private firm employs only two people per vehicle, whereas the National Road Haulage Corporation employed seven. Private operators spent approximately TShs 1.2 per ton/km (1983); the NRHC spent double that amount, and other public agencies have spent at least 50% more than the private firms." Thus, as with agriculture, transport has suffered from government interference. In effect, social and political aims have always overshadowed economic ones, and sometimes subordinated them to the point where eco-

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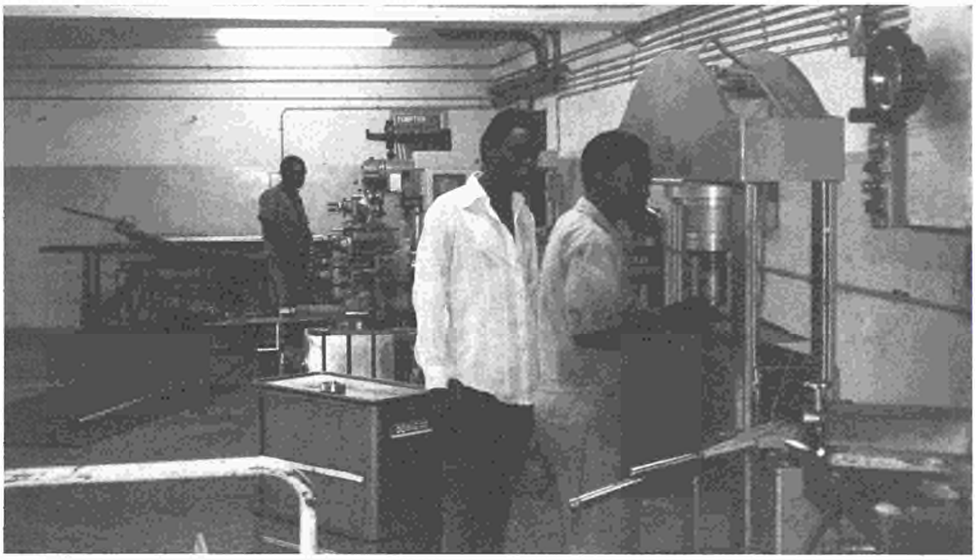
"The entire economy is affected by the general lack of maintenance." Here, an effort is being made

nomic logic is turned on its head. Only massive injections of donor aid, and a massive externally-financed maintenance programme will make the railways pay their way and give the country the road network it needs. Socialism and self-reliance in Tanzania are not yet complementary — to achieve socialism, self-reliance has been placed on the back burner.

Forex, forex

Until about a year ago, Tanzania suffered from a drastic shortage of foreign exchange. Shops, even in the capital, were bare of the most rudimentary consumer items. Industrial spare parts and raw materials were in short supply, and industrial capacity utilisation was down to 30%. The situation has now improved, the shops are full of goods (at a price: the cost of a new fridge is two years' salary for a middle-level administrator). But forex — foreign exchange — is still the leitmotiv of newspaper articles, economic planning forecasts and the latent headache of all industrialists, whether in the private or the public sector. What forex can do, how to get hold of some, how to allocate what there is, these are the staples of industrial and commercial conversation.

Foreign exchange earned by Tanzanian exporters goes to two accounts. Each exporter knows what his "retention allocation" is, and he has a "retention account" with the Bank of Tanzania (BOT) into which his 20%, or 30% or 50% is paid. The remainder goes to the BOT which pays the exporter the TSh equivalent of its share of the foreign exchange. Before embarking on a foreign purchase, any Tanzanian company, private or public, must pay into TISA (Tanzania Import Support Account) a sum known as "cash-cover", the amount in Tanzanian shillings of a permitted import which has to be paid for in foreign exchange and for which this cash cover in T Shillings must be deposited in advance. The railways have to pay cash cover for new wagons. Industry has to pay cash cover for raw materials. Only a very few exporters have the liquidity to overcome the "credit squeeze" and deposit the amount directly. Most of the others have to negotiate and wheedle, and form endless administrative queues.



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Kiltex Textile Factory at Arusha. "We have become trainers for the private sector"

At the Kiltex textile factory in Arusha, Mohammed Mhamba, the Senior Textile Engineer, outlined the problems. The factory, a parastatal, produces 18 000 metres of cotton fabrics and cotton polyester blends a day for Tanzanian government services — Army, Police, school uniforms. Chemicals have to be imported and cash cover deposited. There is strong competition from imports — the government obliges the factories to pay an incentive price for locally-produced cotton, originally pegged at a sensible level but which is now considerably higher than the world price. Imports from Taiwan and Pakistan are undermining the factory's competitive position. And there is competition inside the country from the private sector. Mr Mhamba explained that the management is constrained by the company's parastatal status to pay the government minimum wage of 1 260 TShs a month. After six months, this may increase with performance bonuses, but "our private sector rivals start at over 2 000 TShs a month. They poach our trained manpower, despite the fringe benefits that we can offer like a subsidised canteen, a medical centre and a contributory pension scheme. High staff turnover and a long learning curve mean that our capacity utilisation has dropped from 85% to 40%. We have become trainers for the private sector."

At the superb new Morogoro Canvas Mill, in operation for four years now, the story is much the same. 90% of its exports of canvas and tarpaulins, for truck and jeep covers, raincoats, conveyor and transmission belts, tents and sheeting, are 100% local input and 50% of its sales in 1987 (totalling 600 m TShs) were for export.

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Southern Paper Mills' impressive complex at Mgololo

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General view of Dar Es Salaam

But the government is obliged to pay an export subsidy to compensate for the now unrealistic sales price of raw Tanzanian cotton, and at the same time allows the company to retain 50% of its foreign exchange earnings to cover the cost of importing necessary raw materials, such as dyes and chemicals. The government then adds a 25% import surcharge on chemicals and a 20% import surcharge on dyes. The factory was originally conceived as an input to some parastatal shoe factories — it is still part of the Tanzania Leather and Associated Industries group — but the production of shoes has been smaller than anticipated and the company has most successfully diversified. But as Mr Leffler, the Managing Director, pointed out "MCM is making losses on its exports. The bulk of our exports are semi-finished and the world market is very weak at the moment. We break even because the government pays us the difference between the world price of cotton and the price we have to pay."

Thus, in strictly economic terms even this highly efficient and brand-new plant, employing nearly 1 000 workers and which cost TShs 1 225 bn to set up, is not cost-effective. Its raw materials, local and imported, are bought in at non-market prices. Its exports are subsided. Local production is taken up by the State and its subsidiary organs. But its rationale is social. "The workers here" said Mr Leffler "are taking things more seriously. The presence of MCM has deeply changed the economic and social situation of the region."

Southern Paper Mills is another impressive monument of social engineering. Situated at Mgololo, 600 km south west of Dar es Salaam and opened in 1985 it exports paper products to the value of $ 14-15 m each year (about half of its production). It is allowed to keep all of its foreign exchange earnings, all of which are needed for a variety of inputs, chemicals and spare parts. The wood comes from a nearby World Bank forestry project but what is most needed is more rolling stock and more road works. (Here the government and SADCC are doing their best to help.) Mr Keith, the General Manager, is justifiably proud of the technical aspects of his plant. "We keep reading that we have management, operation and supply problems, but we haven't actually noticed. A lot of people are getting trained here, and we now have some very talented Tanzanian top management". The economics are indeed impressive — sales are going to Kenya, Zambia, Hong Kong, Singapore, India, Pakistan and Saudi Arabia. Some markets, like the USA, are actually spurned because they do not represent a long-term commitment. Loan repayments are made via the Treasury which softens them and eases the burden on the mill. Of the 146 foreign experts who were with the mill in 1985, only 18 will still be there at the end of 1988. The mill is meeting 100% of local demand and is not being hurt by imports. And it is Mr Keith's hope that "within ten years all our products will be absorbed by the East African region".

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Regional CCM Chairman Sebastian Titus Chale. "The Party has a long-term strategy"

But Mr Keith is even more enthusiastic about the social effects of the mill. There is a thriving township of 6 000 people round the mill, with workers in model housing, and that number again of people in the district who have been encouraged to farm and sell produce to the factory workers. Prosperity is reviving the once-desolate area, and people are moving to where the prosperity is. The mill also operates shops, club houses, a dairy, fish farms, citrus groves and a chicken hatchery. In due course it will probably take over the management of the forestry in the area, and take responsibility for road maintenance. It is a splendid example of development by example. But even there, the restrictions on foreign exchange have bitten. Southern Paper Mills are highly favoured in that they may retain 100% of their forex earnings — but there are restrictions on their use. They may only be used for the purchase of inputs and spares. Sales, marketing and travel are excluded. And foreign exchange shortages are a severe headache because of the shortage of rolling stock — including specialised wagons — which is not SPM's responsibility but the Tazara Railway Corporation's. Even here, forex is at the root of the trouble. The self-reliance preached since Arusha in 1967, is only very partially established.

An intricate society

With history, social organisation and political choice pressing against the country's decision-makers, the government's response to the economic crisis has been remarkably bold. The Economic Recovery Programme was born in 1982 out of a realisation that economic incentives had to be applied to agriculture and that some sort of real market criteria had to be applied to industry. And there is no doubt that it has worked to some degree. At least, one might say, Tanzanian agriculture is facing the problems of success — high production — rather than merely declining output. The farmers may complain about the high cost and low frequency of fertiliser and pesticide distribution, but they have not abandoned their use. Goods may be expensive, but they are there, which they were not only a year or two ago. And administrative reforms have begun to address the problem of the growing number of overlapping ministries which, with the parastatals, employ between 700 000 and 1 000 000 Tanzanians. That the civil service often justifies its existence was proved by the skill with which the threat of hyper-inflation following the liberalisation was dealt with. It was accompanied by tax changes and the echelonning of price rises in a sophisticated manner. Tanzania has grasped the nettle of economic reform with skill and courage.

The multiplicity of its problems and the responses to them have made Tanzania a most complex society. There is no doubt that it enjoys a comprehensive level of basic social provision, a sense of national unity and no great disparities between rich and poor. What it also possesses, in common with most African countries, is a one-party political machine. This is not merely a framework for arousing enthusiasm on given days, or a medium of social control. It is a genuine vehicle for the discussion and implementation of ideas. Sebastian Titus Chale is a Regional Party Chairman and a Member of the CCM Central Committee, and he explained how the Party functions from the grassroots up and from the top down. "The CCM" he said "has a long-term political strategy—up to the year 2002—and it formulates the policy outlines. All government plans should, in theory, pass through Party organs." At village level, he explained, the government plans were translated into action by the District Commissioner and the District Party Chairman. "Let us say that the government has funds to build a dispensary, that the Party emphasised the necessity of rural dispensaries and the government set funds aside for this. At village level, we must get the dispensary built. The Party's task is to explain government policy, mobilise support for it and provide voluntary labour. The District Commissioner is the technical arm of the government: he chooses the site, manages the construction and overseas the technical side. In my region, Ruvuma, this system has has considerable success. We have made the "Agiso la mlale" — the basic agreement — on how to implement national policy in the local environment. And we have been first in agricultural output competitions for the last two years, since the first priority is to modernise agriculture and increase yields. So it seems to be working!"


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Workers' housing, for operatives at the Friendship Textile factory outside Dar Es Salaam. Note the shambas to the rear of each block

Government and Party work hand in hand. But there are considerable areas of dissension which makes for politics much livelier than one would expect in a one-party state. Ever since the election of President Mwinyi, there has been a division of responsibility between the head of the government (and State) and the Party Chairman (who is still Mwalimu Nyerere).

When Mr Chale was asked about a possible split — between the "realists" in government and the "idealists" in the Central Committee — he saw no cause for alarm at all. "We are in a transitional period" he explained. And went on to recount his experience during a recent visit to China. He was struck, he said, by the large amounts of foreign investment, the economic growth and the spirit of enterprise, all of which were still controlled by the ruling party there. Tanzania has always followed a non-aligned foreign policy, and has never sought its models from the most powerful groupings of the West or the East. If there are models to follow, they are those of India or China whose problems and level of technology are much closer to Tanzania's own.

Tanzania is indeed an intricate society. Party and Government stand in relation to each other not as Government and Opposition, nor as parts of a seamless robe. They are distinct yet complementary. Administration, poorly-paid and multifarious, controls economic progress — and sometimes slows it down — but is provides the groundwork for a social structure. Industry makes the country progress, yet it cannot make a profit. Agriculture depends on so many variables that what might be true today will be irrelevant tomorrow — one season without rains and the problems of storage will be replaced by the problem of shortages. Perhaps the image of Kilimanjaro is still the most appropriate: that bank of cloud that separates the solid foothills from the shining peak. ○ T.G.

Tanzania's economy – at the crossroads of economic reform

by Antonius BRUSER (*)

"I am astonished at the great variety of goods in the shops":

Such a statement about Tanzania is quite common nowadays, as shops are once more stocked with goods which people like and which were not available two years ago. Prices, however, are high. Also remarked upon is a significant improvement in hotel facilities and services.

The changes of the past two years are fundamental. In early 1986, only a handful of the shops on Dar es Salaam's "Champs Elysées", Samora Avenue, were open and displayed a maximum of 20 or 30 different items. In the rural areas, it was hardly possible to buy such essential goods as soap, rice, salt, kerosene — just to mention the most important ones. In addition, shortages of staple foods were experienced in different parts of the country as a result not only of unfavourable weather conditions and resulting low harvests but also of the lack of incentives to producers. Faced with this fact of "nothing" and feeling the pressure from the people who wanted to buy things with money earned through cash-crops, the Government decided on economic reforms. They were announced with the budget in June 1986.


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The main market in Dar Es Salaam – full of goods again

The main objective of the reforms was to improve the standard of living of the people through better supply of goods and services by adopting several measures: liberalisation of imports and of marketing (creating a market according to economic criteria), adoption of a realistic value of the currency (the Tanzanian shilling) which meant substantial devaluation; fighting inflation through credit and money supply ceilings, promotion of production by increasing producer prices, abolition of subsidies and obliging parastatals to face market conditions. This brief enumeration does not embrace all the proposals, but they already show how profound the changes were. All these proposals are part of the Economic Recovery Programme (ERP) which is supported by most of the Western donors and the IMF. The assistance to Tanzania was up by roughly 50% in the first year of ERP and nearly doubled in the second: from approx. US $ 400 million of aid, recorded in 1985/86, it jumped to about US $ 600 m in 1986/87 and should reach the US $ 800 m in 1987/88. But although this figure seems high, it covers only two thirds of Tanzania's import needs per year. An amount of US $ 1 200 m per annum for imports is estimated by the GOT as a minimum for improving the economic situation. Up to now, this figure has not been reached.

A decreasing share of imports was bought in the early 1980s by foreign exchange (forex) earned through exports of "classical" Tanzanian agricultural produce, namely coffee, cotton, sisal, cashew nuts, tea, etc. Table 1 shows the significant decline in export earnings. This decline was due to the fall in production quantities and also considerable price fluctuations for these commodities on the world market. In addition, it should be mentioned that the country uses part of its forex for debt-servicing. Total debts are estimated at US $ 3.5 billion, and without recent rescheduling agreements the annual payments due would be at least US $ 200 million.

Taking into consideration the poor condition of transport infrastructure, of water supply (in Dar es Salaam, for example not even half of the pumped and treated water reaches the final consumers!) and sewerage system, the

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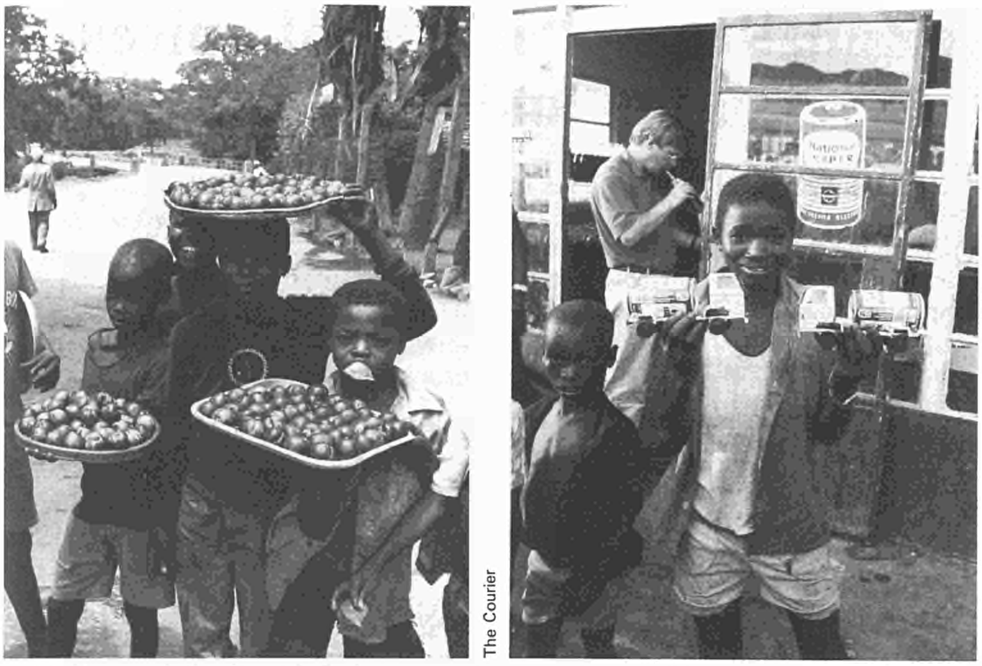
Table 1: Trends of some important economic indicators for external trade (US $ million)

	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87 (*)	1987/88 (**)
Exports	543	585	625	570	369	347	389	317	355	422
Imports	1 112	1 156	1 209	1 079	902	875	950	1 024	1 100	1 185
Trade Balance	569	–571	–584	–509	–533	–528	–541	–707	–745	–763
Trade Balance as % of exports	104.8	97.6	93.4	89.3	144.2	112.2	139	223	209.9	180.8
Petroleum	147	216	300	226	210	233	237	196	168	175
Petroleum imports as % of exports	27	37	48	40	57	67	61	62	47	42

(*) Estimates.
(**) Projections.



The countryside is rich and the people inventive – with money, you can buy anything from a ripe plum to a toy tanker

Table 2: Cost-of-living index of goods and services consumed by urban dwellers – Tanzania mainland (1977 = 100)

Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Average	% Change
1969	40.6	40.7	41.6	41.0	41.0	–
1970	42.0	42.9	42.4	42.7	42.4	3.4
1971	42.5	44.2	44.2	45.3	44.1	4.0
1972	45.5	45.7	45.9	50.3	47.9	8.6
1973	51.7	52.9	52.9	53.8	52.8	10.2
1974	54.7	60.7	61.6	75.6	63.2	19.7
1975	78.3	80.4	78.7	81.0	79.6	25.9
1976	82.0	85.0	86.5	86.9	85.1	6.9
1977	96.0	94.0	92.4	97.4	95.0	11.6
1978	103.2	104.0	105.5	113.8	106.6	12.2
1979	114.9	116.5	121.1	128.9	120.4	12.9
1980	130.2	149.1	136.4	175.2	156.7	30.1
1981	181.2	188.3	203.2	215.0	196.9	25.7
1982	224.6	224.1	271.9	285.0	253.9	28.9
1983	291.7	314.0	324.3	360.5	322.6	27.1
1984	374.2	401.0	466.4	515.2	439.2	36.1
1985	542.6	557.8	580.8	660.3	585.4	33.3

Source: Bureau of Statistics.

figure of US $ 1 200 m will have to be increased in the near future in order to compensate for the several years of neglect in the late '70s and early '80s.

Although the rapid and positive response of the donor community to economic reforms reflected the high regard for Tanzania in the international community, in part due to the standing of the first President, Mwalimu Julius K. Nyerere, it could not, nevertheless, create "miracles" as some people had hoped. The time-factor in an economy's response to reform measures was underestimated: nearly two years after the start of the Economic Recovery Programme the industrial sector continues to face problems of capacity utilisation. The preparation and mobilisation of raw materials and spare parts takes considerable time. Most Tanzanian industrial enterprises are working at a capacity utilisation of less than 25%. Urgently needed spares and raw materials have been lacking for many industries for years — sometimes from the start-up of production. In addition, the parastatals — and they cover a large proportion of enterprises and organisations — have not implemented financial restrictions and controls. The labour law allows the lay-off of employees only under very specific circumstances and the salaries are far too low to be attractive. Even worse, they do not enable a small family to live in decent circumstances. Who will work hard for a monthly minimum salary of T.Sh. 1 260 (about ECU 10)? Price comparisons (an egg costs TShs 18, a bottle of local beer TShs 120) are not even. There is also the possibility of "purchasing" licences or all kind of authorisations at relatively low "prices". The government took a first step by reducing income taxes with effect from 1 July 1986, the resulting increase in purchasing power for most of the people was quickly absorbed by inflation, which is, according to the official estimates about 30% (see Table 2 opposite).

But it has to be mentioned that this index reflects only official prices and, therefore, is artificial and unrealistic; for some produce, the price on the open market is sometimes double the official one, and only small quantities are available for special groups/organisations at official prices. But, nevertheless, the situation has very much improved in comparison to the "non-availability" situation of two years ago.

It was clear from the beginning of the ERP that prices would at least increase at the same pace as in former years. But the GOT has done a remarkable job of avoiding a further substantial push to inflation by staggering inevitable price increases over the year and targeting different kinds of produce, thus affecting diverse consumer groups.

Tanzania's policy on currency led to a devaluation of the TShs against the US $ from 17 TShs in early 1986 to 95 T.Sh. in early 1988.

Certainly, from the purely theoretical economic point of view, this is not enough, but it should be clear that an "equilibrium exchange rate" will only be reached if the shilling is almost fully convertible. It is difficult to foresee such a situation in the near future.

The assistance to Tanzania by foreign donors has been mentioned above. However, the often repeated statement that Tanzania receives far more aid than other countries in Africa is not correct. Based on the flow of aid per person, Tanzania ranks 14th (according to latest available data). This calculation does not take into account other factors of relevance like size of country and the urban: rural population ratio (which is 15:85).

What will be, in future, the most important economic tasks for the Tanzanian Government?

The transport infrastructure needs to be preserved from further deterioration, inflation should be kept controlled, but the credit needs (for agriculture, for industry and for the service sector) will increase, devaluation will have to continue its progress to achieve international competitiveness, and salaries have to be increased in order to avoid further depressing the morale of the workers and employees and to arrest the brain drain of qualified professionals. Tax laws and their application have to be strengthened, and, last but not least, an industrial investment code has to be worked out and implemented.

Tanzania is a rich country — at least in potential. This was recently proved by the cotton farmers: after a substantial increase in producer prices, they doubled their harvest within only one year up to 200 000 tonnes. Such a reaction could also occur for other crops like maize, coffee or tea. A large part of its potential is not yet used: it is a paradox that on the one hand Tanzania has proven reserves of natural gas of some billion cubic metres which are not yet used, and that on the other it has to import petroleum worth more than US $ 200 m per year. The hydro-electric potential is already exploited, but transport of electricity over long distances requires high investment in basic transmission infrastructure. Another important potential exists in mining (special minerals and gold). With its richness of natural parks and wildlife which can hardly be seen in such beauty in any other part of the world, Tanzania may also, under certain conditions, have great potential in tourism. o A.B.

Zanzibar – "island of spices, slaves and ivory" (*)

One hundred years ago, the guns of Britain's navy put an end to one of the most remarkable political entities of Africa – the independent commercial empire of Zanzibar. To be sure, a Sultan ruled on in Zanzibar under a British Protectorate, at least until independence in 1963 and union with Tanganyika in 1964. But what vanished in the smoke of the bombardment was more than commercial and political independence. It was the last flowering of an Afro-Shirazi culture which had once stretched from Mogadishu in the north to Sofala in the south, and which had linked Persia, Oman and northwestern India to the interior of Africa, to the heart of what today are Zaïre and Zimbabwe.

From the earliest recorded times, the east coast of Africa was part and parcel of a wider trading system. As early as the second century BC, south Arabian traders were voyaging down the eastern coast of Africa in search of ivory to sell to the Greeks and Romans. A small number of slaves were also shipped, but mostly from the Horn of Africa, and so were foodstuffs and wood (especially mangrove poles) for construction. When the collapse of the Roman empire ended the market for ivory in Europe, the enterprising Arabs found a new market in China. And the growing power of Islam also tended to mean an increased demand for slaves, especially for the extensive drainage and land reclamation works going on in southern Iraq. This traffic was halted after the "Zanji rebellion", when the slaves rose against their masters and held southern Iraq for 14 years, from 868 to 883 AD, until the revolt was suppressed.

What did the Africans obtain in return for their products, human, animal, vegetable and mineral? They obtained metal tools and weapons, cloth, beads and porcelain. They received the Muslim religion. They got their language — for Swahili, the generic name for the East African language comes from the Arab "al-suhail",

(*) Taken from the title of a recent work by Abdul Sherrif of the University of Dar Es Salaam.

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An exquisitely carved wooden door in Zanzibar's Stone Town

"the coast". And to a large extent, they got their social structure. Because it is quite obvious that much of the coast was dotted with Islamic city-states, such as Kilwa (now in Tanzania) of which Ibn Battuta, the Arab chronicler of the 14th century, writes: "Kilwa is a very fine and substantially built town and all its buildings are of wood. The majority of its inhabitants are Zanj, jet-black in colour, and with tattoo-marks on their faces. They are constantly engaged in military expeditions, for their country is contiguous to the heathen Zanj. The Sultan Abu'l-Muzaffar Hasan... used to devote the fifth part of the booty made on his expeditions to pious and charitable purposes, as is prescribed in the Koran." Early European visitors compared Kilwa's main mosque with that at Cordova, in Spain, for its luxury and sophistication.

Into this highly-developed but fragile mercantile civilisation, linking the interior of Africa with southern Persia and Arabia, came the Portuguese. The first half of the 16th century saw the subjugation of Mombasa, Kilwa, Pate and Sofala. The ruler of Zanzibar, the Mwinyi Mkuu, also swore allegiance to the crown of Portugal. A century of Portuguese rule may have extinguished (temporarily) the political independence of the Swahili city-states, but it opened new commercial horizons, principally to the Indian seaports of Goa and Diu, which were also Portuguese footholds.

From about 1585, the Portuguese began to lose their iron grip on the coast, and many of the Swahili city-states regained their independence, only to lose it again to the same Omani sea-raiders who had weakened the Portuguese. By 1744, the Omanis had finally displaced the Portuguese from Zanzibar and installed their own governor, though the Shirazi dynasty, which had ruled it before in the person of the Mwinyi Mkuu, continued to rule over the indigenous population. Then, towards the end of the 18th century, Oman itself underwent a sort of revolution. It ceased to be a theocracy — the Imam had always been elected — and from the time of Said bin Sultan on (1809--1856) there was no question of election, of the use of any religious title, or anything other than a secular sultanate based on patrilineal succession. The new state was even more firmly in control.

The rule of Sultan Said over Oman and Zanzibar coincides with Zanzibar's amazing flowering. At the end of the 18th century, it became the entrepot of a revived slave trade supplying the French colonies of Mauritius, Réunion and Seychelles where sugar was produced by a slave population supplied by Swahili traders and slave runners. When the slave trade was suppressed by the British in 1807, the cunning Omanis, recalling the use to which slaves were put in Oman, (namely, the cultivation of date-palm plantations) cast about for a suitable tree crop. Zanzibari tradition attributes the introduction of that tree crop — cloves — to one man, Saleh bin Haramil al Abray, a Muscati born in about 1770, and a relative of the Omani governor of Zanzibar. He spoke excellent French, having visited the French Indian Ocean colonies, and acted as interpreter to his relative the governor, as well as being a senior

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Cloves — now that ivory and slaves are out of fashion, cloves are Zanzibar's main export

member of the merchant community. As interpreter for the French, and a man involved heavily in slave trading, his "subtle and pliant" mind must have worked out that the fall of the Napoleonic Empire (and thus the loss

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In the shadow of the old fort...

of Mauritius and Seychelles to the British) meant the end of slave-trading. He obtained permission from the French to bring back some clove seeds from Réunion in 1812. By 1822 the trees were nearing 20 feet in height, and Saleh and the governor were the main plantation owners. But it was a novelty which soon caught on. In 1839/40, production of cloves stood at 9 000 fraselas (1) and their value was 5 Maria Theresa dollars (2) per frasela. Ten years later production stood at 120 000 fraselas, and the bumper crop was harvested in 1864/5 when over 415 000 fraselas were exported, for a value of nearly 1/2 million MT dollars.

The wholesale use of slaves for this work could not obscure the fact that, as the 19th century wore on, slavery was becoming unacceptable to the dominant economic and political powers. The Swahili and Omani merchant classes became landed proprietors, using slaves perhaps, but no longer engaged in their traffic. For trade, they now began to venture back into the interior of East Africa on the search for ivory. As the middle classes of Europe grew more prosperous, their demand for ivory increased by leaps and bounds. Most notably users were the

(1) A frasela, an East African unit of weight was equivalent in Zanzibar to 15.5 kg.

(2) A Maria Theresa dollar was worth about $ 1 US or 20% of £ 1 sterling.

genteel, piano-playing classes, for the piano used keys made of ivory. As the possession of a piano became almost a badge of culture and respectability, more and more ivory was used up. By the 1870s, West African ivory was becoming harder and harder to find, and Zanzibar became the entrepot for East African ivory traders.

The main market for both the ivory and the cloves was the United States, and it was the American dollar and not the British pound which, in the 1870s, overtook and then supplanted the Maria Theresa dollar. And it was partly British fear of American commercial hegemony that prompted the gradual usurpation of local sovereignty. Since Zanzibar was a major entrepot, it was a major importer as well as exporter, and the principal imports were cloth, muskets and powder. The strong unbleached goods (made from cotton picked by slave labour in the southern states of the USA, an ironic footnote) were of such quality that gave their name, "merekani", to the product. In addition, the military needs of the USA, during its civil war, (1861-5), were such that it was soon able to export the best and cheapest muskets for the African market.

The fame of Zanzibar, and the strong links between Oman and India, and Oman and Britain, meant that it was not long before Indian merchants settled on the island, giving a new mercantile impetus. The Swahili and Omani merchants, while still major clove producers, and shippers of slaves and ivory, were by the 1860s more and more inclined to live on their estates, while letting the Indians handle commerce (3). Indians were also useful as government servants, since, not being part of any clan or clique, they were more likely to act honestly, or at least only in the interest of the Sultan. An interesting sign of interrelations between the Indians and the Arabs and Swahilis is that the customs master of Sultan Barghash bin Said, Tharia Topan, the wealthiest Indian on the island, financed to the tune of $ 50 000 the most famous ivory trader and explorer, Tippu Tip, an Arab whose real name was Hamed bin Muhammad Al Murjebi. Tippu Tip had seven plantations with 10 000 slaves when he retired, but Tharia Topan owned, to all intents and purposes, the better part of the Sultan's property.

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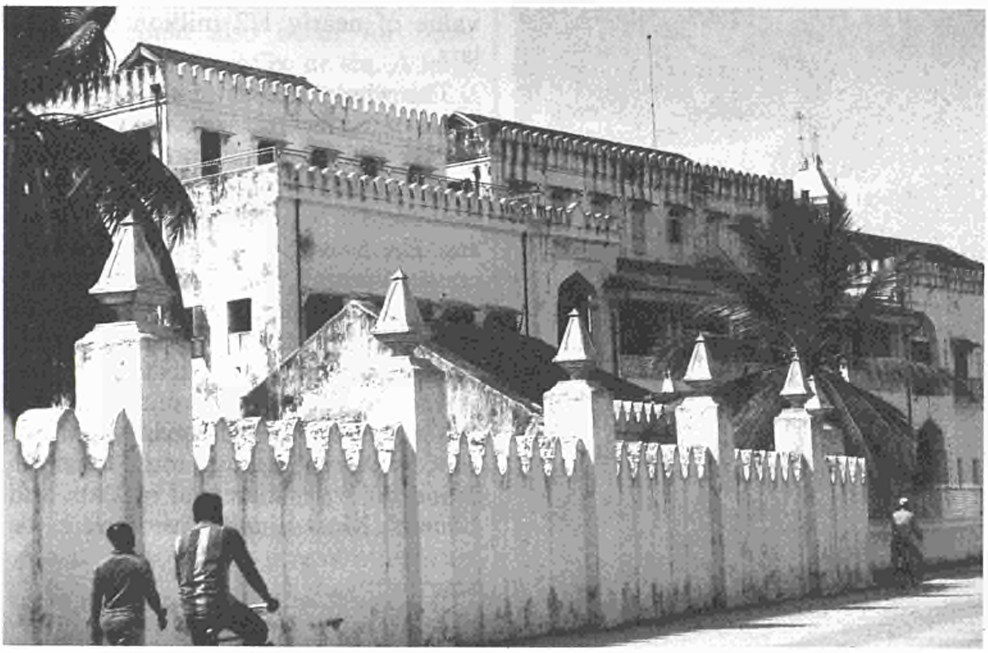
A Persian bath-house of the 17th century going slowly back to nature

(3) Notably, of course, trade with India, which included much re-export of East African ivory from Bombay.



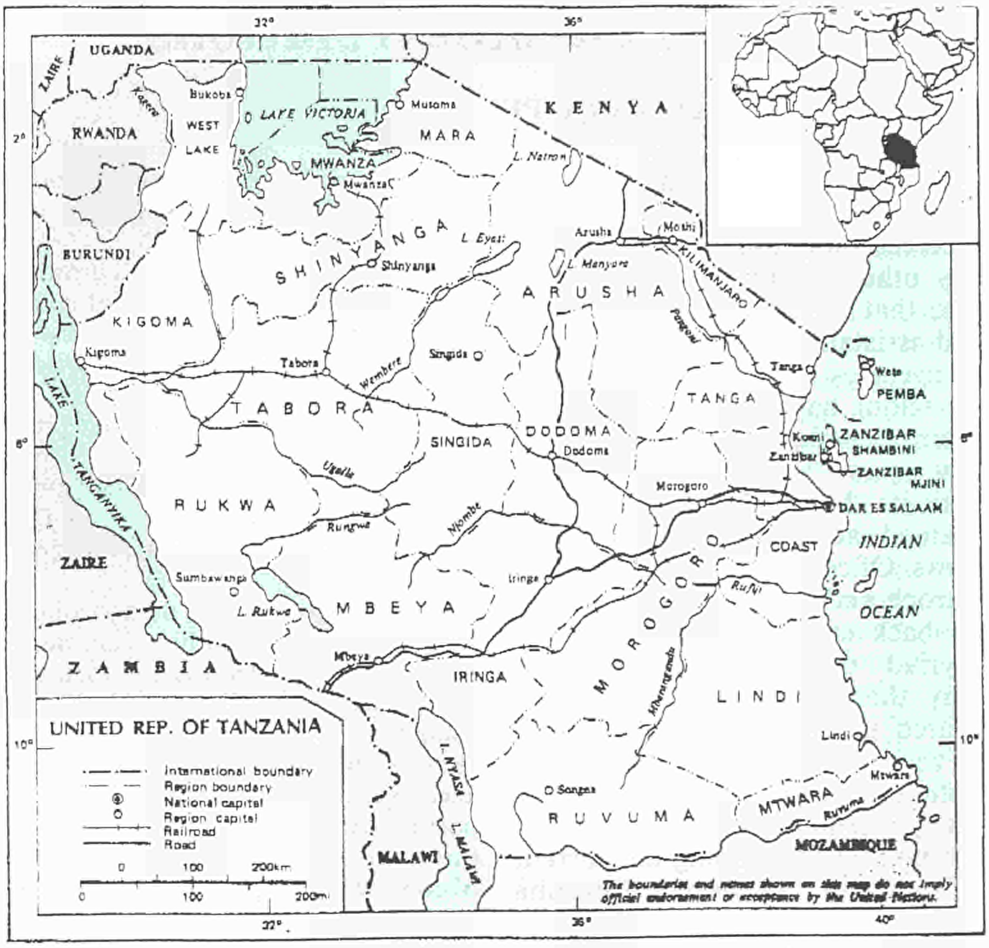
The Courier

The former Sultan's palace looks out over a sparkling blue sea

Although the Zanzibari commercial empire was being undermined by Indians, and Zanzibari political independence was slowly whittled away by the British, the achievement remains remarkable. For a century before Livingstone, the African interior was "opened up" by explorers and merchants. The habits and products of the coast were being distributed into the interior entirely by Africans. Because of the rise of mass-production techniques during this period, the products for the interior, cloth and muskets, grew cheaper and cheaper, while the demand for ivory remained insatiable, a reversal of the overall situation today where manufactured goods rise in price and raw material prices fall. On the back of this trend rose the splendid "Stone Town" of Zanzibar, dominated by the Portuguese fort and the Sultan's place, and filled with tall, spacious houses surrounding cool courtyards, shut off from the world by brass-studded and exquisitely carved wooden doors.

Zanzibaris are proud of their past, and major efforts are being planned to preserve and restore the old houses to their former condition, to recall the days when Zanzibar was home to a far-flung commercial empire, founded on spices, slaves and ivory. o T.G.

Tanzania: country profile



Head of State: President Ali Hassan Mwinyi (elected in 1985 for 5-year term)

Political system: A federative Presidential republic within the Commonwealth.

Independence: December 1961 (Tanganyika)
December 1963 (Zanzibar)

Constitution: Federal Constitution of Tanzania: July 1965, amended June 1975 and in present form since April 1977.

Political parties: Single political party, the Chama Cha Mapinduzi (CCM) founded in January 1977 following the merger of the Tanganyika African National Union (TANU) and the Afro-Shiraz Party of Zanzibar. The Chairman of the CCM is Mwalimu (Teacher) Julius K. Nyerere, who was Tanzania's Head of State from 1961 to 1985.

Languages: The official language is Kiswahili, although English is widely spoken.

Capital: Dar es Salaam (pop. 1988 (est.) 1.5 million).

Other major towns: Tanga (pop. + 150 000), Mbeya (pop + 105 000), Tabora (+ 95 000), Morogoro (+ 85 000), Arusha, Iringa and Moshi. Zanzibar town has a population of about 150 000. It is planned to move the administrative capital of the country from Dar es Salaam to Dodoma, in the centre of the country. Dodoma had a population of 54 000 in 1984, but this will have increased substantially.

Population: The last national census was carried out in 1978 and a new census is planned for 1988. The following figures are therefore extrapolations based on the 1978 census figures, and their date is given in brackets.

Total population: 1978: 17.53 m; 1981: 22.50 m; 1985: 24.19 m.

Health: Population/hospital bed ratio: 505 (1975); 565 (1982)
Population/doctor ratio: 24 800 (1975); 20 800 (1984)

Literacy: Literate population: 28.1% (1967); 79% (1981)

Primary education: 3.493 m enrolments in 1984/5

Secondary education: 74 000 enrolments in 1984/5

ECONOMY
Agriculture
Production Index (1979/81: 100)

General:	103 (1981)	108 (1985)
Food production:	103 (1981)	110 (1985)
Production per capita:	100 (1981)	93 (1985)

Production: (1000 t)	**1979/81**	**1983**	**1984**	**1985**
Manioc (cassava)	5 592	5 400	5 600	5 500
Bananas + plantains	2 976	3 000	3 000	3 000
Maize	1 642	1 363	1 939	2 093
Cane sugar	1 537	1 370	1 410	1 310
Millet	876	999	759	1 024
Sorghum	521	793	492	724
Rice	400	409	511	427
Cashew nuts	44	33	44	45
Green coffee	56	51	56	56
Tea	17	16	16	17
Sisal	80	46	40	40
Raw cotton	58	44	48	46

Industry: No reliable statistics exist for any year after 1981

External Trade:

	1980	**1981**	**1982**	**1983**	**1984**	**1985**
Exports ($m)	580	613	455	366	377	284
Imports ($m)	1 226	1 212	1 131	822	847	1 028
Balance	−718	−599	−676	−456	−470	−744
Principal Exports ($m)						
Coffee, Tea, Cocoa	215	226	155	148	193	
Tobacco	15	21	18.2	21	12	
Cotton	82	110	31	30	30	
Energy + minerals	26	1	8	10	23	
Cotton goods (finished + semi-finished)	31	14	14	17	13	
Principal Imports ($m)						
Vehicles, mechanical and electrical machinery	429	333.5	295	215	230	
Other manufactured goods	181	96	111	87	94	
Oil + oil products	254	305	252	174	156.5	
Chemicals	131	62	87.5	64	88.5	

World prices of selected exports ($/ton)	**1981**	**1982**	**1983**	**1984**	**1985**
Cashew nuts	1 372	574	618	1 157	800
Coffee	2 432	2 438	2 564	2 775	2 640
Tea	1 404	1 554	1 312	2 046	1 350
Tobacco	1 671	1 908	2 164	1 564	1 470
Sisal	589	476	489	361	330
Cotton	1 756	1 450	1 555	1 702	1 260

Per capita GDP (1984) $ 210

EEC-Tanzania relations

by Martyn PENNINGTON (*)

It is often claimed — quite wrongly, in fact — that Tanzania receives more aid per capita than any other country in Africa. It is true that Tanzania receives financial assistance from a wide variety of agencies and countries, several of whom have Tanzania as their main beneficiary. Over the last few years, the share of the EEC and its Member States has remained at nearly half total aid flows. Of course, relations between Europe and what is now Tanzania go back several centuries, and a myriad of personal friendships play their own part, alongside a shared past, many informal links in the private sector and between voluntary agencies and the formal intergovernmental agreements of the present, in shaping the current relationship between Tanzania and the European Community.

After independence, Tanzania had its own experience of working within a Community when, together with Kenya and Uganda, it formed the East African Community (EAC). It was during this time that the first formal links between the European Economic Community and Tanzania, as a member of the EAC, were set up in the form of a Trade Agreement signed in Arusha in 1968. However, in 1975, Tanzania became a signatory to the Lomé Convention which has led to a much wider scope for formal economic cooperation. Not only is Tanzania able to benefit from Lomé's privileges on tariff-free entry for its products onto the European market, it is also a significant beneficiary of the Community's Stabex scheme, which has over the years provided Tanzania with ECU 50.4 million following falls in earnings from the export of cotton, cashew nuts, coffee, and sisal. In addition, Tanzania has a share in imports into the Community of raw sugar under the Sugar Protocol, often at prices well above the world market price.

(*) Desk officer for Tanzania, Directorate General for Development, Commission of the European Communities.

The main themes of financial cooperation with Tanzania have been the following:

(i) a realisation of Tanzania's growing importance not just as a transit country for the land-locked countries of central and southern Africa (particularly Rwanda, Burundi, Zaïre, Zambia and Malawi) but also the positive role which Tanzania plays in African cooperation within East Africa and more recently in the Southern African Development Coordination Conference (SADCC);

(ii) increasing emphasis on agriculture as the key sector within Tanzania's own economy. Attention has focussed particularly on coffee, which is the country's main export crop, and food security, because of the need to balance production of food crops and export crops.

(iii) a steady effort to develop forms of cooperation appropriate to Tanzania's needs.

Lomé I National Indicative Programme

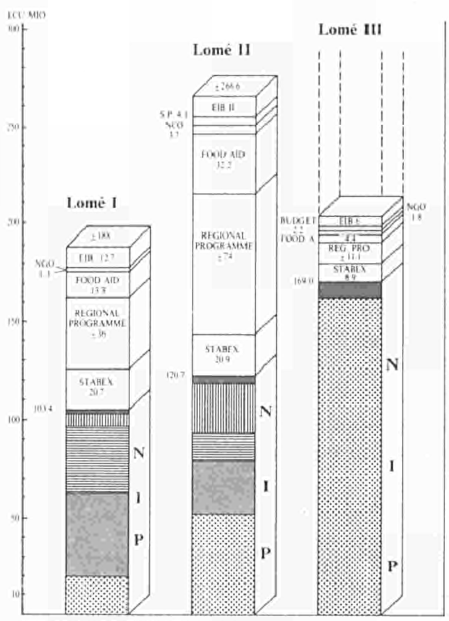
At the time Tanzania had just become a signatory of the Lomé Convention in 1975, the discussions on the use of the funds available under the National Indicative Programme resulted in agreement to support a variety of infrastructure and agricultural projects.

Investment in the Morogoro Canvas Mill, which has been supported under all three Conventions, has led to an efficiently-functioning factory which produces canvas of excellent quality. Originally foreseen as the supplier to an adjacent shoe factory (which was constructed at about the same time but has never reached the production stage), the mill has emerged as an important exporter of a variety of canvas goods to many parts of the world, including Europe and America. It fulfils a valuable role in training Tanzanians in production, marketing and business management.

Amongst the infrastructure projects begun under Lomé I, the most important is the 180 km Nyanguga-Bunda-Musoma road, which provides an all-weather link round the south-eastern shore of Lake Victoria between the towns of Mwanza and Musoma. In the intervening years, instability in Uganda has delayed the implementation of the project, but at the same time it has vastly increased its regional importance, since traffic between Mombasa and the land-locked countries of Rwanda and Burundi has often been obliged to travel round the south of the lake.

In the agriculture sector, the Coffee Improvement Project began EDF support for coffee production which has been pursued under subsequent Conventions. Whereas production of every other export crop has declined over the last 10 years — sometimes quite steeply — coffee production has remained relatively stable, so that it has emerged as Tanzania's most significant earner of foreign exchange. The project, and its successors, have helped to strengthen the extension services through training, production of audio-visual material, research, transport, and technical assistance. The importance of maintaining the rural roads which are the lifeline of these

Table 1: Community assistance during the Lomé Conventions
(all figures in ECU million)



NIP: National Indicative Programme
Agriculture — Industrial Development
Transport & Commun. — Social Development
Others — S.P.: Special Programme
EIB: European Investment Bank.

rural areas, so that they can be passable all year round, has been recognised through the provision of equipment and technical assistance.

Lastly, Lomé I provided the finance for a novel kind of support for vehicle repair which became a model not only for further EDF support, but also for assistance by other donors. In 1981 a commitment was made to provide the spare parts necessary to overhaul a large number of vehicles in key economic sectors, and to finance the importation of materials for the construction of vehicle bodywork on already available chassis. The project proved that by replacing major units such as engines and gearboxes in otherwise sound vehicles, almost three times the transport capacity could be created compared with the importation of new vehicles. The project was extensively computerised and implementation took less than three years, which for a new type of project in such a vast country was a sound achievement.

By the end of 1987, commitment and disbursement of Lomé I funds for Tanzania was virtually complete.

Lomé II National Indicative Programme

While Lomé II saw the continuation of several projects begun under Lomé I, it also marked some new departures and developments. Agriculture's share of the resources available grew, with the setting up of a regional development programme in Iringa Region; the programme aimed to improve the supply of inputs to the farmer, create more storage capacity, maintain rural roads, and strengthen the regional administration.

The involvement in infrastructure continued with the provision of water in the towns of Mwanza and Mtwara to add to the scheme in Mbeya of which Phase I was financed under Lomé I. Works at Mbeya are now complete, and those at Mwanza are well under way, but the project at Mtwara has proved difficult from the beginning and is only now making progress.

Another distinctive feature of Lomé II was the assistance provided to Zanzibar. Replacement of the old wharf of Zanzibar port, and expansion

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A laboratory at the Morogoro Canvas Mill, a project now in full operation, which "has been supported under all three Conventions"

of the facilities there, will be of major benefit to the economy of the isles, along with the construction of a new jetty at Mkoani on Pemba Island. A second project, for repair and restructuring work at the two main hospitals, will meet an urgent need to sustain the health infrastructure which is so important in family life.

By the end of 1987, virtually all the funds available to Tanzania under Lomé II had been committed, and disbursements had reached 65%.

Lomé III National Indicative Programme

The funds so far made available to Tanzania under Lomé III (total ECU 169 million) and at least 90% are destined primarily to improving production and marketing within the agriculture sector. 71% of the funds available are already formally committed, mainly through a large programme of support to the sector which was agreed in January 1987. The remainder should be formally committed by late 1988 or early 1989.

In accordance with Tanzania's status as a least developed country, all Lomé III assistance within the responsibility of the Commission (ECU 152 m) is on grant terms.

The Agriculture Sector Support Programme was a major initiative by the Commission and was described in a case study in issue No. 106 of The Courier. The programme brings together a series of components which are based on the main objectives of improving coffee output and marketing, and of ensuring food security in and around the coffee-growing areas. Direct support in these areas is complemented by assistance in vehicle repair, feeder road rehabilitation, and institutional support for the cooperatives and for the central ministries.

By bringing all the necessary supporting activities together into a programme, their interdependence can be seen more clearly — they can be planned in a common timescale and implemented in relation to common objectives. Moreover, the programme approach is intended to provide flexibility in adjusting EDF support measures to the rapidly developing economic situation in Tanzania, since amendments to the detailed objectives should have immediate implications throughout the whole range of activities.

Monitoring of the programme will be carried out against a set of indicators covering crop production, farm income, nutritional levels, and institutional efficiency. Implementation of the programme began in 1987 with deliveries of fertiliser and other agricultural inputs.

Further support to the agriculture sector under Lomé III will include encouragement of local seed production and the improvement of banana-growing techniques. So far the EEC is the only donor involved in support for the production of bananas, which form an important staple food in the coffee-growing areas of Tanzania.

Regional projects

The role of Tanzania as a "corridor" between the Indian Ocean and the interior of Africa has been one of the determining factors in its development. Today, countries like Rwanda and Burundi are more dependent than ever on transport facilities in Tanzania for their development. Through the Lomé Conventions, the Community has provided assistance in a variety of ways for the Tanzania Railways Corporation, which operates the lines originally constructed in the first quarter of this century. Firstly, the production of ballast at the Twa quarry has increased 150% thanks to EDF support, which included the supply of ballast wagons to convey the crushed stones to the various parts of the network. The EEC has also provided shunting locomotives, and a variety of kinds of equipment. Recently, in connection with a programme financed by a large number of donors, another ECU 13 m was committed, to enable TRC to carry a million tons of freight each year. In addition, the EDF has financed major works at the port of Kigoma on Lake Tanganyika, which is crucial for Burundi, and together with the African Development Bank is developing a major new road linking Rwanda (and, at a later stage, Burundi) with a proposed new rail terminal at Isaka.

Continuing unrest in Southern Africa has made Tanzania an increasingly important route to the sea for countries like Zambia and Malawi, and the Community has shown its support for Tanzania in this vital role through a commitment of ECU 13 m for the Tazara railway. The funds will provide for the purchase of quarry equipment, for a technical assistance team to help operate permanent way maintenance machines, and for the supply of workshop equipment. The Tazara railway is likely to be an increasingly important outlet for Malawi, and the EDF will provide part of the cost of opening up a new road route from northern Malawi to Uyole in Tanzania so that freight traffic can move smoothly from Malawi onto the Tazara railway.

European Investment Bank

During the periods of Lomé I and Lomé II the Bank lent ECU 31.5 m to Tanzania to help finance the Morogoro Canvas Mill, for two global loans to a Development Bank (TDFL) and for a hydrocarbon exploration scheme. Under Lomé III commitments so far from the programmable amount of ECU 18 m risk capital include a further loan to TDFL and a loan to the East African Development Bank.

The Courier

Zanzibar Harbour – major EDF-assisted works are in the course of being set in motion

Table 2: Recent Community financing decisions

Title	Amount (ECU 000)	Form of financing	Source of funds	Month of decisions
National indicative programme				
Agriculture Sector Support Programme (ASSP)	94 000	Grant	6th EDF	January 1987
Zanzibar Hospitals (Phase II)	2 600	Grant	5th EDF	June 1987
Zanzibar Harbours	9 900	Grant	5th EDF	July 1987
	2 600	Grant	6th EDF	July 1987
	4 250	Grant	6th EDF	January 1988
Microprojects I	600	Grant	6th EDF	July 1987
Tanzania Railways Corporation	2 000	Grant	6th EDF	October 1987
Morogoro Canvas Mill	600	Grant	4th EDF	February 1987
	4 000	Grant	6th EDF	December 1987
Studies				
Morogoro Shoe Company	40	Grant	5th EDF	September 1987
Musoma – Sirari Road	400	Grant	6th EDF	November 1987
Regional funds				
TAZARA: Ten Year Development Programme	13 000	Grant	5th EDF	January 1987
Fishery Lake Victoria	1 500	Grant	5th EDF	March 1987 1987
Locust Control Campaign	115	Grant	6th EDF	July 1987
Lusahunga – Dukombe Road	10 000	Grant	5th EDF	July 1987
Migrant Pest Control in East Africa	4 000	Grant	5th EDF	September 1987
Tanzania Railways Corporation	11 000	Grant	6th EDF	October 1987
Community budget resources				
Storage Programme	1 200	Grant	Budget	December 1987
Food Aid	765	Grant	Budget	December 1987
European Investment Bank				
TDFL Global Loan	5 000	Risk Capital (25 y; 2%)	6th EDF	March 1987
East African Development Bank (EADB)	6 000	Loan	EIB's own resources	December 1987
	6 000	Risk Capital (25 y; 2%)	6th EDF	December 1987
Total (since 1 January 1987)	179 570	N.A.	N.A.	N.A.

Food aid and other budgetised assistance

The budgetary cost of food aid to Tanzania since 1975 is estimated at nearly ECU 60 m. On some occasions the cereals have been purchased in neighbouring African countries. The amount provided has varied from year to year; the supply of cereals rose to 30 000 tons in 1981 but has since declined. The EEC is also the source of most of Tanzania's imports of milk powder and butteroil. An evaluation of direct EEC food aid to Tanzania was recently carried out and the findings will form the basis for proposals on food aid over the next few years. The EEC places considerable emphasis on the implementation of measures to improve Tanzania's own food self-sufficiency. The Government has prepared and adopted a food strategy which aims to ensure a nutritionally adequate diet for all Tanzanians through the 1990s. The counterpart funds generated from the sale of EEC food aid are used to support projects for increased food production in Tanzania on a viable long-term basis; their use is governed by a memorandum signed in 1984. Projects have also been financed from the Community budget in Tanzania to encourage environmental conservation, to make charcoal from the by-products of coffee processing, to expand gravity-fed irrigation on Pemba Island and to repair and construct storage facilities. o

M.P.

Europeans and development aid: a survey

How do Europeans perceive the countries of the Third World? What exactly do they know about them, and how do they come by that knowledge? Do they consider aid to be a "Good Thing", and, if so, why? What should be done about the Third World's debt, and are Europeans liable to be submerged by the Third World's population growth? These were just a few of a set of 30 questions put to some 12 000 citizens of the Member States of the European Community in a major survey on Europeans and development aid conducted in the autumn of 1987, a survey that was one of the Community's contributions to the Council of Europe's North-South interdependence and solidarity campaign. What did the survey reveal? Firstly, that the major concerns of Europeans in 1987, as in 1983 when the last survey of this magnitude was undertaken, were unemployment, terrorism, environmental protection and energy. Aid to developing countries ranked eighth in their scale of priorities, though 75% of Europeans consider underdevelopment an important or very important problem. This proportion was higher among younger people (80%), and among the more highly educated (81%). On the extreme right wing it was lower than the average, at 68%.

Europeans' information about the countries of the Third World is derived principally from the media or from personal experience (visiting a developing country). 73% of those questioned had recently seen or heard something about Third World countries, as against 71% in 1983. A majority agreed, however, that "other than disasters and revolutions, we don't hear much about these countries". (This trend was particularly pronounced in France and the United Kingdom). There was also wide support for the thesis that "there is more talk about what the Third World receives than what we receive". Asked whether things were going better or worse in developing countries now as compared with 15 years ago, 40% felt things were better, 22% felt they were worse. The political views held by the interviewee were again significant here — the more to the right of the political spectrum he/she was, the more it was considered that conditions had improved. Of the diversity of situations in the various developing countries, Europeans' understanding is good. Ethiopia and Bangladesh were identified as countries associated with famine; China and Saudi Arabia were perceived as "developing and making progress".

As to the prospects for East-West, North-South relations, Europeans are more optimistic than five years ago. A majority believed that the situation of the poorer countries of the world will improve over the next decade due to scientific and technical progress and that the planet's resources will be used in a more rational way, in the interests of future generations. Half of those asked believed that there would be better understanding between developed countries and other countries, and 36% thought that hunger would be reduced throughout the world. 37% thought that international tensions will lessen — a belief explained, the survey suggested, by the arrival of Mikhail Gorbachev as leader of the USSR and the disarmament initiatives of the two super-powers.

Europeans' perceptions of interdependence with Third World countries is also changing — but in a perhaps unexpected direction. Although in 1987 nearly 50% of Europeans still considered that political or economic developments or population growth in the Third World could have an effect on life in their home countries, one third (as opposed to one quarter in 1983) believed these factors would have no effect. In the entire European Community, with the exception of Denmark, there was less acceptance of the possible influence of the future of the Third World in Europe. The drop was particularly marked in the 25-39 age range, and is perhaps to be explained by the movement of ideas over the last few years aimed at making Europeans feel less guilty about the Third World.

The majority feeling on Europe's relations with Third World countries is that they should help those countries become self-sufficient. This is the wish of six out of ten Europeans, and easing misery and setting them on the path towards becoming economic partners come far behind. Images of relations with the Third World were as follows: the global results hide a clear difference of opinion between Northern and Southern Europe, however, Greece, Spain and Portugal subscribing widely to the "charitable" vision of EEC-Third World relations and the more northerly Member States favouring self-sufficiency as the ultimate objective.

As to Europeans' appreciation of aid, a high proportion (89%) were very much in favour of the granting of aid, with only 8% against. The countries where opinions against aid exceeded 10% were Belgium (17%), France (12%) and the United Kingdom (12%). A quarter of Europeans considered that poverty in Europe itself — the so-called Fourth World — should be tackled first, these views being most widely held in these same three countries. Overall appreciation of the aid actually given by the richer countries of the world to the poorer was lukewarm. For those interviewees of a higher educational level and a left-wing tendency, views about the impact of rich countries' actions were almost entirely negative.

For the future, Europeans are rather more optimistic. A majority believe that the aims of easing misery and achieving self-sufficiency were possible. Only one out of four, however, saw developing countries as real economic partners in the coming years.

As in 1983, Europeans are aware, above all, of the aid provided by their own national government, then of the action of international organisations such as the UN family, then of Community aid and that of voluntary organisations and finally of aid via business and industrial investments. Of these sources, organisations such as the UN agencies and voluntary organisations were perceived as providing the most useful help to the developing world. Amongst individual Europeans there exists a fund of goodwill towards the peoples of the Third World: 44% of those asked were prepared to give some of their time to help in some activity for the Third World and 53% were ready to give money, or give more money, to support some such activity.

As with many such surveys, some of the findings of this one are ambiguous, even contradictory. It is nevertheless, of itself, an important instrument of information on perceptions of developing countries and development aid revealing, amongst other things, that a much greater degree of public information is both needed and wanted. ○ M.v.d.V.

Household budget-consumption survey in Togo: half-way through a two-stage operation

by Koffi ABOGNON and Wolfgang GOETZ (*)

Standards of living and living conditions are constantly changing everywhere in the world, and in Togo the last survey in this field was carried out in 1964. By the end of 1985, therefore, it was high time to start preparing for the second "household budget-consumption survey". This project, which has just reached the half-way stage, was organised by the Statistics Division of the Ministry of Planning and Mines of the Republic of Togo, which receives financial and technical support from the European Development Fund (EDF) and the Statistical Office of the European Communities (SOEC), together with assistance from the French Fonds d'Aide et de Coopération (FAC) and the United Nations Food and Agriculture Organisation (FAO).

Objectives

The objectives were not laid down by statisticians alone. Discussions were held with the main users of the results in order to determine the information requirements to be met by the survey. The result was a long list with a whole range of varied requirements, the majority of which will be satisfied by the project. The survey's basic objectives are as follows:

1. to obtain weightings for consumer *price indices*;
2. to make data available for *national accounts,* especially figures on consumption, income, assets and transfer;
3. to evaluate the *standard of living* of the population, which includes household consumption of food, the level of and seasonal variations in the consumption of home-produced food and also non-food consumption;
4. to describe *living conditions.* The centre of interest here is how the rural population spends its time, together with housing conditions etc.

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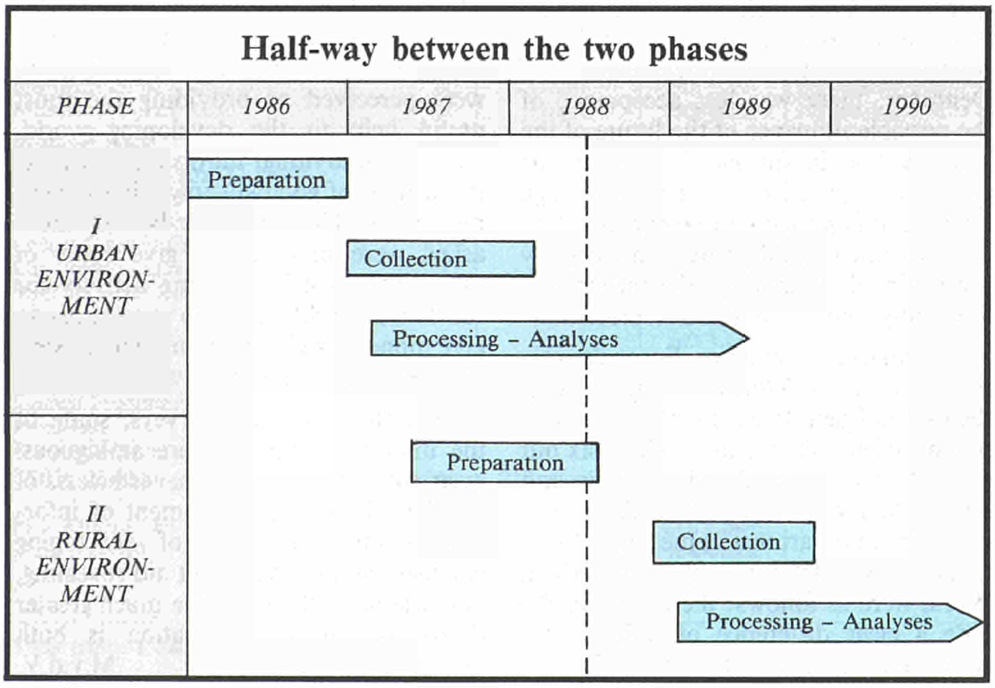
The advantages of a two-stage survey

The traditional method for a budget-consumption survey is to cover the whole country in a single, one-stage survey using a uniform methodology. In contrast, the strategy currently being tried out in Togo consists of providing a differentiated form of national coverage on the basis of a survey carried out in two successive phases, the first in an urban and the second in a rural environment. This strategy ensures a rapid, graduated response adapted to user requirements. The following example will clarify the situation:

The main aim of the urban phase was to provide rapidly the figures needed to revise price indices, since the weightings currently used date from 1964. On the other hand, the way in which farmers and, more especially, women, spend their time is a typical component of the rural phase of the survey.

A two-stage survey requires less manpower and equipment but over a longer period (for two successive stages), thus fewer materials need to be supplied and the project is more easily managed. For the second phase, in the more difficult rural environment, advantage may be taken of experience acquired in the urban environment, and thus staff training is more effective. In the second phase, national officials can gradually take over responsibility from foreign advisers.

In Togo, the success of the first phase ensured finance for the second stage. This procedure would seem to be a good way of bringing to a timely end any project which proves to be unsatisfactory.



Half-way between the two phases

Overall design

The logical order for carrying out a statistical survey consists of the following stages which partly overlap: sampling – collection – input – processing – analysis.

Frequently, at the preparation stage, this order is followed strictly without its being realised that this can cause considerable delays when it comes to publishing the results.

In Togo, for the preparation of both the urban and the rural phases, these stages were incorporated into an overall design where, for example:

— the nature and quantity of data to be obtained were determined on the basis of the main analyses proposed;
— the questionnaires and input programmes were adapted to the processing software which had been selected in advance. The "ARIEL" software was chosen because it seemed to be the most suitable for the processing of surveys among households in developing countries.

The urban phase in Togo yielded approximately 1 100 000 records, each with between 4 and 117 characters. The rural phase will supply at least as many.

Recapitulation of the two phases

Questionnaire	Number of households covered	Number of times (days) to be filled in per household	Total questionnaires filled in	Number of persons (members of household and visitors) concerned
First phase: the four major towns				
Description of household	1 740	1	1 740	8 874
Daily budget	1 740	31	53 940	8 874
Retrospective budget	1 740	1	1 740	8 874
Food consumption	1 392	7	9 744	7 099
Second phase: smaller towns				
Description of household	600	1	600	3 060
Daily budget	600	15	9 000	3 060
Retrospective budget	600	1	600	3 060
Food consumption	480	7	3 360	2 449
Second phase: rural environment				
Description of household	1 800	1	1 800	11 160
Daily budget	1 800	30	54 000	11 160
Retrospective budget	1 800	1	1 800	11 160
Food consumption	1 440	7	10 080	8 928
Use of time	1 440	7	10 080	8 928

The first phase is drawing to a close

During the first phase, four towns were surveyed: the capital, Lomé, and three others with more than 40 000 inhabitants in 1986: Atakpamé, Sokodé and Kara. In Lomé, 1 200 households were surveyed, and in each of the other towns 180 households, giving a total of 1 200 + 3 × 180 = 1 740 households.

Survey staff: Data collection began in the households concerned on 1 February 1987 and was completed by 9 March 1988. The data were collected by 29 enumerators, with 8 monitoring officials, 3 collection supervisors and a central supervisory team comprising 6 statistical engineers assisted by 2 expatriate technical advisers. With the coding and data entry operators and support staff, a total of 75 persons was involved.

The 13 survey months were divided into 12 periods of 33 days. Throughout one period, an enumerator followed up 5 households at a time for 33 days, on 31 days of which data were collected. During the following period, he carried out a survey of five other households and so on. The group of households surveyed during the first period was called the first wave. A wave thus comprises 29 × 12 = 1 740 households in the first phase.

Questionnaires: Three questionnaires were used to collect the required data.
1. The Household Description Questionnaire: this describes the composition of the household (number of persons and socio-demographic characteristics of each member: sex, age, education and occupation). It also describes how the household's kitchen operates and provides for anthropometric measurements of household members. This questionnaire is filled in once only.
2. The Food Questionnaire: the enumerator writes in all the food products used in the preparation of the meals eaten, giving weights for each product. This questionnaire is filled in every day for seven days in each household.
3. The Budget Questionnaire is in two parts: one records the household's daily expenditure for 31 days and is filled in every day, and the other records expenditure for the last 3, 6 and 12 months on clothing, health, care, education, equipment of various kinds, savings, etc. This part is filled in only once.

Publicity: A low-key publicity campaign was organised before the start of the survey and throughout the survey period. It consisted of advertising the survey via a radio interview, an article in the press ("Nouvelle Marche") and information and publicity meetings. T-shirts and biros with the survey logo were also handed out to the households covered, to arouse their interest.

Coding – Input – Processing: While the survey was being carried out in the field, the data was being coded, input and processed in the office. Thus all the data collected has already been coded and put onto diskette. The processing stage is also well under way and we have noted that 1.3% of the files cannot be processed for the following reasons: households moving during the collection; incoherent replies; outright refusal to cooperate.

Second phase in preparation

For the rural environment, where seasonal influences on food consumption and income are much greater than in the urban environment, it was decided to organise data collection over two 15-day periods in each household involved (the second period six months after the first). This effective strategy was chosen because it seemed appropriate to a rural environment where movement of households from one village to another is negligible.

For the survey 180 villages were selected, representing the five administrative and economic regions and the 10 agro-climatic zones which are extremely similar as regards rainfall, crop systems, the ethnic make-up of the resident population and population density. Ten households will be surveyed in each of these 180 villages, i.e. a total of 1 800 households. Data collection in the field will begin early in October 1988.

At the same time as this survey in the rural environment, a survey of smaller urban centres will take place, this latter complementing the data obtained during the first phase in the major towns. ○

K.A. and W.G.

Employment

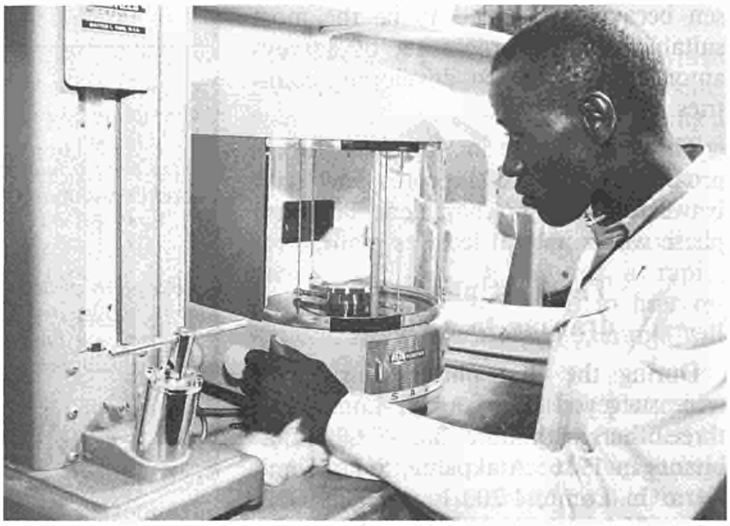
A challenge of the 1990s

In the past five years the creation of jobs has emerged as a major issue in the majority of ACP states as thousands are laid off in austerity measures and large numbers of school leavers join the job market annually.

Although statistics are hard to come by, the rate of unemployment in sub-Saharan Africa is considered very high, as high as 25% (1) in countries like Botswana, Swaziland and Lesotho. In large cities — Lagos, Nairobi, Accra, Lusaka — congregations of idle people in public parks and in front of factory gates for non-existent jobs have become a common spectacle. For those lucky enough to be in employment, real wages have fallen by between 40 and 50% and so drastically in some countries — Uganda, Zambia, Ghana and Tanzania, for example — that they can no longer meet the needs of the average family. Estimates of overall unemployment rates in the Caribbean vary from 15 to 20% and in the Pacific perhaps as high as 30% (2). Apart from constituting a huge waste of human resources the situation could become explosive, a threat to civil and political order.

Africa's current impasse on employment has its roots of course deep in the continent's development dilemmas. Its high rate of population growth has translated into higher numbers of school leavers and a higher rate of urbanisation. Indeed, it is estimated that by the end of this century, Africa, which today is the least urbanised of continents, would have more than 40% of its population living in cities. The adverse effects of this rural exodus on agriculture and its pressure on jobs in the urban areas cannot be underestimated. In the majority of sub-Saharan African countries, regular paid jobs, whether in the private or public sectors, are becoming rare. Only 5 to 10% of employment is regular, making the informal sector the area of hope for many job seekers. Drought, desertification, pressure on land, lack of technology and lack of extension services have combined to ensure low returns in both agricultural production and wages. Seventy percent of the active population in Africa still work in agriculture but the majority produce for subsistence. Those in paid employment in the rural areas represent no more than 5%.

These imbalances aside, the fall in, and the instability of raw material prices and the net outflow of capital due essentially to heavy debt-servicing have plunged sub-Saharan Africa, into a crisis deeper and longer-lasting than any part of the world has known. The remedial measures of adjustment programmes being carried out have resulted in factory closures, massive lay-offs and cuts in salaries which, contrary to expectation, have produced few job opportunities.



Testing cotton in Zimbabwe

BIT

A labour-intensive road construction project in Burundi

Planting rice in Fiji

The groups hardest hit are young people and women. Youth unemployment rates are more than twice the adult rates — a problem that is probably more acute in Africa than elsewhere. Although the proportion of women in Africa's overall workforce has increased, as in many parts of the world, they are more exposed to unemployment. They constitute the largest group of

(1) Most of the figures quoted in this article were taken from ILO's studies. And many thanks to ILO for helping in the preparation of this dossier.

(2) Figure to be treated with caution. See article on employment in the Pacific.

people emigrating to the towns and many end up in "jobs" as demeaning as prostitution.

In 1985 Africa accounted for hardly 10% of the world's active population while the industrialised countries mustered 26%. In 2025 it is estimated Africa alone will represent 18% more than the whole of the industrialised world. It goes without saying that, of the one billion new productive jobs which ILO projections say are necessary by the year 2000 to ensure full employment in the world, most will have to be created in Africa.

The public sector in Africa, which in the past provided the bulk of jobs in the formal sector and is at the heart of most structural adjustment programmes, cannot be relied upon in the future. The private sector, which accounts for 9% of employment in the formal sector, is stagnating and unlikely to be revived unless a fresh approach to industrial policies is adopted by governments and unless the international economic climate improves. A whole new approach will also be called for in the agricultural sector — adequate state investments, better price support for farmers, improved labour productivity and output with better technology—technological changes that do not bring unwanted results such as the replacement of men by machines.

Governments may have to consider whether labour-intensive programmes of infrastructural construction or maintenance (roads, bridges, ports and airports) could provide a short-term answer.

Trade unionism in Africa is not as strong as it is in South America and Asia and neither is the rate of industrialisation as high as in those parts of the world. The policies of sub-contracting being practised by big firms to avoid responsibilities, which have wrought widespread havoc to jobs and salaries in South America and Asia are on a negligible scale in sub-Saharan Africa. More often indeed here it is towards the informal sector that large and medium scale enterprises look in coming into being. Sometimes the frontiers between the sectors are blurred. The informal sector has demonstrated its capacity in recent years in sub-Saharan Africa to absorb not only new additions to the labour force but rejects from the formal sector. Sixty percent of the urban labour force are employed in this sector but their output is no more than 12%. This accounts for the low incomes that characterise the sector. There is a need for a more rational approach to increasing not only its contribution to overall national production but also job opportunities: adopting a more favourable attitude (see the section on the informal sector), paying greater attention to education and training, especially vocational training, and ensuring greater access to finance for small entrepreneurs.

The unemployment problem is similarly serious in the Caribbean. The slump in the prices of petroleum, sugar and bauxite threw large numbers of people out of work, particularly in Guyana, Trinidad and Tobago and Jamaica. The latter was the first to embark on a structural adjustment programme and the first to experience more lay-offs. On the verge of recovery, unemployment still plagues the country. The adjustment programmes now underway in Guyana and Trinidad and Tobago have seen more people thrown out of work. The issue, though, for the Caribbean is not so much the adoption of policies favourable to production as the recovery of commodity prices and the revival of exports and regional trade.

Trends in regular paid jobs in the urban areas and in the non-agricultural workforce in some ACP countries, 1978-1985 (1980=100)

Countries	1978	1979	1980	1981	1982	1983	1984	1985
Kenya								
Regular paid jobs	86	93	100	102	105	111	–	–
Non agricultural workforce	90	95	100	107	114	120	127	134
Malawi								
Regular paid jobs	91	94	100	91	91	103	–	–
Non agricultural workforce	81	94	100	109	118	127	136	154
Mauritius								
Regular paid jobs	97	101	100	99	99	102	102	–
Non agricultural workforce	92	96	100	105	109	114	118	123
Swaziland								
Regular paid jobs	98	102	100	117	117	119	–	–
Non agricultural workforce	91	96	100	106	111	117	122	128
United Republic of Tanzania								
Regular paid jobs	88	101	100	107	116	124	–	–
Non agricultural workforce	89	94	100	108	116	123	131	139
Zambia								
Regular paid jobs	97	99	100	103	96	95	–	–
Non agricultural workforce	92	96	100	105	109	114	118	123
Zimbabwe								
Regular paid jobs	95	95	100	109	114	114	–	–
Non agricultural workforce	92	96	100	105	110	116	121	126

Series completed with national statistic sources.
Sources: ILO Annual Labour Statistics; FAO: Worldwide estimates and projections of the agricultural and non-agricultural population segments, 1950-2025 (Rome, 1986).

The situation is slightly different in the Pacific. Except for Fiji and Papua New Guinea, which have experienced small-scale urbanisation, the Pacific island countries are still largely rural, with farming and fishing constituting the main activities. Unemployment in the region is difficult to define. It is nevertheless worth noting that Pacific islanders emigrate in sizeable numbers to work in Australia and New Zealand.

For an issue as wide as employment, our dossier cannot pretend to be exhaustive. It is meant to show the magnitude of the problem and, where possible, make suggestions. The first part deals with the formal sector — employment in the public service, agriculture and manufacturing — and the second part the informal. We have case studies of the situation in the Caribbean and the Pacific. ○

Augustine OYOWE

Public sector employment in Africa

by Eddy LEE (*)

Oversized public services in Africa have become the target of massive retrenchments in the cost-saving exercises of structural adjustment programmes. There is need for caution: a rational approach is called for to avoid not only the social consequences but also economic losses in terms of falls in productivity.

Public sector employment has emerged as a topical development issue in many African countries. Retrenchments of significant numbers of employees from the civil service and parastatal organisations have attracted attention, as have the problems of declining real wages and low levels of efficiency in public sector employment. A view seems to be emerging that public sector employment in most African countries is "bloated" and that retrenchments and other corrective measures are called for as an important part of structural adjustment programmes. At the same time there is increasing concern over the social cost of this adjustment process, particularly over the fate of retrenched workers who are left without alternative employment or social security. What factors have led to this situation and what can be done to resolve the efficiency and equity issues involved?

In many African countries public sector employment (defined to include civil servants and employees of public sector enterprises and parastatals) has emerged as the major component of wage employment in the modern sector. Between one-fifth and three-quarters of modern sector wage employment is accounted for by public sector employment. Among countries for which data are available — Senegal, Mali and Zambia — have particularly high ratios of public sector to total modern sector wage employment (45, 65 and 75% respectively). These figures are higher than corresponding ones for many Asian and Latin American countries but these countries have higher per capita incomes, are more industrialised and have a more developed private sector. These factors tend to make for a smaller share of the public sector in total modern sector wage employment. As such one cannot judge solely on the basis of such figures whether or not public sector employment is excessive.

Other indicators have to be considered but these show that serious problems exist. An underlying problem is that the recent levels of public sector employment exceed the fiscal capacity of governments. The immediate cause was a sharp fall in revenue during the economic crises of the 1980s but there are also indications that, even without this, the trend of growth rates in public sector employment was not sustainable. Between 1977 and 1983 the growth in public sector employment was 15% per annum in Ghana and Nigeria and between 5 to 8% in Mali, Malawi and Senegal. The notion that this growth was excessive derives some support from the fact that it occurred during a period when economic growth had begun to slacken and indeed, by the 1980s to be negative. A further indication that growth was excessive was the fact that productivity and the quality of services have been declining in the public sector. This occurred because budget constraints had been exceeded and corrective cuts in public expenditures had been implemented. The real wages and salaries of public sector employees were allowed to fall sharply by not adjusting them upwards in line with inflation. This had negative productivity effects since public sector employees were forced to divert their time to alternative income-seeking activities. Moonlighting increased and this was compounded by the effects of expenditure cuts on productivity through a reduction in the availability of complementary inputs. With shortages of items such as office materials, medical supplies, educational materials and other equipment, the quality of services inevitably fell. In addition, wage differentials were also narrowed and this aggravated the negative productivity effects. The greater than proportional reductions in the salaries of skilled and managerial levels of public sector employees led to shortages of these categories of workers. This in turn compounded the fall in productivity through reduced managerial and technical efficiency.

Fall in productivity

It will be seen from the above that the first round of adjustments to the over-expansion of public sector employment were not only inadequate but also led to serious economic and social losses in terms of falling productivity. Wage cuts alone were not sufficient to resolve the budget deficit yet this mode of adjustment compromised overall efficiency in the public services and probably in the economy as a whole. In this sense further attempts to protect current levels of public sector employment could be said to be detrimental to the future growth of these economies. Maintaining an over-extended level of public sector employment pre-empts resources which could promote development more effectively in alternative uses.

Thus there is both an immediate budgetary problem as well as a longer-term development one which calls for firmer adjustment measures. A drastic step which has been taken in some countries involves substantial retrenchments of public service employees. But this, while contributing somewhat to the reduction of public expenditures, has created new social problems. A new group of unemployed is thrown onto labour markets weakened by economic recession and its prospects of finding alternative employment are bleak. Retrenchments have been usually accompanied by schemes to redeploy and provide alternative employment for the affected workers but these measures have generally been inadequate. A typical redeployment scheme involves the encouragement of self-employment among retrenched workers through the provision of credit, information and training in the setting up of small businesses. These schemes, however, have been of limited impact because of a

(*) ILO, Geneva. Most of this paper is based on P. Collier "Public sector retrenchment: an analytical survey" (ILO Working Paper, forthcoming) World Bank "Public Sector Wage and Employment Policies in Africa" and internal reports of ILO consultancy missions.

Lunch time for civil servants in Lagos

combination of factors. Only a small proportion of retrenched workers have the required entrepreneurial ability and aptitude for business creation. The financial and other resources available under such schemes is typically small in relation to needs. Moreover, the economic climate for the successful start-up and continued survival of small business is unfavourable in the wake of the recent economic crises.

Apart from the aggravation of social problems it is also doubtful whether abrupt dismissals from the public service contribute at all to the raising of morale and productivity that is so badly required. Indeed they are likely to have the opposite effect. Besides there is also the danger that such dismissals violate the rights of affected workers.

An alternative strategy

A preferred alternative strategy would be to attempt to deal with the problems of public sector employment in the context of overall employment promotion policies. The highest priority should be given to policies to revive the overall demand for labour in the economy for it is only this which will provide the enabling conditions for rationalising labour allocation between the public and private sectors. Admittedly, this is easier said than done since it is directly dependent on the successful implementation of structural adjustment policies and the revival of growth. Nevertheless, there is growing realisation that the social costs of structural adjustment programmes have often been more severe than necessary and that insufficient attention has been devoted to a search for more employment-intensive adjustment programmes.

Regardless of whether or not anything is done to increase overall employment creation, it is important to ensure that adjustments to public sector employment are undertaken within the framework of a coherent overall strategy aimed at raising productivity and reducing the social costs involved. This implies that alternative means of reducing public expenditures need to be carefully considered before deciding on the best option. It is important to avoid abrupt and hasty actions such as retrenchments undertaken in isolation from necessary supportive measures. A preferable strategy would, for instance, involve steps to ensure that obvious opportunities for reform are exhausted before resorting to more drastic measures. A first prerequisite in many countries would be the establishment of proper personnel and payroll records in order to eliminate 'ghost' workers from payrolls. Another area for reform is the review of recruitment processes. Guarantees of employment in the public service for graduates of universities or other tertiary educational institutions may have been sustainable and indeed desirable in the early post-colonial period in some countries. But they are now probably dysfunctional after decades of expansion of both public sector employment and university enrolments. Reduced and more selective recruitment or even freezes may be required in order to reduce costs and raise efficiency.

Apart from this, attention will also need to be given to ensuring that wage and salary differentials reflect the relative scarcities of different categories of workers. Similarly, internal redeployment and reforms in work norms and payments systems will also need to be undertaken in the interest of raising labour commitment and productivity. Finally, retrenchments may still be necessary over and above these reforms but retrenchments in this context would at least be part of an overall rationalisation programme rather than a haphazard and desperate measure for effecting expenditure reductions. Retrenchments should also be done more gradually and be carried out on rule-based criteria e.g. early retirements or competence testing rather than arbitrarily. A greater reliance on voluntary redundancy through the implementation of enhanced separation benefits would also ease the social costs of retrenchment. Although this would be more expensive in the short run, the process would be fairer and ultimately less disruptive. o E.L.

Agriculture and employment in the 1980s

by Nadia FORNI (*)

Although over 60% of the active population in the developing countries work in agriculture, the rural areas are characterised by poverty and unemployment. Rapid increases in population, lack of access to land and to modern technology and bad government planning are among factors to blame.

In the past 10 years, revenues from agriculture have fallen badly in many countries, increasing the dependence of rural households on wages from seasonal farm jobs or from unstable employment in the cities. In some countries, workers laid off in the cities in austerity measures, have begun to compete with the rural population for available farm jobs. In others, the rural exodus has created shortages of manpower, especially at peak periods, leading to falls in production and in agricultural revenues. The situation, however, is one of survival for the vast majority of rural people. The number of small farms has doubled in three decades and a large number of families now cultivate small plots for subsistency.

It is not just in the industrialised world that farming is evolving in the '80s. The technological innovations and higher output of the North and the interpenetration of the international markets are having their effect on the developing countries' farming and the way they capitalise on it.

Typical of the industrialised world is the decline *(see table)* in the number of people actually working in farming, together with an increase in productivity from large concerns and the gradual disappearance of marginal producers.

At the same time, the profile of the farm worker is less precise. Farmers are increasingly active on a number of fronts, in the various economic sectors which coexist in the rural world. In Japan, where the integration of agriculture, industry and services is well advanced, 87% of farmers were involved in non-agricultural activities in 1987. In several European countries, the Federal Republic of Germany and Switzerland, for example, more than half the farmers are involved in a number of activities (1).

In the developing countries, the main subject of this article, the agricultural and rural population and consequently the people working in agriculture are still in the majority, even after the vast migration to the towns and to other countries where the economy is expanding faster. The people working in agriculture still accounted for 63% of the total working population of the developing countries in 1985, as against only 10% in the developed world (2). But in the Third World, a series of inter-linked phenomena are changing the rural life and employment picture.

People working in agriculture ('000 000)

	1950	1980	1985
Developed countries	148	70	60
Developing countries	646	923	993
World	794	993	1053

Source: Worldwide Estimates and Projections of the Agricultural and Non-Agricultural Population Segments 1950-2025, FAO, Rome, 1986.

The international markets and price systems very much favour the developed countries which control the processing and marketing of agri-food products and give subsidies to their producers.

Producers in the developing countries—of limited size and lacking in organisation, infrastructure and credit facilities—are not only unable to compete on the international markets, but are being supplanted on the urban markets of their own countries as well. The possibilities of remunerative jobs in farming are compromised.

The rural exodus, which is just as powerful and sometimes even more dramatic a phenomenon than that which affected today's developed countries at the beginning of the industrial era, pushes the rural masses to the towns in search of work, but by no means sure of finding it. They take up small trades in the informal sector, their incomes are precarious and they are unable to send much money back to their families in the country.

At the same time, the rural population of the developing countries is still expanding, so there are more mouths to feed—1.8 million in 1970 and 2.2 million in 1985—although the women and above all the young men are leaving (2).

Since there has been no technological modernisation, the call for labour during peak periods can no longer be met, so there is under-employment alongside a seasonal manpower shortage.

And modernisation is often only possible with major investments which are outside the scope of the small producer, leading to greater concentration of power and wealth and a proletarisation of the poor that the programmes of governments and international agencies find it difficult to stop.

As early as 1979, the Declaration of Principles and the Action Programme which came out of the World Conference on agrarian reform and rural development (3) had pointed to the effort required to do away with rural poverty by ensuring fair access to resources and factors of production and services and involving the poor in the planning and implementation of development strategies. This is something which can only be achieved by facilitating

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(1) K. Abercrombie, Part-time farming in the rural development of industrialised countries. Langholm, 1985.

(2) FAO — Worldwide Estimates and Projections of Agricultural and Non-Agricultural Population Segments, 1985-2025, Rome, 1986.

(3) The peasants' charter. Declaration of principles and programme of action of the World Conference on Agrarian Reform and Rural Development, FAO, 1981.

the peasants' access to employment and making sure they get larger incomes.

The report on progress in this area since 1980, which was presented at the FAO conference in 1987, could not avoid the fact that there are still 700 million people living in poverty in the rural parts of the developing world or that the poor agricultural results over the period under scrutiny has caused a further drop in farm wages and an increase in unemployment. In some countries, farm wages, deflated by the consumer price index, dropped dramatically in 1980-84—by 7.6% in Kenya, for example, 6.4% in Mexico and 4.7% in Turkey (1).

Structural changes—from abundance to scarcity of labour

Structural changes with a direct effect on employment are often linked to changes in farming systems and to the policies of the governments which plan them.

Several governments have tried to maintain their access to the international markets by pushing single export crops. But food crops and their marketing have been neglected, depriving the sector of its competitiveness on the national markets—hence a further reduction in remunerative jobs in the food crop sector, accompanied by increasing emigration.

In Africa, for example, in areas of the itinerant farming which is typical of scantily populated areas where the land is poor and the fertility and structure of the soil are protected by long fallow periods, the failure to modernise methods of production and marketing has led to the massive emigration of young men. This has a bad effect on farming (as some jobs cannot be done at the right time and fresh land cannot be cleared) and, therefore, on productivity (2)).

This trend away from plentiful labour and towards a shortage is even faster where the national and international labour markets converge. In Egypt, for example, the rural labour forces, traditionally subject to seasonal under- and unemployment, are attracted by the offer of work in the oil producing countries (3).

Marginalisatin of the poorer workers

In Africa again, another sector of agriculture, pastoralism, in which some 26 million people are engaged, is in a state of crisis and no longer offers the job opportunities it did (4). In the sector of transhumance herding which moves to avoid drought, cattle ownership has been concentrated in the hands of the richer groups, which have been able to reconstitute their stocks, and town-dwellers who leave their cattle with jobbing herdsmen with no bargaining powers or job security.

This worrying situation was analysed by a seminar in the FAO in Rome in 1987. It stressed the importance of activities to support the marginalised pastoral populations, particularly the former slaves and marginal ethnic groups—and, the women, who, for various reasons, are becoming *de facto* heads of households.

And like their African counterparts, the farmers of Asia and Latin America are also becoming increasingly dependent on offers of occasional and badly-paid work or on growing crops on an unreliable basis. An FAO-backed study suggests that, in the '80s, the number of landless farmers has gone past the 170 million mark (5).

The phenomenon of landless, workless peasants is often tied up with the gradual pauperisation of the small farmers by demographic pressure and the attendant division and sub-division of plots. But it has just as often to do with problems of structure and unequal access to the wealth of the land — which lead to resources being concentrated in the hands of the richest and the peasant farmer being proletarised and becoming casual labour. Typically, the problem is less acute in, say, many of the countries of Central Africa, where community control over the way resources are used is still strong. It is becoming acute everywhere else,

"Several governments have tried to maintain their access to the international markets by pushing single crops"

(1) FAO — Rural development, Special edition, brochure produced by the FAO for the special UN rural development team, Rome, 1988.

(2) D. Hunt — The labour aspects of shifting cultivation in African agriculture, FAO, Rome, 1984.

(3) Cf. B. Hansen & S. Radwan — Employment opportunities and equity in Egypt, ILO, Geneva, 1982.

(4) I. Livingstone — Pastoralism: an overview of practice, process and policy, FAO, Rome, 1985.

(5) FAO — Provincial report of the Informal Seminar on Socio-Economic Aspects of Pastoralism, FAO, Rome, 1988.

with peaks in Asia—37% of rural households in the Philippines, for example, 36% in Indonesia and 30% in India have no access to the land—and in Latin America too (Brazil, for example, has 39%), where control over the land is increasingly in the hands of the big commercial firms [1].

Women, marginals par excellence

Women are particularly hard hit by the process of marginalisation.

The percentage of women farm labourers varies from one country and one continent to another. Data on 32 countries show that they represent nearly half the total in Africa (47%) and more than that in the Caribbean, where 54% of the agricultural workforce is female. The figure drops to 40% in Asia, 25% in the Middle East and 19% in Latin America [2].

However, it is well known that, in many countries, women, who have the dual role of housewife and worker on the family farm (and sometimes outside too) to cope with are simply classed as housewives. So women's real contribution, with their involvement in agricultural production and marketing, is far greater than the statistics suggest. In fact, there is a considerable degree of feminisation of agricultural employment.

The big waves of people moving to the towns in search of work merely reinforce this phenomenon, since, other than in Latin America, there are many more male than female migrants. In the countries of southern Africa, where large numbers of men emigrate to mining and other occupations, we find in, say, Malawi, that 66% of full-time and 24% of part-time farmers are women [3].

Hence they take over work which was traditionally the responsibility of the men and their working hours increase as a result. Paradoxically, this does not necessarily lead to greater involvement in decision-making which, in patriarchal countries, is usually left to the men and, in their absence, to their male relatives.

(1) R. Sinda — Le paysannat sans terre (Landless peasants), FAO, Rome, 1985.
(2) B. Dasgupta — Landless peasants — A summary of case studies, by country — Consultation of experts on the phenomenon of landless peasants; dynamics, problems and politics — FAO, Rome, 1985.
(3) FAO — Role of women in agricultural production — Women in agriculture, N° 1, FAO, 1985.

"Since there has been no technological modernisation, the call for labour during peak periods can no longer be met, so there is under-employment alongside a seasonal manpower shortage"

Unlike what happens in the industrialised world where the women's share of the population working in agriculture dropped from 39% in 1964 to 35% in 1984 [4], the figure for the Third World is still rising, although women are mainly confined to the less specialised tasks.

In India, for example, the spectacular rise in the number of women wage-earners in farming (25% in 1961 and 50% in 1981) is in relation to their impoverishment, as women of the higher castes do not sell their labour—which is confirmed by the concentration of untouchable and tribal women in the group of wage-earners.

The possibility of remunerative employment for women is not really getting any better as technology develops either. Women are traditionally responsible for processing the agricultural products, grinding the corn and weaving vegetable and animal fibres in most of the developing countries, but modernisation and the arrival of machinery and big production centres are leaving them on one side, because the financial resources and technical training are wanting.

In Indonesia, for example, the introduction of rice husking machines has been of benefit to the producers but to the detriment of the women in marginal and landless families who traditionally do this work by hand [5].

(4) Ibid.
(5) OECD — Labour Force Statistics, 1964-84, Paris, 1986.

Agricultural employment and contractual powers

Typically, the difference between the farm worker and the industrial workers is unionisation, the former not being unionised. This is because the farm worker is either independent or an unpaid member of the family and because of the over-atomisation of the production centres. And where big firms do exist, the boss-worker socio-economic dependence is often almost total—as it is in the case, for example, of the workers on the haciendas of Latin America, with their physical isolation and dependence on the employer for food, health care and so on.

And the situation is not much easier on the other continents either. Regional consultation on the role of agricultural trade unions in rural development in Africa [6] has revealed an absolute need for them to open their doors to independent rural workers, small owners, jobbers and farmers—the bulk of the agricultural workers—and get them involved in taking decisions which affect them (directly or indirectly) and to promote cooperatives and participatory groupings.

The contribution the agricultural trade unions can make to improving the negotiating powers and involvement of the workers is an increasingly important one. N.F.

(6) R. Wazir — Women's acces to land as owners and workers. A stock-taking for... Asian countries, FAO- Rome, 1987 (unpublished).

Employment in manufacturing in Africa – a diagnosis

by Torben M. ROEPSTORFF (*)

Employment in manufacturing in Africa is inextricably linked to the continent's rate of industrialisation which has been hamstrung since the late 1960s by a number of factors: unfavourable terms of trade and protectionism in the industrialised countries, lack of international funding, lack of skills, heavy dependence on imports of raw materials and equipment, and in most cases underutilisation of installed capacities. The result can be seen in the share of the labour force in industry, which rose by only 1% in two decades from 8% in 1965 to 9% in 1985. UNIDO (1) estimates that the average number of people employed in manufacturing between 1975 and 1980 rose by 28% and then stagnated at around 1.2 million until 1985, when the last data was available.

A detailed analysis of the UNIDO figures reveals that some key sectors showed consistent expansion of employment opportunities. For example, food processing and tobacco, which were by far the largest employers. Other sectors, including the non-traditional ones such as plastics and metal products experienced declines (see table below).

The statistics on employment in manufacturing employment unfortunately provide a very partial picture because they are restricted to the formal sector. Yet the informal sector in sub-Saharan Africa, which encompasses a variety of manufacturing activities, is very extensive, and very labour-intensive. The exclusion of the informal sector limits the utility of output data but, because enterprises tend to be very small, this is not so serious as the distortion to employment figures. The scale of the problem can be gauged by comparing a 1977 estimate that manufacturing employment in Nigeria accounted for 14% of the formal sector employment and perhaps 40% of the informal sector jobs.

The Lomé provisions do not seem to have had any significant impact on employment creation in either the formal or informal manufacturing sectors. There is even evidence that some ACP African countries have experienced sharp falls in manufacturing employment. For example, in Kenya the number employed in manufacturing fell from 4.6 million in 1975, to 3.4 million in 1980, and down further to 2.9 million in 1985.

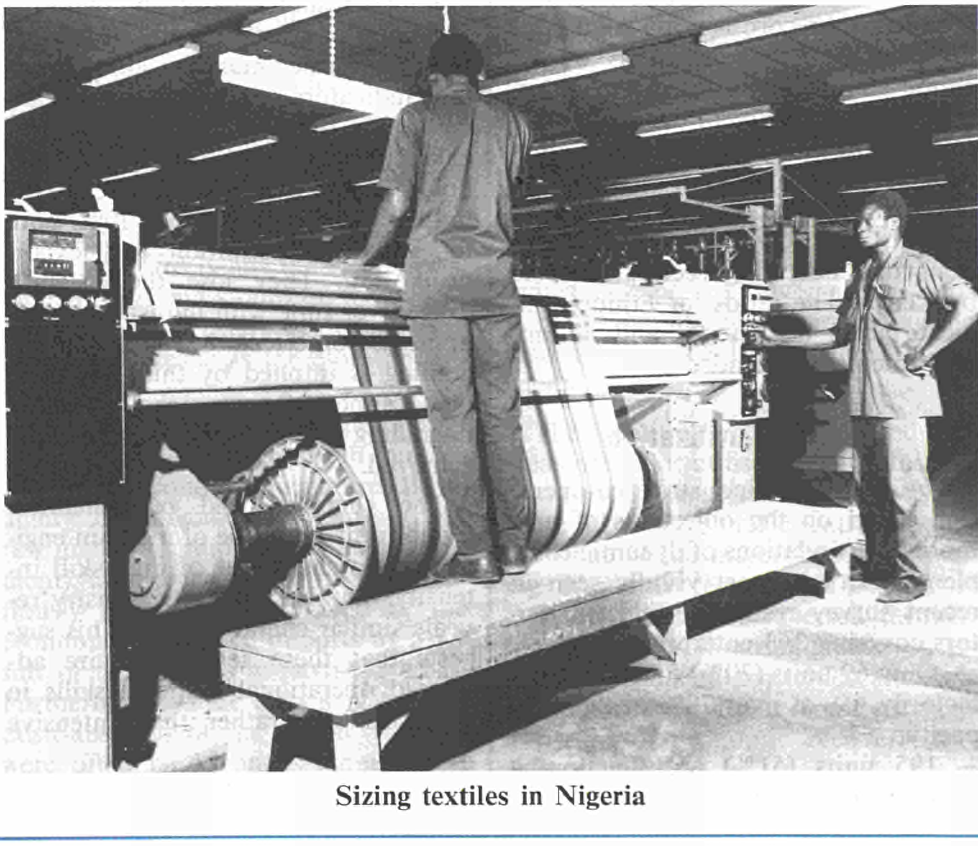
Wages and salaries

Estimates by UNIDO of wages and salaries paid to employees in manufacturing in ACP African States indicate a fall of 14% between 1975 and 1980, and an even steeper fall of 44% between 1980 and 1985 (based on constant 1980 US$ values). At a sub-sector level the decline was not uniform. Real earnings of employees in textiles for example fell more rapidly in the first period, at 28%, than from 1980 to 1985, when the fall was 16%. In iron and steel, real earnings rose by 6% in

ACP/SSA manufacturing employment, 1975, 1980 and 1985
(average number employed '000)

Sector	1975	1980	1985
Manufacturing	939	1 210	1 202
Food manufacturing	181	207	234
Beverages	45	63	70
Tobacco	23	27	34
Textiles	181	215	208
Clothing	43	47	50
Industrial chemicals	13	20	19
Rubber products	22	25	16
Plastic products	10	40	21
Iron and steel	18	19	32
Metal products (excluding machinery)	68	90	79
Transport equipment	44	64	64
Other	291	393	375

Source: UNIDO.


Sizing textiles in Nigeria

(*) Senior Industrial Development Officer of UNIDO.
(1) United Nations Industrial Development Organisation.

the first period but then fell by 21% between 1980 and 1985.

There is some evidence to show that wage levels are higher in manufacturing than in some other sectors, although the evidence should be treated with extreme caution. Furthermore, there is also evidence that some countries' wage rates may be high when compared internationally. Nigerian production costs need to approach those of the successful emerging newly industrialising countries (NICs) if there is to be any chance of domestic manufacturing becoming viable without heavy protection.

For example, the minimum wage in Thailand was equivalent to only about one fourth of the minimum wage in Nigeria. Moreover, while the average manufacturing wage in Thailand tended to be only about 25% above the minimum wage, in Nigeria workers with experience were able (at the time the calculation was made) to earn double the minimum wage with allowance and fringe benefits possibly adding another 60%. These high nominal rates of pay have not been matched by high productivity.

Estimates by UNIDO of output per worker for manufacturing in the ACP African States as a whole show a decline by 18% during 1975-79, and 15% during 1980-85. Such a dismal productivity record is not a good basis for promoting new relations of dynamic complementarity in the industrial field. A study of Domestic Resource Cost (DRC) ratios for six countries reveals large inter-country and inter-firm differences in the ratios. In general, Zimbabwe has the most efficient manufacturing sector, followed by Kenya. The ratios for Ethiopia indicate gross inefficiency and no improvement over time.

Capacity utilisation

The reality of industrial co-operation based on the objectives of promoting new relations of dynamic complementarity is most vividly seen in recent survey results of selected sectors covering 343 enterprises:

— Only 69 units (20%) function satisfactorily, i.e. at over 70% of their capacity;

— 195 units (51%) are functioning unsatisfactorily, i.e., performing at well below a satisfactory production threshold;

— 79 units (23%) have ceased to function.

The analysis of capacity utilisation ratios in different industries shows relatively good performance in the wood, dairy, brewing and lemonade making sectors, serious malfunction in the cement, sugar milling and, above all, paper, oils and fats, canning and refining sectors, with a special place for the textile sectors which is currently facing an acute economic crisis. That is the harsh diagnosis that emerges. The fact that the sample selection was not undertaken on a random basis means that all conclusions must be heavily qualified, including any cross-country comparisons. Those countries in the sample identified as having serious problems, primarily due to severe import restrictions, with virtual paralysis of the productive apparatus were Angola, the Central African Republic, Guinea, Madagascar, Mozambique, Nigeria and Tanzania. Countries experiencing a relatively better performance were Cameroon, Côte d'Ivoire, Gabon, Mali and Zimbabwe.

There are four groups of industries — food, textiles, wood and paper — which exhibit both low engineering (1) and skill intensity. They are generally also local resource-based and (with the exception of paper) usually of low capital and scale intensity; all the various indicators of comparative advantage come together to suggest that for countries with great scarcities of technological and other skills, these are the industries to be developed first, both for import substitution and export promotion. They lose their significance over time with industrial development. Some technical and skill upgrading is implied by this, but these data cannot of course show whether upgrading has been successfully achieved.

The chemical and petrochemical group turns out to be of medium engineering intensity but of high skill intensity. The basic metals industry reveals similar characteristics. This suggests that these sectors require advanced operational/technical skills in the workforce rather than intensive engineering supervision. The non-metallic mineral group (cement, clay, glass, etc.) has medium requirements of both engineering and general skills, and so may be of greater relevance to African conditions. By 1984, low-income sub-Saharan Africa had pushed up its proportion of medium engineering-intensive industries to levels exceeding middle-income sub-Saharan African and Asian countries, and even the world as a whole (though not so high as low-income Asia). This may have been a desirable strategy if it took advantage of, and promoted growing engineering and other industrial skills in the intermediate range. If not, however, it may have caused an overstretching of domestic capabilities and consequent insufficiency.

Engineering skills

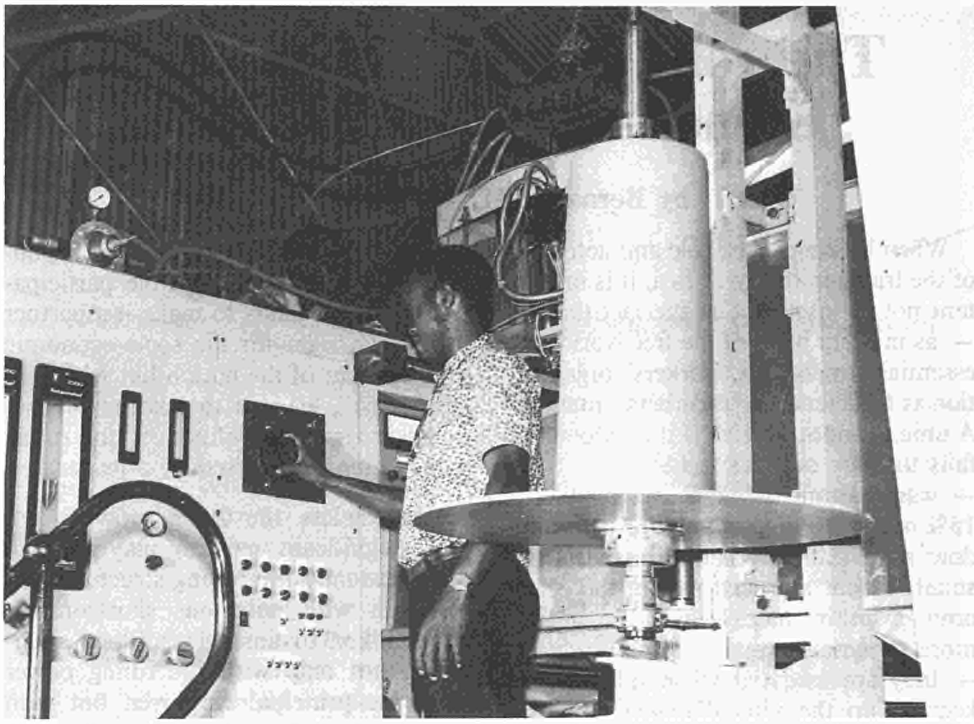
The metal products and machinery group is extremely diverse, encompassing a range of relatively simple to highly advanced technologies. On average, it comes out as being highly demanding of engineering skills but of medium level in general industrial skills. In Africa, the level of technical and skill requirements in this industry is likely to be lower, since a large part of the industry is engaged in assembly operations, and much of the local metal working is at a simple level of technology. Nevertheless, the industry calls for a basis of metal working experience and a minimum of engineering skills which are scarce in the region. This may account for the fact that low-income sub-Saharan African countries have reduced their proportion of highly engineering-intensive activities. Middle-income African countries have, by contrast, increased their proportion, but lag behind both low- and middle-income countries in Asia.

Research findings suggest that African manufacturing has undergone structural "deepening" over time, and richer countries in the region do have proportionally larger producer good sectors than poorer countries. This is broadly in line with patterns of industrial development elsewhere. However, much of this "deepening" is accounted for by petroleum-based chemical industries. While this may not by itself denote an inefficient pattern of development, it does indicate that the

(1) Number of engineers per 1 000 employees.

industrial base is not as diverse as in other developing regions. In particular, there are important lags, especially in low-income sub-Saharan Africa in the development of engineering industries, which are usually regarded as the heartland of industrial skill and technology acquisition.

Success in creating fully effective linkage capabilities has been achieved only by the most advanced new industrialised countries. Sub-Saharan African industry has to date failed to create significant linkage capabilities. Some success has been achieved with expanded technical education systems, on-the-job training, and promotion of small and medium-sized enterprises, but generally progress has been uneven and slow. Few firms have the technical or organisational manpower to set up linkages with local suppliers of industrial inputs and few firms are able to transfer their technology to other local large firms. The "missing-middle gap", caused by a vacuum of small/large-scale industry linkages has been a serious barrier to industrial growth. The primitive stage of mechanical, metal working and electrical skills is considered especially harmful since it has constrained the fostering of linkages between other institutions, as well as manufacturers themselves, for example consultancy groups, universities, research laboratories, industry associations, etc. Various schemes introduced to date have failed to establish linkages between the small- and large-scale enterprises. Moreover, the rural sector has not been sufficiently integrated into a strategy for manufacturing growth, and the industrial structure has been characterised by dualism and low productivity techniques.



"Few firms have the technical or organisational manpower to set up linkages with local suppliers of industrial inputs and few firms are able to transfer their technology to other local large firms"

Structural imbalance

The structure of sub-Saharan industry is thus unbalanced, vulnerable and incomplete. Industrialisation has mainly been in the form of import substitution and a limited degree of processing of raw materials for export. Industrialisation has mainly been promoted through light industries producing consumer goods, catering primarily for a relatively high-income minority. The embryonic stage of intermediate industries and capital industries does testify to the incompleteness of the industrial structure. There has been no redeployment to areas where manpower is cheap and efficient. The lack of integration has prevented growth impulses from permeating the economies. There is a predominance of high-cost industries caused both by external and internal factors as well as protectionist policies. Enterprises are therefore not internationally competitive.

Under these circumstances, the contribution of industry to economic and social development has remained limited, with little value added and job creation, no contribution to foreign exchange, no improvement of the rural sector, scarcely any induced effects, foreign debts and strains on the budget and increased external dependence. The overall result is therefore appalling.

The underlying causes of the present situation in Africa are both macro- and micro-economic in nature. Being highly dependent on imports (both raw materials, components and equipment), industry in Africa has been seriously affected by the need of the economies to reduce imports as a result of the balance-of-payment crisis. Furthermore, in the early stages of industrialisation of the region, projects were often based on assumptions of domestic market demand growth, export prospects and the development of a supportive infrastructure in the individual countries, assumptions which subsequently proved dubious. Macro-economic policies and specific pricing, trade and industrial policies have in many cases distorted product markets and production conditions. At the micro-economic level, investments were made in industrial project concepts that were technologically too complex to be sustained over the long term without significant foreign assistance. In many projects, insufficient support in the form of training and other essential auxilary inputs, tended to drastically affect productivity. In other cases, especially in the food processing industry, expected raw material supplies to manufacturing proved to be insufficient, irregular or even non-existent.

The resulting significant and increasing under-utilisation of industrial production capacities (estimated at some 70% in several countries) is indeed one of the major factors hindering economic recovery in Africa. If this trend could be reversed through industrial rehabilitation, greater utilisation of installed capacities and improved productivity, it would usher in a period of economic recovery and growth in Africa. o

T.M.R.

The role of trade unionism in French-speaking Africa (*)

by Bernard MOURGUES (**)

When looking at the role and activities of the trade unions in Africa, it is important not to lose sight of the fact that:
— as in other parts of the free world, the essential aim of any workers' organisation is to defend the members' interests. A union cannot survive if it overlooks or fails to carry out this task;
— wage-earning workers make up 10-15% of the working population — which does not mean the their contribution is small. This is a crucial part of the economy, even in states which are geared more to agriculture;
— they are essential when it comes to keeping up the vital dialogue with the authorities and keeping open the channels of communication that are necessary to highlight needs and help resolve individual and collective conflict... The African palaver is still a reality.

Furthermore, in most African countries, there has been a move towards grouping the trade union forces together into a single union under pressure from the single national party. This has led to more effective control of the union movement by the governing political body and it has also boosted its position as a privileged contact for discussion of the socio-economic aspects of the country's activities with that body.

And with the passing of time, economic independence, the Africanisation of employment and an increase in the standard of living of both urban wage-earners and the rural masses have replaced the claims of the pre-independence slogans.

Although some Governments have gone so far as to denounce the attitude of unions campaigning for the higher wages (i.e. means of consuming) that would be paid at the expense of capital investment, most politicians, once they are in power, have tried to convert the unions' energy into "responsible and constructive" behaviour.

To a very large extent, the discussion of the role of the African trade union movement is in the context of its espousal of the idea of responsible participation — which tends to make it a partner in its own right for the socio-economic development of the nation but which, in many cases, leads it to take up the national programme defined by the ruling party (often symbolised by a leader).

Nevertheless, the unions now have a more significant part to play through their gradually improving structures (albeit still with notorious shortcomings often linked to unstable political situations), not only with the ruling power often the principal employer, but with the bosses as well, with a view to collective bargaining. In the years after independence, the French-speaking States of Africa adopted national labour codes usually based on the French overseas code laid down in 1952.

In the period after independence, collective bargaining by unions and employers (with the help of the Transport Ministry) did not have the hoped-for effect. But it gradually progressed. The organisations gradually took the initiative, seeking to negotiate single national agreements completed by specific agreements in the different branches of activity. These negotiations, which have now been restarted, sometimes require long periods of bargaining before they can be concluded, as the updating of old texts can be a very laborious affair.

It goes without saying that proper application of the labour standards laid down by the ILO demands intervention and proper support in the field by ILO representatives from the African offices [1]. They can provide the necessary technical cooperation — including training for African union members, particularly in such areas as hygiene and safety.

Do we need to point out that African civil servants are not covered by the labour laws or collective bargaining — which has meant that the various countries have had to come up with laws to cover this influential group of workers?

Cooperation with African trade unions

Africa's trade union organisations have also developed activities that are useful to their members. They include cooperatives, leisure activities and on many occasions health services and workers' education programmes too. And training for union workers and cadres rapidly emerged as essential to improve the union leaders' ability to perform their many functions.

The opportunities for more technical training and education which the ILO offers for African union leaders, both inside and outside Africa, are varied and much appreciated.

The African organisations also get help from the European union organisations (in France, the Federal Republic of Germany, Belgium, Italy, the Netherlands, Scandinavia, America and Canada, the CISL and sometimes the CMT) with training their leaders. Organisations in the eastern bloc are no strangers to this either.

The Confédération FO [1] has made a constant contribution to training and informing the union leaders of Africa, Madagascar and Mauritius. Every year since 1961, the Confédération, with the support of the Cooperation Ministry, has run a seminar for union members from organisations in the countries of French-speaking Africa, Madagascar and Mauritius — with which brotherly relations have always been maintained.

In the beginning, this seminar helped train and prepare union members for the practical tasks involved in starting up federations then being formed. Then, with the move towards emancipation of the African trade union movement, the seminar, thanks to the links it has with FO, gradually became the place of meeting and discussion and of giving and receiving, where an overwhelming desire to communicate a maximum of union, economic, social and cultural information became the prime concern. There can be no question of presenting a model in any field. The important thing is to maintain links based on equality and respect for other people's ideas. ○ B.M.

(*) Source: Marchés Tropicaux 5/2/88.
(**) Secretary-General of Force Ouvrière.

(1) In Frech-speaking Africa this means Abidjan (Côte d'Ivoire), Antananarivo (Madagascar), Kinshasa (Zaire) and Yaoundé (Cameroon).

(1) Force Ouvrière in France.

International labour standards – a global view –

by Raymonde DURY (*)

In the ILO Thesaurus, labour standards are defined as follows: "standards concerning employment and working conditions found acceptable by labour and management through collective bargaining and by the legislature through labour laws and regulations".

They include the conventions, which lay down the standards to be attained and which, once ratified, create international obligations for the states concerned, and recommendations, which are not binding. The International Labour Conference has adopted 159 conventions and 168 recommendations since 1919.

Questions of universal interest

Although some of the standards are in areas which are only of interest to a limited number of countries (maritime conventions, for example, of which there are more than 30), the vast majority of the instruments relate to matters of general concern—the right of association, for example, forced labour, protection for women and young workers, job seeking, industrial safety and hygiene, working hours and paid leave, employer-employee relations, social security, labour inspection and so on.

However, 15 of the 159 conventions have not yet had the two-thirds ratifications which are the minimum for application and 40 more are simply revised versions of existing conventions.

This is not to say that they cancel or replace the previous texts. In many cases, a member country which ratified the first convention will not accept the revised (and sometimes more stringent) provisions of the new version. And when a member country which has agreed to the first convention is willing to accept the provisions of the revised version, it usually "denounces" the former in favour of the latter.

This "denunciation", in fact, only means substituting one set of obligations for another and should not be confused with what might be called authentic denunciation leading to cancellation. Since 1928, the final article of every convention has provided the possibility of denunciation every 10 years as from the date of initial entry into effect.

The most basic obligations of government

One of a governments' most basic obligations under the ILO rules is that of putting the new instruments to the national authorities within 12-18 months of adoption, whether or not they are in agreement with the terms of the instrument in question. And a 1946 amendment to the ILO rules says that governments have to inform the ILO both of the measures they take to inform the relevant legislative authorities of these standards and of the decisions these authorities take. Lastly, and in accordance with one of the provisions which came into force in 1948, the member countries are invited by the Governing Body to report on where they stand vis-à-vis any non-ratified conventions (and recommendations), in particular mentioning any difficulties preventing or delaying ratification of a given convention.

Some decisions taken by the Governing Body and the Conference have had major repercussions here—especially the setting up of a Committee of Experts and a Conference Committee on the application of conventions and recommendations and the special procedure for dealing with complaints about the violation of trade union rights.

Ratification of Conventions

By 1 January 1986, the 159 conventions adopted since 1919 had been the subject of 5 245 ratifications by ILO member countries, with an average of five ratifications for each member. The figures for 1984 show that average ratifications per member on each continent were Europe: 57, Western Europe: 60, Eastern Europe: 50, America: 38, Africa: 26 and Asia and the Pacific: 20.

So the leader is Western Europe. But it is interesting to see that Cuba (84 ratifications), for example, and Bulgaria (80 ratifications) score higher than all but four of the Member States of the European Community. And the fact that the USA shares—with Zimbabwe—the dubious honour of having only seven ratifications (as compared to 26 for Canada and 43 for Australia and the USSR respectively) needs no comment.

The European Community in dispersed order

Although the situation in the EEC Member States compares very favourably with that in the other members of the ILO, there is considerable variation in the number of ratifications of each—ranging from 115 for Spain (which has caught up and even overtaken the other Member States, including France with its 110 ratifications, since 1970) to 55 for Luxembourg!

It seems clear that international labour standards are indeed threatened in the present economic and social context. Can one echo the Director-General of the ILO and wonder how the standardising action of the ILO is affected by the profound changes in the world economy and constantly evolving techniques and social structures... and what the international standards can provide in the way of

(*) A member of the European Parliament (Soc. Bel.). This article is made up of extracts.

guarantees for social protection and policy and as means of solving the new problems?

The Director-General also stresses that half the denunciations registered since 1970 are of conventions covering three areas in which changes of direction or technology have led to the permanent validity of the standards being generally held up to question. They are night work for women (13 denunciations), underground work for women (3) and night work in bakeries (6).

Eleven of the 23 countries which ratified Convention No 144 on tripartite consultations in respect of international labour standards are Member States of the European Community.

Over the past five years, a twofold trend has emerged on the ILO ratification scene—denunciation by the Member States of the European Community of previously ratified conventions and non-ratification of new conventions.

Denunciation of conventions

The Member States of the Community have denounced 13 conventions since the ILO came into being, seven of them since 1980.

Luxembourg denounced two—Conventions Nos 4 and 89 on night work for women (1919, revised 1948)—in 1980. Ireland has also denounced two, No 20 on night work in bakeries (1925) in 1980 and No 89 on night work for women (revised 1948) in 1982—and the United Kingdom three—No 94 on labour clauses (public contracts) (1949) in 1982, No 95 on wage protection (1948) in 1983 and No 26 on methods of fixing minimum wages (1928) in 1985.

The three conventions denounced by the United Kingdom are among those which are of major importance when it comes to international labour standards.

No 26 (minimum wage fixing) is a major guarantee for the workers. But the United Kingdom Government justified its denunciation by claiming that the terms of the convention reduced flexibility in this vital area of public interest and saying it therefore felt the provisions no longer suited the United Kingdom.

No 94 (labour clauses, public contracts) helped protect the lower wage earners.

Lastly, No 95 (wage protection) is an elementary guarantee as to remuneration.

Non-ratification of conventions

It is worth noting, however, that Convention No 4 (night work for women, 1919), which Luxembourg has denounced, has never been ratified by the United Kingdom, Ireland, the Netherlands, Belgium or France.

No 89 (night work for women, revised 1948), which has been denounced by Ireland and Luxembourg, was also denounced by the Netherlands back in 1972. And it has never been ratified by the United Kingdom, Federal Republic of Germany or Denmark.

Lastly, the three conventions denounced by the United Kingdom have not been ratified by all the other members of the EEC. No 26 (minimum wage fixing), for example, has not been ratified by Denmark or Greece, No 94 (labour clauses, public contracts) has not been ratified by Ireland, Luxembourg, Germany, Greece or Portugal and neither Ireland, Luxembourg, Germany nor Denmark has ratified No 95 (wage protection).

The most significant recent trend seems to be the very clear slowing down of the ILO conventions. Although 21 conventions were concluded by the ILO over the 1970-78 period and there were 125 ratifications by Member States of the European Community, only 10 conventions were concluded in 1979-85 and there were only 13 ratifications by Community countries, seven of them by Spain. And Spain (followed by France and Italy) is the Member State with the most ratifications to its credit.

International deregulation

The recent—and considerable—slowing down in the rate at which international labour standards are established and the trend towards denunciation of some existing conventions calls for close examination. And they must be seen in a more general context if the full meaning is to be grasped.

In the second half of the '70s, with the break in the previous trend towards economic growth, collective labour relations and social policies also destabilised. This first emerged in the various States, of course, and it went a lot further, as the international standards show.

The break was all the greater as, in periods of wholesale unemployment, the various labour protection standards are presented as elements of inflexibility in the production apparatus.

So the doubt thrown on the standards is in line with the pro-deregulation policies and the actual deregulation of our economic systems.

And it is this quest for greater flexibility which typifies the present backtracking on standards.

Plea for reform

At the last meeting of the ILO Working Party on international labour standards, the employers pleaded for a reform of standardising action.

They maintain that the rigidity of the standards can stifle the growth of employment and they therefore suggest that it is just as important to revise or eliminate standards as to come up with new ones. And it may be more important, they said, bearing in mind the few ratifications obtained for a large number of existing conventions.

This position—or the main lines of it—is shared by the USA, whose representative wants to see standardising activity slow down and greater flexibility in the technical conventions.

Yet the "flexibility of standards" clearly involves stopping the standardisation of labour relations and threatening the rights and advantages of the workers. In particular, can those international standards which relate to trade union freedom and the rights of man be anything other than universal? ○ R.D.

The Informal Sector

Increasing employment opportunities

Embracing a wide range of activities from small-scale manufacturing to services of all kind, the informal sector provides the greatest opportunities for employment in the developing countries. With skill and a modicum of capital, the professions open are legion: manufacturing of household goods and farming tools, tailoring, shoe-making, -mending and -shining, transportation, radio and electrical works, bricklaying, carpentry, vehicle repairs etc. These are businesses that generally involve between one and ten persons and are open to all — men, women and children. It is not surprising that about 60% of the urban labour force in most African countries are in this sector, in a continent where a steady job in the factory or in an office or in government service is difficult to come by.

These enterprises cater mainly for the basic needs of the population in food, clothing and shelter and are therefore heavily dependent on the population's purchasing power. The more relatively advanced the economy the more chances for such enterprises to thrive, that is why they are more important in countries like Nigeria, Kenya, Zimbabwe, Togo, Zaire, Côte d'Ivoire, Senegal and Cameroon.

Although some of the basic requirement of skills come from the formal sector, the majority are acquired in the informal sector through years of apprenticeship, while the source of capital is usually personal savings or funds contributed by the family. Access to the financial market is difficult, so business often remains a one-man operation, condemned to disappear at the death of its owner. The rate of failure of these enterprises is high, particularly in the urban areas where competition is severe. The informal sector is thus characterised not only by a short life-span but also by low returns on investment and by poor wages.

Governments have so far pursued policies that are inimical to the expansion of the sector. Not only do activities here not enter into national accounts, there are laws, rules and regulations that are downright hostile to some of the activities, as will be shown in the three case studies that follow on small-scale manufacturing, street vending and non-mechanised transportation.

The informal sector has become in recent years an area of refuge for a large number of people who have lost their jobs because of austerity measures and structural adjustment programmes being undertaken by governments in Africa. As unemployment and low wages have severely curtailed the spending capacity of the urban populations in particular, there is now little room for expansion in this sector in many countries. Yet it is recognised that if the unemployment problem that is bound to grow more acute in Africa in the coming years is to be alleviated, the informal sector has to be revitalised. This calls for serious planning and government assistance. ○ *A.O.*

ILO

Shoe-shiners in Lomé, Togo

ILO

Children hawking articles in Cotonou, Bénin, above and in Lomé, Togo (below)

Small urban producers of French-speaking Africa (*)

by Carlos MALDONADO (**)

Large sections of the populations of African towns get most of what they need to survive from doing a whole range of minor jobs which in fact make up a major part of the urban economy. Their structure is close and complex and their balance ever fragile. They belong to the basic economic fabric of the many relations forming the way of life of the urban populations. Their way of organising production and their links with the dominant sectors of the economy are heterogeneous and they bring to the societies concerned a flexibility and a new, desperately-needed, breath of life. But their dynamism and creativity often have no other partner than the indifference of the bureaucratic machinery—which is unwilling to encourage a spirit of initiative. In this article, we set out to provide a comparative analysis of the ILO surveys in Bamako, Lomé, Nouakchott and Yaoundé (1978-79), together with the qualitative data collected during the support programme for small producers (1982-88). We shall thus attempt to outline the obstacles and reveal the unequal development potential involved.

Small trades - an overall view

The census shows the scope of these jobs, the composite range of activities involved and their density within the urban economy. Most of them are in the commercial sector, which represents 50-80% of the total, a predominance which can be put down to the minimal qualifications and investment required at the outset—and to the often individual and temporary nature of the micro-units. Those in production account for between a 1/10th and a quarter of the units covered and services for generally less than 10%. The construction sector is low as far as actual numbers are concerned and it groups together various activities which are irregular and difficult to pin down. An analysis of supply and demand enabled us to determine the density of activities in relation to the number of households in each town—showing that the market is already heavily saturated on the trade front and that there are fewer outlets for production activities, with predictable effects on employment and income.

However, the surveys clearly suggest a positive situation in many ways (1). From the macro-economic point of view, for example, the following is worth noting. Far from absorbing the State resources which are of so much benefit to big firms, or from hampering their development, the small trades are a source of income for the State and a pool of labour, and a considerable outlet for the big firms. The commercial transactions upstream are particularly important here, in equipment and raw materials, especially as these products are heavily taxed by the State on import. An illustration of this is the fact that the activities covered by the survey currently buy $ 9.5 million-worth of raw materials per annum in Bamako, $ 12.5 million worth in Lomé, $ 18.5 million worth in Yaoundé and $ 25 million worth in Nouakchott (at today's prices). About 80% of these purchases are made from modern firms. And it is worth noting the presence of an oligopolistic trade structure in the survey countries of a sort that generates subordination of the small producers—who, therefore, share the success and capital build-up of these firms. Trade further down the chain with the modern sector (middlemen, the big firms, the State, the civil servants and employees) accounts for an average of 42% of the annual turnover of the micro-firms in each town. Converted into currency and extrapolated from the parent population, we get $ 21.4 million for Yaoundé. The remaining volume of sales (58%) is made with the small traders, artisans and low-income households.

Going beyond the interest of these figures for the nation's finances, we can see the snowball effect these artisanal micro-units have on the economy. And the results are obtained with minimal investment, less than $ 1 000 per job, which is very largely self-financed. In Mauritania, the rest of the economy demands 25 times more and in Rwanda, an industrial job takes 57 times more—which means a strategy of creating jobs through industry is out of the question.

The essential reception structure

Contrary to popular opinion, these small trades have an important part to play as vital regulators, keeping the

Local manufacturing of watering cans for market gardening in Niger

(1) The survey concentrated on production (timber and metal) and services (electrical and mechanical vehicle repairs), 25 trades in all.

(*) This is a summary of a work (of same title) recently published by the ILO as part of the World Employment Programme. It expresses the opinion of the author and binds only him.

(**) The author is in charge of the ILO's programme of support to the non-structured sector of French-speaking Africa.

system going on a lasting basis. They both attenuate the social effects of visible unemployment and make up for the deficiencies of an economic system which cannot really create enough jobs of a proper standard to absorb the abundant supplies of labour. And they represent a reception structure that is of increasing importance to migrants of every origin, the unemployed from the modern sector, the educational drop-outs and the young diploma-holders just embarking on their working life.

The closed employment situation in the African societies observed here means that the people in these small trades will have to switch regularly throughout their career. The dynamics of their employment involve greater insertion in urban wage-earning than is often imagined. Our survey suggests that 40% of small producers have worked for varying periods for industrial firms or in the public sector at some time in their lives. Almost 50% of those who started work before the five years immediately preceding the survey have spent more than half their working life as lower-ranking wage-earners. This mobility implies the presence of a pool of labour—a phenomenon which is likely to influence the strategies of modern firms when it comes to the recruitment, payment and stability of their work forces. And neither the transfer of qualifications, savings and information to the craft workshop nor the involvement of the small producers in a wider network of professional contacts is without its effect on professional attitudes and economic behaviour.

Heterogeneous forms of employment and activity

The jobs thus created and the opportunities for earning offered by the small units fit into a heterogeneous framework which reflects the town, the job, the investments and even the age of the establishment. A quarter of the economic units tick over with no outside labour, while others are very much dependent on apprentices and members of the family (80% of the staff). The number of staff per workshop is small—2.4 on average, with only 25% of those with hired labour having more than five workers and 4% with 10 or more.

Carpentry in Congo

The use of hired labour is just as unequal as the technical capital. An increase in this capital generates phenomena of three kinds:

(a) an absolute increase in numbers accompanied by a relative decrease in labour absorption;
(b) diversification of the recruitment of the different categories of workers, to the detriment of the wage-earners;
(c) the appearance of various types of capital-labour association.

This process of differentiation seems to point to the presence of divergent economic thinking on the part of the producers, for, beyond a certain threshold of capitalisation, the boss's motives are guided by the need to cope with relatively stable wage costs, if not to capitalise on the investment.

So the employment growth rate is inversely proportional to the age of the economic units. From year three onwards, they decrease and from year five onwards, they are below the population growth rates of the towns in which they are situated. They are insignificant or even negative in the older units. This premature weakness raises a basic question for the employment promotion policy—might it not harm the employment capacity of the small units, particularly in the long term? Should we expect internal bottlenecks to appear to restrict the recruitment of extra labour? Or, more broadly, are these the effects of an unencouraging economic environment?

We shall attempt to provide an at least partial answer to these questions in the following paragraphs.

Investment – self-financing and management

The so-called informal economic units operate on three very variable levels of capitalisation and technology. The poorest have rudimentary equipment worth an estimated US $ 50. The value of the equipment of the better-off, however, is well past the $ 3 000 mark. These large investments are often the sign of over-capitalisation or the wrong technical choices as a result of inadequate information or, as is more common, a lack of choice on the local market. The surveys also show that people tend to hoard equipment, investing available liquidities to protect them from consumer pressures from the extended family. These two phenomena obviously have a lot more to do with the productivity of labour and capital as the economic units get more capital-intensive. This paradox is all the more worrying for the bosses with the best equipment seeming to be satisfied with what they earn—which in spite of flagrant internal discrepancies, is far from being negligible.

Note that the main source of the capital used to open businesses is the boss's savings—accounting for 85-95% in Nouakchott, Bamako and Lomé, and 68% in Yaoundé. The family contribution in most cases covers the rest. Furthermore, the capital used for expansion is virtually entirely the product of the boss's personal savings (including profits from the present activity). Family help is negligible. Sources other than those mentioned play no part at all in Bamako but represent 41% in Yaoundé and 13% in Lomé.

Weaving of carpets in Madagascar

Dyeing of clothes at Kindia in Guinea

"A quarter of economic units tick over with no outside labour"

For most small producers, personal and family investment combined with their own labour is more remunerative and accessible than other forms of investment on the modern economic circuits. Overall, then, the small units help mobilise small amounts of national savings through countless financial transactions which take place outside the official savings and credit circuits.

If the small producer wants to keep going, he has to replace his means of production. Can he control the growth of his capital? The question leads us to one or two trends thrown up by the surveys. Capital growth, for example, is substantial during the first three years of existence, after which it declines rapidly, probably because of the instability and inadequacy of demand. This problem is also due to the workshops' technical and financial management, which remains rudimentary, even when the technical capital is big. We also found that between 40% (Yaoundé) and 76% (Nouakchott) of firms had managed positive growth of their frozen assets. The positive and significant correlation between the initial capital investment and later investments shows that capital accumulation is, as a matter of priority, on a pre-existing basis, where the size of the unit and the initial investment are such that the process can get underway. However, do not forget that between 25% (Bamako) and 60% (Yaoundé) of firms register negative figures for this. This does not necessarily mean the activity has to stop as, in most cases, it happens to the smallest firms whose worn-out tools can be replaced cheaply.

Income – disparity and real value

The employment provided by the small urban units does not seem to represent a situation of disguised unemployment if the revenue derived from the professional activity is anything to go by. Many of the bosses indeed probably earn more than they would in the modern sector. One of the most significant results of the surveys is of course the small number of bosses (13%) who do not manage to take home as much as the basic minimum wage in their particular countries. And only 22% of the bosses' incomes are lower than the wages paid to workers in the big firms and the civil service. Low, unstable incomes do, however, seem to be the lot of a large number of small businessmen. It is impossible to overlook the fact, for example, that the earnings of the less well equipped bosses are often lower than the basic minimum weekly wage. The range for the first decile of capital is between 13% (Nouakchott) and 46% (Lomé) of the basic minimum.

In monetary value, this means weekly averages of between \$ 10 (Bamako) and \$ 35 (Yaoundé). The data available is such that we can also show the close relation between the amount of capital invested and income. The best-off bosses manage to put between \$ 70 (Lomé) and \$ 290 (Nouakchott) in their pockets every week.

But if this is translated into purchasing power, the picture is less reassuring. Noukachott's small businesses are the most remunerative ones as they make it possible to buy 4.4 times the basic basket of everyday consumer goods[(2)], but it goes down to 3.3 in Yaoundé, 1.7 in Lomé and 1.5 in Bamako. Since the purchasing power is so low, it is no surprise to learn that these small jobs reflect a survival strategy of the poorest sections of the population.

The conclusions of the analysis are less obvious when it comes to the redistribution of income in the workshop. This is particularly unequal and gives rise to an "lower level of underground economy" comprising wage-earners, apprentices and family helpers. Note that some 30% of the wage earners get more than the basic minimum wage for that particular country. In all but Nouakchott, the wages only represent a fairly small percentage of the cost of the shopping basket (40% in Bamako and 60% in Lomé) but are near the full cost in Yaoundé (86%). According to the bosses, the majority of the apprentices are paid in cash or in kind, with figures of between 75% in Bamako and 100% in Yaoundé. Tips and "gifts" from the boss account for between a third (Bamako) and almost a sixth (Lomé) of the average amounts paid to the wage-earners.

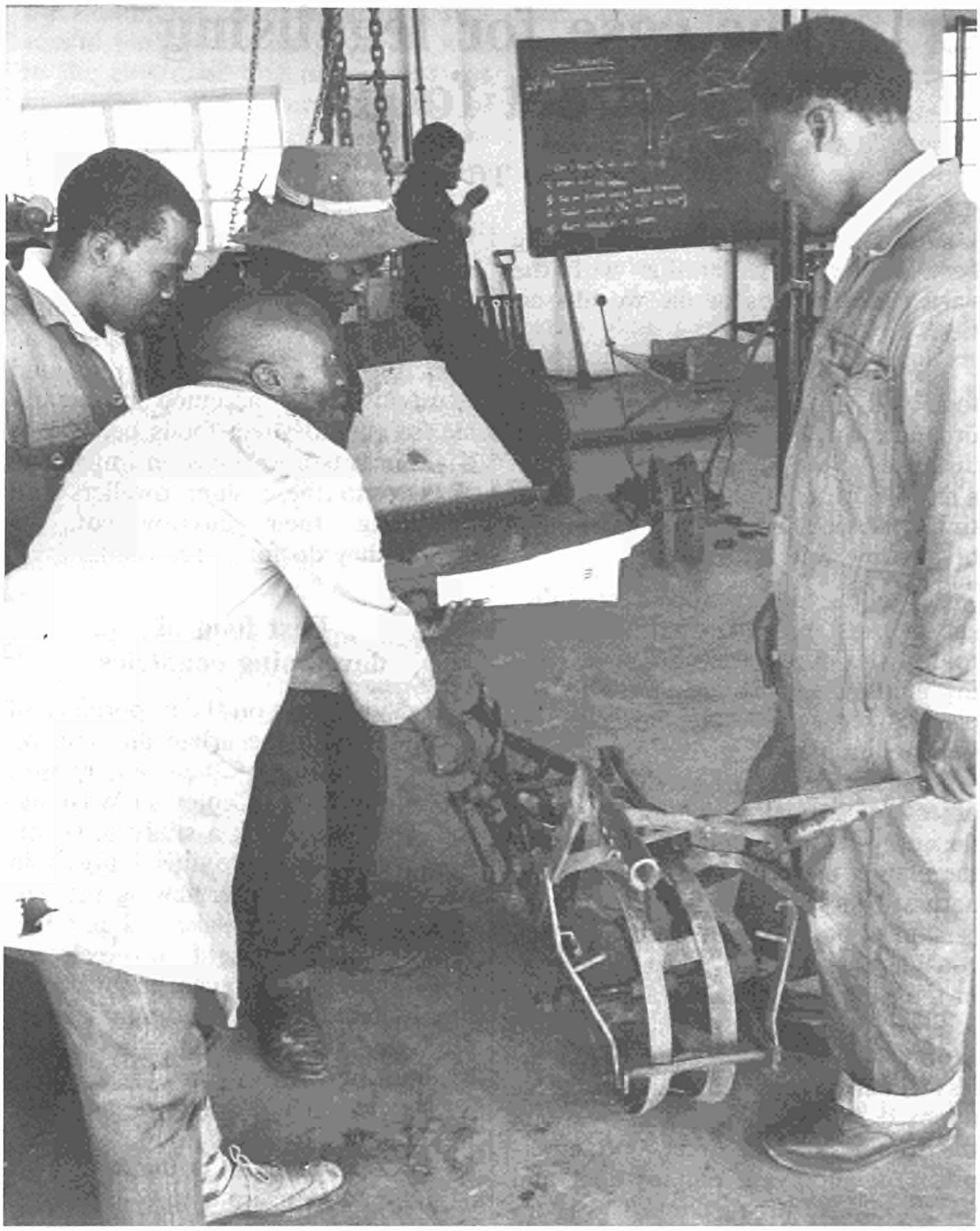
Apprenticeship – an answer to unsatisfied needs

For young people who have dropped out of school, an apprenticeship with a craftsman is a good replacement for the conventional training structures—which are ill-suited to their socio-economic environment and in no position to promote the numbers they do train. The close ties

(2) The basket contains 5 kg of rice, 1 kg of wheat flour, 2 kg of lamb, 2 litres of groudnut oil, 200 gr of sugar, 100 gr of salt, 50 gr of tea, 4 litres of bottled beer and 150 gr of household soap.

between apprenticeship and production means that access to manual self-employment and the acquisition of all-round know-how are very much encouraged among the less educated sections of the population. This system of training, rooted in a lively tradition, develops with its own customary social rules in spite of pressure from outside. It also has flagrant technical inadequacies and obvious social contradictions—the apprentice, who has no protection today, will compete with his boss tomorrow, maybe even taking his clients.

And the risk of saturation casts a dark shadow over the future. Three factors threaten to deteriorate the conditions in which they operate. First, the higher cost of the apprenticeship which has a value on the market. Second, more selective recruitment of candidates and, third, the delay in releasing the apprentice who cannot pay the relevant fees. And the modest educational achievements of bosses and staff restricts any short-term policy aimed at improving the level of technical or professional achievement. The survey in fact shows that 84% of bosses went into the profession via an apprenticeship on the job. The so-called formal training structures are only marginally (9%) involved. Slightly more than half of our bosses (56%) did more than three years at school—a figure that is only slightly better (60%) for other categories of manual work. Only 33% of the bosses, 19% of the total labour here and barely 5.6% of the apprentices reached or went beyond the primary school.



Training in the maintenance of agricultural machines

A first look at the results of production management suggest that the best economic performances (in terms of individual profit and value added) are notched up by bosses who have had secondary technical education associated with a craft-type apprenticeship. The good points about this extramural method of passing on technical qualifications—which is better adapted to the local situation, cheap and paves the way for self-employment—militate in favour of an innovatory policy involving democratising the training system.

Conclusion

Mobilising small family savings, passing on local know-how, forming capital and creating jobs as a result, together with the attendant effects on the national economy, are all reflections of the vitality of the small producers when coping with their everyday needs. The record may not be an entirely satisfactory one, but it has to be admitted that both economic policies and the institutional environment and its ongoing policies are not really conducive to the expansion of small-time trades of this sort. In spite of the interest they hold for a process of endogenous development, African governments have not made the capital they ought to make from them.

If the dynamism of the small producers is to be stimulated and the barriers to their development brought down, then a support strategy based on initiatives from the grass roots seems vital. Tests now being run by the ILO World Employment Programme suggest that this sort of strategy is the only thing that can boost their own ability to respond to the problems they encounter, without withdrawing their essential quality of autonomous initiative and action. This participative approach calls for the State to be flexible and encouraging and the people involved to take their future in their own hands via autonomous organisation. This is a challenge and one that has been thrown down at a time when people are breaking away from conventional methods of development aid. Will the social and institutional operators take it up? ○ C.M.

The case for legalising street foods

by Irene TINKER (*)

Tourists and filmgoers have long been among those familiar with the varied street foods of the world's cities.

The number of street vendors of food will rise in step with increasing urbanisation. People travelling longer distances to work cannot go home for a midday meal and may not even have time for breakfast. But they can grab a bite on the way.

But selling food on the street is illegal in most countries. Although the role of the informal sector in providing employment opportunities to the poor is recognised, the hawkers and vendors employed in offering this essential service to urban dwellers are objects of antipathy. National leaders do not see vitality and local colour in the stands and pushcarts where tasty native dishes are sold; they see congestion and underdevelopment. They consider street foods an anachronism in the modern city and fear that visitors will consider them a sign of Third World backwardness. They thoughtlessly dismiss these foods as snacks (as opposed to full meals) and overlook the importance of street-food enterprises in supplying employment and income to the urban poor. They concentrate on cleaning up their streets but ignore the importance of street foods as urban food.

Thus a visiting dignitary comes to town, and the police sweep the roads between airport and city, laying waste carts and stands. Or a new government takes over and decides to enforce laws against illegal structures and there go the canvas awnings and chairs and tables of roadside tea shops. Or an epidemic of typhoid brings the wrath of government upon all who sell food, and every establishment without a health department permit is summarily closed down — for a day or two. Then the street-food sellers are back. Where else would the people get their meals, or coffee, or snacks?

It is time for a basic change in attitude among government leaders all over the world. Just as slums and shantytowns are accepted as inevitable, so should street foods be. Just as governments now focus on improving services to these slum dwellers and upgrading their environment, so should they do for street vendors.

Fast food of developing countries

To gather data on the importance of street foods to the urban diet and on the profitability of these enterprises, the Equity Policy Center, in Washington, DC, undertook a study of street-food vending in provincial towns in seven countries, interviewing the women and men who make, sell, and buy ready-to-eat foods sold on the streets. Our findings challenge many commonly-held assumptions about street foods and street-food enterprises, such assumptions as:

— street foods are snacks, not real food;
— only the poor eat them;
— they are dangerous to eat;
— most street-food sellers cluster in the major downtown commercial area;
— street foods are remnants of traditional market activity and will disappear as cities modernise;
— street-food enterprepreneurs like all those in the informal sector, are marginal and transitory;
— only women sell street foods.

We defined street foods as any foods sold ready to eat, either on the street or from a non-permanent structure. For example, in Senegal street food can be the yoghurt sold from large calabashes by women sitting on the ground outside the marketplace every morning. In Peru it can be the fresh fish women fry to order on portable stoves on busy street corners. Almost everywhere women sell nuts from baskets which they carry on their heads. But they also sell soups and meals from street stalls to customers who sit on tiny stools under a cloth shade held up by poles or matting.

Heavy pushcarts are usually the province of men, who position them at the same intersection every day to sell kebabs of different varieties in different countries: in Indonesia the small chunks of meat called sate are served with peppery groundnut sauce; in Senegal the meat chunks are larger; and in Bangladesh the kebabs are made of ground meat. Ambulatory vendors in Indonesia walk the same routes every day, carrying a balance pole with food on one side and a stool

Selling roasted maize on the pavement in Lomé, Togo

(*) Founder and director of the Equity Policy Center in Washington, DC, and also a professor of international development at American University. This article is a summary of the one she wrote for FAO's CERES magazine.

and a table on the other. In the Philippines, food vendors on tricycles sell ice cream or bread. Pedicab drivers in Bangladesh buy deep-fat-fried honeyed sweets at stalls near bus stops.

Vendors cluster, logically, where their customers are: near schools and hospitals, bus stops and railway stations, in or near the markets. While they do clog narrow downtown streets, a majority of street-food establishments were found outside the commercial areas. In Ile-Ife, Nigeria, 13% were in commercial areas; in Iloilo in the Philippines, a quarter of the food vendors were in the city centre. This spatial distribution is critical in the argument for legalising street foods.

They are so ubiquitous that it is easy not even to notice them. Yet in Bogor, Indonesia, there is one street-food establishment for every 14 inhabitants. Each seller serves 60 customers a day in Minia, Egypt. As much as 15% of the adult labour force in Iloilo, earns all or part of their income from street foods. And these micro-entrepreneurs usually earn about the same as skilled workers.

While income levels and spatial distribution are similar across the study, the proportion of women vendors varies considerably. Influences of religion and culture help to account for the fact that only 1% of actual vendors are women in Bangladesh, 16% in Indonesia, and 17% in Egypt. However, when it is calculated that many male vendors depend on unpaid female family labour both in the home and on site, while others employ female assistants, overall female involvement in street-food enterprises then becomes 37% in Bangladesh, 40% in Indonesia, and over 50% in Egypt.

In Senegal, Islam has not kept women from accounting for 53% of the street-food sales force. In both Senegal and Nigeria women and men neither work nor sell together, and the women control their own savings. Among the countries studied, only in Senegal do women and men sell different products. Some of the products are connected with tribal activity as well. The pastoral Peul specialise in animal products, and the men sell brochettes of meat while the women sell yoghurt.

Women dominate the market in three countries, Thailand, Nigeria and the Philippines. A husband of a successful food vendor may join his wife in the enterprise and often helps out by arranging direct rural purchase of supplies, which increases profitability by eliminating wholesaler fees. Our data suggest that, far from disappearing as cities grow and become more modern, the number of street-food vendors increases as city size increases. These vendors are found throughout urban areas: in squatter settlements, along the roads, in stalls near markets, by cinemas, hospitals, and schools. Selling of street foods is clearly an important source of income for poor women and men and the products they sell occupy an important niche in the urban food system.

Street foods in the diet

People in Third World countries eat street foods for the same reason North Americans and Europeans eat fast foods; they are cheap, convenient, and time-saving. Economies of scale often make street foods cheaper than food prepared at home, especially in view of the high cost of cooking fuel. Traditional foods often take hours to process and cook. Maize must be dehulled and ground, cassava must be shredded and dried; soybeans are usually fermented to save hours of boiling. Monie must simmer for several hours before it is edible as a hot breakfast food; couscous must steam for a long time. While some of these foods can be purchased in an instant form in fancy downtown shops, the cost is prohibitive for most street-food customers, whose choice is between hours of preparation and ready-to-eat food at almost the same price. Thus the consumer pays the street-food vendors to process and cook these foods. Three quarters of the vendors in Senegal, the Philippines, Indonesia, and Egypt process at least some of the food they sell. This processing of agricultural products indicates the strong backward linkages to the farming sector.

People's choice of foods will depend on both culture and levels of modernisation. Nigeria has had a strong market economy for centuries, so it is no surprise that almost everyone seems to eat at least some of their meals on the street. Household surveys in Ile-Ife show that 83% buy their breakfast from vendors; an even higher percentage of students, 96%, eat breakfast on their way to school. Work in the Philippines reveals a different pattern, with an emphasis on snacks and lunch eaten away but with breakfast and dinner eaten at home.

Customer surveys indicate not only that street foods are consumed by people at all income levels but that everyone spends about the same percentage on such foods, meaning that the amount spent on street foods rises along with income.

Health and sanitation concerns

The argument that street foods are sold under insanitary conditions and thus constitute a danger to the public has long been used by governments as an excuse for eliminating them. But in reality the imposition of impossibly stringent health codes often results in bribery rather than improved hygiene.

Aware of the accusations of health hazards, EPOC interviewers, primarily local university students, observed both the preparation and sale of foods and judged the cleanliness of the operations. We also tested selected foods for bacterial contamination. In Minia, Egypt, one-quarter of the enterprises were judged unsafe, while in Manikganj, Bangladesh, only 3% were considered dirty. Staff in Iloilo were so

Street-food vendors in five provincial towns	Total population	Street vendors (total number)	Ratio vendors of total population	Percentage of women involved
Manikganj, Bangladesh	38 000	550	1 : 69	37
Chorburi, Thailand	46 000	950	1 : 48	80
Zinguichor, Senegal	86 000	1 534	1 : 56	53
Ile-Ife, Nigeria	135 000	2 603	1 : 52	94
Bogor, Indonesia	248 000	17 760	1 : 14	40

Source: studies using EPOC model.

Hawking bread
"Street foods are as safe as or safer than food prepared in the homes of most customers"

confident in local food handling that they decided on their own to try one serving of each of the 135 different foods identified; only one dish caused diarrhoea.

Our findings indicate that, in general, street foods are as safe as or safer than food prepared in the homes of most customers. Thus it is difficult to improve standards without increasing health education of consumers as well as vendors. Further, cooked food consumed soon after preparation is usually safe; contamination comes from dust and flies settling on uncovered food.

Legalising street foods

The street food trade not only provides essential food service to millions of productive urban workers, it is also a major occupation for many urban dwellers. The cost of replacing either the food service or the employment would be beyond the means of most developing countries, but most governments continue to pursue a policy of harassment and destruction. One exception is Malaysia, where every evening in most towns the parking lots are turned over to tented food establishments; sellers are trained in accounting and are offered loans. Singapore has upgraded most of its street foods into multistoried malls, though vendors can still be seen near construction sites where immigrant labourers work.

In all other countries where studies have been done, fear that the police or military would break up their carts or shacks and destroy their merchandise is the greatest problem for street sellers. Ironically, it prevents them from investing in new equipment or arranging for a safe water supply. Further, bribes and protection money eat into their profits. Yet even after a sweep, most vendors return.

In July 1984, the new military government in Nigeria reactivated a law forbidding structures to be built close to major roads. Since this happened shortly after the Ile-Ife study was completed, local researchers interviewed the displaced vendors. They found that over 90% of the street-food sellers were making less than half the income they made before they were forcibly moved. Those enterprises which had employed assistants had had to let them all go.

Governments try to control street vending by requiring licences, but too often the procedures are so time-consuming that few vendors apply. For example, in Egypt a food vendor must submit a series of certificates indicating good health, no criminal record, approval of the location from the local police station, and health approval of utensils. In addition, the applicant must submit two photographs and a birth certificate and pay a fee. Even so, most of the favourite street foods are not allowed to be sold by vendors. Despite these regulations, two-thirds of the vendors in Minia held health certificates. In contrast, another law requires stationary vendors to pay for the space they occupy, but such permission is seldom granted.

Cities could legitimise the sale of street food, charge a small fee, and instal clean water at frequent intervals. This fee would not be onerous, since most vendors already pay fees for licences, market stalls, or protection money. In the Philippines, street vendors paid dues to their own self-regulating organisation to avoid clashes with the police and to keep their areas clean.

In congested commercial areas, sellers should be allowed to stay near their customers, but they could be grouped in side streets or open spaces. Clean water should be available to seller and customer alike. Those enterprises located in residential neighbourhoods should also be provided with basic water and sewage facilities. Access to prized spots near cinemas or on school grounds could be granted only after the vendor has passed a course on sanitation and nutrition. Such training is already done in Ile-Ife.

There are also many avenues open for helping to improve the income of street-food traders. Organising vendors will give them protection against the government. Groups of vendors could purchase health insurance or provide child care. Credit could be supplied through these groups. The cost of buying both raw materials and already prepared food could be reduced through group activities.

But before any attempts can be made to assist street-food vendors, their trade must be made a legitimate activity. This is best done by registering them with a minimum of bureaucratic procedures. In return for the licence, each vendor should pay a fee which would be directly applied to improving the environment where street foods are sold and to supplying water taps and refuse disposal services at little or no cost. Space should be allocated through vendor associations, which should be responsible for self-policing.

The street-foods trade provides essential food services to urban dwellers and is also an important source of income for the urban poor. Legalising street foods in Third World countries must surely be a priority for anyone concerned with equitable development. ○ I.T.

Senegal

The *Borom-Sarets* of Ziguinchor

by Baudouin DUQUESNE and Bernard MUSYCK (*)

BD and BM

"Boroms-sarets" at Maur garage

A study of the informal sector in developing countries (1) led us to find out what actually happened in a typical trade in one region of Africa, that of the carter (2). The carter, or *Borom-Saret* as the local language has it, carries goods on a small scale. His main item of equipment is a handcart fitted with two car wheels. He can shift up to 500 kg on his own and will call in extra labour, a child or a colleague, for anything heavier. The special thing about this kind of transport is that it uses man- rather than animal-power. And if men replace horses in Ziguinchor, it is because of the threat the tsetse fly poses the latter in southern Senegal.

The carters appeared in the early '60s when a blacksmith came from Dakar with a two-wheeled cart made from bits of old cars. And they soon began to get together into garages strategically placed near the main trading places of the town.

The carters' situation was very different in the '60s and '70s from what it is today. There were fewer of them for a start and there was only a very limited supply of other forms of urban goods transport. There were no donkey carts at all and virtually no tarred roads. Handcarts, ultimately, were the only means of transport for the conditions prevailing at the time.

We have very little information about this economic activity. The municipal authorities have failed to update their registers since 1975, although the carts were numbered before so that city taxes could be collected and customers identify the cart carrying their particular goods. But since officialdom stopped looking after the numbers 13 years ago, it has been left to the carters' initiative and the numbering is odd as a result. A number of very revealing consultations with most of the city's carters led us to completely revise the numbering of Ziguinchor's carts — a move which brought us into contact with nearly all the carters in a very short time and enabled us to get them to collaborate in our survey. So the psychological barriers were down.

The carters' income

We covered 136 Ziguinchor carters in our survey. Most of them are immigrants, former farmers from Mali, Guinea and so on, and their average age is 35.

The job of evaluating their income and their saving was not an easy one. The big problem was our standard definitions — of monthly or weekly income and average profits or savings. These notions were totally unfamiliar to our subjects. However, we hit upon common concepts and were able to estimate the average monthly income of the carters as being between CFAF 20 000 — CFAF 45 000 (1). The average spending was between CFAF 2000 and CFAF 5000 per month on housing and about CFAF 400 per day on food. Almost all the carters live in Ziguinchor or the immediate surroundings. Some bachelors live together, although this was the exception rather than the rule. They eat at home or in one of the many cheap canteens. They spend very little on clothes and their only other outlay is usually on cigarettes or kola nuts.

It was hard to estimate their potential savings, as the notion is one which has very little meaning in a situation in which people take the short-term view. We arrived at an average monthly figure of CFAF 9000, which in most cases the carters send home to their families. For the reasons mentioned above, these figures obviously should be viewed with caution.

The main form of savings is via tontines or *tecks*, as the locals call them, which are kitties which maybe dozens of people chip into regularly. Savings are collected every 1, 2, 5, 10 or 20 days and each contributor collects the kitty in turn. Chipping into a tontine means gradually getting a lump sum to buy more expensive things, with regular, obligatory contributions as the best form of guarantee. It is of course possible to contribute to several tontines at once. The size of the contribu-

(*) At the time of the study the authors were students at the Catholic University of Louvain. Baudouin Duquesne is now an economist in charge of a health project in Mali, while Bernard Musyck, also an economist, is reading for a doctoral degree at the University of Sussex (UK).

(1) Le Secteur Informel en Afrique, Approche Théorique et Etude de Cas: Les Borom-Sarets de Ziguinchor (Senegal). End-of-course dissertation, Catholic University of Louvain, January 1986. A first article on this subject recently appeared in *Environnement Africain*.

(2) Cart pushing is widespread in many African towns.

(1) CFAF 100 = FF 2.

tion is decided on by all those involved and varies from CFAF 20 to more than CFAF 1000. The tontine is usually chaired by the founder — who sometimes takes a small percentage of the contributions.

It is important to remember here that, although a carter's income always very much depends on such things as age and experience, on how dynamic he is and on his personal relations, the luck element is, they maintain, still the deciding factor on any given day. And luck is taken in its broadest sense, meaning much more than chance and involving ideas of magic and religion too.

There are more carters in the dry season and several carts were standing idle during the rainy season when we ran the survey. This is because of seasonal factors — the move from town to country during the rains to cope with the extra work on the farm, the increase in construction work during the dry season and the groundnut months, from January to May, create a burst of activity for the carters. This is why there is more intense activity, more carters and higher income in the dry season.

Owning a cart may be difficult

A third of the carters own their carts and the others hire them by the day. The only things really typical of the cart-owner are heavier family responsibilities and more experience of the job. In our view, the decision to invest in one or more carts also depends on the temperament and personality of the carter and on various circumstances such as the opportunity to buy, inheriting money, having extra income, etc.

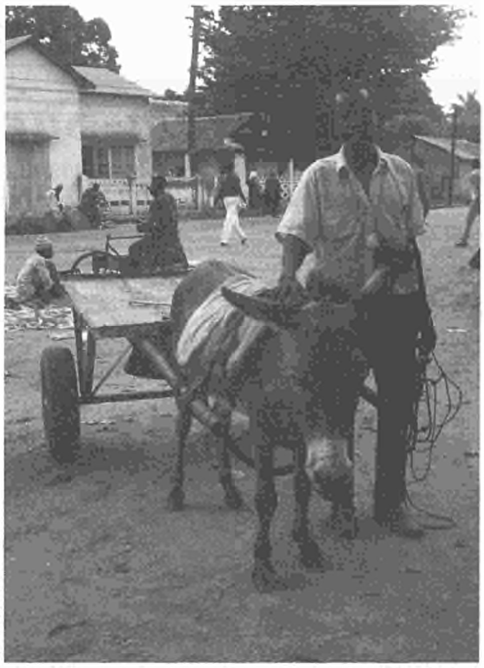
Carters rent their carts, for sometimes 20 years or more, for various reasons. It may be difficult to find the necessary capital, they may be hoping to find something that pays better (many of them look upon the work as a stop-gap), they may be worried about not being able to sell the cart themselves one day or they may not be sure they can find the maintenance costs.

There is only a fairly small pool of carts available for rent, probably because of the considerable outlay involved in buying one (CFAF 15 000 on average) and keeping it maintained, as well as the problems of hire themselves (collecting the rent, getting the carts back, etc.).

Construction

In Ziguinchor, most carts come from one of two, completely separate, sources.

The first is recycling. People in this branch repair rather than manufacture carts, obtaining them primarily from country areas where the farmers have been using them. The second, the independent branch, involves people building completely new carts with new and/or recycled materials. This involves three different kinds of craftsman — a welder and a tyre repairer — for there is no cart manufacturer as such in Ziguinchor. Two types of cart are usually produced in this way — traditional carts made from recycled car parts (axles) and modern carts, along the lines of the industrial model sold in the country areas, with or without recycled materials. There is a considerable difference in the price and the quality of the two carts, the former being far heavier than the latter, largely because of the origins and quality of the axle.



BD and BM

The first donkey-drawn cart appeared in Ziguinchor in 1980. This system enables the extension of the geographical area of transport outside the limits of the town

BD and BM

A carter at work

Along comes the donkey

The first donkey-drawn cart made its appearance in 1980. If there are still some donkeys in Ziguinchor, it is because they have proper protection against the tsetse fly and sump oil is rubbed into the vulnerable places (feet, ears and brows) several times a day. And they have to be near a fire at night, to keep away the insects. Today, more than four years after the appearance of the first donkey, there are eight of these animals working in the height of the rainy season — the most difficult as far as survival is concerned.

There are of course considerable advantages to animal traction. It means longer journeys outside the town can be undertaken and heavier loads shifted. A donkey can pull as much as 700 kg, while a carter cannot manage more than 400-500 kg unaided. And once the load has been delivered and the cart is going back empty, donkeys do the return journey faster than a man could. Lastly, if two carters are competing for a given job, the one with the donkey is likely to offer a lower price than his colleague.

A donkey can perform valuable servies, but it does have its drawbacks. It has to be bought — at between CFAF 15 000 and CFAF 25 000 — and it has to be fed and cared for during the dry seasons — at about CFAF 200 per day. And of course there is the considerable problem of finding somewhere to put the donkey when the carter's housing is probably too small and without the room to keep an animal.

The carters themselves are very divided about whether donkeys are a good thing or not. Obviously it all depends on whether the cost is to be paid by the owner or the hirer. If it is the owner, then it goes without saying that the hire costs will go up in the light of this — and affect the decision.

The increasing popularity of donkey power could have an important effect on the future development of the trade. However, we do not think we can make any predictions as yet.

Relations

There are two kinds of carter — those who work from a fixed base (a garage) and those who move around. The former (77%) often group together by tribe. This method of organisation underlines the need to belong to a community in which one feels recognised and the identity which each member of the trade finds in his garage is a source of stability in a profession in perpetual motion. The latter (23%) are either newcomers or people who prefer moving about to the constraint of a specific place of work.

But there are relations of solidarity and competition, often going beyond tribal considerations, between the two.

Solidarity emerges in different forms. It involves moral and material support where carters are unable to work and we have also seen carters who have already done several journeys letting one of their less fortunate colleagues have one of their customers.

Carters compete during slack periods for interesting clients, for large loads, for what could be regular journeys and so on.

The relations of competition and solidarity are complex ones, being, as they are, affected by many things — the day's earnings, for example, tribal and human ties, individual bargaining skills and so on.

The authors among the carters during their survey

Fixing the prices

The carters work for three types of customer — individuals, small traders and businessmen and hauliers — who use them to speed up and facilitate the unloading and delivery of their goods (1).

The price system for the vast majority of goods is a variable one. Fixed-price transport is usually for indivisible products which are always of the same weight and taken the same distance (a can of petrol from the pump to the ferry, for example). Under the variable system, the price depends on a number of things and the role of the goods is essential to the fixing of the rate. Not only are the customer's bargaining skills vital, we also noticed the importance of the links between carter and customer. And another essential thing is how much the carter actually need the work. The rates for a given load or journey may go down as the day goes on, because, if he is to survive without any savings, the carter has to take in some minimal sum to avoid getting into debt. Since certain unscrupulous customers are aware of this, there is nothing surprising about the fact that some carters agree to work for half the usual rates — with recognisable consequences on the general level of prices. And instead of using a number of carters, a client may suggest that just one carter shift a large quantity of goods in several journeys and the carter in question cannot but lower his price.

The cost of any trip is of course also determined by the price-weight ratio and, very logically, the rate per kilo will decrease as the total load increases. We found this same idea in the price-distance ratio. The relationship between the price and the nature of the goods is a vaguer one, depending above all on prior discussion with the customers. Prices differ according to whether the goods are valuable, heavy, difficult to handle, cumbersome or fragile. Lastly, and quite naturally, the rates are tied to the fluctuating prices of certain basic commodities — rice, for example.

(1) There are other types of goods transport in Ziguinchor — canvas-topped baggage taxis and conventional taxis — but they do not constitute competition for the carters. Conventional taxis will not take goods weighing more than 50 kg and the baggage taxis go to places (neighbouring villages) which are difficult for the carters to reach.

Taxation

The authorities have been applying two different levels of taxation to the carters since they appeared in Ziguinchor.

The main one is a daily levy of CFAF 30 and a second a tax collected by the Ziguinchor Chamber of Commerce, a port access duty of CFAF 50, which is only collected (on entering or leaving the port) if the cart is laden. Unlike the daily levy, the port tax is directly related to actual activity.

The port tax is always collected. But the same is not true of the daily levy — more than 90% of the carters say they sometimes pay CFAF 25 instead of CFAF 30 and some never pay the official amount. Others never pay it at all. So the carters are fatalistic about it and rarely willing to say anything about the good faith or fairness of the tax gatherers. This is justified by the fact that most of the carters are foreigners who are careful not to get involved in anything to do with the authorities and keep out of trouble. The survey also showed that those who say they pay the official CFAF 30 daily levy (and some even claim to pay CFAF 50) tend to work from small garages away from the centre of town. It seems likely that the go-ahead carters will, for economic reasons (customers) among others, be in the bigger garages where they can get organised and exercise a certain amount of power over the taxman. If a big garage has one or more carters who are neither resigned nor fatalistic and able to dialogue and defend themselves, their attitudes can easily rub off of other members. Hence the disparity between garages which are taxed regularly and others which get away without paying.

Surviving honestly

Working a man-powered cart, a rudimentary approach albeit one that is well suited to local conditions, is one of the jobs at the bottom of the social scale.

The carters won our respect for the courage they display in joining the ranks of the *Borom-Sarets* to feed themselves and their families.

Carting, one of them told us, is not a profession. "It is just work that enables us to survive honestly". o

B.D. and B.M.

Fighting unemployment – Operation *maîtrisard* (*)

Abdoulaye Diallo is a *maîtrisard*, Senegal's word for a graduate on the dole. He trained as a lawyer and, when he left the university in 1983, he dreamed of a stable job in the civil service or a well-paid one in the private sector. But in Senegal, with the economic crisis, the State is not doing much hiring and the private sector is firing. So for want of anything better, Abdoulaye opted for non-wage employment, an idea the State launched in 1982 with "operation *maîtrisard*"—or graduate insertion scheme.

SCOAL (the Commercial Supply and Self-Service Company) which was set up in 1984 as part of this operation, is co-managed by Diallo and three associates. It is doing badly. Revenue has dropped, repayments are difficult, one vehicle has broken down and the other seven are out of commission for two weeks a month. They take home less than CFAF 50 000 per month (as against the CFAF 100 000 they had at the beginning), they have to travel by bus, they have no leisure time and no holidays and they work a nine-hour day.

The boss is a worried man who lives in fear of his vehicles being repossessed by SONAGA, the National Guarantee, Assistance and Credit Company, which is responsible for financing, backing and monitoring Operation *maîtrisard*.

"How can you run a company properly in such a dismal situation?" he wondered. He admitted that the operation had been a failure as far as transport was concerned and only four of the 50-odd companies set up in this sector, he maintained, have paid off SONAGA in full.

Gloom and uncertainty are not the prerogative of the transport sector, either. Baking and transit activities apart, where results have been good, the other sectors of *maîtrisard* involvement are doing badly. *Maîtrisards* are increasingly worried about finding themselves back in the dole queue and, very reasonably, they are asking for help. They are talking about refinancing, reorientation, better company organisation, calling on people with experience and reviewing SONAGA's interest rates... to the point where no one can doubt that the operation has not made many happy bosses.

Yet hopes were high when the operation began. It was a unique initiative in Africa at the time and was intended to follow the Senegalese trend towards state withdrawal and liberalism, training a new generation of men by giving young graduates the means of getting onto the economic circuit. SONAGA gave groups of three or four graduates the credits they needed to run selected projects and the graduates undertook to repay the loans at 18.9% p.a. over 48 months.

The operation has cost CFAF 6.5749 billion (FF 131.498 million) in five years, CFAF 2.388 billion (FF 47.36 million) of it in the form of state grants. And 589 *maîtrisards* have been housed, 196 companies opened and 2 661 jobs created.

But the real problem has been that of the *maîtrisards* themselves and of the economic situation. These new businessmen arrived slightly late in what were already saturated sectors—particularly in the case of transport! And the need for verifiable documents forced them to buy very expensive office equipment locally when they were quite willing to go in for second-hand things.

On top of this there was the fact that they were not really psychologically prepared for the hostility of people in some of the traditional business circles, they had a cruel lack of experience and some of them were far too quick to put on the airs of a company director. And clashes of sovereign association often created blockages in the companies.

Lack of enterprise was the decisive element most often lacking in the *maîtrisard* companies. But the operation has spread. The people most directly concerned, the *maîtrisards* themselves, want to see it continued and converted into a long-term rather than a short-term policy. The Senegalese Government's ambitious anti-unemployment programme, with the creation of an insertion, reinsertion and employment delegation (which will be taking over from SONAGA) and the constitution of a special reinsertion fund (August 1986) are working along these lines.

President Abdou Diouf has already announced the creation of 1500-2000 jobs by the end of the year. And the first results are there—the delegation will be financing projects with loans at 9% (as against SONAGA's 18.9%) and extending the term to 13 years (as against SONAGA's four) with a three-year grace period. As one Dakar banker told us, all this means the Senegalese Government can tackle deflation in the semi-public and rural sectors and the return of emigrants with confidence, while continuing to help young people get employment.

Lamine Cissé says that attitudes in Senegal are changing. Students are thinking in terms of starting up companies, doctors have orchards and white collar workers have chicken runs not far from Dakar. "Yet", he says, "in Senegal, we have always looked upon people who start businesses as hawkers or illiterates..." o

(*) Source: AFP.

Uncertain prospects for jobs in the Caribbean

by Marie FRECKLETON (*)

High levels of emigration of largely unskilled labour in the Caribbean in the years before and immediately after independence helped alleviate unemployment in the region. Unfortunately the countries' rates of economic growth since then have not matched the increase in population and in the number of job seekers. Particularly badly hit are young people and women. At a time of serious economic difficulties and when several countries are carrying out adjustment programmes, what are the prospects for jobs?

The employment problem is undoubtedly the most urgent socio-economic issue facing Caribbean countries. In addition to open unemployment and under-employment there is the more insidious problem of disguised unemployment in large numbers of people employed in jobs where labour utilisation is extremely unproductive. Unemployment is of major concern since it has serious implications for the stability of small fragile Caribbean States. The frustration and hopelessness associated with chronic unemployment have the potential to breed discontent and violent crime, which in turn undermine social and economic stability. Some countries are currently experiencing an upsurge in crime as the hard core unemployed have become desperate. Efforts by governments in the region to deal with unemployment have been largely unsuccessful. This failure can partly be attributed to the fact that available resources are not sufficient to adequately address the problem.

High rates of unemployment have affected Caribbean countries for over three decades. In the '50s and early '60s the problem was somewhat alleviated by high levels of emigration of unskilled workers. Since the 1970s opportunities for that kind of emigration have become fewer as the employment situation worsened. But if emigration of unskilled workers has declined, there has been by contrast a marked increase in emigration of professional, technical and other skilled personnel, so that countries now face both high levels of unemployment and shortages of skilled manpower.

Employment statistics in the Caribbean are sparse. The population censuses conducted once every ten years provide indications for most of the countries and data for intervening years are available only for a few. According to the population censuses, unemployment in the region averaged 12% in 1960 and 18% in 1970. In 1980 the situation continued to worsen, particularly in Jamaica where unemployment (including those seeking work) reached 26.8%. Unemployment levels have remained high. Trinidad and Tobago experienced an unemployment rate of 16.6% in 1986 while in 1987 the levels were 21% for Jamaica and 18.6% for Barbados.

It is the young, mostly those under 25 years old, that are particularly hit. In 1987, for example, they represented 54% of the unemployed in Jamaica and 57% in Trinidad and Tobago. A similar situation exists for most of the countries. A significant proportion of these young people lack skills but appear unwilling to accept low paying unskilled jobs. This complicates the problem. The unemployment rate is also considerably higher for women than for men. For example, in Barbados the unemployment rate in 1987 for women was 24.4% compared to 13.2% for men, and in Jamaica it was 31.2% as against only 12.8% for men.

A number of factors have contributed to the unemployment situation in the Caribbean. In the post-war years, rapid population growth in all of the countries (except Guyana) increased the labour force at a faster rate than the economies were able to generate jobs. This swelled the number of unemployed and resulted in high levels of emigration which in turn led to a decline in the rate of population growth with no effect however on the unemployment problem.

As unemployment increased Governments in the region came under pressure to create jobs. Most opted for a policy of "industrialisation by invitation". This meant attracting foreign industries to the region with fiscal and other incentives to create jobs. The rapid job creation hoped for did not materialise. Industrialisation did expand Gross Domestic Product (GDP) but had limited impact on employment. Most of the industries established were highly capital intensive and required little labour.

Internal migration from rural to urban areas has contributed to high levels of unemployment in the urban areas of the larger countries, while at the same time creating a shortage of unskilled labour in the rural areas, particularly for agricultural work. This phenomenon is most marked in Jamaica.

Part of the problem is the attraction of higher wages and better living conditions in the urban areas. On the other hand, low wages and poor living conditions in the rural areas act as push factors. Another related issue is the fact that the unemployed youths are averse to jobs in the agricultural sector, which they regard as low paying and hard work. In the smaller countries of the region, though, there does not seem to be a significant difference in unemployment levels between rural and urban areas.

In recent years, retrenchment of workers in both the public and private sectors has worsened the unemployment situation. Governments, including those of Jamaica, Guyana, Trinidad and Tobago

The Courier

Workers in a Brewery at Port of Spain, Trinidad

Industrialisation in the Caribbean has expanded Gross Domestic Product but this has had limited impact on employment

(*) Economist at CARICOM Secretariat.

and Grenada have tried to reduce fiscal deficits by reducing expenditure. Being large employers of labour these exercises have often involved retrenchment of workers. Stagnation in major industries, on the other hand, has reduced their demand for labour as well as their contribution to Government revenue. In Jamaica a downturn in international demand for bauxite led to the closure of bauxite (Reynolds), and alumina (ALPART) plants with massive losses of jobs. In Trinidad and Tobago, falling prices for oil, the major export, resulted in economic recession and reduced demand for labour throughout the economy. According to official records some 24 000 people lost their jobs in Trinidad and Tobago between 1982 and 1987. Other countries such as Barbados have been affected by the closure of some enclave industries engaged in assembly type operations such as electronics.

Prospects

Prospects for employment creation in the Caribbean are not very bright. Economic difficulties will continue to limit the ability of most of the countries to create jobs and there is likely to be even a further reduction in demand for labour as the depression continues in the markets for traditional exports such as sugar, bauxite and petroleum. Furthermore, the decline in intra-regional trade will no doubt affect employment levels in the manufacturing sector since the regional market is an important one for manufactured goods.

On the brighter side, there have been some developments which provide a glimmer of hope for employment creation. Some countries, notably Jamaica, have introduced new, improved skills training programmes which should help to reduce unemployment among the young people. As mentioned earlier, youth unemployment in the region is often the result of lack of skills and unwillingness to accept low-paying jobs. Training, therefore, provides the opportunity to obtain jobs which are available and for which young people were previously unqualified.

Efforts to expand non-traditional exports have the potential to create new employment. Some countries of the region have been trying to expand exports of non-traditional products such as garments, processed foods, cut flowers and wood products. Trade and investment agreements with the United States under the Caribbean Basin Initiative (CBI) and with Canada (CARIBCAN) are expected to impact positively on export expansion. Unfortunately both arrangements exclude garments from duty free treatment. The garment industry has the potential to make a significant impact on unemployment among women but growth of the industry will depend on the availability of markets.

While traditional export industries have been experiencing problems, the tourism industry in the region has been expanding. Tourist arrivals in the Caribbean region increased by an estimated 10% in 1987. The industry is expected to continue growing and this will create additional employment.

Tourism is an important contributor to employment in Antigua and Barbuda, Barbados, The Bahamas, Saint Lucia and Jamaica. There is, however, a certain degree of under-employment associated with the tourism industry in the Caribbean due to its seasonal nature. Efforts to expand the industry need to focus on increasing business during the summer months if the problem of under-employment is to be alleviated.

The expanding small business sector also has the potential to create additional employment. Small businesses predominate in agriculture, urban transportation, the retail trade, technical services and manufacturing sub-sectors such as wood products, handicrafts and garments and sewn products. In recent times there has been a marked increase in small businesses as some retrenched workers opt for self-employment. Lamentably, the employment creation potential of small businesses has not been maximised due to discrimination against such enterprises. Credit policies and fiscal incentive arrangement in the region have traditionally discriminated against small enterprises. Loans, for example, have been either unavailable or available only at very high interest rates. Recently, efforts have been made through National Development Foundations to facilitate small enterprise development. In addition, 1988 has been designated "Year of Small Business" by CARICOM Heads of Government. The main objective is to focus attention on the needs and problems of the sector. Hopefully this will lead to tangible measures to foster the development of the small business sector and maximise its contribution to employment.

J.T.B.

A craftman selling his product to a tourist in Jamaica

The tourist industry is expected to continue its growth and create more job opportunities both in the formal and informal sectors

Another growing area of employment is the informal sector. Activities in this sector include home-based production such as handicrafts and food processing, various services and "higglering" or huckstering. In countries such as Guyana and Jamaica, huckstering is the dominant activity in the informal sector and involves both exporting and importing. In the Eastern Caribbean the movement of agricultural produce between the islands is done mainly by hucksters. Despite the high degree of under-employment associated with the informal sector, increasing numbers of people are being attracted to informal activities due to the high levels of open unemployment.

Given the seemingly intractable unemployment problem some countries in the region are actively pursuing family planning programmes to reduce the level of fertility. However even if successful, family planning will help to control unemployment only in the long run. It will be at least another 20 to 25 years before any reduction in fertility achieved now is reflected in a decline in the rate of growth of the labour force.

The employment situation in the Caribbean is distressing and requires urgent attention. However, sluggish economic growth and declining foreign exchange earnings make employment creation a formidable task. ○ M.F.

Employment in the Pacific: a complex issue

by Richard D. BEDFORD (*)

The major demographic development in most Pacific Island countries over the next 20 years will be rapid growth in the size of the working age population. On the basis of projections prepared in the late 1970s by the United Nations it was evident that the population aged between 15 and 59 years could almost double between 1975 and 2000. The youthful population, on the other hand, could increase by just over 50% assuming a continued slow decline in fertility levels. The most rapid proportional growth would be in the elderly age group, although by 2000 only about 7% of the total population of the Pacific would be aged over 60 years. Real growth in the proportion of the population in this component could start in the 2010s and 2020s as the survivors of large birth control expansion of the 1950s and 1960s reach 60 years of age.

In the 1980s and 1990s the main planning issue associated with changing population structures in most parts of the Pacific will be providing productive employment for an increasingly well educated workforce. The median age of the population of most Pacific countries is between 16 and 19 years. The implications of this young age structure for job creation are obvious: as no decline in the rate of entry into the labour force can be expected for about 15 years after a decline in the birth rate has set in, finding work for young people will continue to be a problem for most island nations for the rest of this century.

National Development Plans lay considerable emphasis on strategies to achieve diversification in the industrial bases of Pacific economies, and a primary objective is to generate a wider range of jobs for young Pacific Islanders. Assistance with surveys to measure aspects of employment and unemployment is frequently sought from aid agencies and a large literature on the problems of economic diversification and employment creation in small island states is now available.

Employment creation in the Pacific is a complex issue, and it is beyond the scope of this paper to review the relevant issues in any depth. It is instructive, however, to note the considerable variations found in census statistics on labour force participation among men and women in Pacific countries. In large measure, these variations reflect differences in definitions applied to concepts such as labour force, workforce, economically-active, employment and population of working age. As Howlett has argued in a useful overview of economic aspects of population change and development, "in small island nations, the concepts of employment and unemployment need to be considered from a local, and not an international, perspective". This has implications for aid donors seeking to sponsor employment creation programmes. It is important to establish clearly what the local definitions are when using data on the economically active population in project planning.

Economically active population: a national perspective

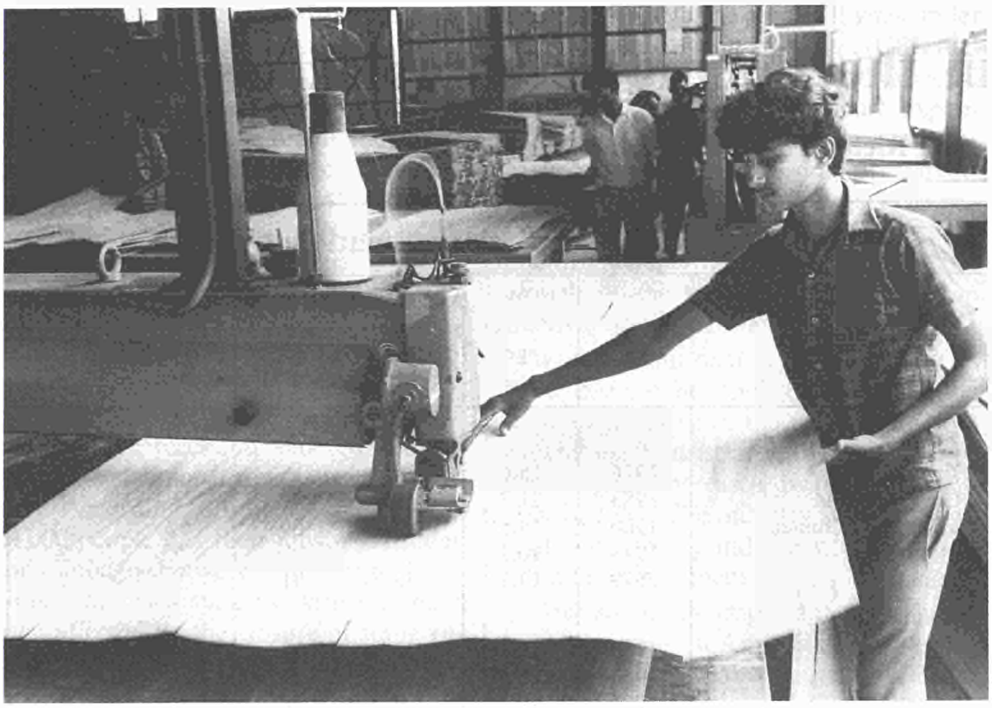
Country	Year	Median age	Proportion of population 15-64 yrs: Economically active M	Economically active F	In cash economy M	In cash economy F
Melanesia						
Fiji	1976	18.6	86	18	?	?
New Caledonia	1983	21.7	71	41	?	?
Papua New Guinea	1980	18.5	80	69	52	34
Solomons	1976	16.1	?	?	?	?
Vanuatu	1979	17.1	46	41	?	?
Micronesia						
FSM (*)	1980	16.7	70	33	33	16
Guam	1980	22.3	85	52	84	51
Kiribati	1985	19.7	89	48	30	10
Nauru	1983	16.6	94	19	94	19
Northern Marianas	1980	19.7	81	51	80	50
Palau	1980	18.9	78	71	55	33
Polynesia						
American Samoa	1980	18.8	69	38	55	31
Cook Is.	1981	17.7	52	48	32	14
French Polynesia	1983	20.1	75	36	?	?
Niue	1981	10.6	78	29	60	24
Tokelaus	1986	20.2	69	31	44	18
Tonga	1976	17.4	72	14	22	7
Tuvalu	1979	22.2	93	78	38	12
Wallis & Futuna	1983	17.0	87	47	22	14
Western Samoa	1981	17.1	85	15	32	13

(*) FSM – Federated Sates of Micronesia.
Source: South Pacific Commission (1987).

Women in the workforce

The other dimension to change in the population aged between 15 and 59 years is the massive growth that will occur in numbers of women over the next 20 years. Not only will this generate a large number of births (even if fertility levels continue to fall), but the very substantial contribution which women make to Pacific econo-

(*) Extracts from an article entitled: "Pacific Population in the 1980s: an overview", published in the SSIP Bulletin, paper n° 11 with the title "New Approaches to Development Cooperation with the Pacific, by Hanns J. Buchholz. Edited by Verlag Breitenbach, Memelca strasse 50, D-6600 Saarbrücken.



MIF Fiji

Workers in a plyboard mill in Fiji

"National Development Plans lay considerable emphasis on strategies to achieve diversification in the industrial bases of Pacific economies"

A woman cultivator in Western Samoa

"Societies in the Pacific differ fundamentally in their attitudes towards women, and this in turn affects the extent to which women participate in the development process"

mies, especially through their pre-eminent roles in domestic household production will increase significantly. Participation of women in the labour force is almost invariably understated in Pacific censuses because of the nature of definitions used for key concepts. In the table above, for example, the proportion of women who were classed as "economically active" in the late 1970s or early 1980s ranged from 14% in Tonga to 69% in Papua New Guinea. The proportions in the cash economy in the two countries were also markedly different — 7% in Tonga and 34% in Papua New Guinea.

These statistics suggest that few women in Tonga do any productive work while almost two thirds of the women in Papua New Guinea are making a direct contribution to the national economy. In fact the difference is due entirely to the way in which subsistence production for domestic consumption is measured as an economic activity. In Papua New Guinea in the 1980 census this work was considered to be an economic activity in rural areas; in Tonga it was regarded as part of household duties and not counted as a contribution to production.

Societies in the Pacific differ fundamentally in their attitudes towards women, and this in turn affects the extent to which women participate in the development process. However, a common problem in the region, and one which will intensify as the productive and reproductive populations increase rapidly, is that with the introduction of Western institutions and wage employment women have been excluded from development projects and their work tends to be classified as "underproductive household tasks, or disguised unemployment". There is a tendency in programmes designed to improve levels of education and skill in the workforce to concentrate on the male population. But, as an expert has stressed, "when men's skills are upgraded in agriculture or any related fields, the women's access to these programmes is very limited or they are closed to them. The upgrading of skills and knowledge on an equal opportunity basis for women will not only ensure the success of projects, but women will continue to be equal partners, actively participating in the development of nations".

The most substantial changes in the role of women in the labour force have occured where out-migration of married men from rural areas is significant. Rubal-urban migration is widespread throughout the Pacific, and a common finding in detailed studies of village-based production is that increasingly women have taken on the farming responsibilities formerly held by their husbands. This can create serious economic and social problems, especially where large numbers of men leave their families in villages when they go overseas for work. As Howlett notes, "family breakdown and divorce, a disturbing consequence of the overseas migration of married men with indirect economic implications, is reported in a number of countries", o

R.B.

ITB Berlin – accent on responsible tourism

From 5 to 10 March, Berlin was host, as it has been since 1966, to the ITB, the International Tourism Exchange, which is the world's largest forum of communication and exchange on the subject of tourism. More than 27 000 professionals from 146 countries thronged the vast Berlin Exhibition Centre and the International Conference Centre, and they were joined by 75 000 members of the public and 2 214 journalists. 2 724 exhibitors and 108 other companies and organisations were present, of whom 2 076 and 69 respectively were from overseas, and their stands covered an area of 42 574 square metres — another record. During the period of the fair, 53% of the exhibitors were able to sign commercial deals and 27% achieved better deals than in 1987!


The Courier

A watery view of the African village

This was hardly surprising — at the opening press conference, Dr Manfred Busche, the ITB's organiser, provided some cheering statistics on the way that tourism had developed during the previous year. Provisional WTO (World Tourism Organisation) estimates showed that Africa, for example, had experienced most satisfactory growth — 14% during the year in terms of revenue (which reached around $ 3.3 bn) and 6% in terms of visitors, whose number increased to some 10 million. But, as Dr Busche pointed out "the world tourism map still contains a number of undeveloped areas... destinations in Africa account for less than 2.5% of all vacation and business travel." Overall, during 1987, 355 million international tourists spent a total of around $ 150 bn, an increase of 4% over the previous year in arrivals and 16% in earnings. As Dr Willibald Pahr, Secretary-General of the WTO, said in his comments on the figures, "it would appear that the future lies with higher quality tourism." Over and above the quantitative aspect of tourism, Dr Pahr worried about the image of tourism as a serious economic activity. "Although the situation is gradually beginning to improve, tourism is still not taken seriously enough in some quarters, and there is still widespread ignorance about its importance within the economy as a whole. This is particularly apparent in national economic theory, which pays scant attention to the tourism sector. Although there are numerous institutes of higher learning, academic departments and scientific publications serving agricultural and industrial policy, this is not the case for the tourism policy sector. How can a government arrive at a decision if it is not familiar with all the alternatives, conditions and implications? It is up to the researchers to produce the necessary information."

How, one might add, can the government of a developing country, spend scarce resources on research or marketing in a field so very cut-throat, so liable to customers' whims, and so dependent on a sophisticated product? How can a country struggling for, say, self-sufficiency in food, afford researchers in tourism? Certainly, cooperation is one of the answers. ACP Secretary-General Edwin Carrington and Development Director-General Dieter Frisch gave a joint press conference on the second day of the ITB and outlined a number of areas of cooperation. The first was evident to all who visited the exhibition — with only one or two exceptions, ACP countries were grouped together, in the "African village", "Caribbean village" and the "Pacific village" thus increasing their impact, and benefitting from common services to be found discreetly housed in each village, an office, telephones, secretarial help, photocopying, and general liaison. Some 100 developing countries participated, of which 64 benefitted from EEC support — another aspect of cooperation which Mr Frisch and Mr Carrington were both equally swift to underline.

A third, and perhaps the most vital area of cooperation is central to Lomé practice in other fields as well — regional cooperation. And here Director-General Frisch pointed to the way that the South Pacific had responded to the stimulus of tourism development, by embarking on a regional development programme for tourism in the Pacific. The first phase, from August 1986 to August 1988 and costing ECU 3.2 m, covered seven fields of activity in the eight Pacific ACP countries [1]: administration/documentation, statistics and data base, training and development of human resources, development of regional awareness, marketing and promotion, creation of linkages between tourism and general development, and future planning.

Mr Frisch stressed not only the value of the regional approach (an approach warmly welcomed by Secretary General Carrington who dwelt on the importance of this for his own Caribbean region) but also the penultimate point in the Pacific programme — the creation of linkages between tourism and general development. Indeed, he said that "an extension of the tourist industry, which at the same time makes sense from a development point of view, can only be a success if it forms an integral part of a country's general economic, social and cultural development." He warned countries that "many are called, but few are chosen" to be tourist destinations, and that a country which did not enjoy indisputable "pluses" in terms of climate, beaches, landscape, flora, fauna, culture or traditions should seek to develop other aspects since "competi-

(1) Fiji, Kiribati, Papua New Guinea, Solomon Islands, Tonga, Tuvalu, Vanuatu and Western Samoa. The Cook Islands and Niue are also taking part with separate funding.

The Courier

At the press conference: from left to right, Gabriel Lee, Deputy Head of the Trade Development Division, Dieter Frisch, Director-General, Werner Jaedtke, Head of the Community's Berlin Office, and Edwin Carrington, ACP Secretary General

tion is merciless and developing countries can afford to make the wrong investment even less than we can." Once the decision was made, however, the Commission was able to help in a number of "linked" areas:

Infrastructure: roads, rural feeder roads, ports and airports;
Communications: extension of existing telecommunications;
Refurbishing, restoring and upkeep of hotels;
Restoring and upkeep of sites of national and historic importance, protection of the countryside and of wildlife;
Training in tourism-related skills;
Market and product development;
Research and development.

In reply to a number of questions, Mr Gabriel Lee, Deputy Head of Trade Development in the Development Directorate General, was able to quote instances and amounts — some of them fairly impressive, like the ECU 6 m Aruba airport development or the ECU 60 m for trade and tourism related projects of a regional character in the Caribbean.

But tourism was not just about money, employment or raw materials. It was an intensely complex human operation. In the search for the exotic and the romantic, tourists often put at risk the very romance they had come to seek out. In preparing themselves to cater for the undemanding tourists, host populations risked abandoning the culture, social system and folkways that had been their own. Tourism could be very destructive, warned Mr Frisch. Tourists should not expect to duplicate or transpose their own tastes and customs. If that was what they wanted, it would be better for them to stay at home.

This preoccupation with 'responsible' tourism was not only a theme in EEC-ACP discussions. It was very strongly in evidence at the fair. Four panel discussions and a press conference were given by the "Discerning Tourism" Working Group. The group is composed of sub-groups from Germany, Austria, Switzerland and Thailand, from religious, scientific, environmental, development and youth sectors, with widely differing political and social standpoints. They share a common objective, however, which they call "gentle" tourism. This more considerate tourism aims to be environmentally acceptable, socially responsible, involves the local population in the resort areas as much as possible, provides tourists with a more lasting experience (by restricting the pace of their travels) and aims to tie in with everyday life by improving people's everyday situation so that they don't simply "live from one holiday to the next".

The Working Group had a display stand which gave graphic illustrations of the "darker" side of tourism, environmental destrucion, social corruption, cultural impoverishment, mass-produced safaris, prostitution, institutionalised beggary, and so on, but illustrated with what must be typical Berlin humour. One display case showed nine identical schnitzels (breaded cutlets, a staple German fast food) labelled "Greek schnitzel", "Mexican schnitzel", "Kenyan schnitzel", "Chinese schnitzel" and so on. The accompanying text urged the traveller to "insist on schnitzel and french fried potatoes when on holiday! After all, you can eat Chinese food at home".

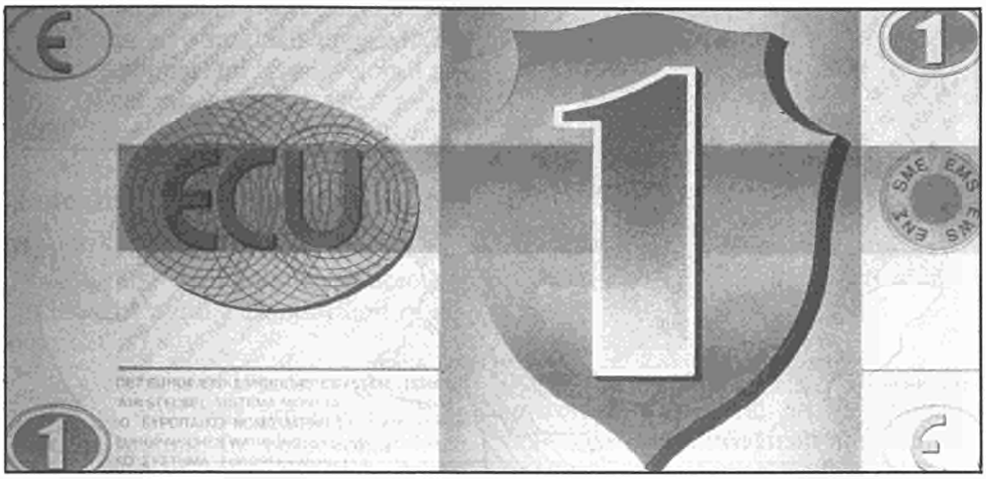
On a more serious note, echoing the tone of the ACP-EEC Press Conference, was the Group's pamphlet, "Tourism with Insight". It contained a sort of ideal "hosts' charter", "visitor's charter" and "travel business charter". Samples from these "charters" include (for the hosts): "We are prepared to cease pursuing further development where it leads to an intolerable burden for our population and environment... We support the strengthening of agriculture and small-scale trade as well as their partnership with tourism... We want our culture to remain independent and alive". For the travel operators there are promises to leave untouched ethnic groups who live apart from civilisation, to encourage the active participation of the host population and to engage in careful selection and continuous training of staff.

All of this found an echo in the statistics — the future lying with a higher quality of tourism. It found an echo in what was said at the ACP-EEC press conference. And, looking at the wider international picture, it is an echo of what Vice-President Natali said in the presentation of the Commission's outlines for Lomé IV (see N° 109, News Round-Up, p. V-VII) that ACP opportunities for trade with the EEC must expand increasingly to cover services as well as goods. One of the most precious services that the EEC can obtain from its partners is tourism — and both sides seem pledged to make sure that the trade is balanced, fair and profitable. ○

T.G.

A North-South, ECU-based monetary zone?

by Pierre SACLIER (*)



In signing the Louvre Agreement in February 1987 the major industrialised nations were trying to set up a new framework for North-North monetary cooperation. Frequently such adjustment in monetary relations is the subject of discussions between the major world powers only, and — in exceptional circumstances — between as few as two countries, such as was the case with the USA-West German encounter in Bonn in October 1987.

Whether there is a severe crisis, or a period of calm, the countries of the South are never a party to these negotiations: in world terms, they do not exist, monetarily.

In general, the attention paid by the major powers to the economic and monetary problems of the South is proportionate only to their short-term interests: resolving the North-South debt problem seriously concerns the creditors, for example, whereas higher prices for South-North exports is approached only in a superficial and erratic manner. North-South monetary problems pass unnoticed. Discussion is rarely deepened, even when anomalies are blatant, such as when the IMF puts the flight of capital from the Third World in the hundreds-of-billion dollar league.

Yet these three matters (debt, evaluation of capital flows and monetary policy) deserve equal attention since they are inextricably linked: efforts made at resolving the debt crisis or at halting the decline in the terms of trade have been unproductive, due largely to the absence of a structure for North-South monetary relations. Such a lacuna should stimulate economists towards thinking about possible solutions to the problem of North-South monetary relations. In theory a solution could be envisaged involving a number of currencies. In reality, though, there are two types of currencies: those "exchange currencies" recognised internationally and the "other currencies", theoretically acceptable at national level but which are frequently merely artificial signs, far removed from the reality of economies' capital movements.

While both types of currency are meant to co-exist, and to complement each other, balance is impossible to achieve: the preference for exchange currencies is so marked as to destabilise the other currencies.

A way out is afforded by association in monetary zones, such as the Franc Zone. Such a way out would seem to be realistic and world economic structures would benefit considerably if North-South monetary cooperation was established on the basis of such mechanisms.

(*) The author is a Great Lakes energy project economist (Organisation of the Economic Community of the Great Lakes — Burundi, Rwanda and Zaire).

The lessons of the Franc Zone

The staying power of this zone, created in 1939 and only intended to be temporary, is a point in favour of this type of institution. It has outlived decolonisation by a long way and given 15 or so new, and barely developed, countries more than a quarter of a century of monetary stability.

The first lesson to learn is that the success of a monetary zone depends on how empirical its approach is. With different partners and contexts, flexible systems and regular consultation will be set up. The geographical area itself can be redefined by the nations involved. Over the recent period, for example, Mauritania and Madagascar have left (1973) and Equatorial Guinea come in (1985). The case of Mali is particularly telling — the country left the zone in 1962 and came back, in various stages, for manifestly monetary reasons — as is that of Guinea, which is reapplying after an absence of almost 30 years.

The second lesson is that a monetary zone is a "permanent and reciprocal incentive for the member countries to rationalise their financial management" [1]. And regular consultation between the partners has indeed acted as a regulator of the use of the guarantee of unlimited convertibility. Some have even complained at the excessive financial orthodoxy resulting from this regulation by the group as going beyond the role of monetary cohesion.

A recent illustration of this concerted discipline is an article by Atsutse K. Agbobli [2] called "Rumblings in the Franc Zone", which expressed concern over the deterioration of the Central Bank of Central African States' accounts after a period of laxism and the start of a recovery plan.

The third lesson has to to with the members' sharing of benefits. The currently accepted idea is that of greater gain for the leading economy. The objection to this may be that a country's only way to higher income is far-reaching economic organisation, on the basis of convertible currency. And a zone's monetary machinery favours not only trade between the leading country and the members but between the member countries as such. So this kind of zone could well nurture South-South integration.

(1) Xavier de la Fournière — La Zone Franc — PUF — Que sais-je? collection.

(2) Jeune Afrique Economie, September-October 1987.

Features of the Franc Zone (*)

The main features of the Franc Zone to be used in the creation of an ECU zone are:

1) **"Plurality of signs"**: The local currencies continue to exist and take on the status of an exchange currency.

2) **"Free convertibility"**: The local currency is convertible into the reference currency at a fixed rate. This means, *ipso facto,* that foreign exchange can be purchased.

3) **"Operating accounts"**: Transactions carried out by the Central banks of each country are registered in the Treasury accounts of the country of reference.

4) **"Guarantee of unlimited convertibility"**: The Treasury of the reference country covers the note issues of the various Central Banks of the member countries in full.

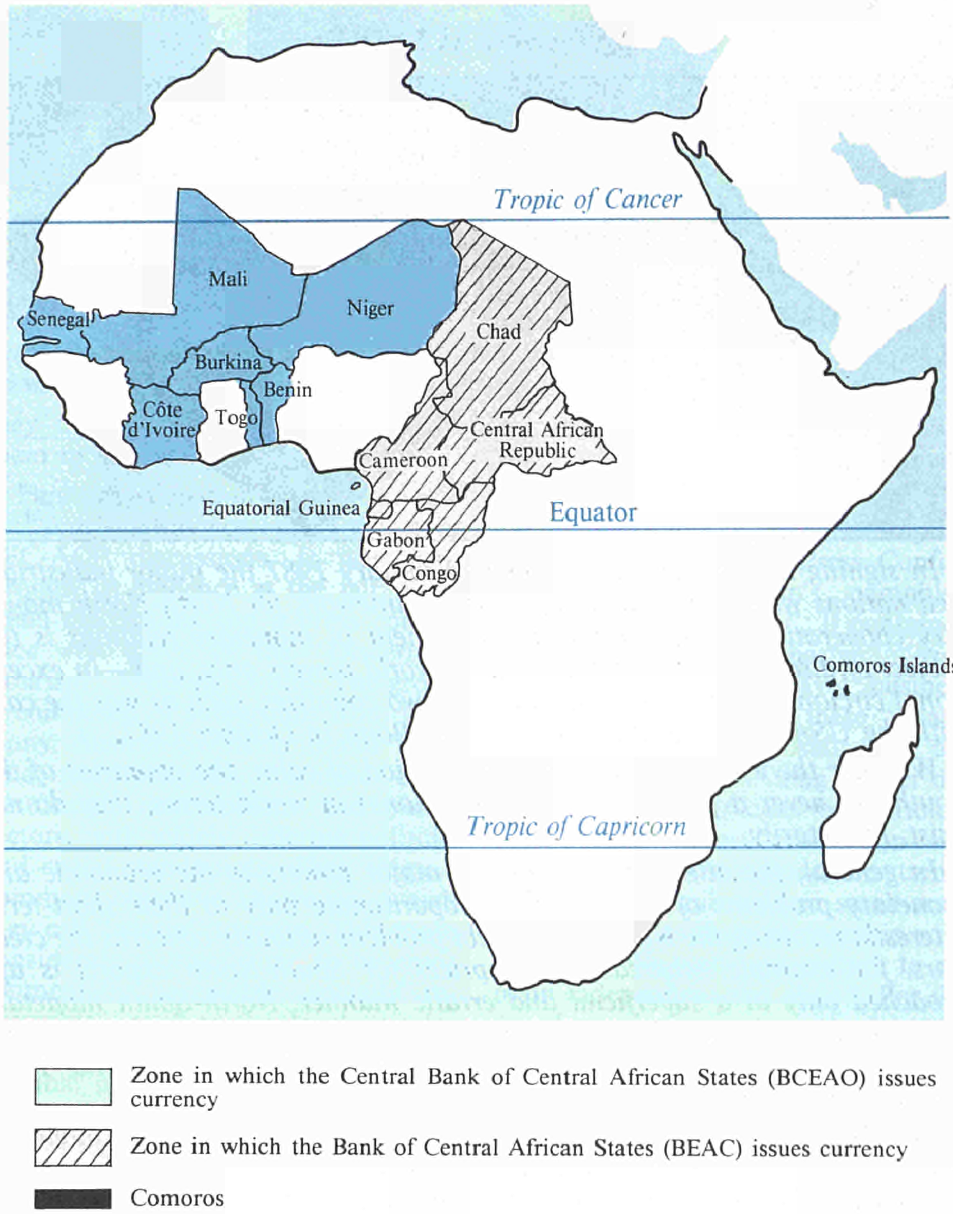
5) **"Pooling of foreign exchange resources"**: The associated issuing institutions directly manage part of the foreign exchange, converting the balance into the reference currency.

6) **Regulation**: The partners consult each other periodically.

(*) Using the terminology of Xavier de la Fournière.

THE FRANC ZONE IN AFRICA

(Map taken from the report of the Monetary Committee of the Franc Zone)



The Franc Zone includes:
— France and its nine OCTs;
— 15 independent countries (all these, other than the Principality of Monaco, are in Africa).

The trap of non-convertible currencies

An autonomous national currency, which fledgling governments saw as a basis for attaining economic independence, soon seemed an illusion when not sustained by real, controlled money flows.

Frequent currency upsets are the result of fragile creations and it would no doubt be instructive to have systematic statistics on the erosion of non-convertible currencies. A recent example is the Ugandan shilling, devalued by more than 300% in 1987. Another more worrying case, since it concerns a country which is both at peace and rich in resources, is that of the Zaïre (the currency of Zaïre), which has been divided by a factor of 120 over the past decade. Such things should not leave these observers, who are worried about persistent under-development, indifferent.

First of all, it has to be admitted that currency, the yardstick by which economic failure can be measured, is often one of the causes. Non-convertibility generates such things as shortages, parallel markets, capital drain, a freeze on productive investments, official markets being brought down to the level of barter, and so on. All this only pushes the economy into a vicious circle.

Beyond a certain threshold, the currency problem gets out of control and all kinds of things begin to go wrong. Goods take irrational routes, wages drop below the minimum subsistence level, company accounts are meaningless, retail selling prices are lower than the cost of imports and so on. This shows how impossible it is to have any kind of hold over the national economy — which then sinks into an informal survival situation.

It is no exaggeration to conclude that, paradoxically, the use of a convertible currency, be it exchange or quasi-exchange, the strength of which is guaranteed from the outside, is a condition of the start of economic independence — which it may subsequently also strengthen.

Not only does the use of a convertible currency do away with most of the above problems, but it enables the rural populations, who are the main producers in the developing and less-developed nations, to get straight onto the "wealth circuit".

Potential of the European ECU

In 1975, the EEC institutions, anxious to clarify and harmonise their accounting, brought out a European unit of account (EUA),

The usefulness of it soon meant it impinged on what was properly speaking monetary ground. Its virtues were such that, in 1979, the creators of the European Monetary System (EMS) made it the pillar of the edifice and dubbed it the ECU.

Technically speaking, the ECU is a basket of European currencies whose compositon is linked to the economic and commercial potential of the member countries and, theoretically, revised every five years.

Composition of the ECU since 17 September 1984 (1)

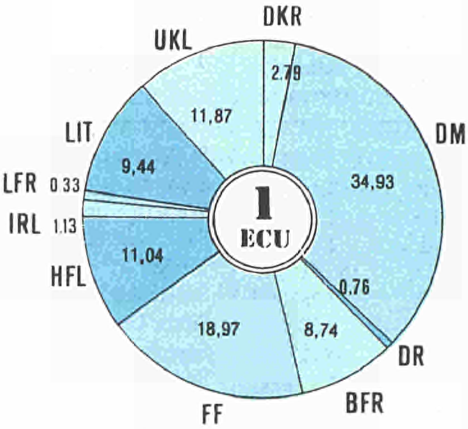
German mark (DM)	*0.719*
British pound (UKL)	*0.0878*
French franc (FF)	*1.31*
Italian lire (LIT)	*140*
Dutch florin (HFL)	*0.256*
Belgian franc (BFR)	*3.71*
Luxembourg franc (LFR)	*0.14*
Danish kroner (DKR)	*0.219*
Irish punt (IRL)	*0.00871*
Greek drachma (DR)	*1.15*

(1) The Spanish peseta and the Portuguese escudo are not yet in the ECU.

In the EMS, the idea of the ECU is to reflect the pivot rate of each of the currencies and it therefore establishes a link between them, implying permanent economic and monetary discipline and, in times of difficulty, the duty to stand together.

So the intrinsic stability of the ECU, due to its composition whereby the trends in any given currency are reduced to an average, is reinforced by the machinery of the EMS, which restricts the fluctuation of the various currencies.

One ECU comprises the following percentages of national currencies:



Alongside the monetary functions it fulfils for the European bodies (since 1981), the ECU is of increasing interest to public and private corporations and even individuals too. This is because it considerably reduces the exchange risks and facilitates the regulation of intra-Community and external trade transactions and plays an increasing role on the financial markets.

Although there are still some important institutional steps to take (to which the sovereignty of the Member States is sensitive), the ECU seems likely to obtain full currency status. It is an answer to aspirations which will increasingly be vital, both in the EEC and for its position in the world.

Independence of countries and choice of international currency

Although belonging to a monetary zone in no way affects a country's independence, it enables it to go from an "autonomous" to an "associated" national currency. Emergent or weak nations thus get genuine negotiating power within the zone.

A country will choose to belong to a zone or not according to the *quality of the reference currency,* a demand which should put the European currency to the fore.

The fluctuations of the dollar are too visible and have too many repercussions on debt management and the price of commodities to make it a judicious choice as a reference currency for the developing countries. The example of Djibouti — whose currency is convertible into dollars and is now faced with problems created by dollar fluctuation — confirms this.

More generally, choosing a single exchange currency, be it the yen, the mark or the pound sterling, seems equally unwise, as these currencies vary with monetary policy, specialisation and place in international trade.

Of the baskets, the IMF's Special Drawing Rights seem an unlikely reference for a monetary zone as they can ill be defined other than as in terms of a unit of account. So the European Monetary System is an opportunity for the promoters of North-South cooperation.

An ECU zone could soon be created, in spite of the fact that the ECU is not yet common currency in Europe.

The ACPs, who have already forged important political, economic and cultural ties with Europe, could have a very significant role to play in the creation of the monetary zone. Conventions would be negotiated case-by-case with the ACPs who opted to go into the zone and credits and development aid could trigger effects on the economy that are unknown today because of the duality of injected foreign exchange and national currency.

If the ACP and EEC countries should increase their cooperation by creating an ECU zone, there would be a considerable effect on development because the ACP-EEC unit represents nearly 15% of the world population and almost a quarter of world GNP.

		EEC	*ACP*	*ACP-EEC*	*World*
GNP	$ billion %	2 543 22.0	182 1.6	2 725 23.6	11 530 100
Population	million %	272 5.8	409 8.8	681 14.6	4 657 100

Countries at a medium stage of development and which are not in the ACP Group already see Europe as an economic attraction and could well be associated with this zone. We are thinking particularly of the six countries of the Gulf Cooperation Council.

Since there is no technical reason for waiting for the ECU to abolish the national currencies of the countries of Europe before starting on a North-South ECU zone, it seems reasonable to suppose that 15 years would be a reasonable time to take building it, on the basis of a dynamic in tune with the spirit of young people, who feel confined within their frontiers. o

P.S.

National currency values vis-à-vis the ECU

May 1988

Country	Currency	Abrevia-tion	1 Ecu in national currency
EEC			
België/Belgique	*Belg. Fr./Fr. Belge*	BFR	43,419700
Danmark	*Dansk Krone*	DKR	7,994740
Deutschland	*Deutsche Mark*	DM	2,075300
Ellas (Greece)	*Drachmei*	DRA	166,911000
Espana	*Peseta*	PTA	137,281000
France	*Franc Français*	FF	7,046620
Ireland	*Irish Punt*	IRL	0,777342
Italia	*Lira Italiana*	LIT	1542,630000
Luxembourg	*Franc Luxembourgeois*	LFR	43,419700
Nederland	*Nederlandse Gulden*	HFL	2,326890
Portugal	*Escudo*	ESC	169,849000
United Kingdom	*Pound Sterling*	UKL	0,661590
ACP			
Angola	*Kwanza*	AOK	36,784600
Antigua/Barbuda	*East. Carib. Dollar*	XCD	3,338210
Bahamas	*Bahamas Dollar*	BSD	1,242800
Barbados	*Barbados Dollar*	BBD	2,483800
Belize	*Belize Dollar*	BZD	2,483600
Benin	*Franc CFA*	XOF	352,331000
Botswana	*Pula*	BWP	2,158530
Burkina Faso	*Franc CFA*	XOF	352,331000
Burundi	*Franc Burundais*	BIF	161,955000
Cameroon	*Franc CFA*	XOF	352,331000
Cap-Vert	*Escudo du Cap-Vert*	CVE	84,351200
Centrafricaine (Rép.)	*Franc CFA*	XOF	352,331000
Comoros	*Franc des Comores*	KMF	352,331000
Congo	*Franc CFA*	XOF	352,331000
Côte d'Ivoire	*Franc CFA*	XOF	352,331000
Djibouti	*Franc Djibouti*	DJF	219,600000
Dominica	*East Carib. Dollar*	XCD	3,338210
Ethiopia	*Birr*	ETB	2,570530
Fiji	*Fiji Dollar*	FJD	1,767070
Gabon	*Franc CFA*	XOF	352,331000
Gambia	*Dalasi*	GMD	7,608290
Ghana	*Cedi*	GHC	230,975000
Grenada	*East Carib. Dollar*	XCD	3,338210
Guinea (Conakry)	*Franc Guinéen*	GNF	546,392000
Guinea Bissau	*Peso Guinéen*	GWP	1192,980000
Equatorial Guinea	*Franc CFA*	XOF	352,331000
Guyana	*Guyana Dollar*	GYD	24,836000
Jamaica	*Jamaican Dollar*	JMD	6,743060
Kenya	*Kenyan Shilling*	KES	21,137700
Kiribati	*Australian Dollar*	AUD	1,636110
Lesotho	*Maloti*	LSM	2,670840
Liberia	*Liberian Dollar*	LRD	1,241800
Madagascar	*Franc Malgache*	MGF	1579,420000
Malawi	*Kwacha*	MWK	3,083400
Mali	*Franc CFA*	XOF	352,331000
Mauritania	*Ouguiya*	MRO	89,854600
Mauritius	*Mauritian Rupee*	MUR	15,793000
Mozambique	*Metical*	MZM	558,810000
Niger	*Franc CFA*	XOF	352,331000
Nigeria	*Naira*	NGN	5,136780
Papua New Guinea	*Kina*	PGK	1,082270
Rwanda	*Franc Rwandais*	RWF	90,558400
St. Christopher & Nevis	*East Carib. Dollar*	XCD	3,338210
St. Lucia	*East Carib. Dollar*	XCD	3,338210
St. Vincent	*East Carib. Dollar*	XCD	3,338210
Solomon Islands	*Solomon Is. Dollar*	SBD	2,533860
Western Samoa	*Tala*	WST	2,521320
São Tomé & Princ.	*Dobra*	STD	90,078400
Senegal	*Franc CFA*	XOF	352,331000
Seychelles	*Seychelles Rupee*	SCR	6,478160
Sierra Leone	*Leone*	SLL	34,049200
Somalia	*Somalian Shilling*	SOS	124,180000
Sudan	*Sudanese Pound*	SDP	5,608960
Suriname	*Surinamse Gulden*	SRG	2,224810
Swaziland	*Emalengeni*	SZL	2,861370
Tanzania	*Tanzanian Shilling*	TZS	117,360000
Tchad	*Franc CFA*	XOF	352,331000
Togo	*Franc CFA Ouest*	XOF	352,331000
Tonga	*Palanga*	TOP	1,641250
Trinidad & Tobago	*T&T Dollar*	TTD	4,487120
Tuvalu	*Australian Dollar*	AUD	1,636110
Uganda	*Ugandan Shilling*	UGS	74,508000
Vanuatu	*Vatu*	VUV	124,937000
Zaïre	*Zaïre*	ZRZ	207,529000
Zambia	*Kwacha*	ZMK	9,867030
Zimbabwe	*Zimbabwe Dollar*	ZWD	2,145470
Overseas countries and territories			
Anguilla	*East Carib. Dollar*	XCD	3,338210
Netherlands Antilles	*ND Antilles Gulden*	ANG	2,231020
Aruba	*Arubische Gulden*	AWG	2,231020
Brit. Virgin Is.	*U.S. Dollar*	USD	1241800
Cayman Is.	*Cayman Is. Dollar*	KYD	1,034540
Falkland Is.	*Falkland Is. Pound*	FKP	0,661590
Monserrat	*East Carib. Dollar*	XCD	3,338210
New Caledonia	*Franc CFP*	XPF	128,120000
Pitcairn	*New Zealand Dollar*	NZD	1,874100
French Polynesia	*Franc CFP*	XPF	128,120000
St. Helene	*Pound Sterling*	UKL	0,661590
South Sandwich Is.	*Pound Sterling*	UKL	0,661590
Turks & Caicos	*U.S. Dollar*	USD	1,241800
Wallis and Futuna	*Franc CFP*	XPF	128,120000
Overseas departments/territorial collectivities			
Guadeloupe	*Franc Français*	FF	7,046620
Guyana Franc.	*Franc Français*	FF	7,046620
Martinique	*Franc Français*	FF	7,046620
Réunion	*Franc Français*	FF	7,046620
Mayotte	*Franc Français*	FF	7,046620
St.Pierre-et-Miquelon	*Franc Français*	FF	7,046620
Mashrak, Maghreb and Israel			
Algeria	*Algerian Dinar*	DZD	6,703200
Egypt (1)	*Egyptian Pound*	ECS	2,842720
Israel	*New Shekel*	ILS	1,930750
Jordan	*Jordanian Dinar*	JOD	0,413825
Lebanon	*Lebanese Pound*	PBP	456,947000
Morocco	*Dirham*	MAD	9,880700
Syria	*Syrian Pound*	SYP	13,908200
Tunisia	*Tunisian Dinar*	TND	1,011370

(1) Free market rate.

The cocoa futures market

by Guy DELANDE [*]

The specialist media have been tuned to futures markets for some years now and, as far as France in particular is concerned, to the financial instruments futures market, the MATIF, which has expanded astonishingly — in spite of the slight brake put on it by the effects of the stock exchange crash in October 1987. The increase in operations of this type is the result of the generally unstable exchange rates and volatile interest rates which have become an permanent feature of the international economy of the '80s and which have forced producers and consumers alike to cover themselves by systematically working the futures market.

But although they are currently being outclassed by the financial markets in terms of both volume and growth rate of transactions, it would be wrong to overlook the fact that, historically speaking, it is agricultural products which have been the basis for the development of futures markets in the USA, and since the end of the 19th century too. And until the mid-70s, tropical products—sugar, coffee and cocoa—were, together with cereals, the principal supports of regular futures transactions and increasingly frequent medium-term transactions, in spite of the inherent short-term risks of this type of operation.

What is a futures market?

This is not the place for a detailed presentation of the subject — which would be pointless given the vast amount of literature available [1].

One or two remarks are, however, vital to the understanding of the operation and role of the commodity futures market.

Firstly, that financial institutions are making it possible to buy and sell futures contracts and not material goods — which are handled on the market in real goods where delivery can be immediate or delayed (the forward market). So these are futures operations, stock exchange transactions which mature at a distant but clearly defined date and involve payment of a differential (a sale giving rise to a buy back and *vice versa*) and, in quite exceptional cases, delivery of the stated goods.

Secondly the operation is based on the negotiating of futures (or paper) contracts — perfectly codified and standardised documents which are commitments to buy or sell a certain quantity of goods, precisely defined as to amount, date of delivery, term and the price the parties have agreed on in advance.

Thirdly, although futures fulfil a number of functions, the protection against price risks is the one most stressed. The operators (producers, processors and dealers) manage by going in for hedging with the twofold aim of either fixing the returns on an economic operation (which will take some time to accomplish) in advance, but knowing the future costs and earnings now and avoiding any loss attendant on price fluctuation, or buying or selling (in the case of firms on either end of the production process) when their knowledge of the market dictates and not when their activities demand. In both cases, the principle of cover is to associate a futures transaction of unknown price to an operation on the futures market (selling contracts when prices are expected to drop and buying when they are expected to rise) so as to balance out profits and losses on the actual and futures market.

This is more or less fully achieved thanks to the futures market organising the transfer of the risk of price fluctuation (which will not disappear because the prices will vary in time) to a second category of operator — the speculators, the occasional or professional investors whose job is to supply a counterpart to the hedgers and who try to benefit from the price variations to up their capital.

The cocoa futures market

Unlike what happens with most products where, when dealing happens in several places at once, one of them rapidly dominates, in the case of cocoa (and other tropical products) there are several futures markets with a significant volume of transactions — the London Community Exchange (LCE), the New York Coffee, Sugar and Cocoa Exchange (NYCSCE) and the Paris Bourse de Commerce, plus, on a subsidiary basis, the cocoa futures market which opened in late 1986 at two Brazilian trade exchanges (the Bolsa de Mercadorias da Sao-Paolo (BNSP) and the Bolsa de Mercadorias da Bahia (BMB), Brazil being the world's second biggest cocoa producer in a normal year.

As the Table [1] shows, the two main markets are in London and New York.

In early 1986, the New York Exchange launched an options market [2] for its cocoa futures contract. Various measures were taken on the Paris exchange to stop the decline when almost half the world's cocoa products are in the franc zone.

A first—fruitless—attempt was made to create a futures market in an essential semi-product, cocoa butter, in April 1986. Quite recently (the measures take effect as from May 1988) the market's technical committee brought out a whole series of decisions to update operation and generate an (already visible) increase in the volume of activity and bring professionals onto the market. There were two main changes: the ports of delivery will now be Amsterdam (the cocoa trade's big port) and Dunkerque (the nearest French port) and the cocoa consignments will have different quotations to reflect their origins and facilitate bargaining over the different

(*) The author teaches economics at the university of Montpellier I, France.

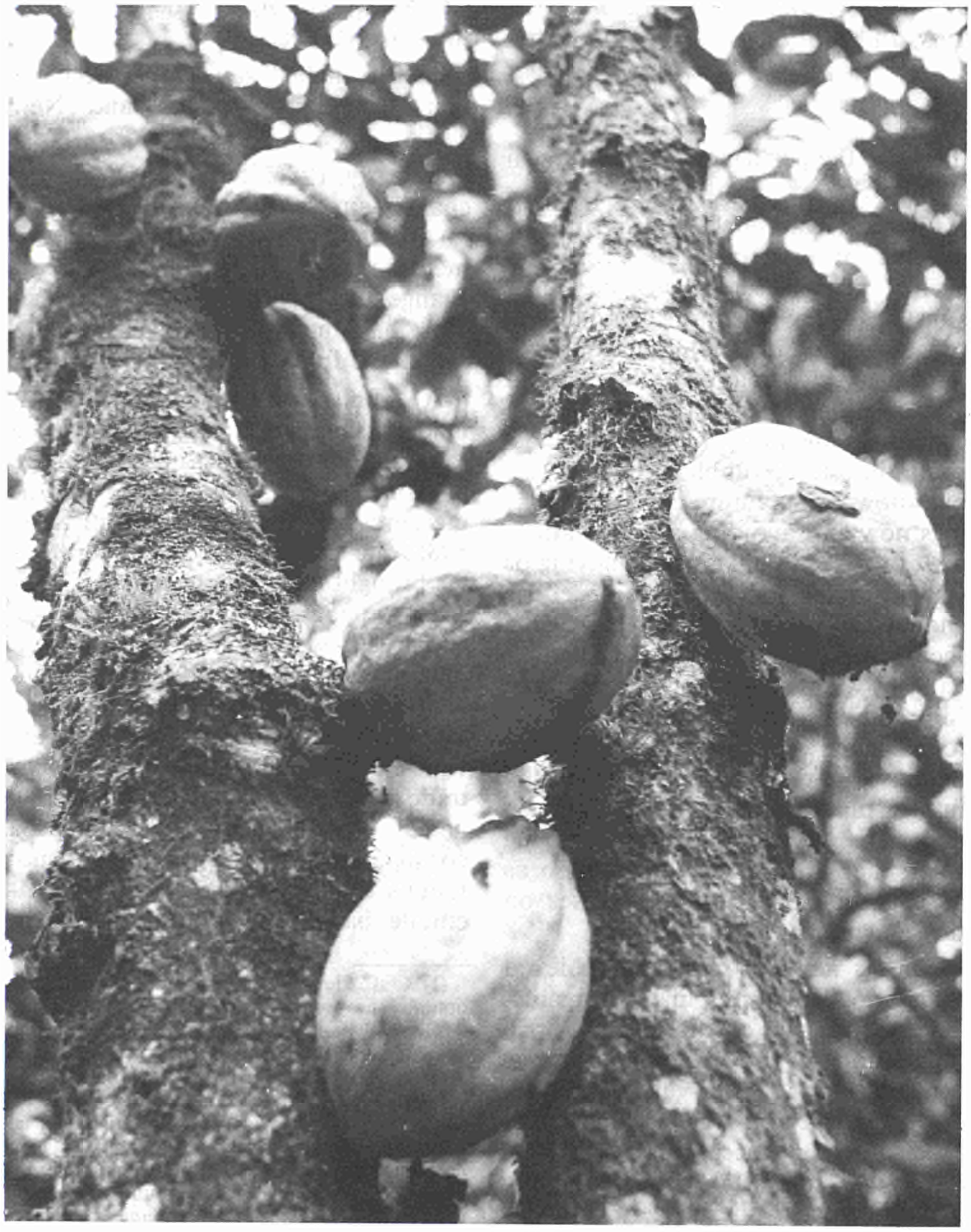
(1) Cf. Y. Simon, *Bourses de commerce et marchés à terme de marchandises*, Dalloz, Paris, 1986, 3rd edition.

(1) Cf. C. Hersent, "Les marchés à terme et les options sur produits agricoles", in *Marchés à terme et options*, Paris Chamber of Commerce and Industry, June 1987.

(2) Negotiable options are a relatively recent product which the trade and stock exchanges offer to their clientèle. Roughly, the holder of an option has the right to buy or sell the option support (an agricultural product futures contract, for example) at a specified price and until a specified date, against payment of a premium.

Annual volume of transactions on the cocoa futures market

Year	NYCSCE		LCE	Paris
	£ 30 000 contract	10 t contract		
1970	313 000	–	ND	78 731
1971	213 000	–	ND	77 608
1972	278 416	–	ND	61 306
1973	430 836	–	952 668	114 384
1974	345 264	–	954 370	86 313
1975	313 760	–	742 577	91 735
1976	333 419	–	1 171 706	60 557
1977	307 628	–	1 147 727	28 482
1978	222 732	–	982 631	25 817
1979	231 918	265	839 751	18 327
1980	187 309	201 662	647 387	4 623
1981	–	562 651	818 979	7 224
1982	–	607 964	626 693	7 780
1983	–	1 162 540	1 336 545	34 125
1984	–	1 127 752	1 317 706	39 169
1985	–	800 573	949 651	21 203
1986	–	777 765	837 085	4 483



qualities (Accra, Bahia and Nigeria) (1).

Futures markets and stabilisation

The worsening instability of the price of raw materials in general and tropical products in particular since the early '70s has had disastrous consequences for the national and international financial situation of many of the producing developing countries — which has led their leaders to try and run stabilisation policies. These policies are inspired by the idea that planned trade gets better results than market and they have resulted, practically speaking, in a whole range of techniques, principally product agreements and compensation for loss of export earnings (Stabex, for example). Both instruments of stabilisation have in fact been used for cocoa.

But the results of all this have been very disappointing, as the procedures used have tended to lead to supply policies being disconnected from demand policies, with the producers having to look through a virtually opaque filter to see the fundamental signs (of the conditions of supply: demand) which prices represent. So the cost of operating agreements or running compensation policies soon became prohibitive and the partners could not or would not go on respecting the terms of the contract.

So a realistic dose of intervention and market, one that expresses the fact that these two methods of organisation complement rather than substitute for each other, should be found and maintained. Greater use of futures markets by the producers would seem to be a good idea, particularly in the case of cocoa, where such recourse still seems fairly marginal. It is an illusion, apparently, to think that price variations—which are very useful to the producers—can be levelled off entirely or maintained at artificially high levels for systematic intervention. On the other hand, the futures market offers these producers and their national authorities the possibility of running schemes that will go a long way to making up for the pernicious effects on their income and on their economic calculations in general. ○ G.D.

(1) Information memo No 99 of the Compagnie des Commissionaires authorised with the Paris Commodities Exchange, January-February 1988.

Earth — miracle material

The mosque at Djenne, Mali

Documentation Française

by Virgile S. TADDEI (*)

1987, as many of our readers will know, was the International Year of Shelter for the Homeless. To mark the occasion, and in particular to mark World Habitat Day (5 October 1987), the Foundation for ACP-EEC Cultural Cooperation held a day of discussion on human settlements in their many facets. (See The Courier N° 106, News Round-up, p. V).

One of the most interesting and impassioned of the Habitat Day's speakers was Mr Serge Taddei, an engineer whose enthusiasm for earth as a building material is evident in the following extracts from his speech. Such enthusiasm is not shared by all, though, and a differing point of view on the virtues of "traditional" building materials follows on p. 93.

"For thousands of years, man, a born builder, has been putting up houses and cities with earth as his main building material. There is no continent or country which does not have a rich and varied heritage of building with earth. And today, more than half the world's population lives in houses made of earth.

Is there a future for earth? I am convinced that there is and I would go so far as to say that earth is the miracle material of today which will enable us to cope with the burning problems of housing and the energy crisis. More than a billion people, a quarter of the population of the planet, will be homeless in the year 2000. By the end of the century, a new world has to be built on top of the old one. But with what methods and materials?

It is true that individual housing made of plain earth is synonymous with poverty, whereas modern materials evoke hope and a mirage of wealth and therefore development. So, faced with the inflexibility and the lack of courage of our societies when it comes to tackling the problem, we are forced to look to history and try and grasp the situation now through what has gone before.

How have previous generations solved the problem? For over the almost 10 000 years men have been building towns, through historical and popular tradition, plain earth has been and still is one of the most common construction materials.

Why sing the praises of earth? Is it just, in the name of history or exoticism, to point to one or two prestigious monuments of majestic beauty, thick of wall and full of form, symbols of political or religious power which could not have been built and maintained over the centuries without the endless labour of subjects or of believers? Is it not important to mention the millions of humbler dwellings, put up by the people who live in them thanks to that fantastic village solidarity that is now, alas, disappearing and which the developing countries do not want to figure in the quality image to which they aspire — which is to their credit.

Earth building techniques are credible and reliable. The first skyscraper, a 90-metre high earth building (the equivalent of 30 storeys in today's council housing blocks) dates back to the 7th century BC, after all. It was

(*) A citizen of San Marino, director of an earth construction firm.

called the Tower of Babel and, although it succumbed to social upheaval, it is still a symbol of earth construction. The Great Wall of China, on the other hand, an earth construction hundreds of miles long dating from the 3rd century BC, is still there, along with many other relics of the solidity that this material can acquire.

Its solidity and resistance mean that today we can admire the countless palaces, mosques, towns and villages, pyramids and many another structures made entirely or partly of earth.

I shall only mention a few here — the Palace of King Minos in Crete (2000 BC), the Governor's Palace in Mari in Mesopotamia (1900 BC), the tomb of Amenophis III near Thebes (1400 BC), the famous Chan-Chan remains in Peru, the pyramids of Egypt, the cities of Bam and Tabriz in Iran, Timbuctu and Mopti in Mali, Fez and Marrakech in Morocco, Kano in Nigeria, Agadez in Niger and, lastly, the famous Hanging Gardens of Babylon, rising from the sand, which are, to my mind, a living symbol of earth construction technology, town planning and the organisation of municipal public services. They were built 4000 years ago.

Why wonder, then, whether earth is a reliable building material today? In the era of computers, interplanetary rockets and robots, are we more ignorant and less competent than the Babylonians? I do not think so. I shall end this series of references with an inscription which can still be seen on a thousand-year earth pyramid which King Asydis had built near Cairo. It says: "Do not scorn me with comparisons with stone pyramids. I am as far above them as Jupiter is above the other gods for I was built with bricks made of mud from the bottom of the lake".

Earth was used on every continent and it is still dominant in Africa, the Middle East, South America, China and India. In Europe, it was used until the beginning of this century. France is just one of the countries with a fine heritage of earth, adobe and cob buildings, lived in and very well preserved in regions such as the Dauphiné and the Vendée.

It is true that earth dwellings have very often been seen as homes for the poor and that a certain view of economic and social progress has gradually ousted this material to the benefit of more modern materials — which are very expensive from the energy consumption point of view. As things stand, soaring energy costs, which have a worrying influence on cement and brick manufacture, are rekindling interest in earth construction.

At the moment, earth techniques are advanced enough to compete with conventional materials, as cement and synthetics, synonymous with progress, have ended up as the symbols of cold, soul-less technology. And this technique, the undeniable inheritor of a popular tradition, has the advantage of being simple, requiring minimal investment in materials, able to be used by people with little or no skill and easy for the user to understand and control.

In traditional societies, house construction was something everyone knew about but this is no longer the case, and many researchers and builders have attempted to remedy this by trying to give the underprivileged populations of the developing countries the opportunity to obtain and understand the new earth construction technology — which is where the saga of adobe begins. Or, to be more precise, where it once more forges links with a popular, centuries-old tradition.

Adobe houses — earth houses, if you like — are made of living walls and they breathe in harmony with everything going on around them, through all their doors and all their windows. Family and friends live there safely and happily. Earth is at one with nature and adobe houses are in perfect harmony with the earth on which they stand — that same earth used to make the bricks and blocks which have nothing in common with modern, standardised products.

To date, earth remains the most easily accessible building material. It gives the same solidity and resistance to heat and is cheaper and easier to work with than all other known materials. It is a natural material and in plentiful supply in many parts of the world, as the clay and laterite that are good for building make up 70% of the earth's surface, an inexhaustible reserve that is entirely available to us.

Earth — a crucial factor when it comes to energy saving — considerably limits heat exchange and houses therefore stay cool in summer and warm in winter. In developing countries, where, there is a high percentage of scattered rural housing, earth blocks have considerable economic advantages. They are produced using only local raw materials and labour, the elementary production techniques only call for minimal investment in terms of artisanal or industrial equipment and, lastly, in the case of larger projects, they can be produced on site, so there are no transport costs for the raw materials (cement, gravel and sand, timber boxes, iron etc.) or the finished products (agglomerated cement, prefabricated units, baked bricks etc.).

Earth architecture techniques lead to major energy savings and the pollution associated with present production would be reduced by this amount, particularly in the case of chemical industries.

Earth concrete is ecologically clean, leaves no waste or indelible traces and may become a new ambition for architecture and building in the 21st century.

Modern technology *versus* local materials

Certain industrial and multinational firms which produce building materials and certain consultancies which ensure their massive use sometimes try and discredit earth to protect their own market.

By concentrating on cement, steel, aluminium and all the petrochemical derivatives for more than half a century now, "orthodox" contemporary architecture has encouraged industrial monopolies which have exploited these markets, gearing themselves to gigantic production units which are notorious for devouring energy and generating pollution.

In some developing countries, hundreds of little brickworks have been bought up and their activities halted by multinationals, often with the connivance of local authorities when it comes to setting up cement works.

So the constraints of modern, heavy technology bar the way to a realistic solution to the serious problem of housing in developing countries — which will be short of an estimated, astronomical 300 million homes in the year 2000.

The problems are now declining, but they do not just occur in economic institutions. They persist in many cultural and professional organisations. Plenty of architects — and engineers — are still amazed when the idea of building in earth is brought up, as the method is one they never came across during their training and they, like most consulting engineers, tend to be paid a percentge of the cost of the works. Is this really the best way of encouraging the search for genuinely economical alternatives? And the organisations they belong to, their professional bodies and the scientific and technical centres in the construction industry, whose standards they apply, are often so extremely sceptical about the everyday realities of our contemporaries that earth, adobe and mud do not even appear on their lists of authorised materials — although more than a third of mankind uses them and lives in them, even in the West.

But, there again, it has to be admitted that changes are afoot and the technocratic straightjacket is gradually being loosened. Disillusion with the very frequent failure of so-called development programmes is now leading to more realism and modesty. It is unrealistic — or downright dishonest — to claim that humanity could, nowadays, dispense with simple traditions materials, so often forgotten in economic planning and accounting. Obviously it is often things that are really economic and beneficial to society that get left out of the orthodox calculations of gross national product. And the same goes for the millions of families which build their own homes from earth every year. They are ignored and only those who stick to industrial production standards figure in the statistics.

These outlooks and practices are currently unreasonable, but their snowball effect could be considerable, so certain political choices have to be made.

Many planners and decision-makers, carried away by the euphoria of the '70s, thought they could shrug off time-honoured traditions and sweep the lessons of history aside. Their mistake has had far-reaching consequences and many new politicians have realised the fact and are reacting.

Appropriate technology should be seen as an expression of a cultural revolution

Some development aid institutions, the World Bank and the IMF, for example, seem to have woken up to the fact that certain of the western world's heavy, sophisticated, expensive technology has to be abandoned, strategies adjusted to give more importance to cultural and priority considerations and a start made on the quest for genuinely economic alternatives.

In 1980, a handful of small firms were promoting earth construction. Mine was one of them, but nowadays there are countless researchers, designess, builders and architectural centres where earth is researched into, experimented on. Today, Belgium for one has vast technological potential here and has a whole arsenal of techniques for both earth brick-making and earth housing. A Belgian firm, in fact, is about to begin a unique experiment — with, of course, the blessing of the developing country in question: a programme is about to be started to build 1000 houses a year, with 98% of the workforce hired from amongst the needy and the unemployed of the area. The labour force will follow a rapid training course on the building site itself.

The construction, supervision, organisation and management of the various building sites will be carried out with their collaboration and involvement and each family will put up its own home. If this operation is to bear fruit, it must be run alongside a programme of farming, craft and social activity contributing to a training centre. The Belgian firm will make an active contibution by putting its experience and know-how, particularly about earth construction, at the population's disposal.

I should like to end by expressing the wish that leaders everywhere will take the inhuman problem of the homeless to heart as if it were their own. In this way we can extend the International Year of the Homeless for as long as it takes to give a billion people a roof over their heads. And this means bringing back earth buildings such as we had 10 000 years ago". ○

V.S.T.

Building in the Third World

by Anastase ZACHARAS (*)

It would be wrong to think that earth buildings are an archaeological curiosity taken up by Third World fanatics or architects stretched for originality. If the fashionable dichotomies of the town-country, rich-poor, underdeveloped-industrial and formal-informal type are to be avoided, we must at all costs refrain from painting an idyllic picture of the use of local materials, user involvement and so on and leaving out the attendant obstacles and constraints. The future will be far better assured if those who go in for them know what the limitations are. In spite of interesting, albeit ill-diversified, research, practical solutions are still wanting. The problem is badly posed. It fails to take enough notice of the human factors (ability and psychology, for example) and all that happens is that local materials get a good press. Nothing more. So not only is there no significant improvement in rural or urban housing, but, infinitely worse, the schemes have done nothing to create the multiple shapes and functions of the urban fabric that are vital to the fundamental relations between the town and the country.

But the debate is unimportant. What is crucial is to create a materials market in each developing country to supply both firms and individuals and to do so taking account of a number of fundamental considerations. First of all, take the demands of the trade balance of the country in question into consideration. Second, ensure technical reliability. And third, see that there is regular supply and proper distribution. There is nothing wrong with these considerations changing from one country to another, according to national income. And it is right to expect them to develop over the years, as they are made to progress.

Nevertheless, the building sector is an as-yet-untapped potential in many a developing country where genuinely local firms, large and small, are in drastically short supply and often in need of assistance. But building

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EDF

"Advocating the use of local materials which are neither durable nor comfortable will not give any satisfaction... nor will it generate any economic improvements"

sites form only a very small proportion of total construction and public works activity. A large proportion of the value of a construction project will be the contribution of the materials industry and the service companies.

Generally speaking, building materials production in the developing countries is ill-developed and inadequate to meet demand. This is due partly to urbanisation preceding industrialisation; and partly to insufficient savings being recycled into short-term trading activity or into the public treasury and converted into operating expenditure.

Building is not seen as a productive investment.

Neither satisfaction nor economic development

Advocating the use of local materials which are neither durable nor comfortable will not give any satisfaction to the poor. Nor will it generate any economic improvements. The housing situation will go on deteriorating until there is an industry producing building materials that are right for the needs of the greatest number. For the biggest drawback of products and materials is that of being designed and turned out by the Western mind for use in the Western environment. Most materials today are imported—although the countries actually have the raw materials needed to make them. And dependence on the outside world also extends to machinery and the equipment needed to manufacture it.

Another problem is that the local building materials industry has an outlet problem. The minimal resources of the users are often incompatible with products that are up to international standards. But we must face the fact that there are difficulties in innovating in construction. We cannot with impunity argue for reputedly suitable technology for which there is no application! We cannot go on maintaining that traditional materials are easy to use, that labour is free or machines are pointless.

A billion people—a fifth of the population of the globe—have no roof over their heads or they live in wretched housing in an unhealthy environment. So we have to build more housing—and cheaper and faster too.

The building materials sector must be able to supply the sort of materials which help cut the cost of construction if it is to satisfy the greatest number and help develop the country (i.e. positive in terms of national value added). It must also be as diversified as possible, in spite of the fact that steel and cement are now a *sine qua non.* There are no good materials or bad materials *per se,* it all depends on the section of the market, on local resources and on the characteristics of the various regions.

A material that is not competitive for some consumers may be very positive when it comes to the trade balance and/or job creation. In cases such as this, macro-economic studies are called for. But it is a bad idea to line up industrial, capital-intensive materials against artisanal materials turned out by small units. This is a mistake poor city dwellers never make. They systematically combine cement and earth, corrugated iron and timber, baked bricks and concrete flooring. They know that, as far as prices are concerned, there is no miracle answer.

The golden rule is not to prescribe local materials if, economically speaking, they mean substantially higher building costs than "industrialised" materials. And controlling the import situation is a delicate business, too. The case of corrugated galvanised, steel, the cheapest, and therefore the commonest, roofing in African towns, is a fine example of the discrepancy between the logic of the individual and the macro-economic interest of the State.

Perhaps we should develop steel galvanising-stamping units in the ACP countries to develop local added value or think about dedicated mini-cement works for particular purposes. The size of the units would of course have to match the needs of the market and take transport conditions into account, and they should be technologically compatible with local management capacity with no foreign assistance. Distribution costs would have to come down too, independently of whether the cement and the steel were produced locally or imported, boosting competition and avoiding the shortages which always generate speculation.

There are other materials too, of course, earth and gypsum, bricks and tiles and timber, all of which are just as commonly used. Given the same performance and quality, these "local" materials are rarely cheaper than the "industrial" ones (durability costs!), but they can be used alongside and sometimes even instead of cement and steel. The main interest of these materials seems to be the possibility of decentralising manufacture to small and medium-sized factories.

The development of a building materials industry in the Third World therefore means:
— promoting a materials industry that is diversified to reflect regional potential;
— finding the sort of technology that can be used on the appropriate scale;
— developing certain technologies considered to be outmoded in the industrialised world but able, if properly adapted, to render sterling service in some of the developing countries (less investment, simpler technology, more jobs etc.). The leaders of the countries concerned are the only ones with all the information needed to make a decision on this. ○ A.Z.

The Cinema as instrument of development

Claude Pavard's film, "The Indian Ocean", took the Silver Compass in the international tourist film competition at the International Tourist Fair 1988 in Berlin on 6 March. It was made for the Indian Ocean Commission and financed by the EDF.

Pavard has made a large number of films for French television and the Commission of the European Communities. In his interview with The Courier, he shows that the cinema can be a genuine instrument of development—without loss of artistic or commercial worth.

▶ *Mr Pavard, you have just won the Silver Compass. Is this your first prize?*

— No, it isn't. I've already had what are called quality awards, which are prizes presented by the National Centre for French Film in Paris, and I have won the French cinema quality award for films made in Africa on a number of occasions, but several years ago. Other films of mine have done well at other festivals in France and Spain—especially those about life under the sea which were filmed in the Indian Ocean.

▶ *So this isn't your first film on development or tourism...*

— No, if you like it's one of a long series begun almost 20 years ago. It's really an overall conception of the general theme of North-South relations—and the tourist side in the case of Berlin, because the idea is to promote tourism in this part of the world on the western markets where there are all the big pools of tourists seeking the sun. Some countries in the western Indian Ocean, Comoros and Madagascar especially, need particular help with promotion as they are new arrivals on the tourist scene and they only have limited means as yet.

Tourist high spots in the Indian Ocean

The main aim in this project was to get general support for the whole of the western Indian Ocean. This is an area of complementarity rather than competition since it has the great advantage of finding in Madagascar what you don't get in Comoros and finding in Comoros what you don't get in Madagascar, particularly from the nature angle and other possibilities and potential too—by which I mean services. Here we have five countries, the five members of the Indian Ocean Commission that is, Seychelles, Mauritius, Madagascar, Comoros and Réunion—i.e. the French Government—and they all have one or more high spots, which are what we decided to show in the film. We wanted to get people who saw the film to realise they can organise a trip to this part of the world, or get one organised for them, and visit the five countries and find they all have something different to offer although they complement each other as a whole. Look at Seychelles. The beaches are fantastically beautiful, so people especially want to go to the coast. They are maybe some of the best beaches in the world. The sea is always warm. It's marvellous, and this is what we are stressing in the commentary and the camerawork in the film.

On Mauritius—well, we all know the Mauritians have developed the standard of accommodation and the welcome you get and the service in their hotels fantastically well. It's a success, undeniably—and noone's trying to deny it either—which is why we underline it in the film. If you want high-class service and high-class hotels, then go to Mauritius, because that's were you'll find them.

Let's continue our little trip and move on to Madagascar. Now, this country's like a whole continent, with extraordinarily varied countryside you don't find anywhere else—except maybe in Australia—and this is what the Madagascan authorities wanted us to emphasise, the wide open spaces and the countryside. And I was in complete agreement. So we've capitalised on these extremely spectacular scenes you get in the interior—from the Horombé highlands and the Isalo massif, which are... just the sort of country for a western. A kind of Monument Valley in the States. And we have shown a lot of animals, especially the lemurs, terrifically unusual creatures to watch. Really spectacular.

The Comoros are islands which each have their own personality. They are all very different. Obviously we put the emphasis on Comoros' special feature—that Islamic civilisation that has been in the region for years and years and has popular arts and traditions of its own—and on the very high standard of its maritime attractions. Diving in Comoros is absolutely beautiful and it has a great future.

Réunion is a peak in the middle of the ocean and, as we know, its big tourist attractions are above all in the interior, its heights and its mountain amphitheatres, absolutely wonderful places for walking and really worth the trip. So, not forgetting the seaside or the fact that the hotels are of a very good standard—they are on Réunion, certainly—the film put the emphasis on the highlands.

Each part of the film—because it was designed to have five chapters, each divided into volumes and each chapter is a country—stresses one important thing because the principle we adhere to with a 15-minute film is that, if the people watching it can remember one big thing from every three-minute clip, then we have achieved something. You always have to be very modest in the way you reach out to your public. So there is one high spot per country and we have achieved our target, if you like, because in France the promotion campaign has begun on a very practical level. We finished the film during the summer of 1987 and, by early October, we had begun showing it in 93 towns of France to more than 2 000 travel agents, putting them in the picture about the west of the Indian Ocean. The first royalties, the first consequences on the French market should start coming in during the course of 1988.

Putting the western Indian Ocean on the map

So all the travel agents who are now *au fait* with the western Indian Ocean and know more about it thanks to the film—and the book which was produced as back-up that would last a bit longer—will be more likely to push this destination because, ultimately, that is what the tourist trade is all about. Travel agents are tradesmen behind a counter selling places to customers who are basically seeking the sun but don't really know where to go and want nothing better than to listen to the man behind the counter who knows all about it. Our job is to see that this man behind the counter is particularly clued up about one or more destinations. That is the idea of it all, giving some kind of education and training to the travel agent, the man behind the counter. He is the key to tourist development, in any case as far as foreign sales are concerned.

► *And the five Indian Ocean countries all agree with this approach, do they? Because someone from Mauritius said he thought it was a failure. What he wanted was a film about Mauritius—which he maintained was well ahead of the others in its tourist industry.*

— Now you mustn't be surprised at people in a region like the western Indian Ocean, which has very strong particularities, being nationalistic and saying, to put it in a nutshell, that, ultimately, the important thing is their national interest and the other countries can do as they like and they don't care all that much. It doesn't surprise me at all. What you have to do is see that these points of view—which will go on existing—get weaker and weaker and that more and more common opinions and joint efforts come to light in the region—and in other regions of Africa and the Pacific and the Caribbean, because there is no other answer.

This is an unavoidable aspect of the history of the world. People have to form groups. And to get back to Mauritius—it's doing well, its tourist trade is going full steam, it's a terrific success and all thanks to the obstinacy and courage and intelligence of the Mauritians, of that there is no doubt.

Once Madagascar has got its tourist sector properly into order, and I hope for its sake that this is very soon, when it has developed its hotel design, its roads and so on—and that is something you can do fairly quickly, it only takes a year or two—it can make a lot of progress. Once the competition between Madagascar and Mauritius starts to hot up, maybe the Mauritians will be glad, nonetheless, to have good relations as regards regional organisation with their neighbours in Madagascar, Réunion and Seychelles—which are developing their tourist sectors regularly too. That is what we should be working towards.

▶ *So this is a film for the future?*

— Certainly. But it is already underway so to speak, although it will probably be difficult to put a figure on the results. The fact that 2 000 travel agents in France have already been put in the picture will probably have an effect in 1988. For the moment we have a French version and an English version of the film. As soon as the other versions are ready for Europe, the Italian version, the German version and the Spanish version that is to say, is for promotion schemes to be run to tap the pool of potential tourists on the other European markets and get them to get to the western Indian Ocean. And once we are running a general scheme in England, Ireland, Germany, Belgium, Italy, Spain and Scandinavia, I am convinced we will get results. That is the aim, ultimately, to get the hotels filled better, the planes flying and the local taxi drivers happy because they've got lots of passengers.

▶ *Will this trigger a rush to the Indian Ocean that these countries will be unable to cope with?*

Towards high-class tourism

No, I don't believe there will be a rush. There might be if a system was set up overnight, but I don't believe it will. I don't believe it will because there have been stories like this in the past—the system which certain big European travel companies set up for Bangkok whereby you could "do" Bangkok for FF 3000 a week all in, flight included. If you do that, if you actually "do" Madagascar for FF 3000 a week all in with 747 charter flights, then you'll spoil the whole thing. Then you'll get a rush. But I believe all the countries in the region are convinced it is in their interest to approach the top end of the market, certainly not mass tourism. Because ultimately, mass tourism doesn't bring in much foreign exchange. Mass tourists don't buy souvenirs or hire cars or eat in restaurants or go to night clubs. They don't help the country's economy tick over. We've seen what happens if you do that. It was tried out for a bit, rather along these lines, in Seychelles. A travel specialist worked with Seychelles for a bit. He had his own planes and his own hotel and he packed his customers on the plane and flew them to Seychelles airport and they got on a bus to be taken to the hotel and so on. And the incredible thing was these people bought nothing, nothing with a big N, not even a souvenir T-shirt. They paid for their all-in tour from Europe and the good people of Seychelles near the hotel got no benefit from it. The holiday-makers never went to a restaurant, they never went to a café for a drink. They just bought bottles of coke in the corner shop and opened them themselves. That's disastrous. You don't want that sort of tourism. Tourists like that are like locusts which swarm over a country and only produce a negative effect—as we have seen in several countries alas.

There is certainly some redesigning to be done here, a whole new approach to tourism to shape up. In any case, as far as the western Indian Ocean is concerned, as far as the members of the Indian Ocean Commission are concerned, there is unanimity on the fact that they do not want mass tourism. What they want is upmarket tourism, people with enough money to have an indirect effect on other sectors of a nation's economic activity, because, in the end, this is the only context in which tourism, as an industry which generates industrialisation and development, can work.

▶ *This isn't the first film you have made for the Commission. What have the others been?*

— In terms of tourism, I made a film just recently analysing the phenomenon of tourist development on Mauritius, on the tourist business—where the money comes from, what the financing is, what the origins are, and how people find answers to make tourism work. And I involved Mauritian architects in the film, which is a study I did for Contact Magazine.

The cinema and economic problems

But before that, when Mr Cheysson was Development Commissioner, I made a film on sugar, a study of the Sugar Protocol of the Lomé Convention, from the dual point of view of the people producing cane sugar and the people producing beet. It analysed every aspect of the sugar problem and it took an hour. The idea was to make the beet producers realise that there were people producing sugar cane and they depended on the cane for their survival and explain to the sugar cane people that the beet producers also needed their beet to survive. Because, ultimately, behind this vast international circus, there are peasants sweating hard behind their ploughs and in their fields. The film is still being used today, although it was made 10 years ago, which goes to show that the sugar problems are the same today as they were 10 years ago. Its rather worrying really...

Another film that was very interesting to make was a study I did with Edgard Pisani when he was a Commissioner in Brussels on the food strategies, a film that also took nearly an hour. We filmed it in Mali, Niger, Kenya and Burundi, analysed the question of the food strategies and distributed it in France and in some of the neighbouring countries, like the sugar film, on television.

I did another study too, on the direct and indirect consequences of large and small investments, the macro-projects and the microprojects, shall we say, run by the countries of the North in the countries of the South. What it was, in fact, was what is involved in a big dam and what is involved in a little dam—which is why we called the film "The Big and the Small", because the idea was to see what went on in big projects and what went on in small ones. It generated a good deal of controversy. It didn't criticise. It analysed. All the problems were put on the table, with the way they had been dealt with, good and not so good, and it was with the not so good that we got reactions, especially from big European firms, offices of consulting engineers and big building contractors and turbine contractors and so on. They felt, quite wrongly, that we were doing a demolition job on them. It wasn't that at all. All we were doing was getting to the bottom of one or two problems which—and there is no doubt about this—had not been dealt with. I am speaking in particular here of the problems of population, of population reclassification, of the environment, ecology and so on... which are sometimes completely overlooked. ○

Interview by T.G.

The Lagos International Symposium on African Literatures

by Fortunatus DAWODU (*)

The 1st International Symposium on African Literatures ended on Saturday, May 7 with a strong condemnation of apartheid in South Africa and of the wave of repression which threatens intellectuals in Africa, according to a final communiqué released by the over 200 anglophone and francophone African writers south of the Sahara gathered in the Nigerian capital for one week of literary acrobatics.

Originally, the symposium was planned by the French Embassy in Nigeria as an informal interface between francophone and anglophone West African writers. It was later merged with an earlier arrangement by the Nigerian Government to celebrate the award of the 1986 Nobel Prize for Literature to Nigerian novelist and playwright, Professor Wole Soyinka. Historically, the Lagos International Symposium on African Literatures could be linked with some previous gatherings of African writers, artists and intellectuals: Rome 1956, Negro Writers' Conference — Paris 1959, Negro Writers' Conference — Nairobi 1962, Conference on African Literature — Stockholm 1967, African Writers' Conference — Dakar 1976, Colloquium on African Alternatives, and Lagos 1977, FESTAC '77 Colloquium.

In the tradition of these former gatherings, participants at the Lagos International Symposium were drawn from the entire continent of Africa south of the Sahara, with South African writers at home and in exile being represented in large delegations. The overall theme of the symposium was "African literatures before and after the 1986 Nobel Prize" with three sub-themes: (1) The language factor in African literature, (2) Literary production and distribution and, (3) Literature, culture and national development.

The symposium took off with a keynote address by Dr Wole Soyinka who in 1986, became the first African to win the Nobel Prize for Literature. Easily the highpoint of the six-day event, the speech, entitled "Power and creative strategies", was an open attack and a strong indictment of military regimes which lord it over most African countries including his own country, Nigeria. He advocated a deadline, preferably the turn of the century, to end all military rule within the African continent saying: "It is no longer enough to get on our knees and thank Providence for the violent intrusion of a regime which fortunately believes in a benevolent transformation of its genesis. We must demand the right to choose our leaders and to structure an agreed system for dethroning them." Dr Soyinka added that "The Divine Right of Kings which ended with the decapitation of crowned heads of Europe several centuries ago, has — need I state the obvious? — been replaced by the Divine Right of the Gun on this continent." He said, "We must invite all our dictatorships, under no matter what camouflage, however comparatively civilianised and domesticated they are, to set a definitive date within this century for the abandonment of this denigration of our popular will".

After raising a fundamental question of the morality of a conference under government sponsorship, Soyinka concluded: "Any sacrifice for our emancipation must be born of free will in no matter what aspects of our existence". The Nigerian President Ibrahim Babangida, who has been represented by his second in command, Vice-Admiral Augustus Aikhomu, had earlier said that the Nobel Prize represented a literary landmark, not only for Africa, but for the world at large. Participants who were treated to cultural displays at the opening ceremony also watched the award ceremony of the first All-African Okigbo Prize for Poetry to Congolese poet and current Culture Minister, Jean-Baptiste Tati-Loutard, whose collection of poems "Tradition du songe" was chosen for the award in 1987.

Various sub-committees were later formed to discuss sub-themes such as "The African writer and the oral tradition", "Literature and multilingualism", "French and English as African languages." Debating the latter, participants were of the view that neither language was African. To suggestions that one single African language be evolved, Togo's Amella Amellavi and Nigeria's Ken Saro-Wiwa agreed that African writers were obliged to use English and French and that the two languages be allowed to stay as working tools.

The workshop discussing "Literature and multilingualism" agreed that the African writer is in a "multilingual situation". It suggested the creation of dictionaries of African-to-African languages just as there are dictionaries of African-European languages. It was also suggested that ethnic academies be set up for the development of African languages, i.e. "Ewe Academy", "Lingala Academy", "Yoruba Academy...". Outside the discussion halls, participants at the Lagos International Symposium on African Literatures had the opportunity to touch on crucial political issues. The Senegalese writer, Aminata Sow Fall, who says African literature has matured, however deplored the idea that African literature should move to the right or to the left as Eurocentric and political. "I don't want anybody to dictate for me", she said, adding that "It was embarrassing that this rare meeting of African writers should be initiated by Europeans." An insight into the thinking of South African writers was also given by Njabulo Ndebele during an informal conversation when he remarked that: "Basically, the South African imagination is dominated by apartheid." The question of language, according to Ndebele, is at the centre of the complex problem of getting people from different backgrounds in South Africa "to work together towards a situation in which we'll promote positive multilingualism." Talking on the issue of "Literary production and distribution in Africa", another South African, Christopher Van Wick, pleaded for the possibility of literary works from South Africa circulating in other parts of Africa.

The Lagos International Symposium on African Literatures was not an entirely literary affair, as an impressive exhibition of visual arts was mounted in one of the halls of the Lagos National Theatre, where participants and observers had the opportunity to see other aspects of Africa's creative heritage. It was a collection of works from selected artists diverse in style and subject: paintings on canvas, textiles, beadworks, etchings, bronzes and glass casts as well as massive glossy sculptures and books. An economics graduate, Ihouma Kamalu, added life to the exhibition as she demonstrated the dynamics of Akwete textile weaving, an artistic job requiring high mental concentration, whose products maintain the age-old Akwete textile's solid quality.

Most of the exhibitors were Nigerians who have achieved recognition in the country. The Lagos gathering emerged as a worthwhile artistic convergence, a celebration of the vibrancy of Africa's creative forces, the full strength of which has not yet been fully achieved. The symposium ended after adopting nine far-reaching resolutions which were the product of the comprehensive and careful synthesis of a number of rapporteurs and committees. o F.D.

(*) Information Officer, EEC Commission Delegation, Lagos.

CTA Bulletin
TECHNICAL CENTRE FOR AGRICULTURAL AND RURAL COOPERATION

Distance teaching to benefit rural women (*)

It is now widely recognised that active community participation in both the design and operation of programmes of vocational and literacy training, health care and agricultural production is the key to their success. One of the most important and effective factors in bringing this about, especially in tropical countries, is the involvement of rural women and women's organisations, one of the most potent forces in the struggle to free millions of people from the grip of poverty.

In many parts of the tropics, women work up to 18-hour days at a variety of tasks. Yet women are rarely recognised as being the farmers, traders, health workers and entrepreneurs that they are. Consequently, they get little access to training, technology and credit which could help them both improve their productivity and ease their workload. Investigations into how rural development programmes can be made more effective are focusing on a number of relatively new areas, including the training of Change Agents and how their communication capabilities can be improved; modern teaching techniques and effective use of the mass media; and the need to facilitate a two-way process of information collection and dissemination. Closer attention is also being paid to the role of women in the development process in the ACP countries.

Generally, women's workloads are so heavy they cannot spare the time to learn new methods — usually from male tutors — or to visit centralised demonstration sites. Most training and extension networks have been planned by men for men. They have not reached women producers, even when they are the head of the household. Expectations that both husbands and wives will attend demonstrations are unrealistic because women's jobs, schedules and priorities differ markedly from men's. The provision of female extension officers may improve matters but will not in itself enable rural women to adopt more productive methods or technologies.

Today, insufficient access to training, extension and credit services continues to limit the productivity of rural people, particularly women. Despite heavy investment in education, girls are still less likely to go through school than boys. More than 60% of the world's illiterates are women. Lack of knowledge and skills — and the opportunity to acquire them — prevents women from realising their full economic potential or contributing fully to development initiatives. Urgent action needs to be taken to facilitate women's access to vocational, technical and on-the-job training. Education is of crucial importance, and special attention needs to be paid to rural areas, in particular the difficulties in attracting teachers to village schools and extension agents to remote communities. Marketable and vocational skills need to be made available to those people who lack formal education.

A report, *"Information for Women in Agricultural Extension in ACP countries"*, which examined these problems, was published last year (1) and investigations are now being undertaken to determine how a shortage of trained instructors and facilities in rural areas can best be overcome. The use of distance-teaching using the various mass media — radio, television and video — seems to be the best option. There is strong evidence that distance-learning techniques can play a significant part in helping to improve the standard of living in isolated and poor communities, at the very least by raising educational standards. In Egypt, for example, the audience for a televised literacy course was over 60% female, women who would not have otherwise received such an education. It may well be cost-effective to target distance-teaching efforts specifically on one group, such as rural women. Today, distance-learning, where the information is offered in broadcast or electronic form, can be designed for a specific community, or aimed at a target audience within that community. The presentation and content of the programme can be tailored according to which sector of the community is the intended recipient, landless labourers, poor or rich farmers; landlords; school teachers; businessmen; local or religious leaders; children; poor women and so on.

Many countries are now looking to improve the effectiveness of extension services. CTA, in its support of investigations into the use and scope of distance-learning, is examining not only the need to produce material that can successfully raise the awareness of local communities, but also the necessity to train extension agents in communication skills to make the best use of the material produced. o

(*) Article provided by the CTA Information Service.
(1) Published by the CTA in March 1987 (author Barbara M. Purvis).

Recent CTA Publications (20 May, 1988)

Agroforesterie et Désertification
By Michel Baumer (ICRAF)
Technical Handbook
(16 x 24 cm, 260 pages)
Published by CTA
Available only in French

La Conservation des aliments
Technical Handbook
(15 x 21 cm, 95 pages)
Co-published with AGROMIBA (The Netherlands)
AGRODOX series
Available only in French

Eau et Terres en fuite, Métiers de l'eau du Sahel
By Jean-Louis Chlaq and Hugues Dupriez
Technical Handbook
(21 x 27 cm, 125 pages)
Co-published with Terres et Vie (Belgium), ENDA (Sénégal), l'Harmattan (France)
Available only in French

L'irrigation au Sahel
By Geert Diemer and Ellen van der Laen
Technical Handbook
(13 x 21 cm, 226 pages)
Co-published with Editions Karthala (France)
Available only in French

On-Farm Experimentation Handbook for Rural Development Projects
By Kurt Steiner
Handbook
(15 x 21 cm, 307 pages)
Co-published with GTZ (Germany)
Available only in English

La Patate Douce
Actes du Premier Symposium International
Translation of "Sweet Potato"
(16 x 24 cm, 483 pages)
Co-published with ACCT and AVRDC
Available in French and English

Sources d'Information sur l'Agriculture Tropicale. Tome II, Pays ACP
(Directory of Information Sources on Tropical Agriculture, Volume II, ACP States)
Directory
(15 x 21 cm, 337 pages)
Published by CTA
Available only in French

La Réalisation du Potentiel de Production Alimentaire de l'Afrique
Conférence Synopsis
(17 x 25 cm, 25 pages)
Co-published with the Wageningen Agricultural University and KIT (The Netherlands)
Available in French and English

"Final Report of the Meeting of Directors of Fisheries of West African Countries"
Banjul (The Gambia) 7-9 October 1987
Seminar Report
(20 x 29 cm, 32 pages)
Published by CTA
Available in English and French

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The Courier's mailbag

Improving the food situation

We suggest that the essentially rural under-developed countries have to make rural studies the mainstay of their education systems. These subjects should be on the curriculum from the nursery school to the university, and in every branch. There is nothing wrong with a doctor or a computer specialist knowing about herding and farming. There might even be a national civic, primarily agricultural, department through which every graduate of higher education would have to pass, spending a period (to be defined in the light of the demands of each country) learning how to grow crops or raise animals. Such a practical course would be easy, bearing in mind the rural education received from the students' earliest days at school. When they took up their various posts at the end of the course, they would be in a better position to at the same time design, implement and run smallholdings, which are increasingly looking like the way to salvation for many underdeveloped countries with food production crises. Everyone must put his hand to the wheel to get us through the crisis.

E. Ngandeu Teleu and E. Tendon Keng Pamo, Ngaoundéré, Cameroon

Congratulations Europe

Your recent dossier on Europe (N° 107 Jan-Feb 1988) was interesting to read. European solidarity serves as an example to other continents, especially to "over-balkanised" Africa. It underlines a popular aphorism that unity is strength. A unified continent and world will eventually usher in a balanced and less exploitative socio-economic system. Africa can achieve such unity when all the decision-makers cooperate instead of carving up individual "kingdoms and principalities" and when all the racial groups including the Arabs cooperate without cynicism or inferiority complex. Certain regional bodies such as ECOWAS can help achieve these. I thank The Courier for a brilliant dossier. May I however suggest you make the magazine much more readable by avoiding excessive statistical analogies and economic and accounting jargon. Try also to look at the "affluent" life or economic activities in the Third World to strike a balance with the overstressed "impoverished environment" and stigmatised reports so that The Courier does not become "a study in poverty and debt burden". There is also a flourishing wealth of cultural activities, traditional medicines and music in the Third World.

Achiga Ruba, Port-Harcourt, Nigeria

Enforced reading

I would like to thank you for a most informative magazine. The articles are exceptionally well-written in an authoratitive and coherent style; the statistical data is clearly presented; the Country Reports are comprehensive; and the "Dossiers" (especially in N° 108) are very impressive as to the depth with which the subjects are dealt. "The Courier" should be enforced reading for all those who deal with, or in, the ACP States.

L.C. England, Brighton, UK

Improved and corrected my views

I have enjoyed The Courier for many years and have largely improved and corrected my views and understanding as well as my attitude towards the ACP countries based on the factual information provided and excellently edited permitting absorption by the reader.

Jack N. Shick, Newington, USA

Baseless accusations

I read with great interest Mr Gordon E.G. Barlow's (Cayman Islands) article published in your N° 107, January-February, 1988 issue, page 98, captioned, "Cease Being Polite". The writer made some serious accusations on the management of the journal, ranging from "extorting money from First World nations", "moral blackmail", telling lies, "most of the journal's staff are in fact strongly committed socialists" and a host of others. Such accusations are quite baseless and much against the very interests of the factors that necessitated the establishment of such an informative journal.

In as much as I agree with N° 2 and 3 of his "specific recommendations concerning The Courier's future reporting", I wish to register my humble objection to recommendations 1, 4 and the second half of 5. No matter what political system or ideology is prevalent in a country, each (whether capitalism—call it free-market economy—or socialism) has its own advantages as against the other. The Courier's role is to mark out such advantages so that they could be appropriately adopted in a country that needs such. To me, The Courier is doing its best in this regard. The ailments and the economic problems of the ACP countries should not make the capitalist system preferential nor should it "stress in each issue the virtues of the free-market (capitalist) economy compared to socialism."

Secondly, dividing The Courier into the different sections suggested by Mr Barlow will enable readers to quickly peruse information on their areas of interest and or concern. Subdividing for example, Africa, into regions such as West, East, North, South is also a good idea. But Mr Barlow's pessimistic look at the bringing together of "the world's black-skinned peoples" is my concern and I disagree. Much has been done to promote such an atmosphere. The positive results so far achieved have groomed further considerations and attempts at further promoting it. Distance should not put us apart in action and cooperation. All we need to refer to is our origin or "ancestral culture". Besides, we belong to the category of "The Third World" or the "Developing Countries". In an effort to uplift the economic and socio-culturally-related situation of the peoples of these countries, the co-operation between the ACP and EEC has given great service. In this aspect too, The Courier has contributed greatly.

In the light of the above, it is far better for us to at least appreciate the job that The Courier is doing than to only bombshell it with unfounded accusations. At least, gratitude or the recognition of a good job done can go a long way to encourage them to continue with what they are doing, if they cannot improve on it.

Therefore, we have to give at least our words of encouragement to the staff of The Courier. We can suggest to them in order to help them improve on the journal but mere accusations can only serve as a discouraging thing and could be a wet blanket. So, let's try to avoid such reproaches.

Joseph Sam Sesay, Moscow, USSR (from Sierra Leone)

THE CONVENTION AT WORK

Taking stock

The ACP-EEC Council meets in Mauritius

From debt to fresh beans, from weighty, worldwide conundra to distinct points of differences of relatively limited application—this was the range of the subjects on the agenda of the May session of the ACP-EEC Council. Meeting in Mauritius—lush and prospering Mauritius—certain of the issues at stake (drought, food security, plummeting agricultural commodity prices...) may have seemed somewhat remote. But to many of the delegates from the 66 ACP States, these represented desperate and all-too-present problems to which rapid solutions needed to be found if their countries' survival—let alone their development—was not to be imperilled. And the ground covered certainly held something of interest for all—whether for the least developed, landlocked and island states, or for the sugar-producing ACPs, or the Frontline States, or for the Stabex or Sysmin beneficiaries.

This, the 13th ACP-EEC Council, was designed to keep controversy to a minimum. It was essentially an occasion for stocktaking, of reviewing past achievements and expressing future aspirations in the run-up to the negotiations for "Lomé IV" and, though mutual satisfaction was by no means obtained on all points, the whole was conducted in a manner of such perfect stateliness and courtesy as to conceal the sometimes considerable divergences of position between the two—ACP and EEC—partners.

Many of the points at issue were, of course, broached in the opening addresses delivered by the co-Presidents, Minister Almoustapha Soumaila of Niger for the ACP and Minister Helmut Schaefer of West Germany for the EEC, Vice-President Lorenzo Natali for the Commission and Prime Minister Jugnauth and Minister Dulloo for the host nation. The latter spoke of the "inexorable fate of Europe to help shape the destiny of the world", referring to the vital importance of "the Sugar Protocol and the Lomé Convention" (in that order). Minister Soumaila, too, held up the Convention as "a shining example of solidarity between the 'haves' and the 'have nots'", underlining Cultural Cooperation as one of the most important features of Lomé III.

But if Lomé came in for praise, it also came in for criticism. And in addition to certain unsatisfactory features of the Convention, Minister Soumaila also listed those of the world economy as a whole that were of grave concern to the ACPs: the state of the LLDCs, the decline in agricultural commodity revenues and the Third World debt. It was he, too, who first touched on the problem of South Africa,

Also in the yellow pages

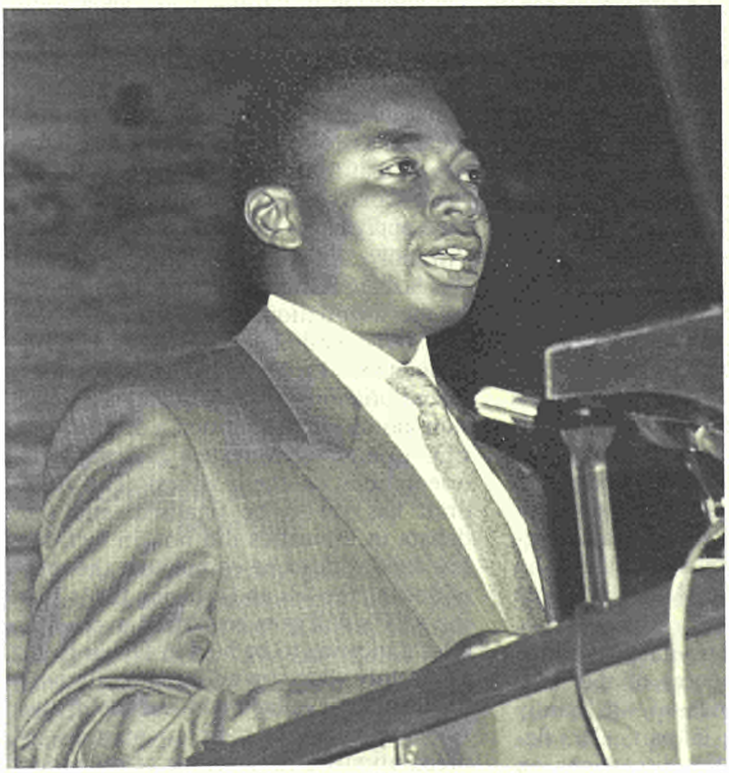


Photo MAPEZ

Photo MAPEZ

Almoustapha Soumaila, the ACP co-President, and Helmut Schaefer, his EEC counterpart, delivering their opening addresses to the Council confirming the "positive outcome" of the recent ACP-EEC ministerial meetings convened to discuss the question (see page 5), but affirming that heavier pressure on the part of the international community was now required if a democratic and multiracial South Africa was to become a reality. Both Minister Schaefer and Commissioner Natali referred to the positive record of ACP-EEC cooperation, Mr Natali confirming that implementation under Lomé III had reached "cruising speed". Equally, both cautioned against the harbouring of unrealistic expectations of the present—or future—Convention, which did not and could not solve all ills, signalling other fora, such as UNCTAD and GATT, as of "extreme importance" in the context of ACP-EEC cooperation.

Finally, in formally declaring the Council open, Prime Minister Jugnauth of Mauritius emphasised the mutual dependence between the 78 ACP and EEC States represented, and the positive connotation of that interdependence: "It is essential," he said, "that in the European public opinion the African, Caribbean and Pacific countries should not be perceived as mere suppliers of raw materials and beneficiaries of arrangements such as Stabex. The populations of the Member States must not only be made aware of their debt to the ACP populations who sweat and toil to contribute to their development and their welfare, but must also regard the ACP populations as solid partners with their own cultures and sets of values which can be a source of enrichment for the populations of the North".

Attending the Council was Haiti—an aspiring Conventioneer—whose delegate, Minister Latortue, was warmly welcomed by the assembly at the start of the Council proper. Ministers then got down to work on the first two items of substance on the agenda—agricultural cooperation and agricultural commodities.

Agriculture: some satisfaction, but new threats

A detailed exposé of ACP-EEC agricultural cooperation (including food security initiatives and measures to combat drought) was given by Mr Natali, who concluded that the overall food production position was "not too bad". Seydina Oumar Sy, formerly the doyen of the ACP diplomatic corps in Brussels, now Senegal's Minister of Commerce agreed, but stressed the fragile nature of the present position. Locusts represented a new and alarming threat, and the danger of further drought was ever present.

When it came to discussing agricultural commodities, however, divergences be-

ACP-Council: bold action called for on debt and on South Africa

Four main themes for discussion were outlined by the President of the ACP Council, Mr Almoustapha Soumaila (Niger's Minister of Planning), when he opened the 44th ACP Council at Moka, Mauritius, on 5 May: debt, primary products, South Africa and the forthcoming Lomé negotiations.

On the question of the ACP States' external debt, Minister Soumaila called on the representatives of the 66 nations gathered at the Mahatma Gandhi Institute to exercise maximum pressure in the various international fora for an easing of their crushing debt burden. In addition he called on the rich countries, including the 12 Member States of the European Community, to envisage the writing off of debt originating from official development aid (ODA) and urged commercial creditors to reschedule their Third World debts. The gesture would, he acknowledged, require a high degree of political goodwill, but the stakes in play were no less than the wellbeing of the world economy and the very survival of the Third World.

Of the debate in the Council proper, which was held *in camera,* the following was reported. In a lengthy debate on South Africa the ACP States called for the application of sanctions to the Republic by the Community and for a "global and obligatory" ban on the importing of South African coal, gold, coinage or uranium. Minister Soumaila, reporting on the special meeting that had taken place shortly before in Luxembourg between 12 ACP and 3 EEC Foreign Affairs ministers (see page 5) welcomed the progress that had been made on the issue and expressed hope that pressure would be stepped up after the European Council in Hanover in June. As ever, calls were made for the release of political prisoners in South Africa, and for an end to the illegal occupation by South Africa of Namibia.

Of crucial concern to the vast majority of ACP States represented was the question of primary products and, more particularly in this context, of the large deficit in Stabex funds widely expected for the 1987 year of application. With primary products representing 90% of the ACP States' exports, the continuing—and in some cases spectacular—decline in revenues from primary products was spelling disaster for many ACP economies. Stabex, though acknowledged to have been a welcome innovation, failed to address the root causes of price decline, Minister Soumaila believed, and the inadequacy of Stabex funds had severely limited the capability of the system. At the joint ACP-EEC Council that was to follow the ACP were going to want to know both what the Community intended to do about the predicted Stabex "crisis" and how, in general, it intended to ensure that its development efforts were not nullified by disastrous losses on the ACPs' principal exports.

This being Mauritius—and Mauritius being the biggest producer of the ACP Sugar Protocol countries—it was hardly surprising that sugar, in particular, figured prominently in the discussions on commodities. All the ACP producers expressed profound dissatisfaction at the continued freezing of the guaranteed sugar price. Why, asked Mr Madun Dulloo, Mauritius' Minister of Agriculture, who chaired the Sugar Group, should the ACP producers suffer the consequences of EEC over-production? They rejected vehemently the idea of a further freeze, widely expected for 1988/89—the fourth year in succession. They also rejected the idea of the adhesion of Zambia and Papua New Guinea to the Sugar Protocol with a zero quota. The Group fully backed the two countries' application but insisted that their adhesion should not be to the detriment of the other ACP Protocol signatories in that the quotas to be attributed to them should be *over and above* the quotas then applying.

Finally, and of prime importance in this last ACP Council before the opening of the negotiations for the next ACP-EEC Convention, the ACP discussed their stance on the various issues that the negotiations will raise. (The Commission has already submitted a draft to the EEC Council of Ministers indicating its orientations on these issues). The ACP draft has yet to be finalised, and the debate in Mauritius did not, in fact, allow this work to be completed: the task of dotting the 'i's and crossing the 't's of the ACP's will now be carried over until after a meeting to be held in Dakar from 11-14 July where, in addition to discussing structural adjustment and debt, the ACPs will finalise their orientations in preparation for the opening of the negotiations in Luxembourg in October. o tween the producer and the consumer nations came more sharply into focus. Minister Kafumbe-Mukasa of Uganda, the ACP spokesman on commodities, outlining the disastrous evolution in the 1980s of the ACP States' terms of trade, emphasised the need for new commodity agreements and for improvements to existing ones. Certain Member States of the Community, he feared, would prefer to dispense with such agreements altogether, allowing prices to be regulated by market forces alone. What was welcome, however, was the progress with regard to the Common Fund, which—provided the states which have yet to ratify do so speedily—would probably come on stream later in 1988. Less welcome were the continuing differences of viewpoint on the use of the first window of the Common Fund, and on cocoa, for example, and the near-certainty that the 1987 demands on Stabex would far exceed the system's capability.

Stabex was to prove a major concern of the Council, with discussion centring partially on two "long-running stories", as Commissioner Natali put it: the replenishment of resources under Lomé I and the so-called "all destinations" derogation. The latter referred to four specific cases—requests made by Uganda, Sudan, Tanzania and Mozambique—on which the Community's position was stated. But the real debate arose out of discussion of the 1987 year of application, a year in which ACP producer revenues had nose-dived and for which the Stabex system will, in all likelihood, be unable (as in 1980-81) to respond to the heavy demands put on it. The Commission, for its part, was somewhat more reticent. Though Stabex had responded well to needs since its introduction in 1975, Commissioner Natali maintained, he conceded that 1987, because of the magnitude of the losses, would be a "not altogether normal" year, and that "imagination and understanding" would be required of all to face the problems that would arise. The Commission was unwilling to talk actual figures, though: the Stabex requests had, it was true, been received, but were still being examined... Decisions could be taken in late July, the Commissioner thought.

"For exceptional situations, exceptional solutions must be found"

The ACPs were clearly anxious for evidence of greater commitment. "'No' cannot be an answer for us," affirmed Minister Sy, taking the floor. "For exceptional situations, exceptional solutions must be found" Minister Soumaila, the co-president, concurred. "Steps should be taken", he urged, "to make sure that Stabex can reach the objectives for which it was established". It was decided, finally, that recourse would be made to the procedures of Article 155 of Lomé and that further contacts would be made between the co-Presidents and the Commission, so that Stabex differences could be ironed out.

By the time the Council came to debate trade and customs cooperation—both in its general application and in respect of individual products—a change in gear was clearly perceptible. Discussions were approaching matters close to the heart of

The Courier

A lighter moment in the Pamplemousses Botanical Gardens. Ambassadors Ouédraogo of Burkina Faso (far left) and Sylla of Guinea greeting Director-General Frisch (centre), Commissioner Natali and Leopoldo Schiavo-Campo, the Commission Delegate in Mauritius

many of those present—cadmium levels, rice quotas, molasses levies and, above all, sugar. Before turning to these issues in detail, however, both co-Presidents drew attention to the state of the current GATT negotiations, the Uruguay Round—negotiations which were of capital importance to the ACP in areas such as tropical products and textiles where the ACP position needed to be safeguarded.

A relatively new problem, and a serious one for ACP phosphate exporters such as Togo, was the loss in market share suffered since European public opinion had awoken to the possible ill-effects of cadmium on health. Dr Schaefer, stoutly denying that the Community's health policy rested on commercial considerations, warned the ACP not to underestimate the preoccupation of Europeans with a clean environment. The problem was not to be dismissed lightly. Help could, of course, be given to ACP industries to remove—or partially remove—cadmium from phosphates, and studies were under way to determine the actual effects of cadmium on health, but Dr Schaefer had doubts about the practicality of the request for a new joint ACP-Community study on the effects of cadmium on health in view of the advanced state of Community research into the subject, promising, however, that the ACPs would be consulted as and when a regulation was drawn up.

Other products to be discussed included rice, yams, fresh beans, timber and molasses, a number of which, the Commission manifestly felt, were bilateral points of contention which should have found no place on a joint Council agenda. Others, such as the ACPs' request for an additional 90 000-tonne sugar quota following Portugal's adhesion to the Convention and demands for further rice quotas met with obvious irritation on the part of Commissioner Natali, who insisted that the Community also had objective requirements and that, so long as there were no new factors, there was simply nothing to be gained by raising these issues repeatedly.

On molasses (a sugar by-product, on which the Community imposes a levy) the Commission announced proposals to take account of the ACPs' problems. With the Council approaching the core subject of sugar itself, the arguments became yet more hard fought. Mauritius, the host country, had done a great deal on the fringes of the meeting to inform delegates of the nature of the sugar industry and of its enormous importance to Mauritius itself. An exhibition had been mounted at a neighbouring research institute (at which the Sugar Protocol was described as "possibly the most important treaty Mauritius has ever signed"); a talk on the history of Mauritian sugar was given in the Pamplemousses Botanical Gardens and a reception hosted by the Sugar Syndicate was held in the spectacular Bulk Sugar terminal in the harbour in Port Louis. But this was not enough to persuade the Community to move from its long-held position on sugar—and for good reason, Mr Natali believed.

Sugar: little joy for ACP producers

The core of the ACP-EEC sugar problem lies in the guaranteed price paid to ACP producers for their quotas. The Protocol provides for annual price review: the Community, whose domestic production has now reached some 13 million tonnes, far more than is needed, is trying to keep beet production down by a restrictive pricing policy. Prices for beet sugar have therefore been frozen for the past three years, and Protocol prices have been frozen in line. (Sugar prices on the world market are, of course, now very considerably lower than these prices). The ACPs have always

The Article 193 Committee meets

Following an established pattern, the joint ACP-EEC Council was immediately preceded by a meeting, at ministerial level, of the so-called Article 193 Committee—the body set up under Article 193(2) of the Third Lomé Convention to monitor financial and technical cooperation. This year's meeting, chaired jointly by Kenya's Minister of Planning and National Development, Mr Onyonka, and West Germany's Parliamentary Secretary for Cooperation, Mr Köhler, emphasised the role that the Committee could—and does—play in improving the operation of the Convention.

Part of this task lay in monitoring evaluation reports carried out on projects and programmes which, it was stressed, should not be allowed to "gather dust". A document detailing the basic principles for evaluating development projects and programmes in various fields was adopted, (to which the Courier will return in a future issue) but other items on the agenda had progressed insufficiently for decisions to be taken at ministerial level.

The resolution on Ten Years of financial and technical cooperation under Lomé I and Lomé II (1976-85) (the report on which was submitted by the Commission to the Presidents of the ACP-CEE Council of Ministers in July 1986 and on which the ACP States had submitted their remarks in November 1987) could not be adopted, the ACP side requiring a little more time in which to examine the various amendments put forward by the Commission in Mauritius.

It was decided however that, within two months of the ministerial meeting, a text should be agreed which could later be approved on behalf of the Council by the Committee of Ambassadors.

"A few more weeks of work" were also required before the ACP-EEC Technical Working Group examining the General Conditions for EDF-financed contracts could reach a good agreement, news that provoked initial disappointment, but general assent that, after so many years of waiting, it was worth waiting a few more weeks in order to see the work well done.

Finally, Vice-President Natali, introducing the report on financial and technical cooperation under Lomé III (1986-87), prepared in conjunction with the European Investment Bank (EIB), announced "broadly satisfactory" results. Programming had proceeded well, and by the end of April of this year some 45% of Lomé III funds had been committed—a considerably higher proportion than at the same stage under Lomé II. o

claimed "full implementation" of the Protocol (i.e. price revision), refusing to have to suffer the consequences of a pricing policy stemming from Community overproduction. The Community, on the other hand, is adamant that prices must be pegged (a fourth freeze is on the cards, though not yet formally "offered" to the ACPs) in the context of the EEC's overall effort to cut agricultural surpluses—an effort which, Mr Natali pointed out, not only demands sacrifices from European farmers, but conforms with ACP requests to the Community to do just that. It had been agreed nevertheless, to set up a joint working group to examine "special measures" to help ACP producers, as well as to look into the possibility of relief on ocean freight costs.

The same reasoning is likely to dictate the EEC stance on the request of two ACP States, Zambia and Papua New Guinea, to become new Protocol members—requests which are still under examination. The ACPs welcome these requests, but insist that accession should also entail benefit—and benefit which would not be to the detriment of other sugar producers. They ask, in other words, for quotas to be granted to the two countries *over and above* the quotas obtaining, rejecting the idea that had been mooted of accession with a zero quota.

Lomé III commitments "highly satisfactory"

In reporting to the Council on the implementation of the 6th EDF (both national and regional indicative programmes) Commissioner Natali pointed to what he saw as highly satisfactory qualitative achievements in the programming of aid and in the percentage of commitment of Lomé III funds, which was significantly higher than at a comparable stage under Lomé II. Continuing on this upbeat note, Mr Ross, Vice-President of the EIB, catalogued similar achievements on the part of the Bank, acknowledging, however, that economic advances made in certain ACP States were being overshadowed by the debt burden affecting the Third World as a whole.

And on debt there was no divergence of view as to the gravity of the problem—only on the extent to which the matter could be resolved in the ACP-EEC context. Minister Schaefer believed that the Community neither should nor could attempt to solve the matter alone. It was to be attacked on three fronts—firstly, through improvements in the general economic environment, secondly, through structural adjustment programmes in the debt-distressed countries and finally, through external financial support to back such programmes. The Community's "Special Programme" (destined for heavily indebted low-income sub-Saharan countries) could help in this last respect but would not, of course, be enough of itself to bring balances back into the black. Minister Soumaila, for his part, suggested that one approach to the problem could lie in a more equitable deal on commodities prices. He praised the Community's Special Programme, but asked for resources to be increased.

Three items of substance remained: South Africa, Regional Cooperation and Cultural Cooperation. As regarded the first, the statement by Hans-Dietrich Genscher, West Germany's Foreign Minister at the April meeting on South Africa held in Luxembourg ("apartheid cannot be reformed, instead it must be abolished") had obviously made its mark, and there was consensus that the initiative had been genuinely useful. The ACP were keen to capitalise on progress achieved, and Minister Soumaila called for continued dialogue leading towards a further ministerial meeting on the subject.

In delivering an overview of the rationale behind Regional Cooperation and of its achievements, Mr Natali indicated that the subject was to be amongst those under discussion by the European Parliament in a debate on Lomé IV to be held soon after the Council. In addition, the negotiations themselves, Mr Natali suggested, would provide a useful opportunity for examining the subject—which the ACP would nevertheless have preferred to study before, in a general (i.e. not simply region-by-region) context.

The Sudanese Ambassador in Brussels, Mr Eisa, who has taken over from Ambassador Chasle of Mauritius the chairmanship of the Sub-Committee on Cultural and Social Cooperation, called the Council's attention to the ACPs resolution on the Foundation for ACP-EEC Cultural Cooperation. Mr Natali, while sympathetic to the idea of financing for the Foundation's various activities, emphasised that, as a private institution, funds could not be attributed to the Foundation without requests from member countries to do so, inviting the ACPs, if they so wished, to present requests for project funding, either from national or from regional indicative programmes.

Finally, after taking stock of past and present cooperation, the Council turned its eye to the future: firstly, to a meeting in Dakar from 11-14 July which, though originally designed solely as a forum in which to debate structural adjustment and debt, will now be followed by a meeting at which the ACP hope to finalise their orientations for the successor convention to Lomé III. And secondly, to the negotiations themselves, due to open in Luxembourg in early October. o

Myfanwy VAN DE VELDE

EDF

Following a favourable opinion from the EDF Committee, the Commission has decided to finance the following projects:

Swaziland

Water supplies to rural areas
Sixth EDF
Grant: ECU 2 600 000

The idea here is to supply drinking water (stand-pipes) and proper sanitary installations for the people of 12 rural zones scattered over Swaziland's 12 administrative districts. At the same time, the local body in charge of running the scheme, the Rural Water Supply Board (RWSB), will be improved thanks to technical assistance and staff training.

Zambia

Batoka Livestock Ranch
Sixth EDF
Grant: ECU 1 300 000

This is Phase Two of the scheme to develop the Batoka Livestock Ranch near Choma in the Southern Province.

The ranch, covering an area of 9070 ha, produces cross-bred dairy cattle for the new agriculture sector. At the moment, the ranch is the only source of supply of these cattle for the dairy programmes being financed by funders and State. The idea is to improve dairy output in rural areas so as to raise farm incomes and improve the diet of the rural population.

Burundi

Improvements to the RN2
Sixth EDF
Grant: ECU 6 300 000

The RN2, the 65 km link between Bugarama on the RN1 and Gitega, crosses a densely populated area and is in very bad condition . The idea of the project is to do the work needed to bring the road into line with the demands of the present traffic.

Tanzania

Import project
Sixth EDF
Grant: ECU 6 000 000

With the launching of its Economic Recovery Programme in 1986, the Tanzanian Government began to alter economic conditions to reverse the decline of the national economy. The reforms, which include exchange rate adjustments, restrictions on money supply and higher producer prices, are being sustained by multilateral and bilateral donors. Positive results have already been obtained in various sectors.

With the idea of making a bigger contribution to the success of the Economic Recovery Programme and completing the agricultural support programme (financed by the EDF), it has been decided to supply raw materials for local tyre and corrugated metal roofing manufacturers through a sectoral import project. Something like 5000 bicycles will also be imported.

The tyre and metal sheeting manufacturers will be authorised to import the spare parts they need for their machinery to within a ceiling of 20% of the total allocation:
— ECU 1 500 000 for tyres (raw materials and spare parts);
— ECU 3 500 000 for corrugated metal roofing (raw materials and spare parts).

The sum of ECU 1 000 000 will be set aside to import bicycles.

Guyana

Repair of infrastructure
Sixth EDF
Grant: ECU 15 000 000

The purpose of the repairs programme is to bring about a major improvement in the infrastructure of Guyana's coastal region and do away with the bottlenecks currently preventing an increase in production. It involves supplying spare parts, materials and equipment, together with the technical assistance to rehabilitate infrastructure in four fields—transport, water supply, drainage and coastal protection and quarries.

Gabon

Audit and diagnosis of the public and semi-public sector
Fifth and sixth EDF
Grant: ECU 800 000
Special loan: ECU 1 500 000

Gabon has embarked on a complete reorganisation of its economy as a continuation of the stabilisation and financial rationalisation policy it undertook to run in 1986 when it signed a confirmation agreement with the IMF.

The public and semi-public sector, which is important to the economy (with 15% of national added value and almost 23% of the working population), is worth special attention because of its present malfunctioning and the costs it occasions to the budget of the State—whose revenue has been badly reduced by the combined drop in oil prices and the American dollar.

Government has launched a vast programme of audit and diagnosis of all public firms and bodies so it has all the facts at its fingertips when deciding on the guidelines and systems it should be using for its restructuring policy.

The programme will take 14 months and use 80 man-months' assistance.

Gabon and São Tomé

Development of the port of São Tomé
Fifth and sixth EDF
Grant: ECU 985 000

The idea here is to re-establish the capacity of the port of São Tomé—the only one in the country through which goods can be imported and exported.

The aim is to rehabilitate and replace the facilities and equipment (both floating and on land), since most vessels have to anchor offshore. There will also be technical assistance to set up a more efficient management system for the autonomous port and to train local staff.

Although better maritime links in the Gulf of Guinea are essential to the survival of São Tomé and Principé as a nation, they do in fact figure in the first priority sector of the regional programme for central Africa, so it has been decided that the Community will contribute to the improvements with contributions from both national and regional resources.

St Vincent and the Grenadines

Orange Hill Development
Fifth and sixth EDF
Grant: ECU 3 080 000

The purpose of this project is to develop the Orange Hill domain in north-eastern St Vincent. This is a 1255 ha Government property which is to be divided into smallholdings of a size to be dictated by a combination of the potential of the land and the need for an acceptable income. The project is phase one of the Government's agrarian reform programme.

Project implementation, which should take five years, will include a land survey and the marking out of small individual properties. It also involves installing infrastructure—access roads to the holdings, housing and maintenance and the rehabilitation and development of existing buildings.

Uganda

Rehabilitation of tea smallholdings
Sixth EDF
Grant: ECU 8 200 000

This is part of a vast programme to update the whole of Uganda's tea industry aimed at bringing production back up to the old level and fully exploiting the sector's export potential. The project is independent of the ongoing repairs to the tea processing plants (financed essentially by the IBRD), although it indeed completes them.

The main idea is to help the smallholders get the existing tea plantations working again and improve the yield in the revived areas. This should give a boost to the recovery drive already under way in the sub-sector. The aid mainly involves supplying agricultural input and improving the efficiency of the tea collection installations and the extension services.

Burundi

Urban roads in Bujumbura
Fifth and sixth EDF
Grant: ECU 3 150 000
Special loan: ECU 12 450 000

This covers construction and rehabilitation on a 23.5 km stretch of asphalted urban roads (including rebuilding three bridges) in Bujumbura, the capital.

The project involves:
— developing and asphalting 9.9 km of (currently dirt) roads in the working-class areas on the periphery;
— rehabilitating 13.6 km of asphalted roads in a very bad state of repair in the town centre;
— completely rebuilding two broken bridges of 8 m and 12 m and rehabilitating the superstructure of two others (11 m and 23 m);
— getting the work supervised by a consultancy.

Central Corridor

Construction of the Isaka rail-road terminal
Fifth and sixth EDF
Grant: ECU 1 000 000
Special loan: ECU 12 000 000

The idea here is to open a road and railway transshipment station at Isaka (Tanzania) by the Tanzania Railways Corporation track, with a direct road link to Rwanda and able to serve the other landlocked states of the region as well.

The investment complements the other EDF-financed schemes on transport networks to link Rwanda, Burundi, eastern Zaïre and Uganda to the port of Dar Es Salaam in Tanzania.

Regionally speaking, the terminal will offer a more direct route to open up the northern parts of Zaïre and take the pressure of the rail-river route through the port of Kigoma (Tanzania).

Botswana

Kasane airport
Sixth EDF
Grant: ECU 6 000 000

The creation of productive jobs and rural development are the main features of the Government's development plan for 1986-91. Northern Botswana, which has the most—and most reliable—rainfall, virtually unlimited supplies of water (thanks to the Rivers Chove and Zambezi), and abundant fauna, has sound development potential. So the project, destined to improve the general communications situation with this remote part of the country by building a new, all-weather airport near Kasane, is an integral part of the Government's development policy here.

It is also in line with the aims of the Lomé III national indicative programme in that it is improving the infrastructure needed to develop the national parks and big wildlife reserves, improve and diversify farming and promote fauna-based tourism.

Lesotho

Mekaling—Quthing road
Sixth EDF
Grant: ECU 9 800 000
Special loan: ECU 500 000

The main idea of the project, the result of a Government request on 1 June last year, is to open up the agricultural region in the south west of the country so the local rural population can get to the marketing centres and sell their produce and cattle more easily and cheaply.

It includes rebuilding and asphalting 26.5 km of the existing stabilised road between Mekaling and Quthing.

Solomon Islands, Tonga, Kiribati and Western Samoa

Regional telecommunications
Sixth EDF
Grant: ECU 2 850 000
Special loan: ECU 2 700 000

This programme is part of the South Pacific development and telecommunications programme. It involves opening coastal radio stations in the Solomon Islands and Tonga and land satellite telecommunications on Kiribati (Christmas Island) and Western Samoa. Institutional aid is also to be given to the region under a provision on installing a training coordinator for a period of three years and offering courses and studies in resource accounting and operational viability.

ACP Pacific States

Regional agricultural programme
Sixth EDF
Grant: ECU 6 800 000

The main idea of the programme is to improve certain food crops and agricultural techniques and spread them over the eight ACP countries in the Pacific so as to stimulate food production, to improve the nutritional standard and diversity of the local diet and raise the level of self-sufficiency. Agriculture and the rural sector have a prime role to play in these countries and they are seen as national or regional priorities in most of the Lomé III national indicative programmes.

This programme is scheduled to take five years. It mainly involves a series of practical schemes using various food crops and agricultural techniques in the different countries, with a view to seeing in which particular areas they can be established. Technical assisstance and a support programme are also to be provided for the Regional Advisory Board of agricultural leaders.

Gambia

Petroleum products import programme
Sixth EDF
Grant: ECU 5 000 000

This programme aims to finance petroleum imports for a year. The idea is to enable Gambia to cope with a foreign exchange shortage which is expected to remain acute until 1989-90.

Gambia's per capita income is one of the lowest in Africa ($260). Over the past few years, the country has had serious economic, financial and monetary upsets, bringing about a shortage of foreign exchange in 1985—which led to virtual paralysis of all productive activity. Debt servicing took up 98% of export receipts that same year and the country was more than SDR 75 million in arrears on its external payments.

In June 1985, the Government brought in an Economic Recovery Programme for the period to 1989. It included drastic rationalisation and adjustment measures, in particular for the monetary and financial sector.

The import programme is part of a coordinated drive by Gambia's funders to support the recovery programmme. It complements other schemes that are being run or on the drawing board.

Solomon Islands

Development of small plantations
Sixth EDF
Grant: ECU 3 000 000

The project involves creating the conditions whereby smallholdings can be intensified and diversified so as to increase the amount of production which can be marketed and raise the money income of the agricultural areas. It includes:
— fitting out and training the extension services, training smallholders, running tests *in situ* and setting up demonstration plots with a view to intensifying and diversifying the crops;
— rehabilitating and enlarging small improved coconut and cocoa plantations;
— improving marketing conditions both of input and output.

ACP Pacific Countries

Pacific Island Association of Chambers of Commerce (PIACC)
Sixth EDF
Grant: ECU 800 000

This two-year project offers support for the PIACC—which became operational in 1985 with financial support from Lomé II. The idea is to consolidate the Association, extend the services offered to its members and forge links with private and public organisations.

It is in five parts—news bulletins and communications to the national Chambers of Commerce; regional training, information and liaison; technical and other assistance to consolidate the national Chambers of Commerce; promotion of regional trade and export development; and management and control meetings.

Cape Verde

Praia development
Sixth EDF
Grant: ECU 19 800 000

This is support for Cape Verde's regional development programme. There are three aims:
— to re-establish a balance between the population of Praia and the available resources (particularly water);
— to improve the environment in which the inhabitants live;
— to optimalise municipal management.

Community aid is intended to develop Praia via a series of interdependent schemes in:
— drinking water production and distribution;
— water distribution and drainage;
— electricity production and supply;
— viabilisation of two new districts;
— education and vocational training;
— improvements to urban management.

Senegal

Regional vocational training centres
Fifth EDF
Grant: ECU 2 300 000

This is to create and develop two regional vocational training centres at Saint-Louis and Ziguinchor.

The project will cover the infrastructure and equipment needed to set up the two centres and it will also cover the operating costs during start-up.

Direct effects are expected in three main areas:
— training and management for traders, peasant groupings and craftsmen;
— specific technical training in rural crafts;
— job creation in branches linked to agricultural production.

Trinidad and Tobago

St Patrick water supply
Fourth EDF
Special loan: ECU 5 500 000

The idea here is to improve the water supply infrastructure of southern St Patrick country in southern Trinidad. This means building nine reservoirs, installing 39 km of extra improvement piping and laying 24 km of supply pipes.

Somalia

Drought control
Fifth EDF
Grant: ECU 2 600 000

This project is to improve the water supplies to both people and cattle in the remote parts of Somalia where localised and general drought is common.

It will be doing this in two ways:
— boosting water reserves which are not directly related to rainfall by repairing existing deep wells by installing or replacing pumps, reservoirs and generators. This section will be run under the responsibility of the Water Development Agency, a Government body;
— improving the fleet of tankers managed by the Ministry of Land and Air Transport so as to make for fast and flexible intervention in areas where there are no (or temporarily tainted) deep wells.

Swaziland

Human resource development
Sixth EDF
Grant: ECU 3 000 000
Special loan: ECU 5 000 000

This is a programme to raise teaching standards in Swaziland and increase the extent to which education can cope with the current employment situation. It should consolidate previous EEC investments in Swaziland's education system and ensure that young school leavers go back to the land. It will concentrate on agricultural training in schools (with the help of the Faculty of Science at the University of Swaziland), continuing aid to a vocational training institute and a teacher training college and monitoring and evaluating programme results. This is fully in line with the Government's policy and priorities as laid down in the national indicative programme for Lomé III.

The programme will reach thousands of schoolchildren following agricultural courses over the three-year period of implementation. And 150 students of vocational training and 45 undergraduates will also benefit every year.

Zimbabwe

Aid for the Agricultural Finance Corporation
Sixth EDF
Grant: ECU 3 500 000
Special loan: ECU 20 000 000

The idea here is to offer credit facilities to enable smallholders to introduce new growing techniques and improve their productivity and income. A secondary aim is to improve the overall (financial) results of the Corporation.

The EDF will supply the credits which will then be loaned via the Corporation in 1988-91. It will also supply technical assistance, train cadres and operators and deliver micro-computers and related equipment to develop the management and transport system and improve the mobility of the staff working on the schemes. Studies will be run to decide what improvements are needed in areas where the Corporation is not currently fully effective.

New Caledonia

Mining inventory
Sixth EDF
Special loan: ECU 800 000

This is to complete the Territory's mining inventory (launched in 1980). It covers the southern region and is focused mainly on the gold fields. The continuation of the inventory over the whole of the territory is justified by the encouraging results obtained in the North and by information collected in the South.

The idea of the inventory is to diversify mineral output and it is one of the main features of the drive to diversify the territorial economy aimed at gradually diminishing the over-dependence on nickel.

Kenya

Cereal sector reform
Sixth EDF
Grant: ECU 65 000 000

Over the past few years, cereal marketing in Kenya has been faced with a certain number of problems, particularly a slight tendency to over-production of maize and a structural wheat deficit, and the National Cereals and Produce Board (which has a monopoly on buying and selling) has found it impossible to do its job as buyer and seller of cereals.

All this has led to serious financial problems, not just for the Board, but for the Kenyan Government budget, too, and there are delays in the payments to the producers as a result.

The proposed three-year programme involves ECU 65 million—a grant financed out of the national indicative programme for Lomé III. The main things to be financed are technical assistance, studies, training, storage, depots and rolling stock, a harvest purchase fund and cooperatives. The harvest purchase credits will be in the form of counterpart funds accruing from an agricultural sectoral import programme.

There will be a beneficial effect on the consumers in that food security and protection against price fluctuation will be better. And the producers will be able to count on more regular payments and a more efficient marketing system. Financially speaking, the combined operating deficit should be cut by around 70% and the Kenyan Government's increasingly high grants to the Board reduced. The programme should also have a positive effect on the balance of payments and improve the allocation of resources. o

EIB

Burkina Faso: ECU 2.5 m for paperboard box factory

The EIB announces a loan of ECU 2.5 m to Burkina Faso for constructing a factory to produce paperboard boxes for supplying local industry and facilitating exports of fruit and vegetables. The funds have been made available for 12 years at 2% per annum from risk capital resources provided for under the Third Lomé Convention and managed by the EIB.

The project is costed at ECU 3.6 m. The factory will have an annual production capacity of 4 000 tonnes of paperboard boxes, enabling it to meet most of the country's packaging needs.

The loan has been channelled to the State, which will pass on the proceeds to Société Nationale de Cartons et Emballages du Burkina Faso (SONACEB), a semi-public company recently created by a French firm, the State of Burkina Faso and local promoters.

Chad: ECU 2.2 m for rehabilitation of water supply facilities

The Bank is helping to finance rehabilitation of water supply facilities in Chad's capital, N'Djamena, putting up a loan for ECU 2.2 m under the terms of the Third Lomé Convention (CFAF 760 million).

The funds are being advanced in the form of a conditional loan, for 20 years at 1%, drawn from the risk capital resources provided for under the Convention and managed by the EIB. The borrower is the State, which will pass on the proceeds to the Société Tchadienne d'Eau et d'Eléctricité.

The project concerns rehabilitation of the main installations for pumping, treatment, storage and distribution of water supplies. It will allow for improvements of vital importance for stimulating economic and social development and will, moreover, have a beneficial impact on the environment through the provision of new water vending points to replace public hydrants which constantly flood the surrounding area.

This operation constitutes one part of a project also encompassing rehabilitation of power supply facilities. The total cost of both the water and power components is estimated at ECU 7.55 m, with the funding from the EIB covering the water infrastructure and financing of ECU 5.35 m from France's Caisse Centrale de Coopération Economique meeting the cost of the power supply installations.

Madagascar: ECU 5.7 m for a tuna fish cannery

The EIB is providing ECU 5.7 m for the construction of a cannery in Madagascar, comprising a unit for processing the tuna fish, a factory to produce cans, a plant to produce fish meal and a cold-storage plant. The cannery's initial tuna-processing capacity of 10 000 tonnes per annum will gradually be raised to 20 000 tonnes per annum.

The financing is being provided under the Third Lomé Convention from risk capital resources managed by the Bank and will take the form of two conditional loans. The first, for 4.4 m, (15 years at 4%) is being made to the Madagascan company "Pêche et Froid, Océan Indien" (PFOI) and the second, for ECU 1.3 m, to the Banque de Développement Rural which will onlend the proceeds to the Madagascan partners in PFOI to finance their 33.3.% participation in this company.

PFOI, which will own the complex, is a joint venture between the Madagascan partners and the French group "Pêche et Froid" which will be the majority shareholder (66.6 %) and provide the managerial staff. The new company will employ 270 Madagascan nationals.

The total investment cost is estimated at ECU 14.5 m. The Caisse Centrale de Coopération Economique (Paris) will also contribute towards financing the project. o

STABEX

The Commission made Stabex transfers worth ECU 280 m in 1987.

It has just adopted the Council's report on operation of Stabex 1987 — which covers transfers made for losses recorded in 1988.

It has received 70 applications for transfers from 34 ACP States. Assessment of the claims revealed that, although 27 were not eligible, transfers—worth ECU 279 188 368 in all—could be made for the 43 others. The table shows that the products most commonly concerned by the export earnings stabilisation system are groundnuts, coconut-copra, wood, cotton and palm products.

Table 1: Transfers made

ACP State	Product	Amount
Benin	Oilcakes	1 395 535
Benin	Palm nut oil	3 589 471
Burkina Faso	Carité nuts	2 690 995
Burkina Faso	Cotton	1 782 613
Burkina Faso	Sesame seeds	364 879
CAR	Cotton	1 681 896
Comoros	Cloves	2 977 653
Côte d'Ivoire	Wood	44 954 653
Ethiopia	Beans	6 344 738
Gambia	Groundnuts	3 330 728
Gambia	Groundnut oil	1 328 737
Grenada	Cocoa beans	371 379
Guinea Bissau	Groundnuts	2 069 162
Guinea Bissau	Shrimp	388 231
Equatorial Guinea	Cocoa beans	1 079 795
Kiribati	Copra	1 639 090
Malawi	Tea	2 370 156
Mali	Cotton	14 180 528
Mauritius	Tea	2 950 299
Mozambique	Cashew nuts	1 065 009
Mozambique	Copra	299 093
Mozambique	Cotton	6 216 147
Mozambique	Tea	3 627 855
Niger	Hides and skins	736 814
PNG	Copra	7 569 597
PNG	Coconut oil	17 067 636
PNG	Palm products	21 764 451
Rwanda	Tea	3 398 714
Solomon Islands	Copra	12 328 129
Solomon Islands	Palm products	6 657 167
Western Samoa	Rough timber	122 513
Western Samoa	Copra	259 211
Western Samoa	Coconut oil	4 299 597
Senegal	Groundnut products	54 567 358
Sudan	Groundnuts	3 272 524
Sudan	Groundnut oil	8 114 018
Sudan	Sesame seeds	590 168
Sudan	Oilcakes	5 519 522
Chad	Cotton	12 776 377
Togo	Carité nuts	651 838
Tonga	Coconut oil	1 254 017
Tuvalu	Copra	102 407
Vanuatu	Copra	11 438 165
	Total	279 188 368

VISITS

Visit of Vice-President Natali to the Pacific ACP-EEC Ministerial Meeting, Apia, 19-20 April 1988

The relations between the eight Pacific ACP States and the EEC were discussed at regional and also at national level during the visit of Vice-President Natali to the Pacific and new steps have been taken to implement the Lomé Convention and to strengthen regional cooperation.

The first meeting of Ministers of the Pacific ACP States and the EEC was held in Apia, Western Samoa, on 19-20 April 1988. The meeting was opened by the Hon. Tofilau Eti Alesana, Prime Minister of Western Samoa, and jointly chaired by the Hon. Tuilaepa Sailele Maliegaoi, Minister of Finance of Western Samoa, and Lorenzo Natali, Vice-President of the European Commission.

The meeting was attended by ministerial delegations of the eight Pacific ACP States (Fiji, Kiribati, Papua New Guinea, Solomon Islands, Tonga, Tuvalu, Vanuatu and Western Samoa) and representatives of the South Pa-

EEC

The meeting in Apia. Left to right: Mr Naisali (Director of the SPEC), Mr Tuilaepa, Western Samoa's Minister of Finance (co-Chairman); Mr Natali, Commissioner for Development (co-Chairman) and members of the delegations

cific Commission, the Forum Fisheries Agency, the University of the South Pacific, the Institute for Rural Development, the Institute for Marine Resources and the Committee for Coordination of Joint Prospecting for Mineral Resources in South Pacific Off-shore Areas.

The objective of the meeting was to review the progress of ongoing activities under the Lomé Conventions and to enhance regional co-operation between the Pacific ACP Group and the European Community.

On this occasion three Financing Agreements for regional development programmes (Agriculture, telecommunications development and assistance to the Pacific Islands Association of Chambers of Commerce) were signed, which brings the total rate of commitment for the Lomé III regional programme for co-operation (ECU 34 m) to approximately 40%.

In order to reinforce the capacity for future co-operation of the Pacific ACP Group, Vice-President Natali announced the European Commission's approval of finance for a technical unit to assist in the definition, co-ordination and monitoring of European Development Fund-financed regional programmes in the Pacific. The work of this unit, which would be established in association with SPEC, would be devoted exclusively to the fulfilment of ACP/EEC regional programmes. The unit would be ultimately responsible to the Ministerial Group of Pacific ACP States and to the annual joint Pacific ACP/EEC Ministerial meetings. Vice-President Natali also stressed the importance and usefulness of continuing these meetings on a regular basis. This proposal was accepted and welcomed by the Pacific ACP Ministers.

The Ministerial meeting noted with satisfaction that, although great distances between the Pacific countries and between this region and Europe have created difficulties in the implementation of the ACP/EEC regional programme of co-operation, it has been possible to resolve these difficulties in a spirit of dialogue.

The Ministerial Delegations of each of the eight Pacific ACP countries also met Vice-President Natali to review the implementation of their national indicative programmes.

During his visit to the Pacific, Mr Natali met the Secretary-General of the South Pacific Commission, Mr Tuiasosopo and Mrs H. Courte, Deputy Director to examine some aspects of regional cooperation. SPC contributes, on the basis of its technical capacity, to the regional programmes in the field of agricultural research, rural development, tourism and particularly marine resources development.

Vice-President Natali also paid a visit to the Head of State of Western Samoa, His Highness Susuga Malietoa Tanumafili II and at a later stage also to Western Samoa's Prime Minister Hon. Tofilau Eti Alesana, and the Minister of Finance the Hon. Tuilaepa Sailele Maliegaoi; and discussed the programmes of cooperation between Western Samoa and the European Communities.

Mr Auclert in Somalia

A mission from the Commission of the European Communities, headed by Mr André Auclert, Deputy Director-General for Development, visited Somalia from 27.4.1988 to 4.5.1988 and was received by President Mohammed Siad Barre on May 3.

The object of the mission was to review, together with the Somali Government the Community's development cooperation programme with Somalia, with a view to speeding up implementation of the various programmes and projects in support of the country's economic and social development.

The mission had extensive discussions with the Minister of State for Foreign Affairs, the Ministers of Finance, Industry and Commerce, Mineral and Water Resources, Public Works, Fisheries, Livestock and Range, Planning and Juba Valley Development, and the Vice-Minister of Agriculture.

Following an in depth review of the EEC programme, agreement was reached on the following programmes and projects which are to be implemented as rapidly and efficiently as possible.

	mECU
Juba Valley Road	48.00
Sectoral Import Programme	15.00
Old Mogadishu Port Rehabilitation	13.00
Hargeisa Airport	3.00
Gedo & Bakool Water & Road Projects	10.00
Telecommunication Links	5.00
Djibouti-Somalia Road Link	3.50
Mogadishu Dairy (Phase II)	1.57
Cultural Cooperation	0.60
	99.67
Training/Techn. Coop./ Contingencies	1.33
	101.00

Particular emphasis was put on the construction of the Juba Valley Road which is considered essential by the Somali Government in supporting its efforts to develop the agricultural potential of the Juba Valley.

The EEC mission confirmed the Community's continued support for the construction of the Baardheere Dam for which an amount of not less than ECU 40 m will be set aside in the next EEC-ACP Convention.

Agreement was also reached on the future operations of the EEC food aid programme in Somalia as well as on the implementation of a Sectoral Import Programme in support of the productive sectors of the country.

Finally, the mission expressed the Community's readiness to finance programmes and projects in support of the country's refugee population.

During its stay in Somalia the mission had the opportunity to visit the port of Kisimayo, the Juba Sugar Project, an NGO health project in Mareere, the Genale Grapefruit project and the Mogadishu Dairy plant.

The visit of the mission was concluded by the signing of a Memorandum of Understanding by His Excellency, the Minister of State for Foreign Affairs, Jaalle Mohamed Ali Hamud, and Mr Auclert. o

Guyana: visit by President Hoyte

Hugh Desmond Hoyte, the President of the Cooperative Republic of Guyana, visited the Commission on 16 May, where he had talks on implementation of Lomé III and the new Convention, with Vice-President **Lorenzo Natali.**

Hoyte, the next Chairman of the ACP Group, underlined the importance of the Sugar Protocol to Guyana. Mr Natali pointed out that the Commission's proposed freezing of sugar prices was in line with the principles of the reform of the CAP. The idea was to cut farm surpluses — something which would also be of benefit to ACP agricultural exports to the EEC in the long run.

Guyana's debt problem was also mentioned. The country regretted not being covered by the Community's special programme for heavily indebted nations, but Mr Natali said that the Venice Summit had wanted to restrict it to the countries of sub-Saharan Africa. The Commission realised that other countries had similar problems and proposed to create a new instrument in the next ACP-EEC Convention whereby the Community could support structural adjustment programmes.

IFAD Vice-President Mensah visits the Commission

The similarity of the development aims of the Community and the International Fund for Agricultural Development, which is working to boost food crops, suggests that closer cooperation between the two institutions would be a good idea — which is why the Commission has had a visit from Mr Mensah, IFAD Vice-President.

The talks, mainly with representatives of DG I and DG VIII, dealt primarily with the general aspects of cooperation and were held in a frank and constructive atmosphere. The procedures and instruments of both parties and one or two specific projects in Sudan, Madagascar, Cameroon and Guinea were discussed.

It was clear that both sides wanted to step up cooperation and this will be done, operationally speaking, through the commitment on regular exchanges of information on projects on the drawing board and encouragement for cofinancing and any joint project assessment missions.

They also planned greater cooperation in a dozen ACP and LAA countries on an experimental basis.

Each party chose a focal point with a view to proper implementation of these provisions. o

ACP EMBASSIES

Four new Ambassadors, Lamine Keita of Mali, Sir Edney Cain of Belize, Faustino Nguema Esono of Equatorial Guinea and Marian Kamara of Sierra Leone presented their credentials to the presidents of the Council and the Commission of the European Communities.

Mali

Mr Lamine Keita studied at the Universities of Dakar and Grenoble (France) where he obtained a degree in Hydraulic Engineering. He was recruited to the public service as a hydraulic engineer and, on independence, became Director of Hydraulic Engineering. From 1975 to 1980 he served as Minister for Industrial Development and Tourism, after which he joined the staff of Elf-Aquitaine in Bamako. Mr Keita is married with four children.

Belize

Sir Edney Cain studied accountancy at the Balham and Tooting College of Commerce in London and entered his country's public service as Assistant Accountant General. In 1963 he became Accountant-General, a post he held until 1976 when he became Director-General of the Belize Monetary Authority. In 1982 be became Governor of the Central Bank and a year later Ambassador to the United States. From 1984, he combined this with the post of High Commissioner to Canada. From 1985 to 1987 he was Financial Secretary and was knighted in the 1986 New Year Honours. Sir Edney is married.

Equatorial Guinea

Mr Faustino Nguema Esono Afang has a degree in Health Education, with specialisations in dietetics and nutrition. He joined the public service as Head of Archives in the Ministry of Education, after completing a Diplomatic Training Course in 1970. In 1976 he was named Professor of Intermediate Education and posted as Director of the Ebebiyu Institute. In 1979 he was posted as First Secretary to the Equatorial Guinea Embassy in Madrid, and in 1983 promoted as his country's Ambassador to Nigeria. Mr Nguema Esono Afang is married with children.

Sierra Leone

Mrs Marian Kamara obtained her BA in History at the University of New Hampshire (USA) and her MA (Master of Social Work) at the University of British Columbia (Canada), after a first career (1955-59) in teaching. On her return to Sierra Leone in 1966 she became Social Development Officer at the Ministry of Social Welfare, ending her career there in 1981 as Deputy Chief Social Development Officer. In that year she was named Sierra Leone Ambassador to Guinea (Conakry). Mrs Kamara has four children. ○

EMERGENCY AID

Locust control in Morocco and Algeria

The Commission has just decided on two more lots of emergency aid, this time for Morocco and Algeria.

In Morocco's case, the aid is ECU 600 000, ECU 60 000 of which to be channelled via the FAO to finance extra hours of aerial spraying and ECU 540 000 to provide 60 000 litres of pesticide.

Algeria is to get ECU 130 000 to finance about 120 hours of aerial spraying by two planes chartered by the Commission Delegation.

This brings the EEC Commission's contribution to locust control in Africa up to about ECU 2.7 m.

This means the Commission has now contributed some ECU 2.7 m to the campaign since November — when it took an emergency aid decision, worth ECU 500 000, to help Morocco. This was followed by further aid to this country of ECU 170 000 in late December, while there was ECU 375 000 for Algeria and a third contribution, to Mauritania this time, of ECU 650 000 in January. In March there was further aid for Tunisia, as well as further payments to Morocco (ECU 290 000) and Algeria ECU 200 000.

The emergency aid is destined to buy pesticides and to finance hours of aerial spraying.

The locust invasion is a dramatic threat to North Africa and the Sahel. The present climatic conditions, and the abundant rainfall, particularly, have generated locust reproduction in northern Mauritania and the surrounding areas on an unprecedented scale. The new swarms are moving in a north-easterly direction across Morocco and Algeria to Tunisia. They destroy whatever vegetation is in their path. A 1 km^2 swarm of locusts devours an estimated 100 tonnes of plant life every day.

The Commission is still in contact with all the authorities involved locally and has come up with an emergency system which will enable rapid intervention to be made in any country in the region.

Angola

The Commission has just decided to send ECU 165 000-worth of emergency aid to Angola where there is a cholera epidemic. It will be distributed by Caritas-Angola and be used to buy emergency medical supplies, vaccines and cleaning products.

Mozambique

About six million people in Tété and Zambezia provinces are suffering from the combined effects of drought, fighting and a locust invasion.

The main idea of the programme is to supply medical assistance and the wherewithal for the survival of both the displaced population and those people in remote areas. It will be run by:

— Médecins sans Frontières (France);

— Deutsche Welthungerhilfe (Germany);

— Artsen Zonder Grenzen (Netherlands);

— International Committee of the Red Cross.

Burma

The Commission has just decided to send ECU 110 000-worth of emergency aid to Burma where a major fire in the town of Lasho (Shan State) has caused many deaths, wounded dozens and destroyed 2000 houses, leaving 20 000 people homeless. This aid, which will be channelled through the Burmese Red Cross, is intended to be distributed—in the form of basic goods and medicines—to the afflicted populations. ○

FOOD AID

The Commission has just decided to send ECU 33 million in food aid to the following countries:

Egypt: ECU 22.6 m

160 000 t cereals, 3300 t milkpowder and 3000 t vegetable oil

Rapid demographic expansion, rapid urbanisation and the virtual stagnation of agricultural production are behind the clear decline in Egypt's food situation over the past 20 years and the degree of self-sufficiency in the main agricultural products has dropped alarmingly. Egypt imports more than 60% of its food and it costs something like US $ 3.5 billion p.a. In 1987, it agreed with the IMF that it would run a structural adjustment programme to bring about stronger economic growth in the medium and long term. However, the country has a serious external imbalance to cope with in the short term too.

The food aid will be sold. The cereals will be sold and marketed, but the milkpowder and the vegetable oil are intended for the neediest sections of the population and will be sold through the cooperatives to ration-book holders at subsidised prices.

Sudan: ECU 7 m

20 000 t cereals, 600 t milkpowder and 200 t butteroil

Sudan's food situation is still declining because of inadequate harvests and the conflict. Poor sorghum output can be made up from stocks carried over from previous years, but exceptional international aid has to be given for local purchases and the distribution of surpluses to the needist in the parts of Western Sudan where there is a shortfall.

Sudan is not yet self sufficient in dairy products and has to import the bulk of its requirements — which cannot be completely covered by its export earnings.

Djibouti: ECU 1 m

6000 t cereals

The basic food consumption of this country is 98% imported and the other 2% comes from market gardening. Djibouti does not produce any cereals, although the estimated requirements of its 460 000-strong population are 50 000 t this year. Bread is a staple and an estimated 22 000 t of wheat are required, 15 000 t imported.

The wheat will be sold to the Djibouti flour mill by the National Supply and Marketing Board and the mill will then process it and sell it on the local market at the usual Djibouti prices.

Niger: ECU 2.4 m

10 000 t cereals

The 1987 agricultural year was a bad one, with a food shortfall of an estimated 274 000 t in November, with commercial imports of 130 000 t and off-season production of 50 000 t. In view of the poor purchasing power of the rural populations and the absence of any other remunerative jobs, a number of sections of society are finding it difficult to get food. People in farming and herding tend to prefer millet and sorghum, although their diet includes other cereals as well.

This food aid will be sold, priority going to the rural areas.

Vietnam: 10 000 t of rice

The Commission has just decided to send emergency food aid of 10 000 t rice to Vietnam. It will be distributed by the World Food Programme.

The 1987 harvest was badly affected by drought, hurricanes and insects and rice production was 1.5 million t down on an average year as a result.

Tunisia: 10 000 t of cereals

The Commission has just decided to send Tunisia 10 000 t cereals.

The catastrophic drought—and the damage caused by locusts—has badly affected the 1988 harvest.

Tunisia produced 1.8 million t cereals in 1987, covering practically all its needs, but this year's figure is unlikely to be more than 0.3 million t and there will have to be massive imports as a result. The situation will be particularly acute for poor peasant smallholders who will be unable to cope with their land and tempted to move away to the town.

The Government has set up an aid programme involving free distribution of cereal rations to the target populations and it has asked for aid—167 000 t cereals—for this.

The cost of the aid is about ECU 2.5 million. o

ASIA / LATIN AMERICA

The Commission has just decided to finance development projects in Laos and three Andean Pact countries.

Laos: ECU 5 500 000

Irrigation by pumping the waters of the Nam Ngum

The idea here is to produce roughly 8000 t rice on 1800 ha of rice fields along the Nam Ngum on the Vientiane plain. This will be done by building four irrigation and drainage networks (with the active—and voluntary—help of the local population) and installing four pumping stations. This should mean enough rice can be produced for the local population of around 25 000.

The financing decision comes at a time when relations between the Community and Laos are being stepped up. Just recently, the Commission representative in Bangkok presented his credentials to the Laotian Government — which has just had its own representative accredited to the European institutions.

Peru, Ecuador and Colombia: ECU 6 000 000

Regional fisheries programme

These three Andean countries share a coastline on the Pacific Ocean. The fisheries programme concentrates on technical support with a view to rational, profitable exploitation of the considerable marine resources at their disposal. Coordinated schemes will be run simultaneously in the three countries, in the light of the unequal development of their fisheries sectors. The idea is to:

— obtain better knowledge of the marine resources and the domestic and international markets and define what products are in demand;

— adapt the production apparatus (fleets, fishing equipment, processing units and processing & distribution facilities) to this demand;

— train the appropriate staff and provide the requisite institutional support.

The Commission has also recently agreed to finance agricultural research programmes in five international institutes. The sum in question (ECU 6.9 m) is an extension of Community financing begun in 1977 and is to be shared as follows:

CIAT (Centro International de Agricultura Tropical), Cali, Colombia — ECU 1.8 m

The research programmes of the CIAT are centred on four areas: beans, cassava, rice and tropical rangelands.

CIP (Centre International de la Papa) Lima, Peru — ECU 1 m

The aim of research undertaken at the CIP is to improve the quality of potatoes grown in the high plateaus of Peru and to develop strains suited to cultivation on the tropical plains.

ICRISAT (Institute of Crops Research for the Semi-arid Tropics) — Hyderaba India — ECU 1.8 m

Research at ICRISAT concentrates on the produce of the semi-arid zones of 50 or so countries in Africa, Asia, Latin America and Australia, such as sorghum, millet, chickpeas etc.

IRRI (International Rice Research Institute) Manilla — Philippines — ECU 1.8 m

IRRI carries out research in the field of rice varieties, in the preparation of soils and in socio-economic questions having to do with the use of new technologies.

ISNAR (International Service for National Agricultural Research) The Hague — The Netherlands — ECU 500 000

The centre aims to help developing countries to increase the efficiency of their agricultural research by improvement organisation and management. o

GENERAL INFORMATION

South Africa

European Commission condemns South African attack on Botswana

The EEC Commission has received information about the attack on Gaborone, the capital of Botswana, by the South African security forces. The attack, which killed three citizens of Botswana and one South African refugee, was in flagrant violation of the sovereignty of a peaceful neighbouring State.

Lorenzo Natali, Vice-President of the Commission, and Commissioner Willy De Clercq, expressed their deepest sympathy to the families of the victims and to the Government of Botswana on the Commission's behalf.

The Commission unreservedly condemned this latest act of aggression and destabilisation against a southern African Government. Once again it called for the abolition of apartheid, which is responsible for so much human suffering both in South Africa and in neighbouring countries linked to the European Community through the Lomé Convention.

Representatives of South African organisations and the Commission meet

At the Commission's initiative, a meeting of representatives of South African and Commission partners was organised on Friday 15 April to discuss the Special Programme to help victims of apartheid in South Africa.

The visitors also had an opportunity to meet experts from the Member States and discuss both the Community's Special Programme and the measures the South African Government had taken recently to restrict the activity of 18 organisations and they were able to give an assessment of the probable effects of the bill on restricting South African organisations' access to external financing.

So far, 146 projects totalling ECU 34.7 m have been approved under the Special Programme. This means that a quarter of the provisional allocation of ECU 20 m for 1988 and all the ECU 30 m for 1986 and 1987 has been used. There is no doubt about the 1988 allocation being used up by the end of the year.

The total ECU 33.7 m can be broken down as follows:

	Humanitarian/ social aid	Education & training	Legal assistance	Total
Churches	9.50	5.30	2.30	17.10
Kagiso Trust	7.15	6.65	1.10	14.90
Trade union organisations	0.30	1.00	1.40	2.70
Total	16.95	12.95	4.80	34.70

All these projects bar four (worth ECU 0.5 m) for Namibia were in South Africa.

The Commission took this opportunity of restating its willingness to carry on implementing the special Community programme through the existing channels on the agreed basis. The Commission partners welcomed the programme.

However, they did issue a warning, stressing that the Special Programme was directly threatened by the new legislation the South African Government was planning to bring in to restrict access to external financing in the case of any South African organisations opposed to its policies.

If this legislation was adopted, they said, funds would be misappropriated and channelled to groups and organisations which explicitly or implicitly supported apartheid.

The proposal was part of the repressive measures the South African Government had taken to cope with peaceful opposition in the country.

Europe had to act to stop the bill becoming law.

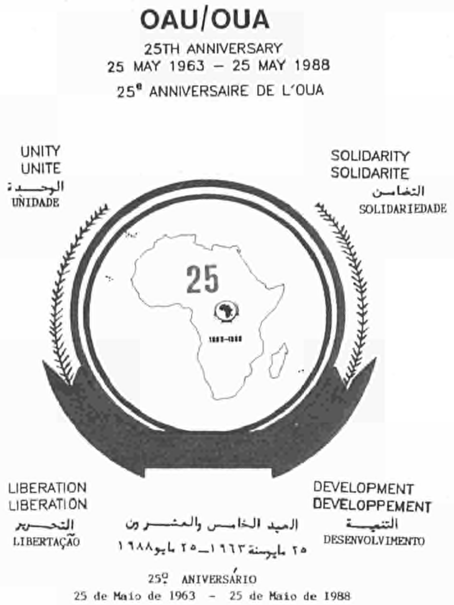
Positive steps to help apartheid victims: Vice-President Natali meets South African representatives

Lorenzo Natali, the Commission Vice-President, met a delegation from the South African churches and the Kagiso Trust comprising Monsignor Johannes Brenningmeijer, the Bishop of Durban, Dr Denis Hurley, Bishop Mvemve, the Reverend Beyers Naudé and Mr Max Coleman.

The church representatives reported on the situation in South Africa, stressing the urgent need to increase the pressure on the Government to prevent the bill on controlling external aid to humanitarian organisations becoming law. They also gave Mr Natali a list, for the Member States of the Community, of the minimum restrictive measures which the South African churches wanted the EEC to take against the Pretoria Government.

Mr Natali confirmed the Commission's unconditional solidarity with those who were fighting by peaceful means to do away with apartheid. He also reminded them that the Community thought the bill aimed at controlling external aid to humanitarian organisations in South Africa would, if it were adopted, make for even greater problems with the dialogue on the changes needed in South African society. The Commission, he added, would carry on trying to get the bill stopped. He assured the representatives by stressing the Commission's determination to continue with the positive measures to help the victims of apartheid, a programme, he said, which was becoming increasingly important (the 1988 budget was ECU 25.5 million, as against the ECU 20 m of 1987 and ECU 10 m in 1986). o

OAU celebrates its 25th anniversary



Created on 25 May 1963, the Organisation of African Unity, whose seat is in Addis Ababa, Ethiopia, has always aimed towards a double goal: political solidarity and economic progress. During the first quarter century of its existence, this, the first continental grouping in the world, has seen the liberation of no less than 18 African countries from foreign colonial rule: only Namibia remains as a colony, and only South Africa remains as a state where racial discrimination is a part of the fundamental law. The battle on the political front, however, is now more vital than ever, because of the unfavourable economic situation. Without a heightened degree of unity and solidarity between African States, without coordination and intensified cooperation between them on the economic front, all attempts at offering Africa's citizens a better life will come to nothing.

At its summit in Addis Ababa, called to coincide with this anniversary from 25 to 28 May, the various strands of the OAU's experience seemed to be pulled together. The final communiqué referred to the current East-West détente and pointed to the link between disarmament and development on a note of some optimism. But at the same time, the summit agreed to postpone to December 1989 a proposed international conference on African debt, which is currently estimated at US$ 200 bn. The contact group had not been able to obtain a suitable response from the international community. (During a visit to the EEC on 20 April, the contact group had been received by the EEC's Commission President Jacques Delors, and had had a long exchange of views with Dieter-Frisch, Director General for Development. He pointed out that the Commission was in no position to be a prime mover in this matter, since it was a creditor in only a very minor way, the vast majority of its financial transfers being in the form of grants.).

The problem of South Africa was, of course, much discussed. Angola's Foreign Minister deplored the lack of material aid his country had received from African States despite its position in the very front of the front line. The self-reliance in economic affairs, which is at the heart of the African Priority Programme for Economic Recovery, was not, in his opinion, mirrored in political affairs.

The OAU's anniversary celebrations are not being confined to a summit. In Brussels, the OAU Group of Ambassadors, in collaboration with the ACP Committee of Ambassadors, the ACP-EEC Foundation for Cultural Cooperation and the EEC Commission have organised and sponsored an African Cultural fortnight, from 10 to 25 June. o

EUROPEAN COMMUNITY

Council of Development Ministers

A European Council of Development Ministers met to discuss development issues in Brussels on 30 May, with Hans Klein, Germany's Federal Economic Cooperation Minister in the chair. The meeting adopted a resolution on the economic situation and the process of adjustment in sub-Saharan African and it bore the stamp of pragmatism, realism and a certain desire for independence vis-à-vis the IMF. The realism was reflected, in particular, in the desire to take account of the non-macro-economic effects of structural adjustment, and especially of its social implications. (*The Courier* will be coming back to this important resolution in a dossier on structural adjustment in the September-October issue.)

The Council also had a thoroughgoing exchange of views on the guidelines the Commission had suggested for the renewal of Lomé III (see *The Courier* No 109, News Round-up, p. V.). The Member States have largely converging views on this and should take up their final position on them in mid-June so the Commission can prepare for the forthcoming negotiations.

The European Volunteers for Development programme was also discussed. This is a Franco-German initiative now at the experimental stage and the other Member States are being invited to join in.

When it came to food security policies in Africa, Lorenzo Natali, the Commission Vice-President, mentioned the experience obtained with support for food strategies (the Commission is preparing a detailed communication to the Council on this — *The Courier* will be returning to it later); the Council also discussed the system of compensation for loss of export earnings for LDCs which were not signatories of Lomé. This system began in 1987 with help for three countries (Bangladesh, North Yemen and Nepal) and the Commission is proposing to add a fourth, Burma.

Lastly, in response to the French delegation, which had expressed concern at the way Stabex had worked in 1987 and particularly at the expected deficit and the possible need for exceptional extra financing for that year, Mr Natali said that the Commission was looking into this at the moment and trying to see exactly how much was involved. Figures would be available at the end of June. o

XIVth General Assembly of European NGOs

The General Assembly of Development NGOs in the European Community was held in Brussels from 18 to 21 April, bringing representatives of over 650 European NGOs, Commission officials and observers from many organisations of the UN family to the Palais des Congrès in Brussels. The theme this year was "Development education", though before this theme was broached, two illustrious speakers opened the proceedings. The first was Archbishop Desmond Tutu. The second was also a priest — the

Chilean Jesuit Father José Aldunate Lyon, formerly a professor of moral theology and for 15 years now a worker-priest in the poorer areas of Santiago.

The debate was opened by Pierre Galand, Chairman of the Development NGOs Liaison Committee who insisted that NGOs must be aware of, and take into account, the major political facts of the Third World, even—and perhaps especially—the unpalatable ones: oppression, militarism, debt and so on. He asked whether it was really possible for Europe to proclaim itself a continent of freedom and justice without dedicating itself to solidarity with the Third World. Bearing all this in mind, Mr Galand stated that in the dialogue with the Commission, which had always been frank and fruitful, there was no point in simply sticking to questions of money, but every need to range over as wide and contentious a ground as possible.

In his reply, Commissioner Cheysson, speaking on behalf of Vice-President Natali, urged the NGOs to go ahead and ask the awkward questions. He felt he could look back with some pride on the development of Commission-NGO relations which had begun when he had been Development Commissioner. The starting budget of this cooperation had been ECU 2.5 m, a sum which had risen to over ECU 200 m and which now included development education as well as the more usual areas of food aid and project aid.

On development education, Commissioner Cheysson pointed out that there was quite a lot to do. A recent Europe-wide survey (see p. 51) showed that while 80% of respondents felt that Europe ought to be involved in development cooperation, only 20% perceived it to be a consequence of North-South interdependence. In other words, it was the impulse of 'charity' rather than anything more realistic which seemed to prevail. It was going to be a long task to change this attitude, and Mr Cheysson called on the NGOs, who, he said were in the front line, to lead the struggle, along with churches, trade unions, political parties and social groupings.

Once the debate was thrown open to participants, the old antagonisms between 'money' and 'people' were recognised as being outdated. NGOs were people-oriented, but as Tim Brodhead, of the Canadian Council for International Cooperation, pointed out, in 1985 northern NGOs raised $ 4.5 bn, about 20% of the North's ODA. He also pointed out that much northern money was going directly to southern NGOs which threw into relief the increasingly political role of NGOs.

A number of resolutions were passed at the end of the General Assembly concerning, among other things, South Africa, Ethiopia, the debt problem and women and development. The bulk of the resolutions, though, were on the matter of education: concerning the European dimension of education, education and fundraising and communication with various special groups in both South and North. o

EEC

On the platform of the General Assembly, from left to right: Mr Carrington, ACP Secretary General, Dr Höhler, President of the Development Council, Archbishop Tutu, Mr Galand, Chairman of NGO Liaison Committee, Mr Cheysson, Commissioner in charge of North-South relations, Father Aldunate Lyon, winner of the "NGO 2001 Prize", Mr McGowan, Chairman of the European Parliament's Development Committee, Mr Pelgrom of The Dutch NGO Novib and Mr Bastoggi of the Italian NGO Mani Tese

STOP PRESS

UNDP Chief seeks closer ACP links

William Draper III, Administrator-General of the UN Development Programme (UNDP) broke his journey from Paris to Geneva to pay a more-than-courtesy call on the ACP Committee of Ambassadors, who convened a special meeting of the Enlarged Bureau on 7 June to mark the event.

Whilst admitting that he was in Europe to "rattle his tin cup" for funds from OECD governments, Mr Draper stressed the vital importance of closer links with the ACP Group which, he explained, "represents half of the business we do." And while UNDP remain project-based, there were new sectoral approaches which he was keen to put the accent on: women in development, environment, NGOs and the private sector, Over and above even these, "the heart of development is human resource development" and he enumerated the sort of activities where the UNDP was on the threshold of new approaches, which should be of considerable interest to the meeting of the Enlarged Bureau. He was there, he said, to collect their views on enhanced cooperation and, given the nature of the two bodies, it was sensible to seek this in the human resources field. "We haven't yet" he said "zeroed in on mangement, though we have proposed that a management facility be incorporated into solutions for countries with structural adjustment problems."

Mr Draper was much heartened by the obvious enthusiasm for closer links.

In his speech of thanks, Ambassador Chasle of Mauritius said how much he had approved of "the stress on the social and cultural sides of development, the interest in management and the build-up of human resources." He urged both sides to build "a regular institutional link to improve qualitatively the benefits of information-sharing." o

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INDUSTRIAL OPPORTUNITIES

PUBLISHED EVERY TWO MONTHS

No. 62: JULY-AUGUST 1988

ANNUAL REPORT 1987

CDI LAUNCHES INTO SECOND DECADE

In 1987, the year of its tenth anniversary, CDI rolled up its sleeves for a second decade of assistance to ACP industrialization efforts. CDI's Annual Report for 1987, soon to be published, underlines that its aim for the new decade is to involve and mobilize more intensively the private sector of industry, for the economic development of ACP countries.

CDI's role, says the Report, is that of a "knowledgeable broker", engineering the best package of options for ACP-EEC industrial ventures, particularly in the light of economic policy adjustments in the ACP countries. These focus on the twin elements of the privatization of industry and the liberalization of markets.

The Report voices frustration, however, at the "deteriorating environment for industrial investment in ACP States" which constitutes "a very serious threat to the productive use of CDI's budgetary resources".

LACK OF FINANCE

A lack of either local or foreign finance, or both, has stalled the implementation of some 150 potential projects for which CDI helped to prepare feasibility studies. As a result, CDI introduced much stricter criteria in 1987, for the acceptance of projects to be studied.

The Annual Report links the dearth of foreign exchange and industrial capital to the lingering unwillingness of European industrialists to invest in viable ACP projects. They would rather merely sell their equipment and their expertise.

CDI's response to this problem was to enter into bilateral cooperation agreements with the EEC Member States, in order to provide funding incentives for small and medium-sized entreprises wishing to extend their manufacturing activities to ACP States.

In 1987 new cooperation or co-financing agreements were signed with institutions in Greece, Portugal, Denmark and Spain's Basque Region. The German Ministry of Economic Cooperation also signed an agreement with CDI.

Co-financing agreements contributed Ecu 385,000 to the value of CDI-sponsored interventions in 1987. (This helped to reduce CDI's spending on individual projects, without eliminating the contributions of EEC project partners).

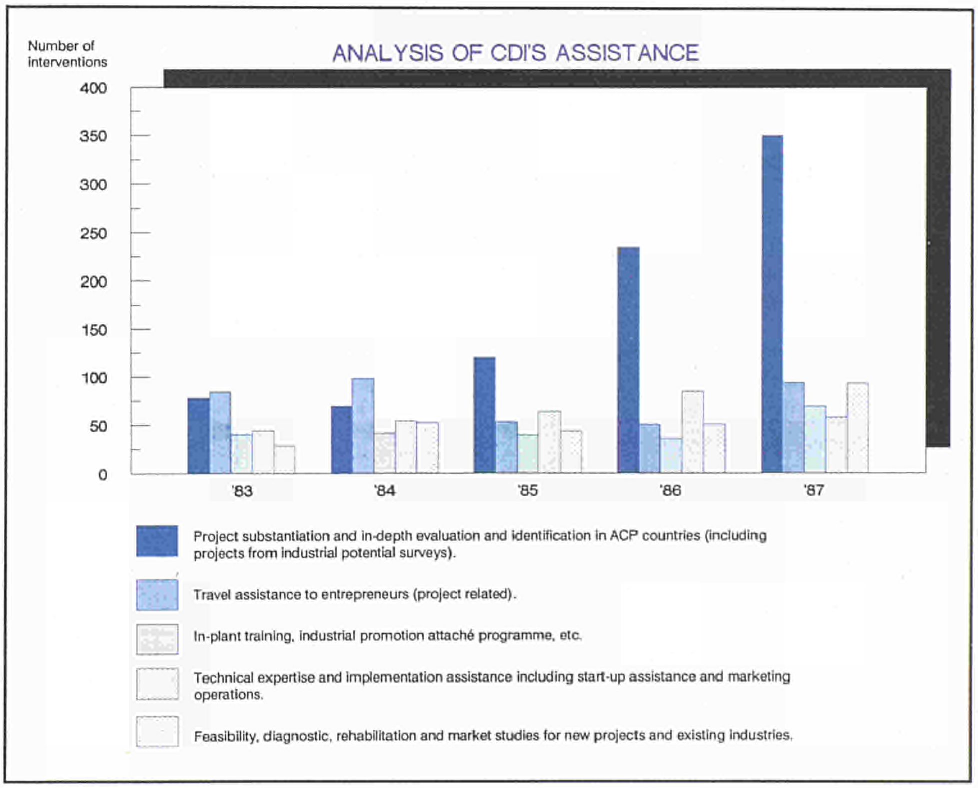
MORE PROJECTS HANDLED

Activities in Europe included information and promotion meetings in Ireland, Luxembourg and Denmark. Some ACP promoters attended these meetings to make contacts with European industrialists.

Project-related travel assistance to ACP and EEC entrepreneurs was a significant feature of CDI's interventions, with 94 cases in 1987, compared to 51 in 1986.

It is encouraging that more projects were dealt with in 1987 than in the previous year. This was partly because of the increased volume of ACP requests, which reflects the greater efficiency of CDI's field representatives (antennae). As a result, 92% of CDI's intervention budget for 1987 was committed.

(Continued on page 2)



(Continued from page 1)

Two Regional Industrial Cooperation Meetings were held during the year, in East Africa and the Pacific. The aim of such meetings is to probe the problems, needs and priorities for resource-based industrialization in the ACP countries.

CDI also helped to organize the Investors' Forum for Central Africa, held in Libreville, capital of Gabon.

As a direct impact of these events, contacts with industry and governments were strengthened in the regions concerned.

NEW PRODUCTIONS

In 1987, 23 CDI-assisted projects entered production (there were 22 in 1986). Most of these received CDI's support for implementation or training. Through these new ventures, 672 jobs were created and investments of Ecu 20.1 million were generated.

In addition, a further 23 projects reached the construction or implementation stages. They will involve another 1242 jobs.

The following are the 23 projects which were implemented in 1987 :

- Paint (Benin)
- Pumps and brick presses (Burkina Faso)
- Plastic signs (Côte d'Ivoire)
- Briquettes (Gambia)
- Perfusion solutions (Nigeria)
- Passion fruit juice (Burundi)
- Vegetable oil (Burundi)
- Sweets (Burundi)
- Fruit juice and wine (Congo)
- Mechanical workshop (Congo)
- Lemonade, soft drinks (Zaire)
- Sanitary ware (Zaire)
- Cement tiles (Madagascar)
- Gold jewellery (Mauritius)
- Reconstituted butter (Mauritius)
- Bricks (Uganda)
- Stabilized earth blocks (Uganda)
- Rum distillery (Antigua)
- Wooden products (Guyana)
- Fibreglass boats (St Lucia)
- Meat products (Trinidad & Tobago)
- Nails, rebars (Trinidad & Tobago)
- Soap (Papua New Guinea)

Seven project indentification missions to ACP countries were completed. the aim of such missions is to maintain a sufficient number of projects in CDI's pipeline and provide a basis for future interventions.

To the same end, industrial potential surveys were carried out in Comoros, Djibouti and Seychelles.

Last year, there was a renewed emphasis on searching for European production proposals and on matching these with appropriate ACP projects. The inital results, the Report says, are "promising".

SPONSORED STUDIES

During the year, 55 studies (feasibility, diagnostic, rehabilitation and marketing) were completed.

The Report points out however, that feasibility studies were mostly for potentially small investments. Quoting the findings of a consultant's study, the Report adds that CDI should aim at somewhat larger projects (while retaining its commitment to SMIs), if it is to enhance its chances of finding project finance in Europe.

Technical assistance was provided by CDI-sponsored experts for a total of 206 projects.

Roughly half of these projects involved carrying out techno-economic studies, whilst the other half called for assistance with production and/or training.

Almost one fifth of all the projects which received technical assistance were existing industries in need of rehabilitation. (In 1987, there were 8 more rehabilitation interventions than in 1986).

FOOD PROCESSING

As in previous years, the food-processing sector generated the largest number of requests for assistance. The Report notes with satisfaction that a postitive feature of the sector was the continued interest of European investors in ACP opportunities.

(Continued on page 3)

RESULTS ACHIEVED BY CDI TO DATE

	'81	'82	'83	'84	'85	'86	'87
CDI-assisted projects which entered production (including pilot plants)	4	9	12	16	23	22	23
Industrial projects under physical construction	15	6	17	25	12	9	8
Industrial projects under implementation						6	15
Investment costs in Ecu (million), in relation to projects which entered production	*	*	34.4	30.7	5.9	10.2	20.1
Employment created	*	*	460	651	436	690	672
CDI rehabilitation interventions	16	12	19	21	18	32	40
CDI training operations (number of trainees)	74	255	200	289	321	268	243

* Figures not available.

RUBBER TUBE PATCHES

EEC PARTNER SOUGHT FOR ZAMBIA PLANT

A private company in Zambia currently manufactures the following products:

- contact adhesives, from a Neoprene base;
- automobile body filler from a polyester resin base;
- various chemical mixes used in the automobile industry.

Although the company was formed in only 1986, it has already obtained a large share of the market for its products (which are now stocked by the leading supermarkets, hardware stores and motor dealers in Zambia).

The company wishes to embark upon the manufacture of rubber tube patches. This product is not produced locally.

The Zambian market is supplied by the annual importation of 15 million patches and the company envisages manufacturing 2 million patches annually, for both local and regional markets.

An EEC technical partner is sought who can assist with the preparation of a feasibility study and can supply know-how and technical assistance.

Enquiries addressed to CDI should quote the reference number **ZAM.8107.RU.01.**

(Continued from page 2)

In this sector, CDI co-financed 14 studies to be used as the basis for joint ventures, for such diverse products as dried fish, poultry, animal feed, and fruit processing.

To make use of the wide range of resources in EEC countries, in-depth studies on the structures of the meat, fruit and vegetable industries in France, Denmark and Ireland, were conducted. The studies discovered many companies with relevant technologies, keen on entering into joint ventures in ACP states. Further sectoral studies are now planned.

CHEMICAL SECTOR

Thirteen of the 25 projects handled in the chemical sector concerned health and hygiene products such as soap, infusion solutions and pharmaceutical products.

There were several interventions for plastic products, notably involving plastic bags, mould-making and household goods.

In the renewable energy sector 8 projects based on biomass were assisted. The report identifies a clear tendency to utilize direct applications for renewable energy.

AGRO-ALLIED PROJECTS

The vast agro-allied sector incorporates the production and first processing of basic raw materials. It also includes wood products, textiles and clothing, leather, paper, cardboard, printing, rubber and elastomers.

For this sector in 1987, CDI organized 12 training operations, 13 diagnostic or rehabilitation studies, 5 feasibility studies and a sectoral survey.

ENGINEERING SECTOR

The traditional engineering sector, involving metal working and electrical and allied industries, continued to represent one of the major fields for CDI's interventions.

A total of 26 projects were actively dealt with in this sector. If and when fully implemented, these projects could represent up to Ecu 30 million in investments and create some 350 new jobs.

CLAY-BASED PROJECTS

One third of projects in the clay sector were based on adapted technologies (technologies suited to ACP conditions).

The greatest demand was for technologies for the manufacture of stabilized earth blocks, cement tiles and synthetic sanitaryware. In response to such demand a guide-cum-catalogue was prepared, to facilitate the selection of machinery for making compressed earth blocks.

The focus in the clay sector was on projects relating to the building industry, in keeping with the theme of 1987 which had been designated "International Year of the Homeless".

INDUSTRIAL TRAINING

The above five industrial sectors together generated training assistance for 243 persons. This was chiefly provided on the job in industrial plants, but in-house training was also provided, such as CDI's Industrial Promotion Attaché Programme (under which senior officers from its antenna organizations in 13 countries familiarized themselves with CDI's working methods, over a period of 6 weeks, in Brussels).

Industrial training is often used to ensure the successful implementation of joint ventures. This was the case with a honey processing plant in Fiji and a fish drying factory in Senegal.

EXPORT MARKETING

CDI faces difficulties in developing requests for marketing assistance, because few ACP countries produce manufactured goods suitable for export, apart from the traditional processed agricultural products. Nonetheless 19 ACP requests for marketing assistance were dealt with in 1987.

The major areas for marketing assistance have now been identified. They include market studies, market testing, product evaluation and up-grading, product labelling and packaging, product promotion, specialist advice on export activities and travel incentives for market research and marketing negotiations.

Although CDI puts emphasis on export marketing, help was also given for the development of local markets (particularly where this was of major significance to the economy of the country involved).

A good example of the marketing assistance provided during the year is that of a food processing company in Mauritius which obtained several firm orders after CDI financed its participation in a trade fair in Germany.

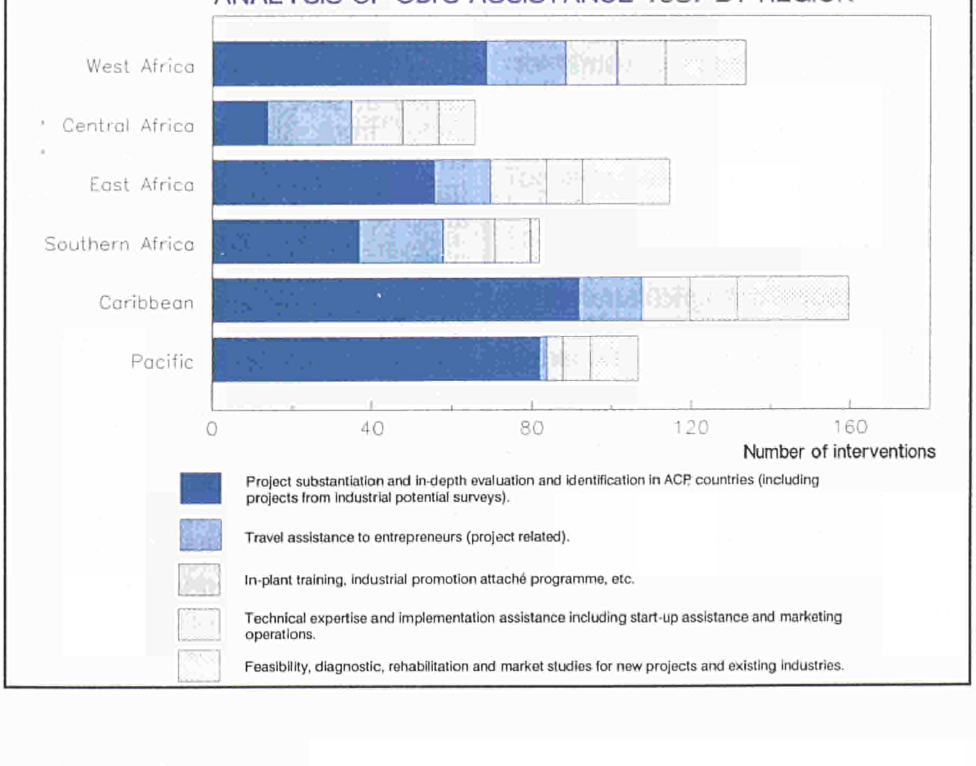
PUBLICATIONS

CDI assisted throughout the year with negotiations and with the preparation of contractual agreements. A "Guide to Partnerships" was prepared for the benefit of ACP industrialists intending to enter into partnerships with EEC companies.

A further publication, "Financial Resources for Industrial Projects in ACP Countries", was brought out to help ACP entrepreneurs to identify suitable sources of finance.

Some 600 new documents were added to CDI's information library last year, bringing the total collection to 6000; and 304 requests for technical information were processed (about 25% of these relating to adapted technologies). Documents relating to ACP-EEC industrial cooperation and development are now available on microfilm. Investment leaflets were prepared on 40 ACP countries.

ANALYSIS OF CDI'S ASSISTANCE 1987 BY REGION



INDUSTRIAL POTENTIAL SURVEYS OF ACP STATES

For over one year now, "Industrial Opportunities" has been carrying summaries of some of the industrial potential surveys undertaken by CDI in all ACP States.

The surveys are a form of assistance to the ACP States and include recommendations on how best to promote industrial development.

In this issue we publish a summary of the survey undertaken in 1985 in the West African State of Togo.

Togo: foreign investors beckoned

Togo's industrial development is a comparatively recent phenomenon. Indeed industrial investment really started only in the first decade of the country's independance. Since 1975, Togo has been moving into heavy industry which now accounts for more than 50% of its industrial investments.

Thus the country now has industries such as a cement clinker plant CIMAO (Ciments de l'Afrique de l'Ouest)[1], the refinery STH (Société Togolaise des Hydrocarbures) and an electric steel plant SNS (Société Nationale de Sidérurgie).

Other important activities have also been developed in recent years, such as the Togolese plastics industry, a second palm oil mill in Agou, a second brewery in Kara, etc.

KING PHOSPHATE

In Togo, however, the phosphate industry is the dominant one. Indeed the Togolese phosphate authority, OTP (Office Togolais des Phosphates), is an industrial entity unmatched in size by anything else in the country.

The advantages of Togolese phosphate are above all its low production costs and the proximity of the mine to the port of shipment. Among the development plans of OTP are the establishment of a phosphoric acid and fertilizer plant. Its output would be aimed almost entirely at export markets.

The recent discovery of an important phosphate deposit north of Bassar could bring about great changes in the phosphate sector. Once the deposit is under exploitation, the whole Northern area of the country could benefit from this windfall. It would bring about the extension of the railway line from Blitta (in the centre) towards Bassar, to dynamize the economy of the North.

Phosphate exports have been maintained during recent years despite the unfavourable world economic situation. In 1987, exports of phosphate amounted to 20,266 million tonnes, which represented an increase of 17% over the 1986 figure. These exports earned the country some Ecu 96 million[2] in foreign exchange. Phosphate, then, is the country's main export and earns 60% of her export revenues.

(1) An international company which has shareholders in Togo, Côte d'Ivoire and Ghana.

However, as in most other third world countries, Togo's industrial sector, with the exception of mining, plays only a secondary role in the economy. Industry's share in the Gross National Product does not reach even 10%.

AGRICULTURAL SECTOR

It is of course the agricultural sector which is of the greatest importance for the Togolese economy. Three quarters of the population depend on this sector for their livelihood and it contributes approximately 30% of the Gross National Product.

Togo's food crops (cassava, millet-sorghum, maize, rice and beans) provide the staple diet of the population and practically ensure the country's self-sufficiency in food.

(2) For the value of the Ecu see page 8.

Although the supply of food stuffs is dependent on weather conditions, their production is relatively stable compared to that of export crops (coffee, cocoa, cotton, groundnuts).

PUBLIC SECTOR REFORM

From the period of the 4th National Plan (1980-1985), the world economic crisis has ensured that industrial investment in Togo has become more modest. The Togolese government felt itself obliged to close down a certain number of unprofitable public enterprises, established in the euphoria created by the high phosphate prices around 1974. Indeed the reform of the public sector has become a necessity for the government.

The industrial potential survey undertaken for CDI in 1985 revealed half a dozen shortcomings in the Togolese industrial sector. The main problems are the smallness of the domestic market[3], the shortage of skilled labour, and the lack of interest by banks in the financing of industrial projects.

SELECTIVE PRIVATIZATION

In 1984, in order to give new impetus to industry, the Togolese government initiated a policy determinedly aimed at selectively withdrawing the State from the industrial sector, coupled with a privatization programme in favour of private investors at home and abroad.

Several companies have been privatized in a variety of ways, since 1984. The forms of privatization include the transfer of capital, rental, leasing (with a view to sale), straightforward management contracts, etc.

Thus, for instance, the Société Nationale de Sidérurgie (a steel works set up by a European consortium for Ecu 32 million), became the Société Togolaise de Sidérurgie, following a takeover at

(Continued on page 5)

(3) Togo has a population of about 3.4 million inhabitants of which 70% are rural dwellers.

(Continued from page 4)

the end of 1984 by the American group IBCON. This new company has already managed to revive its plant and now exports round iron (for concrete) to neighbouring countries. It also exports some 6,000 tons of scrap iron to European iron and steel producers.

A manufacturer of milk products, SOPROLAIT (Société Togolaise de Produits Laitiers), had ceased operations for four years, following its closure by the State; but in October 1985, it was taken over by the Danish group EMIDAN under the name FANMILK.

More than a dozen public and parastatal companies have been privatized. Further privatization shemes are either being considered, or are under negotiation.

NEW INVESTMENT CODE

To put the seal on its change of policy and to give an effective boost to industry, the government promulgated a particularly liberal new Investment Code, in January 1985.

This simplified Code is supplemented by the Charter for Togolese Enterprises which is aimed at supporting and fostering small and medium-sized enterprises where a majority of the shares is held by Togolese nationals.

The Investment Code provides guarantees for the repatriation of capital and profits and for freedom in the choice of suppliers of equipment and services. It also allows for recourse to foreign technicians, where there is a lack of local skills.

To induce foreign investors to establish themselves in Togo, significant customs and tax incentives are also offered.

There is, for instance, a three-year exemption from customs duties on imported equipment. A similar five-year exemption is granted for spare parts, raw materials and the export of manufactures.

In addition to these benefits, profits are exempted from tax for periods of 5 to 12 years (depending on the relevant Regulation, the type of activity and the location of the company).

Thus, agro-industries which fall under **Regulation A** (investments of more than Ecu 862,000) are exempted from company tax and are given a 100% exemption from the flat tax rate over the first 2 (or 5) financial years and 50% for the following 2 (or 3) financial years (depending on the area where the company is established).

Companies falling under **Regulation B** (investments of over Ecu 8.62 million) benefit from a 100% exemption for the first 10 (or 12) financial years depending on their location.

Moreover, Togolese-owned companies can benefit from some provisions of the Investment Code for the reorganization or expansion of their operations.

INVESTMENT OPPORTUNITIES

The authors of the industrial potential survey of Togo indicated that the following industries should be of particular interest to investors: fruit and vegetable canning for export; the manufacture of phosphate fertilizers and phosphoric acid; the manufacture of semi-finished products; equipment such as vehicles and simple tractors, for the transportation and distribution of agricultural products; production of equipment for the exploitation of renewable energy resources, including small windmills for the generation of electricity; and the manufacture of plastic and glass packaging materials. For all these areas, there seems to be a strong domestic demand.

POSITIVE CLIMATE

Anxious to give new impetus to its economy, the Togolese government has courageously adopted an austerity policy, with the support of the International Monetary Fund and the World Bank. It has negotiated with its creditors to obtain a new rescheduling of its debts and, among other measures, it has undertaken the reform of its fiscal system and imposed a clamp-down on current budget expenditure. We have already discussed its programme for the privatization and rehabilitation of public enterprises.

Therefore, despite its debt burden, Togo has maintained the confidence of both its creditors and the international financial institutions.

Thanks to the foresight of its leaders, whose optimism in the seventies allowed them to favour agriculture and to develop the cultivation of food crops, Togo is assured of almost total self-sufficiency in food supplies.

Investors of the World Bank's stature have recognized that Togo is one of the few African countries to have halted the deterioration of her economic situation and to have established a solid basis for economic recovery.

It would indeed be a pity if all the efforts of the Togolese to revive investment went unrewarded.

CDI'S ASSISTANCE TO TOGO UNDER LOME III

Below are listed some of the projects already assisted under CDI's initial programme for Togo under Lomé III. Some of the projects were derived from the industrial potential survey undertaken in the country by CDI in 1985.

- **Pasta** – CDI financed the in-plant training of several workers in packaging and maintenance, in addition to an earlier diagnostic mission aimed at resolving technical problems prior to re-starting production.
- **Toilet soap** (expansion of production) – CDI financed technical assistance provided over three months by a soap specialist who trained technicians and organized the start-up of a new production line.
- **Plastic products** – CDI financed the training of 50 workers (half the workforce) in a plant which produces household goods, drainage pipes and other plastic products. There are Dutch, German and Danish interests in this project. (A substantial portion of the production is exported to markets within the West Africa region).
- **Wire factory** – the owner twice received travel assistance from CDI to enable him to go to Europe for negotiations with equipment suppliers, prior to the installation of a second production line (soon to become operative). In 1984, under Lomé II, CDI provided extensive technical assistance for the start-up of the factory.
- **Wooden building components and furniture** – product quality was greatly improved, in the wake of training assistance provided by CDI. The owner received an Industrial Cooperation Award, during CDI's 10th Anniversary event, in recognition of the quality of design and the technical excellence achieved by his firm, due to the successful exploitation of CDI's assistance.

FRENCH REGION SIGNS AGREEMENT

"Many poor countries have an immense potential for development, including some African countries, even if, at present, the international community is pessimistic about them".

This view was expressed by Mr. Bernard Stasi, President of the Champagne-Ardenne Region in the Northeast of France, at the signing of a cooperation agreement between the Region's cooperation and development institute (IRCOD)[1] and CDI.

Mr. Stasi went on to state his conviction that one of the keys to development lies in the creation of a network of small but numerous enterprises.

Under a new decentralized cooperation policy, the regions of France are encouraged to establish their own relations with developing countries. In this context Mr. Stasi created IRCOD about two years ago and the institute has already assisted projects in Sierra Leone and Togo.

Mr. Stasi anticipates that the agreement with CDI will facilitate economic relations between his Region and ACP countries.

Dr. Isaac A. Akinrele, Director of CDI, said in reply that, in the long term, an ACP market of nearly 400 million inhabitants could not be ignored and drew the attention of enterprises in the Champagne-Ardenne Region to the restructuring being carried out in ACP countries which gives more room to the private sector.

He added that CDI can help to mobilize small and medium-sized industries (SMIs) in Europe, to improve the flow of know-how, technology and capital to ACP enterprises. To this end CDI has signed agreements with eleven regional and national bodies in Europe, to help to reduce the costs to European SMIs of studying and implementing industrial projects in ACP countries.

Four of these agreements are with Regional bodies. Three are with financial institutions.

The agreement with IRCOD is similar to the agreements signed with other regional bodies and includes a provision for CDI and IRCOD to co-finance studies and technical assistance carried out by industrialists from the Champagne-Ardenne Region. IRCOD will also help CDI to identify potential technical and investment partners in the Region.

IRCOD is the first French regional body, among the country's 22 Regions, to have signed an agreement with CDI. The Region has a population of about 1.3 million people.

Following the signing ceremony, Mr. Daniel Meyer (Director of IRCOD) and Mr. Pierre Muller (President of the Regional Chamber of Commerce and Industry), told CDI officials that 30% of French foundries are based in their Region. Other strengths lie in wood processing, food packaging and knitwear.

IRCOD will present CDI with a catalogue of technologies available in the Region. It is hoped that one or two projects may be defined for co-financing by CDI and IRCOD before the end of the year.

(1) IRCOD: Institut Régional de Coopération-Développement.

CDI Director, Dr.I.A. Akinrele (left), listens to Mr. Bernard Stasi, President of France's Champagne-Ardenne Region, speaking at the signing ceremony between CDI and his Region's development institute (IRCOD).

AFRICABAT

MAJOR EVENT FOR CONSTRUCTION SECTOR

The first ever forum for professionals and policy makers working in the building industry, public works and urban developmant, in 50 African countries, will take place in Dakar, Senegal, from 17 to 22 October, 1988.

Organised by the Union of African Architects (UAA), 2000 of whose members are expected to attend, AFRICABAT 88 has the patronage of the Presidents of Senegal, Zaire and Gabon. It also has the backing of the African Development Bank, the Economic Community of West African States (ECOWAS), Shelter Africa, the French Ministry for Development Cooperation and CDI. It is supported by various other international agencies and professional bodies.

AFRICABAT is to become a two-yearly event, say its organisers, and its twin themes this year are **dialogue** between planners and decision makers and the development of industrial **partnerships**, with the focus on small and medium-sized enterprises (SMEs).

Under the umbrella of AFRICABAT 88 there will be a six-day symposium for African housing ministers on the general theme of "African Architecture, Urbanization and Construction in the 21st Century". There will also be a three-day forum on new energies, a series of ten technical seminars and a 55,000 m^2 exhibition of building materials, building technologies and related services.

The technical seminars will have themes ranging from the problems of urban planning in Africa, to architecture in developing countries, to analysis of the major African markets for the construction industry over the next ten years.

CDI will have a stand at AFRICABAT 88 to serve as a favoured meeting place for ACP and EEC industrialists. It will also be used to present industrial cooperation proposals and technologies, suited to ACP conditions, in the building materials sector.

The United Nations Industrial Development Organisation (UNIDO), in collaboration with CDI, will identify African promotors interested in industrial cooperation for the manufacture of building materials. UNIDO will also cover the cost of participation in AFRICABAT 88, for selected African promotors.

Further details of AFRICABAT 88 may be had from: CIMED-AFRICABAT, 28 rue Gioffredo, 06000 Nice (France), Telephone: (33) 93.85.15.15.

PROMOTION MEETINGS IN EUROPE

CDI recently held promotional meetings in the following countries:

- **Belgium** (Charleroi, Mons), in cooperation with the Walloon Region;
- **Italy** (Verona), in cooperation with the Italian Institute for Foreign Trade (ICE);
- **Portugal** (Porto), in cooperatioin with the Portuguese Institute for Foreign Trade (ICEP);
- **United Kingdom** (Manchester and Edinburgh), in cooperation with the Greater Manchester Economic Development Corporation and the Edinburgh Chamber of Commerce and Industry.

FOOD PRODUCTS FROM LOCAL CROPS (NIGERIA)

In a letter to CDI dated 3 November 1982, Chief Ayo Ogunlade of Nigeria formally requested CDI's assistance for his cornflour milling project. Almost five years later, in August 1987, a brand new mill was officially opened in Oye-Ekiti, Ondo State, Nigeria.

The enterprise goes under the name of Adegbemile Food Industries Limited. At present, it directly employs 35 people, working in 1 shift.

Having first identified Chief Ogunlade's project, CDI brought him to Brussels for its promotion meeting for West Africa's agro-food sector, held in October 1982. There he met a representative of the Danish firm United Milling Symtems (UMS) which expressed considerable interest in his project.

During Chief Ogunlade's follow-up visit to Copenhagen, both UMS and the Danish Industrialization Fund for Developing Countries (IFU) told him that they favoured taking an equity share in the project, under a joint venture agreement, subject to a positive prognosis from a feasibility study.

INVESTMENT PACKAGE

The total investment in the project amounts to about N 8 million* of which the First Bank of Nigeria contributed about 37%, including foreign exchange for the purchase of machinery.

Equity amounts to about N 1 million of the total investment. Of this N 0.8 million was contributed by local shareholders, and N 100,000 each by UMS and IFU.

In addition, each of the shareholders agreed to provide the project with a loan with equity features i.e. these loans are to be serviced only after all commercial loans have been repaid and provided that the cash flow is sufficient. Under this agreement the local shareholders provided a further N 1 million and UMS and IFU a further N 125,000 each.

IMPROVED FOOD SUPPLY

The original objective was to produce ogi, a food fermented from milled maize. The project was later extended to produce bean flour, corn semolina and ogi from sorghum or guinea-corn.

The idea is to penetrate traditional food markets with clean and hygenic local staple foods that can be easily stored, distributed and sold, at competive prices. In addition, the new mill will be able to supply local bakeries and confectioners with maize and sorghum flour.

Two intermediate products are also produced: brewer's grit for the beer industry and offal for animal feed manufacturers. These will help to save foreign exchange by reducing imports.

With a demand for 300 tonnes of grains per day, the enterprise is expected to provide a ready market for large grain producers in Ondo State and beyond. The production process will help them to preserve their crops, which are often spoiled due to a lack of storage facilities, especially after bumper harvests.

Chief Ogunlade now tells local farmers to stop worrying about spoilage of their maize, sorghum or guinea-corn harvests. "All they need to do", he says, "is dry and bag them and sell them to Adegbemile Food Industries Ltd". (The company is named, with a homely touch, after the Chief's grandmother).

TYPICAL CDI ROLE

CDI assisted the project by providing travel assistance for negotiations. It also co-financed the feasibility study, gave training assistance (in Denmark and on site in Nigeria) and contributed to the costs of technical assistance for the start-up phase.

CDI is contemplating the provision of further assistance for product development and diversification. It would co-finance this with IFU under the CDI-IFU cooperation agreement. Technical expertise for this intervention would be provided by UMS over a period of three years.

In a short speech at the official opening of the new milling enterprise, CDI Director Dr. Isaac Akinrele said that CDI's assistance to this project "typifies" the role normally played by the organization in "fostering industrial cooperation" between EEC and ACP States, under the Lomé Convention.

1. Nigeria's Federal Minister for Industry, Lt.Gen.(Rtd.) Alani Akinrade, speaking at the opening ceremony for the cornflour mill in Ondo State, Nigeria.
2. Cornflour being packed in sacks, at the new mill.
3. Packaging ogi at Adegbemile Food Industries Ltd.

* In February 1988: 1 Ecu = Naira (N) 5.49.

INDUSTRIAL PROPOSALS FROM EEC FIRMS
ACP ENTREPRENEURS, PLEASE REPLY

The proposals outlined below have been put forward by EEC firms interested in setting up production in ACP countries, under joint venture, franchising, licencing, sub-contracting, marketing, management or other agreements with local businessmen.

ACP entrepreneurs interested in any proposal are invited to write to CDI quoting the reference number. However, CDI will not be in a position to act upon letters received unless ACP entrepreneurs provide all the information requested at the bottom of the page.

Where a joint venture is proposed, the EEC companies are willing to consider contributing (depending on the country and the project) some 20% of the equity investment. For other proposals, the companies are committed to entering into long-term agreements for the creation of profitable ventures.

Where second hand equipment is suggested, CDI may sponsor an evaluation by an independent expert of the quality, cost, suitability and conditon of such equipment.

All equipment costs are quoted in Ecus (European currency units). The value of the Ecu may easily be ascertained from its relationship to other European currencies. Thus, on 1 June 1988: 1 Ecu = £ 0.66, or FF 7.02, or DM2.08.

Please ALWAYS mention the CDI reference numbers when reproducing these proposals.

88/59 EXT *SPAIN*

CERAMIC WALL TILES

Minimum capacity: 1,000,000 m² per year with an investment of Ecu 7,180,000.
Proposed cooperation: joint venture, technical assistance.

88/60 ELC *PORTUGAL*

LEAD ACID BATTERIES

Minimum capacity: 50,000 units per year with an investment which will vary according to the degree of product integration.
Proposed cooperation: licence agreement, transfer of know-how, training.

88/73 FOO *BELGIUM*

FOOD DRYERS

Manufacture of food dryers for fish, cereals and vegetables.
Minimum capacity: mobile and adaptable food dryers with an intake capacity starting from 300 kg a day of fresh fish. The minimum investment for an intake capacity of 2 tons of fresh fish per day would be Ecu 92,000.
Proposed cooperation: joint venture, marketing, technical assistance.

88/63 LEA *PORTUGAL*

SHOE COMPONENTS

Soles, heels, etc.
Minimum capacity: flexible, depending on the product, with an investment in equipment of Ecu 400,000.
Proposed cooperation: joint venture, technical assistance, management assistance, training.

88/69 MET *ITALY*

PREFABRICATED METALLIC HOUSES

Minimum capacity: 400 housing units of 42 m². Second hand equipment could cost Ecu 260,000.
Proposed cooperation: licence, technical assistance, training and marketing assistance.

88/74 ELC *BELGIUM*

SWITCHGEAR AND CIRCUIT BREAKERS

Production or partial assembly.
Minimum capacity: about 400 switchgear panels and cubicles (6 Kv to 36 Kv) per year, with an investment of Ecu 230,000; and about 100 outdoor circuit breakers (36 Kv to 72.5 Kv) per year, with an investment of Ecu 60,000 to Ecu 115,000.
Proposed cooperation: joint venture, know-how, training, technical assistance.

88/65 MEC *PORTUGAL*

DECORATIVE BRASS AND BRONZE

Lamps, lanterns, tables, wall brackets.
Minimum capacity: the capacity will depend on the product mix, with an investment of Ecu 410,000.
Proposed cooperation: joint venture, technical assistance.

88/68 MET *PORTUGAL*

CASTINGS

Malleable iron pipe fittings, ductile iron and grey iron castings.
Minimum capacity: 1,500 to 2,000 tonnes per year of castings with an investment of Ecu 1,600,000 to Ecu 2,000,000 for overhauled second hand plant, including one moulding line.
Proposed cooperation: equity participation, technical assistance, transfer of know-how, marketing agreement, sub-contracting possibilities, training.

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 are available locally, etc.**
- **Describe your present activities plus your industrial and/or commercial experience, enclosing any available information such as your latest balance sheet.**
- **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.**

OPERATIONAL SUMMARY

No. 46 — July 1988

(position as at 15nd June 1988)

EEC-MEDITERRANEAN
EEC-ACP
EEC-ALA
DEVELOPING COUNTRIES

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 ALA 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.25/1/1)
200, rue de la Loi
B-1049 Brussels

Please cover only one subject at a time.

DESCRIPTION SECTOR CODE

A1	**Planning and public administration**
A1A	Administrative buildings
A1B	Economic planning and policy
A1C	Assistance to the normal operations of government not falling under a different category
A1D	Police and fire protection
A1E	Collection and publication of statistics of all kinds, information and documentation
A1F	Economic surveys, pre-investment studies
A1G	Cartography, mapping, aerial photography
A1H	Demography and manpower studies
A2	**Development of public utilities**
A2A	Power production and distribution
A2Ai	Electricity
A2B	Water supply
A2C	Communications
A2D	Transport and navigation
A2E	Meteorology
A2F	Peaceful uses of atomic energy (non-power)
A3	**Agriculture, fishing and forestry**
A3A	Agricultural production
A3B	Service to agriculture
A3C	Forestry
A3D	Fishing and hunting
A3E	Conservation and extension
A3F	Agricultural storage
A3G	Agricultural construction
A3H	Home economics and nutrition
A3I	Land and soil surveys
A4	**Industry, mining and construction**
A4A	Extractive industries
A4Ai	Petroleum and natural gas
A4B	Manufacturing
A4C	Engineering and construction
A4D	Cottage industry and handicraft
A4E	Productivity, including management, automation, accountancy, business, finance and investment
A4F	Non-agricultural storage and warehousing
A4G	Research in industrial technology
A5	**Trade, banking, tourism and other services**
A5A	Agricultural development banks
A5B	Industrial development banks
A5C	Tourism, hotels and other tourist facilities
A5D	Export promotion
A5E	Trade, commerce and distribution
A5F	Co-operatives (except agriculture and housing)
A5G	Publishing, journalism, cinema, photography
A5H	Other insurance and banking
A5I	Archaeological conservation, game reserves
A6	**Education**
A6A	Primary and secondary education
A6B	University and higher technical institutes
A6Bi	Medical
A6C	Teacher training
A6Ci	Agricultural training
A6D	Vocational and technical training
A6E	Educational administration
A6F	Pure or general research
A6G	Scientific documentation
A6H	Research in the field of education or training
A6I	Subsidiary services
A6J	Colloquia, seminars, lectures, etc.
A7	**Health**
A7A	Hospitals and clinics
A7B	Maternal and child care
A7C	Family planning and population-related research
A7D	Other medical and dental services
A7E	Public health administration
A7F	Medical insurance programmes
A8	**Social infrastructure and social welfare**
A8A	Housing, urban and rural
A8B	Community development and facilities
A8C	Environmental sanitation
A8D	Labour
A8E	Social welfare, social security and other social schemes
A8F	Environmental protection
A8G	Flood control
A8H	Land settlement
A8I	Cultural activities
A9	**Multisector**
A9A	River development
A9B	Regional development projects
A10	**Unspecified**

PABLI — Blue page informatics

Direct access to the blue pages via on-line terminal or telex

The blue pages are on computer and available either directly via a terminal or micro-computer.

Selected extracts of the blue pages may be obtained.

The cost of these two services has been fixed and will be applied from 1987.

To obtain any information concerning PABLI please write, specifying the option chosen (terminal or telex) to:

ECHO Customer Service
117, Route d'Esch
L-1471 LUXEMBOURG
Tél.: 352/48.80.41
Télex: 2181

ACP STATES

New projects are printed in italics and offset by a bar in margin at left
Projects under way are marked with an asterisk and with words or phrases in italics

ANGOLA

Sectoral Import Programme. Resp. Auth.: Ministère du Plan. 35 mECU. Supply of seeds (maize, potatoes, for market garden crops) fertilizers, tools, vehicles, raw materials, rural equipment. T.A. and evaluation. ★Project in execution. ***1st int. tender for supplies foreseen in June-July 88.*** 6th EDF.
EDF ANG 6005 A3a

Somar plant rehabilitation in Namibie. Resp. Auth.: Ministère de la pêche. Estimated cost ± 2 mECU. Rehabilitation ★works. Project on appraisal. ***Works: acc. tender (conditional) foreseen in June or July 88. Date for financing foreseen in September 88.*** 6th EDF.
EDF ANG 6008 A3d

BELIZE

Belize City Hospital. Phase I. Estimated cost 7.494 mECU. Work constructions and supply of equipment. 4th and 5th EDF. Project stage: identification.
EDF BEL 4007-5002 A7a

Hummingbird Highway. Estimated cost ★5.4 mECU. Road reconstruction. ***Works by int. tender. Supervision. Project on appraisal. Date foreseen for financing July 88.*** 6th EDF.
EDF BEL 6001 A2d

Community Development Programme. Resp. Auth.: Ministry for Social Services. 0.150 mECU. Project preparation study. Short-list done. Project on appraisal. 6th EDF.
EDF BEL 6002 A6b

BENIN

Upgrading of health service infrastructure. Resp. Auth.: Ministère de la Santé Publique. Estimated cost 14.3 mECU: renovation and construction of the hospital building and equipment. Project in execution. 5th and 6th EDF.
EDF BEN 5010 A7a

Mono rural development programme. Development of the rural production. Cofinancing with BAD. Estimated total cost 51.8 mECU. EDF 32,5 mECU, BAD 14.4 mECU, local 4.9 mECU. Project on appraisal. Date foreseen for financing June 88. 6th EDF.
EDF BEN 6003 A3a

BOTSWANA

Kasane airport. Resp. Auth.: Ministry of Works and Communications. Estimated total cost 10.6 mECU. EDF 6 mECU, Italy 1.5 mECU, local 3.1 mECU. Construction of 2 000 m runway, bush clearance of 170 ha, buildings, two main apron stands, air traffic control equipment, telecommunication network, crash fire and rescue equipment, car ★park. Works supervision. ***Project in execution.*** 6th EDF.
EDF BT 6002 A2d

Support programme for dry land agriculture. Resp. Auth.: Ministry of Agriculture and Ministry of Lands. 3 mECU. Masterplan for Pandamatenga, soil laboratory, Pandamatenga Research Farm, price study. Works, supply of laboratory equipment, agricultural machinery, studies and T.A. Studies: Pandamatenga masterplan. Price study: short-lists already drawn up. Project in ★execution. ***Supplies: int. tender launched in April 88.*** 6th EDF.
EDF BT 6005 A3a

Manpower development for sustainable resource utilisation. Resp. Auth.: Ministry of Finance and University of Botswana. 4.4 mECU. T.A. and training for basic science, ground water exploration and management, environmental resource and sustainable agriculture. Project in execution. 6th EDF.
EDF BT 6003 A6

BURKINA FASO

Rural water supply. Comoé, 3rd phase. Resp. Auth.: Ministère des Ressources Financières. 3.1 mECU. 210 bore-holes and rehabilitation of 30 water-points. Supply of handpumps and equipment. Project in execution. 4th EDF.
EDF BK 4023 A2b

Rural integrated development programme in the provinces of Sourou, Yatenga and Passoré. Resp. Auth.: Ministère de l'eau, Ministère de l'Agriculture et Elevage, Ministère de la Santé, Ministère de l'Education Nationale. 44 mECU. Development and security of rural production, land capital protection, drinking water supply, rural health improvement, training and monitoring, planning and coordination at regional level. Works for water control, training, T.A., supplies, coordination and follow-up. Project in execution. 6th EDF.
EDF BK 6001 A3a

| ***Ziniare town electrification.*** *Resp. Auth.: Ministère de l'Equipement. 0.520 mECU. To connect Ziniare with the Ouagadougou network. Project on appraisal. 5th EDF.*
| *EDF BK 5025 A2ai*

BURUNDI

Rural development in the Mosso Buyogoma. Resp. Auth.: Ministère de l'Agriculture et de l'Elevage and Département des Eaux et Forêts. 34.815 mECU. Improvement of the feeder roads and secondary roads, rural hydraulics, rural stock-farming and reafforestation development. Support to cooperatives. Feasibility study for secondary roads and hydraulics: short-list done. Project in execution. 6th EDF.
EDF BU 6001 A3a

Rehabilitation of the R.N. 1-Bujumbura-Rwanda border. Resp. Auth.: Ministère des Travaux Publics. Estimated cost 22 mECU. Rehabilitation works plus the town section up the port of Bujumbura. Study to be done: technical study for the execution and int. tender dossier preparation. Short-list already drawn up. Project on appraisal. 6th EDF.
EDF BU-REG 6305 A2d

Rehabilitation of the R.N. 2 (Bugarama-Giteca). Resp. Auth.: Ministère des T.P. 6.3 mECU. Works and supervision. 68 km. Project on appraisal. Int. tender (conditional) launched end of January 88. Date financing May 88. 6th EDF.
EDF BU 6006 A2d

Support to the Mugamba tea communities. Resp. Auth.: Ministère de l'Agriculture et de l'Elevage and Office du Thé OTB). Estimated total cost ±21 mECU. EDF 18 mECU, EIB 3 mECU. Works, supplies, T.A. and training. Project on appraisal. 6th EDF.
EDF BU 6008 A3a

| ***General import programme.*** *Resp. Auth.: Banque République du Burundi. 12 mECU. Special programme debt. Hard currency allowance to finance import and to establish counterpart fund in Burundi Francs. Project on appraisal. 6th EDF.*
| *EDF BU 6014 A1c*

CAMEROON

Rural development programme in the Bénoué basin. Resp. Auth.: Mission d'études pour l'aménagement de la vallée supérieure de la Bénoué (MEAVSB). Total estimated cost 30 mECU, EDF part 25 mECU. Roads network, schools, health centres, rural water supply. Support to crop production and fishery. Irrigated agricultural areas, fight against soil and surface vegetation degradation. Works, supplies, T.A. and training. Study to be done: sectoral studies to implement different sectors of the programme. Short-list already drawn up. Project in execution. 6th EDF.
EDF CM 6002 A3a

| ***Special import programme for fertilizers.*** *15 mECU. Supply of ±24 000 t of NPK, urea, ammonium phosphate by int. tender (conditional) foreseen in June-July 88. Project on appraisal. Date foreseen for financing September 88. 6th EDF.*
| *EDF CM 6015 A3a*

CAPE VERDE

Groundwater research. Resp. Auth.: Ministère du Développement Rural. EDF part 2.2 mECU. Cofinancing with France 0.5 mECU, Kowait 1.3 mECU. Construction of a gallery in Bota Rama, supply of drilling equipment. T.A. Project in execution. 5th EDF.
EDF CV 5001 A2b

Town development of Praia. Estimated cost 19.8 mECU. Works and supply of equipment, T.A. and supervision of works. ★***Date financing April 88. Project in execution.*** 6th EDF.
EDF CV 6001 A2d

CENTRAL AFRICAN REPUBLIC

National Livestock Programme. Supply of agricultural inputs, monitoring training, T.A. Feeder roads. EDF part 10 mECU. Cofinancing with France, EIB, local, IFAD. Project in execution. 6th EDF.
EDF CA 6001 A3a

Conservation programme for the ecosystem in the North. National game and natural reserves. Supervision for protected areas. Monitoring, management. Supply of infrastructures. EDF 25 mECU. Project in execution. 6th EDF.
EDF CA 6002 A3a

Development programme of the Central and Southern region. Resp. Auth.: Ministère du Dév. Rural. 20.3 mECU. To strengthen coffee plantations in the villages and the infrastructure, diversifications in ex-cotton zones; rural health and human hydraulics, T.A., studies, following and evaluation. Studies to be done: hydro-geological study and health expertise; studies to reconvert cotton zones and on producers cooperatives; if necessary, expertise on agriculture and reafforestation. Short-lists already drawn up. Project on appraisal. Date foreseen for financing 2nd half 88. 6th EDF.
EDF CA 6005 A3a

CHAD

Rural development priority programme in the concentration zone. Resp. Auth.: Office National de Dév. Rural (ONDR). 15 mECU. Hydro-agricultural works, infrastructure, education, health. Works, supplies and T.A. Project in execution. 6th EDF.
EDF CD 6002 A3e

Support programme to strengthen primary education. Resp. Auth.: Ministère de l'Education Nationale. 1.275 mECU. Supply of teaching equipment and training and integration scholarships. Project in execution. 5th EDF.
EDF CD 5022 A6a

Strengthening of the health sector in the Sahelian prefectures. Resp. Auth.: Ministère de la Santé Publique. 12 mECU. Supply of essential medicines, training programme and T.A. Project in execution. 6th EDF.
EDF CD 6003 A7e

COMOROS

Artisanal fishery. Resp. Auth.: Ministère de la Production et des Industries Agricoles et de l'Artisanat. 1.092 mECU. Supply of equipment, boats, engines, T.A. and training. Project in execution. 5th EDF.
EDF COM 5017 A3d

CONGO

FEDAR (EDF regional action for the Pool and Cuvette). Resp. Auth.: Ministère du Plan. Estimated cost 36 mECU. Roads, wells, rural infrastructure, supervision of works, line of credit, monitoring. Project on appraisal. Date foreseen for financing June 88. 6th EDF.
EDF COB 6002 A3a

COTE D'IVOIRE

Rural oil palm plantations for the 2nd palm plan. Resp. Auth.: Ministère de l'Agriculture. EDF 20.850 mECU. 22,945 ha in rural areas. Project in execution. 6th EDF.
EDF IVC 6001 A3a

Collection and grouping centres. Building of 3 centres in Kotobi (vegetables), Sinematiali (mangoes) and Meadji (plantain bananas). Works by acc. tender. Supplies by restr. tender. T.A., animation, promotion, training, follow up and evaluation. 2.150 mECU. Project on appraisal. Date foreseen for financing June 88. 4th and 5th EDF.
EDF IVC 5027 A3a

DJIBOUTI

Rural development programme. Resp. Auth.: Ministère de l'Agriculture. EDF part estimated at 4.8 mECU. Improvement of the rural development, farm and livestock monitoring, rural hydraulics, palm-tree plantations, pump-station maintenance. Studies to be done: evaluation of the rural development programme; study on possibilities to improve rural development. Short-lists, already drawn up. Project stage: identification. 6th EDF.
EDF DI 6001 A3a

Urban development programme. Resp. Auth.: Ministère des Travaux Publics, de l'Urbanisme et du Logement et Ministère de l'Intérieur. 4 mECU. Rehabilitation, construction of waste water controlled network, works and supplies, road assessments to improve rain waters. Studies for rehabilitation and to prepare int. tender dossiers (drainage, roads, drinking water, fire protection): short-lists already drawn up. Project in execution. 6th EDF.
EDF DI 6002 A2d

Health programme. Resp. Auth.: Ministère de la Santé Publique. Estimated total cost 1.016 mECU. EDF 0.855 mECU, France 0.116 mECU, local 0.045 mECU. Building of the training centre for health care staff, and of Rural Health Centres. Supply of mobile health care equipment, T.A. to the Health and Epidemiological service. Project in execution. 4th and 6th EDF.
EDF DI 6003 A7a

***Support for information.** Resp. Auth.: Secrétariat Général à l'Information. 1 mECU. Establishment of a Documentation Centre. Supply of equipment and staff training for the National Printing Office. Project on appraisal. 6th EDF.*
EDF DI 6005 A1e

***Training programme.** 2 mECU. New vocational training actions for adults. T.A. for training centres. Training, scholar-ships and training courses. Works and supplies. Project on appraisal. 6th EDF.*
EDF DI 6101 A6d

EQUATORIAL GUINEA

Rehabilitation of the cacao-tree plantation in the Bioko Island. Resp. Auth.: Ministère de l'Agriculture, de l'Elevage et du Développement Rural. 0.900 mECU. 2nd phase. Supply of agricultural inputs. Project in execution. 5th EDF.
EDF EG 5008 A3a

ETHIOPIA

North Shewa rural reclamation and development programme. Resp. Auth.: Ministry of Agriculture. Total cost 28.5 mECU. EDF 24 mECU, local 4.5 mECU. Soil and water conservation, reafforestation, rural infrastructure development and feeder roads. Works, supply of equipment, vehicles, T.A. and line of credit. Project in execution. 6th EDF.
EDF ET 6001 A3a

Central Shewa peasant agriculture development programme. Resp. Auth.: Ministry of Agriculture. Estimated cost 53.4 mECU. Buildings, roads, rural infrastructure, agricultural inputs, consumer goods, equipments, T.A., studies, credit line. Project on ★ appraisal. ***Date foreseen for financing June 88.*** 6th EDF.
EDF ET 6002 A3a

South Shewa conservation-based rural development. Resp. Auth.: Ministry of Agriculture. Estimated cost 26.2 mECU. Buildings, roads, rural infrastructure, agricultural inputs, consumer goods, training, T.A., micro-projects, credit line. Project on ★ appraisal. ***Date foreseen for financing June 88.*** 6th EDF.
EDF ET 6005 A3a

GABON

Experimental rural rubbertree cultivation programme Mitzic/Bitam. Resp. Auth.: Ministère de l'Agriculture et du Développement Rural. 2.3 mECU. Special loan to support development of rural rubber tree cultivations in the concentration area assisted by the EEC. Works, supplies and T.A. Project in execution. 6th EDF.
EDF GA 6004 A3a

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, 2nd half 88. Project in execution. 4th EDF.
EDF GM 4005 A6b

Development of the non-industrial fisheries. 3 mECU. Works and supplies. Project in execution. 6th EDF.
EDF GM 6003 A3d

Fuel import programme. Resp. Auth.: Ministry of Finance and Trade. Estimated cost 5 mECU. Supply of petrol (15 million litres, ron 93-95) and gasoil (25 million litres). Supply by int. tender launched in May ★ 88. ***Project in execution.*** 6th EDF.
EDF GM 6008 A4f

Development support for the "Upper River Division". Resp. Auth.: Ministry of Economic Planning. 7 mECU. Rehabilitation and improvement of feeder roads, rebuilding and equipment of 6 health centres, rehabilitation of 18 primary schools and 2 vocational training craft centres, rehabilitation of 20 new wells. Credit lines. Works by acc. tenders, supplies by int. tenders. T.A. Project on appraisal. Date foreseen for financing June 88. 6th EDF.
EDF GM 6004 A3a

GHANA

Programme for the improvement of the transport infrastructure in the South Western part. First actions. 21 mECU. Rehabilitation of the Axim-Axim junction road, construction of a road link (including bridge) to Enchi and studies. Feasibility and design

study for Wiawso-Awaso-Mim corridor, short-list drawn up. Project in execution. ★ ***1st in tender launched in May 88.*** 6th EDF.
EDF GH 6001 A2d

Support to Ghana Regional Appropriate Technology Industrial Service (GRATIS). Resp. Auth.: Ministry of Industries, Science and Technology. EDF part estimated at 1.200 mECU. Supply of equipments, vehicles, T.A. and training. Project in execution. 6th EDF.
EDF GH 6004 A4g

Rehabilitation of Dawhenya smallholder rice irrigation scheme. 2,4 mECU. Rehabilitation works over 244 ha. Provision of agricultural equipment and other inputs. Project in execution. 6th EDF.
EDF GH 6005 A3a

Accra Plains Livestock Development Project (APLDP). Estimated total cost 4 mECU. EDF part 3 mECU, local 1 mECU. Provision of veterinary and animal husbandry extension services, including construction of cattle treatment centres, water points and other inputs. Project on appraisal. 6th EDF.
EDF GH 6006 A3a

Transport infrastructure programme. Phase II. Resp. Auth.: Ghana Highway Authority. 5 mECU. Rehabilitation of drainage structures and minor bridges of first priority on trunk and feeder roads. T.A. and supervision of works. Technical study: short-list already drawn up. Project in execution. 5th EDF.
EDF GH 5030 A2d

Twifo oil palm development. Maintenance aid 1988-1991. Resp. Auth.: Ministry of Finance and Economic Planning (M.F.E.P.). Total estimated cost 12.6 mECU. EDF 5 mECU, local 7.6 mECU. Works, supply of equipment and T.A. Study to be done: financial reappraisal of the Twifo oil palm plantation. Short-list already drawn up. Project on appraisal. 6th EDF.
EDF GH 6007 A3a

***Sectoral import programme.** Resp. Auth.: Ministry of Finance and Economic Planning (MFEP). 20.5 mECU. 1st phase: supply of 25 000 t of fertilizers and vehicles. 1st int. tender (conditional) foreseen in July 88. 2nd int. tender for 30 000 t fertilizers foreseen in July 89. Hard currency allowance (11.5 mECU) for import. Project on appraisal. 6th EDF.*
EDF GH A3a

GUINEA

Rural development programme in Upper-Guinea. Resp. Auth.: Coordination team composed by representation from: Ministère du Plan et de la Coopération internationale, Ministère du Finances, Secrétariat d'Etat à la Décentralisation, Ministère du Dév. Rural, 30 mECU. To modernise agricultural systems and to improve the way of living. Development of the crop production, infrastructure (roads, social, rural hydraulics), micro-projects, lines of credit, T.A. and training. Supplies: int. tender launched in February 88. Project in execution. 6th EDF.
EDF GUI 6002 A3a

Rural development programme in Maritime-Guinea. Resp. Auth.: Coordination team (see EDF GUI 6002). 40 mECU. Crop production and fishery, road network, social infrastructure, rural hydraulics, micro-projects, lines of credit, research actions, vulgarisation, T.A. and training. Supplies: 2 int. tenders launched in March 88. Project in execution. 6th EDF.
FED GUI 6001 A3a

Strenghtening of health infrastructure. Resp. Auth.: Ministère de la Santé. Estimated cost 9.4 mECU. Continuation and achievement of the Ignace Deen hospital rehabilitation. T.A. and training. ★ ***Project in execution.*** 6th EDF.
EDF GUI 6005 A7a, e

GUINEA BISSAU

Minor bridges. Resp. Auth.: Ministère de l'Equipement Social. Estimated total cost 3.7 mECU. Construction of 4 bridges to open four agricultural regions. Works and supervision. Project on appraisal. 5th EDF.
EDF GUB 5011 A2d

Rural development programme. 23.8 mECU. Improvement of the food and fishery production, line of credit, micro-projects, T.A. and training. Project in execution. 6th EDF.
EDF GUB 6001 A3a

GUYANA

Economic infrastructure sector support programme. Resp. Auth.: Ministry of Finance. 15 mECU. Rehabilitation of sea defences, quarries, transport, water supplies. Supply of equipment, training. First int. tender for supplies foreseen in the 3rd quarter 88. Date financing May 88. 6th EDF.
EDF GUA 6003 A2b, d

JAMAICA

Rural water supplies. Phase I. Resp. Auth.: National Water Commission. 5.750 mECU. Extension, upgrading of five existing water supply schemes: South Manchester, Lionel Town/Kempshill, Elderslie/Niagara, Castleton, South Chapelton. Works and supplies. Project on appraisal. 6th EDF.
EDF JM 6003 A2b

Montego Bay airport. Charter terminal. Resp. Auth.: Airports Authority of Jamaica. 7.1 mECU. Works and supply of equipments. Works by acc. tender. Supplies by int. tender. Supervision. Project in execution. 6th EDF.
EDF JM 6004 A2d

Cocoa rehabilitation and expansion. Resp. Auth.: Cocoa Industry Board. Estimated cost 4 mECU. Supply of farm and processing plant, research, management, T.A., marketing. Project on appraisal. 6th EDF.
EDF JM 6007 A3a

Boundbrook wharf reconstruction: Port Antonio. Resp. Auth.: Jamaica Port Authority. Estimated total cost 2.630 mECU. EDF 1.5 mECU, local 1.130 mECU. Demolition of the existing wharf, construction of 100 m pier, crane rail, storage facilities, navigation aids, provision of services, paving of storage yard. Project on appraisal. 4th EDF.
EDF JM 4010 A2d

KENYA

Minor roads rehabilitation and maintenance programme. Estimated cost 5 mECU. Works by direct labour. Project stage: identification. 6th EDF.
EDF KE 6002 A2d

Agricultural research programme. 20 mECU. Soil and water management research. Soil fertility and plant nutrition. Civil works and libraries. Project in execution. 6th EDF.
EDF KE 6003 A3e

Development of commerce and industry. Estimated cost 5 mECU. Export promotion and marketing, trade development promotion and support to informal sector and small scale industries. Studies, short-lists already drawn up. Project stage: identification. 6th EDF.
EDF KE 6004 A5de

Cereal sector reform programme. Resp. Auth.: Ministry of Finance, Agriculture and Supplies and Marketing and NCPB. National Cereals and Produce Board. 65 mECU. T.A., studies, training. Storage and rolling stock, sectoral import programme purchase of agricultural inputs, short and longterm T.A., cooperatives and reserve funds. Studies, T.A. and training: short-lists not yet drawn-up. Works by int. tender and acc. tender. Supplies by int. tender. Project on appraisal. ★ ***Date financing April 88. Project in execution.*** 6th EDF.
EDF KE 6008 A3a

LESOTHO

Mphaki area development. Phase II. Resp. Auth.: Ministry of Agriculture. 3.7 mECU. Feeder roads, livestock, veterinary and marketing installations, supplies and T.A. Project in execution. 6th EDF.
EDF LSO 6002 A3a

Asparagus expansion programme. Resp. Auth.: Ministry of Trade and Industry. 4.75 mECU. The project aims to increase within 10 years smallholders asparagus growing areas from present 80 to 670 ha. Works: wells, tracks, houses and other infrastructures. Supplies: vehicles, tractors and farm equipments, T.A. and training. ★ Project in execution. ***Int. tender for supplies launched in June 88.*** 6th EDF.
EDF LSO 6003 A3a

Manpower development project to support Lesotho's natural resources sector. Resp. Auth.: National Manpower Development Secretariat (NMDS). Ministry of Planning Economic and Manpower Development. 7.7 mECU. Construction of schools, class-rooms, laboratories, supply of T.A., ★ scholar-ships and training. ***Project in execution.*** 6th EDF.
EDF LSO 6007 A6b

Mekaling-Quthing road. Resp. Auth.: Ministry of Works. Estimated total cost 11.450 mECU. Reconstruction to bituminous surfaced standard of 26.5 km. Works, ★ T.A., training and supervision. ***Project in execution.*** 6th EDF.
EDF LSO 6008 A2d

LIBERIA

Rural health training centre. Estimated cost 2.5 mECU. Provision of services, supplies and equipment (including drugs), T.A. for management and training. Project in execution. 5th EDF.
EDF LBR 5020 A7a

Bong Mining Company. Rehabilitation project. Resp. Auth.: Government and BMC. 49.3 mECU. Supply of specialized equipment, shovels, conveyor belts, dumpers, locomotives, spare parts. Project in execution. 5th EDF.
EDF LBR/SYS 0000 A4a

South-East development programme. Estimated cost 27 mECU. Works, supplies and T.A. Project in execution. 6th EDF.
EDF LBR 6002 A3a

MADAGASCAR

Microhydraulic programme in the village sector: consolidation and extension. Programme to improve the management of water in the village sector on 21 000 ha of small enclosed irrigated rice fields. Works by direct labour. Acquisition of equipment and supplies by int. tender and tech. assistance by restr. tender. 8.35 mECU. T.A. Short-list done. Project in execution. 6th EDF.
EDF MAG 6001 A2b

Soalala iron: prefeasibility study. Resp. Auth.: Ministère de l'Industrie. Estimated total cost 6.1 mECU. EDF 1.9 mECU, Italy 4 mECU, local 0.2 mECU. EDF part: soil prospection by int. tender and supply of vehicles. Soil prospection: int. tender launched in April 88. Project in execution. 5th EDF.
EDF MAG 5032 A4a

Rehabilitation of the R.N. 4 road (PK 58 to PK 177). Resp. Auth.: Ministère des Travaux Publics. 10 mECU. Int. tender for rehabilitation works. 119 km. Supervision. Project in execution. 6th EDF.
EDF MAG 6005 A2d

Small irrigated areas in the North: rehabilitation and support programme for rice-growing in the region of Antsohihy. Resp. Auth.: For rural part: Ministère de la Production Agricole et de la Réforme Agraire (MPARA) for feeder roads: Ministère des Travaux Publics. 12.8 mECU. Works by acc. tender. Supplies by int. tender. Feeder roads by int. tender. Supervision of works: restr. tender. T.A. and training. Project in execution. 6th EDF.
EDF MAG 6007 A3a

Maize development programme in the Middle West. Resp. Auth.: Ministère de la Production Agricole. EDF part 11.3 mECU, local 1.717 mECU. Building of a nursery and farmers training. Works, supplies, T.A. evaluation and training. Project on appraisal. 6th EDF.
EDF MAG 6006 A3a

MALAWI

Strategic fuel reserve. Resp. Auth.: Office of the President and Cabinet. Contingency Planning Unit. 4.2 mECU. Construction of tanks for diesel, petrol, ethanol. Associated infrastructure and equipment. T.A. Project on appraisal. 5th EDF.
EDF MAI 5020 A2a

Smallholder agricultural input support programme. Resp. Auth.: Ministry of Agriculture. 28.2 mECU. Establishment of fertiliser buffer stock of 70 000 tons, building of 3 warehouses + auxillary facilities, T.A. Int. tender for fertilizers launched in February 88. Project in execution. 6th EDF.
EDF MAI 6005 A3a

Rural health programme. Resp. Auth.: Ministry of Health and Ministry of Community Services (MOH and MOCS). 9.3 mECU. Construction of an hospital, two health centres supply of equipments, T.A. Works by acc. tender. Supplies by int. tender. T.A.: short-list drawn up. Project in execution. 6th EDF.
EDF MAI 6009 A7a, e

Programme for industrial products imports. Estimated cost 12.5 mECU. Supply of industrial equipment, raw materials and ★ spare parts. Project on appraisal. ***Date foreseen for financing June 88.*** 6th EDF.
EDF MAI 6019 A1c

MALI

Support programme to the food strategy. 19.5 mECU. Project in execution. 6th EDF.
EDF MLI 6001 A3a

Stock-farming in North-East Mali. Resp. Auth.: Ministère des Ressources Naturelles et Elevage. 2.2 mECU. Improvement of water points, building construction for cooperatives, supplies, training, follow-up, logistics. ★ ***Project in execution.*** 5th EDF.
EDF MLI 5006 A3a

Rice-growing intensification programme in the large irrigated areas. Resp. Auth.: Ministère de l'Agriculture. 66 mECU. Improvement of the irrigated areas, roads. Supply of equipment for maintenance and for agriculture, study, T.A., training and experimentation. Study: short-list done. Project on appraisal. 5th and 6th EDF.
EDF MLI 6004 A3a

Food security programme in the 5th region. Resp. Auth.: Gouverneur de la région. 24 mECU. Soil and ground water resources, rehabilitation of Bamako. Mopti road. Works, supplies, supervision, study, T.A. ★ training. ***Project in execution.*** 5th and 6th EDF.
EDF MLI 6005 A2b, d

MAURITANIA

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

Rehabilitation of Nouakchott National Hospital. Resp. Auth.: Ministère de l'Equipement. 4 mECU. Renovation and upgrading for building, supply of medical-technical and surgical equipment. Project on appraisal. Date foreseen for financing 2nd half 88. 6th EDF.
EDF MAU 6003 A7a

Road maintenance programme. Resp. Auth.: Direction des Travaux Publics. 15 mECU. Upgrading strenghtening of the road Nouakchott-Rosso (93,5 km) and 78 km of the road Boutilimit-Aleg. Supply of equipment for a road maintenance brigade. Supervision, T.A. and training. Works and supplies by int. tender. Project in execution. ★ ***Works: int tender launched in April 88.*** 6th EDF.
EDF MAU 6004 A2d

Rehabilitation programme for the "SNIM". Resp. Auth.: Société Nationale Industrielle et Minière (SNIM). 18 mECU. Renovation of railway track equipment and wagons. Modernization of the repair-shops. Supply of equipments and spare parts by ★ int. tenders. ***Project in execution.*** 6th EDF.
EDF SYS MAU A4a

Support programme for the development of the Gorgol region (PDRG). Estimated cost 35 mECU. Improvement of the irrigated areas, support to the traditional crop, regeneration of the natural habitats, rural infrastructure, sanitation of Kaedi. Project on appraisal. 6th EDF.
EDF MAU 6007 A3a

MAURITIUS

Development of Ile Rodrigues — Phase II. Resp. Auth.: Ministry of Agriculture. 3.250 mECU. Development centred on agricultural production. Works and supplies. Project in execution. 5th EDF.
EDF MAS 6003 A3a

Programme to diversify productive sectors to improve, employment prospects (1st part: industry). 10 mECU. Actions to strengthen export and industry promotion institutions, actions to incite development of small enterprises. Project in execution. 6th EDF.
EDF MAS 6002 A5e

Craft industry development. Resp. Auth.: Ministère de l'Emploi et du Tourisme. Estimated cost 1.9 mECU. To set up workshops: training and products promotion. Project on appraisal. 6th EDF.
EDF MAS 6005 A4d

MOZAMBIQUE

Import support programme for rural development. Resp. Auth.: Ministry of Commerce. 40 mECU. Direct support to the agricultural production and consumer foods production, development of the rural marketing and infrastructure. Importation of seeds, fertilisers, pesticides, raw materials for light industry: textiles, food, tobacco, shoes, soap. Purchase of vehicles and trucks, cranes, loading platforms (containers), importation of raw materials for manufacture of tyres, building materials. T.A. and valuation. Supplies by int. tender. Project in execution. 6th EDF.
EDF MOZ 6008 A1c

Eduardo Mondlane University. Basic science courses. Resp. Auth.: Universidade Ed. Mond. (UEM). 2.3 mECU. Construction works, supply of furnitures and pedagogical equipment. T.A. Works by acc. tender. Supplies by int. tender. T.A. by restr. tender. Project in execution. 6th EDF.
EDF MOZ 6015 A6b

Institutional support for fishing. *Resp. Auth.: Secrétariat d'Etat à la Pêche. 2.750 mECU. Supply of 12 T.A. high and medium level specialized in: finance administration and management (5 T.A.); procurements and stock management (3 T.A.); civil and naval engineering (4 T.A.). T.A.: short-lists not yet drawn up. Project on appraisal. Date foreseen for financing July 88. 6th EDF.*
EDF MOZ 6017 *A3d*

NIGER

Rice-growing in the river valley. Resp. Auth.: Ministère de l'Agriculture. 63.6 mECU. Cultivation of 1,800 ha, electrification, feeder roads, T.A. for management. Project preparation study: short-list already ★drawn up. Project on appraisal. ***Date foreseen for financing June 88.*** 6th EDF.
EDR NIR 6001 A3a

Small irrigation programme. Resp. Auth.: Ministère de l'Agriculture. 21.560 mECU. Rehabilitation of the Tarka down valley, irrigation, boreholes and wells. Feeder roads, environmental protection, T.A. Works and supplies. Studies: short-lists already drawn up. Project in execution. 6th EDF.
EDF NIR 6002 A3a

Road maintenance on R.N. 1. Resp. Auth.: Ministère des Travaux Publics. 15 mECU. Maintenance works for 160 km and supervision. Project in execution. 6th EDF.
EDF NIR 6003 A2d

Rehabilitation project for the medical district of Mainé-Soroa. 0.779 mECU. Supplies and T.A. Project in execution. 4th EDF.
EDF NIR 4021 A7e

Mining research: gold and coal. *Resp. Auth.: Ministère des Mines et de l'Energie. 12.450 mECU. Gold: photogeological and photomorphological study on existing aerial photos. Revision of all available data. Strategic prospecting. Site exploration and pilot plant. Coal: study and building of a washing plant. Study on the coal field of Anou Araren-Solomi. T.A. and training. Drillings by int. tender. Supplies by int. tender. Project on appraisal. Date foreseen for financing July 88. 6th EDF.*
EDF-SYS-NIR 6011 *A4a*

NIGERIA

Kaduna afforestation project. Resp. Auth.: Federal Department of Forestry. 9.4 mECU. Works, supplies and T.A. Project in execution. T.A.: Hedeselkabett (DK). 5th EDF.
EDF UNI 5001 A3c

Rural electrification project. Resp. Auth.: National Electric Power Authority (NEPA). 7.5 mECU. Supply and installation of transformers, conductors, poles and cables and ancillary equipment for connections totalling 300 km. Supervision and evaluation. Project on appraisal. Date foreseen for financing June 88. 5th EDF.
EDF UNI 5017 A2ai

Oil Palm Belt Rural Development Programme (OPBP). Resp. Auth.: Ministry of Agriculture, Water Resources and Rural Development. 68.840 mECU. Flood protection and drainage works in the Niger Delta. ±20 000 ha. Rural infrastructures, microprojects, T.A., training, research, supervision of works, management. Project on appraisal. Date foreseen for financing June 88. 6th EDF.
EDF UNI 6001 A3a

North East Arid Zone development programme. Resp. Auth.: Ministry of Agriculture. Estimated cost 40 mECU. Increase of rural production, livestock development, afforestation and environment control, rural infrastructure development (health, education), commercial services (inputs, credit and marketing system), manpower development, training and research. Works: irrigation, drainage, buildings, supply of seeds, chemicals, fertilizers, dozers, drilling rigs, T.A., training, research. Project on apprais-★al. ***Date foreseen for financing July 88.*** 6th EDF.
EDF UNI 6002 A3a

PAPUA NEW GUINEA

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. 1st int. tender (conditional) launched in October 85. Project in execution. Supervision: M/S BINNIE (ACP). 5th EDF.
EDF PNG 5011a A2a

RWANDA

Food strategy support programme. Resp. Auth.: Ministère du Plan. 51 mECU. Development of the rural activity, monitoring, training, maintaining of natural environment stability. Infrastructures, supply of agricultural inputs, vehicles, T.A. studies and training. Project in execution. T.A.: Short-list done. 6th EDF.
EDF RW 6001 A3a

ST. LUCIA

Roseau agricultural resettlement and diversification project. Phase II. 1.4 mECU. Works, supply of equipment and T.A. Project in execution. 6th EDF.
EDF SLU 6001 A3a

Mabouya valley development project. Resp. Auth.: Central Planning Unit. Estimated cost 2.6 mECU. Works and supply of equipment and T.A. Project on appraisal. 6th EDF.
EDF SLU 6002 A3a

ST. VINCENT & THE GRENADINES

Orange Hill development. Resp. Auth.: Rabacca Farms Ltd (RFL). Estimated total cost 8.350 mECU. EDF 3.080 mECU, UK 1.118 mECU, Caribbean Dev. Bank 1.258 mECU, local 2.854 mECU. Land surveys, settlers housing sites, feeder roads, marketing and trade. EDF part: construction of farm roads, building rehabilitation and refurbishment, monitoring and evaluation. Roads by acc. tender. Building by direct labour. Supplies by Caribbean Dev. Bank. T.A. by ★UK. ***Project in execution.*** 5th and 6th EDF.
EDF SVG 6001 A3a

SAO TOMÉ & PRINCIPE

Riberia Peixe rural development. Resp. auth.: Ministère de la Coopération. Development of agricultural output (palm oil) and industrial exploitation. Estimated total cost: 6.79 mECU as follows: EDF 4.00 mECU, EIB 2.00 mECU and local 0.791 mECU. T.A., works, training and supplies. T.A.: Short-list done. Project in execution. 6th EDF.
EDF STP 6001 A3a

Strengthening of the electricity production capability. Supply and installation and works for electricity production of ±2 000 KVA. Estimated cost 0.950 mECU. Project on appraisal. Date foreseen for financing July 88. 6th EDF.
EDF STP 6002 A2ai

Improvement of the Port of São Tomé. Resp. Auth.: National Authorizing Officer of STP. 1 mECU. Supply of fixed equipment and off-shore equipment. T.A.: LACKNER ★(D). Project partly regional. ***Project in execution.*** 6th EDF.
EDF STP-REG 6002 A2d

SENEGAL

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

Support programme to the development of the Podor region. Estimated cost 97 mECU. Rural hydraulics, support to promote S.M.E., micro-irrigation, road and urban infrastructures, telecommunications, electrification, health, training, promotion of women, fight against desertification. Int. tender for works launched in July 87 and int. tender for supplies launched in September 87. Int. tender for pumps launched in March 88. Project in execution. 6th EDF.
EDF SE 6002 A3a

Building, development and management of two regional vocational training centres. Resp. Auth.: Ministère de l'Education Nationale. 2.3 mECU. Works by acc. tender, or direct labour. Equipments: furnitures, pedagogical equipment, workshop equipments, vehicles. T.A. to follow works, ★equipments and training actions. ***Date financing April 88. Project in execution.*** 5th EDF.
EDF SE 5041 A6d

SIERRA LEONE

Port Loko rural development programme. 6 mECU. Infrastructures, T.A., training and supplies. T.A.: Short-list done for restr. tender. Project in execution. 5th EDF.
EDF SL 5006 A3a

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

North Western artisanal fisheries and community development programme. Resp. Auth.: Ministry for Agriculture and Natural Resources (Fisheries Division). 6 mECU. Infrastructures, supply of equipments, line of credit. T.A. Project on appraisal. Date foreseen for financing July 88. 6th EDF.
EDF SL — *A3d*

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

Rehabilitation programme after cyclone Namu. Resp. Auth.: Ministry of Economic Planning. 1.722 mECU. Works and supply of equipment. Project in execution. 6th EDF.
EDF SOL 6002 — A7a

Development of human resources in the rural sector. Resp. Auth.: Ministry of Economic Planning. 4 mECU. Supply of equipment, T.A. and training. Project in execution. 6th EDF.
EDF SOL 6003 — A3a

Small holder development project. Resp. Auth.: Ministry of Agriculture. 3.32 mECU. EDF 3 mECU, local 0.320 mECU. ★ Works, supplies, T.A. and training. ***Project in execution. 6th EDF.***
EDF SOL 6006 — ***A3a***

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 1988. Equipment: powerhouse main equipment and auxiliary equipment, int. tenders in 1988. Gates, valves, intake equipment, int. tender in 1989. Int. tender with prequalification launched in February 86 for hydraulic tests. Project in execution. 5th EDF.
EDF SO 5003 — A2a

Upgrading of the road Afgoi-Shalambot-Goluen. Resp. Auth.: Ministry of Public Works. Works by int. tender in 88. Supervision of works. Studies: A!C. PROGETTI (I). Project on appraisal. 5th EDF.
EDF SO 5017 — A2d

Animal feed by agricultural sub-products. Resp. Auth.: Ministry of Livestock, Forestry and Range. 1.9 mECU. Rehabilitation of a part of a dairy farm, supply of equipment and vehicles, T.A. Project in execution. 5th EDF.
EDF SO 5027 — A3a

Mogadishu dairy. Phase II. Resp. Auth.: Ministry of Industry. 1.570 mECU. T.A., training and supply of equipment. Project in execution. 6th EDF.
EDF SO 6004 — A3a

Drought preparedness programme. Resp. Auth.: Water Development Agency. 2.6 mECU. Supply of generators (±25 KVA diesel), submersible pumps (10 m^3/h, 100-300 m), pipes, water tankers (6 tons), spare parts. T.A. Supplies by int. tender. Project on appraisal. Int. tender (conditional) ★ launched in March 88. ***Date financing April 88. Project in execution.*** 5th EDF.
EDF SO 5028 — A3a

Hargeisa airport rehabilitation. Resp. Auth.: Ministry of Land and Air Transport. Estimated cost 3 mECU. Works and supply off equipment. Project on appraisal. 6th EDF.
EDF SO 6001 — *A2d*

Satellite telecommunication links with Europe and the Gulf States. Resp. Auth.: Ministry of Post and Telecommunications. 5 mECU. Project on appraisal. 6th EDF.
EDF SO 6003 — *A2c*

Sectoral Import Programme (SIP). Resp. Auth.: Ministry of Finance. 15 mECU. Provision of a hard currency facility to the public and private sectors for imports: agriculture, livestock, fisheries, industry and transport. T.A. Project on appraisal. 6th EDF.
EDF SO 6006 — *A1c*

Juba valley road. Resp. Auth.: Ministry of Public Works. Estimated total cost 74 mECU. EDF ±61 mECU. Construction of an all-weather unsurfaced road from Gelib to Baardheere (230 km) prior to the construction of the Baardheere dam. Project on appraisal. 6th EDF.
EDF SO 6007 — *A2d*

SUDAN

Programme of assistance to spontaneoysly settled refugees in Sudan. Resp. Auth.: Commission of Refugees (COR). 16.33 mECU. Rehabilitation of 12 hospitals, 48 schools and construction of one school. ★ Supply of equipment, T.A. and training. ***Project in execution.*** 6th EDF.
EDF SU 6104 — A8a, b, c

SURINAME

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

Artisanal fishing centre Nickerie. Estimated total cost 1.3 mECU. Works for offices, repair shop, jetty, cold stores. Supply of ice making unit, vehicles, fishing gears, spare parts for engines. Training and evaluation. Project in execution. 5th EDF.
EDF SUR 5013 — A3d

Sectoral import programme. Estimated cost 5 mECU. Creation of a revolving funds for imports of inputs (fertilizers and chemicals for the rice sector). Project on appraisal. 6th EDF.
EDF SUR 6001 — A3a

New Nickerie Secondary School. Estimated cost 1 mECU. Construction and supply of equipment. Project on appraisal. 5th EDF.
EDF SUR 5014 — A6a

SWAZILAND

Rural water supplies programme. Ministry of Natural Resources. 2.6 mECU. Works and supply of equipment for village drinking water supply scheme. Date financing May 88. 6th EDF.
EDF SW 6008 — A3a

Human resources development programme. Resp. Auth.: Ministry of Education. 8 mECU. Works and supply of educa- ★ tional equipment, T.A. and training. ***Date financing April 88. Project in execution.*** 6th EDF.
EDF SW 6010 — A6a, b

Rural dam rehabilitation programme. Resp. Auth.: Ministry of Agriculture. 2.5 mECU. Works and supervision. Project on appraisal. 6th EDF.
EDF SW 6012 — A3a

TANZANIA

Agricultural sector support programme. Resp. Auth.: Ministry of Finance and Planning. 94 mECU. Measures to improve food security, support for coffee production and processing, assistance to co-operative unions, repair and maintenance of vehicles and tractors, feeder road maintenance and assistance to institutions implementing the programme. Supplies by int. tender/restr. tender or direct agreement. T.A.: Short-list done for restr. tenders. Project in execution. 6th EDF.
EDF TA 6001 — A3a

Incentive goods production programme. 6 mECU. Provision of imported row materials and other inputs, spare parts, bicycles. Date financing May 88. 6th EDF.
EDF TA 6003 — A4b

TOGO

Support to the draught animals cultivation. Resp. Auth.: Ministère du Développement Rural. EDF 5.47 mECU. Extension of the Adelé ranch, introduction of new techniques, line of credit. Works: feeder roads, bridges, wells, housing. Supply of vehicles, equipments, veterinary products, T.A. and training, research. Project in execution. 6th EDF.
EDF TO 6005 — A3a

Rural development programme in the Savannah region. Resp. Auth.: Ministère du Développement Rural. 6.784 mECU. T.A. for training, research, vulgarization and farmers responsabilization. Works by direct labour, supplies by direct agreement. Project in execution. 6th EDF.
EDF TO 6003 — A3a

Rural development programme in Bassar. Resp. Auth.: Ministère du Dév. Rural. Estimated total cost ±14 mECU. EDF 10 mECU. Local 4 mECU. Rural intensification and diversification, soil protection, improvement of infrastructure, support to the small-farmer association, marketing improvement. Works, studies, research, evaluation. Project on appraisal. Date foreseen for financing July 88. 6th EDF.
EDF TO 6006 — *A3a*

TONGA

Vava'u Airport Development Project. Resp. Auth.: Ministry of Civil Aviation. 2.130 mECU. Works, supply of equipment and training. Works by direct labour, supplies by int. tender. Project on appraisal. 5th and 6th EDF.
EDF TG 5003-6001 A2d

Integrated regional development study for Vava'u. Short-list done. Project stage identification.
EDF TG A3a

TRINIDAD AND TOBAGO

St. Patrick water supply. Resp. Auth.: WASA (Water and Sewerage Authority). 5.5 mECU. Construction of 9 tanks by acc. tender. Supply of pipes for 63 km by int. ★ tender. ***Date financing April 88. Project in execution.*** 4th EDF.
EDF TR 4003 A2b

UGANDA

Forestry rehabilitation programme. Resp. Auth.: Government of Uganda. Estimated total cost 32 mECU. EDF part 8.5 mECU. Natural forest protection and management; reafforestation; improved charcoal production, fuel wood plantation preparation. Works, supplies, T.A. and training. Project in execution. 6th EDF.
EDF UG 6003 A3c

Tea rehabilitation programme. Resp. Auth.: Government of Uganda. Estimated total cost 97 mECU. EDF part 8 mECU. Project will rehabilitate tea factories, estates outgrower tea areas, repair roads, improve fuelwood supplies and assure inputs to the tea sub-sector. Works, supplies and T.A. Int. tender (conditional) launched in March 88. Project in execution. 6th EDF.
EDF UG 6002 A3a

Makarere university renovation. Resp. Auth.: University and National Authorising Officer. 8 mECU. Renovation of 9 faculties, staff housing, supply of printing and library equipment, supervision. Int. tender for supplies launched end of March 88. Project in execution. 6th EDF.
EDF UG 6006 A6b

Rural health programme. Phase 2. *Resp. Auth.: Ministry of Local Government. 4 mECU. Rehabilitations, supply of equipments, training. Project on appraisal. Date foreseen for financing July 88. 6th EDF.*
EDF UG 6012 A7a

Special programme debt. *Resp. Auth.: Ministry of Planning. Bank of Uganda. Delegation of the Commission. 15 mECU. Provision of hard currency to import agricultural inputs, spare parts, vehicles, printing equipment, building materials. Supplies by acc. tenders and int. tenders. Project on appraisal. Date foreseen for financing July 88. 6th EDF.*
EDF UG 6016 A1c

VANUATU

Coconut development project. Phase II. Resp. Auth.: Ministry of Agriculture. 1.8 mECU. Works, supplies and T.A. Project on ★ appraisal. ***Date foreseen for financing July 88.*** 6th EDF.
EDF VA 6004 A3a

WESTERN SAMOA

Afulilo hydro power project. Estimated total cost 18 mECU. EDF part 7.5 mECU. Construction of a dam, reservoir, penstock, 4 MW power station, 40 km transmission lines, T.A. and training. Cofinancing under discussion with EIB, IDA and Asian Dev. Bank. Project stage: identification. 6th EDF.
EDF WSO 6001 A2a

ZAIRE

Goma-Beni high-voltage transmission line. Technical study to be done. Short-list already drawn up Project on appraisal. 6th EDF.
EDF ZR 0000 A2a

2nd intervention Sysmin. Gécamines Working and SNCZ. EDF part 41 mECU. Supply of mining equipment, machine-tools, engines. Int. tender for SNCZ launched in January 87. Project in execution. 5th EDF.
EDF ZR-SYS 5001 A4a

Kivu programme. 40 mECU. Action for crops (coffee, corn, palm-tree, rice) environment (Parc de la Virunga), lines of credit. Project in execution. 6th EDF.
EDF ZR 6002 A3a

Kinshasa hinterland programme. Estimated cost 35 mECU. To improve crop production. Project on appraisal. 6th EDF.
EDF ZR 6003 A3a

Matadi-Kinshasa-Kenge road. Resp. Auth.: DG Travaux Publics et Adm. Territoriale. 22.5 mECU. Road rehabilitation and training for the staff of "Office des routes". Project in execution. 6th EDF.
EDF ZR 6006 A2d

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

Rehabilitation of 3 grain silos. Resp. Auth.: Ministry of Agriculture. NAMBOARD. 9.6 mECU. Works, supplies and work supervision. Project on appraisal. Date foreseen for financing decision 2nd half 88. 6th EDF.
EDF ZA 6007 A3f

ZAMSTEP. Zambia Mathematics and Science Education Project. 3.5 mECU. Supplies, training and management. T.A.: Short-list done for restr. tender. Project in execution. 6th EDF.
EDF ZA 6002 A6a

Agricultural inputs import support programme. Resp. Auth.: Ministry of Finance and Nitrogen Chemicals of Zambia. 40 mECU. Procurement after int. tender of raw materials, catalysts and other chemicals required for the production of fertiliser by NCZ. Supply of agric. inputs, equipments and spare parts. 2 int. tenders for fertilizers launched in July 87. Project in execution. 5th and 6th EDF.
EDF ZA 6003 A3a

Smallholder development in copper belt province. Resp. Auth.: Ministry of Agriculture and water development. 12 mECU. Basic infrastructure by acc. tender. Supply of vehicles and materials by int. tender. T.A. Project in execution. 6th EDF.
EDF ZA 6004 A3a

Smallholder development in central province. Resp. Auth.: Ministry of Agriculture and water development. 8 mECU. Basic infrastructure and social facilities. Works, supplies and T.A. Project stage identification. 6th EDF.
EDF ZA 6005 A3a

Batoka cross-breeding ranch. Phase II. Resp. Auth.: Ministry of Agricultural and water department. Veterinary Dept. 1 mECU. Provision of further equipment and refurbishment and continued T.A. Date financing May 88. 6th EDF.
EDF ZA 6006 A3a

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 (MEWRD). Boring wells, supply of hand pumps. 4.1 mECU. Project in execution. 5th EDF.
EDF ZIM 5005 A2b

Zimbabwe export development programme. Resp. Auth.: Ministry of Trade and Commerce, Export Promotion Dept. Estimated total cost 6.3 mECU. EDF 4.4 mECU. Sector and market development, human resource development and institutional development and T.A. Project in execution. 6th EDF.
EDF ZIM 6001 A4a

Land Use Project for Kanyati and Gatshe-Gatshe Communal Lands. 3 mECU. Cultivation and development and proper utilisation of wildlife potential. Works, supply of vehicles and rural equipment and T.A. Project in execution. 6th EDF.
EDF ZIM 6004 A3a

Assistance to the Agricultural Finance Corporation (AFC). Resp. Auth.: A.F.C. Estimated cost 23.5 mECU. Line of credit (10 mECU), T.A. training supply of vehicles, mo- ★ tor-bikes and computer by int. tender. ***Date financing April 88. Project in execution.*** 6th EDF.
EDF ZIM 6005 A3a

Overseas Countries and Territories (OCT)

NETHERLANDS ANTILLES

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. 6 mECU. EDF. Sewage, road works, piping, supervision. Int. tender (conditional) launched in April 88. Project on appraisal. 5th EDF.
EDF NEA 5013 A5c

ARUBA

Investment and export incentive programme. Resp. Auth.: Ministry of Economic Affairs. Estimated cost 0.690 mECU. Pilot scheme to help the industries to develop their exports. Studies, training. Project on appraisal. 6th EDF.
EDF ARU 6001 A5d

NEW CALEDONIA

Inventory of the mineral resources. Resp. Auth.: Direction des Mines et de l'Energie du Territoire. Estimated total cost 1 mECU. EDF 0.800 mECU, France 0.200 ★ mECU. T.A. by restr. tender. ***Date financing April 88. Project in execution.*** 6th EDF.
EDF (SYS) NC 12 A4a

WALLIS AND FUTUNA

Electrification of Futuna. Resp. Auth.: Administration Supérieure de Wallis et Futuna. 1 mECU. Supply of cables and pylons for L.T. and M.T. Project on appraisal. 6th EDF.
EDF WF 6001 A2a

CAYMAN ISLANDS

Community college. Works and supply of equipment and T.A. Project on appraisal. Date foreseen for financing July 88. 6th EDF.
EDF CI 6001 A6d

TURKS AND CAICOS ISLANDS

Replacement of Grand Turk Dock. Resp. Auth.: Ministry of Works. 2.290 mECU. Works and T.A. Project on appraisal. 4th, 5th and 6th EDF.
EDF TC 6001 A2d

Regional Projects

NIGER BASIN AUTHORITY

Protection and reafforestation in the "Haut Bassin Versant du fleuve Niger en Guinee". Works, supplies and T.A. Estimated total cost 1.5 mECU. Project stage: identification. 5th EDF.
EDF REG 5112 A8f

BURKINA — NIGER

Timber development in the future reservoir of the Kompienga Dam. Resp. Auth.: Ministère de l'Environnement du Burkina. EDF 5.9 mECU. Timber trees recuperation and processing to obtain building and service timber, fuel-wood, charcoal for their commercialisation. Works, supply of equipment and T.A. Project in execution. 6th EDF.
EDF REG 6102 A3c

ZAIRE — CONGO — GABON — SAO TOME AND PRINCIPE — EQUATORIAL GUINEA — CAMEROON

Fishery development in the Gulf of Guinea. 6.7 mECU. T.A. to prepare these projects: Short-list done. Project in execution. 5th EDF.
EDF REG 5206 A3d

PACIFIC ACP COUNTRIES

Pacific Regional Aircommunications. Stage I. Resp. Auth.: SPEC. 4.6 mECU. Buildings, runways and supply of navigational aids. Project in execution. 5th EDF.
EDF REG 5717 A2d

PIACC — Pacific Islands Association of Chambers of Commerce. Stage 2. Resp. Auth.: PIACC, Suva, Fiji. 1 mECU. T.A. and ★ training. ***Project in execution.*** 6th EDF.
EDF REG 6021 A5e, g

Regional agriculture development programme. 6.8 mECU. Ten pilot project. T.A. ★ works and supplies. ***Project in execution.*** 6th EDF.
EDF REG 6704 A3a

Regional telecommunications. Resp. Auth.: SPEC. 5.550 mECU. Coastal radio stations, earth satellite stations, T.A., training. Equipments by int. tender. Works by ★ int. tender and direct agreement. ***Project in execution.*** 6th EDF.
EDF REG 6705 A2c

Regional tourism development programme. Phase II. Resp. Auth.: SPEC and TCSP. Development of tourism and tourism related sectors of the Pacific ACP States and OCTs. Estimated total cost 8.4 mECU. Works: implementation of programme components, supply of films, promotion and teaching materials, T.A., support for TCSP and project. Project on appraisal. 6th EDF.
EDF REG A5c

MEMBER COUNTRIES OF CILSS

Provisional survey of natural renewable resources in the Sahel. Resp. Auth.: CILSS Secretariat. Setting up of an observation unit to forecast crop production. Remote sensing by satellite, air survey and ground control. Project in execution. T.A.: Sodeteg – (F). 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 of local test control staff. Project stage: identification. 5th EDF.
EDF REG 5116 A3a

Improvement of permanent diagnostic instruments for regional food security. Resp. Auth.: Secrétariat Exécutif Ouagadougou. EDF and Italy cofinancing. EDF 7.705 mECU, Italy 2.795 mECU. Supplies, T.A. ★ and running costs. ***Project in execution.*** 6th EDF.
EDF REG 6110 A3a

Programme to utilize photovoltaic solar energy. Resp. Auth.: CILSS. Total estimated cost 30 mECU. Supply of 1 500 units for pump, refrigeration and light. Supply by restr. tender after prequalification. Prequalification launched in March 88. Project on appraisal. 6th EDF.
EDF REG 6116 A2ai

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 organisations of I, UK, F and D. Project stage: identification. 5th EDF.
EDF REG 5307 A2c

INDIAN OCEAN ACP COUNTRIES

Aircraft maintenance centre for Indian Ocean countries. EDF 3.2 mECU. Strengthening of the existing centre in Ivato (Madagascar). Works, supplies and training. Proj- ★ ect in execution. ***Int. tender for works launched in March 88.*** 5th EDF.
EDF REG 5508 A2d

Inventory and study of medicinal and aromatic plants. 2.2 mECU. T.A., training and evaluation. T.A. and training already in place. Project in execution. 6th EDF.
EDF REG 6501 A3a

Regional assistance to the handicraft. 3.5 mECU. T.A. training, supply of equipment. Project in execution. 6th EDF.
EDF REG 6502 A4d

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

Migrant pest control in Eastern Africa. Phase II. Resp. Auth.: Desert Locust Control Organisation for Eastern Africa (DLCO-EA). Estimated total cost 6 mECU. EDF 4 mECU, DLCO-EA 2 mECU. Research rapid survey, control and spraying of insects. Project in execution. 5th EDF.
EDF REG 5348 A3a

BURUNDI — RWANDA — TANZANIA — UGANDA — ZAIRE — KENYA

Northern Corridor: Masaka-Mbarare-Kabale Road Rehabilitation. 48.5 mECU Reconstruction of 277 km of road including drainage work lime stabilised base course and double surface dressing. Supervision. Project in execution. 6th EDF.
EDF REG 6304, (UG 0000) A2d

Northern corridor transport programme, Kenya. Resp. Auth.: Ministry of Transports and Communications, Kenya. 37 mECU. Works (rehabilitation) of 105 km.

Supervision. Project in execution. First int. tender launched in February 88. 6th EDF.
EDF REG 6303 (KE...) A2d

Central corridor (emergency programme for T.R.C.). Resp. Auth. : Tanzania Railway Corporation. T.R.C. 13 mECU. Supply of railway equipment. Wagons, locomotives, spare parts, T.A. Project in execution. 6th EDF.
EDF REG 6306 (TA 0000) A2d

SOMALIA — DJIBOUTI

***Djibouti-Zeila (Somalia) road.** Resp. Auth.: Ministère and Ministry of Public Works. Estimated cost 26 mECU. Construction of a road between Djibouti town and Zeila town in Somalia. Project on appraisal. 6th EDF.*
EDF REG 6301 A2d

SADCC

Maseru Container Terminal. Resp. Auth. : Government of Lesotho 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

ANGOLA — MOZAMBIQUE

***Training of railways staff.** Resp. Auth.: Ministry of Commerce. Estimated cost 6.6 mECU. Training of Inhambane school and in the Northern regional centres, Southern and Central. Project on appraisal. 6th EDF.*
EDF REG 6408 A6d

MALAWI — ZAMBIA — ZIMBABWE

Regional Tsetse and Trypanosomiasis Control Programme. Resp. Auth. : Technical and financing responsibility : Zimbabwe national authorising officer. 19.150 mECU. Works by direct labour. Vehicles, veterinary products, aerial spraying and equipment by int. tender. T.A. by direct agreement. Project in execution. 5th EDF.
EDF REG 5420 A3a

KENYA — SUDAN — ZAMBIA

Field oriented research on the control of tse-tse and livestock ticks. Resp. Auth.: ICIPE (International Centre of Insect Physiology and Ecology. 2 mECU. Support to the ICIPE for the research on two parasites. ★ Project on appraisal. ***Date foreseen for financing June 88.*** 6th EDF.
EDF REG 6022 A3a

KENYA — TANZANIA — UGANDA

Victoria Lake. Fishery research. Resp. Auth. : Committee composed by Directors of Nationals Research Institutes and/or by National Directors for fishery. 1.5 mECU. Supply of equipment and fishing gears, vessel, laboratory equipment, T.A. training and evaluation. Project in execution. 5th EDF.
EDF REG 5316 A3d

CARIBBEAN AND ACP COCOA PRODUCERS

Cocoa Research Unit (CRU), Phase II. Resp. Auth. : CRU in Trinidad. 2.624 mECU. Works, supply of equipment and agricultural inputs, T.A. and training. Study : I.R.C.C. (F). Project in execution. 5th EDF.
EDF REG 5043 A3a

CARIBBEAN ACP COUNTRIES AND MONTSERRAT

Regional trade development programme. Resp. Auth. : CARICOM Secretariat. Estimated total cost 10 mECU. EDF 6.1 mECU, CARICOM 3.9 mECU. Short and long term experts, seminars, training, market promotion activities, evaluation. Project on appraisal. Date foreseen for financing June 88. 5th EDF.
EDF REG 5681 A5de

***West Indies university.** Resp. Auth.: UWI and National Authorising Officers. 5.398 mECU. Renovation and rehabilitation works, supply of technical and scientific equipment, T.A. and training. Project on appraisal. 6th EDF.*
EDF REG 6601 A6b

MEDITERRANEAN COUNTRIES

ALGERIA

Scientific cooperation programme with "Ministère de l'Enseignement Supérieur" (MES). Resp. Auth. : MES. EEC contribution 2.5 mECU. Supply of technical and scientific equipment, training and T.A. Project in execution.
SEM AL A4g

Technical and scientific programme with HCR "Haut Commissariat à la Recherche». Resp. Auth. : H.C.R. EEC contribution 12.1 mECU. T.A., training and evaluation. Supply of equipment by int. tender : test micro steam power plant, pilot plant for desalination, solid waste treatment, biomass, wind energy, computers, solar and ★ nuclear laboratory. Project in execution. ***3 int. tenders launched in April 88.***
SEM AL A4g

Integrated training programme on forestry. Resp. Auth. : Ministère de l'Hydraulique, de l'Environnement et des Forêts. 2.5 mECU. T.A. long-term and short-term, ★ equipments, scholar-ships. ***Project in execution.***
SEM AL A3a

CYPRUS

Sanitation in Nicosia. Phase II. Resp. Auth. : Sewage Board of Nicosia and the Department for Water, Geology and Mining. EEC part 2.4 mECU. Increase in capacity of the treatment plant. By local tender and by int. tender. Project in execution.
SEM CY A2b

EGYPT

Egyptian Renewable Energy Development Organization. EREDO. Resp. Auth. : Egyptian Government. EEC contribution 7.7 mECU. Construction and equipment for the centre. Works and supplies : int. tender with prequalification foreseen in 2nd half 88. T.A. : GET/KFA (D). Int. tender dossier : Phoebus (I).
SEM EGT 1002 A2a

Training Institute for Egyptian Labour Representatives. "Workers University". EEC contribution 1.970 mECU. T.A. and supply of kitchen, cafeteria and laundry equipment by int. tender. Project in execution.
SEM EGT A6d

Agricultural storage Daqahlia. Phase II. Resp. Auth. : Principal Bank for Development and Agricultural Credit (PBDAC)). 4 mECU. Construction of 31 warehouses, repair of existing warehouses, supply of equipment. Works by acc. tender. Supervi- ★ sion by NOOR (Egypt). ***Project in execution.***
SEM EGT A3a

LEBANON

Printing plant for school books. Resp. Auth. : Council for Development and Reconstruction and Centre de Recherches et de Développement Pédagogiques (C.R.D.P.). 28 mECU. Procurement of machinery and consumables for a printing plant. All by int. ten- ★ der. Int. tender launched in April 88. ***Project in execution.***
SEM LE A6i

JORDAN

A.T. to the Royal Scientific Society-Phase II. 2 mECU. Supply of equipment, training, scholarships and seminars. Project on appraisal.
SEM JO 2006 A6a

Upgrading Primary Health Care Services in Kerak Governorate. Resp. Auth. : Ministry of Health (MOH). EEC Contribution 1 mECU. Project in execution.
SEM JO A7b

***Wala and Nukhelia dams studies.** Resp. Auth.: Ministry of Hydrology and Irrigation. 2 mECU. First phase A : financial and economical aspects and technical faisability. Phase B : final procedure for design and conception and preparation tender dossier. Phase C: T.A. and supervision. Phase A: short-list done. Project on appraisal. Date foreseen for financing June 88.*
SEM JO A2a

MALTA

***Tourism industry modernisation.** 2.4 mECU. Tourism development plan, promotion, institut for hotel management and tourism, restauration of the St. Jean Cathedral. T.A. and works. T.A.: short-list not yet drawn up. Works by acc. tender. Project on appraisal. Date foreseen for financing June 88.*
SEM MAT A5c

***Improvement of infrastructure.** 3.1 mECU. T.A. and supply of equipments. Management of natural water resources, long term development plan for "Telemalta Corporation", Marsaxlokk port project and "Malta Dev. Corporation". T.A.: short-list not yet drawn up. Supplies by int. tender. Project on appraisal. Date foreseen for financing June 88.*
SEM MAT A9b

SYRIA

ISSAT. Institut Supérieur des Sciences Appliquées et de Technologie. Resp. Auth.: State Planning Commission. Estimated total cost 70.3 mECU. EEC part: supply of teaching and training equipment for the institute and T.A.: 8.250 mECU. Project in execution.
SEM SYR 2002 A6b

Rural Water Supply Suweida Region. Resp. Auth.: Ministry of Local Administration and Ministry of Housing and Utilities. EEC 3.8 mECU. Project in execution.
SEM SYR 2001 A2b

TUNISIA

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 in execution.
SEM TUN 2001 A3a

Management improvement in the public irrigated areas in Tunisia. Resp. Auth.: Ministère de l'Agriculture. EEC contribution 2.5 mECU. Rehabilitation of hydro-electric equipment, training and T.A. Project in execution.
SEM 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 in execution.
SEM TUN 2007 A3a

Improvement of rural enquiries system. Resp. Auth.: Ministère de l'Agriculture. Direction de la Planification, des Statistiques et des Analyses Economiques (DPSAE). 0.400 mECU. Purchase of micro-computers by direct agreement. T.A. by the CESD with the ★ responsability of the OSCE. *Project in execution.*
SEM TUN 3001 A1b

***Sejnane-Joumine water-main.** Resp. Auth.: Direction Générale des Grands Travaux Hydrologiques. EEC contribution 10 mECU for supply of pipes and ancillary equipments. German participation (KFW) ±23 mECU for works and supplies. Soviet Union funded revision of studies. EEC part by int. tender. Project on appraisal. Date foreseen for financing June 88.*
SEM TUN A2b

***Rural development project for the South-West of Kef.** Resp. Auth.: Office de mise en valeur du Kef. Ministère de l'Agriculture. EEC contribution 10 mECU. Purchase of 3 bulldozers, 2 motograders, 5 tractors with 5 t trailers, 5 tanks (3 000 litres each) 2 4×4 vehicles by int. tender. Works by direct labour. Project on appraisal. Date foreseen for financing June 88.*
SEM TUN A3a

TURKEY

Geothermal energy in Western Anatolia. Resp. Auth.: MTA — Institut de Prospection et Recherches Minérales. EEC contribution 8 mECU. Supply by int. tender of specialized equipment for wells, boreholes and for laboratory analyses. T.A. and training. Project in execution.
SEM TU A4a

WEST BANK AND GAZA OCCUPIED TERRITORIES

Assistance to the Palestinian population in the occupied territories. EEC contribution 2.971 mECU. Various projects, lines of credit, supply of equipment, T.A. and training. Project in execution. First int. tender for supplies launched in October 87.
SEM OT A8a, b, e

A.L.A. developing countries ASIA and LATIN AMERICA

ASEAN

Aquaculture development and coordination programme. 6,77 mECU. Project in execution.
ALA ASN 8604 A3d

Industrial standards and quality control programme. 5 mECU. Project in execution.
ALA ASN 8609 A4a

Marine fisheries resources assessment. Resp. Auth.: South-East Asian Fisheries Development Centre (SEAFDEC). EEC contribution 0.652 mECU. Supply of equipments and T.A. Project in execution.
ALA ASN 8618 A3d

BANGLADESH

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

Flood control and drainage. IV. Resp. Auth.: Ministry of Irrigation, Water Development and Flood Control (MOI) and Bangladesh Water Development Board (BWDB). EEC contribution 2.080 mECU for T.A. and studies. Project in execution.
ALA BD 8702 A8g

Cyclones protection project. Phase II. 1.5 mECU. Project in execution.
ALA BD 8705 A8g

Rehabilitation after floods. 6.5 mECU. Repairing of health centres, schools reconstructions, road repair, supply of "bailey" bridges, trucks, ambulances four wheels drive, follow up and supervision. Supply by int. tender. Project in execution.
ALA BD 8720 A3a, A8g

***Road materials and standards study.** Resp. Auth.: Ministry of Communication and Roads. Roads and Highway Dept. (RHD). EEC contribution 2.2 mECU. Short-list not yet drawn up for restr. tender. Project on appraisal. Date foreseen for financing July 88.*
ALA BD 8808 A2d

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 already drawn up for restr. tender. Project in execution.
ALA BHU 8513 A3a

***Development of agricultural support activities.** Resp. Auth.: Ministry of Agriculture. EEC contribution 3.4 mECU. Building of regional centres, soil analyses laboratory, supply of equipments and vehicles, T.A. and training. Project on appraisal. Date foreseen for financing July 88.*
ALA BHU 8809 A3a

BOLIVIA

Flood protection programme. Santa Cruz. EEC 9 mECU, NL 1 mECU. Works, supply of equipment. T.A. for NL. Project in execution.
ALA BO 8510 A8g

Rural self-development programme. Resp. Auth.: CORDEPO-CORDEOR. 20 mECU. Supply of equipment, materials, line of credit, T.A. Project in execution.
ALA BO 8701 A3a

Regulation-prevention programme of the TDPS basin. Resp. Auth.: CORDEOR for urgent works. 5 mECU. T.A. by EEC expert for 2 years for works and T.A. by a multidiscipline team for TDPS study. Purchase by int. tender of 2 dredgers, equipments and specialized equipment for study. Works by direct labour. T.A. direct agree★ ment after restr. tender. *Project in execution.*
ALA BO 8723 A3a.

BURMA

Foot-and-mouth disease fight project. Resp. Auth.: Ministry of Agriculture. Animal Husbandry Dept. EEC contribution 3.45 mECU. Purchase of equipment, vaccins, vehicles, T.A. training and evaluation. Project in execution.
ALA BA 8718 A3a

CHINA (PEOPLE'S REP.)

Pilot project for fruit processing in the Hunan Province. Resp. Auth.: Agricultural Research Institute of Hunan. EEC contribution 1.550 mECU. Supply of a laboratory and pilot processing plant 1.5 ton/hour capacity. T.A. and training. Project in execution.
ALA CHN 8610 A3a

Pilot project to develop irrigated sector in the Gansu Province. Resp. Auth.: Water Resources Bureau of the Gansu Province. EEC contribution 3 mECU. Supply of equipment, T.A. training, evaluation. Supplies by int. tender. Project in execution.
ALA CHN 8631 A3a

Assistance to the EEC food aid dairy development project. Resp. Auth.: Ministry of Agriculture, Animal Husbandry and Fisheries. Bureau of Animal Husbandry. EEC contribution 4.5 mECU. T.A. by restr. tender after short-list. Specialized equipments and semendoses ±30 000 by int. tender. Evaluation. Project in execution.
ALA CHN 8711 A3a

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. Project in execution.
ALA CO 8516 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

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 in execution.
ALA EC 8701 A3a

EL SALVADOR

Programme for the Development of Handicrafts in deprived areas. Resp. Auth.: Interministry Committee with the leadership of the Ministry of Culture and Communication. EEC 6 mECU. T.A., studies and supply of equipment and vehicles. Project in execution.
ALA ES 8710 A4d

Construction of a hospital in Zacamil. Construction and equipping of a 200 beds hospital. 12 mECU. Works and supplies by int. tender. T.A. for supervision and management. Project in execution.
ALA ES 8712 A7a

GUATEMALA

Support to the rural diversification in the Pacific Region (Montellano and San Carlos Malaga. EEC 5.5 mECU. Supply of equipment, infrastructural works, lines of credit. T.A. and training. Project in execution.
ALA GU 8707 A3a

HONDURAS

Water supply, health in the rural sector. Resp. Auth.: Consejo Directivo de Saneamiento (CODISA), and Ministerio de Salud Publica. EEC contribution 14.5 mECU. Supply of equipment, materials, vehicles, T.A. and training. Project in execution.
ALA HO 8620 A8bc

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

Co-operative rural storage, Bihar. 21.19 mECU. Project in execution.
ALA IN 8607 A3f

Stock-farming development in Tamil-Nadu. Resp. Auth.: Animal Husbandry Dept. of the Government of Tamil Nadu. EEC contribution 6.1 mECU. Works and supplies, T.A. and evaluation. Supplies by int. tender. Project in execution.
ALA IN 8704 A3a

Coconut development, Kerala. Resp. Auth.: Kerala Kera Karshaka Cooperative Federation (Kerafed). EEC 45 mECU. Supply of equipments, oil plants, T.A. and evaluation. Project in execution.
ALA IN 8709 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. Project in execution.
ALA IND 8114 A3a

Seed production and marketing. EEC contribution 9.7 mECU. Project in execution.
ALA IND 8621 A3a

Evaluation of the pelagic fishery in the Java Sea. Resp. Auth.: Agricultural Agency for Research and Development (AARD) and RIF. Cofinancing with France. EEC contribution 2.20 mECU, France 1.20 mECU, local 0.45 mECU. Supply of equipment, T.A. and training. Project in execution.
ALA IND 8717 A3a

Rural electrification project (hydroelectric micro-power stations). Resp. Auth.: Ministry of Energy and Mines. Electricity and new energy Dept. EEC contribution 18.9 mECU. Works, supply of turbines, generators, adjusters of 10 KW, 25 KW and 100 KW, vehicles and other equipment, T.A. and training. Project in execution.
ALA IND 8719 A2a

LAOS

Rural micro-projects programme in the Luang Prabang Province. Resp. Auth.: Administrative Committee of the Luang Prabang Province. EEC contribution 6 mECU. Infrastructure work, supply of equipment, vehicles, Bailey bridges, T.A. and training. Project in execution.
ALA LA 2623 A3a

NAM NGUM water, pumping irrigation. Resp. Auth.: Ministère de l'Agriculture, Forêts, Irrigation and Coopératives Nationales (MAFIC). EEC 5.5 mECU. Building of 4 irrigation networks and drainage. Studies, construction of 4 pumping stations, supply of equipments and T.A. Project on appraisal.
ALA LA 8802 A3a

NEPAL

Nepal Administrative Staff College. NASC. Resp. Auth.: NASC Secretariat. Estimated total cost 6.5 mECU. EEC 5 mECU, U.K. 1.5 mECU. Renovation and construction works, supply of equipment and training. Project in execution.
ALA NEP 8407 A6b

Soil and water conservation in Bagmati Watershed. Special hunger programme. 5.5 mECU. T.A.: I.D.C. (D). Project in execution.
958-NEP 8401 A3a

Arjun Kuhola Irrigation Project. 1.536 mECU. Project in execution.
ALA NEP 8521 A3e

Rural Development in Gulmi. Resp. Auth.: Ministry of Panchayat and Local Development (MPLD). EEC 2.710 mECU. Works, supplies and T.A. Project in execution.
ALA NEP 8706 A3a

NICARAGUA

Rural integrated development in San Dionisio and La Meseta. Estimated cost 8.5 mECU for the EEC contribution. Supply of equipment, vehicles, T.A. and training. Project on appraisal.
ALA NI 8614 A3a

Crop production development in the La Meseta region. EEC contribution 5.6 mECU. Works, supplies, T.A. and training. Project in execution.
ALA NI 8630 A3a

PACTO ANDINO MEMBER COUNTRIES

Regional programme for technical co-operation: food strategy. Resp. Auth.: JUNAC. EEC contribution 7 mECU for European T.A. and supply of data-computerised equipment by int. tender. Project in execution.
ALA JUN 8406 B1a

Regional programme for technical co-operation: 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

Regional programme for technical co-operation: APIR (Accelerate Process on Regional Integration). *Resp. Auth.: JUNAC. EEC participation 7.3 mECU. T.A. for studies, training and advising. Supply of small equipment. Project on appraisal. Date foreseen for financing July 88.*
ALA JUN 8806 A1b

PAKISTAN

Talli irrigation project. Dam construction and infrastructure. Supply of equipment and

T.A. EEC contribution 7.8 mECU. Project in execution.
ALA PK 8615 A3a, A9a

Buner development project. EEC contribution 10.6 mECU. Works, supplies and T.A. Supplies by int. tender. Project in execution.
ALA PK 8715 A3a

Primary education in rural areas. Cofinancing with CIDA and IDA. EEC contribution 15 mECU for works, T.A. and scholarships. Project in execution.
ALA PK 8716 A6a

***Baluchistan agricultural college.** Resp. Auth.: Baluchistan Department of Agriculture. Directorate of Agricultural Education Services. Estimated total cost 28 mECU. EEC contribution 18 mECU. Design and construction of the college. Supply of pedagogical equipment and vehicles. T.A. to prepare tender dossiers for works and supplies. T.A. for supervision of works. Works by acc. tender. Supplies by int. tender. Project on appraisal. Date foreseen for financing July 88.*
ALA PK 8807 A6ci

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

Regional programme for child survival in Central America. EEC 16.5 mECU, Italy 16 mECU. Supply of T.A., training, equipment, medical equipment and medicines. Project in execution.
ALA REG 8520 A7a

Regional programme to strenghten cooperatives. Cofinancing with Spain. EEC contribution 22 mECU. Spain 2.5 mECU, local 15.5 mECU. Supply of T.A., lines of credit, training. Project in execution.
ALA REG 8714 A5f

EL SALVADOR — GUATEMALA — HONDURAS — NICARAGUA

Regional programme to eliminate rabies in Central America. Resp. Auth.: Pan-American Health Organisation (PAHO). EEC contribution 2.9 mECU. Supply of equipment and materials and T.A. Project in execution.
ALA REG 8625 A8c

PERU

Lake Titicaca. Reconstruction-prevention programme. Resp. Auth.: Corporacion de Desarrollo de Puno (CORPUNO). EEC contribution 5 mECU. Studies, works and supplies. Project in execution.
ALA PE 8603 A3a

PERU — ECUADOR — COLOMBIA (PEC)

Regional programme: fishing technical cooperation EEC/PEC. Estimated EEC contribution 6 mECU. T.A., supply of equipments and training. Project on appraisal.
ALA REG 8721 A3a

PHILIPPINES

Integrated development project of the Aurora region. Resp. Auth.: NACIAD. Total estimated cost 12.6 mECU. EEC 10.8 mECU. Irrigation works, feeder roads, reafforestation, supply of equipment and T.A. Project in execution.
ALA PHI 8525 A3a

Cordillera development programme. Resp. Auth.: Ministry of Agriculture and Food (MAF). EEC part 18.5 mECU. Rural micro-projects in the Northern Luzon. Irrigation, roads, bridges, water supplies, rural credit. Supply of equipment, T.A. and train- Project in execution.
ALA PHI 8616 A3a

SRI LANKA

Integrated rural development of the Mahaweli right bank region. System B. EEC contribution 25 mECU. Works and supplies. Prequalification for works foreseen in the 2nd half 88. Project in execution.
ALA CE 8703 A3a

THAILAND

Rural credit and rubber planting. Resp. Auth.: Ministry of Agriculture and Cooperatives. 35 mECU. Supply of lines of credit, T.A., training, rural inputs, equipment. Project in execution.
ALA TH 8509 A3a

Huai-Mong. Phase II. 5.6 mECU. Works and supplies. Project in execution.
ALA TH 8613 A3a

Mae Kok water resource study. Resp. Auth.: Electricity Generating Authority of Thailand. EGAT and Royal Irrigation Dept. (RID). EEC contribution 2.8 mECU, local 0.45 mECU. T.A. and training, supply of equipment. Project in execution.
ALA TH 8708 A3a, A9a

***Joint secretariat Office.** Resp. Auth.: Ministry of Agriculture. EEC contribution 1.8 mECU. T.A. and supply of equipment. Project on appraisal. Date foreseen for financing July 88.*
ALA TH 8805 A3a

YEMEN — ARAB REPUBLIC

Rehabilitation and maintenance of Al Mahwit road network. Supply of equipment and materials by int. tender. T.A. and training. EEC contribution 7.5 mECU. Project in execution.
ALA YAR 8611 A2d

YEMEN — PEOPLE'S DEMOCRATIC REPUBLIC

Rural development of Al Mahwir. Estimated cost 6.5 mECU. Project on appraisal. Date foreseen for financing decision 2nd half 88.
ALA YDR 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. This information is also available by computer link via the "TED" data base.

Subscriptions to the O.J. «S» supplement should be addressed to the «Office for Official Publications of the European Communities», L-2985 Luxembourg, Tel.: 49 00 81. For "TED" contact ECHO (see box page II).

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Michel Aurillac — L'Afrique à cœur (Taking Africa to heart) — Mondes en Devenir collection — Berger Levrault, 5 rue Auguste Comte, 75006 Paris, France — 1987

Ever since René Dumont's famous *L'Afrique noire est mal partie* 25 years ago, there has been a whole series of Afro-pessimistic books, particularly over the past five or six years, to tempt us to believe that Africa is forever on the wrong foot.

But this work by Michel Aurillac, France's Cooperation Minister from March 1986 to May 1988, cuts clean across all the writing on this subject. Here is an author who loves Africa and the African and, like all lovers, all things African too... or nearly. He is glad to be part of the "magic circle of those who have transcended the dialectics of colonialism and been accepted as a man among men". He wants to combat Afro-pessimism, "put an end to clichés and get the future in perspective". And he has no shortage of arguments either.

The title of Part Two, on "partnership, a new alliance for development", clearly illustrates one of the favourite ideas of Michel Aurillac, who, in Libreville in January of last year, called on French firms to join with Africans in a consistent policy of partnership whereby the private sector would be invited to sit on joint cooperation committees. This is an idea which everyone applauds. However, although France's 0.54% of GDP puts it in 5th place in the OECD's official aid league tables, its private aid amounts to a mere 0.013%, making it 15th of the Organisation's 18 members. So says a study of 158 French NGOs published by the Committee on Cooperation and Development.

Michel Aurillac had obviously not seen these figures when he brought the book out (late 1987), although he had a fair idea of what they would look like given that they reflect well-known trends in French aid. But he retains his optimism, for he believes that the African governments have woken up to the need for more rigorous management and that they have realised the importance of agriculture and a productive sector stimulated by private initiative. And it is on guilt-free, egalitarian and responsible lines that Mr Aurillac has resolutely embarked upon a path of cooperation through the kind of partnership that is both economic and cultural, scientific and technical as well, calling far more on the abilities of the associations, local communities, professionals and firms.

This is a pleasant book to read and not without its quotable quotes — liberalism, for example, is "first and foremost submitting to reality. It is not refusing State intervention, but getting the State to intervene differently and leaving the people as much room for initiative as possible, using incentive rather than constraint". Lastly, this author, also a novelist (he produced *Le Royaume oublié,* based on a real adventure in Indo-China in the last century, a few years ago),is able to paint some particularly good portraits — of Félix Houphouët-Boigny, Omar Bongo and Léopold Sedar Senghor, for example — thanks to his long-standing and friendly relations with many of the leaders of French-speaking Africa. ○

Alain LACROIX

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Foreign Aid Reconsidered — Roger Riddell — James Currey, 54b Thornhill Square, London N1 1BE. — 309 pages — £ 9.95 p. — 1987

Foreign Aid Reconsidered is primarily a study of ideas about aid, and more particularly about official aid. It traces the fundamental ethical and theoretical questions raised in the aid debate and looks closely at the arguments of those in favour of ODA as well as those, from both the political right and left, who are critical of such intervention.

Among the reasons put forward by governments for granting or withholding aid have been national self-interest, commercial considerations, historical links, political goals and the economic development of the developing countries. A further argument, commonly propounded by governments and widely supported by the general public, is the moral one — the moral obligation of first world governments to grant aid to third world countries.

But Mr Riddell's book is not just about aid philosophies — it is also about evidence. The third of the book's four parts examines in some detail the methods used to evaluate the impact of aid, both at micro- and at macro-economic level. The final part, "Retaking the Middle Ground", brings together the major threads from the preceding chapters and comes to some overall and well-reasoned conclusions about the case for aid and the arguments of its critics. ○

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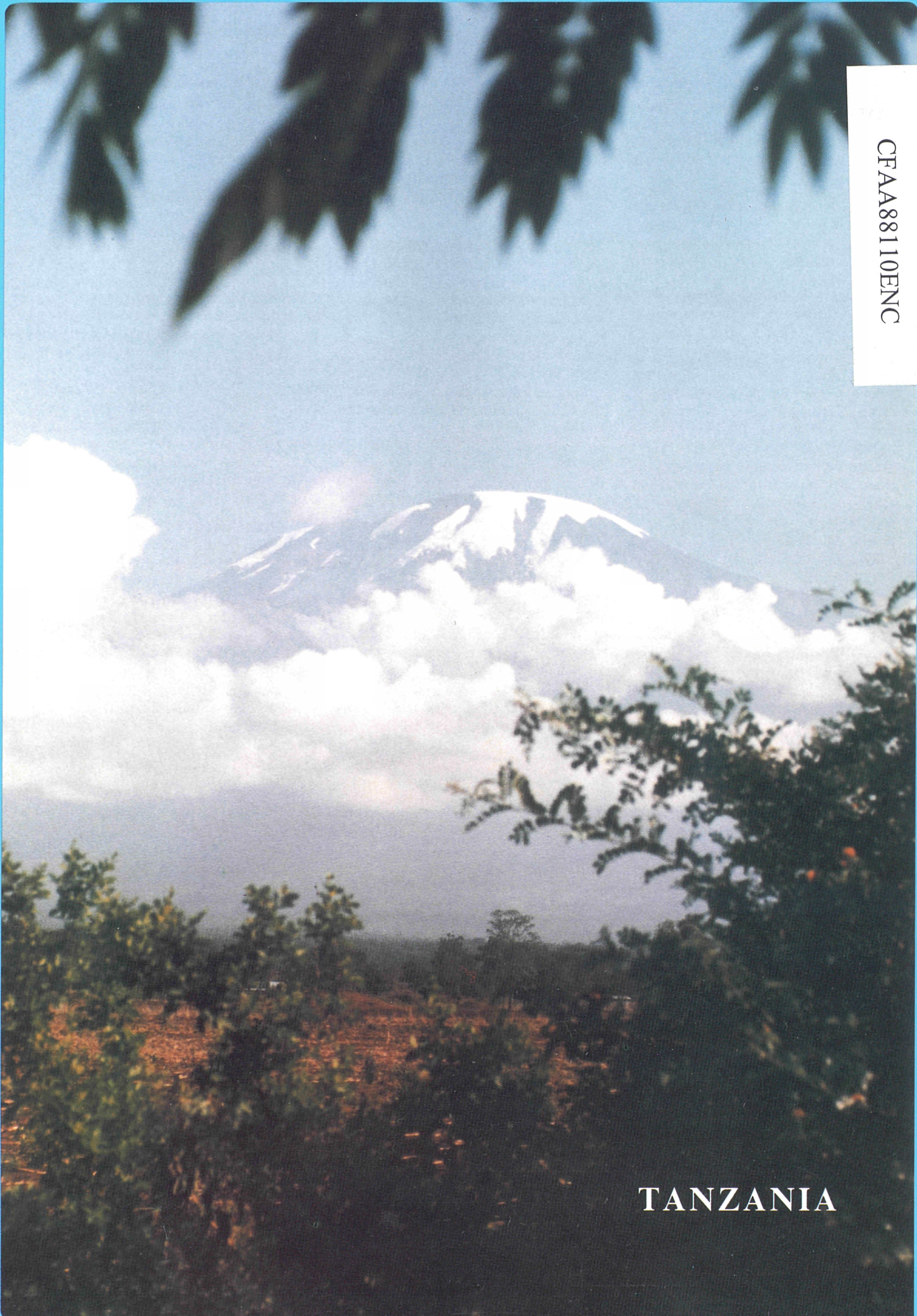
Back cover: *The snows of Kilimanjaro, the centrepiece of Tanzania's many scenic attractions (photo The Courier)*



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