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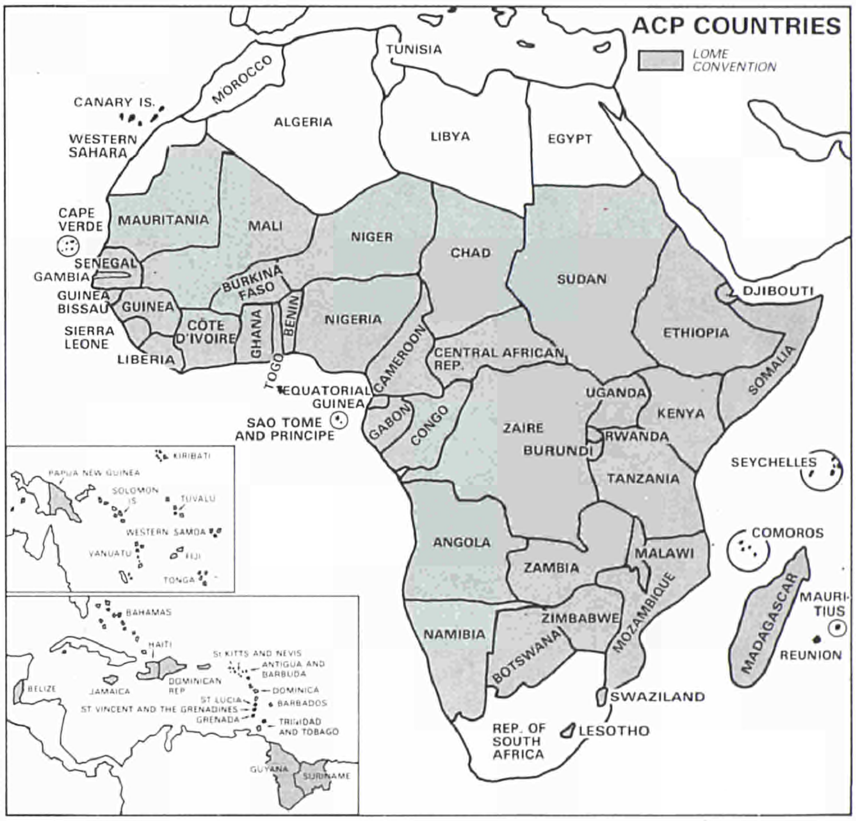

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Cover page: *The Courier presents in this issue, its first Country Report on the ACP Group's newest member — Namibia. Featured here are Vice-President Manuel Marin and the Namibian Prime Minister, Hage Geingob (Photo EC)*

The Courier

AFRICA-CARIBBEAN-PACIFIC – EUROPEAN COMMUNITY

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Usually referred to as 'Mr Africa', Edward 'Kim' Jaycox is the World Bank's Vice-President for the Africa Region. He is not known to mince his words, and brings his ideas forward in a no-nonsense, open and frank way. In an interview with The Courier, he assesses structural adjustment and some of its consequences. He also declares that 'the situation in Africa looks much better today than it has in a long time...'. **Pages 2 to 5.**

ACP-EEC — Joint Assembly in Uganda

Uganda hosted its first major international conference for many years when the ACP-EEC Joint Assembly met in Kampala at the end of February. The highlights included a sparkling presentation by President Museveni, an emotional debate on the effects of the Gulf conflict and a wide-ranging and sombre discussion of the AIDS crisis. **Pages 6 to 9.**

COUNTRY REPORTS

CAPE VERDE: At the beginning of the year, while the Gulf War was raging, the small island country of Cape Verde, situated off the coast of West Africa was making history. It achieved the first political changeover in Africa resulting from the ballot box since the wind of democracy started blowing from Eastern Europe. How did this happen? Who are the new leaders and what are the main elements of their programme? **Pages 10 to 26.**

NAMIBIA: In March 1990, Namibia finally joined the international community of nations, after decades of South African occupation. In this issue, we look at developments in the ACP group's newest Member State and at the challenges facing an infant democracy as it seeks to overcome a legacy of economic and racial division. **Pages 27 to 57.**

DOSSIER: 'New' ACP export products

As the slump continues in the prices of ACP traditional commodities, a number of countries are turning, with increasing success, to 'new' export products. How are they doing it? Our dossier examines this trend as a possible pointer to the future for the majority of ACP States. **Pages 64 to 94.**

Edward V.K. JAYCOX

World Bank Vice-President for the Africa Region

'Africa has to regain its economic relevance'

There is hardly an African Head of State or Minister of Finance who has not had an in-depth policy discussion with Edward 'Kim' Jaycox over the past few years. They may not always have come to an agreement on all issues, yet his views will certainly become very clear to them. Indeed, he is not known to mince his words, and has a way of bringing forward his ideas in a no-nonsense, open and frank way, throwing in the odd punch line, and often using humour to convey bitter realities. Even those who disagree with him, will, however, have to admit he has got 'Africa under his skin' and it is not unusual to catch him saying 'we, the Africans...'. Not surprisingly he is usually referred to as the 'Mr. Africa' of the World Bank, which he joined in 1964. Within the Bank's operations, his department has been allocated 855 professional staff-years, out of a total of 2646, achieving with an annual budget of $119 million, a lending turnover of $4.2 billion to 47 countries. In this interview with the Courier, he puts a few sacred cows — such as regional cooperation or the deterioration of the terms of trade — into their real perspective. He also comments on the current state of the structural adjustment process, and declarés that 'the situation in Africa looks much better today than it has in a long time ...'

▶ *Mr Jaycox, both the World Bank and the EEC seem to feel the need to reaffirm their continued commitment to the development of Africa. Are their statements aimed at combatting the current trend of afro-pessimism, as it is sometimes called?*

— We take every opportunity to work against what we think are inadequate or inaccurate pictures of reality and to combat this so-called afro-pessimism. In fact, I think the situation in Africa looks much better today than it has in a long time. I am not talking here about commodity prices or yet about the results on the ground, but about the fact that the African leadership has taken a grip on its own problems as never before. They are better informed and they are using more of their own resources — human resources and knowledge. They have been able to appreciate the problems they face and have managed to get a lot more support externally than they thought feasible a few years ago. So we — meaning the Africans, the donors and everybody working on Africa — have managed to turn a vicious circle of declining performance and declining support into a virtuous one of improving performance and increasing support. That is why afro-pessimism is wrong.

▶ *What amounts virtually to your assessment of structural adjustment and its first consequences, may not be perceived in the same manner by the general public: in their view Africa is still very badly off, worse than most other developing continents. They hear the outcry from the African countries who feel neglected vis-a-vis aid for other parts of the world, or who feel neglected in the Gulf crisis.*

— I think they should be very thankful they are not involved in the Gulf crisis. Indeed, my overall assessment is a positive one, although I don't necessarily expect the man in the street to appreciate it fully because the real business is to measure the difference between where they are today and where they might have been, or certainly would have been, if they had not entered into structural adjustment. I normally explain this by using what has now unfortunately become known as the 'Jaycox curve'. If you look at countries in structural adjustment, most of them were in free fall for several years before they entered into such a programme. They didn't enter into it enthusiastically, they entered into it because they were desperate and when they did so there were no goods on the shelves, no spare parts, no trucks, no batteries and no tyres. Industries were operating at 10% of their capacity, there were no drugs in the clinics, no chalk in the schools, no books, etc... All that had disappeared before the countries accepted that they had a crisis that they had to deal with by doing the extreme things that were necessary, i.e. getting into a structural adjustment programme with the World Bank. Now, if you look at that dotted line which they did not follow, it represents an almost vertical drop. By going into structural adjustment, almost immediately they received enough of an influx of aid to avoid this path towards that drop. Their course is still unsatisfactory. We thought it would go up a lot faster than it has, and I am not telling you anything secret when I say I am very disappointed in how long this is taking and how painful it is. But at the same time, I am not discouraged because in fact, every day there is improvement and finally a turnaround. So generally they stopped their steep vertical drop although they are not back to where they were when they decided to go into structural adjustment. But it is not appropriate to blame all of this on structural adjustment. It is really the momentum of the previous period that is still playing through. Of course, people have not experienced the real benefit that has accrued to the economy, i.e. the difference between where they are and where they would have been, so no politician can sell that. Can you imagine Dr Kaunda going on television and explaining how much better off Africa is today than it was before? Still, the fact of the matter is that something is happening in Africa. That is pretty important and we have not seen such a phenomenon in Africa for 15 years.

► *But you talk in general terms of Africa. Where has structural adjustment concretely worked and why has it worked?*

— I think it has certainly worked in Guinea, in Ghana, in Togo, in Nigeria, in the CAR. I believe it is doing quite well also in Uganda, Tanzania, Madagascar, and Malawi. Zambia has been on and off and now its back on again; Zimbabwe is going into structural adjustment, Rwanda is just going in, Burundi has done quite well. You can see the impact of structural adjustment in that whole scenario. Some countries have only been in structural adjustment a year or so, so it's hard to measure their results yet, but even there, there are spare parts and the necessities of life that have suddenly appeared. But it is not just imports; food production has been boosted. By-and-large, the peasant has really been the first and largest beneficiary of structural adjustment because one of the first things to do is to increase producer prices, so that the farmer gets adequate remuneration for his labour and he starts producing surpluses. But there are losers in structural adjustment. In the first instance, they are the civil service and the urban formal sector wage earners who see that their wages are too big or they are too numerous. Parastatals have too many employees for the amount of work they do, the government has too many civil servants and so they have to be let go. They may or may not be compensated adequately for this loss of career and employment, but in any case it is very disruptive and these are the most vocal political forces in the country. I hear the criticism of structural adjustment from outside saying it's the poor people that suffer but I don't believe that for a minute. I am sure they are not benefiting enormously but the peasant is benefiting and he is usually one of the poorest members of society. On the other hand, the ones who are being hurt are really civil servants and formal wage employees who are losing their employment. Mostly established in the capital, they will in a very vocal way establish their impression of structural adjustment and whether they merit this attention or not, you have to judge. But the idea that it is all women, children and poor people that are suffering is not quite accurate and it is the not-so-poor who are protesting the loudest.

► *But parallel to this movement of structural adjustment which indeed has brought about positive results in a number of countries, virtually all of these countries are suffering from a very serious deterioration of their terms of trade.*

— Yes, that is true compared to the mid-1970s but not compared to the mid-1960s. There has been a steady and sectoral decline in some areas, in some minerals and some crops, and indeed African exports should be diversified, but what strikes me even more importantly is that the volumes of exports have gone down. It's not just the price, it's the volumes and who has picked up this volume? Do you think that the coffee market of the world has shrunk? Africa's share of the coffee market has shrunk from over 30% to less than 20% while its share of the cocoa market fell from nearly 70% to less than 40%. The global market has not shrunk. Malaysia, Brazil, Indonesia and others have picked up palm oil, rubber, coconuts — you name it. Why has it gone from Africa? The reason is that the other countries invest in these crops, in the higher yield varieties. They invest in the infrastructure to make sure they can transport them at low cost. What did Africa do? Unrealistic exchange rates, milking the system with too many employees in the government marketing boards. These are the reasons why they lose their markets. Our estimate is that if the market shares of non-oil commodity exports had been maintained, the additional earnings would be roughly equivalent on an annual basis to the entire net foreign aid (ODA disbursements) flowing towards Africa. Africa has systematically cut its links with the rest of the world economy. Africa's share of world trade is a fraction of what it used to be. It has become so marginal for the rest of the world that the only rationale we have for foreign assistance to Africa now is humanitarian. Whereas it used at least to have some economic rationale. Now Africa has to regain its economic relevance. They have got to get this competitiveness back. They have got to reestablish their links to the world economy.

► *The end of the first decade of structural adjustment is virtually coinciding with a global change in the African political scene, with what is referred to by some as the second independence of Africa. That is going to have a political and economic cost. Who is going to pay that and what could be the effects on their development?*

— I think that most of this is very positive for Africa. Africa should be weaning itself off foreign dependency in financial terms and I believe Africa can certainly benefit from a rebirth of freedom. I believe it's time and certainly African people think it is time.

► *Would you say that development is not possible without democracy?*

— No, I absolutely don't believe that. I think there is no historical link whatsoever. However, I think democracy becomes inevitable if you have development, which involves the private sector moving forward. Just look at the problems in Korea and China. They have to have some democracy and they have to meet people's expectations because the economy is really demanding it. The other way around, I don't see the link. I would say that more important than democracy, is the link which obviously exists between government and development. This has to do with more fundamental issues such as accountability, transparency, the rule of law, the sanctity of contracts and the predictability of policy. All of this serves to avoid capital flight, massive corruption and complete arbitrariness in the economy which make people unable to invest or even work hard towards their objectives.

► *Where does the Bank strike a balance between the structural adjustment exercise and its more long term investment?*

— What's happening right now is that we are putting foreign exchange into these economies by lending it to governments. They are putting it into the central bank and then the private sector comes and buys it, so there is no debt created domestically, certainly not foreign exchange debt. They buy foreign exchange and they import what they need for their business and their machinery, and we may have either price or other restrictions that limit non-luxury goods and so on. So what is happening right now is the largest infusion of official aid to the private sector in Africa we have ever seen. That is what is happening under structural adjustment. Most of the money is going to the private sector.

► *That is contrary to what most people think.*

— It's because they don't understand how markets work and in fact we in the aid business have not thought about how markets work for a long, long time. I think the Bank has pioneered this: we have talked all of these aid agencies into moving away from highly directed credit, administered with respect to where it lands in the country, as if we were second-guessing the market. Will the market produce those things if we just give free foreign exchange? I think that this is OK up to a point: this free foreign exchange made available with all the activities that it implies, but without some external agency sticking its nose into the investment decisions of the private sector, which I think would be a big mistake. So I think we are doing the right thing now, and anyway they need balance of payments support. But then what about schools, roads — the basic investments, where the state has a natural monopoly or at least a responsibility that nobody else can take away from it. I think we have to get back to adequate public expenditure and public investment programmes in these infrastructure areas. What is needed is a reinfusion of new investment in what is currently the rehabilitation stage. But when we get to the post-rehabilitation state, we have to move on and what I am afraid of is that everybody will become addicted to this form of aid. I don't think we should ever go back to where we were before this crisis, because with these small projects scattered over the country in specific sectors, it is too easy to ignore the macroeconomic environment and the real constraints on development. We ought to stay with systems, the roads system as a whole, infrastructure maintenance across the board, the school system and the agricultural research system, making sure that these are strengthened, rather than pick out a specific geographical area or a specific crop or a specific city and try to make things right in that small area. I think it would be a big mistake to get myopic again. We should go for the macro policy dialogue on overall systems.

▶ *There has been a whole variety of development models applied ranging from a very liberal approach to a straightforward interventionist approach. The current trend seems to be based on the socio-cultural implications and commitment of the local populations. What is your feeling on this?*

— I think that is right, although culture is a very fast moving thing. I can say that from experience, as I worked in Korea, Thailand and Taiwan. Culture is important, but it changes too — very rapidly — and there are some things that are changing and have changed in Africa very rapidly. I don't like these models that take the culture as given, because the purists in this field would try to stop all change: then of course you don't get development. Development involves cultural change and structural change in the economy. What we try to encourage is development from an agrarian society to one that is more differentiated, has a division of labour, has urban aspects, has specialisation. You don't get productivity without these changes. So those who want a higher per capita income have to become competitive in the world economy and are going to have to go through cultural and structural change.

▶ *Another slogan which you often hear concerns the more efficient use of the available resources. When you talk to Africans, however, many of them say 'we are very surprised at the amount of resources mobilised left, right and centre for Eastern Europe, for the Gulf crisis, and so on, and we seem to be left out. It is all very well for you, the donors, to talk about increased efficiency but it's merely an excuse for not giving more'.*

— There is still a lot of scepticism. We know what drives aid. First of all it is not easy to raise it: this Gulf crisis for instance is seen by those controlling resources as a critical thing, much more critical than any issue in Africa appears to them. There is no point in weeping about that point of view. What we have to do is to go out there and raise the money and we have done it. We have raised a lot of money in the last few years, and this money gives us a solid foundation to help Africa in the early 1990s. Our most recent projections show that all donors together — the EEC, the World Bank, the IMF, donor countries — may disburse as much as $6-7 billion a year to sub-Saharan African countries to support their adjustment efforts. On top of this, we expect creditors, notably through the Paris Club, to provide debt relief of more than $10 billion a year — often on highly concessional terms. These resources directly support adjustment. In addition, we expect donors and lenders to disburse as much as $10 billion a year for project investments, and there will continue to be several billion dollars worth of technical assistance grants. All of these resources may not be enough, but they're a lot, and more than Africa has received before.

Africa doesn't want to be dependent on aid any more than you or I would. What they need is to use the aid to get out of the trap of aid dependency so we don't want to make that trap too deep either.

▶ *What is your own thinking on regional cooperation in Africa? One gets the feeling on the side of the donors that not everybody is putting his money where his mouth is and on the other hand that there is a lot of talk on regional cooperation, and very little effectively happening in the field.*

— I think we are a long way from real effectiveness there. We have a terrible reputation on regional integration in the Bank because basically we have been approached to finance projects that happened to go across borders but in many cases these projects have nothing to do with national priorities. They are just a device to get additional money because there is something 'sexy' about a regional project. But we don't have any extra money. We have just got all this money for Africa and it either goes to national programmes or to very few regional projects because nobody really wants them. In any case the projects themselves often don't make a lot of sense because the frameworks are still not there. Political lip service has been paid, but it doesn't in fact amount to much. There have been too many experiences where we have approved a road across a border only to see the trucks still spending two weeks at that border before they can cross because nobody has bothered to harmonise insurance policies, or traffic regulations or somebody has to be paid off or all the goods have to be off-loaded and then reloaded, destroying the economics of the improved road. So we are very sceptical about this. Now I set the challenge out in my discussions with certain agencies, that if they came up with a real cooperation framework, we would support them. We have now a regional structural adjustment operation in the making for the central African franc-zone area comprising Congo Brazzaville, Cameroon, Chad, Gabon, CAR and Equatorial Guinea. They basically have to implement what they already agreed on a long time ago: harmonising tax policies, transportation policies, tariffs and the rules that govern the transfer of goods over the border. If they do that, they are going to get an additional amount of money from us.

▶ *This brings us to a sensitive point which is the increased rate of conditionality of aid. Do you have a feeling that this trend of making aid conditional on certain changes in the country is rising?*

— Yes, I do, I think it arises out of frustration but it does not necessarily have to be so. There is a countervailing trend at the same time and that is, as countries really get committed to structural adjustment and to reforming their economies, I think you can actually reduce the amount of codified conditionality. It is better if you can wait until people do things and then give them the money, rather than forcing them to agree in writing. The latter approach is not only onerous, but also demeaning and has political repercussions because people don't like to see their governments submit — in writing especially — to some kind of outside conditionality. However, when they go ahead and make needed reforms, and then receive support from the World Bank or the EEC, people do not see this as a big interference.

▶ *An almost philosophical problem that some donors have is the conflict they think exists between their own individual approach based on private initiative and the usually accepted sense of a collective approach to the solution of problems in Africa.*

— We should have a little humility, I agree with that. I am not at all sure that these formulations that people think have been successful in the West would work in Africa. I think we need much more tentativeness on that front and we have to listen more. It is important to understand African societies and also to recognise that there are variations in societal approaches to problems therein as a result of ethnic pluralism; and, of course, between the different countries. Adequate understanding and appreciation of the problems should help us working together in partnership with the Africans to come up with strategic approaches that are situational and relevant to achieving tangible results.

▶ *You mentioned the capacity building scheme and one cannot fail but be struck by the huge human resources problem, education in particular. What is the Bank planning to do about this?*

— Of course, we have a tremendous emphasis on education and human resource development, but I am taking that for granted. I think we have to step that up, foreseeing in the long-term, at least a doubling, as share of GDP, of expenditure on human resource issues. I am concerned about the need to develop professionally skilled Africans to manage development, a higher level of local capacity in Africa. Africa faces what I would call world class economic problems. If you can put yourself in the shoes of somebody who has to manage an African economy; it may be small but it certainly is not simple. The vulnerability of the economy to changes on the outside, the whole lack of strength internally to roll with the punches mean a lot of issues, but Africa really has very weak human resources for managing these situations. Since we have helped create this tremendous demand for high level management by focusing on structural adjustment, we did have an obligation in the Bank to try to mobilise resources to do something about the lack of local capacity to manage the process, and so we did. We got together with the African Development Bank and UNDP and launched this initiative, a very interesting one because it's basically private. We were concerned that if we really wanted to create capacity for economic management and policy analysis, it could take some 25 years to really get it up to strength. It did not seem to us that any of the existing organisations had that kind of commitment to long-term objectives, and most aid agencies cannot cope with long-term objectives. If countries don't pay the World Bank, we stop lending so there is a vulnerability there. On the other hand the Africans have an obvious lack of political consensus on regional integration and can't yet afford to have all universities in Africa with first class masters programmes in economics. So we created an institution, the African Capacity Building Foundation, that can rise above donor and agency politics, can rise above African politics and do its own thing, strategically focusing on developing a corps of first class economic managers and policy analysts in Africa, and making sure that they get used by African governments and private sectors. That is what this initiative is about. We raised $100 m and we have a Board of Directors with nobody representing a government; all are there in their own professional capacities to give direction to this outfit. It should become operational on April 1 and will be located in Harare. It has an African Director, Dr Jonathan Frimpong-Ansah, and a majority of Africans on the Board of Directors and we expect big things from it. After they have used the $100 m, they should have a track record and hopefully it will be good enough so that we can get this thing endowed, cut it free from all government contributions and the World Bank, etc.

'Africa doesn't want to be dependent on aid any more than you or I would'

▶ *You have very strong feelings on the issue of demography. What do you think about its evolution?*

— The fact of the matter is that, even with AIDS and all the uncertainties about what is going to happen, the African people face a real choice: they have got about 70 years before they lose this choice. If they don't do anything between now and 70 years from now then they won't have any more choices to make, because by then Africa will begin the stabilisation of its population at a very high level. It will do that because it will experience a kind of natural stabilisation. Nobody says that Africa will not be full of people because it certainly will be. Nor is anyone saying that it will not grow; it will grow, for sure. The question is how fast. If it grows as fast as now, it will be full with people in about 70 years and all of the recommendations we are now making about population will in fact come through by mortality and other natural interventions, not quite Malthusian but almost so. In any case, the place will be filled with very poor people, without education, without jobs, maybe undernourished and in fact they will be the poorest people on earth and there will be over three billion of them. That is the choice. Now they could slow this down, if they were able to just cut their growth rate in half — cut their present growth rate of 3.2% to something just a little less than 2% per annum growth. They would then be able to have a much higher level of education, a much better chance of having everybody employed and being able to feed them all, otherwise there will be quite a difference in the next 70 years. When we explain this to heads of state and others — I don't know how much they normally think about the next generation given all the crises they have to face on a current basis — I must say it is very impressive: they do get the message. People concentrate on the issues. Over the past few years I have seen some forward movement. Now some 20 countries have population policies instead of only 10, and the commitment is growing. We have increased our attention to this and we have also increased our professionalism. We have brought more people and a better mixing of skills into the Bank to deal with these issues. We have developed computer models to allow Ministers of Health, Prime Ministers and Presidents to play with the variables and see what kind of outcome they get: how many houses are they going to have to build, how many schools are they going to need and how many of those schools did they build in the last 25 years. When they see what they are going to have to build in the next 10 years — perhaps six or seven times as many as they built in the last 25, then they are impressed and they get the picture pretty fast. I think as far as changing family behaviour is concerned, that it is already happening in countries with good programmes. In Kenya, Zimbabwe and a few other places, the rate of use of contraception has gone up in the urban population and by the way, not just condoms, not just the anti-AIDS remedies, I am talking about the whole range of pills and everything else so we are pretty confident that there is nothing 'Africa-specific' standing in the way of doing something about family planning. ○

Interview by
Roger DE BACKER

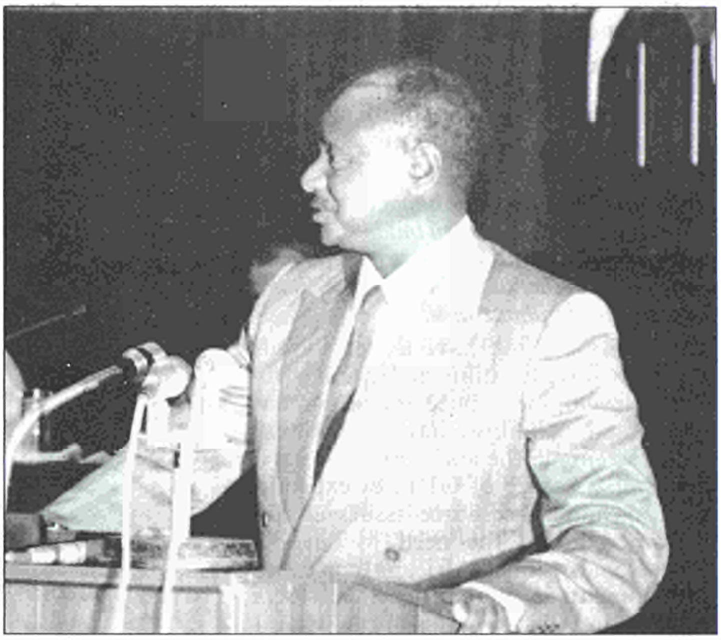
Kampala Joint Assembly puts Uganda in the spotlight

The Ugandan capital, Kampala, played host at the end of February to its first major international gathering for many years, when ACP and European Parliament representatives came together for the latest session of the Joint Assembly. Like Rome, Kampala is a city which is built on seven hills and one is immediately struck by its scenic setting, its abundant greenery and the spontaneous warmth of its people. One is also struck by a sense of optimism and renewal in a city which still carries many economic and social burdens.

There must be few people who are unaware of the anguish suffered by Uganda in recent decades — the civil strife which over many years halted economic development, disrupted social services and provoked widespread human misery. What is perhaps less widely known is that since 1986, Uganda has been rebuilding from the wreckage. It was in 1986 that the National Resistance Movement (NRM) of President Yoweri Museveni took power. The legacy they inherited was an unenviable one and in the last five years, they have had to grapple with the challenge of reconstruction in an increasingly hostile global economic situation and in the growing shadow of the AIDS epidemic.

It is a tribute to the human spirit that despite the scale of the problems, significant progress has been made on the road to stability, reconciliation and reconstruction. While it would be foolish to underestimate the problems which Uganda still faces, it would equally be unjust not to give credit for the achievements of the last five years.

Delegates who attended the Joint Assembly were impressed, both by the outstanding hospitality which was offered and by the smooth and efficient way in which the event was organised. It takes time for a country to overcome negative perceptions based on past events but in Kampala at the end of February, the Ugandans went a long way towards doing just that.



President Museveni addressing the Joint Assembly during the formal opening session

The Joint Assembly began with a formal inaugural session attended by President Museveni and members of the Ugandan Government as well as by Mr Enrique Baron Crespo, the President of the European Parliament. The opening speech was delivered by Mr *Matthew Rukikaire*, the Ugandan Minister of State for Planning and the Economy. Welcoming the Assembly to Kampala, Mr Rukikaire expressed the pleasure felt by Ugandans as hosts to so many visitors from abroad. He noted that delegates had travelled a long way 'not just in distance, but also in terms of fulfilled expectations'.

Gulf preoccupations

Given that 3 000 kilometres to the north, events in the Gulf conflict were reaching a climax, it is not surprising that the subject dwelt heavily on the minds of many of the speakers. Mr *Enrique Baron Crèspo* emphasised, in his presentation, the central role of international law in the global order and suggested that if the European Community had had a common security policy and an appropriate instrument for controlling the arms trade, 'it could have acted in a coherent and united way and that it might have been possible to avoid war'. As to the fears of ACP countries regarding Community aid to Eastern Europe and, following the war, to the Persian Gulf region, the President of the European Parliament reaffirmed that any new engagements 'must not be made at the expense of pre-existing obligations'. Mr Baron Crespo also spoke of the financial assistance provided by the Community to victims of apartheid, the progress of democracy and human rights, and the problems of famine and development.

External burdens

The Co-President of the Joint Assembly, Mr *Mamadou Diop* (Senegal) appealed to the Community to take further measures to help the ACPs in the light of the dramatic situation facing them as a result of events which were beyond their control. He pointed out that development was continually being affected by external burdens with increasingly destabilising effects. As regards South Africa, Mr Diop welcomed the 'spectacular transformation' of recent months but emphasised that a solution could only finally be reached once apartheid was dismantled. He also focused on the debt issue and on the deterioration of the terms of trade, pointing out that these had resulted in Africa losing $200 billion in recent years. This figure would climb to $500 billion by the year 2000 unless steps were taken to relieve the burden.

A new order for Africa?

Mr Diop's European counterpart, Mr *Leo Tindemans* (Belgium) delivered a characteristically visionary speech in which he hailed the dismantling of the Iron Curtain as an opportunity to carry forward the 'dream of mankind' as expressed in the UN Charter. He continued: 'With the disappearance of East-West tensions, it is finally possible to base international relations on international law and on the Universal Declaration of Human Rights'. Referring to Africa, Mr Tindemans commented ruefully on the number of conflicts taking place — conflicts which prompted one to wonder sometimes whether Africa was 'committing suicide'. He then spoke of his dream of a new order for Africa. 'If, in the world order', he stated, 'the United Nations Organisation provides a model, what is there to prevent the Organisation of African Unity from playing its full role at regional level? If it agreed to take on the job, enjoying uncontested and uncontestable authority, peace could reign in Africa'. Mr Tindemans drew his listeners' attention to the success of the European Court of Human Rights and went on to suggest 'a similar institutional procedure' for Africa in the context of the African Charter of Human and People's Rights.

ANC appeal

Originally, the Assembly was to have been addressed by ANC Vice-President, Nelson Mandela, but commitments in South Africa prevented his attendance and the ANC's Secretary-General, Mr *Alfred Nzo* spoke in his place. Mr Nzo took the opportunity to remind the assembled delegates that South Africa continued to be run by a white minority regime, that the majority of political prisoners had not yet been freed and that the repatriation of exiles had still to commence. The ANC's objectives, he stated, were the adoption, before the end of the year, of a new constitution which would transform the Republic into a non-racial democracy, and the restructuring of the South African economy, including the creation of a modern manufacturing sector. Mr Nzo insisted that sanctions should be maintained, pointing out that obstacles, notably the repeal of the apartheid laws and the opening of negotiations leading to an interim government, a new constitution and elections, had not yet been overcome.

Presidential address

The concluding speech of the formal opening session was delivered by President *Yoweri Museveni* of the host country. The President, who has the remarkable and enviable ability to address an audience of a thousand as if he were conducting a small-group seminar, delighted his listeners with a stimulating and witty presentation. He frequently departed from his prepared text to give illustrations or analogies but the overall effect was always to reinforce the serious points he had to make.

Nor did the President steer clear of controversy. Speeches at formal events such as these have a tendency towards the anodyne but there was no need on this occasion, to decipher coded messages. The approach was refreshingly direct.

The President also focused on the debt problem facing developing countries. He appealed to the international community to 'spare no efforts in the search for more imaginative and comprehensive solutions to the debt crisis' arguing that if this issue was not tackled, the 'lost decade' of the 1980s would be followed by a 'decade of catastrophe' in the 1990s.

Ideological independence

Among other issues discussed in his wide ranging speech, the President referred both to South Africa and to the Gulf crisis. He urged the ACP's cooperating partners not to relax their pressure on South Africa's apartheid regime and questioned whether it had been necessary to use force in the Gulf. Commenting on the African political scene, he bemoaned the 'lack of ideological independence' in the continent. He then took a side-swipe at both 'market party' and 'one party' systems, suggesting that an African model of democracy which reflected the continent's pre-industrial stage of development was more appropriate. 'Political pluralism will come', he argued, 'but in good time, not at a forced pace'. The President also objected to being cast in the role of a 'consumer of political thought' and commended the Ugandan model, based on a mass movement, as being highly democratic and a positive contribution to the evolution of political thinking.

It is doubtful whether everyone in the hall agreed with everything President Museveni said, but he succeeded in establishing a remarkable rapport with his audience. Although few were aware of it, his speech lasted a full 75 minutes, and it became a talking point for the remainder of the conference.

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Members of the platform party listening to Alfred Nzo of the ANC

Why build houses for cows?

In an uncompromising criticism of agricultural protectionism, the President noted that previous GATT rounds had always tended to leave agricultural trade intact. The abolition of farm subsidies, he claimed, would result in a $50 billion increase in foreign exchange earnings for third world countries. He illustrated his point with a story about a visit he had made to Canada. There, he was taken to a farm, where he was surprised to find cattle 'shivering in their own houses' — 'Why build houses for cows?', he queried. 'Here in Uganda, we don't have to build houses for cows and we don't have heating costs'. The free market lesson, of which Adam Smith would doubtless have approved, was not lost on the audience. President Museveni went on to link the agricultural issue with the question of liberalisation in the field of services — an item which is currently high on the GATT agenda. He pointed out that complete free trade in this area would badly hit service industries in the third world and proceeded to deliver an unequivocal message. 'We shall not accept liberalisation of services unless there is liberalisation of farm produce'.

Conference proceedings

Following the formal opening session, the Joint Assembly reconvened on the following day to debate a number of important issues including the service sector, the situation in Southern Africa, the effects of the Gulf crisis, debt and the AIDS problem.

The proceedings began with what was supposed to be a discussion of the introductory report by Mr *Agne* (Senegal) entitled 'Services — a new line of development'. Mr Agne, who spoke first, gave a lucid exposé of the issues although he did take a somewhat different line from President Museveni. He did not raise the possibility of agricultural liberalisation as some form of *quid pro quo* for agreement on services, but argued instead for a progressive liberalisation of the latter which took into account the factor of development in the ACPs. 'In an age of high technology', he noted, 'services become a factor of production which is equal in importance to labour and capital'. He pointed out that services were chronically underdeveloped in most ACP States and said that the challenge was to design a service policy to tackle this problem.

Mr Agne was also critical of the United States which, he claimed, had refused to include air and maritime transport in the GATT negotiations and had insisted that the most-favoured nation clause should not automatically be applied to the service sector.

Unfortunately, the debate which followed did little justice to Mr Agne's hard work. Although a number of ACP representatives and MEPs spoke, there was a tendency to 'take the eye off the ball' with contributions which had little to do with the subject matter under discussion. A precedent was set by *Georges Wohlfart*, President in Office of the EC Council who used the opportunity to give a more general overview of Community development policy.

Report from EC Council

He began by reassuring ACP countries that the Community would maintain and deepen its relations with its 'partners of the South'. He spoke in positive terms about the implementation of Lomé IV but made no commitment on the issue of debt, saying simply that the Council was examining the current Commission proposals on debt relief. On the GATT negotiations, Mr Wohlfart spoke of a 'global approach based on balanced concessions in all sectors'. Perhaps not surprisingly, he chose not to indicate how far such 'balanced concessions' in the area of farm products would respond to the complaint voiced by President Museveni on the previous day.

As regards sanctions and South Africa, the position of the Council clearly differs from that of the ANC and many ACP States. Mr Wohlfart indicated that the changes taking place in South Africa, notably the proposed repeal of various 'apartheid' laws and other restrictive measures, was being met with an easing of sanctions and in this connection, the Council had lifted its ban on new investments in the country.

Avoid fatalism

For the European Commission, Vice-President *Manuel Marin* commended Lomé IV as providing a 'firm framework of solidarity for Community-ACP relations which will endure throughout the nineties, whatever the upheavals or unexpected events on the international scene'. Referring to major current events, including the Gulf crisis, the EC's internal market and the opening up of Eastern Europe, Mr Marin cautioned against adopting a 'fatalistic and thoroughly negative attitude. We must, at all costs', he argued, 'prevent the debate over the future of the ACP countries from degenerating into a sterile ideological confrontation'.

In respect of the implementation of Lomé IV, Mr Marin revealed that pre-programming was well under way, the EDF Committee having already approved plans from 52 of the ACP countries. The position regarding ratifications was less satisfactory. In order to enter into force, the Convention must be ratified by all of the EC Member States and by at least two thirds of the ACPs. With some 40 ratifications, the ACPs are close to reaching the necessary figure but only three EC countries had ratified so far. Mr Marin reiterated his support of the Joint Assembly's call for national governments and parliaments to speed up the process.

Services debate goes off the rails

By this stage in the proceedings, it was clear that the services debate had implicitly been suspended, but its resumption brought little encouragement for those seeking enlightenment on the subject. Despite relevant interventions from *Peter Pooley* of the EC Commission and the Dutch MEP, *Maartje Van Putten*, the discussion deviated alarmingly to include an announcement about emergency aid to Sudan, a warning about the consequences of population growth, an expression of concern about the low rate of project implementation under Lomé III and a suggestion for the utilisation of counterpart funds. It was billed as a debate on the 'general report' but Mr Agne must have been left wishing for a little more specificity.

Southern Africa

Thereafter, the focus was mercifully restored with a lively discussion on the situation in South Africa and the Southern Africa region. There was considerable interest, and not a little alarm, expressed about the Commission's decision to open a 'technical office' in Pretoria. The representative of *Zambia* reflected the prevailing mood in welcoming the establishment of a Commission presence in South Africa but demanding that it should be in Johannesburg and not Pretoria lest it be seen as having a diplomatic function. The Commission has repeatedly stressed that the new office is not diplomatic in nature, and that it in no way implies acceptance or approval of the apartheid system. Indeed, one of the main functions of the office will be to coordinate Community programmes designed to assist the victims of apartheid.

Gulf crisis

In the debate concerning the consequences of the Gulf crisis for ACP countries, the view that the effects would be 'devastating' continued to have some currency, despite the stubborn refusal of the oil price to rise in line with the early apocalyptic predictions. The prevailing view, however, was reflected in the balance of the discussion between the economic and political implications, with considerable emphasis on the latter.

The representative of *Djibouti* whose country has directly suffered the economic fallout of the crisis, spoke of serious losses in the aviation sector and pressures arising out of the return of 5000 expatriate workers from the Gulf region. 'We have retreated five centuries into the past', he declared — 'this was a war to destroy, not to defend'. Other speakers echoed this sentiment. *David Morris* (UK) said the conflict was both immoral and pointless and he accused the United States and Great Britain of having led the world to war. *Henri Saby*, who is President of the European Parliament's Development Committee gave a less emotional assessment and suggested that the Gulf crisis could help the emergence of a new world order founded on 'solidarity and justice'. *Marie-Christine Aulas* (France) strongly disputed this view, arguing that there had been a flagrant distortion of international law and the outcome was, in effect a 'return to an old order'.

posal involved only 2% of the ACPs' total debts and called on the Council, not only to adopt the measure but also to develop a common strategy with the EC Member States for debt cancellation. The *Nigerian* representative gave a graphic example of the problems facing the ACPs, in noting that whilst ten years ago, it took eight pounds of coffee to buy a wristwatch, it now took 15.

Other speakers calling for debt alleviation and cancellation included *Maxime Verhagen* (Netherlands), *Brigitte Ernst de la Graete* (Belgium), *Christopher Jackson* (UK) and the representatives of *Zambia*, *Guyana* and *Cameroon*.

the European Commission which had allocated ECU 39 million to the battle against AIDS in the ACPs. Since 1990, the Commission had implemented 61 programmes designed mainly to prevent the transmission of the disease by sexual means, or to establish safe arrangements for blood transfusion.

Representatives who spoke in the subsequent debate expressed their gratitude to the expert speakers for their sobering and honest assessment of the AIDS epidemic. There was a general consensus that to discriminate against HIV sufferers was unacceptable and various calls were made to devote more

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Delegates to the Assembly — Conversation and contemplation

Although the economic consequences of the conflict are expected to be less catastrophic than originally feared, a number of speakers focused on the nonetheless serious impact likely to be felt by the ACPs. Developing countries have already experienced losses in the tourism sector and airlines are known to be under pressure. These were themes developed by *François-Xavier de Donnea* (Belgium), who also looked at the long-term problems of energy supply, high interest rates and the costs of reconstruction. Commissioner Marin took a similar line in warning that special attention would have to be given to the indirect repercussions of the crisis on the most vulnerable economies.

Debt crisis

The following morning saw a debate on the debt crisis facing the ACPs and Mr Marin again took the floor to explain the details of the Commission's proposal for debt relief. He acknowledged that the plans could not resolve the problem of bilateral debt contracted by the ACPs but he saw it as an important political gesture reaffirming the Community's solidarity with its developing country partners.

Maartje Van Putten (Netherlands) pointed out that the Commission pro-

AIDS crisis

The afternoon session was devoted to a public session on AIDS, which was addressed by a number of invited experts. The Ugandan Minister for Economic Development and Planning, Mr *Rukikaire* gave a frank assessment of the scale of the problem in his own country, indicating that an estimated 1.3 million people were infected by the HIV virus (6% of the population). He said that since 1986, the Government had conducted a campaign, in liaison with the World Health Organisation. This was aimed at educating the people about the problem, controlling blood banks, developing research and ensuring that people who had been infected did not become marginalised. The Director of the Ugandan AIDS Programme, Dr *Namara* complemented the Minister's contribution with further detailed statistics.

Dr *Aby-Sy* of the WHO supplied a global assessment of the problem and outlined his Organisation's strategy for dealing with it. He stressed the importance of providing the ACP countries with the means to develop appropriate policies which would be decided centrally but managed locally.

Dr *Fransens*, Director of the EC AIDS Task Force, described the approach of

resources to information and health infrastructures. The focus of this particular discussion was not on motions or amendments, but on learning more about the subject so that informed policy-making can take place in the future. Few were left in any doubt about the tragedy which AIDS has visited on the world in general and the ACPs in particular but as evidence of the increasing willingness to face up to the problem, the Joint Assembly's decision to give AIDS a full hearing was the right one.

The final day of the Joint Assembly was devoted to a variety of issues, including discussions on transport, intra-ACP trade and structural adjustment. The members of a Joint Assembly mission which had visited Sudan reported on the situation in that country and various procedural questions were dealt with. The Assembly concluded with a lengthy voting session on a series of resolutions relating to the main issues which had been discussed during the week. The venue for the Autumn 1991 Joint Assembly was not decided definitely, but it is likely to be in the Netherlands. In the meantime, delegates left for home with a new respect for a renascent Uganda and an abiding memory of the warmth and hospitality of its people. ○ Simon HORNER

CAPE VERDE

A mudança – Change

In January, the whole world was on tenterhooks watching the fate of a little country in the Middle East, Kuwait, and, other than for the occasional mention of the Baltic States, the media had no interest in anything else. So the political upheavals of another little country, Cape Verde, thousands of miles away from the Gulf, had no chance of hitting the headlines and in some cases indeed, passed virtually unnoticed by public opinion in the countries of Africa, although they were to have their influence later on.

It was on 13 January, just 48 hours before the UN ultimatum to Iraq expired, that the Movement for Democracy (MPD), the party 41-year old lawyer Carlos Veiga had founded a mere eight months previously, achieved Africa's first political switch in an election. And what a victory it was. The MPD took twice as many seats (56 to 23) as the country's African Independence Party (PAICV), the single party in power since independence 15 years before. Prime Minister Pedro Pires accepted defeat and resigned. His party's only good showing had been on Fogo island, his own constituency, and Boa Vista, President Pereira's. There were heavy losses on the more populated islands of Santiago, Sao Vicente and Santo Antao.

A month later, it happened again. While international attention was focused on the land battle soon to be waged against Iraq, Cape Verdean voters were determinedly back at the polls on 17 February, confirming their vote in the legislatives and electing political newcomer Antonio Mascarenhas, the challenger, over incumbent Aristides Pereira, the Father of Independence, by 72 % to 26 % in the presidentials. This put an end to speculation about cohabitation by an MPD government and a PAICV president by those who were convinced that the outcome of the legislative election meant more of a lack of confidence in the rather authoritarian rule of Pedro Pires than a decline in the influence of the PAICV. They had to submit to the evidence. The Cape Verdeans had rejected their longstanding leaders and the policy they stood for *en bloc*.

The ironic thing is that the PAICV only had themselves to blame for their own downfall. Without any pressure from the street (as there was in Côte d'Ivoire and Benin and Cameroon, for example), it looked to events in Eastern Europe and decided to abandon its constitutional single party status in February 1990, a decision which was rubber-stamped by the National Assembly in September. At that stage, of course, the leaders were convinced that their historical legitimacy as independence fighters and the undeniable progress the country had made under their management were adequate protection against electoral defeat, as former PM Pedro Pires readily admits. *'That is so. We never imagined we could lose'* So, as Georgina de Mello, a former party official in Praia, adds, *'we didn't campaign to win. We spent most of the time preparing the institutional framework for the democratic transition. Defeat wasn't one of the scenarios and even our most pessimistic forecasts predicted victory'.*

Although this does not detract from the old team's merit in opening the door to democracy, it does tarnish the crown prepared for the conversion to pluralism and put a question mark over its commitment to political pluralism had it known its days were numbered. At all events, it would have behaved differently and tried the well-known tactic of divide and rule among its opponents. *'We should have encouraged other parties to emerge'*, Pedro Pires says regretfully. *'It would have enabled us to prevent the Contra front against the PAICV'.* The UCID (the Independent and Democratic Party) and the UPICV (the People's Union for Independence) were clandestine for years and indeed tried to become legal, but they were unable to get all the signatures they needed in time — despite a last-minute push from a PAICV worried about the first bad opinion polls, it is whispered in Praia — although they could have expected to do well on at least the two most heavily populated islands of Santo Antao and Sao Vicente.

There is no doubt that the MPD landslide was due to the forced union of the opposition and to Movement candidates getting the anti-PAICV vote. But why was the electorate in a country which even the IMF and the World Bank said was properly run so disenchanted? The World Bank's latest report on Cape Verde had said there was 'proper, 5% pa growth of GDP in the 1980s largely thanks to sound financial and economic management'. The new Prime Minister recognises (in his interview) that there was no real corruption in the country. So why was the old government team thrown out?

'Because of a whole range of factors of varying importance', claims Pedro Pires. He is still badly upset by defeat and has not finished shaking up his party, which

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Pedro Pires
'We never imagined we could lose'

has no more State subsidies and no idea what to do with its many permanent staff. The PAICV, he claims, *'was hit by shock waves from the drive to modernise Cape Verdean society and had to carry the can for problems which were the by-products of its achievements... We solved the education problem, but it made the employment crisis worse. We ran an agrarian reform and redistributed the land, but it upset the old owners. We set up a lay State and got the abortion law voted, but the very influential Catholic church was angry about it. And we wanted to put an end to the welfare state and get the people to help pay for education and health care and they didn't like that either'.*

Pedro Pires waved away the idea that his (according to some) autocratic running of the country and the arrogance of a number of PAICV leaders might have had something to do with the electoral downfall. The 'immediatist' mentality of the people was to blame, he maintained, for they wanted an instant solution to their employment, housing and health problems and had been seduced by MPD promises. Nonetheless, there was a massive turnout for the Carlos Veiga party in rural Santiago and Santo Antao, where there are big contingents of beneficiaries of the agrarian reform, and if there was anyone who should have been happy and shown their gratitude at the elections, it was these former landless peasants who had become landowners thanks to the PAICV.

And perhaps the Cape Verdeans were just tired of having the same (power-weary) leaders for 15 years and all they wanted was *Mudança*, a change, and new, young leaders. That is perhaps what José Chantre Oliviera, a young Sa island tradesman, meant when he said that the *'African Independence Party has lost its raison d'être now the country is sovereign. It's the party of the past. Most Cape Verdeans are young and they are looking for something to develop the islands'.*

Perhaps, quite simply, despite the nearness to Africa and the lessons that might be learned from it, Cape Verde is above all a piece of the Caribbean which has drifted to this side of the Atlantic. In the West Indies, to which its Creole society unites it, spectacular changes of majority are nothing unusual, as the recent history of Jamaica and Barbados shows. But that is something that only future elections will tell.

For the time being, the PAICV is getting ready for what it hopes will be a salutary spell in opposition. The party has to be reorganised to meet the new situation and modernised to give it fresh impetus and bring out new leaders.

As for the MPD, it knows it has to respond to the great expectations it has aroused in the people of Cape Verde soon. But will the people have the patience to wait for the new policy to bear fruit? That is the question. But as Rural Development and Fisheries Minister Antonio Gualberto do Rosario says, *'not only do they have a lot of waiting to do. They are also available to participate'.* And the key to government action, as he sees it, is *'how far it can enable Cape Verdeans to take part in the proper democratisation of society and take part in development at all levels'.*

The country's new leaders are young (they are all around 40) and enthusiastic. They have no complexes about what they have to do and the fact that they have all got undeniable professional success behind them and left well-paid jobs for meagre ministerial salaries augurs well. The most important thing is that they are not starting from scratch. The country's economy is healthy, overall, bearing in mind its particular characteristics, and the successful transition to democracy may attract greater interest from funders.

So, Cape Verde, as State Secretary for Cooperation José Monteiro pointedly remarks, is well placed to find out whether the causes of under-development really are solely the oft-blamed bad management and corruption combined with no democracy and no people participation. *'We are getting rid of these problems, so logically speaking we should develop... Unless there are other reasons...'*○

Amadou TRAORE

An interview with the President, Antonio Mascarenhas Monteiro

'A single party bears the seeds of dictatorship'

Who would have thought a few months ago that Antonio Mascarenhas Monteiro — Tony, as they call him on the thousands of election posters still to be seen all over the islands — would be elected President of the Republic by three out of four voters in the wake of an MPD victory and with that party's support? No-one. And certainly not Tony. He was hesitant about standing for supreme office, as if unwilling to put himself forward, right up until the last minute. For this is a modest man, it is true, who opens the door of his little house in Praia himself, seeing in and out visitors to the home he intends to live in even after taking up his duties.

Antonio Mascarenhas, who had a spell with the Guinean maquis in the fight for independence before training as a lawyer in Louvain (Belgium), has been President of the Supreme Court for the past 10 years and, at the age of 47, is representative of his country. The Courier met him just a few weeks before the official investiture on 22 March.

▶ *Mr President, were you surprised at your showing at the elections?*

— Not at all. During the early election campaign from December to 14 January, when the campaign proper started, I realised I had a very good chance of a comfortable win, so I wasn't surprised. One or two of the opinion polls even suggested I would do a bit better.

▶ *The post is a rather unusual one in this country now, isn't it, because, unlike your predecessor, you have no political responsibilities, do you? Or have I got that wrong? How do you see it?*

— A President of the Republic, I believe, still has political functions even in a semi-presidential system. The President's powers have not yet been fixed, that is true, and the Assembly is going to revise the constitution to take care of that soon. But the President, to my mind, has moral authority. He may also wield influence, which is very important in a country like ours. There are some fields in which, traditionally, the President can intervene, of course, like foreign affairs and national defence. He can have an influence I believe, nevertheless.

▶ *Will the present external relations policy be changed at all?*

— No, not fundamentally, because our existing relations, particularly with the European countries and the USA and the African countries, have to be kept up and taken further if at all possible. Cape Verde's involvement in our sub-region of Africa and in inter-African organisations like ECOWAS and the OAU will be more important than it was before. We are going to try and see if we can do a little bit more than before.

▶ *You are still a young man and you could perhaps have chosen a more active job than that of father of the nation...*

— That doesn't depend only on me. As you know, the President's powers have yet to be defined. I do not personally refuse to wield wider powers than those currently enshrined in the constitution. But the Assembly has to decide what my powers are first and that I shall act in the light of them afterwards. I can't tell you now that I know the Assembly will be revising the constitution in a month's time and I shall have such and such a power when it has finished. That would be very unwise of me. But I do know that the idea is to redefine the powers of the President.

▶ *The election campaign has apparently left signs of a split in the population. Is that so?*

No, I don't think so, because there was a massive vote for one candidate. My opponent only got 26% of the votes, but I don't believe that 26% of Cape Verdeans look upon themselves as an enemy faction of the majority which voted for me. The campaign was hard, there is no doubt about that, once my opponent and his team realised that their chances of winning were minimal. As I said, it was obvious in January that I was going to win. All the surveys said so and the best survey is contact with the people. I was enthusiastically received everywhere I went. There was great euphoria, whereas they were so cool with him that he sometimes had to cut his meetings short.

▶ *Why do you think the people stopped backing the PAICV and the former President?*

— I think because a single party in power for 15 years is too much. A single party bears the seeds of dictatorship and nepotism and some abuse of power, although things never got beyond a certain point in Cape Verde, of course... People who are in power for years get arrogant in the end too, because they are accountable to no-one, and that is the mentality which led to disenchantment with the PAICV and its regime.

When you are there for so long, you start protecting your friends and spending money in ways not always catered for by the law. And then you get power-weary. Even in democracies, this leads to the party in power being thrown out and the phenomenon is even more marked in a single party.

▶ *Cape Verde has taken the same path as Sao Tomé, another island country and a Portuguese-speaking one as well. Will democracy catch on faster on Portuguese-speaking islands, do you think?*

— I don't know. I think it's just a coincidence. It could well have been Guinea and Benin instead of Sao Tomé and Cape Verde, for example.

▶ *Except that those countries have lots of political parties and Cape Verde hasn't. Is there room for more parties here?*

There's always room. Indeed, there is a law which provides for political parties to be set up. All a group of men and women have to do is decide to form a party and they can. Two parties are being legalised at the moment.

▶ *If these parties were legal, might they not take some of the MPD's popular support?*

Yes they might. If you are trying to beat a single party system on your own and you have popular support, you are bound to catalyse the whole of the opposition. But if there were other political forces, I think that the votes would be spread right across the opposition.

▶ *In future, then, you expect to gain fewer votes?*

— Of course, because if there are other parties out there, they are bound to get votes too.

▶ *Will the new team have the people it needs to put its policy into practice?*

— Yes, I think we have a sound government team of competent people here, but when it comes to putting policy, economic policy especially, into practice, it is not just people you need. You have to have material resources and that does not just depend on us. As you know, Cape Verde is a very poor country which depends above all on international cooperation to go on living.

▶ *But aren't you worried that in a country run by the PAICV for so long, the senior people might stay loyal to them?*

— That is not the question. Those who belong to the other party are entitled to go on working. They will be used as cadres, as Cape Verdean citizens. We are short of senior people, in fact, although we are perhaps not so badly off as other countries in this respect. There is a lot of ground to cover here too, I think.○

A.T.

PROFILE*

Area: 4 033 km²

Population: 341 300 inhabitants

Main islands:

• Santiago:	171 000
• Sao Vicente:	51 000
• Santo Antao:	46 000
• Fogo:	33 000
• Other islands:	40 300

Births: 39‰

Deaths: 9‰

Life expectancy: 65 years

Primary school attendance: 100%

Per capita GDP (1988): $758

Structure of employment

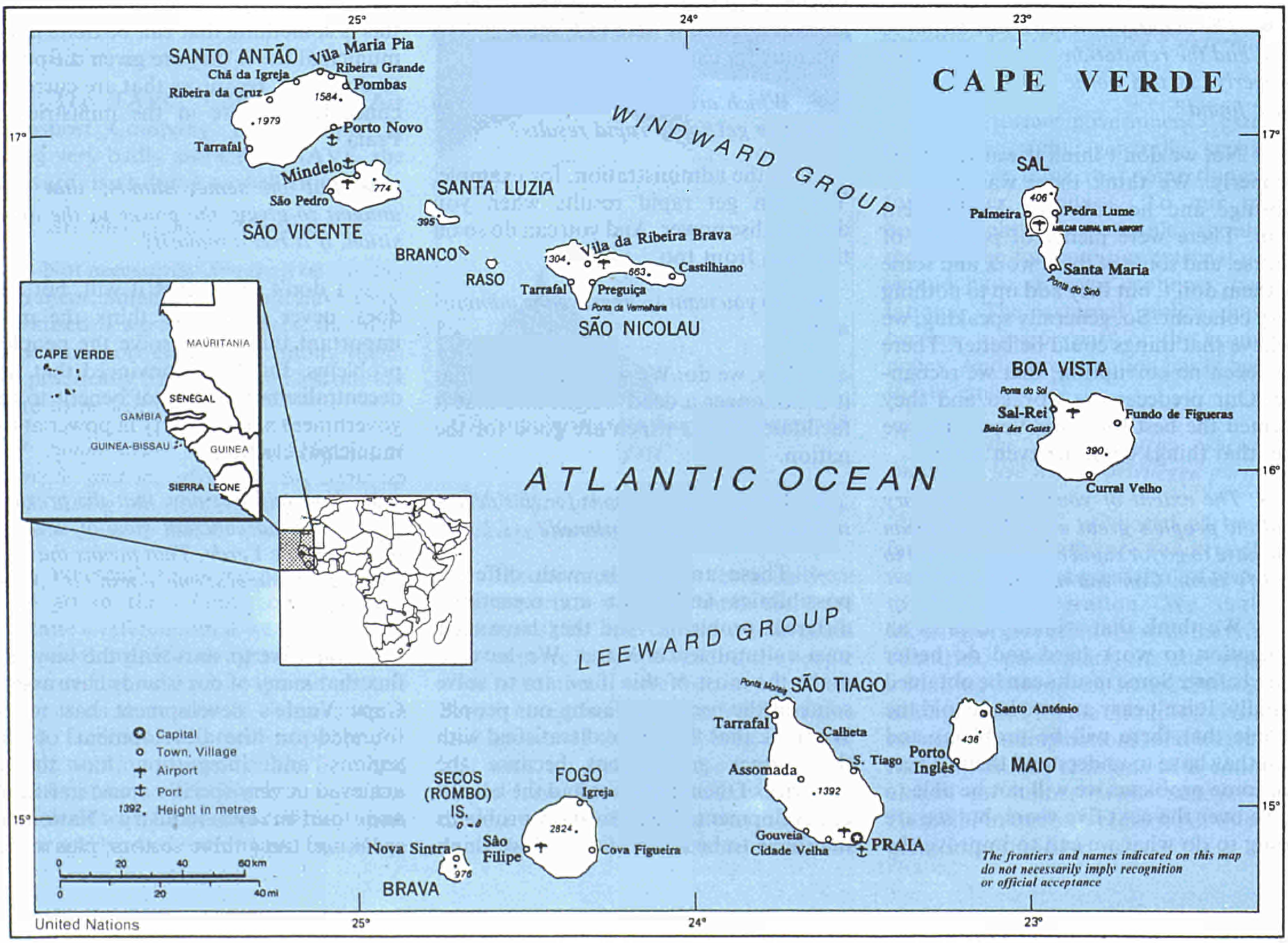
Agriculture: 52%

Industry: 23%

Services: 25%

Official debt (1987): $131 million (70% of GNP)

* *Source:* CEC.



'Leaders must not behave like rich men'

An interview with Prime Minister Carlos Veiga

The Courier

At the end of last year, Carlos Alberto Wahnon de Carvalho Veiga, a 41-year old lawyer virtually unknown outside Cape Verde, suddenly made history by leading his party, the MPD (Movement for Democracy), in the first political switch to occur at an election in Africa.

Veiga is an eloquent speaker who inspires his listeners with words that are right on target. Even now, people all over the islands are delightedly dotting their conversation with some of the more caustic remarks of the election campaign — at which time he was still head of the country's biggest legal office. But as a serious Head of State he is aware of what he has to do to make a success of the change. He does some direct talking in this interview with The Courier, which he gave in admirable French.

▶ *The country you have just begun to lead had the reputation of being managed properly. Is this borne out by what you have found?*

— No, we don't think it was managed properly. We think there was a lot of wastage and no coherent development plan. There were plenty of projects, of course, and some of them work and some of them don't, but they add up to nothing very coherent. So, generally speaking, we believe that things could be better. There has been no corruption, that we recognise. Our predecessors worked and they wanted the best for Cape Verde, but we feel that things could be even better.

▶ *The extent of your election victory and the people's great expectations mean you have to go for rapid results if you are to satisfy them. Can you manage this?*

— We think that winning creates an obligation to work hard and do better than before. Some results can be obtained rapidly. It isn't easy and we have told the people that there will be problems and that they have to understand them. There are some problems we will not be able to solve over the next five years, but we are going to do what we can to improve the various situations here in Cape Verde as much as we can.

▶ *Which are the sectors in which you expect to get fairly rapid results?*

— In the administration, for example. You can get rapid results when you decentralise power. And you can do so on the legal front too.

▶ *Do you want to improve the administration?*

— Yes, we do. We want to ensure that it is no longer a dead weight and that it facilitates things which are good for the nation.

▶ *What are the reasons for this decentralisation you just mentioned?*

— These are islands, with different possibilities and what are sometimes different problems. And they have their own cultural features too. We have to make the most of this if we are to solve some of the problems facing our people. We think that they were dissatisfied with the former government because the majority of them have not had the benefit of development. There are daily problems that have to be solved fast and we think this is something that can be done in the municipalities if they are given the power to do so, i.e. resources that are currently concentrated here in the ministries in Praia.

▶ *But on some islands, that may amount to giving the power to the opposition, if it has a majority.*

— I don't know that it will, but if it does, never mind. We think the most important thing is to solve the people's problems. But I am convinced that this decentralisation will be of benefit to the government and the party in power at the municipal elections.

▶ *You said just now that the previous régime had no coherent view of development in Cape Verde. That means that you are going to suggest one, doesn't it? Along what lines?*

— We have to start with the very real fact that many of our islands have assets. Cape Verde's development has to be founded on the development of the regions and integration has to be achieved in very specific areas, in fishing and tourism and industry. Nationally speaking, these three sectors, plus agriculture, are what we should be focusing on, I believe.

▶ *Those were also the previous government's priorities, weren't they...?*

— Indeed they were. They were its priorities, but it never did more than announce them. It never put them into practice. A lot of tourist initiatives were blocked all those years, for example. We have to open up and that is why we maintain that the administration has to be improved fast so there is no hanging about and the Minister doesn't have to wait for months to decide whether a project should go on or not. Decisions have to be faster. People have to be given more initiative. That is what is missing here.

▶ *You are probably going for greater liberalisation on the economic front, aren't you? Does that mean that the State is going to get out of production?*

— Not necessarily. The economy needs less of the State in it and it needs a better State. We have a host of public firms for the time being and we are going to decide which ones are being run properly and not dead weights as far as the economy is concerned.

▶ *Which are they?*

— The TAVC, Cape Verde's Air Transport Company, for example, is doing very badly and CABENAVE, the shipyard, isn't doing so well either.

▶ *Are they going to be privatised?*

— Not necessarily. We shall be looking into them. Some of them will have to be privatised, I agree, but others, the maritime transport companies among them, are practically bankrupt. The lessons are there to be learned.

▶ *Some issues, agrarian reform, for example, and the abortion law, came up again during the election campaign. How are you going to handle them?*

— We shall do as we promised. We shall go to the country on abortion; organise a referendum if we have to. The essential thing as far as agrarian reform is concerned, as we see it at the moment, is to focus on three sectors — agricultural credit facilities, technical support for people wanting to work on the land and rural extension work. None of these has been dealt with for years or, if they have, not properly. And nothing has been done about agricultural credit at all. So that is the most important thing at the moment, we think. Not taking land from Peter to give to Paul. That causes far more problems than it solves.

▶ *That has already happened?*

— What's done is done, but we will not go on with this policy.

▶ *Inter-island communictions are very complicated. You just brought up the problems that the maritime company and the TACV are having. Are aircraft the best way of providing regular links between the islands?*

— It has to be discussed. Some people prefer boats, but you have to look at the problem as a whole. Boats are perhaps best for freight, but I'm not so sure about passengers. We could also perhaps look at other ideas, Catamarans, for example. At all events, this is a sector which has to be tackled globally. TACV cannot cope all on its own.

The Courier

'The administration has to be improved fast'

▶ *What role do you see for the Cape Verdeans who live abroad?*

— Economically and technically, a very important one. We think there are technical skills and capital which could do a lot more for Cape Verde if the people who have them were better informed. People invest here in Cape Verde in cars and houses. If there had been a tighter link with emigration, these investments would have been channelled into productive sectors. But there was no confidence between the government and the emigrants, although this is something which could change very quickly. There could be rapid answers to some of our emigrants' problems, to the customs difficulties and the maritime transport difficulties. The situation between the customs and the emigrants, who are often heavily taxed, is cause for particular concern.

▶ *Was it to give confidence to your emigrants that you included some in the government?*

— Yes indeed. There is a lot of emigration to Portugal and some of the present ministers live there, although they haven't always been emigrants. The most important thing on this front is to create a Secretary of State for Emigration at the Foreign Ministry. This is an extremely important post.

▶ *Some emigrants I think, were involved in your or President Mascarenhas' election campaign to the extent of financing posters...*

— Yes, in the United States, but it didn't amount to much.

▶ *Will your government have new priorities for the country's external relations?*

— The former government's external policy was right, generally speaking, although we think that some things call for greater emphasis. To our mind, human rights, for example, should be more to the fore and our external policy should have stronger economic connotations. The external policy has to become a major part of the economic policy. And more attention has to be paid to our emigrants.

▶ *So the host countries where the emigrants live will be privileged partners?*

— Yes indeed, privileged partners as far as our emigrants are concerned. But we must also pay a great deal of attention to African integration. We shall be focusing on our relations with the African countries, particularly in the organisations we belong to, in ECOWAS, for example, and in the group of five Portuguese speaking nations, and we shall be focusing on our relations with countries closer to home, with Senegal and Gambia, in our sub-region. All this is of great importance to us.

The Courier

'A government doesn't have a chance here if it isn't close to the people'

▶ *Since you won the elections, there have been complaints about playing a waiting game. Are your new policies going to be made public soon?*

— This government is a government of management and we already have contacts. In any case, my party's programme is very clear on external policy. As I said, it has been on the programme for a very long while.

▶ *I was referring particularly to the economic content of your programme. That is the most important thing, after all...*

— Our programme has been properly developed, especially as far as the economic sectors are concerned and we are hoping to present it to the government within a fortnight of our appointment ([1]). Once we have a constitutional government, things will be easier.

▶ *You, like many of the ministers, are going to lose money by joining the government, as your legal office was a very prosperous one, wasn't it...?*

— The office was not doing badly, but my present job is an exciting one. Everyone has to make sacrifices. There were years of waste, particularly when it came to official cars. That is something you have to be careful about here in Cape Verde. The country is a very poor one and you have to be careful not to have a rich man's policy.

▶ *Is this something you are going to be very careful about?*

— Yes indeed.

▶ *It's easy to say now you are only starting your term of office...*

— There won't be any problems. Before, we were there with the people. That is the difference.

▶ *Can your opponents say they fought for independence?*

— They weren't on the inside, close to the people. We were. Whatever a government's policy, it doesn't have a chance here in Cape Verde if it isn't close to the people.

▶ *But the population did nothing all those years. It didn't revolt...*

— But when it had the opportunity to say what it thought, it said no. If we want to work for this people and not have to run the risk of a 'no', then we have to be careful.

▶ *Weren't the elections more of a vote against the PAICV than a positive vote for the MPD?*

— They might have been. It was saying no to a certain kind of development project and to the focusing of power and projects on certain islands, for example.

▶ *But with competition from other parties, you could well find yourself in a less comfortable position...*

— We know we could. We don't want to be another single party. We know that governing will be more difficult.

▶ *But you are going to have sympathy from abroad because of your democratic transition...*

— We hope we are. The indications we have from abroad are good and we are going to make the most of this and work harder.

▶ *Work is a word you use a great deal...*

— Without work, you don't get anything done. The Cape Verdean people already work hard and they can make great sacrifices if they know the government is backing them. Their history has been a perpetual struggle for survival, although they have never lost their ability to sing and enjoy life. ○

Interview by A.T.

([1]) At the time of this interview, the government was dealing with everyday business pending the investiture of the President (on 22 March), which was to be followed by the appointment of the new team.

Tourism — the engine of future growth

By early March, Cape Verde has changed the soft covering of greenery left by the rains for the ochre dust of its volcanic soil and it is prey to the winds. That dry wind from the mainland, the dreaded lestada, blows relentlessly night and day. The islands' plant life, starting with the glorious Prosopis Juliflora, the providence of these sere regions, has learned to adapt, bending to deflect the furious gusts. Yet the wind, never ending in its punishing of the fragile soil and its whipping away of its precious particles, may be on its way to becoming one of the stars of the country's future development. For it is the wind which brings the dozens of wind surfers to spend hours at their favourite sport on the coast by the Morabeza and Belorizonte hotels on Sal island.

Cape Verde is one of the best places for wind surfing, which is very popular among western holiday-makers, and it is there, off Mindelo on Sao Vicente, in a narrow channel providing extra acceleration, that world speed records are set. The word has got round and more and more funboard fans are coming to the country's beaches. New equipment is tested there every year and Wind Surf International is soon to sponsor a combination competition there. Conditions are ideal for surfing too, although this is not so well publicised for the moment. Ask Virgilio Mendonça, the deputy director of the Hotel Belorizonte, why tourists come to Cape Verde and the immediate answer will be 'the wind in the winter and the beach in the summer and peace and quiet all the year round'. The islands already have 5000 tourists every year.

But it is early days for tourism. The main stumbling block is the difficulty of actually getting the tourists from their country of origin to Cape Verde and moving about between the islands is not always easy either. Although the Gulf crisis has pushed up the price of air tickets twice since the start of the tourist season, it had some positive spinoff too, as German tourists who used to go to Egypt came to Sal instead this year. Mr de Souza Lobo, the general manager of the Morabeza was delighted when these providential arrivals filled the hotel and no more rooms were vacant. The Morabeza has just improved its range of excursions by buying a fast trimaran that takes only an hour to get from Sal to the sandy beaches of Boa Vista, undeniably the finest in the country.


The Courier

Gustavo Araujo, Minister of Industry, Trade and Tourism

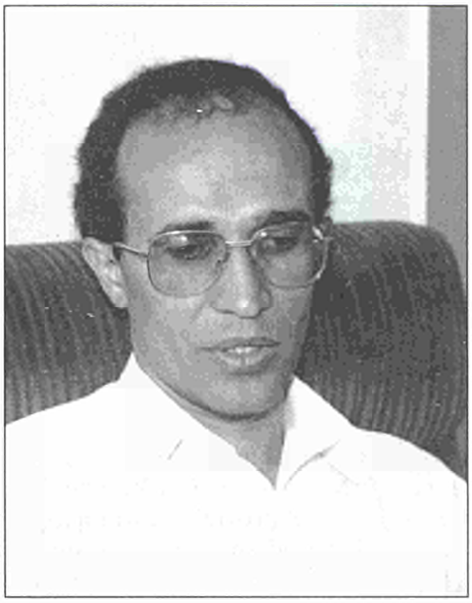

The Courier

The Hotel Morabeza, Sal

He and his colleague Mr Mendonça agree that the government should boost Cape Verde's tourist trade by cutting through the red tape that hinders tourist projects, making it easier for promoters to get credit and being flexible about the organisation of charter flights. There is no doubt that the new Minister of Industry Trade and Tourism, Gustavo Araujo, will be keen to hear what they have to say. Mr Araujo, a former expatriate recently back from Lisbon, where he ran a travel agency, is convinced that tourism will be the 'driving force of the country's new growth' and that this is the sector to release resources to finance investments in other fields. He means to start by attracting the top end of the market, people who set trends and go to luxury hotels and are copied by the less well-off. Plans siting future tourist facilities and outlining types of promotion schemes, the requisite financial means and the extent of national staff involvement are on the drawing board.

A strategic sector

The new team has high hopes of another sector too, fisheries. 'This is the only sector that can really be called strategic here in Cape Verde', Rural Development and Fisheries Minister Antonio do Rosario says, 'because the fishing potential of our Exclusive Economic Zone is considerable, because our geographical situation is such that we can develop fishing in other areas too and because of the possible links between fishing and industry — boats and processing, for example'.


Antonio do Rosario, Minister of Rural Development and Fisheries

The government is to have a complete overhaul of this sector, privatising Pechcaf, the State fishing firm at Mindelo, and reorganising the company which markets fish products abroad. It will also be helping private operators, emphasising research and training fishermen and other people working in this area. All Cape Verde's islands have good potential when it comes to developing the fish industry, but Sao Vicente has the more particular advantages of a natural deepwater port, refrigeration facilities and a shipyard, so this is where the fisheries development institute on Santiago is to be transferred.

This will be an extra asset for Sao Vicente and its port, Mindelo, which will one day have a vital part to play in developing the 'country's geo-strategic position'. as the time-honoured expression of Cape Verde's situation half way between America, Europe and Africa goes. Mindelo was already a popular coal supply centre for ships going round the Cape of Good Hope in the last century and if projects on the drawing board for some time now were actually put into practice, they could bring back this lost importance.

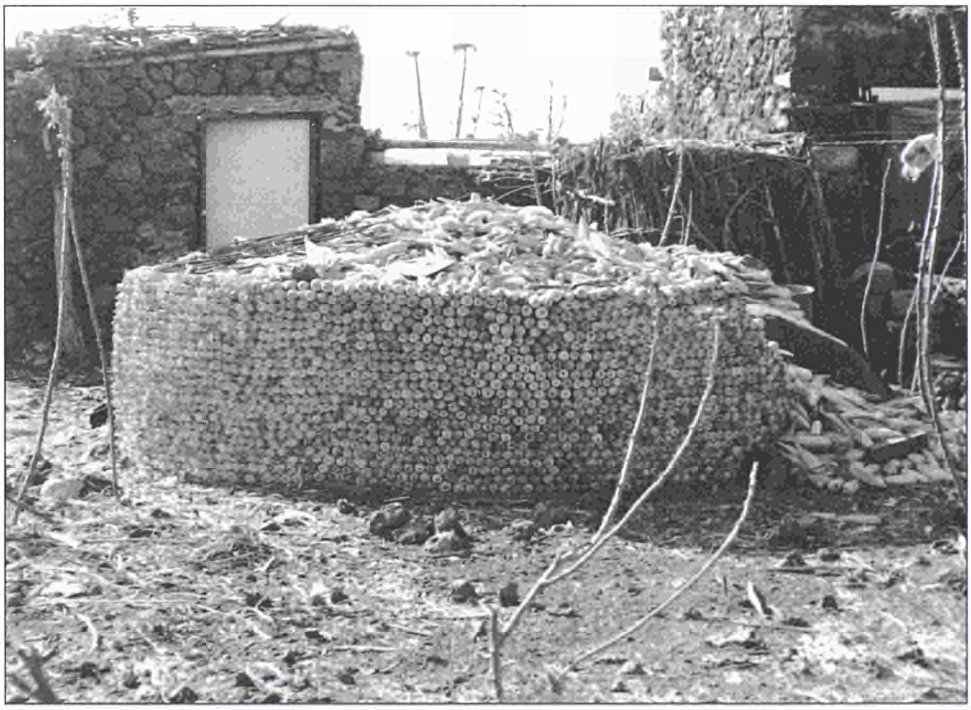
One such scheme is a Brazilian plan to set up warehouses to store goods which would gradually be sold on markets in West Africa.

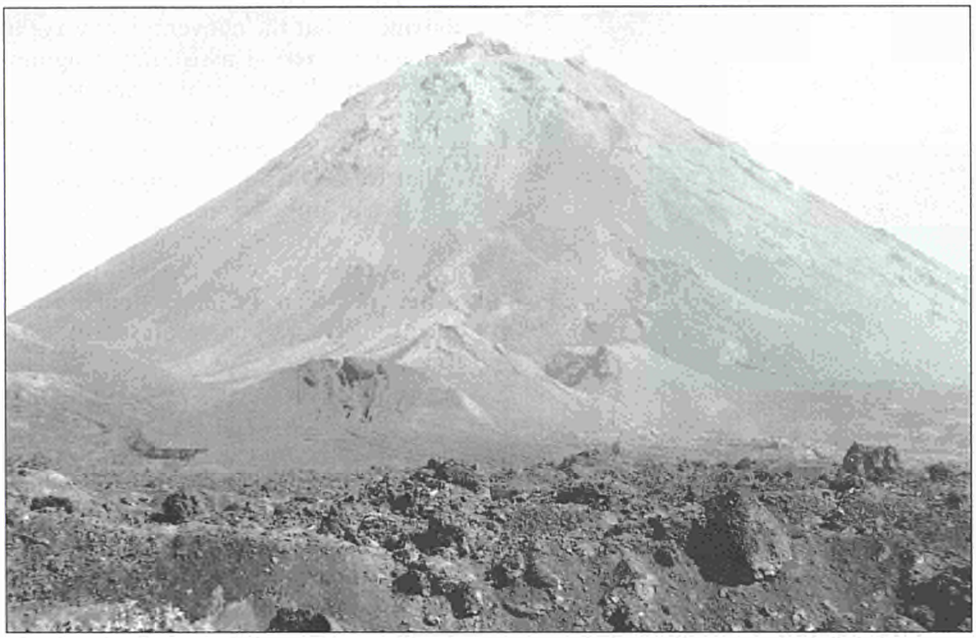
Shipping companies are also very keen on the idea of warehouses. They would mean that, instead of grouping their freight as they have to do at the moment and sending large ships to drop off small quantities at various ports in the region, where the goods can well be stuck for long periods, an expensive undertaking, they could unload the whole of their cargo at Mindelo in one go and send small boats to do the final deliveries.

The geographical situation could attract finance too, at least Cape Verde hopes so, since it is preparing to set up off-shore banks. 'The decision will be coming soon', Gustavo Araujo told me, 'and it will mean we can find out how the international capital markets work, which will help the modernisation of our central bank'.

Another important side of the policy of capitalising on the geographical situation has to do with industrialisation. The Minister is convinced that his country's low wages and skilled labour force will attract Spanish and Portuguese industries which cannot stand up to greater competition in the Single Market in 1993 and that these industries will bring in a knowledge of the markets which the Cape Verdeans do not have. This sort of transfer has already taken place in the footwear industry. A Mindelo footwear firm, which was doing very badly, was taken over by the Portuguese and has been doing well ever since, as the new organisers brought with them their list of American clients.

Industrial promoters could also be attracted by the fact that Cape Verde belongs to a number of regional organisations — ECOWAS, for example, whose treaties (on the free movement of goods especially) could open the door to the markets of 16 countries in the region. Gustavo Araujo believes that African solidarity will do a great deal for his country's producers, as Cape Verde is small and, he hopes, 'people won't be wary about it'.


Cape Verde can only produce a small part of the cereals it needs



The Courier

Vines growing near the Fogo volcano. One vine like this can give as much as 50 kg of grapes

Agrarian reform

None of this means that agriculture will be neglected. In spite of the shortage of arable land (only 10% of the country's 4033 km^2) and very unreliable rainfall (Cape Verde is in the Sahel, let us not forget), farming is the dominant sector of the economy and provides jobs for a large part of the population. But these two major handicaps have given the islands a structural food deficit. Only in good years can the nation cover even a small percentage of its cereal requirements, so the new government is not aiming at self sufficiency, which is out of reach, but at ensuring that the peasants get as much from the land in terms of revenue as they can. Accordingly, it has no problem with the fact that a large part of the irrigated land on Santo Antao is given over to sugar cane, which is distilled to make aguardente, a much prized and very expensive alcohol. Nor that experienced vine-growers (grapes were introduced in the 19th century by a very prolific French Huguenot called Montron) working the land at the foot of the Fogo volcano, which last erupted in 1951, manage to produce thousands of litres of wine on a lunar landscape of volcanic ash and lava at various stages of decomposition. This year they produced 50 000 litres of a highly alcoholic, syrupy beverage halfway between grape juice and traditional wine. One of the growers was proud to tell me that his vines bring him in an annual 350 000 to 400 000 escudos (a top civil servant only gets 25 000 a month) and that his son had emigrated to the USA but came back two years later because 'he earned less and had to work harder for it'.

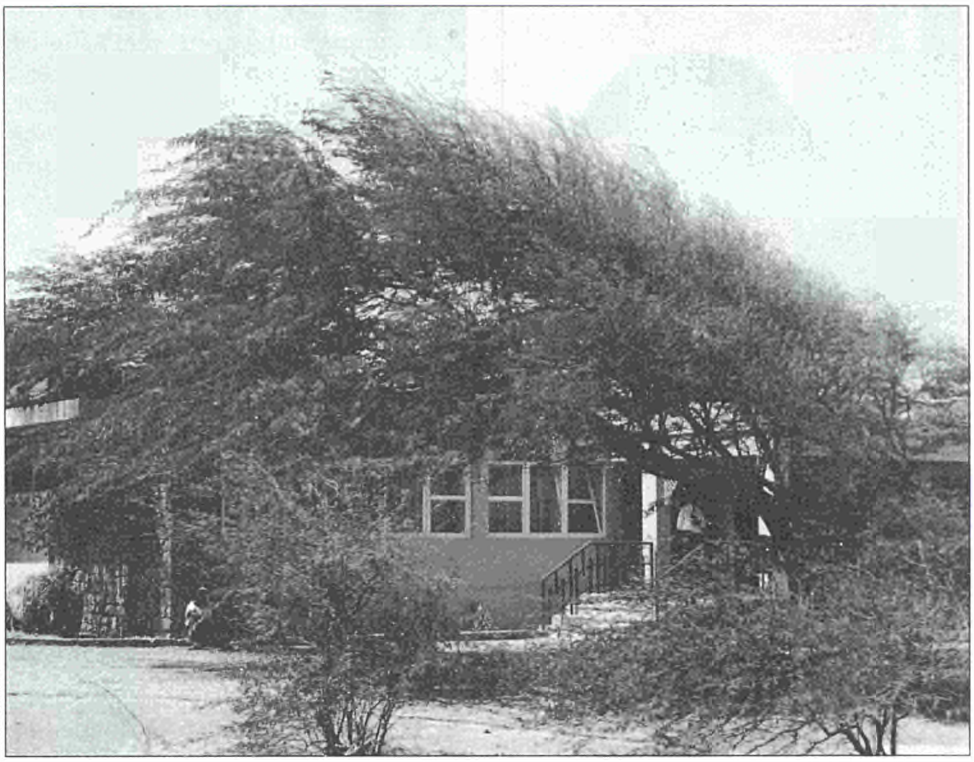
There is more talk of agrarian reform from the new government. But it will not behave like the old regime and go in for more land redistribution. It intends instead to modernise farming by bringing in new methods — greenhouses for example, and drip irrigation to maximise the water resources and double the current 3000 ha under irrigation. It will also promote new crops and develop livestock. Antonio Rosario, the Rural Development and Fisheries Minister, says that agrarian reform 'is essentially a cultural problem of relating with the land, of changing outlooks and of encouraging people to look to the market. We have to set up an efficient rural extension service and give people who have no land the opportunity to develop other types of activity, herding and craft and cottage industry, for example, and the processing of agricultural produce such as pawpaws and coconuts and being involved in rural tourism'.

The price of success

Clearly, the country has ideas to help it breathe fresh life into the economy. It intends mobilising its large emigrant population as it has never been mobilised before. There are apparently as many Cape Verdeans abroad as at home (some say twice as many) and, even when they have been in their host country for generations, they never completely cut the ties with their ancestral land, as the sumptuous villas with closed shutters and glittering motor bikes (especially on Fogo) are there to prove. Less visible proof, although there is no doubt more of it, is the money; the thousands of postal orders which the emigrants send to their families back home, $29 million in 1986 and $35 million in 1988, mainly from the USA and the Netherlands. This represents a vital contribution to the balance of payments.

More than ever before, the emigrant community is going to be the subject of government concern and the idea is for it to invest more in the priority sectors of tourism, fishing and industry. The fact that a number of the current ministers are themselves from the ranks of the emigrants may encourage the government here, but it will take more than that to make a success of the reforms. Cape Verde will have to go on counting on external aid and, traditionally, it receives a lot, that is certain. In 1987, the figure was $87 million, which is $256 per head, and the democratic process should logically result in an increase in this manna.

But paradoxically, the country is starting to be a victim of its own success. It is a major beneficiary of food aid from the



The Courier

Millions of trees have been planted on the islands. Here, Prosopis Juliflora bends with the wind

USA and now it is going to have to pay the transport costs of about $1 million, because it is considered to be a medium-income country, with a per capita GNP of $758 (1988). Much of this is not the result of local production, but of food aid and postal orders from the emigrants, as the authorities are quick to point out. However, if development country classification criteria continue to be based on this kind of gross figure, Cape Verde will find it more and more difficult to obtain the concessional resources which have enabled it to get on so well over the past 15 years.

Infant mortality, for example, has dropped sharply to 50 per thousand now as against 130 per thousand at the time of independence. There is now one doctor for every 5220 inhabitants, whereas the figure for 1976 was one for every 23 000. And the school attendance rate for children of seven to 10 is 100%. Terrible famine was frequent in the last century, but everyone now has plenty to eat, the average consumption of the staple pulses and cereals now being 207 kg per person as against 165 kg at independence. Life expectancy is good too, at 65 being a record for the region, and the people have the fourth best quality of life index in Africa, after Libya, Mauritius and Seychelles.

The Community and the Member States have been the biggest financers of Cape Verde's development programmes. In 1985-87, for example, they supplied 56% of the country's total aid between them. But the new authorities see the quality of aid as being every bit as important as the quantity. Cooperation State Secretary José Luis Monteiro is convinced that the conventional ways of managing external assistance programmes, with all the rigid machinery of project submission and control, do not give maximum returns in Cape Verde. 'What we need is aid arrangements that are based on agreeing on the main objectives with our partners, who will then supply us with flexible financial means that can be apportioned on a decentralised basis as unforeseeable situations crop up'.

The Courier

José Luis Monteiro, State Secretary for Cooperation

The ideal would be for all donors to follow the example of Swedish aid, which the Cape Verdeans are tireless in praising. There is a large amount of it, about $10 million-worth per annum, the extent to which it is tied has been reduced to a minimum and, most important, it all comes in cash, which Cape Verde is using to pay for two (goods and services) import programmes, justifying the expenditure afterwards. Sweden appears to be satisfied with Cape Verde's performance and has just increased the period of aid programming from two to three years.

One Community country, the Netherlands, is following Sweden's example. A dialogue between The Hague and Praia was set up several months ago and, even if it fails to lead to aid in hard cash, it could trigger a major decentralisation of Dutch aid, with the central government agreeing on the main lines and then delegating to its ambassador powers which cannot be left to the Cape Verdeans.

This quest for more and more flexible assistance will not be easy, although the country's sound management and the transparency attendant on its alternation of political parties should help. And of course there is the sympathy and admiration generated by a brave people, shaped by the pitiless natural selection of the terrible famines which punctuate its history, ever unwilling to bow to fate. These are the people who decided to stop desertification by planting 3 million trees every year (be it happy coincidence or the first results of reafforestation, rainfall has returned to normal). These are the people who have shown great maturity in electing the leaders of their choice in a peaceful manner. So what can stop them from achieving their goals? ○ A.T.

Donkeys carry water in old inner tubes on Fogo... but the bucket still reigns supreme

'... and not a drop to drink'

The country's number one problem is brought home to the visitor as soon as he sees the sticker on the hotel bedroom wall. The picture of a dripping tap speaks for itself. 'Water is a precious commodity in Cape Verde. Please do not waste it'.

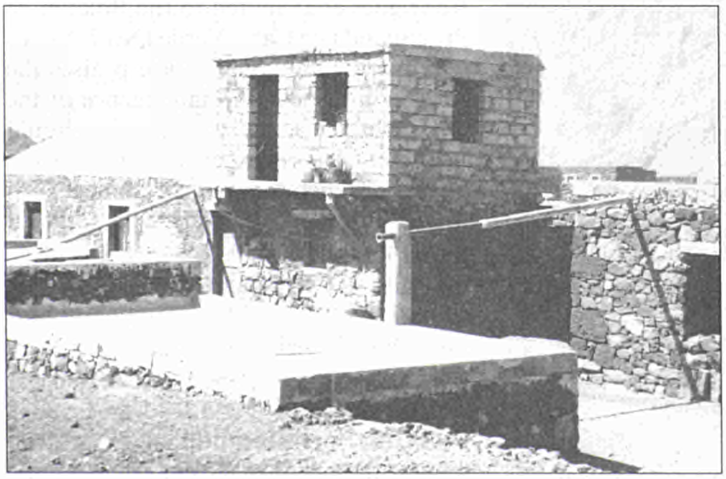
There are no permanent water courses on the islands. The only natural source of supply is the scant rainfall, the twice-yearly showers which soon drain off the hills into the ocean. But the country collects water in many ways. It has built big tanks for collection and storage during the winter and it sells the water at 2.5 escudos per 25 litre can. At the foot of the Fogo volcano, this particular technique has been spread to the individual families, who no longer have to go on long water-fetching trips now a religious NGO has given them their own tanks and plastic piping to channel the rain from their roofs. Their supplies, enough for the period between two winters, are kept under lock and key, of course, to avoid wastage.

Boreholes, also common, are sunk in pockets of fossilbearing earth and are an essential contribution to the country's supplies. The Community has financed many of them, particularly on Santiago, to help meet the ever-increasing demand of Praia, the capital, whose population is expanding constantly as people flock in from the rural areas. Solar pumps, motor pumps and in some cases windmills may be used to draw up the water.

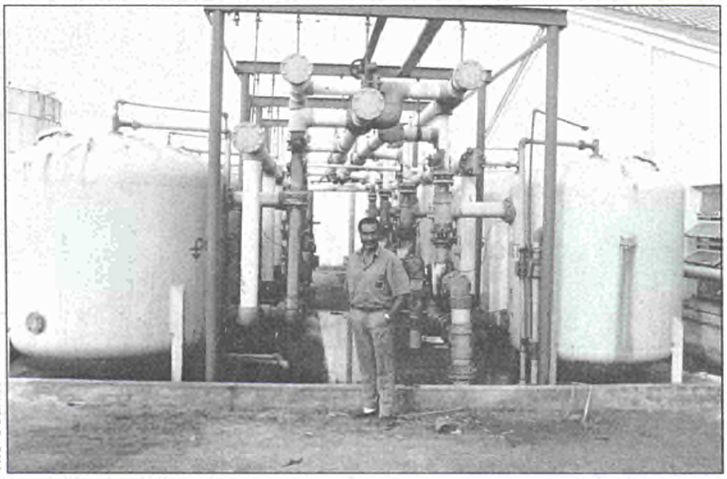
The quest for water can be a Herculean task. What a job it was to drill an 800 metre gallery, shore it up and ventilate it, spend ECU 3 000 000 on it and then get only a fraction of the water expected. Yet the sacrifices are worthwhile and, in the case in point, corrective drilling could remedy the situation.

Sometimes the Cape Verdeans shift their water from, say, Santo Antao, which has plenty, to Sao Vincente, which has none, an economically viable operation in this case in view of the short distance between the two islands.

Lastly, there are a number of sea-water desalination units, the most expensive method of all, because imported energy has to be used to make it work. But three of the islands have no underground resources of any kind and in these, desalination is the only answer. ○ A.T.



The solution for the future is a rainwater tank in every home...



meanwhile, sea-water desalination (here at Sal) may be the only way to get drinkable water

The Cape Verdeans and America

by Miguel ALVES

On account of the terrible famines which have punctuated its history, Cape Verde has always been a land of emigration. Today, it is in the position of having more citizens living overseas than within its own frontiers. Most of these Cape Verdean expatriates live in the United States. Retired judge, Miguel Alves relates the story of these migrations.

Emigration to the USA is said to have begun when American whalers stopped off at Cape Verde to recruit men for their crew — which, Pedro Monteiro Cardoso claimed in the introduction to 'Foclor Caboverdiano' (2nd edition), they first did in the 17th century. This book on Cape Verdean folklore was produced by Luiz Silva, who gathered all the authentic information from the works of Antonio Carreira (or Antonio Barboza Carreira, to give him his full name), Luiz de Andrade and such publications as 'A Voz de Cabo Verde' and 'O Manduci' and points out that Cape Verde emigration experts tend to agree that emigration to the USA actually began in the 19th century.

Alfredo Margarido's preface to 'Foclor Caboverdiano', of which extracts are reproduced below, says that the wave of emigration to the USA began in 1899, an idea which seems to be backed up by details from 'O Manduco' (Fogo, 1923-24), 'A Novo Patria' (Lisbon, 1930-32), 'A Voz de Africa' (Lisbon, 1913) and 'A Voz de Cabo Verde' (Praia, 1911-19).

'Eugenio Tavares certainly seems very interested in this issue, possibly because the hundreds and hundreds of Cape Verdean emigrants to the USA came from the island of Brava. The leader in the 19 April 1911 edition of 'A Voz de Cabo Verde' is one of our most important sources of information on the conditions in which the movement first emerged. The colony saw emigration as repugnant 30 years ago, it said. Cape Verdeans traditionally dislike the idea of sailing and leaving their native soil and there were no emigrants from any of the islands in the archipelago — other than Brava, which lost a fairly large number of its inhabitants to North America, a place which was getting to be well known among our sailors working on the (mainly American) whalers which called there to recruit seamen. And from 1899 onwards the movement gathered momentum.

While giving credit to all this, there are one or two personally-known facts which we should like to bring to the reader's attention.

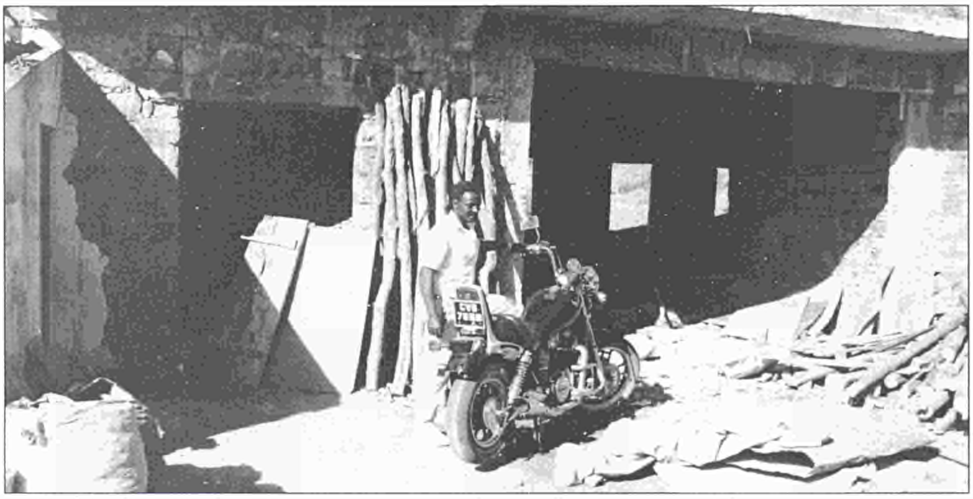
In the 1 July 1950 issue of Cape Verde's 'Boletim de Propaganda e Informação', the late Dr Julio Miguel Monteiro published extracts from the North American 'Our World', relating the exemplary behaviour of the Cape Verdean community in New Bedford and claiming that 'the oldest of our contemporaries in the Cape Verdean colony of New Bedford is 116-year old Rosa de Barros'. So, if 1950 is taken as the reference date, Rosa must have been born in 1834 and, if she was 25 when she emigrated, she would have left Cape Verde in 1859.

Another, more personal case is that of a great uncle, Gaudencio Andrade Monteiro, who went whaling and ultimately got a master's ticket in the US merchant marine. He died in Praia, in 1956 at the age of 75, was therefore born in 1881 and, if he started his career in whaling at 25, would have emigrated in 1906.

Emigration from Cape Verde 1983 figures

– USA	500 000
– Sénégal	40 000
– Angola	20 000
– Sao Tomé e Principe	8 000
– Portugal	50 000
– France	15 000
– Netherlands *	10 000
– Italy	6 000
– Canada **	10 000
– Brazil	25 000

* Apparently under-estimated.
** Apparently over-estimated.



Vava, a young worker in a Boston (Massachusetts) hotel takes advantage of holidays on his home island of Fogo to extend the family house. Here he is with his motorcycle — an undoubted symbol of his upward mobility

Conclusions

It is reasonable for Luiz Silva to have found evidence of American ships calling in at Cape Verde to recruit seamen for the whaling trade in the 17th century, although the exodus to America did not start until 1899, as Dr Alfredo Margarido has shown. 'Exodus' does not refer to departures prior to this date, for it is our belief that although emigration began on a small scale in the 1850s, the mass movement started in 1899.

Emigration to Senegal also began in the 18th century according to another article which the late Alfredo Mendes Rodrigues contributed to the Boletim de Propaganda de Cabo Verde (No 7, Year I of 1 April 1950). The article praises the conscientiousness and intelligence of the Cape Verdeans, saying that this should earn them the same consideration as the former French colony of Senegal — which led the local government to grant them building land in Dakar (at the place where the Avenue Gambetta now runs) and get the Credito Predial to provide 20-year loans to help with this.

The nearness of Cape Verde to Senegal and the fact that A.M.Rodrigues talks about the intensification of emigration suggest that small-scale emigration must have started prior to the 18th century. ○

M.A.

Cooperation with the EEC

by Joao MELO DE SAMPAIO (*)

Cape Verde joined Lomé I in 1977, just two years after Independence. Thus it has been cooperating with the Community for 15 years, an exercise which has brought it financing worth ECU 117 million (roughly 10 438 000 000 Cape Verdean escudos), not including what it is to get under the first Lomé IV financial protocol. This aid was divided as follows (ECU).

• Programme aid		40 500 000 (35 %)
• Non-programme aid		
— food aid	42 286 250 (40 %)	
— emergency aid	4 119 800 (4 %)	
— Stabex	1 617 397 (1 %)	
— NGO cofinancing	1 645 200 (1 %)	53 668 647 (46 %)
• Exceptional aid		6 097 000 (5 %)
• Regional aid		7 898 800 (7 %)
• EIB (risk capital)		8 595 000 (7 %)
		116 759 447 (100 %)

The main aims of Community aid fit in well with the country's general policy for the long term, i.e. to raise the standard of living, combat drought, work for food security and cut unemployment.

Lomé I & II programmes

The two national indicative programmes here helped achieve the main aims of the first national development plan, in particular by improving hygiene in Praia and increasing the water supply (and building drainage facilities and urban distribution networks, installing sewage systems in the most underprivileged areas and setting up an urban rubbish collection system). A programme of microprojects was also run for the people of Santa Caterina and Lém-Ferreira (on Santiago). Generators were supplied to the Praia and Mindelo power stations to boost the electricity output of these two towns and a Praia Development Master Plan was produced to avoid new districts springing up unplanned and identify new areas of urbanisation.

EEC support was given to the government's hydro-agricultural strategy of regularising rainwater runoff and encouraging infiltration with a series of rural engineering works (dykes, banks etc) and large-scale tree planting. One of Cape Verde's biggest problems is its inadequate rainfall and hilly terrain and it has to avoid such rain as it gets running off into the sea. If it manages to do this, the cropland can gradually be extended and the structural shortage of cereals and other crops can be reduced.

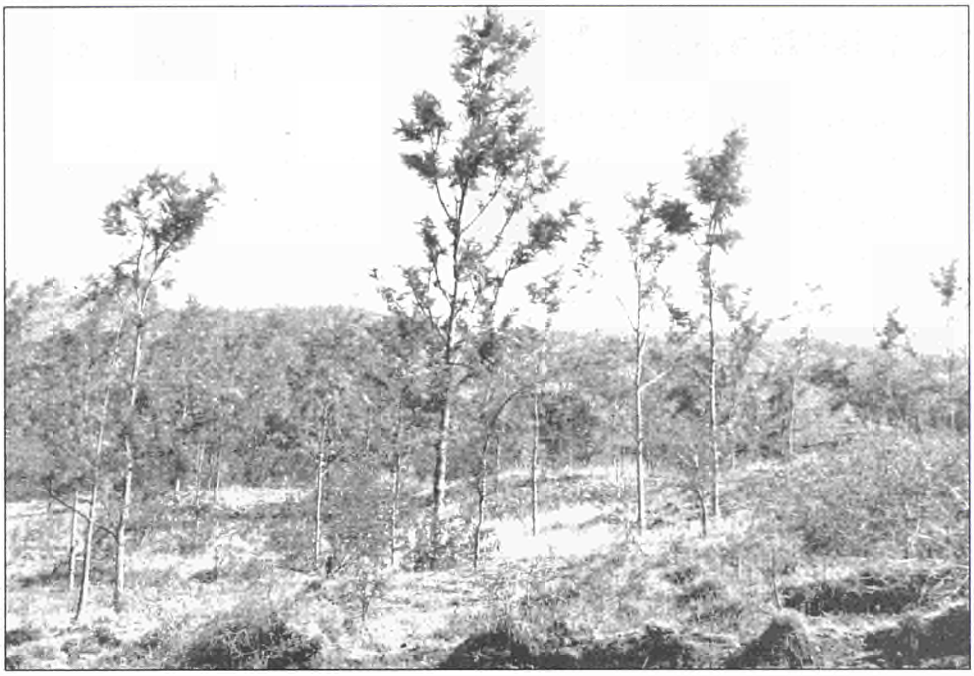
The Community has made an active contribution to the huge anti-desertification campaign, particularly with a vast reafforestation scheme. On independence, the country had 2957 hectares of forest, but there are 35 000 ha now, which translate into almost 3 million trees planted every year, (equivalent to 9.23 trees per inhabitant per year).

Italy has joined the EEC on the transport and communications front, cofinancing a plan to improve Sal International Airport by reorganising the buildings for national and international

The Courier

Community contributions to better water supplies in the capital, Praia, include the Bota Rama drainage gallery

(*) Commission Delegate to Cape Verde.


The Courier

Part of Cape Verde's massive reafforestation drive has been paid for by the Community

travellers and the roadways and other networks. The equipment supplied has improved air traffic, radio assistance and navigation facilities and aid and assistance to aircraft.

Non-programme schemes

Food aid: ECU 32 million-worth of food aid (cereals, milk, butteroil, beans and so on) was sent out to Cape Verde under Lomé I and II. The local practice with food aid is to sell it to the people and set up counterpart funds which are managed by the FDN (the national development fund) and used to finance labour-intensive schemes to combat desertification and foster food security via rural engineering, building local roadways, planting trees and so on. This has a very remarkable effect on employment in rural areas and helps settle the people in the countryside and encourages them not to drift into the big towns.

Emergency aid: These schemes got ECU 4.05 million and 94% of it was used to help cope with the effects of the drought. The rest went into locust control schemes and relief for flood victims.

NGO co-financing: There were 30 cofinanced schemes over the period. They were worth ECU 2 384 000, a very significant amount bearing in mind that it represents 1.3 % of the monies the Community allocated to NGOs throughout the world at this time.

Stabex: The country received ECU 1.305 million in 1977-84 to make up for the loss in banana export earnings triggered by persistent drought, but it has not needed help from Stabex since.

Lomé III programmes

Cape Verde was allocated ECU 23 million here, ECU 20.5 million of it in grants and the rest as risk capital managed by the EIB.

The national indicative programme was signed in Praia in November 1985, but since the Community aid had to be included in the second national development plan (1986-90), the Government was unable to put forward an action programme until 1987, when the aim was to contribute to the regional development policy by:

— striking a fresh balance between the population of Praia and available resources (especially water);

— raising the standard of living;

— optimising municipal management.

Community aid, focused on the development of Praia, involved a number of interdependent schemes.

All schemes were included in a Praia City Development Programme for which a financing agreement was signed in Praia on 13 August 1988.

The schemes which have been identified and are currently being implemented are as follows.

a) Drinking water production and supply, ECU 6 million: 1. Building three drainage galleries — the Bota Rama gallery (800 m long and producing between 350 and 800 cubic metres of water per day), the Mosquito (1100 m long, to raise water up to 175 m and able to provide a flow of at least 600 cubic metres per day) and the Minta Agua (500 m, with a minimum flow of 800 cubic metres per day). 2. Building an underground dam (Aguas Verdes) to boost the output of this spring by about 350 cubic metres per day. The water produced by all these new sources, including the boreholes at Salineiro and S. João Baptista (work carried out as part of a borehole programme), will be supplied to Praia down a concrete conduit about 36 km long. A technical prefeasibility study was run for the Trinidade dam (3 km upstream of Praia), which should be able to provide the city with at least 2000 cubic metres of water per day. Additional studies (of economic and technical viability) and the specifications for implementation are being produced with the help of Spanish cooperation.

b) Water supply and drainage, ECU 3.5 million: A study of the modernisation of the water, drainage, sewage and rubbish collection master plan is being run, as is a scheme to reorganise municipal services in Praia and Mindelo and ensure technical assistance for Praia's water and drainage management. The infrastructure planned here depends on the studies just mentioned and has therefore had to be carried over to the next Convention. Household waste collection and equipment and material have been supplied and the daily collection in Praia doubled as a result.

c) Electricity production, ECU 2.5 million: This involves remodelling the administrative side of the existing power station, installing and connecting 17 medium and low voltage transformer posts and installing a medium voltage supply network of about 18 km and a low voltage supply network of about 36 km. A feasibility study for a new power station (electrical energy production in association with water production) will be started soon.

d) Services to new districts, ECU 4.8 million: In accordance with the recommendations of the master plan, roads etc are being built in the districts of Palmarejo and S. Filipe (85 ha). This will ensure decent conditions for 15 000 people, bring in revenue for the town hall and give a boost to the building trade. Spanish cofinancing helped with the electrical side of this infrastructure and this made it possible to extend the Community operation to other parts of Praia (the industrial areas, the historic centre and link roads to the new districts and new building promotion quarters).

e) Vocational education and training, ECU 2.2 million: Once the studies are complete, Praia's new technical centre will go up. The building, some 2800 m², is intended for the training of technicians and middle management in the areas in greatest demand on the employment market and will be able to cater for 500 students in stage one. The plan is to turn out 100 technicians and 50 middle-range cadres every year. The EEC will continue supporting the nation's educational reform programme by providing local study awards so that instructors in additional basic education and secondary teachers can have training.

f) Improvements to urban management, ECU 0.5 million: Local administrative and urbanisation cadres in the various areas of planning and urban management are currently undergoing training in Europe as part of the programme. A further 10 have gone to Morocco to train in cartography and land surveying. A mapping operation to help with the running of priority sector schemes in the country is also being run and cartography and plotting equipment is to be supplied for Cape Verde's Mapping Centre. An aerial photography and plotting scheme covering virtually the whole of the national territory is due to start very soon.

g) Monitoring, coordination and evaluation, ECU 0.3 million: An inter-ministerial programme monitoring committee has been set up to ensure unified steering of the programme. It combines representatives of all the technical ministries concerned, under the chairmanship of the national authorising officer and its main task is to coordinate the operation.

The Courier

The EEC is financing improvements to Sao Filipe (above) and Palmajero, so that 15 000 people in these two districts can have decent living conditions

EIB: The EIB has contributed risk capital to the financing of scheme C (electricity production and supply), specifically for the supply of two 3000 KW generators and three transformers (two of 3000 KW and one of 360 KW). It has also financed changes to the station's system of combustion, as well as technical assistance and training and also supplied spare parts and automobile, computer and fire-fighting equipment. The EIB financing was ECU 3 million.

Non-programme schemes

Food aid: Here, the EEC has signed the first food aid protocol, on a multiannual basis, in the history of its cooperation. The Community recognised the structural nature of the country's food shortfall and, in May 1987, awarded multiannual aid, in annual consignments of 9000 tonnes of cereals, 3000 t of milkpowder and 200 t of vegetable oil, for 1987, 1988 and 1989. A further multiannual agreement covering 1990, 1991 and 1992 was signed in May 1990, so supplies of 9000 t of cereals and 800 t of vegetable oil will be sent annually during this time. Since the cereal harvest in 1989-90 was poor, the Community supplied additional food aid (3000 t of cereals) for 1990.

SIP — Sectoral import programme (building materials): When allocating the Lomé III non-programme reserve in March 1988, the Commission gave an additional ECU 4 million and Cape Verde proposed using this for a sectorial import programme to buy building materials for the construction boom in Praia (particularly for the more underprivileged sections of the population). The imported materials, i.e. redwood, pine, wood derivatives and concrete plaques, are sold on the local market to generate counterpart funds which can then be used to finance the Promebad programme to improve run-down areas (25%), step up the capital of the Cape Verde Savings Bank, which is responsible for building credit, particularly for the poorer sections of the population (25%) and to help with phase two of the building (about 52 houses) of the Housing Promotion Institute, the body in charge of building and allocating economy housing (50%).

Emergency aid — locust control: Successive locust invasions from the Sahel in November 1988 led the Community to provide the country with 3000 litres of insecticide and to cofinance (with Portugal) the provision of a helicopter, which is the best way of spraying in Cape Verde. Locust control was run on Santiago, Fogo and Santo Antao.

Regional cooperation

The meeting of EDF authorising officers in Praia in October 1986 laid down guidelines for Community support in regional cooperation. These are:

Anti-desertification, in particular by:
— improving, preserving and managing the forests;
— controlling and making rational use of underground and surface water;
— protecting and developing the catchment basins of the main rivers.

Cape Verde has not had a great deal of benefit from Sahel regional cooperation so far, because of its peripheral geographical and socio-economic position. However, it has been involved in the following schemes.

— **Diaper II** — *Improvements to the permanent regional food security diagnosis system*

The idea here is to improve statistical information in the cereals and livestock sectors in the nine countries of the CILSS to make for easier formulation and regional coordination of national food sufficiency policies.

— **PRS** — *Regional solar programme*

This is to develop the Sahel's only plentiful natural resource, solar energy. The idea is to bring in large-scale use of proven photovoltaic equipment in rural areas as an efficient contribution to desertification control, pumping water and improving living conditions thanks to the start of an electricity supply.

— **PRG** — *Regional gas programme*

This is to promote butane gas as a wood and charcoal substitute in the Sahel to reduce the demands urban consumers make on the forests.

— **Precons** — *Sahel Regional Reafforestation and Soil Protection Programme*

This was designed with the close cooperation of the Cape Verdean authorities and the Delegation with a view to transferring reafforestation and conservation techniques tested and applied in Cape Verde for some years now to other countries in the Sahel. The scheme involves developing and reafforesting 4700 ha of land on Santiago, Santo Antao and Santo Nicolau, to be used as a training area for Sahelian foresters from other CILSS countries. A forestry handbook, other teaching equipment and training sessions in the CILSS countries are also planned. A lot is expected of this particular scheme, which is a genuine example of South-South transfer of know-how, Cape Verde being a country with a very sound knowledge and very successful record of soil conservation and the wooding of arid terrain.

— **PFIE** — *Regional Environmental Training and Information*

This is to make primary school children aware of the threats which desertification poses to the environment and food security in the nine Sahel countries and train them in the techniques of desertification control.

Lomé IV

On 7 December, the Lomé IV (first financial protocol) national indicative programme was signed in Praia. This means the Community will be providing Cape Verde with a total of ECU 27 million, ECU 23 million of it as Commission-managed grants and ECU 4 million as EIB-managed risk capital. This does not include any additional resources from Article 245 or any non-programme aid allocated mid-way through the first financial protocol.

The focal area of Community cooperation will cover the Praia region (or Concelho) and the schemes to be run are aimed at:
— improving the social infrastructure and providing essential goods and services;
— improving the economic environment, in particular on the infrastructure side;
— improving the living conditions of the rural and suburban populations in the Concelho de Praia to reduce the flow of people moving into the capital;
— helping the government drive to set up a better urban management system;
— backing up the institutions in charge of managing public services;
— helping develop human resources, particularly in technical education.

The Community aid will involve schemes to:
— produce drinking water, by continuing schemes to improve drinking water availability;
— supply water and drainage facilities and collect household waste;
— produce and supply electricity and lay on supplies in the rural areas and around the town;
— build roads to the new districts, in particular to the industrial ones, with a view to promoting the private sector;
— improve the Praia Cartography and Surveying Department;
— reinforce the start-up and operation of the Praia technical school by providing technical assistance and running training schemes;
— give technical support to improve the departments and institutions responsible for running the projects and managing the instruments as part of a sectoral policy.

A protocol of intent on the EIB operations has also been signed and Cape Verde has said it hopes to present projects in the following areas for financing:
— transport: a Port of Mindelo modernisation programme;
— SME: SME promotion schemes;
— energy: electrical energy and water production and distribution projects.

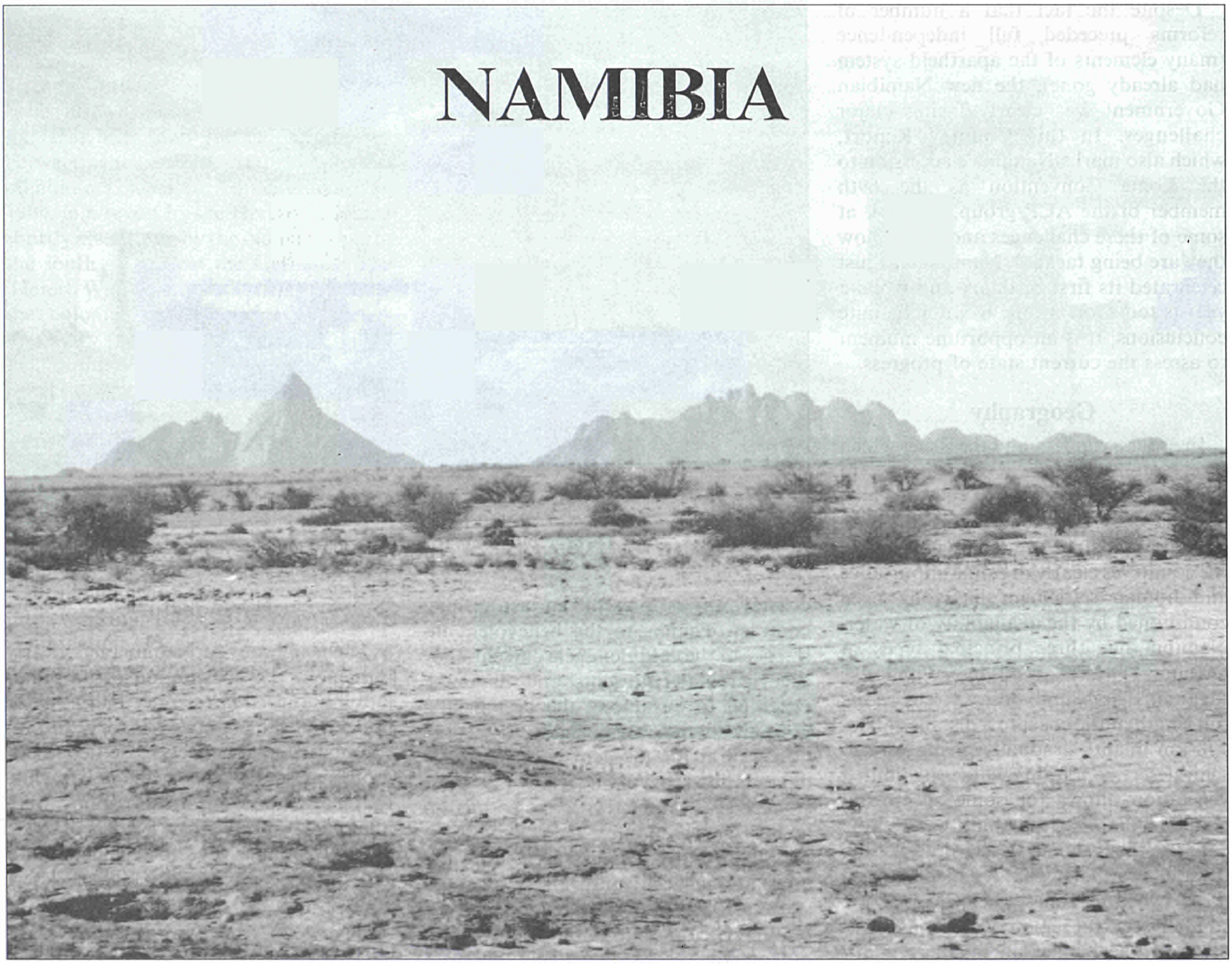
The Cape Verdean Government has set out its regional cooperation priorities along three lines.
— Continuation of the anti-desertification and food security drives to reflect the guidelines laid down at the Praia meeting of October 1986, in connection with the other countries of West Africa.
— Given its special geographical and cultural situation, Cape Verde hopes to get financing for cooperation on training, culture etc with other Portuguese-speaking nations.
— The same goes for the countries in the Caribbean, bearing in mind the similarity of these island countries' tourist, transport and trade problems.

EEC-Cape Verde fisheries agreement

The Community and Cape Verde initialled an agreement on fishing off Cape Verde on 12 January 1990. This document, signed for an initial period of three years with the possibility of a two-year extension, means that Community vessels can now fish in Cape Verde's fishing zone. It authorises 45 vessels — 21 tuna ships using seine-nets, 24 tuna canners and surface trawlers — to fish for highly migratory species, two bottom trawlers to fish for demersal species and two experimental ships to fish for cephalopods in Cape Verdean waters.

Financial compensation and the experimental fishing will give Cape Verde ECU 1 950 000 over the three-year period. There will also be an ECU 500 000 scientific and technical programme and ECU 160 000-worth of study and practical training awards will be granted. ○ J.M.D.S.

NAMIBIA



Meeting the challenge of nationhood

'A land with a small and scattered population, where the sun beats down on sparsely vegetated mountains, on endless desert dunes and rocky plains that resemble Martian landscapes. A country with a singularly desolate coastline, river beds where water seldom flows, bizarre plants... What can one find alluring in such a place?'

With these opening words, a Namibian tourist brochure seeks to capture the imagination of the potential visitor. The allure, of course, is that of wide open spaces for the crowded city dweller, of vistas unpolluted by petrol fumes and of genuine wilderness where raw nature rather than mankind's imprint overwhelms the senses.

There is, however, a great deal more to Namibia than stark and beautiful landscapes. A nation is elevated from the status of mere geographical entity by its people, whether widely scattered or densely packed. It is they who supply the definition for the concept of nationhood, and who must collectively meet its challenges.

For the people of Namibia, March 21 1990 was the day when long-overdue nationhood became a reality. On that day, after decades of colonial occupation, the territory which was formerly South West Africa joined the international community of nations. The transition to independence was by no means painless. It was preceded by years of fighting in the north of the country between members of the South West Africa People's Organisation (SWAPO) and the South African military — a war which brought misery and destruction to many northern communities and threatened to leave a legacy of division and mistrust. During the years of South African occupation, Namibia had also had an apartheid system with no fewer than 11 separate racial categories, each confined to its own designated area. Alongside this, there were enormous disparities in wealth with the white 'community' controlling most of the resources. The majority black population, by contrast, was marginalised in the economic system and excluded altogether from the exercise of political power.

Despite the fact that a number of reforms preceded full independence (many elements of the apartheid system had already gone), the new Namibian Government was clearly facing major challenges. In this Country Report, which also marks Namibia's accession to the Lomé Convention as the 69th member of the ACP group, we look at some of these challenges and assess how they are being tackled. Namibia has just celebrated its first birthday and while a year is too short a time to draw definite conclusions, it is an opportune moment to assess the current state of progress.

A water pumping station in the Namib desert

Geography

In order to understand the issues which face Namibia today, it is necessary to look, albeit briefly, at the factors which have led to its present economic and demographic structure. The geography of the country is clearly of prime importance and human settlement has long been conditioned by the availability of water. Namibia has three principal types of terrain — desert, semi-desert and dry savanna. The Namib desert stretches the full length of the coast to a distance of 80-130 km inland, gradually giving way to semi-desert conditions where the limited vegetation allows for some sheep and goat breeding. In the south east of the country, the Kalahari desert straddles the frontier with Botswana. Wedged between these two arid zones, the whole of the southern central region qualifies as semi-desert, while further north, there is dry savanna which is suitable for cattle. One notable feature in the north is the Etosha Pan, a salty, sterile plain the size of the Netherlands, which was once a lake. In the north eastern corner of the country, a narrow tongue of land called the Caprivi Strip stretches for hundreds of kilometres into the heart of Africa, giving Namibia a common boundary with Zambia. This geographical curiosity owes its existence to the colonial days, when Germany sought and gained access to the Zambesi River. Caprivi has a noticeably wetter climate than the rest of the country.

Despite the unpromising conditions, agriculture has been and will almost certainly continue to be vital to Namibia's economy. Irrigation has allowed for more intensive cultivation and stock breeding to be developed in a number of locations.

Animal and plant life may face a struggle on land in Namibia, but the coastal waters present an astonishing contrast. Thanks to the benevolent influence of the cold Benguela current, they are rich with nutrients and have the potential to be among the best fishing grounds in the world. Sadly, it is only potential at the moment because of the depradations of man. Even the best-stocked seas can be trawled to extinction and this is what almost happened before Namibian independence. Exploiting the international legal uncertainty over the status of Namibia's waters during the South African occupation, various fleets of foreign vessels effectively declared 'open house' in the region and although Namibia imposed a moratorium as soon as it could, it will take many years for the fish stocks to recover.

It is a curious irony that the Benguela current, with its immense maritime riches, is also responsible for the formation of the Namib desert. The cold waters which have lapped the coast over many centuries, are resistant to evaporation and capture any rains formed in mid-ocean, before they can reach the shore. Deprived of moisture, the coastal zone is one of the most barren areas on earth. Despite the absence of vegetation, the Namib desert has considerable mineral wealth — notably diamonds and uranium, which are major contributors to the country's economy.

North of the coastal resort of Swakopmund, is the infamous Skeleton Coast — so-called because it is littered with the remains of innumerable shipwrecks.

Early history

The geography of Namibia has clearly influenced the distribution of its population and this, in turn has had a major impact on the country's history. In precolonial times, there were settled crop-growing communities in the north while the central and southern regions were inhabited respectively by herders of cattle and of smaller livestock (sheep and goats). The Namib and Kalahari desert areas were largely uninhabited.

Like so many African nations, modern Namibia's boundaries stem from the colonial period. Colonialism came late to the territory thanks to the inhospitable coastline but incursions by the Germans and the British nevertheless took place during the nineteenth century. The British annexed the only suitable site for a deep water port on the coast (Walvis Bay) while the Germans seized the only other harbour of any significance (Lüderitz). Meanwhile, the local inhabitants living in the hinterland saw increasing numbers of missionaries and traders from the Cape Province. Namibia's current boundaries were fixed at the 1884 Congress of Berlin which confirmed the German Protectorate of South West Africa and left Walvis Bay in the hands of the British. For modern Namibia, this division of territorial spoils by the European powers more than a century ago continues to cast a shadow in the form of South Africa's continuing occupation of the only deep water port on the coast.

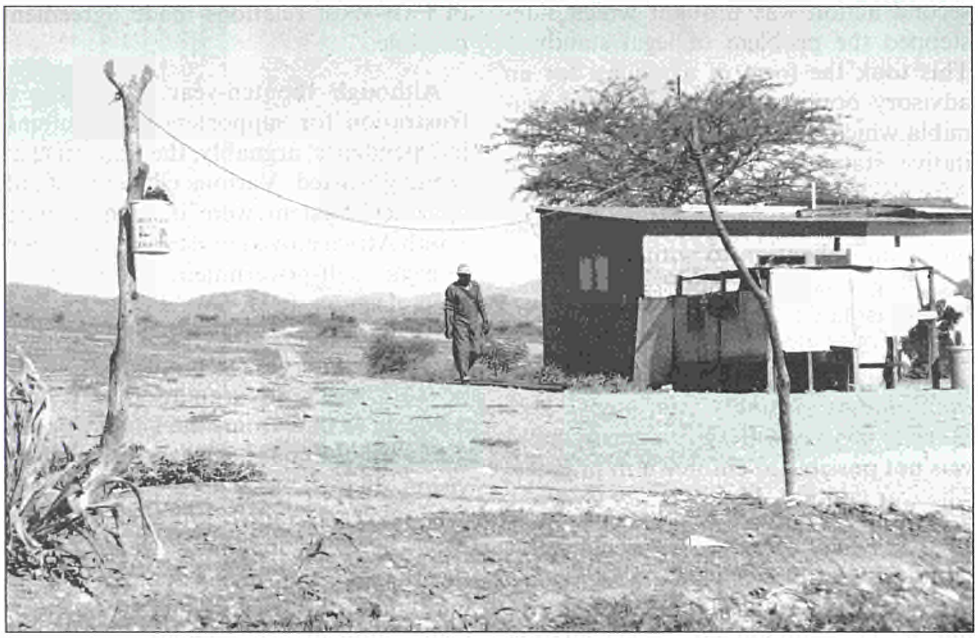
The Herero War

As German colonists moved in to the already settled southern and central areas, often dispossessing the local inhabitants of both land and cattle, tensions between the settlers and indigenous inhabitants increased. This culminated in 1904, in a revolt by the Herero — joined shortly afterwards by the Nama people in the south — against the Germans. The 'Herero War' was a brutal affair, in which the colonial power used its superior weaponry to devastating effect. Civilian inhabitants were not spared and although the Nama continued to fight, using guerilla tactics, for two years, the Germans finally prevailed. In the course of the war, the local population of the region was reduced by more than half, prompting some writers to describe it as genocide. Thereafter, the Herero and Nama people lost their lands and their societies were all but destroyed. Many were forced into working for the colonists by a combination of legislation and economic necessity while others fled to Botswana to resume their traditional cattle breeding. In contrast to the position in the centre and south of Namibia, the more populated north was not conquered and the independent African kingdoms of that region remained largely in control of their domains.

The next important phase in Namibia's turbulent history came with the First World War. While most of the combatants' efforts were directed towards the ever-elusive breakthrough in the trenches of Flanders and France, the conflict was acted out, on a smaller scale in those parts of Africa where German colonies bordered British or French ones. In 1915, South Africa (as part of the British Empire) invaded German South West Africa and quickly defeated the small defending garrison. At the conclusion of the war, the League of Nations' mandate system was established and responsibility for Namibia was vested in the British Crown. The Union of South Africa was given the 'sacred trust' of administering the territory for, among other things, 'the well-being and development of the indigenous population'. Thus began the era of South African domination.

South African mandate

From the outset, it was clear that the South Africa Government regarded its mandate as a territorial gain — a bonus for being on the winning side in the war — rather than a sacred trust. As racial segregation became increasingly institutionalised in South Africa, the same system was extended to Namibia. Large numbers of white (mainly Afrikaans speaking) South Africans settled in the territory, acquiring the best farmland and the local inhabitants were forced to move to less fertile reserves where little economic development took place. In the towns, the African populations were obliged to live in specially designated areas in the outskirts (the first 'townships').



'In the towns, African people were obliged to live in specially designated areas in the outskirts'

After the Second World War, the South African Government sought the full incorporation of Namibia into its territory. In this, it was supported by the all-white legislature of South West Africa which had been established in the meantime. The United Nations General Assembly refused to sanction this, asserting that the original League of Nations mandate still applied. Relations between South Africa and the UN deteriorated in the post war period, as the former persisted in ignoring the terms of the mandate and as the world increasingly objected to the racial policies pursued by the Pretoria Government.

In 1964, South Africa legislated for the establishment of a full *apartheid* system in Namibia, based on 11 population groups and the creation of 10 separate 'homelands'. The white 'community' retained control of most of the land, including the most fertile areas and strict rules were enforced to ensure racial segregation in housing, education and social services.

Liberation movement

For the non-white population of Namibia, the 1950s saw the initial flowering of organised opposition to the South African occupation. The Ovamboland People's Organisation was established during that decade and in 1960, it formed the basis for the new South West Africa People's Organisation (SWAPO) which was committed to an independent and non-racial Namibia. In the international arena, an attempt by Liberia and Ethiopia to obtain a judgment at the International Court of Justice (ICJ) that the South African occupation was unlawful, foundered on the procedural issue of *locus standi*. With South Africa refusing to budge, and an apparent impasse on the world stage, SWAPO announced that it was taking up the struggle with arms, and so began the long war.

In fact, events at the United Nations soon moved in favour of an independent Namibia. In 1966, the General Assembly voted, under powers inherited from the defunct League of Nations, to terminate South Africa's mandate in South West Africa, on the grounds that the former had failed to comply with its obligations under the mandate. Following the procedural failure of the first ICJ hearing, a second action was brought which sidestepped the problem of legal standing. This took the form of a request for an advisory opinion on the status of Namibia which resulted in a legally authoritative statement declaring that South Africa's continuing occupation of the territory was unlawful and that it was under an obligation to withdraw. However, by this time, South Africa was largely isolated from international fora and its Government professed indifference to the forces of international public opinion. Accordingly, no steps were taken to comply with the judgment and it was not possible to enforce it in practice. The war continued.

Although South Africa had significant military superiority, they were faced with the classic difficulties of an occupying power. Their opponents waged guerilla warfare, and sustained by their commitment to the cause of liberation, they presented South Africa with the prospect of interminable conflict, albeit waged intermittently. In addition, political pressures at home, where young whites were being conscripted to fight in Namibia, began to build up. It became increasingly clear that while the occupiers were probably too strong to lose the war, they could not win it either.

South Africa also had to face up to the reality of its own position. Apartheid was, by now, universally reviled and in an interdependent world, it is not possible to ignore indefinitely, the opprobrium of others, particularly when they are important trading partners. In 1978, the so-called Western Contact Group drew up a plan for the independence of Namibia, which was subsequently backed by the United Nations. South Africa, recognising the increasing untenability of its position, accepted the plan in principle.

Independence delayed

Withdrawal, however, was to be delayed for more than a decade. This was due, ostensibly, to the continuing presence of Cuban troops in neighbouring Angola. The South African army, operating from northern Namibia, had become embroiled in Angola's civil war, in support of the UNITA forces who were fighting the Luanda Government. South Africa stipulated that their own withdrawal from Namibia depended on Cuban withdrawal from Angola and this was only finally achieved when the thaw in East-West relations made agreement possible.

Although the ten-year delay was a frustration for supporters of Namibian independence, arguably, the time was not entirely wasted. Various elements of the apartheid system were dismantled and South Africa moved to establish a form of internal self-government. There were even elections held. SWAPO refused to participate in this process, and persuaded large numbers of potential voters to boycott the poll, arguing that it was designed to undermine the UN proposals for elections under international supervision. If this was indeed the intention, then it clearly failed, but seen in retrospect, the delay may have helped to ease the transition from occupation and an undiluted apartheid system to independence and full legal equality.

The final events in the run up to independence took place in 1989 when Resolution 435 was implemented. After a period to draw up electoral lists, a multi-party election — supervised by a United Nations peacekeeping force — was held in November. Contesting the election for the first time as a legal political party, SWAPO emerged victorious with 57% of the votes as against the 29% polled by the Democratic Turnhalle Alliance (DTA — the former 'government'). Before the Namibian flag could be raised, however, the new Constituent Assembly had to agree on a constitution for the country. A two thirds majority was required and given the electoral arithmetic — a system of proportional representation had guaranteed a fair distribution of seats — the parties were obliged to work together to reach a mutually acceptable arrangement. The result, which was achieved in a remarkably short space of time, was a liberal constitution which enshrines the principles of free association, free speech and pluralism. On February 18, Sam Nujoma, the long-standing leader of SWAPO was unanimously elected President of Namibia. Thirty-three days later, the South African flag was lowered in Windhoek for the last time and independent Namibia was born.

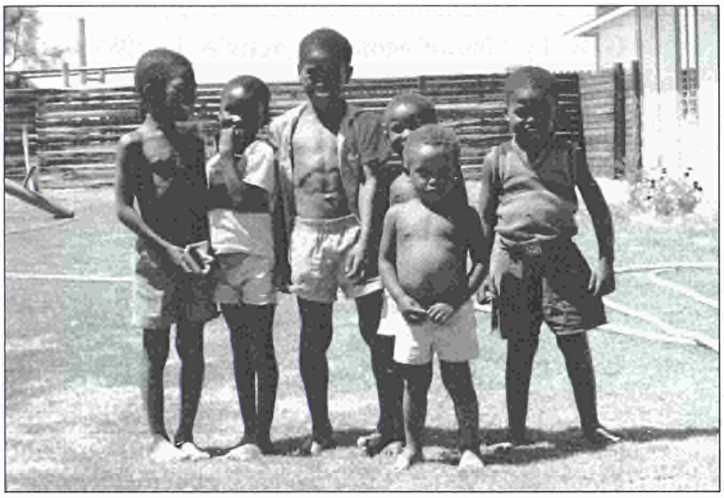
National reconciliation

It was clearly not a painless birth. Given the long years of conflict which preceded independence, and the fact that the majority of the population had been subjected to the indignities of apartheid until very recently, one might well have expected a legacy of bitterness. White Namibians had fought with the South Africans and much of the apparatus of the new state was in the hands of people associated with the *ancien régime*. While the constitution guaranteed equality before the law, there were still enormous disparities of wealth. At the same time, any precipitate action aimed at wealth redistribution could have led to a flight of expertise and capital from the country. It is a tribute to the Government and to other participants in the Namibian political system that reconciliation rather than retribution, was chosen as the watchword. In the interests of stability, the Government of President Nujoma guaranteed the jobs of all existing civil servants and adopted a liberal economic policy designed to attract investment from abroad, and to reassure economic operators at home.

Although applauded by western commentators, the policy is not without risk. The Government's supporters are, to a large extent, the less well-off members of Namibian society who are impatient to benefit from the fruits of independence. The failure of socialist systems elsewhere gives the Government a powerful argument for not embarking on that particular road, but wealth creation using the free enterprise model takes time and does not necessarily help the most needy. The Namibian authorities must, therefore, strike a balance which alleviates the difficulties of its poorest citizens without stifling the enterprise which is necessary for future prosperity. This, of course, is the central issue facing most free enterprise democracies, but it is particularly acute for a country with such extremes of poverty and wealth, and with the wounds of recent history to heal.

The people

The population structure of Namibia reflects the country's chequered history. It is a multi-racial society with people of African, European and mixed origin. The largest single group, representing some 50% of the population, are the Ovambo who live mainly in the north of the country. The other African groups, none of which constitute more than 10% of the population are the Kavango, Herero, Damara, Nama, Caprivian, Bushman and Tswana. The white population, represents 6-8% of the overall total. There is also a sizeable coloured com-



Growing up in the new Namibia

The people, their languages and their architecture reflect Namibia's chequered history

munity as well as a distinct group, of mixed race origin, based on the town of Rehoboth. Estimates of the total population vary considerably, but it is generally thought to be in the region of 1.5 million.

Linguistically, the picture is equally varied. The majority of the African population speak Oshivango languages but there are numerous other tribal languages reflecting the diversity noted above. White Namibians fall into two categories, the German-speakers who are descended from the original colonists and those of South African origin, most of whom speak Afrikaans. The latter is also the language of the coloured population and indeed, is the effective *lingua franca* of Namibia.

Shortly after independence, the Government decided to adopt English as the sole official language of the country. This is a policy which is likely to have both advantages and disadvantages. On the plus side, it is a major international medium of communication which should facilitate Namibia in its relations with other states. Additionally, and somewhat ironically, it does not suffer from being associated with colonialism. There is considerable enthusiasm among Namibians for learning English and because it is virtually nobody's native language, it could have a useful unifying influence. Herein lies its major flaw, however. As the native tongue of so few Namibians, it must be developed from a relatively low base and this will inevitably impose an economic cost in the short term. It remains to be seen whether the education system, in particular, can maintain or enhance the standards which are vital for the country's future economic development, if the original plans for a rapid changeover to English instruction are carried through.

The economy

Reference has already been made to the economic inequalities which still characterise Namibian society. In a recently published booklet, the country was described as having a 'dualistic' economic system with 70% of the people living in a third world economy, 25% in transition between the third and first and only 5% enjoying full first world economic conditions. The 70% are primarily the rural populations while the 25% are those who have moved to urban areas. The fact that Namibia's GDP per head, at $1273 in 1988, is the second highest in sub-Saharan Africa must be seen in this context. The average in this case clearly gives a false impression of the country's development needs and this is something which has been recognised by Namibia's cooperating partners, including the European Community.

On the positive side, it is generally agreed that Namibia has significant potential for economic development. The economy, at independence was portrayed as a 'coiled spring' which, once released from the restraints of the colonial system, would quickly expand. A year later, this assessment appears a little optimistic — there has been no immediate burgeoning of economic activity and some existing sectors may indeed contract, but there are also growth areas. With a favourable investment climate, continuing political stability and a suitable development strategy, the Government can realistically aim at bridging the gap between rich and poor through economic growth without having to resort to measures such as punitive taxation.

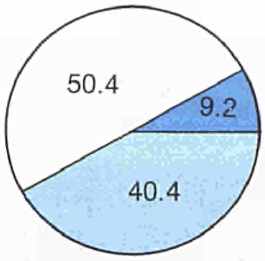
Reliance on trade

In 1989 approximately half of Namibia's economic activity was in the tertiary sector (see pie chart). On the production side, the economy is very heavily oriented towards raw materials. Namibia exports large quantities of primary products — notably uranium, diamonds, copper and beef. At the same time, it has to import most of its essential needs for manufactured or processed items (food, consumer durables, mechanical and electronic equipment etc). This means that the country is highly dependent on trade, and in particular on the state of the market for the relatively few raw materials which constitute the bulk of its exports. Given this vulnerability, the Government is keen to diversify the economy and it is strongly committed to increasing value-added production, through the establishment of new industries. With such a small population, Namibia cannot be expected to supply all of its consumer needs from domestic manufacturing but there is clearly scope for some import substitution.

Namibia has chosen in the meantime to remain part of the Southern Africa Customs Union (SACU) but, as an independent state, it obviously has the right to withdraw from this arrangement

GDP by major sectors in 1989

Primary
Secondary
Tertiary



Source: Namibia in Figures
Standard Bank of Namibia Ltd.

GDP by kind of economic activity in 1989

Current prices (% of total)	
Agriculture and fishing	11.3
Mining and quarrying	29.1
Manufacturing	4.9
Electricity and water	1.8
Construction	2.6
Trade, hotels and catering	12.3
Transport and communications	6.1
Finance and property	7.2
Community services	2.0
General government	19.8
Other	3.0
	100.0

should it so choose. (It also uses the South African rand but this is soon to be replaced by a new currency — the Namibian dollar which will initially be fixed at par with the rand).

In cash terms, the most important sector in the Namibian economy is mining, the country having been blessed with a wide range of mineral deposits. There are some forty mines in operation and these produce uranium, diamonds, copper, gold, arsenic, lead, zinc, cadmium, antimony, lithium, tin, silver, fluorspar and sulphur. Admittedly, some of the production is on a very small scale — only eight of the mines employ more than 200 people — but the first two products listed are very important indeed to the Namibian economy (see article on mining later in this Report).

The mining industry is experiencing some difficulties at present, with uranium production at the giant Rössing Mine being scaled down, and a decline in the extraction of both diamonds and other base metals. In the longer term, however, the prospects are less discouraging and there is considerable scope for new exploration. Although mining is the largest sectoral contributor to Namibia's economy, in employment terms, agriculture continues to be the most important economic activity. It is also in this sector that the 'dualism' mentioned previously is most pronounced. On the one hand, there is a relatively small number of prosperous commercial farmers who breed mainly cattle and karakul sheep for the export market. On the other, there is a very large rural population, particularly in the north, engaged in subsistence farming, who depend on the land for their livelihood. This division is, to a certain extent, geographical, with the veterinary control fence (the so-called 'red-line') which separates the north from the rest of the country determining whether the product can have access to a wider market.

At present, although some 70% of the population depend directly or indirectly on agriculture, the sector contributes less than 10% to Namibia's total GDP. In addition to beef and cattle, Namibia produces sheep for mutton, goats and a very limited range of crops. There is potential for considerable expansion of crop-growing in the Caprivi and Kavango regions.

Prospects for fishing

Fishing is the industry which would appear to offer the best prospects for expansion in the medium term.

Namibia's fishing industry is based mainly in Walvis Bay and clearly, a favourable resolution of the territorial dispute with South Africa would provide a boost to the economy as a whole. The Government is also keen to see more fish being landed in the country's ports for processing, thus adding value to the product at the Namibian end, and stimulating local employment. (For a more detailed assessment of the position in the agriculture and fisheries sectors, see the series of articles later in this Report).

Other economic sectors which the Namibian Government hopes to see expanded include industry and tourism. Very little manufacturing takes place in the country at the moment and there are clearly limits to what is feasible, given the small local market and the transport costs associated with exporting of manufactured goods. The main focus here will be to develop the processing of existing primary production in order that the benefit of the added value can accrue to Namibia itself. Tourism offers real possibilities. Already, the attractions of the country — the climate, geography, wildlife etc — are being marketed in Europe and although Namibia is unlikely ever to develop mass tourism (mercifully!) it can offer a 'quality' product at the appropriate price for a specialised tourist market.

Infrastructure

In the quest for economic development, Namibia is fortunate in having a good infrastructure already in place, in comparison with many other developing countries. The road network, in particular, is of a high standard with good tarred roads linking all the major towns, and secondary gravel roads which are in a reasonable condition. Even here, there is something of a north/south divide, however, with poorer road conditions in the north (particularly secondary routes) hindering the prospects for economic growth.

For a large African country with a small population, Namibia also has a surprisingly extensive railway network although the only international link is with South Africa. Various schemes for linking with other neighbouring countries have been mooted, including the possibility of a connection with Zambia and the Central African network, which would bring economic benefits to the Caprivi Strip. The railways are mainly used for transporting goods but there should be considerable potential for expanding both freight and passenger usage. Given that the main line runs from the port of Walvis Bay through Windhoek to the border with South Africa, it represents a major transport artery which could have an important part to play in the process of economic development. The main problem for the railways at present, is the lack of suitable maintenance facilities. Heavy repairs have to be carried out in South Africa, at considerable cost. It is also worth noting that most of the populated north is not connected to the railway system which is a further disadvantage in terms of mobility and access to markets.

As one would expect, air transport plays a significant role in providing connections between the widely spaced population centres. Most towns have airstrips and there are regular domestic flights. The hub of this system is the domestic airport in Windhoek. There is also an international airport some 50 km from the capital with scheduled flights to various cities in Southern Africa. The national airline flies direct to Frankfurt and recent new services introduced include a direct link between Windhoek and Paris.

Walvis Bay

South Africa's continued occupation of Walvis Bay which is the only deep water port on the coast, means that Namibia is dependent on its southern neighbour for the bulk of its maritime trade. Lüderitz handles some cargo but it is too shallow for the larger draught ships, and is too distant from the centres where freight either originates or is destined to be sent. Although the United Nations recognises Namibian sovereignty over the enclave of Walvis Bay, and there is no geographical logic in the current arrangement, South Africa has not explicitly indicated that it is prepared to relinquish the territory. However, the two sides are talking, and there seems to be a feeling in Namibia that the matter will be solved in their favour sooner rather than later. It remains to be seen whether this confidence is justified. (South Africa also occupies a number of tiny offshore islands, which is an even greater absurdity, but the effect is to cause some uncertainty about fishing rights which hinders Namibia's efforts to implement a sustainable fisheries policy).

In the centre and south of the country, public utilities such as the electricity and water supplies, and the telephone system, are of a high standard. The country's electricity needs are met during the rainy season by the output of the Ruacana hydro-electric scheme (Namibia even exports power to South Africa at this time). In the dry periods, power also comes from a coalfired plant in Windhoek, a diesel plant in Walvis Bay and from South Africa. The Namibian Government has concluded that the country's present generating capacity is insufficient for its development needs and it is looking at the possibility of a new hydro-electric scheme at Epupa on the Cunene River in the north. Large areas of the north do not yet have mains electricity or access to the other utility networks and remedying this is another of the Government's development priorities.

Health and education infrastructures in Namibia vary enormously, the north/south divide again being prominent. In Windhoek and other southern or central towns, there are some very well equipped schools and hospitals. In the north, however, the position is very different with a lack of buildings, facilities, teachers and medical personnel. The Government has recognised that major investment is needed to close the gap, and considerable development assistance from overseas is likely to be directed towards this goal.

Future prospects

It would be surprising if a nation in the first flush of independence did not look to the future with optimism. When Namibia took to the international stage in March 1990, expectations within the country were high and confident predictions were made about a surge in economic growth and greater prosperity, particularly for the poorest members of society. A year later, the view is perhaps more sanguine but still decidedly positive. Nor is it a euphoric or inchoate sentiment unrelated to objective reality. The current optimism of the Namibians is based rather on a sober and realistic assessment of the country's potential. The Government, in opting for reconciliation and a mixed economy, has made clear its intention of following a pragmatic line. A great deal has been done to 'sell' Namibia to the potential foreign investor (including a liberal Foreign Investment Act and a recent and highly successful investors' conference). Foreign assistance has been sought for essential development projects but the Government has made clear its determination to avoid the so-called 'dependency culture' and within the severe limitations of the budget, Government borrowing has been minimised. The democratic system appears to be working well, supported by Government and opposition alike. All of this is good news for Namibian businesses and for the entrepreneur who can bring investment and employment to the country.

Namibian railways — considerable potential for expanding freight and passenger traffic

The most fundamental requirement for sustained economic success, however, is stability and it is here that the Government's social policies will be crucial. With their background, the SWAPO ministers clearly have a philosophical commitment to alleviate the widespread poverty which exists in Namibia. They also know that a stable and democratic system is less firmly rooted if there is a large and dispossessed 'underclass'. With these factors in mind, they have embarked on a series of reforms and programmes designed to reduce the enormous inequalities which exist.

The problem, as stated earlier, lies in finding the right balance between economic and social policies in a way which both maximises growth and enhances social cohesion. The fruits of development can be frustratingly slow in making themselves felt, and human expectations tend to be more immediate. After little more than a year, it is too early to say whether Namibia has found the right balance. One cannot but admire, however, the positive way in which the Namibians have drawn a line under the past, and in their quest for unity and prosperity, they certainly deserve to succeed.○

Simon HORNER

Consolidating democracy

When Namibians voted in November 1989, in the UN-supervised election for a constitutive assembly, the future mould of the country's politics was yet to be cast. The poll was conducted in a democratic atmosphere and the system gave everyone a vote of equal value, but the structure of government was still to be hammered out. This would be the job of the new assembly and the final transition to independence could only be achieved once that body had agreed (by a two thirds majority) on a new constitution.

Few commentators doubted that the South West Africa People's Organisation (SWAPO) would emerge victorious. The question mark was over whether the party of Sam Nujoma could gain the necessary two thirds support to allow it to determine the provisions of the constitution on its own.

In the event, SWAPO did not succeed in reaching this threshold, and the party was obliged to seek compromise with other groupings in the Assembly. Given the recent history of Namibia, one might have expected a long and acrimonious process before a constitution could be agreed but, to the relief of Namibians and the admiration of the outside world, a new liberal constitution was adopted in a remarkably short space of time.

Eighteen months after the election, the general view is that Namibian democracy has bedded down reasonably well. Despite occasional, unsubstantiated rumours about coups, and some opposition criticism of the activities of the Presidential Guard, the country's politics are dominated by economic and social issues. The press clearly operates freely and there is robust debate over the policies of both government and opposition (although there is some concern that it is perhaps a little *too* robust). The tone of discussion in the national assembly would not seem unfamiliar to many Europeans as the various political parties lay out their stalls for public scrutiny.

Much of the credit for this situation must go to Sam Nujoma, the country's President. Not only has he successfully guided his liberation organisation into the arena of electoral politics but he has also made a clean break with the past in committing the government to a process of national reconciliation. He has earned wide respect, even among political opponents for his vision, and is now regarded by many as the 'father of the nation'.

Outside observers also credit the main opposition party, the Democratic Turnhalle Alliance (DTA), with having contributed positively to the political process. In an interview with the Courier, the party's President, Mishek Muyongo, emphasized the importance of maintaining a peaceful atmosphere for political dialogue and spoke of the DTA's commitment to operating within the democratic framework.

Results of Namibia's first election November 1989

PARTY	VOTES	%	SEATS
SWAPO	384 567	57.3	41
DTA	191 532	28.6	21
UDF	37 874	5.7	4
ACN	23 728	3.5	3
Others	33 129	4.9	3

The divisions between the two main parties are primarily about policies. SWAPO, although it has embraced the market system as the basis for economic progress, may be characterised as a centre-left party which gives a high priority to social reform. The DTA, according to Mr Muyongo, places 'a lot of emphasis on private enterprise — and on giving it the leeway to stimulate economic development'. Broadly speaking, this places it on the centre-right. Both parties agree on the importance of political stability for economic growth. Smaller parties represented in Parliament include the United Democratic Front (UDF), an offshoot of SWAPO and National Christian Action (ACN), a right wing grouping which is linked to the South African National Party.

Sam Nujoma — the first President of Namibia

The existence of a recognisable left/right division founded on a broad underlying economic consensus may be comforting for possible outside investors, but there is also a certain ethnic polarisation. SWAPO derives the bulk of its support from the Ovambo population who are mainly in the north of the country while the DTA's vote is strongest among the various minority groupings. Of course, this division could be attributed to the relative prosperity of the different groups. In a left/right political spectrum, the voter's perception of his own standard of living *vis-à-vis* the norm is a powerful influence on his voting behaviour. At the same time, political divisions along tribal lines, whether they be in Northern Ireland, Yugoslavia or Southern Africa, pose a latent threat to stability. The Namibian political parties are acutely conscious of this and they are all keen to widen their political base. The broadly based composition of the Cabinet is a good illustration of SWAPO's determination to avoid the kind of ethnic polarisation which currently afflicts so many countries in both Europe and Africa.

Although it is early days to pass judgment on the strength of the Namibian democratic system, few would disagree that the Namibians have made a good start in circumstances which, at least to the outsider, seemed less than auspicious at the outset. ○

Partnership with business to create wealth

An interview with Prime Minister Geingob

Mr Hage Geingob, the Prime Minister of Namibia was in Brussels in December to sign the Lomé Convention on behalf of his country. Following the signing ceremony, he spoke at a press conference about the importance of Namibia's accession to the Convention and about a wide range of other issues.

Mr Geingob began by emphasising how independence had 'changed the equation' for Namibia, with new contacts and opportunities opening up for trade and investment. He said that Namibia was inviting the private sector to come and invest in the country. In this regard, the most important factor was stability, and he stressed that Namibia was a 'good risk'.

The Prime Minister was quizzed about the outcome of the negotiations which had resulted in Namibia becoming the 69th member of the ACP group. On meeting the quota for beef which had been agreed (10 500 tonnes of Namibian beef may be exported to the Community annually) he said that Namibian farmers had been told they must respond. He also underlined the need to expand this opportunity for export beyond the commercial operations, to existing communal farmers. The latter's basic problems, he said, were in the areas of training and access to loans. On the subject of South Africa's continuing occupation of Walvis Bay, Mr Geingob intimated that negotiations had already begun at Foreign Minister level. He emphasised his Government's position, reflected in UN Resolution no 432, that Walvis Bay is a part of Namibia and that it must be reintegrated. Although Namibia had not yet brought an action before the ICJ on this issue, this option could not be ruled out in the future. Asked about when Namibia would raise its moratorium on fishing by foreign vessels in its waters, Mr Geingob said that new arrangements would soon be proposed. Until a proper agreement was reached, however, ships should stay away. He also noted the conclusions of some studies that fishing was likely to surpass mining as the most important economic activity in Namibia.

After the press conference, Mr Geingob granted an exclusive interview to the COURIER, which is published below:

▶ *Prime Minister, now that Namibia has signed the Lomé Convention and joined the ACP group, what sectors do you think are likely to be the main focus of EC-Namibia cooperation in the future? What are the priority areas for EDF funding?*

— We have already identified four priority areas. Firstly, there is education. This is a big problem because you cannot think of development without education. There are many aspects to it so we will narrow down some areas that we can finance from development assistance. The same is true of the health problem where apartheid legacies are apparent. Then we have housing — low income housing provision is very important — and agriculture, to provide food for our people. Those are the four basic areas that the funding could be channelled through.

▶ *There seems to a strong current flowing throughout the world in favour of free market economic policies and against state intervention. What role do you envisage for the state in the Namibian economy?*

— We have stated in our Constitution that there will be a mixed economy which in a way, also foresees some kind of involvement from the state in certain areas. If you are dealing with an economy like Namibia's, which is so lopsided in favour of one sector and if the free market economy fails to correct that, then somebody has to be involved in saying 'you must do something here'. So there will be a requirement for state intervention in certain areas. But we are at the same time, completely agreeable to a free market economy. That is why we have established our business people as partners in this process. We have told them, 'you are the creators of wealth and the government is the distributor'. So, therefore, we are working in partnership.

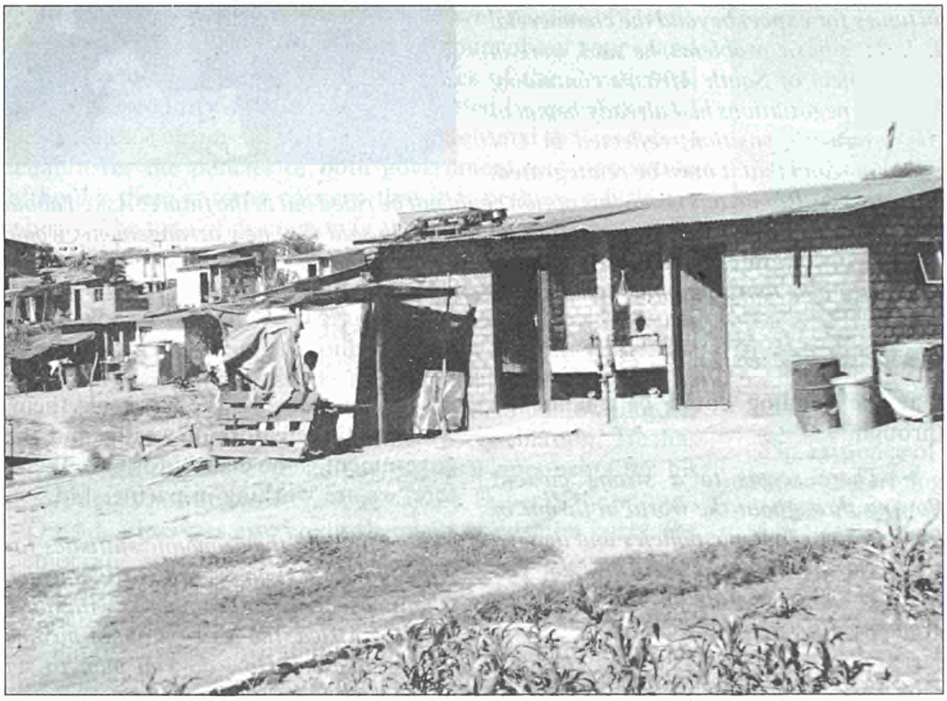
▶ *Although the economic statistics for Namibia suggest an overall position which is quite encouraging, compared with other parts of Africa, the distribution of income is very uneven. How do you plan to set about narrowing the gap?*

— That is the biggest problem we face. We have to create the wealth in order to tackle it. We must bring in capital to Namibia, to create small industries and to revamp the building and manufacturing sectors, to start with, so as to provide jobs. The idea is that if we can create jobs, we can earn something and that, in itself aids the process of narrowing the gap.

▶ *Namibia's economy depends on a high level of both imports and exports. Do you see this as a problem? Are you*

The Courier

Education and housing: two of the priority areas for EDF funding



The Courier

considering any measures to reduce Namibia's trade dependency?

— Yes. As I said, the manufacturing sector must be addressed, to produce more for the home market. There is also the processing sector — we could easily process the karakul pelts in Namibia and so provide jobs there. The aim is the provision of jobs. And then take beef, for instance. At the moment we have to get our beef from South Africa — our own beef which we export and then buy back in processed form. On the agricultural side, I think we can feed ourselves, but currently, we are importing nearly all our food from South Africa! So these are the areas we are going to embark on to extend our agriculture.

▶ *Prior to independence, major elements of South Africa's apartheid system were imposed on Namibia, notably the so-called system of 'separate development' based on the territorial separation of different racial groups and communities. To what extent does this legacy still cause problems today, and what efforts are being made to normalise the situation?*

— The fact that the country was carved up, with certain areas allocated to this tribe or that tribe, was a very big problem. Now political equality has been created through our basic law — that is our Constitution, which states that a Namibian can now live where he wants to, and own property in any part of the country. That is the answer at one level, but it is not the complete answer. We must equally, educate all our people mentally, to free them from the colonial mentality based on operating on separate lines — the tribes and so on, so that they can do things for themselves. Recently, I have travelled all over the country, talking to people and asking what it is they want from the Government. In 1991, I am going to present a White Paper to the Parliament dealing with the policy aspects of the problem. This is something which has come from the regions and from the people themselves. As part of the same process, we have a delimitation committee which will come up with new boundaries — not based on the previous arrangements — for the regions within Namibia.

▶ *Does Namibia intend to remain part of the Southern Africa Customs Union?*

— It's not a question of wanting to, but at the moment, we do not have the option. At a certain moment, we will have to consider what the benefits are for us, and to assess what we have gained from the arrangement. Then we will consider whether it is worth continuing. If it is the wish of the Namibian people, we will stay — if not we will get out. At the moment, however, we have no choice.

▶ *We have seen an increased emphasis in development policy in recent years, on strengthening regional cooperation. In the context of Southern Africa, what benefits do you think such an approach can bring to Namibia?*

— On the subject of regional cooperation, we are certainly learning from Europe. It is true to say that unity is strength and we must have regional cooperation to revive the African economies. I am very hopeful on that score. For a country which is so young, Namibia is very active at a regional level (SADCC) and I look forward to this continuing. ○

Interview by S.H.

An interview with Vice-President Marin

'The political and constitutional success of Namibia is now a model for change in Africa

► *It was you who conducted the negotiations on behalf of the Community for the accession of Namibia to the Lomé Convention. How did you carry out this process?*

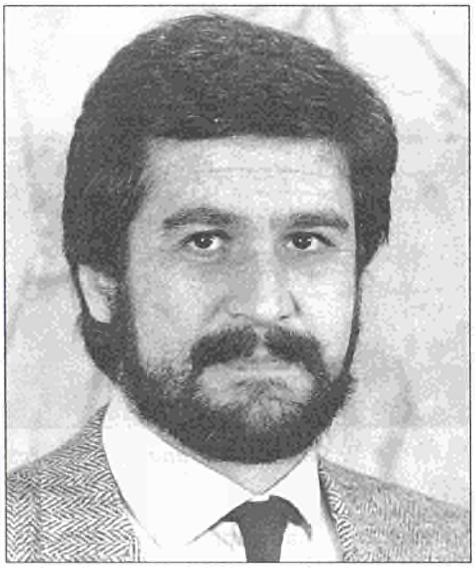
— I visited Namibia for the first time in February 1990. I had the opportunity then to inform President Nujoma of the importance attached, and support given by the Commission over many years to the struggle for the independence of the Namibian people. From a personal point of view, I was struck by the political maturity which Namibia displayed, and by the spirit of reconciliation which characterised the work of the Constitutive Assembly. I believe that the speed with which the Constitution was drawn up underscored the determination of Namibians — of all persuasions — to put an end to the confrontations of the past and to work on building the nation.

In these circumstances I was naturally very satisfied when, a mere nine days after gaining independence, Namibia lodged its official request to accede to the Lomé Convention.

On the side of the Community, as well as that of the ACP countries, there was no argument about the principle of Namibian accession. The negotiations for the renewal of the Convention explicitly foresaw the entry of Namibia once it had moved to independence and made an application to join. Accordingly, the negotiations with the Namibian Government focused solely on the specific problems which Namibia chose to raise and which were not already covered by the general provisions of Lomé IV.

► *What particular elements were covered in the accession process?*

— In order to take full account of the particular circumstances of the Namibian economy, it was considered necessary to make a number of specific arrangements, notably in four areas. These were: conferring least developed status on the country for a period of five years, with the possibility of extension; inclusion of Karakul pelts in the Stabex system; continued membership of the Southern Africa Customs Union and establishment of a beef protocol.



Manuel Marin
Vice-President of the European Commission in charge of Development and Fisheries

It was this last point which proved to be the most difficult to settle. Having heard the Namibian viewpoint, and recognising the importance of this sector for the country, I proposed an annual quota of 15 000 tonnes. Following what were undeniably difficult negotiations in the Commission and the Council of Ministers, Namibia obtained an annual quota of 10 500 tonnes of deboned beef for this year and 1992, rising to 13 000 tonnes for the remaining three years of the beef protocol.

It is my view that these arrangements which we succeeded in obtaining, along with the general provisions of the Convention, represent an overall package which can make a significant contribution to Namibia's development. It was against this background that all the implementing measures were agreed by Trade Minister Amathila and myself on 19 and 20 November 1990.

► *Do you think that Namibia's independence process could provide an example for other countries?*

— Certainly. The political and constitutional success of Namibia is now a model for change and democracy in Africa — doubly so in southern Africa.

In the first place, Namibia has shown that peace and national reconciliation are vital if one wishes to achieve the objective of rapid economic growth with social justice. Secondly, the Namibian experience points up a reality which is sometimes neglected and which, in my view, applies to the whole African continent. This is that there is not one democracy for white people and another democracy for black people.

The slogan 'one man, one vote', I am convinced, does not only apply to apartheid countries. Having said this, it is natural that there might be nuances — the evolution may vary according to the political, economic and cultural circumstances of each country.

► *Do you think that the political success of independence is sufficient to guarantee success at the economic level, and in development?*

— Clearly not. The former is a necessary condition but it is not sufficient in itself. I am fully aware of the current problems which the Government and people of Namibia have to tackle. As you know, I myself come from a country — Spain — which moved peacefully to democracy after a dictatorship of 30 years and I know well that that inevitably results in greatly increased expectations, particularly among those who have long struggled for political change.

In the final analysis, responsibility for development rests with the Namibian people. Having said that, the Commission fully supports the course chosen by the Government with its emphasis on autonomy and national sovereignty. We are ready to assist the process, whether at a bilateral level or in the framework of SADCC and I hope that the Lomé Convention will be a valuable instrument in helping to meet the aspirations of this young yet wise nation.

▶ *There is, however, one field of EEC/Namibia relations which is not covered by Lomé — fishing agreements. Nevertheless, this is an important sector for the country.*

— For Namibia as well as a good number of other developing countries, fishing is, in fact, one of the main sources of revenue. Namibia's coastal waters, although rich in resources, were subject to very serious overfishing in the period prior to independence. Therefore, it was important for Namibia to establish its 200 mile Exclusive Economic Zone (EEZ) without delay and to evaluate the situation of its marine resources as of independence. It is obvious that Namibia, like all other sovereign states, is completely at liberty to establish its own fishing and resource conservation policies.

On the other hand, we should not forget that the negotiation of fishing agreements between the Community and developing countries is something which is completely independent of the Lomé Convention. The possibility of such an agreement was not even looked at during the negotiations for the accession of Namibia to Lomé IV which I oversaw personally.

That said, after the signature of the Convention, Namibia and the Community agreed that it was an opportune moment to begin negotiating a fishing agreement. The Commission, which has exclusive competence in matters related to fishing, therefore initiated negotiations for what we hoped would be a multiannual agreement.

▶ *It would seem, however, that these negotiations are going through a sticky patch?*

— The Namibian Government fixed the total allowable catch for 1991 at 60 000 tonnes. That's a lower amount than has been fished in the past but Namibia, logically, wants to allow its stocks to recover. That is quite normal and we accept it without reservation. However, when we began the negotiations this year, we discovered that the Namibian Government wanted to reserve 85 % of this 60 000 tonnes for certain shipowners, notably Spanish but also from other Member States, who have been fishing in Namibian waters, on the basis of individual licences. The EEC/Namibia fishing agreement would thus relate to a proportion of the remaining 15%; in other words to a fraction of 9000 tonnes of fish annually. This quantity would still have to be divided proportionally among several Member States who have already made applications (France, Portugal, Spain, Germany, the Netherlands).

In addition to this problem of quantity, there is equally, a very serious problem of illegal fishing. As you know, several fishing boats from one Member State — Spain — have been arrested in Namibian waters while fishing illegally. It has happened several times and it is intolerable. On this subject, my position is exactly the same as that of the Namibian Prime Minister, Mr Geingob who recently declared that an agreement was impossible so long as Community vessels continued to plunder the waters of this country. I would go even further. Namibia has the right to bring to justice and to impose penalties on all illegal fishing activities, in accordance with the legal provisions which are in force.

The only authority with the capacity to adopt measures which can be applied to discourage illegal fishing once and for all, is the Community Member State concerned. But in the absence of such measures, I decided, after a great deal of thought, that the Commission must indicate clearly and unambiguously, its respect for the legitimate rights of Namibia, by seeking to induce the country in question to adopt the necessary measures.

It was for two reasons — the need to clarify the position regarding the illegal fishing and the obviously insufficient percentage of catch which is being offered to the Community in 1991 and 1992 — that I decided temporarily to suspend the negotiations on the fishing agreement. I explained this to the Fisheries Council of Ministers on 18 April and they, of course, supported my action.

'In the final analysis, the responsibility for development rests with the Namibian people'

▶ *If the Commission's reasons for the suspension are so clear, how do explain the negative reaction from certain quarters in Namibia?*

— I must admit that that reaction surprised me. I thought that my decision would be appreciated for what it is — a gesture of solidarity and of support for the legitimate rights of the Namibian people.

I have recently written a letter to President Nujoma, explaining to him in detail the position of the Commission, because I remain convinced that the negative reactions you refer to are ill-founded.

But in the midst of these events, we must not be allowed to forget the excellent relations which the Community has always had with Namibia. I can assure you that the Commission will press on with its efforts to achieve a fishing agreement which is balanced, and which reflects both the mutual interests of the two sides and the necessity of ensuring proper conservation and management of Namibia's fish resources. If all sides share this interest, we will get there. Otherwise, EC/Namibia cooperation can continue to develop normally in other fields, and particularly in the context of the Lomé Convention.

Added value equals greater prosperity

An interview with Dr Ben Amathila, Minister for Trade and Industry

The Courier

Earlier this year, Windhoek played host to two important conferences. The annual consultative conference of SADCC, which took place in the Namibian capital at the end of January, brought together more than 600 official representatives from SADCC Member States, cooperating partners and international organisations. This was immediately followed by an 'Investors Conference' which exceeded all expectations, attracting upwards of a thousand participants. The latter event was masterminded by Dr Ben Amathila, Namibia's Minister for Trade and Industry. Despite a very busy schedule, Dr Amathila found time during the week to fit in an interview with 'The Courier' in which he explained the Government's priorities for developing the Namibian economy.

▶ *Minister, it has been said that Namibia exports what it produces and imports what it needs. In the light of this what do you think are the priorities for Namibia in the field of trade policy?*

— Your statement obviously characterises our current position. If you take the figures of what Namibia actually produces, you see that it is basically primary products, most of which are not processed locally. This is something which the Government aims to change — it is our intention to try and add value to our primary products, creating more jobs in the process, before we export them. Namibia is essentially a mineral-producing country and these minerals go either to South Africa or to countries overseas. We buy back the finished products from the very same countries and in the process we lose out on job creation for our own people. Unemployment in Namibia is estimated to be about 40%, so the policy of the Government is for value-added production which will create more wealth and more employment in Namibia.

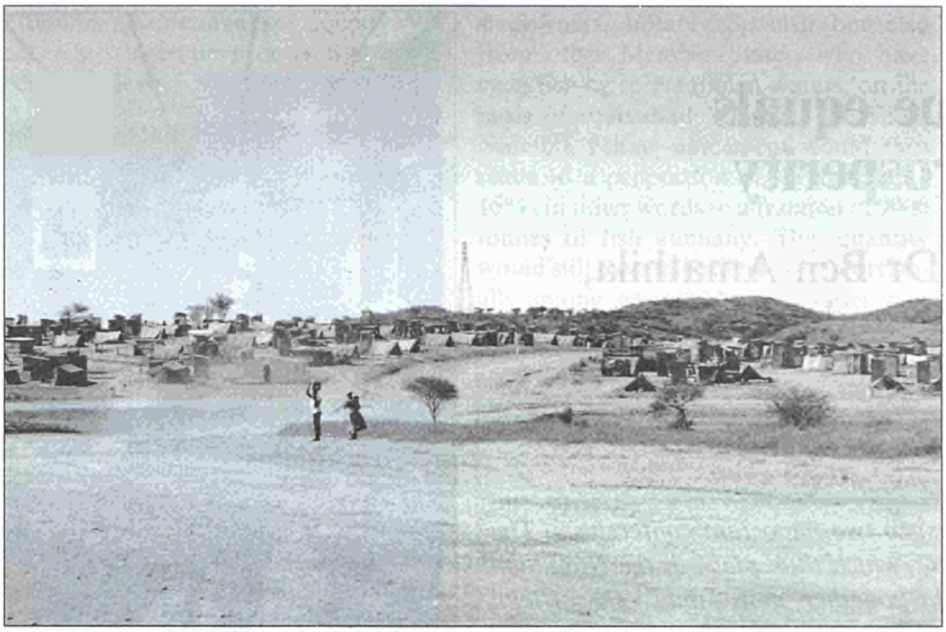
▶ *It is clear that Namibia relies on relatively few sectors — uranium, diamonds, minerals etc — to provide the bulk of its exports. What measures are you considering to diversify export-oriented production?*

— Namibia is a country with a very small population and money circulation is limited. However, we see great potential for Namibia as a manufacturing economy and an exporting country. We know the history of most of the developing countries who depended solely on monoculture, and especially on the mineral sector. Their experience has not been very good. What we are trying to say is that whilst the mineral sector of our country is still very strong, we should utilise it to diversify to other sectors, especially manufacturing. Up to now, manufacturing has contributed about 5% of our GDP. That is very low indeed and we realise that there is scope for this to expand and to earn the country a lot of money.

Visitors who come here might look at the small population — the internal market of Namibia — and conclude that there is no point in investing heavily in this particular country. What we are trying to say is that as a sovereign, independent state, we now have access to a number of countries and markets. We are a member of the SADCC group, are within the Preferential Trade Area and have a trading relationship with the European Community through Lomé IV. These arrangements put us into a position where we can obviously reach those markets with our finished goods, provided we make quality goods, which can be done. We know countries with considerably fewer resources than Namibia which have become manufacturers and producers of high quality goods and which dominate certain overseas markets. Namibia, with its infrastructure, its raw materials and an entrepreneurial population, can develop the manufacturing sector in order to yield a greater contribution to the country's GDP. I see Namibia becoming more of an export nation.

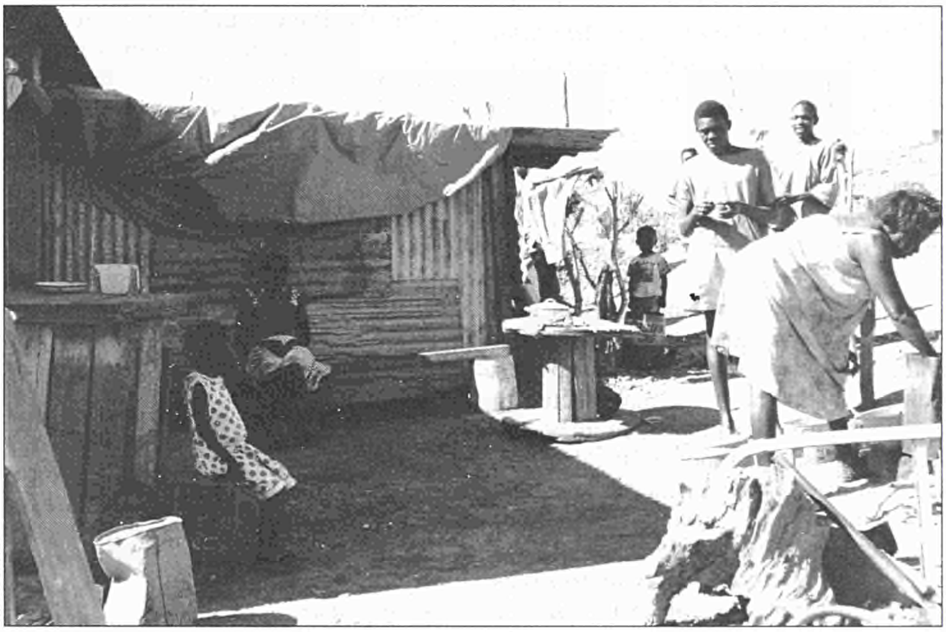
▶ *To what extent does South Africa's continuing occupation of Walvis Bay affect Namibia's trade and how do you see the issue being resolved?*

— From a political point of view, we believe, in accordance with the view of the UN Security Council, that South Africa should not be in Walvis Bay. Their occupation is obviously illegal as well as being economically untenable. This is a matter that Namibia and South Africa will have to address very soon and our Foreign Minister has been given the task of taking the matter up with South Africa so that we can try to solve it amicably between the two countries. You know that South Africa does not need Walvis



The Courier

'Peace and stability hinge on those who do not actually own anything'. Pictured here is the Okorongawa squatter camp outside Windhoek where poverty and unemployment are rife



The Courier

Bay and their clinging on to it is simply an attempt to coerce the young state of Namibia. But we believe South Africa will realise that addressing the apartheid problem will not, alone, end its isolation, if they persist in holding on to Walvis Bay. We also believe that within the context of Resolution 432 of the UN Security Council, which is the basis of the Namibian Government's approach, it may be possible for the two countries to solve the problem without actually reaching international arbitration or the International Court of Justice. Walvis Bay is not only crucial to the economy of Namibia but also to the trade and economic links between Namibia and countries in the neighbourhood.

▶ *On balance do you think that Namibia's inclusion in the Southern African Customs Union benefits or harms Namibia's trading position?*

— Well there are a number of both positive and negative aspects. Being a young nation, obviously most of the arrangements were in place before we achieved independence. What we are trying to do is to identify those provisions in the Southern African Customs Union that tend to be negative to the strategy that Namibia is following at the moment. We intend to take this up not only with South Africa but with other members of SACU. It is possible that within the context of the Union, we will be able to address those issues and to make other members aware of the problems that we are encountering. If we find that the Union is not in our interest, obviously we reserve the option to get out of it.

▶ *There is much talk of the dilemma you seem to be facing between your broadly liberal economic policy designed to attract foreign investment and to maintain confidence, and the immediate expectations of many of your own supporters for a fairer distribution of the country's wealth. Do you think you can reconcile the two?*

— Well I don't really like to see this in terms of a contradiction or conflict. It is true that the Government deliberately opted, after independence, for a policy of national reconciliation in order to prepare the majority of the Namibian people. National reconciliation means that everyone will have to make a sacrifice. This is the price that the country has to pay and we hope that our supporters and also those who are not necessarily our supporters, come to realise that their well-being depends largely on what we do to meet the high expectations of those who have nothing. Peace and stability hinges on those who do not actually own anything, whose expectations are justified and who expect the Government to do something very positive to alleviate the social pressure on them. As I mentioned earlier, we are talking of an unemployment rate of about 40% and that is pretty high. The beautiful constitution that we have could easily be eroded by the reaction of the 40% who are unemployed. The peace and tranquility that we presentily have in the country could be disrupted if we fail to address this question.

What we are trying to do is to bring in investment in order to create wealth for the country. We are seeking to create jobs and we hope that it will be a partnership which will be very beneficial to both the investors and the country as such. I am very hopeful that on the political side, our supporters will understand the difficult situation the Government has taken over and that it may take some time to create the necessary jobs and wealth for everyone. They will also realise that the Government is earnestly trying to find solutions to these problems.

However, the solution will not be provided solely by investors, many of whom may wish to invest in capital intensive projects. On the other hand, the former apartheid system has caused such serious damage that creating jobs for the sake of creating jobs will not necessarily solve the problems. It is the intention of the Government, therefore, to develop the informal sector where most of those who are illiterate, and most seriously affected by the apartheid system will have better access to solving their own problems — through self-employment or by doing business at a level where they can participate. We believe strongly that Namibia has the potential in the long term to find its own development but we admit that in the short term, we need capital inflows from outside in order to address our particular problems of unemployment, poor health conditions, and poor housing.

Namibia has 'very great potential' for tourism. This is Windhoek Railway Station

► *Following on from this point, how important do you think development assistance from overseas will be in helping Namibia? What role do you see in particular for the European Community?*

— The European Community has been a partner to Namibia during the struggle for independence. It financed projects aimed at improving education for Namibians, notably through the United Nations Institute for Namibia which was based in Lusaka and that was a significant contribution. The EC also contributed to various programmes — food programmes and so on — to alleviate the plight of refugees under SWAPO care before independence. We are conscious of the fact that before independence, the European Community carried out and supported programmes here in Namibia, and that some of these programmes are continuing — long before the benefits of Lomé IV actually materialise.

So we see, through various instruments, the very great role that the EC will play not only of the direct sort, such as food aid and programmes meant to alleviate the plight of the weak but also to help the weak help themselves through encouraging self-reliance. We believe that this is an area which the Government, in partnership with the European Community, will have to look at seriously. The syndrome of dependency which has been left by the South Africans where there is a tendency for people to expect the Government to do everything for them, has to be broken, and we are looking for participation from the EC to help people help themselves, rather than to make them more dependent on the Government.

► *The business conference taking place in Windhoek this week appears to have been a considerable success. What concrete benefits do you anticipate as a result of this event?*

— What we have tried, in essence, to do is to inform would-be investors about the conditions prevailing in Namibia — all aspects which might be of interest to the business community, the business activities we already have and the fact that we have peace and stability. We have a very good constitution which has been heralded the world over, we have the appropriate environment and we have the necessary Foreign Investment Act which sets out the rights and obligations of investors in the country. In other words, we are trying to exchange information to make investors more aware of what is available. We feel that the quality of the information exchanged so far has been very good. Of course, not everyone who came here was an investor, but the sheer number of participants — more than 1000 — will certainly bring benefits to the country. We hope that from their own experience, those who came will be able to tell the world at large what Namibia is and what the Government's intention is. I see them as potential ambassadors of Namibia to the rest of the world. We also think that having digested the information from the conference, many of the participants will come back while others will be attracted to Namibia to test the water and see if it is worth actually putting their money here.

I also see it as a prelude to expanding the tourist industry for which Namibia has very great potential. We think that as Namibia becomes more known internationally, more tourists will come and that will be very good for the economy.

One particularly significant thing which I think has resulted from the conference is the fact that those who have lived in this country for years and who have looked only to South Africa for protection from the so-called hostile world have learnt a very good lesson. It is their first experience since independence, of being part of the community of nations. Additionally, in a free economy, they will have to learn to compete with the rest of the world — competition is what a free market economy is all about. This means they will have to brace themselves to do things better, and Namibia as a whole will be the beneficiary. For these reasons, the conference, in my view, has been a very great success. ○ Interview by S.H.

Agriculture and fisheries
Managing the transition

by Paul GOODISON (*)

Namibia may be a dry country, but with its small population and huge land area, there is considerable scope for growth in the agriculture sector. High grade meat is already exported in considerable quantity and Namibia is well known in the quality clothing industry for its karakul pelts. Expanding agriculture, and in particular adding value to primary production through more local processing, offers a route to greater prosperity, particularly for the poorest sections of Namibian society who are mainly rural dwellers. In the three short articles which follow, Paul Goodison outlines the problems facing some of the country's most important 'agricultural' sectors and puts forward suggestions for overcoming them.

The final article in this 'series' looks at the related area of fishing, which has the potential to become Namibia's single most important economic activity. Overfishing prior to independence reached such a scale that stocks were depleted almost to the point of extinction, but as Mr Goodison explains, the new Namibian Government took immediate and firm action to prevent further degradation. Now it is looking to the future, in seeking to strike a balance between conservation and fisheries development.

In each of the areas discussed, the author looks at the EC-Namibia relationship and from the standpoint of a 'neutral' observer, he suggests ways in which this might be developed.

Beef

In financial terms, the single most important agricultural product in Namibia is undoubtedly beef. As with most other primary sectors in the country, production is mainly for export, and it is not, therefore, surprising that the beef quota (for exports to the European Community) figured prominently in the negotiations leading to Namibia's accession to the Lomé Convention. The quota of 10 500** tonnes which was agreed, is already beginning to have an impact on the Namibian beef sector in a number of ways.

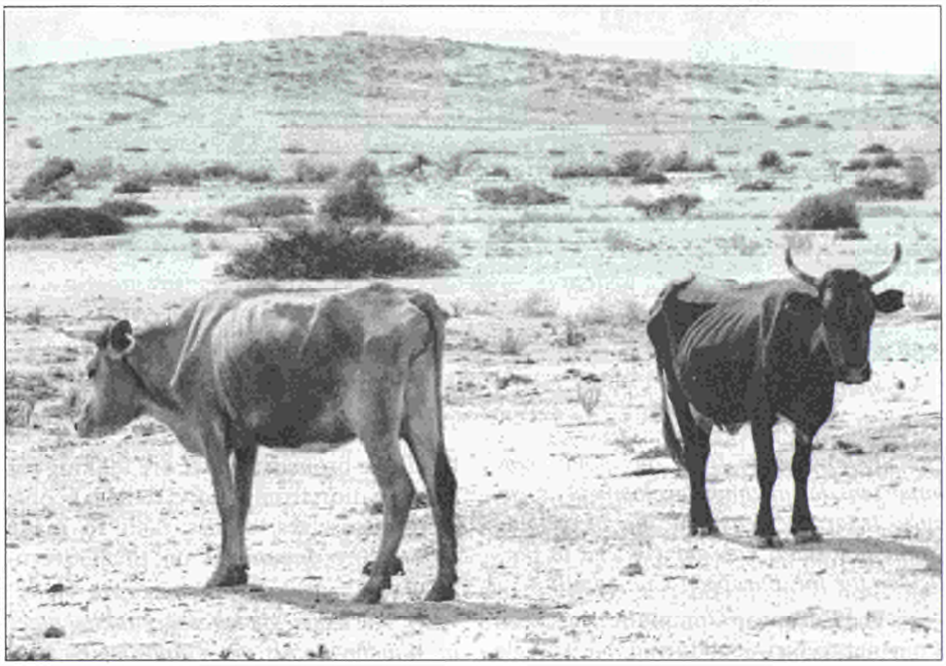
In the first instance, it has provided greater economic security for the local beef industry. At independence, 84% of Namibian commercial beef production was exported to South Africa. As a result of being granted access to the EC market under the beef protocol, a proportion of this is now being sent instead to Europe, reducing Namibia's dependence on the single and highly cyclical market of its southern neighbour.

In addition, the opening of exports to Europe has greatly stimulated the level of domestic meat processing in Namibia. 54% of exports to South Africa were 'on the hoof' whereas supplies for Europe have to be slaughtered and processed before shipment. Supplying some 10 500 tonnes of frozen de-boned beef to the EC market in 1991 will require the domestic slaughtering and processing of a further 70 000 cattle, with a value added for the domestic economy of some R20 million, and the creation of up to 1000 new formal sector jobs.

The beef quota thus provides not only greater economic security for the industry in Namibia, but also an important stimulus to the local economy in terms of job creation and higher added value.

Beyond this, the operation of the levy rebate under the Lomé beef protocol brings substantial additional revenue to Namibia in comparison with what could be earned in alternative markets, notably South Africa. In current market conditions, with South African beef prices at a cyclical peak, this 'additionality' is estimated at R3 million per 1000 tonnes. Under the probable market conditions in the coming years, the additionality could be as much as R6 million per 1000 tonnes.

Under previous Lomé Conventions, the additional benefit derived from the levy rebate has accrued to the ACP governments in the form of tax revenue. With Lomé IV, however, the decision as to who benefits from the levy rebate will



The Courier

Beef is Namibia's single most important agricultural product

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(**) For each year 1991-92, rising to 13 000 tonnes in 1993, 1994 and 1995.

North of the 'red line' — a roadside butchery

be made by the ACP government. In Namibia, the sole beef exporter is currently the principal beneficiary of the levy rebate although it is, in consultation with the Government, formulating programmes to spread the benefit to previously neglected communal areas. In time, however, the Government may decide to play a more active role in spreading the financial benefit of the levy rebate through the imposition of an export levy on beef destined for the EC market. If this were to be done, the extra revenue generated could be deployed in support of broader rural development, outwith the commercial operations currently envisaged by the sole exporter.

In the medium term, this may prove a more appropriate solution for many black, former communal area farmers operating south of the veterinary control fence. This fence, which is known as the 'red line', divides the northern, former communal areas, where lung sickness and foot and mouth disease are prevalent, from those areas previously reserved for white commercial farmers where the diseases have been eradicated

Under the previous administration, beef marketing was structured against these farmers' interests and in favour of the established commercial farmers. Many communal area farmers south of the red line are aware that the EC beef quota will improve financial returns to beef producers and they are presently enquiring of the Government how they can benefit from this. As in other areas, the need to overcome the legacy of unequal opportunities established under South Africa's occupation, poses a major challenge of which the Namibian Government is keenly aware.

North of the red line, the problems of former communal area cattle farmers are somewhat different. For beef produced in this area, the principal market is roadside butcheries. Some of the northern farmers would like to see measures taken to improve marketing opportunities, so that they can benefit from levels of remuneration similar to those enjoyed by the commercial producers in the south. There have been calls for the progressive removal of the veterinary control fence, as animal disease control programmes gain ground. Other farmers, who are profitably engaged in the cattle trade with southern Angola are fearful that this will lead to a complete ban on such cross-border commerce, with a new veterinary control fence being established on the border. Another problem in the north is that, given population pressures, existing cattle farming practices are leading to severe environmental degradation. If action is not taken in the short term to halt this process, irreparable damage could be done to the fragile ecology of northern Namibia.

It is this type of wider concern which suggests that greater governmental involvement is required in determining the utilisation of the additional financial benefits accruing to Namibia under the Lomé beef protocol.

Beyond the immediate benefits arising from the granting of a realistic beef quota to Namibia, it could also, in the medium term, greatly stimulate the tanning and leather working industries. A number of tanneries and leather working enterprises already exist in the country. However, they are often working with outdated technology, and the Lomé Convention could have an important role to play in stimulating joint ventures, thus allowing Namibia to build up, on the foundation of its own natural resources (in this case cattle), a thriving new industry.

Karakul

During the negotiations for the accession of Namibia to the Lomé Convention, the coverage of the existing STABEX commodities was extended to include the export of karakul skins. These are obtained from karakul sheep and are used for the manufacture of high fashion garments. The karakul sheep is ideally suited to the harsh environmental conditions which prevail in large parts of southern Namibia.

At present, price instability on the international markets is severely disrupting the karakul industry. Despite the fact that prices in Rand terms rose during the 1980s, Namibia's export earnings from karakul in 1990 are only half the level of those achieved in 1980. Pelt production has dropped to 21% of the figure of ten years previously.

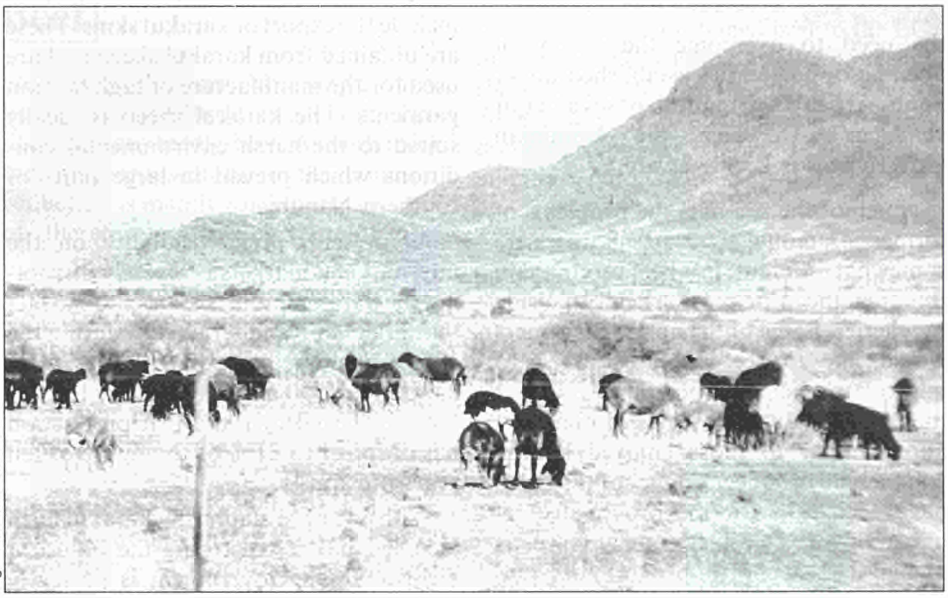
With a view to stabilising karakul farm incomes and restructuring the industry, the Namibian Government is presently seeking STABEX support for losses sustained in 1990. Assuming support can be secured, the Government is then looking to establish a comprehensive programme involving the expansion and, where appropriate, reintroduction of karakul farming into communal areas.

It is hoped that stimulating *managed* expansion now will place Namibia in a good position to capitalise on impending improvements in international fur prices arising from de-stocking in the mink industry.

In addition, through improving and expanding karakul production in previously neglected, communal farming areas, it is hoped that the programme will substantially increase farm incomes. This is particularly the case for the drier southern and north western regions.

Improving the standard of pelt production in the communal areas to the average prevailing in the commercial sector would effectively double the income of communal area karakul farmers.

The expertise for implementing such a programme already exists in the former white administration's agricultural extension service. The problem is to establish an appropriate organisational framework to deliver extension services to communal area farmers in a way which engenders confidence and stimulates the necessary improvements. In the past, such schemes have been implemented in a manner which benefited less efficient commercial karakul farmers. These farmers sold their poorer stock at inflated prices to local government-run karakul improvement schemes which were intended to help communal area farmers.


Inge Van den Bussche

There is potential for expanding karakul farming in the communal areas

This kind of problem — overcoming the legacy of the past — poses a major headache for the Namibian authorities. Often, those most in need of support and assistance are beyond the reach of established organisational structures. Reforming these structures to meet the new policy agenda is now a major task.

Nevertheless, if the balance of karakul production can be shifted to communal area farmers, and the quality of production in these areas can be improved, a firm foundation will have been laid for the industry in Namibia.

As regards adding value through processing, a basis already exists in the form of a factory which produces processed skins and karakul garments. However, considerable scope exists for increasing the value added element. If only 10% of existing pelt production could be processed to the Nappa (tanned) stage, and a further 10% worked up into finished garments, the value of export earnings from karakul could be doubled under current market conditions. This would also generate more than 100 new jobs on the pelt processing side alone. Such a course of development is quite within the capacity of established Namibian enterprises. What is required to realise the potential is joint ventures with Europe-based companies to facilitate marketing. Here again, the Lomé Convention could perform a useful function.

Expansion of karakul farming in communal areas would also create many new employment opportunities through the establishment of small-scale karakul wool 'weaveries'. There are already eight such weaveries in operation, employing between 200 and 250 people, as well as an unknown number of cottage weaveries. There remains, however, considerable scope for expansion in this area, particularly if local weaveries could be linked to a national and international marketing network.

There is potential for every farmer with a herd of 150 karakul sheep to produce sufficient wool to employ two full-time weavers, with a further two employed in supporting activities related to wool-preparation prior to weaving. If sufficient training could be given to ensure a high standard of design (a weaving school already exists in Karibib), and providing markets can be found, an income of some R10 000 could be generated for the weaver and assistant.

It is clear that the reintroduction of karakul farming in communal areas could initially generate hundreds of jobs in the weaving industry with perhaps thousands more being created in the longer term. For such a programme to succeed, however, considerable technical and managerial inputs will be required. Initial seed money is also needed to establish pilot schemes. Opportunities to help meet these requirements exist under the Lomé Convention (notably STABEX) and European non-governmental development agencies should be able to play a part.

Given the enormous problems of employment creation facing Namibia, particularly in the rural areas, an integrated programme for the development of the karakul industry is more than merely desirable — it is, in fact, essential.

Game

With independence, and the removal of the commercial constraints which existed during the South African occupation, the Namibian game meat industry looked forward to a period of expansion. In 1989, the last year before independence, Namibia exported more than R5.5 million of fresh game meat to the European Community market, principally the Federal Republic of Germany. Links with the neighbouring Botswanan industry were being developed and there was the prospect of higher returns for the higher quality Namibian meat which was finally being marketed under its own name. On the basis of fresh meat exports, plans were even being laid for the development of processed game meat exports to the EC. It was expected that this further processing would create additional employment and quadruple export earnings from the game sector within a few years.

By mid-July 1990, the position appeared very different. Traditionally, Namibian game meat exporters had enjoyed reasonable relations with their South African counterparts who had largely taken the lead in marketing game products internationally. With Namibian independence, however, the South African suppliers sought exclusive marketing deals with those European importers whom the Namibian industry had previously supplied. Overnight, Namibian exports were cut off from their traditional European markets. This sudden change of circumstances for the worse is illustrative of the difficulties which a range of Namibian products may face with independence.

The second principal factor adversely affecting the Namibian game industry was the economic changes taking place in Eastern Europe. The breakdown of state marketing arrangements in the former communist bloc has led to a free-for-all in the export of Eastern European game to the EC market. This is seriously depressing EC prices for game meat. Normally, this would not have been expected to have such a direct impact on the Namibian trade — Namibian game is significantly different from the European varieties and has better quality and taste. However, the inability of Namibian exporters to develop brand name marketing of their products has ensured that they have fallen victim to the more general vagaries of the game market. A lack of international marketing experience has left the Namibian industry ill-placed to respond to the adverse marketing conditions with which it is confronted. Thus a sector, which only very recently appeared highly promising, is now threatened with devastation. As with karakul, assistance is needed in this sector to develop international marketing expertise and to restore export growth potential.

Fisheries

The legacy of over-exploitation

Namibia has, potentially, one of the richest fishing grounds in the world. This is due to the particular climatic conditions at the coast, where the cold but nutrient-rich Benguela current flows. In the past, the fishing industry has been a major force in the economy.

In 1968, fish processing based on inshore fishing accounted for 15% of exports and 10% of GDP. However, as local scientists predicted, this level of exploitation of the sea proved unsustainable. Unfortunately, local efforts to limit the catch, in the face of predictions of impending collapse, commonly gave way to the short term commercial interests of South African fishing companies. This occurred to such an extent that by 1978, the pilchard stock, which had been the mainstay of the inshore fish-processing industry, was almost exhausted, the biomass amounting to less than 2% of the figure in 1968.

The collapse of the inshore fishing industry led to considerable job losses in Walvis Bay, where employment in the fishing industry is now only 20% of what it was in its heyday.

The experience of over-exploitation of the inshore fish stocks was in large part replicated offshore. When the international rules establishing an exclusive economic zone (EEZ) of 200 miles for coastal states, came into being under the UN Conference on the Law of the Sea, the Namibian fishing grounds became, in effect, one of the few remaining free fishing areas in the world. This curious legal situation stemmed from the fact that the international community did not recognise South African jurisdiction over Namibia, and South Africa, in any case, did not have an effective regulatory authority to prevent resource depletion.

The International Commission, South-East Atlantic Fisheries (ICSEAF) did attempt to control access to Namibian waters in the interests of long-term sustainability, but pressures from commercial operators invariably led to the setting of quotas at the highest level of the scientific recommendations put forward. The situation was exacerbated by the fact that ICSEAF had no independent means of monitoring compliance with the quotas. As a result, they were honoured more often in the breach than the observance. The result has been a progressive decline in fish stocks, with the offshore fleet taking only 20% of its 1972 peak. In Namibia, this sad state of affairs was seen to have arisen in large part because of the lack of *national* control over Namibia's fishing grounds.

The current situation

With independence, the new Namibian Government resolved to take firm action to protect this potentially very valuable national resource. By the year of independence, the commercially high value hake stock was only at 20% of its 1969 biomass and no less than 82% of the hake being caught was less than one year old. This indicated a situation of crisis proportions, in which immediate drastic action was required to avert a terminal collapse. Accordingly, the Namibian Government requested all foreign fleets to cease their fishing activities off the Namibian coast pending the results of a comprehensive stock assessment, the approval of new fishing regulations and the declaration of a national fisheries policy.

Whilst this request was initially respected, within a few months of independence, Namibia's 200 mile EEZ was regularly being violated by vessels engaged in illegal fishing activities. The extent of these activities was dramatically illustrated by the arrest of five Spanish boats for illegal fishing, in November 1990. The seizure of these vessels was widely regarded as being only the tip of the iceberg — they had been part of a 'fleet' of more than 30 such boats.

EXPORTS

	1988 R m	% share of all Namibian exports	1989 R m	% share of all Namibian exports
Agricultural exports				
Cattle	148.9	7.0	154.9	5.8
Small stock	57.6	2.7	95.4	3.6
Karakul pelts	34.6	1.6	25.0	0.9
Other	17.3	0.8	18.4	0.7
Total agricultural exports	258.4	12.1	293.7	11.0
Total fish exports	94.1	4.4	64.9	2.4

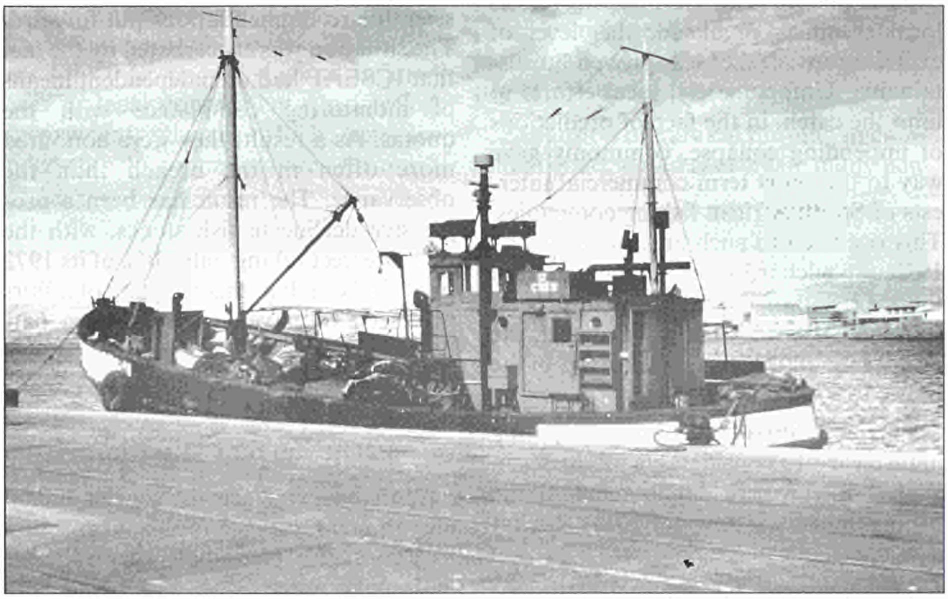
Source: Namibia in Figures, Standard Bank of Namibia Ltd.

As its action would suggest, the Namibian Government has accorded top priority to conservation and stock recovery in the formulation of its national fisheries policy. In the longer term, it aims to facilitate the development of the Namibian fishing industry, maximising the local processing of fish caught in Namibian waters and developing an indigenous offshore fishing fleet and associated fisheries support services.

The initial moratorium on foreign fishing activities in the EEZ has gradually been replaced by a policy granting restricted access to foreign vessels for specified activities. Licences for horse mackerel have already been granted, since local concessionaires were unable to take up the full 1990 quota of 200 000 tonnes.

For European Community fishermen, the main interest is not in horse mackerel, but in hake. This stock is still severely depleted, however, and the 1991 total allowable catch (TAC) established by the Namibian Government is only 60 000 t. In the allocation of hake fishing licences — as with horse mackerel — priority is being given to locally based concessionaires. The Namibian authorities estimate that these (some of which are joint ventures with EC fishing concerns) will be able to take 85% of the hake quota, with the surplus being opened up, on a licensed and carefully monitored basis, to foreign fleets.

In the short term, this leaves little scope for legal fishing activities by EC vessels in Namibia's EEZ. The level of access granted to foreign boats in 1991, for the all-important hake fishing, represents less than 2% of what was sought by the various EC fishing fleets. It is also barely 4.5% of the amount which the Fisheries Directorate-General of the European Commission initially felt would be a realistic compromise level for EC fleet access in 1991. The Commission, however, has shown a growing awareness of the Namibian Government's conservation policy and the need for stock recovery, in its approach to negotiating a fisheries agreement.



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A Namibian fishing boat in Lüderitz harbour

Prospects for EC-Namibia cooperation

Namibia can learn a lot from the EC's experience of fisheries conservation in the North Sea where, despite the introduction of various technical measures designed to promote fisheries conservation, a number of the major fish stocks have continued to decline. In addition, the Commission's recent talk of the need to find 'new association formulas' in the fisheries sector, leading to the conclusion of 'second generation' fisheries agreements, holds out possibilities for the negotiation of mutually beneficial fisheries cooperation agreements, which take into account the long term developmental needs of the fisheries sector in ACP states. Given the state of Namibian fish stocks, however, any current fisheries agreement would need to take a long-term perspective.

From a Namibian point of view such an agreement would need to contribute materially and significantly to the wider development goals set for the fisheries industry. It would need to specify, in particular, measures to be taken to facilitate:

— the effective implementation of conservation and stock recovery measures;

— the development of domestic processing of fish caught in Namibian waters;

— training of Namibian fishermen;

— technical and scientific cooperation;

— the further development of an indigenous Namibian inshore fishing fleet;

— the establishment of an indigenous Namibian offshore fishing fleet;

— the establishment of fishing industry service facilities in Namibian ports.

From an EC perspective, any such agreement would ideally need to guarantee EC vessels a mutually agreed level of long-term fisheries access.

The present problem is that, given the TAC for hake, there is little scope for foreign fishing boats. This is likely to continue having serious repercussions for EC fishermen, particularly at the Spanish port of Vigo, where many vessels are laid up, because of both the Namibian moratorium and internal EC fisheries conservation measures.

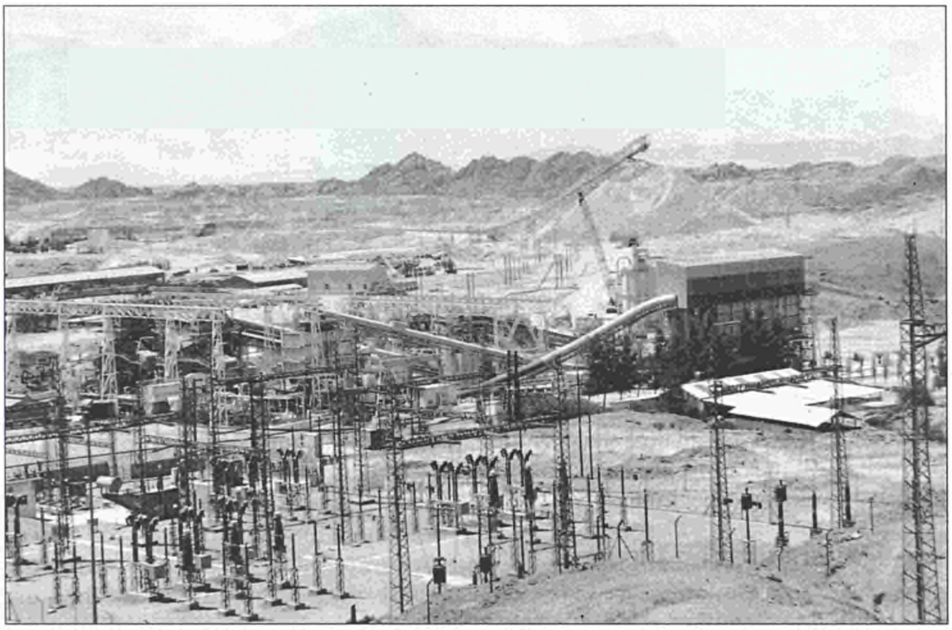
The solution for the longer term is a 'framework fisheries agreement' in which the EC agrees to help facilitate the attainment of Namibia's own policy objectives, as outlined above, in return for access for EC fishing boats to a specific percentage of the unutilised fishing opportunities up to the ceiling of the TAC. Community vessels would thus have, over say a 10-year period, a guaranteed level of access. They, in turn, would have a direct interest in the successful implementation of conservation measures since, to the extent that these were successful, the TAC could be gradually increased and hence, the total volume of fish available for exploitation by EC fishermen would rise.

Such an agreement could fit in well with Namibia's short term needs (support in conservation) and longer term goals (expansion and development of the Namibian fishing industry), as well as giving concrete form to the Commission's quest for 'new association formulas'. If such a long term perspective is not taken, however, there would appear to be little scope for EC-Namibia fisheries cooperation in the immediate future. ○ P.G.

Mining – the economic foundation

In common with most developing states, Namibia's economy is based mainly on the production and exploitation of primary products. In financial terms, mining is by far the most important sector, generating no less than 29% of the country's total GDP. From the point of view of employment, it has less of an impact (5-6% of the total), but it nevertheless provides a significant number of jobs in areas where few alternatives exist.

On the face of it, Namibia is fortunate in having such a wealth of mineral resources. The picture, however, is not universally favourable and predictions about the future of the sector — which is vitally important for the future of Namibia as a whole — tend to be conflicting.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Although many different minerals have been discovered in Namibia, the strength of mining rests on three products — uranium, diamonds and copper. Since 1989, the Navachab Gold Mine has also made a useful contribution to overall earnings but the commercial exploitation of other minerals is currently on a much smaller scale.

The three main mining companies — each of which is dominant in a single product — are part of large multinational groups with mining interests worldwide. Prior to independence, their exploitation of Namibia's mineral resources on behalf of foreign interests was a source of great resentment. Indeed, SWAPO was initially committed to bringing the mining industry under public ownership with a view to spreading the benefit of Namibia's mineral wealth more equitably among its people. However, the threat of nationalisation has receded with the Namibian Government's acceptance of the prevailing economic philosophy in favour of free enterprise. It is moving instead towards a regulatory framework which it hopes will lead to expansion in the sector, increasing its own tax revenues in the process. There now appears to be a general consensus that this is the best way of maximising the economic benefit to the country.

Problems

The main mining enterprises are currently facing both common problems and difficulties which are specific to their particular product. The former include depressed world commodity prices, which have been a feature of the past decade, and the effects of the economic sanctions which were imposed on the former colonial regime. In addition, investment and operating costs are inflated by the need to build and run large scale mining operations in a largely hostile natural environment. Transport is also expensive given the size of the country and its distance from the principal markets in the northern hemisphere.

It is a truism that non-renewable resources do not last forever but where a country is heavily dependent on extractive industries, this creates particular development problems. Mining towns, often created from scratch, have experienced boom conditions only to discover when the resource is exhausted that their communities have lost their *raison d'être*. With far-sighted planning, it may be possible to invest today's wealth in diversifying for tomorrow and this is clearly one of the current objectives of the Namibian administration.

The largest shadow appears to loom over the copper industry. Extraction is carried out by the Tsumeb Corporation at a town of the same name in the north of Namibia but it is generally accepted that this is a business which is well past maturity. Given the mine's location in an already depressed area of the country, the urgency of broadening economic activity in the region is recognised.

For diamonds and uranium, the longer term prospects are more promising although some difficulties are expected over the next few years. Diamonds have been exploited in Namibia for a very long time and many traditional onshore mining areas have been exhausted. However, the giant Consolidated Diamond Mines (CDM) which dominates the industry in the country does have two new mines at Auchas and Elizabeth Bay as well as a major stake in the gold mine at Navachab. For diamonds, the future focus is likely to be offshore rather than land-based with encouraging indications coming from test mining in Namibian waters.

It is worth mentioning that one of the consequences of diamond mining in the Namib desert was the establishment of the *Sperrgebiet* (the forbidden zone). This is a huge area in the south west of Namibia which can only be entered with a permit.

Uranium extraction is carried out by the Rössing company at its huge opencast mine in the Namib desert. Production is currently being cut back due to a depressed world price, the prospect of cheap ore flooding the world market from Eastern Europe and a continuing public mistrust of nuclear power in the aftermath of the Chernobyl disaster, which has influenced energy policy-making in the developed world. Rössing, however, is convinced that future energy

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Part of the abandoned mining town of Kolmanskop near Lüderitz

demand, combined with a growing environmental backlash against the burning of fossil fuels, mean that the future of the industry is likely to be secure.

Diversification the key

Namibia is also pinning its hopes on diversification in the mining sector. Recent prospecting has revealed that the country has significant untapped reserves of lead, zinc and silver. More copper and gold deposits have also been discovered while there may be potential for mining other rare metals. Rössing, who are acutely aware that all their eggs are currently in one basket (uranium) recently embarked on a pilot project for mining graphite at Otjiwarongo. Beyond the traditional minerals, there may be scope for producing high quality marble and granite while significant reserves of gas have been discovered offshore. The prospect of finding offshore oil is also thought to be 'reasonably good'.

The discovery of a range of hitherto unexploited mineral resources in Namibia has prompted the Government to predict a buoyant future for the sector. This is not a view which is shared by all, however, and there are those who believe that mining in Namibia has 'seen its peak years' (Financial Times, March 22 1990). Time will tell whether the latest finds are suitable for commercial exploitation on a large scale and which view is, therefore, correct. One thing which remains certain is that the fortunes of the Namibian economy will, for the foreseeable future continue to be closely linked to those of its major mining industries.○ S.H.

Wealth in the desert

The Rössing uranium mine in the heart of the Namib desert is a place which invites superlatives. For those of us who are used to existence on a more human scale, the first surprise, as the company plane from Windhoek starts its descent, is the sheer immensity of the hole which has been dug in the ground. Other attempts by man to leave his mark on the desert — the tarred road, the single track railway or the water-pumping stations — pale into insignificance beside the prodigious effort of shifting millions of tonnes of largely worthless rock, in order to extract precious grammes of energy-giving uranium.

The Rössing uranium deposit was discovered in the 1920s but it was not until 40 years later that a commercial evaluation led to the decision to begin mining. When full-scale production was reached in 1978, Rössing was the largest uranium mine in the world, with up to 1 million tonnes of rock being removed from the open pit every week.

Looking down into the pit, which like some amphitheatre of the gods, descends layer by layer to its flat surfaced bottom, one sees vehicles moving slowly but purposefully, laden with ore or returning empty from the dumping areas. There is nothing remarkable about them from a distance — it is only close up that one appreciates their dimensions. Indeed, the dumper trucks are so large, and their drivers are perched so high above the ground, that all conventional vehicles at the mine must be fitted with a device like an extended aeriel with a red 'football' on the end. This is to let the drivers know they are there!

The operation at Rössing has a number of stages. Once a dumper truck has been filled with rock, it is driven to a testing point in the pit itself where the concentration of uranium ore is measured. If the concentration is insufficient, the load is driven to a waste dump. Otherwise, it is taken for crushing, which is carried out in four stages at the plant attached to the mine. Various chemicals are used to extract the uranium from the ore and final processing converts the yellow cake which is produced into uranium oxide. This is the product which leaves the mine in steel drums for the overseas markets.

Safety

Rössing places considerable emphasis on safety and in addition to various protective measures, it performs regular medical tests on its workers to ensure that they are not exposed to hazardous levels of radiation. In the mine itself, where exposure to radiation is at a very low level, the main concern is the dust raised by the mining operations. This is suppressed by vehicles which continuously spray the surface with water.

Most of the employees at the mine live in the nearby town of Arandis which was built and is still largely owned by the company. The housing is of a relatively high standard with families living in small bungalow-style units equipped with all

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Ore in a dumper truck being tested for grade basic utilities. One feature which may seem surprising in a town which is founded upon nuclear power generation, is the solar panels which are fitted to all dwellings. This environmentally friendly way of supplying hot water to the inhabitants of Arandis is, however, easy to understand when one experiences the unremitting sun of the Namib desert. Single quarter units with communal lounges are available for workers without families. Rössing has also invested considerable resources in community services in Arandis, including education, skills training, small business ventures and sports and social facilities. Recently, there have been cutbacks in some areas which have provoked controversy but the company argues that this is essential given the current depressed market for its product.

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Arandis housing with solar panels

There can be little doubt that Rössing is seen as a good employer by most of those who work for it. By local standards, remuneration is high and there is a very low turnover of staff (although this was not always the case). According to Sean James who is the assistant general manager at the mine, the company receives each month, some 1100 applications for only six to twelve vacancies.

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A view of the 'pit'

For Namibia, the Rössing mine is extremely important. Before independence, it was seen by many as a 'villain' of the apartheid system which evaded sanctions to exploit the country's resources.

Indeed, many of the company's community-based investments were probably aimed at countering these criticisms. Nowadays, there is tacit relief that the sanctions efforts were not wholly successful since had the mine closed, it would almost certainly not have reopened and this would clearly have had serious consequences for the wider economy, given that the Rössing mine is responsible for a significant percentage of Namibia's overall GDP.

The current situation in the market for uranium is giving some cause for concern. In particular, the opening up of Eastern Europe has led to the threat that uranium stockpiles from that source will become available at very low prices, as the countries involved close down nuclear installations and seek to obtain the hard currency which they so desperately need for investment in new areas. In addition, although Rössing survived the sanctions, it did not do so unscathed. The market in nuclear fuels is based to a large extent on long term contracts, and the effects of losing certain customers prior to independence will continue to be felt for some time. Despite these problems, Rössing is looking forward in the longer term to an upturn in the market. On present levels of extraction, the Rössing mine is expected to last until at least 2018. By then, the size of the hole in the Namib desert will be more than five square kilometres. ○ S.H.

Education in Namibia — bridging the divide

by Dr Ian G. MACFARLANE (*)

There are those who would argue that a good education system lies at the heart of every successful economy, and that the great oak of prosperity will never grow unless the acorn of knowledge has been properly nurtured. The importance of education has certainly been understood in Namibia — barely a year after independence, major reforms are being implemented as the Government looks for ways of extending educational opportunities, previously only available to a small minority, to all of its people. In this article, Dr Macfarlane describes what education used to be like in Namibia and what is being done to adapt the system, in the demoratic, post-apartheid era.

The education system inherited by the new Namibian Government was characterised by administrative divisions and major inequalities. Before independence, education was divided according to ethnic group, with racially segregated schools. For the most part, the administrative divisions coincided with fairly neat geographical boundaries but this was not always the case. Where families from different ethnic groups lived in close proximity, for example in the Windhoek suburb of Katutura, schooling was the responsibility of yet another authority, referred to as 'National Education'. This encompassed a collection of schools which did not fit tidily into any of the other categories such as those supported by individual churches or by the Council of Churches of Namibia (CCN) as well as those in the black city suburbs. In all, there were *eleven* educational authorities, with the quality of service provided varying greatly from one ethnic group to another.

Where it was not actually forbidden, interaction between the different authorities was at least actively discouraged. A subject adviser within one administration would not expect to have any professional interaction, either with his counterparts or with teachers in other authorities. Subject specialists were assigned to a particular education authority and were typically based in Windhoek. Thus, for example, in order to support any given subject in the three schools in Lüderitz, a small coastal town 800 km from the capital, three subject advisers would make the round trip in separate cars, each to visit only one school!

Funding for education prior to independence was also a very uneven process. With income tax revenue largely being channelled back to the ethnic group from which it was raised, major inequalities were inevitable. The education authority for whites was able, not surprisingly, to provide education facilities

(*) Formerly Dean of the Faculty of Science at the University of Botswana. Currently working with the Centre for Development Cooperation Services of the Free University of Amsterdam. Recently appointed Project Coordinator of the EC funded I.N.S.T.A.N.T. project based in Windhoek, Namibia which compared favourably with those of developed countries. A good example of this was the Windhoek College of Education, the teacher training college built for whites. This is designed on a grand scale and, in addition to spacious accomodation, has outstanding sports facilities including an Olympic-size swimming pool and a stadium. When one considers that before independence, there was never more than 10% occupancy of this college, reputedly because of a lack of qualified students, and when this is compared with the dearth of equivalent facilities for other education authorities, the real scale of the inequality becomes apparent.


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Windhoek training college — 'designed on a grand scale'

Eleven become one

Following independence, the new Government has moved swiftly to implement its education policies, beginning with the organisational structure. The Ministry of Education, Culture, Youth and Sport has been created to replace the divisive system of 11 separate authorities. Clearly, this represents a major upheaval, but the reorganisation is proceeding swiftly and with remarkably few hiccoughs.

For several months, the new Ministry consisted of the Minister, his Deputy and only a few officials and secretaries. This was a period of intriguing paradox — the Ministry was grossly understaffed but at the same time, the total education establishment was several times larger than required, by virtue of there being 11 separate education authorities. The spirit of reconciliation enshrined in the Constitution ensures that no-one should lose his job simply because of the process of independence. In keeping with this policy, those previously employed in the 11 authorities have steadily been incorporated into the new Ministry. The Government's commitment to reconciliation, which has ensured job security, has been a major pillar in the changeover to independence. It has helped considerably to defuse what might otherwise have been a very tense period.

New policies for a new country

Prior to independence, a lot of thought was given to future education policy, both by Namibians in exile and by forward-looking educationalists in the country. Several international conferences and seminars, which have taken place over the last few years, have helped to prepare the ground.

The Government has selected English as the national language, and therefore as the medium of instruction in Government schools (except for the early years of primary), despite some concern about lack of fluency amongst both teachers and pupils. Interestingly, such concerns seem to come more from well-meaning outside observers rather than from those directly affected by the change. Although Afrikaans and German are more widely spoken, neither has appealed to the majority of the population as a national language. English is heavily supported as being the most suitable choice, except within very obvious interest groups.

The curriculum most widely used in Namibia prior to independence was that of the Republic of South Africa Cape Education Authority. This syllabus is rather academically oriented, with much emphasis on subject content and knowledge of facts, and proportionately less emphasis on demonstrating a proper understanding of the underlying concepts. It has been popular among the better-off sections of Namibian society, providing a qualification which is recognised by universities and further education colleges in South Africa. In less prosperous parts of the country, where fewer resources combine with greater language problems, it has not proved successful in providing a meaningful or useful education for the majority of pupils.

Subjects such as mathematics and science have been all but abandoned in large areas of the country. This has helped to perpetuate a vicious circle in which inadequate teaching leads to inadequate preparation of school leavers for further studies which in turn leads to poorly qualified teachers. The uneven nature of education in pre-independence Namibia is illustrated by the fact that in 1988, when only 4% of the 29 000 pupils in their final secondary year studied maths, more than half of these were white, despite the fact that white people make up only 8% of the overall population. The figures for science were broadly comparable.

With the new Namibian Government committed to the concept of equality, it was natural that the education system should be targeted for change. The 11 education authorities have now given way to a single ministry which will be the central planning authority for six new regional centres of educational administration.

Next on the agenda was the new curriculum. The recently created International General Certificate of Secondary Education (IGCSE) was selected to replace the Cape syllabus which was

The 'INSTANT' project

Acknowledging the immense task facing the Ministry of Education, Culture, Youth and Sport in trying to improve the quality of mathematics and science education across the nation, the Commission of the European Communities is supporting an in-service training programme aimed at maths and science teachers at junior secondary and upper primary level. This project is known as the **In-Service Training and Assistance for Namibian Teachers (INSTANT) Project.**

It is being funded under a special budget line made available to Namibia pending the implementation of Lomé IV. At the request of the Namibian Government, which has been keen to see action at the earliest opportunity, the planning and development of the project have been carried out unusually swiftly. In mid-January, a team of six international experts in mathematics and science education took up position in Windhoek to implement the project.

The project is being executed under the auspices of the Centre for Development Cooperation Services of the Free University of Amsterdam. The Centre already has considerable experience in this field through its participation in similar or related projects in most of the other nations of the SADCC region. These projects are supported by the European Commission and the Government of the Netherlands.

The INSTANT team consists of two experts dealing with primary maths and science, two who specialise in secondary physical science and one each in secondary maths and secondary biology/ life sciences.

The project will operate under the Ministry of Education, and is aimed at offering a series of short workshops across Namibia to maths and science teachers, and also at training Namibian mentor teachers to carry out similar workshops and to stimulate self-help study groups of teachers.

Although the main thrust of the project is in in-service training, given the rapid developments taking place within mathematics and science education in Namibia, the project will also retain some flexibility in its mode of operation and in its target activities and will thus be able to render assistance where this is most needed. Some cognate areas through which the INSTANT project may contribute to the development of maths and science education in Namibia include:

— organisation of a series of informal seminars for policy makers, curriculum developers, etc. in the field of mathematics and science education

— assisting in the setting up and organisation of a science teachers' (professional) association

— strengthening the existing mathematics institute

— assisting in the preparation of teaching materials to support the new syllabuses

— assisting in the process of refinement and further developing of the new syllabuses

— assisting in the development of a mathematics and science education newsletter

— assisting in the organisation and running of the schools national science fair.

considered to be unsuitable for the new Namibia.

In October 1990, the Education Minister, Nahas Angula, announced that a new set of syllabuses would be introduced for pupils entering the first year of Junior Secondary in January 1991. This approach was designed to avoid disruption for pupils already embarked on the Cape curriculum while at the same time, satisfying the need for immediate action.

However, the time available between the Minister's decision and the introduction of the first year curriculum was extremely limited. Thanks to work undertaken by the Namibian community in exile, the foundation of a new curriculum had already been laid but the Ministry still had a major task to produce a scheme which was more pupil centred and practically oriented, which would fit into the IGCSE scheme which senior pupils will eventually follow and which was more suited to the needs of the wider Namibian community.

Subject teams were charged with writing up the new syllabuses during November and December and the exercise was conducted with impressive skill. There must be few countries capable of handling such a major task so quickly. On the other hand, the degree to which the new syllabuses meet the brief set by the Minister varies from subject to subject, and some retain much of the character of the Cape syllabus. Given the timescale involved, this is hardly unexpected, nor is it necessarily too serious a matter. As the Permanent Secretary for Education, Mr Ankama has pointed out, syllabus development is a never-ending process which must constantly take account of recent developments, experiences and other relevant inputs.

Higher education

The Windhoek Academy, founded in 1980, is Namibia's main institution of higher learning. It forms an umbrella over three constituent colleges — the University of Namibia, the Technicon (Technical College) and the Centre for out of School Training (COST). In addition, there are four teacher training colleges in the country. In the past, the Academy was viewed by most observers very much as part of the previous political system. There was, for example, a marked resistance in the early days to any suggestion for changing the medium of instruction from Afrikaans to English despite the increasing desire of black Namibians to be educated in the latter language. The institution caters mainly for black Namibians, with white school leavers looking mostly towards South Africa for higher education.

More recently, the Academy has made various efforts to improve its image and it has presented itself as dynamic, forward-looking and committed to playing its part in the new Namibia. These efforts have been treated with suspicion by some

John Liebenberg

The Courier

Some schools are very much better equipped than others but the Namibian Government is determined to bridge the gap

people, but most observers are willing to accept that the efforts are genuine.

The United Nations Institute for Namibia (UNIN), which was based in Zambia until independence, was thought by some to be the natural foundation on which the nation should build a national university. UNIN, however, was recently disbanded and is now removed from contention as the foundation for the new university.

A senior civil servant recently explained the situation in terms of having to build on 'what is already there', and pointed out that 'what is already there is the Academy'. Despite this, the future of higher education in the country is still very much under discussion and in the meantime, the Academy has been instructed to continue with current work while being expressly forbidden to undertake new programmes. A Commission on Higher Education which includes prominent Namibians as well as eminent experts from other countries, is presently examining the issue and it is expected to present its findings in mid-1991.

Education needs

The changes proposed in the education system are immense and they will need considerable resources, both financial and human. If any impact is to be made on the vicious circle mentioned previously, it will be necessary to break into it at several different points, and this will require several coordinated projects. The following issues need, in particular, to be tackled:

— Pre-service teacher training programmes must be revised to ensure they will produce adequate numbers of well qualified teachers

— Mathematics and science, both of which have been badly neglected in all sectors of society other than in the white community, must be strengthened

— With a teaching force which is largely under-qualified for the work assigned to it, there is a great need for in-service training

— The national University should develop bridging courses to under-subscribed programmes which have importance for development (particularly mathematics and science). The aim would be to catch young scholars with aptitude who may not have the formal qualifications to gain entry to higher level courses

— There is a tremendous need for English language training

— Above all, Namibia needs to identify clearly its own problems and develop its own solutions in the education field. Help and assistance from outside should be seen only in this context.

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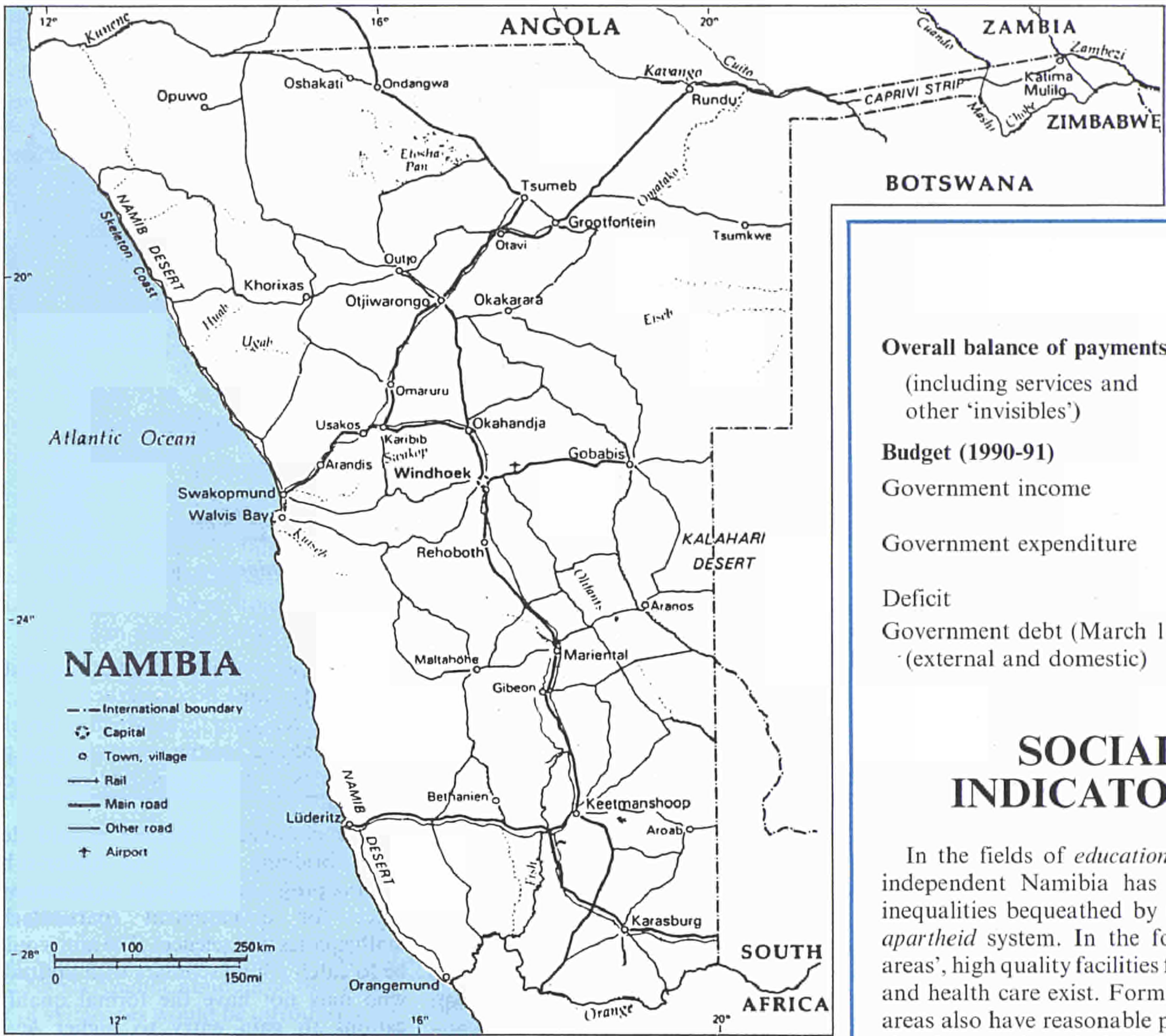
The Windhoek Academy — 'the future of higher education in Namibia is still under discussion'

In these days of mass communication, Namibia has a wonderful chance to consider the successes and failures of others in developing a system which meets its own needs. Whilst there are many problems and barriers to be overcome, it is also seen to be a time of great opportunity, and it is this which has brought a mood of excitement to education in Africa's youngest state.○

I.G.M.

PROFILE



Source - UN

GEOGRAPHY

Area: 824 000 km^2, consisting mainly of desert, semi-desert and dry savanna.

Population: 1,5 million (approx)

Capital: Windhoek (120 000)

ECONOMY

GDP (1989)	R 4326.2 m ($1.7 bn)
Per capita GDP (1988)	$1273

Balance of payments

Exports (1989-merchandise) R 2671.6 m ($1.02 bn)

including	
— diamonds	R 814 m
— other minerals (mainly uranium and copper)	R 1213 m
— cattle	R 155 m

Imports (1989-merchandise) R 2339.6 m ($0.89 bn)
(includes manufactured products processed foods, mechanical equipment etc)

Trade balance R 332.0 m

Overall balance of payments
(including services and other 'invisibles') R 98.7 m

Budget (1990-91)

Government income	R 2366 m
Government expenditure	R 2576 m
Deficit	R 210 m
Government debt (March 1989) (external and domestic)	R 893.6 m

SOCIAL INDICATORS

In the fields of *education* and *health*, independent Namibia has a legacy of inequalities bequeathed by the previous *apartheid* system. In the former 'white areas', high quality facilities for schooling and health care exist. Former 'coloured' areas also have reasonable provision but elsewhere, and particularly in the north of the country, health and education facilities are inadequate and there is a shortage of trained personnel. Equality before the law has been introduced but equality in practice will take time to achieve.

As regards *transport*, Namibia has a first-class network of arterial roads but many secondary routes in the north are in a poor condition. The total network is 41 715 km (including 4382 km tarred and 28 089 km gravel). There are also 2341 route km of railway.

Unemployment, which is a particularly serious problem in the black communities, is estimated to be between 30% and 40%. The Namibian economy has a substantial informal sector.

Namibia and the European Community

by Peter MANNING (*)

On 19 December 1990, the Prime Minister of the Republic of Namibia, the Hon. Mr Hage Geingob was in Brussels to sign the Accession agreement through which Namibia formally acceded to the fourth ACP-EEC Convention of Lomé and became its 69th ACP signatory. The conditions of the accession offer Namibia considerable opportunities for promoting economic development and social progress.

The Namibian Government is keenly aware of the need to redress the legacy of inequality bequeathed to independent Namibia by South Africa during its era of apartheid rule. In this context, it greatly welcomes the granting of least-developed country treatment for Namibia under the Lomé Convention. In doing so, the European Community recognised the scale of the challenge faced by the Namibian Government in tackling the problems of poverty, hunger, unemployment, the massive housing shortage, and the health and education shortfalls. This should serve as an example to other regions of the developed north in establishing new patterns of relationship with independent Namibia.

The economy of Namibia over several decades was somewhat artificially developed as an appendage to the South African economy. In the past, this has substantially reduced the value added element in agricultural production prior to export and has constrained the development of manufacturing and, consequently, of formal sector employment. With independence, new opportunities have been opened up and the granting of a beef quota under the Lomé beef protocol will greatly assist Namibia in diversifying its export markets, extending value added and increasing employment in the manufacturing sector. It will also, through the levy rebate, potentially provide substantial revenue for the promotion of rural development in previously neglected communal areas.

The size of the beef quota granted — 10 500 tonnes for the first two years and 13 000 tonnes for the subsequent three years — was much appreciated by the Namibian Government. The Namibian beef industry is well on course for fulfilling the quota for 1991.

The Government also welcomes the extension of STABEX to karakul skins in line with the existing coverage for other hides and skins. This will be of considerable benefit to the karakul industry in the face of extremely low international prices and difficult environmental conditions.

Of course, Namibian accession to the Lomé Convention will not be the beginning of EC-Namibian development cooperation. Some ECU 19 million was made available in 1990 under the special budget line support programmes during Namibia's transition to independence. All the funds made available under this budget had been deployed by the year end. This built on the 1989 programme of ECU 10m provided under the same budget line.

Whilst important support has been extended in the health, education and water development sectors, the targeted budgetary support extended in 1991 is particularly worthy of note. This lead, given by the European Community in response to Namibia's budget deficit was taken up by a number of other donors, and relieved serious budgetary constraints in a number of areas.

In addition to funds made available exclusively for use in Namibia, the country was also able to benefit from other provisions in the EC budget to the tune of ECU 4.2m. While most of this was from the special programmes for victims of apartheid and from the food aid provisions in support of the Namibian drought relief programme, significant support was provided from the Front Line States victims of destabilisation budget lines for orthopaedic rehabilitation of returnees, through NGO co-financing and from the budget line for the protection of the environment.

Utilising Lomé instruments

Turning to the future, now that Namibia is a member of the Lomé Convention, the challenge we face is fully to utilise the opportunities opened up thereunder. This will not be an easy task, for the Convention is a wide-ranging agreement encompassing many different provisions. We in Namibia, primarily with the assistance of certain European NGOs, have begun the learning process which is so essential to be able to take full advantage of the opportunities. The Commission has offered to assist in familiarising Namibian Government officials with the various instruments of cooperation which exist under the Convention.

The first area where Namibia will need to respond is in the programming of the National Indicative Programme. It is hoped that financing being made available through the annual Community budget will, in part, be used to prepare the technical grounds for programmes to be subsequently implemented under the Indicative Programme.

The Lomé non-programmable provisions also hold considerable interest for Namibia. The karakul industry is already assisting the Government in preparing a STABEX application for 1991 for compensation for export earnings losses in 1990. STABEX disbursements are likely to prove an important source of support to the industry in its efforts to restructure and develop karakul farming in previously neglected communal areas in the south of the country.

The south has also been experiencing drought conditions and the emergency aid provisions of Lomé could well assist in meeting both immediate needs and long term developmental programmes to reduce the environmental damage which has resulted. In the north, major problems are faced in the economic reintegration of returnees. Article 225 of Lomé IV could offer an important vehicle for support to the Namibian Government in addressing this problem.

Finally, the SYSMIN provisions of Lomé offer an important support vehicle for the all-important mining sector in Namibia. The extension of SYSMIN commodity coverage to include uranium is likely to be of considerable benefit.

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Namibia is also looking to explore with the Commission, the possibilities of securing SYSMIN support in the copper sector, should major mines be forced to close over the period of Lomé IV.

Trade and development

In addition to the development cooperation provisions of Lomé, the Convention offers considerable opportunities for Namibia to diversify its markets. The Namibian Government recognises the importance of trade to the development process. As a result of Namibian incorporation into the South African economy, and the years of international isolation which were essential to the ending of South Africa's illegal occupation, Namibian enterprises often lack international exposure and the expertise necessary to compete in world markets. It is to be hoped that the Convention will promote the kinds of joint venture which Namibian enterprises need in order to make use of the trade opportunities opened up under Lomé IV.

The game meat sector is a good example of the need for cooperation. There is considerable scope for the export of high quality Namibian game meats to the EC but, given the non-tariff barriers which exist and the fact that in the past, Namibian exporters were often working with unscrupulous *entrepreneurs* who were interested only in maximising short-term profit, Namibia is ill-placed to develop game exports to Europe. Cooperation with established EC companies is needed to facilitate Namibian producers in entering the EC market. If this occurs, a firm base will be laid for the development of game meat farming, meat processing and tourism development.

What Namibia needs in the short term, is assistance in developing export markets, as a basis for the development of the agriculture sector. In this, joint ventures with European companies can play an important role and the Namibian Government would welcome such mutually beneficial ventures.

Fisheries cooperation

One further important area where mutually beneficial cooperation is essential is in the fisheries sector. For many years, foreign fisheries fleets have exploited Namibian fisheries resources to such an extent that fish stocks are severely depleted.

Significantly, one of the first moves made by the incoming Namibian Government at the time of independence was to declare Namibia's Exclusive Economic Zone (EEZ) and to call for an international moratorium on fishing in Namibian waters to enable the Government to obtain sound, scientific data on the distribution, composition and abundance of Namibia's most important fish species. In January 1990, the Government-elect accepted an offer from NORAD, extended through the FAO and the UNDP, to undertake a programme of surveys of the fish resources in Namibian waters so as to enable the Government to establish an informed fisheries policy. The aim is to ensure that this vital resource is not destroyed, but is instead exploited in a manner which will enable the fish stocks to recover and subsequently to be exploited at a sustainable high level.

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The Commission has offered to assist in familiarising Namibian officials with various instruments available under Lomé IV

It is instructive to note, by way of illustration, the depletion of the hake stocks. Catch levels of hake were sustained at between 500 000 and 600 000 tonnes for a ten-year period during the 1970s. By the early 1980s, the stocks were considerably reduced and catches for 1987 and 1988 dropped to some 300 000 tonnes with a greater dependence on juvenile fish. Of the 1990 catch of 110 000 tonnes, 83% were juveniles!

Regrettably, the moratorium called by the Namibian Government was not universally respected. In October 1990, the Government complained to the Spanish Ambassador in Namibia that 33 Spanish fishing vessels were known to be illegally fishing in Namibian waters. The vessels were operating, apparently in the belief that they could not be stopped as the Namibian fishing authorities did not yet have effective patrolling capacity. It subsequently became necessary for the Department of Sea Fisheries to hire a suitable helicopter and drop armed personnel on to five of the vessels, arresting them and taking them into the port of Lüderitz. The captains of the vessels were tried for illegal fishing and were convicted and sentenced on 10 April 1991. Although the fines and the confiscation of the vessels, tackle and catches appeared heavy, they fall well below the cost to Namibia of illegal fishing in its waters. In March 1991, three further Spanish boats were arrested in Namibian waters and it is the intention of the Government to prosecute them for illegal fishing. It is in the mutual interests of the European Community and Namibia that the Namibian fish stocks be allowed to recover and that the eventual level of exploitation be one that is sustainable. Fisheries conservation and reaching a sustainable exploitation of fish stocks is a topical issue in the European Community with the dramatic decline of cod and haddock stocks in the North Sea. The need for such policies is well understood. The Namibian Cabinet made a decision, based on the recent scientific data available to it and taking into consideration the high rate of illegal fishing continuing in our waters, to restrict the total allowable catch (TAC) for 1991 to 60 000 tonnes of hake. Of this, 85% is to go to existing concessionaires leaving 15% for new concessionaires including the EC. The objective of these measures is to enable a more rapid stock recovery and to maximise the long-term sustainable yield.

The Namibian Government has indicated its willingness to establish a fishing agreement with the Community and to abide by its obligations contained in the provisions on fisheries in the Lomé Convention. In pursuit of that objective, negotiations between the Namibian Ministry of Fisheries and Marine resources, and a delegation from the European Community, took place in Namibia in early March. It was agreed at that meeting that the objective was to establish a long term agreement for the fisheries sector between Namibia and the EC.

The question of Walvis Bay is obviously one which affects the development of our fishing industry. Walvis Bay is defined as part of Namibia in our

Planning for development
A man with a mission

Dr Zedekia Ngavirue is the Director of Namibia's new National Planning Commission. As such, he is responsible for coordinating his country's development strategy, putting into practice the policies which are required both to increase prosperity and to bridge the gap between rich and poor. When he spoke to the Courier, Dr Ngavirue, who has a private sector background, was at pains to emphasise the modern role of his Commission. Economic planning in Namibia, he stressed, 'does not mean the old idea of a centrally planned society'. The government must obviously plan its own capital expenditure and provide a framework in which the private sector can operate but as the Director pointed out 'the private sector itself will remain the real engine of growth'. He spoke of the Government creating an enabling environment, providing opportunities for businesses to do the things that they can do best.

Dr Ngavirue also explained the structure of the body which he heads. The National Planning Commission will draw its membership from representatives of different economic and other interests within Namibia and it will be serviced by a secretariat consisting of three divisions. One of these will deal with the planning of economic development while another will manage the funding from both internal and external sources. The third division will be responsible for information including the gathering of statistical economic information which is currently lacking and the conduct of censuses. The idea is for this unit to develop into a fully-fledged central statistical office.

The structure chosen reflects the Government's 'bottom-up' philosophy in the field of development. As the Director pointed out, 'it should not simply be a matter of having some 'expert' or technocrat saying how things should be'. Feedback from the people was important, he argued, since this would lead to formulation of policies which reflected the views of different parts of Namibian society.

The Director also spoke about what he saw as the priority areas for development in Namibia. Noting that it was not a question of 'all-round' underdevelopment — the country in fact has a well developed infrastructure — he said that the focus should be on adjusting the economic imbalances which had resulted from the previous system. 'This is very important for us, because it is at the very core of our stability'. He cited the areas of education and health, where imbalances needed to be tackled.

Dr Zedekia saw an important role for the European Community, in participat-

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ing in Namibia's development, through the Lomé Convention. He was particularly complimentary about the concrete help which had already been provided by the Community and looked forward to a continuing useful partnership. He was anxious, however, to stress the 'trade' component of the Lomé arrangement. There was always a tendency, he noted, to concentrate on the donor/recipient relationship. Echoing other prominent Namibians on the same subject, Dr Ngavirue insisted that Namibia only wanted assistance for a transitional period. The Government clearly favours self-reliance and looks forward to the day when commerce is the principal feature of its relationship with the EC.

constitution and it remains on the agenda of the United Nations Security Council in accordance with its Resolution 432 (1978). However, this issue is currently the subject of negotiations between the Governments of Namibia and South Africa.

Regional questions

Namibia is keen to play a full and active role in southern Africa. In this context, considerable importance is attached to the regional allocation for southern Africa under Lomé IV, for it is hoped that this will be sufficient to provide financing to facilitate Namibia's early and effective incorporation into the SADCC Programme of Action. When SADCC was launched in 1980, it was anticipated that Namibia would soon join the free nations of southern Africa. This was not to be the case for ten years — ten lost years which Namibia now has to make up in terms of cooperation with its SADCC neighbours.

In this context, it is important to note that in many respects, northern Namibia and southern Angola are one economic zone. If peace should come to Angola, many new opportunities for regional cooperation would be opened up, with northern Namibia providing an important springboard for the economic rejuvenation of southern Angola.

Finally, at regional level, there remains the question of the final abolition of apartheid in South Africa. The Namibian Government was concerned at the decision of the European Community to ease economic sanctions against South Africa at a time when concrete steps to dismantle the apartheid political system and to replace it with a non-racial and democratic system have still to be taken. Our own recent history has proven that the South African Government responds best to pressure — remove the pressure and you remove the main stimulus for change. Southern Africa will not be able to secure the peace that is essential for its future economic development — which in turn is the foundation of political democracy, until apartheid is abolished in South Africa. Accordingly, we believe that the pressure should be maintained. ○

P.M.

1990 EIB financing
The Bank lends ECU 13.4 billion

At ECU 13.4bn, 9.4% up on 1989 (ECU 12.25bn), the volume of loans granted by the European Investment Bank (EIB) continued to grow in 1990.

The Community's lending institution, whose importance in the implementation of Community policies is constantly increasing, has thus in the course of its experience over more than thirty years provided very positive support in pursuit of Community objectives and in meeting the needs of economic operators.

Within the total lending figure of ECU 13.4bn, ECU 12.7bn was provided within the Community ([1]) and ECU 713 million outside the Community.

At its annual meeting on 11 June 1990, the Board of Governors authorised the sixth increase in EIB capital. On 1 January 1991, the subscribed capital was doubled ([2]) to ECU 57.6bn. The Member States thereby restated their support for EIB action in favour of European integration, notably with the Single Market in prospect, and reaffirmed their confidence in the Bank.

Following the changes in Eastern Europe, the European Investment Bank responded to calls from its Member States to assist these countries in their transition to a market economy. By the end of 1990, it had lent ECU 215m in Poland and Hungary. In the same context, the EIB became a founder member of the European Bank for Reconstruction and Development (EBRD); it is contributing to the capital of the EBRD and is providing assistance in certain areas for the start-up of this new institution.

With regard to funding within the Community, EIB lending in 1990 was as follows: ([3])

— Loans for regional development amounted to ECU 7.4bn (ECU 7bn in 1989), i.e. 61% of the total granted in the Community. Regional development, a key factor in the balanced development of the Community, is one of the main manifestations of the solidarity which lies at the foundations of the building of Europe and therefore continues to take pride of place among the objectives pursued by the EIB. Some 90% of funding in this category related to projects located in the least favoured regions eligible for support under the structural funds.

— Transport and telecommunications infrastructure of Community relevance accounted for over ECU 3bn (ECU 2.6bn in 1989). The establishment of a satisfactory communications network facilitating the movement of goods, persons, information and data under favourable conditions and at optimum cost is another priority for the completion of the internal market to which the EIB is continuing to contribute.

— Loans for protection of the environment and improvement of the quality of life showed appreciable growth, rising to a total of ECU 2.2bn (ECU 1.7bn in 1989). This Community objective has been steadily increasing in importance and now constitutes one of the most striking aspects of the Bank's activity, because it is of direct relevance to ordinary people.

— Funding for industrial investment spanning a wide range of projects added up to ECU 4.6bn (ECU 4.2bn in 1989).

Geographical breakdown of loans granted
(ECU millions)

	1990	%	1989	%
In the Community ([1])	12 680,5	100	11 634,2	100
Belgium	206,3	1,6	91,1	0,8
Denmark	564,7	4,5	545,8	4,7
Germany	863,5	6,8	856,5	7,4
Greece	176,3	1,4	271,4	2,3
Spain	1 942,0	15,3	1 541,7	13,3
France	1 684,6	13,3	1 512,8	13,0
Ireland	217,7	1,7	186,8	1,6
Italy	3 855,7	30,4	3 734,4	32,1
Luxembourg	11,8	0,1	—	—
Netherlands	245,3	1,9	320,3	2,8
Portugal	794,7	6,3	755,7	6,5
United Kingdom	1 892,8	14,9	1 652,2	14,2
Other ([2])	225,1	1,8	165,5	1,4
Outside the Community	712,9	100	611,9	100
of which budgetary resources	43,9		126,0	
ACP States	153,4	21,5	269,1	44,0
(of which budgetary resources)	(35,9)		(114,0)	
Mediterranean countries	344,5	48,3	342,8	56,0
(of which budgetary resources)	(8,0)		(12,0)	
Eastern Europe	215,0	30,2		
Grand total	**13 393,4**		**12 246,1**	

([1]) ECU 23.6m were extended in 1990 and ECU 78.3m in 1989 from the funds remaining under the New Community Instrument.
([2]) Projects of Community relevance located outside the Member States but, because of their benefits for the Community, grouped under the heading of funding within the Community (see Annex 1, page 1.7).

([1]) Including ECU 23.6m from the funds remaining under the New Community Instrument.
([2]) The Bank's loans and guarantees outstanding are limited to 250% of its subscribed capital, i.e. currently ECU 144bn (at 31.12.1990, loans and guarantees outstanding amounted to ECU 61.9bn). Assuming that the Bank's activities develop normally, the new subscribed capital could cover the period up to the end of 1995.
([3]) As some loans serve several objectives at the same time, the totals for the various headings cannot be added together meaningfully.

8018 global loan allocations (4) totalling ECU 2.3bn were extended for small or medium-scale investment projects, including ECU 2bn advanced to 7447 SMEs. Individual loans accounted for ECU 2.3bn. Of this total, ECU 1.8bn (ECU 1bn in 1989) benefited investment promoting the international competitiveness of industry and its integration on a Community basis, in most cases involving the use of advanced technology.

Outside the Community, in addition to the loans in Poland and Hungary, the EIB continued to provide funding under the Community's development cooperation policy for the benefit of the 12 Mediterranean countries with which the Community has concluded financial protocols and the African, Caribbean and Pacific countries which are signatories to the Third Lomé Convention.

Of the ECU 713m in loans granted, ECU 153m went to the ACP States and OCTs, ECU 345m to the Mediterranean countries and ECU 215m to Poland and Hungary.

The current year is due to see entry into force of the Fourth Lomé Convention.

New financial protocols with Yugoslavia, the Maghreb and Mashreq countries and Israel are also in preparation. Added to these will be 'horizontal' financial cooperation under which Bank support is envisaged for projects of a regional nature, particularly in the field of the environment, for a total of ECU 1.8bn.

At the end of 1990, the balance sheet total of the Bank was ECU 63.5bn (ECU 55bn in 1989).

Working for European integration

The aim of the European Investment Bank is not to achieve a high volume of lending as such but to facilitate, as much as possible, the funding of projects which promote the building of Europe. In order to accomplish this task, it lends valuable support in accommodating long-term financing requirements in the Community, notably with the Single Market in prospect in 1993.

As a bank, the EIB must conduct its activity in accordance with market forces. It adjusts the terms of its loans to conditions prevailing on the capital markets and offers project promoters access to these markets on terms available to a 'triple A' borrower plus 0.15%. Its loans are offered in a variety of formulae and are adapted to the particular requirements of projects.

At the annual meeting of the Board of Governors, the President of the Bank, Mr Ernst-Günther Bröder, summed up the action of the European Investment Bank in support of economic and social cohesion in the Community as follows: 'The growth in EIB financing has continued the Bank's established policy of adjustment to Community objectives, to the needs of economic operators and to market forces. The Bank has succeeded in coping with significant changes in the European landscape while at the same time strengthening its role both as a Community institution and as a market participant.'

Financing of priority objectives (5)

The European Investment Bank works for the balanced development of the Community in accordance with the guidelines laid down by Article 130 of the Treaty of Rome and confirmed in the Single Act. Operating on a non-profit-making basis, the Bank funds investment which must help in achieving one or more of the following objectives:

— development of less favoured regions,
— improvement of transport and telecommunications infrastructure of European importance,
— protection of the environment, improvement of the quality of life and urban development,
— achievement of Community objectives in the field of energy,
— strengthening the international competitiveness of industry and its integration on a Community basis,
— support for the activity of small and medium-sized enterprises by means of global loans).

Regional development, which has always been the main task of the European Investment Bank, as reaffirmed on a number of occasions by its decision-making bodies, continues to be in the forefront of the objectives pursued in advancing the economic and social cohesion of the Community.

In 1990, a total of ECU 7.4bn (ECU 7bn in 1989) was earmarked for investment geared to this objective. About 90% of these funds, accounting for some 61% of activity in the Community, was focused on projects in the least favoured regions as defined in the context of the reform of the structural funds — 46% was channelled to regions experiencing the most acute structural problems (Objective 1), 38% to regions faced with problems of industrial decline or conversion (Objective 2) or rural areas (Objective 5b) and about 5% to areas targeted for other forms of Community action.

About 56% of the total volume of loans for regional development involved infrastructure, mainly transport and telecommunications, 33% the productive sector, particularly SMEs, and 11% energy installations.

Improving transport and telecommunications infrastructure is essential for the free movement of goods, persons, information and data under favourable conditions and at optimum cost.

As was already noted in previous years, the prospect of the Single Market is generating a marked increase in investment for communications, which the EIB is supporting in line with its role. Of the ECU 3.1bn advanced (ECU 2.7bn in 1989), ECU 1.3bn went to the improvement of telecommunications systems, notably by satellite and by optical fibre cable between Europe and the United States, ECU 872m on air transport, ECU 857m on road and rail links, including the Channel Tunnel, and ECU 46.3m for shipping and intermodal terminals.

Loans totalling ECU 2.2bn (ECU 1.7bn in 1989) were granted for the protection of the environment, improvement of the quality of life and urban development, another Community objective which is of constant concern to the EIB. It not only grants loans for projects aimed solely at protecting the environment — but also systematically vets the impact of each project on the environment and its conformity with legislation in force, often recommending a particular option considered to be most appropriate and offering the best cost/benefit ratio.

(4) The EIB contributes to the funding of small and medium-scale ventures, particularly those implemented by SMEs, through the medium of global loans. These are similar to temporary lines of credit opened with banks or financial intermediaries, which then use the proceeds to fund projects selected on the basis of the economic, financial and technical criteria of the EIB. The majority of global loans go towards financing more than one objective.

(5) The figures in this section relate to individual loans and allocations from ongoing global loans. As loans serve several objectives at the same time, the totals for the various headings cannot be added together meaningfully.

Funds totalling ECU 1.4bn were devoted to waste water treatment, the improvement of drinking water quality and solid waste processing, ECU 468m to flue-gas cleaning equipment at thermal power stations, refineries and various industrial plants, ECU 95.8m to protection of the natural and cultural heritage and ECU 263m to the improvement of the urban environment.

Funds totalling ECU 2bn were made available from global loans under drawdown (the same figure as in 1989) for ventures promoted by small and medium-sized enterprises. Of the 7447 allocations extended, 5622 (ECU 1.6bn) went mainly to industry. About two thirds of the allocations benefited entrerprises in less-favoured areas and about four fifths, roughly 50% of the total sum involved, helped firms with fewer than 50 employees.

Loans for investment serving to promote the international competitiveness of industry and its integration on a Community basis, most of the projects involved here making use of advanced technology, showed a marked increase, rising to ECU 1.8bn (ECU 1bn in 1989). The loans centred, *inter alia,* on the aircraft and motor vehicle construction industries, chemicals and pharmaceuticals and paper and pulp production.

Investment geared to Community objectives in the field of energy claimed ECU 1.5bn (ECU 1.7bn in 1989). Of this total, ECU 667m was earmarked for development of indigenous resources, ECU 497m for rational use of energy and ECU 314m for import diversification.

Resources raised

The European Investment Bank borrows most of its resources on the capital markets at fixed or floating rates in the currencies available and requested by project promoters. By observing the rules of rigorous banking management, the EIB has acquired a sound position as a borrower on the markets, which has earned it the highest ('AAA') credit rating and enables it to mobilise a large volume of funds on the best terms available at the time. As it operates on a non-profit-making basis, it passes on this advantage to its borrowers. It lends the currencies which it has borrowed; its loans are disbursed in a single currency — which may be the borrower's own national currency, a foreign currency or the ecu — or in a combination of currencies arranged in the light of borrower's preferences and the Bank's holdings.

Concurrently with the increase in its lending, the Bank considerably increased its borrowings on the capital markets. In 1990, the total of resources raised was ECU 11bn, i.e. an increase of 21.7% compared with 1989 (ECU 9bn).

The EIB obtained long-term fixed-rate funds totalling ECU 9.1bn by way of public issues (ECU 7.6bn) and private placements (ECU 1.5bn). Its presence on the bond market was characterised, amongst other things, by large ('jumbo') issues in certain currencies which were sometimes arranged in successive fungible tranches, thereby amounting to nothing less than benchmarks, particularly on the ecu market where a benchmark of ECU 1.125bn was created. Third party participations in loans totalled ECU 35.6m. Long-term floating-rate borrowings amounted to ECU 701m (ECU 511m in 1989).

On the money market the EIB raised ECU 1.16bn, an increase to more than three times the amount raised in the previous year (ECU 316m), which can be explained by greater demand from borrowers for variable-rate loans, particularly following the uncertainties with regard to trends in long-term rates. Its commercial paper programmes were extended to currencies other than the ecu and the United States dollar, such as the pound sterling, the Italian lira and the Dutch guilder.

In order to respond most effectively to the requests of project promoters, the Bank borrowed in thirteen currencies, including the ecu, as follows:
(million ecus)

	1990	%	1989	%
1. Ecus (ECU)	1 755	16,0	1 801	20,2
2. United States dollars ($)	1 574	14,3	385	4,3
3. Pounds sterling (£)	1 331	12,1	1 769	19,7
4. Deutsche mark (DM)	1 124	10,2	959	10,7
5. French francs (FF)	1 114	10,1	1 164	12,9
6. Italian lire (LIT)	851	7,7	626	7,0
7. Swiss francs (SFR)	818	7,4	264	2,9
8. Japanese yen (YEN)	771	7,0	432	4,8
9. Spanish pesetas (PTA)	614	5,6	701	7,8
10. Dutch guilders (HFL)	528	4,8	317	3,5
11. Belgian francs (BF)	330	3,0	346	3,8
12. Portuguese escudos (ESC)	124	1,1	86	0,1
13. Luxembourg francs (LF)	52	0,5	92	1,0

For the second year running, the ecu came top of list of currencies in which the Bank borrowed, in 1990 accounting for 16% of resources raised (ECU 1.8bn). The EIB is the world's leading borrower and lender in ecus and thus continues to occupy a key position in all sectors of this market.

Country-by-country overview of financing within the Community (6)

Of the ECU 206.3m (BF 8.8bn) made available in *Belgium*, ECU 200.3m, including ECU 23.6m from New Community Instrument resources, were provided in the form of global loans (7). Global loans already under drawdown gave rise to allocations worth ECU 108.9m in support of 87 ventures, all implemented by SMEs.

Some ECU 6m went towards extending the facilities of EUROCONTROL, the European Organisation for the Safety of Air Navigation, with a view to relieving congestion in European air space and preventing any deterioration in coming years with the prospect of air traffic doubling by the end of the century.

(6) The rates for converting ecus into national currencies are those obtaining at contract signature dates.

(7) The EIB helps to finance small and medium-scale ventures, particularly those implemented by SMEs, by providing global loans. Similar to temporary lines of credit, these are made available to banks and financial intermediaries which draw on the proceeds to fund ventures selected in accordance with the EIB's economic, financial and technical criteria. The majority of global loans go towards financing more than one objective. Allocation of the proceeds of global loans may extend beyond the financial year in which they are granted.

EIB lending in *Denmark* amounted to ECU 564.7m (DK 4.4bn).

Almost two thirds of this sum (ECU 368.6m) centred on communications: extension and modernisation of the national telecommunications network, electrification of the Nyborg-Odense rail line plus acquisition of rolling stock, construction of a fixed road/rail link across the Great Belt and modernisation of a fleet of aircraft.

Global loan financing ran to ECU 90.6m, while global loans already on tap gave rise to allocations worth ECU 63.2m in favour of 142 ventures, all promoted by SMEs.

A total of ECU 68.3m contributed towards establishing natural gas grids in various parts of the country and ECU 24.3m was given over to upgrading the district heating network and improving waste water treatment facilities in Odense as well as to expanding the sewerage system in Esbjerg, Jutland.

In addition, ECU 12.8m served to modernise a waste incineration plant to the south of Copenhagen and to convert the facility into a combined heat and power plant.

Financing in *Germany* came to ECU 863.5m (DM 1.8bn).

Close on half of this amount (ECU 417.3m) was made available in the form of global loans. Global loans already under drawdown gave rise to allocations worth ECU 501.9m in support of 718 ventures, including 178 implemented by SMEs.

ECU 200.4m was advanced for rationalising production and R&D capacity at a commercial vehicle plant, constructing a car paint shop in Saxony in the east of the country and building a research and engineering centre for the motor vehicle industry. ECU 59.1m went towards producing wood-free paper and constructing a panel plant.

A further ECU 156.3m helped to finance the 'Amadeus' pan-European computerised travel information and distribution system, construction of airport infrastructure and upgrading of the road network in North Rhine-Westphalia.

ECU 30.4m was given over to installing denitrification equipment at two coal-fired power stations in Düsseldorf and to extending and modernising a sewage treatment plant in Cologne, one of the largest in Germany.

In *Greece*, the EIB lent a total of ECU 176.3m (DRA 34.8bn).

Of this, ECU 22.8m was made available for improving water supplies and waste water treatment and disposal facilities in the towns of Corfu, Larissa, Heraklion and Chios, ECU 46.9m helped with construction of a power line between Western Macedonia and the Athens conurbation plus implementation of small electricity supply schemes throughout the country and ECU 40.7m was devoted to construction of motorway links between Varibobi and Yliki, on the Athens — Yugoslav frontier route, and between Corinth and Tripoli as well as to various road schemes in Central Macedonia and building of an underground car park in Athens.

ECU 65.9m was provided in the form of global loans, while global loans already on tap gave rise to allocations worth ECU 46.9m in favour of 78 ventures, including 39 promoted by SMEs.

Confirming the trend observed since the country's accession to the Community, EIB financing in *Spain* again showed an upturn in 1990 when aggregate lending ran to ECU 1942m (PTA 251.6bn).

This figure included ECU 854.3m for helping to improve communications infrastructure. ECU 352.2m focused on upgrading air links both within the Community and between the EEC and non-member countries by renovating aircraft fleets and acquiring maintenance equipment. ECU 400.6m served to modernise and extend the country's telecommunications network. ECU 101.6m was given over to building an urban motorway and a tunnel in Catalonia and modernising the rail network in Santander and Bilbao as well as the port of Barcelona.

ECU 180.9m went towards extending, modernising and strengthening the electricity supply network in Asturias, Cantabria, Castilla La Mancha, Castilla y Léon, Galicia and Madrid and towards expanding and modernising the country's high voltage power grid.

In the productive sector, ECU 254.1m contributed towards modernising and uprating car manufacturing facilities, ECU 89.4m helped with constructing parts of the Airbus A-320/330/340 and ECU 68.7m was channelled into modernising three refineries in Castilla La Mancha, Catalonia and Galicia, with the emphasis on production of low-lead and unleaded petrol and the combined generation of heat and power for industrial applications.

A further ECU 83.9m was advanced for acquiring aircraft to fight forest fires.

ECU 410.7m was provided in the form of global loans, while global loans already under drawdown gave rise to allocations worth ECU 232.7m in support of 641 ventures, including 597 implemented by SMEs.

EIB lending in *France* amounted to ECU 1684.6m (FF 11.6bn).

This total included ECU 742.8m in the form of global loans, with global loans for funding investment by SMEs representing ECU 290m. Global loans already on tap gave rise to allocations worth ECU 582.3m in favour of 3953 ventures, including 3717 promoted by SMEs.

Financing for communications infrastructure came to ECU 646.9m, of which ECU 249.8m was devoted to construction of numerous stretches of motorway: the Laon-Rheims and Troyes-Châlons-sur-Marne sections of the A 26, the Manosque-Sisteron section of the A 51, the Cuer-Le Cannet-des-Maures section of the A 57 (Esterel-Côte-d'Azur) plus stretches of the A 49 (Rhône-Alpes), A 43 (Savoie) and A 55 (Languedoc-Roussillon). ECU 253.6m went towards establishing the 'TGV-Nord' and 'TGV-Atlantique' high-speed rail links, 107.2m towards constructing the Channel Tunnel and ECU 36.3m towards acquiring commuter aircraft for use on interregional routes.

Individual loans to industry came to ECU 182m in all. ECU 163.6m helped to finance work by the European consortium on developing the Airbus A321, part of which is also to be carried out in the United Kingdom and in Germany, and production of a light executive aircraft. ECU 18.5m was given over to constructing a unit producing industrial gases.

A further ECU 60m served to finance equipment, on the Côte d'Azur, required for operating the 'Amadeus' pan-European computerised travel information and distribution system, while ECU 36.1m contributed towards modernising the Tricastin uranium enrichment plant.

ECU 10.8m was made available for funding the Euro Disneyland theme park to the East of Paris and ECU 5.8m for installing cable television networks.

In *Ireland*, the EIB lent a total of ECU 217.7m (ECU 167.1m).

Of this, ECU 113.6m helped to improve communications through acquisition of aircraft, numerous improvements to the road network, particularly in Bunratty, Castlebar, Athlone and Galway, and extension of the telecommunications system, notably through a link to the optical fibre cable between the United Kingdom and the United States and construction of satellite earth stations.

Some ECU 48.2m was advanced for implementing various forestry schemes along with ECU 29.8m for improving water supplies and extending waste water collection and treatment facilities, mainly near Bray, Dun Laoghaire and Kerry.

ECU 26m was provided in the form of global loans which, as they were concluded only recently, have not yet been drawn on to any great extent: allocations worth ECU 5.3m were made available in support of six SMEs.

EIB financing in *Italy* amounted to ECU 3.9bn (LIT 5900bn).

Of this, ECU 1.1bn was provided in the form of global loans, while an identical amount was allocated from global loans already under drawdown in favour of 2115 ventures, including 1984 implemented by SMEs.

In the energy sector, ECU 732.4m helped to improve electricity generating facilities (modernisation of a coal-fired power station and construction of a combined heat and power plant in Liguria plus extension and modernisation of a thermal power station in Sardinia and five hydro plants in Central and Northern Italy) and power transmission and supply systems in the Mezzogiorno, to tap oil and gas deposits off the coast of Abruzzi, Calabria, Emilia-Romagna and Sicily as well as onshore deposits in Piedmont, and, finally, to expand natural gas transmission and supply grids in several areas of Central and Northern Italy.

A further ECU 722.9m was channelled into modernising and extending the telecommunications system in the Mezzogiorno.

ECU 551.5m was given over to water supply infrastructure and environmental protection schemes centred mainly on waste water collection and treatment and solid waste processing in several regions (including ongoing work on implementing the environmental protection programme for the Po basin) as well as to combatting erosion, landslips and flooding in Abruzzi, Basilicata, Latium, The Marches and Veneto.

Individual loans for the industrial and service sectors ran to ECU 520.8m and went towards modernising paper mills in Abruzzi and in Friuli-Venezia Giulia plus other parts of Northern Italy, extending and modernising a printing works in Piedmont and the pharmaceuticals industry in Lombardy and Latium, producing construction materials in Emilia-Romagna, modernising refineries in Sardinia to reduce products' sulphur content and in Sicily to produce lead-free petrol, upgrading a chemicals complex in Tuscany, processing foodstuffs in Emilia-Romagna, modernising and extending an ice-cream factory in Naples, restructuring a domestic appliances plant in Friuli-Venezia Giulia, modernising a float glass works in Abruzzi, producing commercial vehicle components in Northern Italy and car tyres near Milan and Turin and manufacturing presses in Turin province.

The transport sector claimed ECU 205.8m, devoted *inter alia* to widening the Rome-Naples motorway, renewing the fleet of aircraft providing links between the Mezzogiorno and other regions of the country and extending Bologna airport.

In *Luxembourg*, ECU 11.8m (LF 500m) was made available for constructing an audio and video cassette factory in the south of the country where the traditional industrial activity, steel manufacturing, has gradually declined.

Lending in the *Netherlands* ran to ECU 245.3m (HFL 565.1m).

This figure included ECU 167m for enlarging aircraft fleets and installing a flight simulator.

Industrial projects attracted ECU 78.2m, comprising ECU 65.1m in global loan finance and ECU 13.12m for producing high performance synthetic fibre at two plants in southern Limburg.

Global loans currently under drawdown gave rise to allocations worth ECU 57.1m for 35 ventures, all promoted by SMEs.

In *Portugal*, the EIB lent a total of ECU 794.7m (ESC 144.4bn).

The communications sector claimed nearly half of financing provided, i.e. ECU 374.4m, including ECU 212.8m for constructing the Lisbon by-pass, building new sections of the Lisbon-Oporto motorway, upgrading the road network throughout the country and implementing various transport infrastructure schemes in the Azores. ECU 138.1m helped to extend and modernise the telecommunications system, while ECU 23.5m went towards equipping the multipurpose terminal at the Sines coal port.

A further ECU 96.8m was earmarked for the country's power supply grid, ECU 8m for constructing a household waste processing plant near Lisbon and ECU 5m for an afforestation programme in the centre of the country.

ECU 187.1m was channelled to the industrial sector, with funds being given over to extending a papermaking complex in central Portugal, modernising and expanding two factories in Setubal and Cacia manufacturing both cars and motor vehicle components, producing transport equipment, modernising and enlarging a high density polyethylene plant in the south of the country, extending and modernising a glass container factory, modernising and expanding a power transformer plant and constructing a resin and glue factory in the north of the country.

ECU 123.3m was provided in the form of global loans for smaller businesses, while ECU 157.8m was allocated from global loans already on tap in support of 595 ventures, all implemented by SMEs.

EIB financing in the *United Kingdom* amounted to ECU 1892.8m (£1.4bn).

Of this, ECU 528.5m was given over to various water supply and waste water collection schemes throughout England and Wales.

In the transport sector, ECU 162.3m went towards modernising airline fleets through acquisition of new aircraft as well as towards constructing and extending passenger terminals at Birmingham and Glasgow airports. ECU 242.3m helped to extend the docklands light railway system in East London and to construct the Channel Tunnel.

Individual loans to industry ran to ECU 484.3m and focused mainly on foodstuffs production, foundries, manufacture of high-quality car bodies, modernisation of a welding shop for the motor vehicle industry and construction of factories producing packaging for the food industry, steel wire and building materials. Funds were advanced, among other things, for expanding the paper industry, modernising four electrical appliance factories, constructing a liquefied industrial gas unit, modernising and extending chemicals plants, constructing the long-range Airbus A330/340 and modernising several hotels.

Financing provided outside the Community

Financing advanced in countries outside the Community ran to ECU 669m from the EIB's own resources and to ECU 43.9m from Member States' or Community budgetary resources, adding up to ECU 712.9m compared with ECU 611.9m in 1989. Of the 1990 total, ECU 153.4m went to finance investment in the ACP countries and OCTs, ECU 344.5m in the Mediterranean countries and ECU 215m in Eastern Europe.

The Community's development cooperation policy

ACP countries and OCTs

Last year the EIB acted to support investment in 16 ACP States and OCTs.

In Africa, projects were funded in 11 countries to a total of ECU 140m (ECU 109m from the Bank's own resources and ECU 31m from risk capital).

Financing for countries in ***West Africa*** totalled ECU 101.1m. In Nigeria, a global loan was granted to finance small and medium-sized enterprises in industry, agro-industry, tourism and mining. Other loans covered infrastructure projects centring on power supplies and drainage and sewage systems plus a feasibility study on setting up a cocoa-bean processing plant in Côte d'Ivoire, renovation of the Akosombo hydroelectric power plant in Ghana and construction of an oil mill and a soap factory in Guinea.

In ***Southern Africa***, the Bank advanced funds totalling ECU 22.9m for the following projects: in Malawi, a water supply scheme in Blantyre, the country's main industrial and commercial centre; in Madagascar, industrial fishing and shrimp processing and the modernisation of a textile plant; in Zimbabwe, extension of the electricity transmission and distribution network; and in Zambia construction of a refrigerated storage depot for flowers, fruit and vegetables for export. In Mozambique, a global loan was granted for small and medium-scale ventures.

In ***East Africa***, the Bank provided a total of ECU 16m. In Uganda, a global loan was made available to finance small and medium-sized enterprises in industry, agro-industry and tourism; a loan was also granted for rehabilitation and extension of the electricity supply system. In Tanzania, funds were advanced for refurbishing and renovating several hotels.

In the ***Caribbean***, a global loan of ECU 4.2m was granted in Barbados to assist small and medium-sized private enterprises in industry and a global loan for ECU 1m was provided in Jamaica to finance equity participation in SMEs.

In the ***Pacific***, a total of ECU 2m was advanced from risk capital in the Solomon Islands to increase the capital of the Development Bank of the Solomon Islands (DBSI) and to finance small and medium-sized enterprises in industry, tourism and transport.

In the ***OCTs***, a sum of ECU 3.2m (including ECU 1.9m from risk capital) was made available in Aruba to improve electricity supplies and instal a new high-voltage substation. A further ECU 3m went towards upgrading electricity supplies in the Cayman Islands.

Mediterranean countries. In Yugoslavia, loans totalling ECU 182m will help to fund construction of the Belgrade bypass on the Trans-Yugoslav Highway and improvements to the country's main railway line.

The Maghreb countries. In Algeria, ECU 40m was advanced for a section of the East-West motorway in the north of the country, and a further ECU 1m from risk capital went to fund various studies on the scope for improving electricity production and distribution.

In Morocco, a total of ECU 11m was devoted to a project for waste water collection and treatment facilities in coastal towns and villages in order to improve the environment along the Mediterranean seaboard: a further ECU 2m was advanced from risk capital to finance the formation of a venture capital company promoting enterprises in the private sector.

In Tunisia, ECU 35m will be channelled to a project for the improvement of the environment in the Gulf of Gabès intended to stop phosphated gypsum waste from chemical plants being dumped into the sea; a further ECU 15m, including ECU 3m from risk capital, was advanced to the Banque de Développement Economique de Tunisie (BDET) in the form of a global loan for small and medium-scale industrial and agro-industrial ventures.

The Mashreq countries. In Jordan, a global loan of ECU 12.5m was made available for funding investment promoted by small and medium-sized industrial enterprises.

In Egypt, a sum of ECU 2m was advanced from risk capital to renovate a hotel complex in Luxor.

Malta

Financing of ECU 10m helped to fund construction, to the north of Valetta, of a seawater desalination plant to improve the country's drinking water supplies.

Israel

A global loan for ECU 34m was granted to fund industrial ventures and environmental improvements, mainly in the water sector.

European Community cooperation with countries in Central and Eastern Europe

As part of the cooperation policy pursued by the European Community with countries in Central and Eastern Europe, the European Investment Bank has been authorised to lend up to a total of ECU 1bn in Poland and Hungary in support of capital investment helping to improve the economic situation of those countries.

In Hungary, EIB lending totalled ECU 120m. Of this, ECU 80m was granted for the improvement of the telecommunications network, a further ECU 25m was advanced in the form of a global loan for small and medium-sized enterprises in industry, related services and tourism and for schemes aimed at environmental protection or energy saving, and ECU 15m was earmarked for improving electricity distribution in the country.

In Poland, lending totalled ECU 95m. A sum of ECU 50m benefited the gas industry: modernisation, expansion of production and reduction of air pollution; a further ECU 25m was granted in the form of a global loan for small and medium-scale ventures in industry, related services and tourism and for environmental protection or energy saving schemes, and ECU 20m was earmarked for railway modernisation.

'New' ACP export products

Packages of fresh French beans in Dakar, Senegal, ready for airfreight to Europe

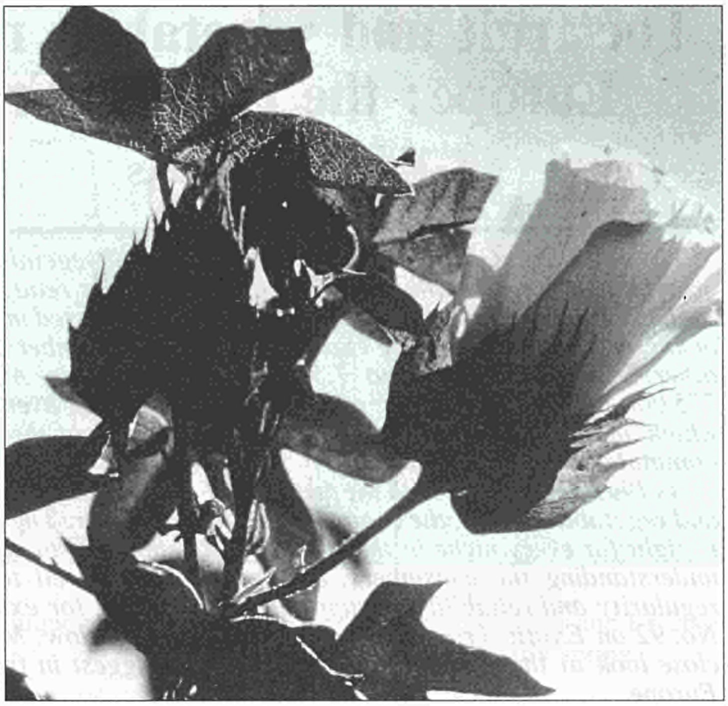
Some of our readers may find the term ''new' ACP export products' slightly odd. Indeed, it only has its full meaning on a country level, for what may constitute a new export product for one country may not be for another — bananas, for example. Generally referred to as non-traditional exports, these, on the level of the ACP, mean anything other than copper, bauxite, iron ore, phosphates, tin, cocoa, coffee, palm oil, groundnuts, cotton and sugar.

In our dossier on Commodity Prices, no 116 of July-August 1989, we indicated that behind the disappointing overall trade performance of the ACP states in the European market in recent years was a new trend — that of a rapid growth of exports of 'new' commodities. Although the aggregate value of these products (ECU 826 million in 1987, about 6.9% of total non-fuel exports), was so small as not to offset significantly losses incurred from the major ones, the number involved was large — as many as 70, encompassing fruits and vegetables, cut-flowers, canned fish, wood and wood products, leather and leather products, cotton yarn, fabrics, clothing and even watches and sunglasses. Some 28 ACP States were concerned, although only a few derived significant foreign exchange earnings from them.

As more countries join the list, we believe the time has come for a more detailed examination of this trend as a possible pointer to the future for the majority of the ACP States, given the continuing depression in the prices of the Group's traditional exports.

A glance at the trade figures of the countries presented in this dossier shows a steady and substantial increase in the share of non-traditional products in overall exports: more than 30% for Mauritius and over 20% for Kenya, Jamaica and Zimbabwe. Ghana, which came into picture as recently as 1986, has registered 5% and has adopted strategies aimed at increasing this share to 15% by 1993. The overall impact of this reorientation of trade on these countries' economic growth, foreign exchange earnings and employment need not be stressed.

Irrespective of the factors responsible in each case for the growth, they are proof of successful efforts at diversification, and evidence, in some cases, of the extent of progress in value-added manufacturing. It should be noted that the question of the local processing of natural resources — or resource-based industrialisation — was a major preoccupation of the negotiators of Lomé IV and that this has been more clearly expressed in the Convention.


FAO

Flower of rose genus, one of the many ACP horticultural products increasingly being exported

Access to Markets

If sixteen years after the Lima Declaration the developing countries are still far from achieving the 25% of world industrial production set for the year 2000, it is not only because the expected shifts in the location of processing activities from the developed world to the developing countries did not materialise, it is also because the curtain of protectionism came down in many developed markets. Access to markets is extremely important.

As this dossier will show, however, the Lomé Convention and other preferential trade arrangements have played and will continue to play an important role in the promotion of ACP non-traditional exports. But beyond these are other factors such as changes in fashion and taste of the populations of the developed world — which are ever more sophisticated and dominated by young people — and the concern for health and the environment.

The opening up of Eastern Europe and its eventual integration into a strengthened multilateral trading system would, no doubt, create more opportunities for exports of the developing countries as a whole, as would a more liberal import policy by Japan. Thus, while the conditions exist on the demand side to stimulate export of non-traditional products, the focus must be on internal factors.

Appropriate policy framework

Theoretically, countries with natural resources and large internal markets are ideally placed not only to diversify but also to achieve import substitution and boost exports. But natural endowments alone are insufficient, for these would translate into nothing in the absence of an appropriate policy framework. Indeed, with good policies, a number of countries can make a success of export diversification. Mauritius for example has been tremendously successful with very few natural resources.

The majority of ACP States are known to lack cruelly investment finance and technology, factors indispensible to the diversification of the export base. The production of high quality manufactured goods and out of season vegetables which demand sophisticated processes of control and delivery to ensure that they arrive on time at the market, fresh and up to the standard preferred by consumers, require investment finance and technical know-how. The ACP States' ability to attract foreign assistance, whether private foreign investments, technical assistance, or transfer of technology depends on the fiscal, monetary and industrial policies they adopt — ie their ability to create environments that induce confidence. This means setting up appropriate investment codes that take on board the need for tax holidays, liberal foreign exchange regulations and the provision, if need be, of government assistance.

There must also be political stability: it is remarkable that the countries which have succeeded most in attracting foreign investments and broadening their export base are those which have established strong democratic traditions or are known for their long political stability.

Because this dossier is constituted largely of case studies, some of the articles are necessarily long. Some are clear examples of success in agricultural exports, others in manufacturing. We hope they provide valuable lessons for other ACP states. ○ AUGUSTINE OYOWE

The fruit and vegetables market in Europe: the case of France (*)

by G. DELMAS

The European Community market in fruit and vegetables has not ceased to grow; thanks to the enthusiasm of populations ever ready to try new produce. Some 22 million tonnes were bought, sold or re-exported in 1988. Although 65% of these are represented by exchanges between Member States, imports from other sources amounted to 7.5 million tonnes. The ACP States managed 775 000 tonnes, an increase of almost 50 000 tonnes over the 1987 figure, but which, in no way, indicates an increase in the share of the market, which is still dominated by Latin America.

As 1992 approaches with the prospect of a more open European market in fruit and vegetables for all, the competition will be tougher. The ACP States will have to fight for every niche in the market and being able to do this means not only understanding the consumers, but responding as well to such exigencies as regularity and reliability in supply as pointed out, for example, in our dossier No. 92 on Exotic Tropical Fruits. In the article below, Mr G. Delmas takes a close look at the French market, one of the biggest in fruit and vegetables in Europe.

Changing consumer types

Numerous studies have served to build up a picture of the French in which three distinct groups stand out, each with a different attitude to the buying of fruit and vegetables, particularly when it comes to exotic or off-season produce.

— There are first the 'traditionalists', who represent 27% of the population, who are reluctant to change their habits, and who prefer to shop in specialist departments or stores. They are good consumers of fruit and vegetables but have a poor awareness of new items. They will only buy exotic produce if advised and convinced by the retailer.

— This group is followed by the 'middle of the road' people: 23% of the population who are ready to change their eating habits. They are aware of all that is new and are good consumers of fruit and vegetables (notions of health and a balanced diet) and are therefore very open to exotic and off-season produce.

— Then there are the 'modernists': 50% of the population whose eating habits are asserting themselves but are also diversifying. Today, we can break this group into three components: the 'disinterested' (15%) who are characterised by a lack of interest in what they eat often reflected in a breakdown in the regular three meal a day pattern. Their consumption of fresh fruit and vegetables is very low; the 'eclectic' (10%) who have a genuine concern for refinement in their diet and are attracted by foreign cuisine, frozen products and restaurants. They are only irregular consumers of fresh fruit and vegetables (special occasions): Such people tend to prefer new products (exotics); the 'hedonists' (25%) who seek a diet which is both refined and adapted to the modern way of life. They display a sustained interest in fruit and vegetables (health and balanced diet) and are very open to exotic produce.

Two conclusions can be drawn from this rapid analysis of French society:

(1) the middle of the road plus the hedonists, or 48% of the population, could provide the basis for a strategy to significantly develop the market for fruit and vegetables and in particular exotic produce: this is encouraging for the future.

(2) The distributor must recognise the diversity of the market, which means that he can no longer present the same product in the same way to a standard consumer, but must satisfy a varied clientele by a variety of presentations. In this new context, exotic produce will have its place.

Developments in the retail trade

At present the retail trade is broken down into:

— The 'modern' outlets (hypermarkets, supermarkets and street corner supermarkets) which account for 50% of sales. Each has its own characteristics, but they share in common the fact that they serve a clientele whose tastes and choice, as already described, differ.

To satisfy this clientele, the majority of such outlets display exotic produce. This may be either permanent, as in the case of hypermarkets and supermarkets, or temporary, as in smaller outlets, for example during the Christmas period.

— The specialist outlets which account for 30% of sales, either on the streets or in high street shops: all of the latter have an exotics section, often with a wide choice and ready advice for the housewife.

— The small general stores which represent 20%. They carry little exotic produce.

— Then the catering sector, which represents 12% of the market, and which is now beginning to take an interest in exotic produce when price allows (mainly fresh pineapple, avocado and kiwifruit).

To sum up, the retail trade represents a promising field for the development of exotic produce. However, such development can only be harmonious if produce maturity is regular, grading is reliable, packaging is durable and sufficiently attractive for public display, and customer interest is stimulated by point of sale material, in-store promotion and tastings.

The commercial development of exotic and off-season products

During their presence on the market, all products (industrial or agricultural) pass through a certain number of phases: launch, growth, maturity, saturation and decline.

Exotic and off-season products cannot escape from this rule and it is interesting to set them in their respective places in this cycle. A glance at the graph on the next page reveals the following:

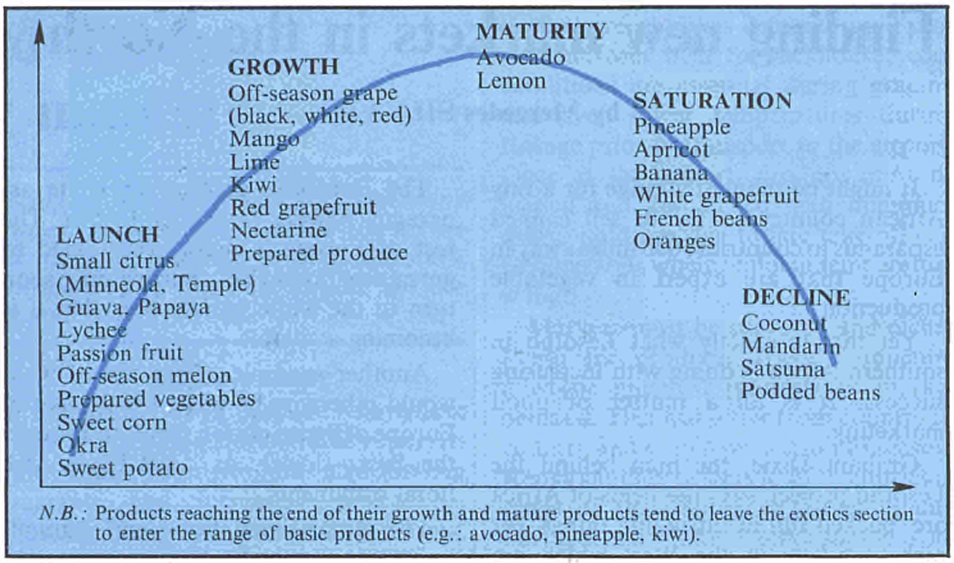
— Some off-season fresh fruits which are also products that have reached saturation point, in particular plums, apples, peaches and melons, stagnate.

— There is a rapid advance of nectarines, fueled as they are by imports from Italy (two-fold increase) and from Spain (five-fold increase).

— There is a rapid advance of out-of-season grapes (South Africa and Chile).

— There is a rapid advance of strawberries due solely to Spanish growth (90% of the increase) and an even earlier start to the season: the first significant quantities arrive at the beginning of February.

(*) Revised version of contribution to an ACP-EEC Interprofessional Meeting in Harare, Zimbabwe, first printed in COLEACA.



— There is a concentration of papaya sources (Ivory Coast: 35% of the supply; Brazil: 39% of the supply).

Comments on the produce

Pineapple

— French consumption has been falling: 70 309 t in 1986/87; 59 093 t in 1987/88; 52 175 t in 1988/89 and 55 816 t in 1989/90.

This is doubtless due to the development of traffic from Côte d'Ivoire to the ports of Northern Europe and away from France (imports down from 70 309 t in 1987 to 55 816 t in 1990).

— Decline of airfreight (22 900 t in 1985 to 8 800 t in 1990) in favour of container shipments.

Avocado

— Increased competition between Israel and Spain between November and March.

— Strong competition in May/June between South Africa and Israel.

— Consolidation of Mexican sources.

Mango

— Steady growth in French consumption (+25% in 3 years). Nevertheless, the wide spread of producer countries and the difficulty of overcoming technical problems at the production and transport stages are hindering the growth of imports.

— It is important to note the great advances made by Mexico, which has become France's number one supplier, as well as by Côte d'Ivoire, South Africa and the USA, while Guinea, Burkina Faso and Mali have fallen back.

— There has been a profound change in sources:

• In 1976/77, African countries provided 68% of the supply (520 t out of 767 t);

• In 1987/88, Central and South America provided 51% of the total.

Oranges

— Product is in the saturation phase with traditional varieties declining and 'small citrus' such as mineola and temple advancing.

— Note the stability of traditional suppliers (Morocco, Spain and South Africa) and the spectacular leap forward by Argentina (5 049 t to 22 200 t).

Limes

— France is the biggest European importer of this fruit.

— Main sources in 1989/90, totalling 3 305 t: Brazil: 1 863 t; USA: 347 t; Mexico: 611 t; Martinique: 89 t; Nicaragua: 181 t.

Grapefruit

— The market has expanded over the past ten years with the emergence of two important trends:

• a sharp decline in white grapefruit in favour of red varieties which now represent more than 50% of the supply,

• a decline in tonnages from Israel (white varieties) in favour of New World sources: USA: 45% of the supply; Argentina: 12% of the supply.

Beans

— First comment:

It should be noted that 66% of beans consumed in France come from family plots. When beans are not available from this source, the consumer is quite prepared to buy the frozen or canned product but also fresh beans, price being almost no object. This fact represents a certain guarantee. The annual average price of FF 17 covers a range between FF 14 or FF 15 in summer and FF 20 or more in winter and early spring.

— Second comment:

The market for fresh beans in winter is heavily dependent on imports (Kenya, Burkina Faso and Senegal). However, Spanish goods represent a growing proportion of the tonnage in a period which puts them in direct competition with African sources.

Current trends

— Threats:

• The emergence in Europe of two producers: Holland and Spain, the latter in direct competition with ACP products (avocados, beans, nectarines, strawberries, etc.).

• The growing influence of South America (Chile, Brazil and Argentina), Central America (Honduras and Mexico) and North America (USA).

— Opportunities:

• A growing taste for new products, exotics and fresh produce on the part of the European consumer.

• Greater use of container transport, offering better storage conditions than conventional sea transport and cost savings compared with airfreight.

Recommendations

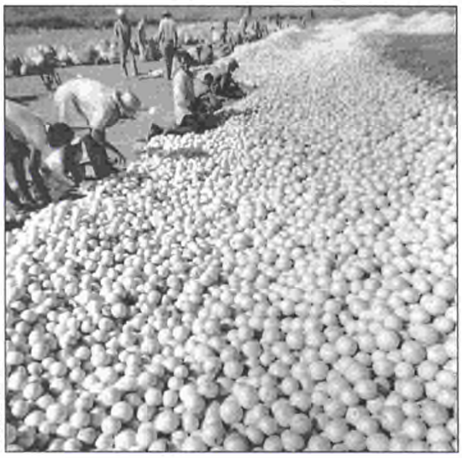
Bearing in mind all of the above, ACP countries must remain vigilant and pay particular attention to the overall marketing of their produce:

— harvesting and shipping at optimum ripeness,

— even size grading,

— better targeting of market openings through improved market intelligence,

— dynamic point of sale activity (in-store promotion, demonstrations, tastings, etc.). ○ G.D.



Source: FAO

Piles of grapefruit being sorted out for export in Swaziland

Finding new markets in the North (*)

by Mercedes SILVA (1)

It might be thought strange for a tiny African country to try to sell canned asparagus to countries 5000 miles away in Europe that are expert in vegetable production.

Yet that is exactly what Lesotho in southern Africa is doing with increasing success. It is all a matter of good marketing.

Graham Dixie, the man behind the Lesotho project, says the fields of Africa are 'packed full of intriguing things' for niche markets in the West which are 'expanding and will continue to expand in the next few years'. The same goes for developing countries in other parts of the world.

"There is no substitute for being able to take some samples and place them in the hands of buyers for them to say 'yes, that's a good product, but you need to improve it in such and such a way, and this is the price at which we would like to buy it' ", says Dixie.

Dixie believes his Lesotho project would not have succeeded without showing the buyers the type of produce that could be achieved. Some 1200 farmers in Lesotho are now growing asparagus on quarter-hectare plots. The total output is about 800 tons and increasing. They produce white asparagus which is peeled, trimmed and canned locally, by the Lesotho National Development Corporation.

Waste products from horticulture in the developing world can often be resold commercially to Western countries at comparatively high profits though opportunities are often missed for lack of information.

A pilot spin-off from the asparagus project is close to establishing a Western market for powder recycled from the 45% of the crop that is wasted. This can be dried, pulverised and sold at $5000 a tonne.

Samples were sent to specially chosen potential customers. The European market demands high biological standards — initially, more finely milled, whiter and drier powder was requested, but the basic product was accepted.

The European market for white asparagus powder is mainly British. The rest of Europe is more accustomed to green asparagus. Yet, Europe may soon turn to the white variety now that it is becoming available.

Another example of the use of what would otherwise be wasted is the sale in Europe of Swazi cotton sepals to Europe, the Swazi-flower, as dried flowers for floral ornaments.

The Rome-based Food and Agriculture Organisation (FAO) has just published a book entitled Horticultural Marketing in which Dixie explains marketing strategies. Market demands, availability of transport and the process of price negotiation are key factors in the success of any such venture.

An important spin-off from the search for foreign marketing alternatives is the development of an alternative local supply of a product in demand domestically.

A Swazi farmer preparing the soil for tomato

For instance, in Pakistan, the director of a development bank was concerned with the low output of local farmers. With the help of High Value Horticulture — Dixie's company — the bank made credit facilities available for alternative high value crops.

Suitable soil conditions for the development of mint crops were found, which also offered the possibility of intercropping with garlic. 'The right starting point is to get very good plant material', said Dixie.

A seed nursery costing just $10 000 was organised for small farmers using simple technology. The sample of mint oil presented to buyers in 1985 still keeps its freshness and is considered about the best available. Mint oil production can increase the farmers' financial returns by about ten times compared to growing wheat, according to Dixie.

In this case the local market was big enough to absorb all the farmers' produce. At last count, there were between 800 and 1200 hectares of mint crops. The crop is cut four times a year. Small local businesses run the oil production process.

Once the product proves attractive to buyers, whether in the domestic or the foreign market, the next step is to establish a business link. When the links are established, the process tends to run without a hitch.

For example, farmers in Swaziland planted tomatoes in the hope that a single buyer from Durban, South Africa, would purchase the whole crop.

Working with small farmers in a USAID project, Dixie and his group monitored the consumption of tomatos in South Africa and found that during the winter there is no local crop because of the frost.

Forty farmers in Swaziland joined forces and, that winter, sold the whole 180-ton local tomato crop to South Africa for an equivalent of about $20 000. This year the network is already set to repeat the process.

Ghana is another horticultural success story benefiting from a good local product and smart marketing. Pineapple farmers took advantage of the near-empty planes flying overhead from Nigeria on the return journey to Europe. Using them for distribution to Europe, their produce is now able to compete with pineapples from Côte d'Ivoire and Kenya. ○ M.S.

(*) GEMINI NEWS SERVICE.
(1) Journalist on attachment to GEMINI.

Flowers and foliage: a blooming market (*)

Flowers and foliage are increasingly becoming important exports from many ACP countries to the EC, the United States and Canada. Despite the highly perishable nature of these products, and the long distance to their markets, tropical countries have gained a significant and growing share of the international trade in cut flowers, foliage and plants.

Twenty years ago markets for flowers and foliage in Europe and North America were supplied by domestic production and by a few countries that had both the skills to grow and market these products and frequent flights to provide airfreight capacity to transport them. The earliest exporters to the EC were Israel, Spain, Portugal (before its entry into the Community), South Africa, Kenya and Thailand. North American markets were supplied by Colombia, Costa Rica, Brazil, Mexico and Peru. More recently, as new air routes have developed, so have opportunities for new producers, particularly in Africa and the Caribbean. Because cut flowers and foliage are high value products they offer tempting alternative crops for farmers looking to diversify their production.

Total world imports of cut flowers, cut foliage and green plants rose by 55% in current value terms between 1981 and 86 and have continued to increase. Germany is the world's largest importer of these products, followed by the United States, France, the United Kingdom, the Netherlands and Switzerland.

Participants at a seminar on Agricultural Diversification in the Caribbean, organised by CTA and CARDI and held in Barbados from 27 November to 1 December 1989, were able to hear how countries such as Barbados, Trinidad, Jamaica and Dominica were developing their exports of cut flowers and foliage. In all these countries, production has grown rapidly in the last five to ten years and in some instances further export opportunity is limited only by available aircraft space. Barbados, Jamaica and Trinidad are better served with flights than the smaller islands but even these countries are finding freight space scarce; Dominica, with no direct flights to Europe or North Amercia, is in an even more difficult situation.

Africa's share

In Africa, Ivory Coast and Kenya have long been major floricultural exporters but other countries are also finding markets and increasing production. Among these are Burundi, Ethiopia, Madagascar, Mauritius, Rwanda, Togo, Zambia and Zimbabwe. Côte d'Ivoire's main product has been the decorative pineapple but in recent years other plants that have been exported include aglaonema, dracaena, maranta and philodendron. Togo has exported substantial quantites of croton, ficus and dracaena while Zambia has developed a trade with the Netherlands in anemia (a fern), used to fill out floral arrangements.

Kenya's major floricultural exports are carnations and roses. One Nairobi-based company alone produces 230 million stems of cut flowers a year, marketing 80% to Germany, 15% to the Netherlands and the remainder to the UK and other countries. Statice, alstroemerias, ornithogalum, liatris, gypsophila, larkspur and aster are among the other crops grown.

Plentiful sunshine, water and suitable soils are not of themselves sufficient ingredients for making a success of floriculture. Greater management skills are also required and, because they are more fragile and perishable than even fruit and vegetables, there is much greater risk of damage through careless handling at harvest, grading and packing. Most floriculture products demand rapid movement from field to packhouse; cool conditions are essential during grading and even lower temperatures during storage prior to transport to the airport. Once at the airport, produce must be loaded and despatched with minimum delay; hold-ups due to late take-off can be disastrous where ambient temperature is high.

Markets must be surveyed and niches found for produce. Then, production must be matched precisely to market demand. This will differ from country to country and even from season to season. Kenya supplies flowers to EC countries at times of the year when Israel, Spain, Portugal and Turkey cannot supply. And all producers should anticipate periods of peak demand in Europe and North America such as Christmas, Easter and Mother's Day.

Newcomers to the business should start modestly and gain experience of the pitfalls before committing too much financially. Where aircraft space is limited, it may require action at government level to provide more capacity. Thailand's orchids, one of the country's major exports, were faced with inadequate cargo space for European destinations in 1988. The European market, worth $20 m that year, was set to increase by 15.6% in volume and 35.8% in value, but only if cargo space could be made available. To resolve the problem, the commercial aviation department of Thailand relaxed the regulation that required airlines to charge a lower freight rate for orchids.

Floriculture exports have the potential to benefit both individual growers and national earnings of foreign exchange but, to take advantage of the opportunities, governments will probably have to help their growers by encouraging airlines to make space for these high value products. ○

Photo MEDIA PROJECTS

Great management skills are required to make floriculture a success

(*) Source: CTA SPORE.

KENYA

Broadening the range of agricultural exports (*)

by Christopher STEVENS ([1])

Since Lomé I was signed, the share of non-traditional commodities in Kenya's exports to the European Community has increased substantially. It should be noted that in the context of Kenya, the term 'non-traditional' refers to a broadly selected group of some 179 commodities (mainly at the Customs Code 6-digit level) which does not include any of the well-established, dominant commodities such as lightly-processed coffee, cocoa or minerals. As in any such selection for a whole group, there are certain anomalies at a country level. In the case of Kenya, for example, 'non-traditional' exports include canned pineapple, which some might argue has been a feature of trade sufficiently long for it now to be regarded as a traditional export.

Bearing in mind these caveats, non-traditional Kenyan exports to the European Community grew three times as fast as total exports between 1976 and 1987. In consequence, their share (by value) of total exports rose from 10% in 1976 to 23% in 1987.

There was also a broadening of the range of non-traditional commodities. In 1976 the bulk of such exports were various kinds of processed fruit (mainly canned pineapple) and lightly-processed hides and skins. By 1987, by contrast, a range of horticultural products and a small amount of clothing had joined the list. As a result of this rapid growth, horticulture is now Kenya's fourth largest merchandise export, being exceeded only by coffee, tea, petroleum and, on the non-merchandise account, tourism.

Commodity diversification has proceeded further in Kenya's exports to the EC than to other destinations. Non-traditional exports to the USA in 1987, for example, were at a very low level (equivalent to only some 3% of the level of exports to the EC) and were concentrated on leather goods and woven clothing. The relatively low share of the USA in Kenya's non-traditional exports (which contrasts with the experience of other ACP states such as Mauritius and Jamaica) may be due to the very limited role of manufactures. Unlike many of the other ACP diversifiers, Kenyan non-traditional exports are heavily concentrated on agricultural rather than manufactured goods. Whereas the EC offers preferences under the Lomé Convention for both agricultural and manufactured goods, this is less true of other industrialised countries.

This commodity diversification has been particularly helpful because Kenya's traditional exports are characterised both by considerable price instability and by declining prices relative to imports in recent years. The Kenyan economy is a very open one, with the combined value of imports and exports equivalent to 49% of GDP in 1988. World prices for coffee and tea have been very volatile with, for example, coffee experiencing a 39% rise in the realised price between 1985 and 1986 and a 37% fall in the following year. Over the period since the mid-1970s, however, the general trend of prices for traditional exports in relation to the prices of imports has been downward. The index of purchasing power of exports has declined from 114 in the period 1974-1978 to 86 by 1984-1988.

The Policy Environment

Government policies

(a) *Macroeconomic*

In practice, if not in precept, industrial policy has tended to put import substitution before export diversification. This applies particularly to manufacturing, which may explain why this sector has played only a minor role in the commodity diversification of exports to the EC. This absence is the more surprising since Kenya has a well-developed manufacturing sector and was a major regional exporter during the colonial and post-colonial periods. During the period of Lomé I (1975-80) real manufacturing GDP grew by an annual average of 7.2% (higher than the average for the total GDP, which was 5%), and in the period of Lomé II it increased by 4% (as against 3.2% for total GDP).

Government policy statements during the 1970s and early 1980s were couched in terms of the need to reduce protection to domestic sectors. An Export Compensation Scheme was introduced in 1974 to assist manufacturing exporters by means of cash subsidies intended to offset the protective effects of tariffs on inputs and the cascading effects of domestic excise and sales taxes. Practice, however, has tended not to conform with this precept. Since 1971 there has been a consistent rise in the average level of protection as import licensing has become an increasingly important element of both macroeconomic management and the system of protection for domestic manufacturing industries. This was particularly marked during the 1970s, when a range of quantitative import restrictions were introduced. During the 1980s the protective effect has been moderated somewhat with the replacement of quantitative controls by tariffs.

The most important source of manufacturing growth over the past two decades has been increased domestic demand. One analysis of the sector claims that two-thirds of output growth during the twenty years to 1984 was accounted for by domestic demand, and just over one-quarter from import substitution. Export growth contributed only 5% to the increase.

The one exception to the bias in recent years has been in relation to the exchange rate. Diversification has undoubtedly benefited from devaluation. The period of rapid growth in horticultural exports has coincided with a gradual, but substantial, devaluation of the Kenya Shilling, which has been subject to a real depreciation of the order of 28% between 1985 and 1988.

(b) *Fiscal incentives to export*

The fiscal regime tends to act as a disincentive rather than a stimulus to export diversification. Provision does exist for a 20% tax rebate for exports, but this applies only to manufactures which, as noted above, are notable mainly by their absence. The rebate is considered by the Ministry of Finance to be compensation for taxes paid on the imported capital goods required to produce the export rather than as a subsidy. It is for this reason that it has not so far been

(*) Extracts from ODI Working Paper no 40.
([1]) ODI Research Fellow.

available for horticulture exports with few clearly identifiable imported inputs.

Two particular aspects of the fiscal regime appear to have caused problems. These concern taxes on aviation fuel and duties on imported packaging materials. The major constraint on further expansion of exports at the present time appears to be air freight capacity. Unlike Ethiopia, there is no shortage of south-bound flights to bring freight costs down to an acceptable level. But there is not always sufficient space on scheduled airlines to absorb supply and there appear to be constraints in hiring charters. A widespread view, expressed by both private sector and Government sources during the fieldwork for this project, is that aviation fuel prices in Kenya have been higher than in neighbouring countries as a result of Government tax policies. It is alleged that this has made it difficult to attract charter flights. The Government recently reduced the tax on aviation fuel considerably; it will be important to monitor the effect on air transport availability.

Another constraining factor, which appears likely to become increasingly important, is the absence of adequate packaging materials. In an effort to increase the unit value of exports, some exporters are attempting to move into the export of pre-packed vegetables which are suitable to be placed on supermarket shelves without further repackaging. These have two advantages: the level of value added in Kenya is increased, and the journey from farm to shop is reduced by one day — increasing the freshness of the product on the shelves and, hence, its price. Government policy is to provide trade protection for the domestic packaging industry. Packaging materials for bulk exports are supplied by a single company, which does not produce the type of material required for pre-packs. At present, therefore, the packs have to be imported, and face an import duty of 45% plus a sales tax of 17% (even though they are re-exported immediately). This reduces the financial competitiveness of the resulting export.

Such duties are not the only taxes applied to export production. The local authorities in the main horticultural growing areas (Machakos, Meru and Malindi) impose a production cess. Also a 15% cess is levied on imported hides and skins required for leather exports.

Kenyan mangoes

(c) *Institutional support*

The horticultural industry is supervised by the Horticultural Crops Development Authority (HCDA), set up in 1968. This registers all exporters and provides technical and marketing information to both exporters and producers, for which it levies a charge of 10 cents/kg. In conjunction with the Ministry of Agriculture and Livestock Development, the HCDA's technical services department provides production advice to farmers. It also has a marketing department which undertakes limited marketing for very small farmers and provides market intelligence to the industry as a whole. As part of this, it is a member of COLEACP, an organisation set up in 1973 under the *aegis* of the EC Commission, which offers a specialist professional framework for cooperation between ACP exporters and European importers of tropical fruits, vegetables, flowers and spices. HCDA is also responsible, in collaboration with the Central Bank of Kenya, for monitoring prices and foreign exchange remittances into Kenya.

However, the horticulture trade appears to be a highly individualistic affair, with exporters undertaking much of their own marketing. Partly because of this, a frequently voiced complaint concerns problems in ensuring payment by importers. At present there appears to be no system for obtaining references on potential importers or of checking the prices they actually receive on goods sent on commission (*i.e.* to be sold at the best price obtainable).

Pre-export inspection services are provided by the Ministry of Agriculture. This operates a unit at Nairobi Airport which provides phytosanitary certificates and other documentation required to gain entry to the EC.

There is a Kenya External Trade Organisation (KETO) within the Ministry of Commerce and Industry. This provides general government support for horticultural, as for other, exports. Together with HCDA it participates in trade fairs, giving special emphasis to horticultural products, and it has conducted contact promotion programmes and sent trade missions abroad for horticultural marketing. Although most contacts are made by the exporters themselves, the KETO claims some credit for the development of markets for some horticultural products, such as mushrooms, and for the development of handicraft product markets.

The government is considering establishing an export processing zone, with the idea of developing clothing exports particularly in mind. However, studies are still being undertaken on the practical implementation of this. There already exists provision for manufacturing under bond within a factory, although this does not seem to have figured in exports to the EC.

There also exists a National Chamber of Commerce which has some interest in promoting non-traditional exports. It recently sponsored a mission of horticultural exporters to the main EC markets.

The European Community

The Lomé Convention trade preferences of most relevance given Kenya's actual performance in diversification are the, often tightly delineated, concessions for products falling under the Common Agricultural Policy (CAP). The CAP regime for horticultural products is complex. The basic rule is that the system for supporting European farmers is relatively lightly structured, without the mandatory intervention buying and variable import levies characterising the cereals and meat regimes. For the fresh products of most interest to Kenya, the normal regime applying to imports is that the EC levies an *ad valorem* tariff and also establishes a 'reference price'. Countries exporting to the EC are obliged to sell their goods at a 'minimum import price' equal to the reference price plus the tariffs. Failure to comply results in a countervailing levy being imposed to bring the cost of imports up to the required level. Hence, it is possible to export fresh fruit and vegetables to the EC, but only if the landed price exceeds the level at which domestic produce is sold.

For the ACP, and some other third party suppliers, concessions are made on CAP products. The concessions take the form of full or partial rebates of the *ad valorem* tariff. But there are two provisos. The first is that ACP suppliers must still respect minimum import prices. In other words, they are unable to undercut domestic European produce but they retain a larger share of the proceeds from any exports they do make. This helps them, of course, to compete with other third party suppliers that have to pay the full tariff. The second proviso is that these concessions are limited to a fixed quota for some products. These quotas may be very small, *e.g.* the quota in Lomé IV for small winter cucumber is 100 tonnes for the whole of the ACP group!

In addition, the Lomé Convention provides for duty-free access to the EC market for manufactured goods that fulfil the rules of origin. Although Kenya has not taken great advantage of these concessions in the past, there is a possibility that it might do so in the future.

Kenyan exports have not been subject to any formal restrictions (other than those specified in Lomé). But surveillance and 'voluntary export restraints' (VERs) on cut flowers have been proposed (although not implemented) at various times by the EC Commission, and by the Netherlands and German governments.

Horticulture

Export performance

Kenya has exported horticultural goods to the EC since before the first Lomé Convention. However, the trade was at a fairly modest level until the mid-1980s. The big jump in exports took place in 1984, when the volume increased more than threefold over the previous year; it was from 1984 that the government began to devalue the real effective exchange rate.

Since then there has been substantial growth in the volume, value and unit value of exports. There was an average annual growth of 10% in export volume over the five years to 1988. In value terms, exports grew in current prices from below K £10 million in 1979 to K £95 million by 1988. The unit value of Kenya's horticultural exports has grown more rapidly than the average for all exports. Between 1984 and 1988 it rose in current terms by an annual average of 4.6%; by contrast, the price index of all exports rose by an annual average of only 0.7%.

As a result of both the increase in volume and the faster-than-average growth of unit value, horticulture's share of total merchandise exports has increased steadily. From only 3% in 1983, it had reached 10% of the total by 1987, a position which it maintained in 1988. Coffee's share in 1988, by contrast, stood at 27%, with that of tea at 20%.

Production characteristics

There are no detailed statistics on the horticulture sub-sector. For example, there are no official data on the number of people employed in horticulture production, but it has been variously estimated at tens of thousands. Flower cultivation alone is said to employ about 7000 people. One reason for the lack of data is that the growth of horticulture appears to have passed more or less unnoticed by the Government. The annual Statistical Abstract, for example, does not even identify horticulture as a separate agricultural sub-sector, let alone as a major export! This may account for the fact that the sector has benefited from no special Government support or subsidies.

Over one hundred exporters are registered with the HCDA, but only 40 to 50 currently are active. A typical exporter may deal with 50 to 60 farmers. The dividing line between farmers and exporters is somewhat blurred; the largest producers undertake their own exports, and many exporters also have some production capacity.

The farmers range from smallholders on half an acre to large farms with 400 or more acres devoted to horticulture. The relative shares of total production accruing to large farmers and smallholders is unknown. However, it is understood that large-scale farms in the area around Naivasha dominate the cut flowers market and that large farms (and the larger smallholders — with holdings of over five acres) are also particularly important for high value vegetables where quality control is especially stringent. As Kenya changes its product mix to increase the share of high value items, it will present a challenge to smallholders to maintain their share of the industry.

In addition to air space and packaging, noted above, another constraining factor is the absence of adequate common-user cold storage facilities at Nairobi airport. Some of the large producing and exporting companies have their own cold storage facilities, but the facilities available to small exporters are said to be inadequate. This has two adverse effects. First, it limits the possibility of 'precooling' produce, a process that is favoured by importers in the EC.

Second, it makes the small exporters very vulnerable if cargo space is not available as planned. If, for any reason, cargo space fails to be made available after the produce has reached the airport, the exporter either faces the complete loss of his consignment or must sell at a knockdown price to an exporter with surplus space. Plans are afoot to construct additional storage, but they are still at a preliminary stage.

Canned Pineapple

Another significant and relatively 'new' export is canned pineapple. There is one firm in Kenya that is responsible for the bulk of canned pineapple exports. It is a subsidiary of Del Monte, the US-based multinational. Unfortunately, the firm declined to cooperate in any way with this study and so it has not been possible to analyse the sub-sector in detail. However, it is clear that canned pineapple exports increased steadily in volume terms during the 1970s, with a particularly large jump in 1975 when Lomé I came into effect, and have maintained that level during the 1980s.

In current value terms, canned pineapple exports by 1988 were about one-quarter of the level of fresh horticultural exports (*i.e.* around 2.5% of total Kenyan exports).

Other processed fruit and vegetable exports are notable mainly by their absence. This is largely because of shortage of raw materials (due partly to the higher prices received for fresh exports). The domestic market absorbs the whole output of the fruit and vegetable canning industry.

Clothing and Leather

Apart from horticulture, canned pineapple, and to a very small extent handicrafts, the only sub-sectors in which diversification has begun are clothing (2) and leather. This appears to be the result partly of the characteristics of these industries and partly of the recent performance of the domestic market. Clothing is well recognised as an early manufactured export from developing countries and figures prominently in the diversification of other ACP states. Leather is a domestically and regionally produced natural resource. The recent shift towards exports may be due to the fact that the clothing and leather industries suffered a sharp drop in growth during the 1980s.

Between 1975 and 1980 the annual average real growth of value added in the clothing, textiles and leather sectors was 9%; in 1980-84 this rate slumped to 2.75%. For manufacturing as a whole, by contrast, there was virtually no change in the rate of growth between the two time periods. Given the predominant role of domestic demand as a source of growth in manufacturing, this downturn in the clothing/leather sub-sectors may reflect a lack of buoyancy in the local market, and suggests that a search for exports could be a plausible response by producers seeking to revive their fortunes.

Conclusions

Until the mid-1980s, Kenya might have been taken as an exemple by those critics of the Lomé Convention and other trade preferences who argue that they fail to promote export diversification. As a country with a relatively well-developed production base, good manpower resources, favourable infrastructure and transport connections and a policy framework conducive to private sector growth, Kenya might have been expected at the time Lomé I was signed to be in the forefront of ACP diversifiers. Yet, for the first decade of the Lomé Conventions, this failed to happen.

During the second half of the 1980s, however, Kenya has begun to diversify, in a fairly dramatic fashion and in a not totally expected direction. It has been the agricultural sector, rather than manufacturing, that has taken the lead. Within the space of a few years Kenya has become one of the EC's principal foreign suppliers for some horticultural products. In 1987, for example, it supplied one-third of all EC summer carnation and winter green bean imports from developing countries, and three-quarters of EC summer green bean imports from all sources.

Although it is never possible to make a definite link between a set of policies and an export flow, there is some reason to suppose that both supply- and demand-side factors have had an effect. Government policies, particularly in respect of the exchange rate, have helped Kenya to sell into the fiercely competitive horticulture market. At the same time, the Lomé concessions have been instrumental in allowing Kenya to take advantage of this competitive position. The Common Agricultural Policy for fresh fruit and vegetables is a major barrier to imports into the EC. The combination of, on the one hand, a generally protective regime that limits supply to the European market and, on the other, specific preferences for the ACP is a very favourable one in the following sense. The preferences give Kenya a competitive edge over other third country suppliers to the European market while the general protectionism means that prices in Europe are higher than they would be under a more liberal regime. As a result, Kenya is able to garner some of the economic rent resulting from the restriction of supply. Of course, such positive features of the regime would be more than offset if the CAP protection was a major constraint on the volume of Kenyan exports. However, the protectionist policies of EC states have been a constraint only on Kenyan exports of green beans and, in the future, might become a constraint for strawberries. For other products the principal constraints on increasing the volume of exports relate to difficulties of supply (including transport) together with stiff competition from other sources.

The challenge for the future is for Kenya to maintain and build upon the position it has established in a highly competitive market. It is clear that competition for Kenya's existing range of products is intensifying. To maintain its position in the horticulture sector, the industry will need constantly to adapt its product range, production techniques and marketing systems. Not only will it have to move into new crops, but it will also have to come to terms with the increasing role of supermarkets in distributing fruit and vegetables. Otherwise, the export trade could collapse as fast as it has grown. At the same time, diversification needs to be extended into other sectors, notably clothing and leather.

A process of continuous adaptation to a remote market will present many practical difficulties for Kenya's, often small, export-oriented producers and traders. There is ample scope for a range of useful support measures to be financed through the aid provisions of the Lomé Convention; the provision of supporting infrastructure within Kenya, the supply of technical assistance in product development, help in representing Kenyan export interests in the main markets, etc. ○ C.S.

(2) Although Kenya has a substantial clothing industry (with a gross product of K £18.5 million in 1987), only one firm is able to export to the EC on a significant scale. It is alleged that this is because the domestic industry is, by and large, not competitive in international terms: it produces mainly for the domestic market, where it receives significant protection from imports.
The one exception is a firm that sells most of its output to the domestic market but as well has been increasing its exports slowly and cautiously. Established in 1968 in Kenya by its Indian principal, its initial objective was import substitution. The subsequent move into exports is now seen as a logical progression once the company had reached a certain size that made the domestic market too small. The company employs 2800 workers, most of them men. This contrasts with the situation in Jamaica and with the stereotype of Third World clothing factories employing mainly women. The decision to employ men arises from the fact that the factory operates a three-shift day.
The company produces both textiles and clothing, but only the latter is exported to the EC. The constraint on exporting cloth is less one of price than of quality. The company cannot guarantee the long lengths of completely unblemished cloth demanded by European clothing firms. Instead, with its lower labour costs, it is able to make clothes from slightly flawed material by cutting around the faults — a process that would be considered commercially unviable by a European company.

MAURITIUS

Successful export diversification under adverse conditions (*)

by Matthew McQUEEN (1)

A small tropical island of approximately 45 km by 35 km in the Indian Ocean, with a total population of just over one million, Mauritius, during the first four years of independence, was almost wholly dependent on sugar for its merchandise exports. Economic growth was slow and unemployment a major problem. Between 1973 and 1978, however, economic growth was rapid but this was reversed with the second oil crisis, so that by early 1980, unemployment probably exceeded 20% and the inflation rate rose to over 30% per annum. A balance of payments crisis forced a 30% devaluation in 1979 with structural adjustments in 1980 and 1986, assisted by credits from the International Monetary Fund.

Since 1984, the economy has been transformed, with GDP at constant prices increasing by an estimated 39% over the 1984-1989 period and employment by 34% between 1984 and 1988. With a per capita GNP of about $1 800 (a 34% increase since 1981), life expectancy of 71 years for women and 64 for men, an infant mortality rate of 22 per thousand live births and a literacy rate of over 90%, Mauritius can be said to have attained the standard of living of a middle income country. Its export base has widened to include a variety of products: textiles, leather, watches, sunglasses, cutflowers, tobacco, tea and canned tuna fish.

There are, of course, many reasons for this successful development, but to quote the 1989 World Bank report 'there is little doubt that the Lomé Convention has been one of the most important catalysts to the growth of manufactured exports in Mauritius', while exports of manufactures have been the fundamental basis for the transformation of the economy.

Although Mauritius is not rich in physical resources, it can, given the small size of its population, be said to be relatively rich in human resources in at least three respects. First, it has a young population, but unlike many, particularly African, developing countries, two-thirds of the population are of working age. Second, a substantial proportion particularly of new entrants to the labour force, have a good general level of education and are fluent in French and have a good knowledge of English. The most important weakness in the educational system, which could inhibit future development, is in the provision and encouragement of technical and commercial training in both the public and private sectors. This has been recognised by the Government and policies are being put into effect which seek to remedy this deficiency. Third, the country's history and geographical location has enabled it to develop a substantial class of entrepreneurs, knowledgeable about international trade and with close links with Europe (France and UK) and Asia (India, Pakistan, Singapore, Hong Kong, Taiwan and China).

The mainstay of the economy has traditionally been agriculture, based principally on sugar. Sugar production has, however, tended to decline in the 1980s due to a combination of a gradual long-term decline in the area under cultivation and only a small increase in yields (although these of course show significant annual variations depending on climatic conditions). Value added by other agricultural products such as livestock (Rs (2) 233m in 1988), foodcrops (Rs 217m), and fishing (RS 119m) has increased substantially, but still only accounted for 27% of total agricultural production in 1988 and so total agricultural production has stagnated in the 1980s.

In contrast, the manufacturing sector has grown very rapidly and this has greatly diminished the importance of sugar to the economy. Table I provides details of the changing share of key sectors over the period 1970-89. Whereas agriculture accounted for just under one-quarter of GDP in 1970, this had fallen at constant prices to 10% (sugar 62% of this) by 1989, while value added by manufacturing exceeded that of agriculture by 1982. Manufacturing has increased from just under 16% of GDP in 1970-83 to nearly one-quarter by 1989, reflecting, for the most part, the very rapid growth of the EPZ (Export Processing Zone) since 1983. The latter grew in real terms by 257% between 1983 and 1989 and accounted for just under 60% of value added by manufacturing in 1989.

The increased share of wholesale and retail trades, restaurants and hotels can be explained by the general growth and prosperity of the economy, the increasing urbanisation of the population, and the growth of international tourism where arrivals have increased from 28 000 in 1970 to 124 000 in 1983 and to an estimated 270 000 in 1989.

The sharp decline in the relative importance of sugar in total exports has been due as already noted, to the very rapid growth in exports of manufactured goods by the EPZ — from an 11% share in 1976, 28% in 1983 to 60% in 1988, and an estimated 63% share in 1989. This share of course exaggerates the net foreign exchange earnings of the EPZ relative to the sugar sector as the former has a much higher import content in production than the latter. EPZ imports in 1988 were equivalent to 72% of gross export earnings so that EPZ net exports were equal to 51% of gross export earnings of sugar. This, however, underestimates the underlying contribution of the EPZ in that 14% of EPZ imports were 'machinery and transport equipment' reflecting substantial investment for future production and exports.

The other signifiant growth has been tourism, where gross tourism earnings have increased from Rs 184m in 1976 to Rs 630m in 1984 and Rs 2 374m in 1988 (estimated Rs 3 000m in 1989). Net foreign exchange earnings will be substantially less than the gross figure because the import content of tourism expenditure can be expected to be high, while most of the international hotels are foreign-owned, and will, therefore, in the long run, be subject to substantial repatriation of profits and dividends.

The policy environment

Industrial and commercial policy has developed over the past 26 years and covers a wide range of policy instruments,

(*) Extracts from ODI Working Paper no 41

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(2) ECU 1 = 19.46 Roupies (31/3/91).

Structure of production 1970-89 (1982 prices)				
% of GDP by:	1970	1982	1989 (estimate)	1989 (estimated current factor cost)
Agriculture etc	23.4	15.3	10.0	12.2
— sugar	18.0	11.3	6,2	8,5
Manufacturing	15.8	15.6	22.2	24.8
— sugar	5.0	3.1	1.8	2.3
— EPZ	—	4.5	12.0	14.5
Wholesale, retail trade, restaurants and hotels	10.2	12.9	16.0	17.8

Source: MEPD and Economic Indicator No. 96, October 1989.

both specific to the industrial sector and through broader policies covering, particularly education and health.

Mauritius has, in common with many developing countries, pursued twin policies of stimulating both import substitution and export diversification. Imports have been subject to high levels of protection. Production for import substitution has been stimulated by the Development Certificate Scheme (started in 1963) and subsequently by the Development Incentive Act of 1974 and Industrial Buildings Incentives Act of 1986. These incentive schemes gave a mix of tax holidays on profits and dividends, investment allowances, preferential financial arrangements and subsidised government-built factory space as well as relief from import duties on capital and intermediate goods used in production. Exports have been promoted through the Investment Incentive Schemes and particularly the Export Processing Zones Acts of 1970 and 1984, which although similar to the general provisions of the import substituting industries, have until recently been different (and in general more generous) in details concerning tax rates and tax relief.

These incentive schemes had, by the early 1980s, produced what were generally considered to be disappointing results. In a small economy such as Mauritius, import substitution cannot be expected to maintain a significant growth in employment and so hopes were pinned on the performance of the EPZ. After rapid growth in EPZ employment from 644 in 1971 to 17 163 in 1976, employment only increased slowly to 27 625 in 1981 and 24 952 in 1984. That is, under 8 000 jobs in 8 years, while unemployment rose to 20% in 1983. One obvious explanation for this situation was the second oil shock in 1979, which induced world recession and ended the 8% per annum growth rate Mauritius had enjoyed since 1973. A further factor, however, appears to have been the results of the complex system of import protection and export subsidies, which, through the price system, produced an incentive structure contrary to policy objectives.

Under a succession of IMF arrangements, backed by the World Bank, Mauritius introduced from 1982 onwards, a package of liberalisation measures. The Mauritian rupee was devalued and its base changed in 1983 from the SDR to a trade weighted basket of currencies. Coming so soon after the 30% devaluation of 1979, these measures alone further increased the profitability of exporting, with the real effective exchange rate depreciating by 21% over the period 1980-88. Quantitative controls on imports have been eliminated and steady progress has been made since 1986 on tariff reform. At the same time, most subsidies and controls on prices were eliminated while wage controls were maintained so that the rate of increase in the consumer price index exceeded the growth in wage rates until late 1987. Supply-side measures were also applied to reducing the budget deficit, and this fell from 10% of GNP in 1980 to just over 2% of GNP in 1987. This change was brought about not by cutting welfare payments but by increasing revenues through the incentive effect of cutting corporation tax from 66% to 35% and income tax from a maximum of 70% to 35%. The 'tax holiday' element in corporation tax was criticised for encouraging short term investment and so in 1985 a new scheme was introduced whereby firms established under the investment incentive schemes were given the option of paying corporation tax at a flat rate of 15% over the whole life of the company, while dividends were made tax free for a period of ten years from production day. Since 1984, the explicit discrimination against exporting by non-EPZ companies has been reformed by reducing corporation tax by 2% for each 10% of output exported.

The products

Clothing

These products account for 79% of total EPZ exports. Initially, in 1974, woollen knitwear production stimulated by overseas investment, particularly from Hong Kong, was the most important EPZ export. Today, Mauritius is the third largest exporter of wool knitwear and the world's largest exporter of quality woollen knitwear bearing the International Wool Secretariat's 'Woolmark' quality licence (as Mauritius advertising says 'not bad for a small island without a single sheep!'). Most of the wool is imported (value of Rs 438m) from Australia and New Zealand, although some also comes from China and South Korea. France imports 35% of woollen pullovers while Germany imports 43% of cotton pullovers and 24% of woollen pullovers. The relative importance of knitwear in EPZ exports has, however, decreased from almost 100% in 1974 to 60% in the late 1970s, 40% in 1984 and 24% in 1988. Conversely, clothing (excluding knitwear) has increased its share in total EPZ exports from 28% in 1983 to 39% in 1985 and 48% in 1988. Interestingly, in view of the rules of origin governing preferential imports into the EC, imports by Mauritius of woven cotton fabric (a prescribed starting material for obtaining EC preferences) from such 'non-originating' sources as Hong Kong, Taiwan, Japan and South Korea were at Rs 860m in 1988, almost twice the level of imports $467m of cotton yarn (an acceptable starting material for obtaining EC preferences) from India, Pakistan, Singapore and China. An important factor in the evolution of export shares has been the rapid increase in exports to the US in the period 1984-87, (although France has also been an important market) and this fact, together with the rapid increase in imports of cotton fabric (an acceptable starting material for the US), suggests that EC rules of origin may have retarded the growth of clothing exports to the EC.

There are, however, indications that exports of clothing are facing increasing difficulties.

First, with the increase in female participation rates to levels found in the NICs (Newly Industrialised Countries), and unemployment falling to near full employment level, employers are finding it increasingly difficult to obtain staff to increase production. Under EPZ regulations, workers have to work 10 hours overtime per week if required, for which they are paid 1.5 times the basic rates, 11/15 hours attracts double time rates and over this level, triple time. However, significant levels of overtime are also associated with absenteeism and so total hours worked may not increase significantly.

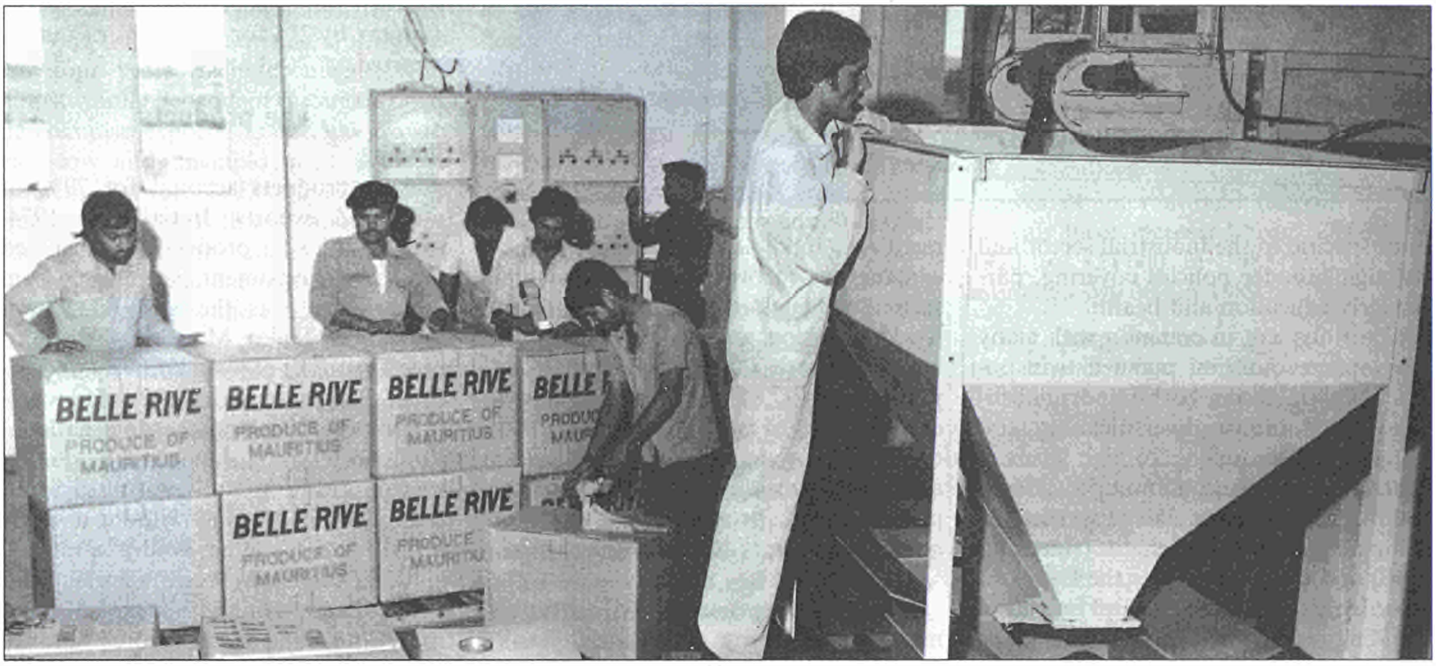
Second, competition between employers for staff, coupled with rapidly increasing inflation can be expected to increase wage rates. These are about Rs 50 per day or around one-sixth those of Hong Kong (though labour productivity is lower). In large factories in South East Asia's newly industrialised countries, workers can expect to earn Rs 1 500-Rs 2 000 per month, plus further benefits such as paid holidays, sick pay, subsidised meals and free transport to work. These benefits, together with insurance contributions, raise labour costs by about a further 50%. The main competition faced by Mauritius is not, however, from such countries but from the newly emerging industrialised countries such as China and Thailand, and the Mediterranean countries who benefit from preferential access to the EC market.

Third, the US market for clothing is now subject to quotas, and for all clothing except for man-made fibre shirts, blouses and trousers, these quotas are binding (ie Mauritius exports to the full limit of the quota). Expansion of exports to the US is therefore determined by the expansion of the quota — around 6% in 1990 for most items (slightly more for men's and boys' cotton and man-made fibre shirts, not knitted, and 1% for cotton and man-made fibre and silk blended shirts).

Fourth, Mauritius is seen as losing out to the more favourably placed manufacturers in the Caribbean who are able to benefit from CBI (Caribbean Basin Initiative) preferential exports to the US.

Fifth, markets appear to have become more volatile, particularly in the US but increasingly also in the EC. Consumers are now becoming more design and fashion conscious and this (together with bad seasons recently) has made buyers for retailers in the US and Europe unwilling to place orders until absolutely necessary. For example, in knitwear, until two or three years ago, European buyers would place large orders in October/November for delivery in June to August and this order would stand a great chance of being repeated the following year. Product life cycles have now substantially reduced and buyers are much more likely to book machine time in January/February and only subsequently place the precise order for quantities and design, while still requiring delivery in June to August. In general, 'lead times are shrinking dramatically, (production) runs are becoming shorter and greater levels of service are required both in terms of design and merchandising. Even the more staid, conservative and predictable customer is becoming more design conscious, more demanding and less predictable'.

One result of these pressures has been to increase the vertical integration of the clothing industry. For example, imports of cotton yarn usually take around eight weeks from the time of negotiating the order. Since the cost of holding stocks of cotton is considerably less than holding stocks of yarn, firms have integrated backwards into spinning, not, it should be noted, to obtain scale economies, but



Tea being packaged for export

At independence, Mauritius was almost entirely dependent on sugar for export revenues. Today, her export base has been broadened to include a variety of value-added products

to achieve the necessary flexibility to service a more volatile market at minimum cost. Pressure on costs has also forced the larger firms to move up market by investing heavily in computerised equipment and developing their own designs and collections. The general strategy of such firms is to ensure that their products cannot be easily compared to the competition from the Far East, particularly in terms of details of design and finish.

Other non-traditional exports

Exports of **watches,** mainly to France and West Germany, reached Rs 393 m in 1988. Only one company exports complete watches (apart from straps). Three other companies assemble watch movements for final assembly in France or Germany, while one specialises in assembling watch dials. The ratio of value added to exports in watches has significantly increased from 17.3% in 1985 to 24.2% in 1987 (latest available year) and this can be compared to 34.7% for clothing. In terms of value added to gross output, the ratios are 30.6% for watches compared to 33.2% for clothing. The assembly of watches is done by hand throughout the world and since productivity levels are only a little below those of Europe and the end product can be imported back into the EC duty-free because of the cumulative provisions of the rules of origin under the Lomé Convention, the attractions of assembly in Mauritius are significant. The companies in Mauritius are wholly-owned affiliates of EC companies and components are imported from specialist manufacturers in France (58%), Switzerland (28%) or West Germany (11%), with the marketing of the finished product done by the parent company, either for brand names or in their own name. As with other sectors of the economy, expansion is being limited because companies are finding it increasingly difficult to recruit additional employees. This is a particular problem in watch assembly because earnings of around Rs 1200 per month compare unfavourably with Rs 1500 to Rs 2000 per month in the clothing industry. The difference in earnings is explained by the fact that overtime working is currently standard practice in the clothing industry, whereas the exacting nature of watch assembly makes overtime working unproductive as mistakes rapidly increase. Expansion will therefore require substantial increases in wage rates, but despite this, firms appear to be optimistic and envisage an expanding market, especially for quality and fashion watches retailing for around FF 700-800 in France.

The **jewellery** industry employs 1504 people in five main firms most of whom are engaged in the *cutting and polishing of diamonds* for re-export back to Belgium (69%) and Israel (16%).

Leather products employ a further 1105 people in 12 enterprises, none of which are large firms (the largest employs 110 people) but some of which have attracted French joint venture capital exporting (Rs 48.3 m) quality leather goods such as handbags, purses, wallets and belts to France (92%), while one company exports quality leather jackets, mostly to Germany. Exports have grown very rapidly and now account for just under half of the EC imports from developing countries. There have not so far been serious difficulties with rules of origin as quality leather is imported from France and Italy. However, one factor possibly inhibiting future expansion is the inability to import leather from Australia and New Zealand and also conform to the rules of origin. There also seem to be doubts as to whether this rapid growth of quality exports can be sustained, as firms are finding it very difficult to obtain skilled workers, such as cutters. Indeed exports of leather handbags to the EC have fallen sharply since 1986. Leather goods, particularly shoes, have been targeted as a potential growth sector for the EPZ and the Government has invited (supported by EDF funding) a small group of Italian firms to investigate possibilities for joint ventures in Mauritius.

Canned tuna fish exports to the EC, almost wholly to the UK, have persistently encountered problems with the rules of origin as the fish are caught by Japanese and South Korean ships. A succession of limited derogations has been obtained but exports have stagnated since 1983. Not all of the problems of exporting can be attributed to rules of origin and better management of the economic zone is being sought in cooperation with the Seychelles.

Exports of **cut flowers** have rapidly increased in recent years and reached a value of Rs 35.1 m in 1988. These are exclusively Anthuriums and Andreanums and exporters claimed that their success was due to finding a market niche and that Mauritius and Hawai (the largest exporter) were the only important suppliers in the world of these flowers. The exemption from the 24% Community tariff was regarded as unimportant as there were so few competitors. Exporters had not encountered any EC barriers to entry but rather emphasised differences in tastes as the major problems facing future growth and market diversification. For example, attempts had been made to develop the UK market but these had been unsuccessful. There are 30 growers, most of whom are small enterprises employing 3 to 13 people, while three of the big sugar estates have set aside a small proportion of their land for this high value export, but even these only employ 38 to 75 people. Exporting is organised either through the larger firms exporting their own flowers plus flowers purchased from the small scale growers, or through a few small scale exporters of fruit and horticultural products.

There is a very small amount of export of **other foodstuffs,** such as green beans and pineapples, but this is not a growth sector for a number of reasons. First, the decision to begin to diversify agricultural production away from a dependence on sugar and into other products in the early 1980s, was aimed solely at import substitution, particularly in potatoes (through inter-cropping with sugar) but also in maize and tomatoes. The objective was to achieve security of food supplies through increased self-sufficiency rather than maximising the rate of return on resources used in production. Second, the increasing shortage of labour and rising costs of production have, in recent years, decreased the area under cultivation of foodcrops. Acreage under cultivation increased from 5308 hectares in 1984 to 6296 in 1986 but fell back to just over 5000 hectares in 1987 and 1988. Adverse climatic conditions such as excessive rainfall in 1987 and drought in 1988, in addition to damage from cyclones, have caused a far greater decrease in production. The frequency of cyclones has also inhibited diversification into crops such as papayas and mangoes. *Technical assistance* financed by the EDF under the Lomé Convention had been provided to develop indigenous production of seeds for vegetable production, cold storage of potatoes, and for a laboratory for the tissue culture of anthuriums to develop new varieties for export. ○ M.M.

ZIMBABWE

The expansion of non-traditional exports: general explanation (*)

by Roger RIDDELL (1)

Three particular features emerge in examining the trends in the export of 49 separately identified products from Zimbabwe to the European Community up to 1987. The first is the substantial rise in the value of these exports: from ECU 3.8 million in 1982 to ECU 30.5 million in 1984 and to ECU 48.4 million by 1987. Discussions with leading Zimbabwean exporters and analysts at the Confederation of Zimbabwe Industries in 1989 and early 1990 suggest that this rate of expansion has been sustained in the post-1987 period.

The second observation relates to expansion by sub-group. If the exports are arranged into the following categories – fresh flowers, meat, vegetables, fruit and juices, hides, leather, cotton yarn and textiles, clothing, footwear and furniture – then substantial expansion in export values to the EC has taken place in all categories with the exception of wood and furniture and leather shoes. The third observation is that there has been little major change in the share of the total originating in the major sub-groups. Thus in 1982, 77% of all these exports to the EC came from the following sub-groups: leather and hides, cotton yarn and textiles, clothing and meat. In 1987, the share of these products constituted 83% of the total. It should be stressed, however, that with a *thirteen-fold* rise in the value of these exports from 1982 to 1987 (at current ECU prices), even the performance of the other groups of products has been far from derisory.

To what can be attributed this growth of non-traditional exports to the EC? Some of the most important factors would appear to be the following:

- the stage of development (and industrialisation) reached by the country;
- changing relations with South Africa and, to a lesser extent, other countries of southern Africa;
- particular aspects of the Lomé Convention, and, finally,
- domestic economic policies within Zimbabwe.

We shall examine each of these in turn, and additionally consider other factors which influence (or may have influenced) the further expansion of non-traditional exports.

The stage of industrialisation reached

A major element contributing to non-traditional export expansion has been the fact that Zimbabwe has had a long history of industrialisation. In 1938, when the first industrial census was taken, not only had the iron and steel foundries and mills been built and the Rhodesian Iron and Steel Corporation established, but the country was exporting goods manufactured in each of the International Standard Industrial Classification (ISIC) sub-sectors. By this time – over 50 years ago – Zimbabwe's manufacturing sector was already responsible for 10% of Gross Domestic Product (GDP), it employed 7% of the formal sector labour force and accounted for 8% of total export earnings. To put this into contemporary perspective, sub-Saharan Africa-wide data show that by 1984 in at least 70% of countries, the ratio of value added manufactures to GDP was less than 10%, in over 56% of countries, manufactured exports accounted for less than 10% of total national exports and in over 40% of countries fewer than 10% of employees were working in the manufacturing sector.

This long history together with the particular skills of adaptation developed during the 1965 to 1979 Unilateral Declaration of Independence (UDI) period has meant that the country has been able to develop a quality of product and a reliability of supply essential for the development and maintenance of export markets in a number of manufacturing sub-sectors. This has been possible because of the depth of engineering and technical skills, plus supporting physical and financial infrastructure which has enabled the manufacturing sector to utilise and adapt imported plant and machinery.

Until recently, however, the external benefits of this build-up of skills and product development was directed principally to the sub-region and towards South Africa in particular.

The South African factor

During the pre-Independence period, colonial Zimbabwe developed strong and complex economic relationships with South Africa. These inter-linkages were strengthened further during the UDI period, so that by 1979 over 80% of all exports of non-primary products went to the South African market. Most notably, the export of non-traditional manufactured products to Europe, which had been developed in pre-1965 (especially with Britain), declined significantly during the UDI period.

At independence, a number of factors converged to initiate a major attempt to shift export trade away from South Africa. The first was that Zimbabwe had clearly become far too dependent for economic and strategic comfort upon a single market, hence the build up of *economic* pressures to diversify. Secondly, there were strong *political* pressures from the incoming government to reduce dependence upon South Africa, and hence to diversify both the destination of exports and the origin of imports into the country. This itself was paralleled by pressures from a wide range of South African private interests to divest from what was perceived as its now-hostile northern neighbour.

Thirdly, there has been the sanctions factor. During the 1980s – at least until mid-1989 – international pressure to extend the range of sanctions against South Africa increased. Amid the complex consequences arising from this pressure, two merit attention here. One was that to the extent that sanctions 'work' they reduce the level of economic activity within South Africa and thus lead to a fall in the demand for imports. This clearly reduces the attraction of Zimbabwe-South Africa economic linkage and exposes the vulnerability of Zimbabwean dependence upon South African markets. The second is that as major international importers of South African produce reduce or cut off *their* imports of South African products, to the extent that Zimbabwe is able to supply these markets with her own produce, the sanctions factor provides an additional boost to diversification away from South Africa.

With the converging of all these factors and influences as the decade proceeded, the 1980s have seen significant pressures for Zimbabwe to shift its exports away from South Africa.

Two major alternative markets have presented themselves. The first, and closer to home, is the SADCC/PTA market. While export expansion to these

(*) From ODI Working Paper no 38.
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markets has certainly occurred, there has been little increase in the *share* of Zimbabwean exports going to PTA/SADCC states. This has been due to a number of factors. One is that the imports required by these countries have not always been those that Zimbabwe had traditionally supplied to South Africa – the demand in these countries has been either for simpler products or for more sophisticated items (computers etc.) which Zimbabwe produces in only limited quantities and of varying quality. The second problem has been the shortage of foreign exchange to purchase products which Zimbabwe could export and for which there has been at least pent-up sub-regional demand. The result has been that the regional markets have not absorbed all the products (both the number and range of products) which Zimbabwe has been willing and able to export.

The Lomé Conventions

The second market has been the EC countries. As independence and the pressures to reduce export dependence upon South Africa coincided with Zimbabwe's accession to the Lomé Convention, a ready alternative was coincidentally provided. The growth of Zimbabwe's exports to the EC has been enhanced by the provisions of the Lomé Convention to which the country acceded at independence in 1980.

The Convention provides duty free access to the Community's markets for most of Zimbabwe's leading exports, including the country's seven leading export products. While the Convention does not allow duty free access for agricultural products covered by the Common Agricultural Policy (CAP) (which are subject to tariffs and, in some cases, to seasonal quotas) duty free access is provided for Zimbabwe's principle foreign exchange earner, flue-cured tobacco.

For beef and sugar, the Convention contains special arrangements. For beef, Zimbabwe has a theoretically fixed quota of 8100 tonnes to the EC. In recent years, however, as other ACP countries have failed to meet their quotas, Zimbabwe has been able to take up a portion of their unused quotas.

Zimbabwe has a quota of 30 204 tonnes of sugar to EC markets which it has successfully filled since acceding to the Lomé Convention. In addition, Zimbabwe is one of four African countries which supplies 75 000 t of sugar to Portugal at a price based on that paid to European sugar producers. It is Zimbabwe's wish to have this special quota converted into a permanent ACP quota at protocol or similar conditions.

It is, however, the terms of the Convention allowing duty free access for almost all of Zimbabwe's leading exports into the Community which have been of most profound influence. While in value terms Zimbabwe benefits most from its exports of flue-cured tobacco (ECU 119 m in 1988 and ECU 46 m for the period January to June 1989), major expansion of exports to EC markets has taken place (as noted above) in the area of non-traditional exports.

'A long history together with the particular skills of adaptation developed during the 1965 to 1979 Unilateral Declaration of Independence period has meant that Zimbabwe has been able to develop a quality of product...'

It would be erroneous, though, to conclude that expansion to the EC market has either been due exclusively, or even predominantly, to the benefits of the Lomé Convention or that the expansion achieved has been without its difficulties. Through deliberate policy, the South Africans have disrupted Zimbabwe's transport links with the sea, particularly the cheaper routes through Mozambique. In the mid-1980s, over 85% of Zimbabwe's non-African trade was having to pass through South African ports and use South African railways, paying premiums which significantly increased the costs of exporting and therefore made Zimbabwean products to the EC less competitive.

Domestic policy: devaluation and export incentives

A potentially more long-term problem has been the shortage of foreign exchange and the subsequent reduction in imports. As the early 1980s progressed, exporters were finding it increasingly difficult to purchase the imports that were needed to manufacture products for export, and these supply constraints were exacerbated by having to export with the added handicap of an over-valued exchange rate.

These constraints have been increasingly addressed but by no means solved in subsequent years. The Zimbabwe dollar was devalued by 20% in late 1982 and its value progressively decreased thereafter.

To address the foreign exchange shortages, a series of export incentives together with the significant expansion of an export revolving fund (which, in effect, guarantees foreign exchange required to purchase imports required for exports) have been introduced. By mid-1989, the main ones were as follows:

- Manufacturers producing for export are assured of automatic access to foreign exchange (up to 60% of the value of exports) to finance the import content of exports. This facility is called the *Export Revolving Fund (ERF)*.
- An *Export Incentive Scheme* operates whereby non-traditional exports receive a tax free cash payment equivalent to 9% of the value of these exports, provided that the goods to be exported have a minimum local content equivalent to 25% of the export value.
- In addition, manufacturing exporters receive a bonus *Supplementary Allocation* of foreign exchange equivalent to 25% of their previous years' incremental export performance. This money can be utilised in either the domestic or export markets.
- Tax relief on exports is covered by a series of regulations. Most importantly, a system of duty drawbacks allows full remission of duty on imported materials contained in manufactured exports.
- An *Export Promotion Programme* which provides for the import requirements for exports in the agricultural and mining sub-sectors also allows for freer access to imports than under the normal allocation system.
- Refunds of import or sales tax on imports and on local purchases of capital goods for projects which involve exports apply to those projects approved by the Ministry of Finance, Economic Planning and Development.
- Within the PTA, tariff reductions ranging from 10% to 70% are applicable to exports to member countries, providing certain ownership and rules of origin criteria are met. (2)

(2) Local equity has to be at least 30% for tariff reductions to apply, although certain transitional arrangements relieve the immediate impact of the ownership and management conditions of the PTA Treaty

Exports versus the domestic market

Few manufacturers in Zimbabwe export 50% or more of their total output. One of the reasons for this is not so much that Zimbabwean products are *excessively* uncompetitive internationally, but that domestic prices have tended to be higher than the prices which could be obtained from exporting. This has led a number of producers to argue that exporting has been little more than the 'icing on top of the cake' rather than a major part of business. While this attitude has been changing, and many more exporters now consider their export business to be an important and permanent part of their overall operations, it also needs to be recognised that a number of particular factors have helped to boost exports of non-traditional products. Besides the specific export incentives, listed above, reference needs to be made to a number of others.

Perhaps the single most important factor is itself linked to the all-pervasive issue of foreign exchange. The increasing shortage of foreign exchange in the post-1982 period has itself led to a depression of the local market, and to the majority of producers working at levels far less than full capacity. The availability of foreign exchange for exporters, through the Export Revolving Fund (ERF), has enabled companies to expand capacity and utilise fixed cost plant and labour. (3) As a result, it has been common for companies to price exports on a marginal cost basis and to utilise the export market to boost capacity utilisation. What is more, there is no doubt that as the ERF became a feature of business life, and foreign exchange for the domestic market became more and more scarce, businesses were also increasingly using their export allocation to purchase imported inputs which they then used to produce for the more lucrative domestic market. In short, the artificial division between producing for export and for the domestic market has become increasingly less sharp. In part, the Supplementary Allocation (described above) was meant to address the problems arising from this particular abuse, but it has also been interpreted as an acknowledgement that abuse is quite widespread and that, barring a radical overhaul of the foreign exchange system, it can only be restrained, not eliminated.

Foreign investment and liberalisation

For all the success in expanding non-traditional exports, could more have been achieved? In attempting to answer this question we shall first consider the issue of foreign investment. In the 1980s, the inflow of foreign investment into Zimbabwe has been disappointing, not least investment from the OECD countries. Thus the net flow of private investment from OECD countries to Zimbabwe fell by 64% from the first half of the 1980s to the second half, with Zimbabwe's share of total private foreign investment in SSA falling from 8% to just 3.3% between the two periods. To the extent that investment by European countries in Zimbabwe enhances the expansion of non-traditional exports from Zimbabwe to the Community, the poor performance of European companies in this area must be a reason why non-traditional exports to the EC have not been even higher.

But do links between subsidiaries in Zimbabwe and either world-wide companies with extensive European networks or European-based companies necessarily further the expansion of non-traditional exports? The evidence is ambiguous. On the positive side, being a Zimbabwean subsidiary of a world-wide company appears, in some cases, to have led to orders from Europe being placed to which the Zimbabwean company has positively responded, while, in other cases, it has enabled export markets to be found when the Zimbabwean subsidiary signalled its desire to the parent company to initiate or expand its market in Europe. Yet in other instances, independent companies have been able to secure orders and expand exports to Europe (albeit frequently with the assistance of 'agents'), while on the other hand being a subsidiary of a multinational corporation appears to have acted as a disincentive to expanding either into the export market in general or to European markets in particular. While it is difficult to judge the overall impact of these different reactions, it does appear that, as part of its package of measures to attempt to increase the flow of private foreign investment into the economy, government has been persuaded at minimum that new inflows of foreign investment would assist its aim of expanding non-traditional exports.

Closely related to the question of foreign investment and market linkages is the whole – and complex – issue of trade liberalisation. Throughout the 1980s the World Bank has lobbied the government hard to try to persuade it that an abandonment of many of the macro-economic controls inherited at independence, including the interventionist system of foreign exchange allocations, will provide a major boost to both overall economic growth in general and to an expansion of non-traditional exports in particular. By early 1990 it was apparent that sufficient support for this view from within government had been canvassed for it to be ready to announce a phased (four to five year) programme of trade liberalisation, a move that is supported by the leadership of the Confederation of Zimbabwe Industries.

It is, however, by no means clear that trade liberalisation, whatever form it takes, will lead either to an *automatic* or *rapid* increase in non-traditional exports. This is apparent even from an examination of the arguments in favour of such a move put forward by its most articulate proponents, the World Bank. Thus the Bank's 1987 strategy document appears to imply that non-exporting industries could in practice be worse off under trade liberalisation, with those which have enjoyed high levels of protection actually 'suffering'.

The Bank fails to instil confidence either that the desired manufacturing sector expansion will result from its policy proposals; it falls back on vague sentiments of optimism. 'In terms of individual products, the experience of other countries indicates that it is highly difficult to predict which manufacturing sub-actions will enjoy rapid growth, but there is sufficient evidence on the responsiveness of Zimbabwe's manufacturing sector to be optimistic on its export prospects', it says.

A major worry with the Bank's proposals is possible de-industrialisation and the closing down of major sub-sectors of manufacturing industry.

A final worrying aspect of the Bank's proposals lies in the increased vulnerability the Zimbabwean economy would have to external developments. A particular concern relates to greater dependence on South Africa. In commenting on this issue, the irony of the Bank's proposals is revealed. It states that in the event of action by South Africa leading to severe adverse effects on the economy, it may be necessary to re-introduce controls, including the current system of foreign exchange rationing. Is this conclusion seen as reason for caution? Not at all. The Bank argues that with Zimbabwe's experience it is 'unusually well-equipped to do this quickly and efficiently' and with the old system re-established it would be well able 'to undertake *radical* adjustments in both its macroeconomic management and allocative policies'.

Until the new policies to be announced have been in place for some time, it remains very difficult to predict the extent to which the expansion of exports, and particularly non-traditional exports, in the 1980s can be sustained into the 1990s or the extent to which new foreign investment, and particularly that which could stimulate further export expansion, will be forthcoming. ○ R.R.

(3) Since the early 1980s, government legislation has made it extremely difficult to lay off workers, so in that sense, labour is now widely considered as almost a fixed cost by manufacturers.

GHANA

Diversifying the export base — problems and strategies —

by Della K. BEDI-BELLA (*)

The economy of Ghana, like that of most developing countries, particularly in sub-Saharan Africa, is characterised by a narrow export base made up of a few primary commodities. The heavy dependence on earnings from these products both to finance development and to service debt has exacerbated the vulnerability of these economies to excessive price fluctuations in those same products.

Over the past two decades, there has been no remarkable improvement in the performance of Ghana's traditional export sector comprising cocoa, timber and minerals which account for about 95% of foreign exchange earnings. The two commodities of greatest importance to Ghana, cocoa and gold, which account for about 65% and 25% of foreign exchange earnings respectively, have suffered severe price falls over the years, thus counteracting significant increases in production.

The production of cocoa, which fell from around 400 000 tonnes in the early 1970s to a low level of 158 000 tonnes in 1983-84 due to inappropriate domestic policies and natural disasters like drought, recovered to 170 000 t in the 1984/85 season and to over 200 000 t in 1985/86. By the end of 1989, cocoa production had soared to 300 000 t. Gold production had risen also from 235 000 ounces in 1987 to 272 000 ounces by the end of 1989. This represented an increase of 30% over the figures for the three previous years. These increases in production were the result of a number of policy measures which were initiated under the country's Economic Recovery Programme (ERP), launched in April 1983 with the support of the International Monetary Fund and a number of bilateral and multilateral agencies, like the World Bank.

While on the supply side the country has increased the level of production of traditional exports, on the demand side, prices have remained depressed. The international price of cocoa, Ghana's major export crop, has been so unstable that export revenue has fluctuated widely. For instance, the price of cocoa dropped consistently since 1984: from \$2396 per tonne to \$2300 per tonne in 1987 to \$1800 in 1988 and \$850 in December 1989. Indications are that prices have continued to fall.

The loss of revenue has been substantial. In 1989 alone, Ghana lost \$200 m in export earnings because of the drop in the price of cocoa. The country earns less money now from her exports than she did 10 years ago.

Ghana's problem has been compounded by a mounting debt burden which has imposed severe pressure on the country's balance of payments position. Debt servicing alone is consuming 60% of the country's export earnings. Recent increases in the price of crude oil in the world market as a result of the Gulf crisis have further aggravated the problem. Of the estimated \$1304 million import programme for 1990, oil import was expected to take about \$170 m 13% of export earnings. That estimation was based on oil prices remaining at \$18 per barrel. But it is now obvious that the actual price has been considerably higher.

Promoting non-traditional exports

It was against the background of declining earnings from traditional exports, that the Government of Ghana adopted a policy of diversifying exports by focusing attention on the production of non-traditional items such as fresh fruits and vegetables including bananas, pineapples, avocados, ginger, copra and spices; processed marine products such as shrimps, prawns, lobsters and tuna; furniture and other wood products; aluminium products; chocolate; common salt and handicrafts; and exotic items like snails, grasscutter, aquarium fish and pests.

Port returns, released by the Ghana Export Promotion Council (GEPC), show the value of the export of these non-traditional products (excluding residual fuel, liquefied petroleum gas, veneer, plywood and transfers due to invisible exports) between 1986 and 1989, to have amounted to \$128.6 m.

There was a drop in export earnings for the selected products in 1989. However, port returns by Customs, Excise and Preventive Services (CEPS) for the first quarter of 1990 show that the country earned \$10.2 m from non-traditional exports as against \$7.3 m for the first quarter in 1989. This represents a 38.9% increase over the same period. Prospects for a further substantial increase in the value of non-traditional exports in 1990 are therefore bright.

Two items which have become very important to the country in terms of foreign exchange earnings are electricity and receipts from the operations of Foreign Exchange Bureaux. In 1989 Ghana earned \$82 m from the export of electricity to neighbouring countries while the operations of the Bureaux de Change which were established in 1988 yielded \$89 m. Total receipts from what could be described as the non-traditional export sector in 1989 (excluding receipts from non-residual oil, liquefied petroleum gas, veneers and plywood and transfers due to invisible exports) amounted to \$205 m. Compared with the figures for traditional exports, namely, cocoa — \$407.8 m; gold — \$159.9 m and timber — \$80 m for the same year, one could say that the country's non-traditional export sector has considerable growth opportunities.

The number of non-traditional exportable products is increasing every year. For instance, in January 1990, the Food Research Institute of the Council for Scientific and Industrial Research (CSIR), with the support of the GEPC, initiated a project to cultivate mushrooms for local consumption and for export. A recent addition to the list of exportable items is charcoal which is said to be in great demand in various overseas markets. According to a report in a Ghanaian weekly paper, a number of companies are exporting charcoal to various countries. One company has received orders to supply about 500 metric tonnes of charcoal valued at \$7.4 m to some states in the Gulf.

One sector of great potential in terms of foreign exchange generation is tourism which now enjoys priority status in the national economy. However, due to a lack of adequate infrastructure, the country has not been able to take advantage of its potential.

Problems

In spite of the fact that the non-traditional export sector had demonstrated a potential to generate foreign exchange to improve the country's balance of payment position, there are a number of problems which hinder the development of the sector. Among these

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are weak or inadequate production bases, uncompetitive prices due to high domestic production costs, poor marketing infrastructure and non-availability of ready finance. Others are inadequate incentives, bureaucratic and cumbersome procedures or lack of adequate knowledge about export procedures and weak institutional support.

To cite just a few examples, a major bottleneck in the development of the sector is the lack of easy access to finance. Ghanaian exporters cannot be competitive when they have to pay no less than 30% interest on borrowed funds. Besides, the demand for physical collateral by the banks, which most small-scale and new exporters cannot provide, has made it difficult to have access to credit. A recent report in a Ghanaian daily revealed that a $28 m fund provided by the World Bank to the Ghana Government to assist the development of small-scale enterprises has remained unutilised since the contract was signed in 1989. According to the report, only five applicants, out of total of 200, have so far benefited from it. The inability of the small and medium-scale enterprises to meet the condition of contributing at least 25% of the cost of the project and the reluctance of the commercial banks to support the enterprises by contributing 10-15% of the investment needed from their own resources have impeded access to the facility.

A major complaint by exporters is about difficulties they encounter in processing export documents. This situation has been attributed to bureaucratic and cumbersome procedures. There are at present as many as nine documents which exporters are required to process in order to fulfil export orders. Besides these, there are so many agencies involved in export documentation to the extent that a lot of time is wasted by exporters in shuttling from one office to another in order to process their documents. These and many others militate against the development of the sector.

Strategies

Under the Economic Recovery Programme, the Ghana Export Promotion Council has drawn up a 5-year (1988-1993) Export Development Programme (EDP) with the aim of boosting, in the short term, the production of non-traditional exports, and, the long-term, the relative share of non-traditional exports in the total export earnings of the country, i.e. from 5% to 15%. This, it hopes to achieve by adopting policies and measures which will remove constraints on the development and expansion of the sector.

The main components of the EDP are as follows:

Strengthening and building the institutions

A number of institutions are involved in the promotion of non-traditional exports in Ghana. At the top, is the Ghana Export Promotion Council (GEPC) which was established in 1972 and charged with the responsiblity of obtaining information on all exportable products and determining the extent and location of any market for these products outside the country. The GEPC also liaises with a number of government ministries, departments, financial institutions and business and trade associations in the promotion of non-traditional exports.

Other institutions are the Ghana Export Company (GEC) which was established in 1969 to market made-in-Ghana goods outside the country; the Ghanaian Enterprises Development Commission, formed in 1975 to assist in the promotion of Ghanaian businesses; the National Board for Small-Scale Industries (NBSSI) established in 1985 and given the responsibility for the development and support for small-scale industries in the country; the Department of Rural Housing and Cottage Industries (DRHCI) and the Ghana National Trading Corporation (GNTC).

Under the programme, existing institutions are to be strengthened and new ones established at the regional, district and village levels to provide extension services to exporters.

Finance and incentives

New measures relating to tax, tariff and financial reforms have been introduced to assist exporters to expand production of non-traditional exports. Among these are:

a) *Financing development and investment fund*

Under this facility which was established in 1989 by the Bank of Ghana and GEPC with the support of nine insurance companies, a limited liability company, the 'Export Finance Company', was formed to facilitate the flow of funds into the non-traditional export sector. This includes a pre-shipment scheme to enable exporters to pay for the cost of packaging and packing materials, transportation, warehousing, post and telecommunication services. It is, how-

Wood and wood products are among Ghana's new exports. At a time when Ghana is already facing deforestation problems, 'it is imperative to ensure that this policy is not pursued at the expense of the need to protect the environment' ever, too early to access the impact of the scheme.

b) *Export retention scheme*

This scheme, introduced in 1981, allows exporters to keep 35% of their net export earnings in a special foreign exchange account. This is designed to enable non-traditional exporters to have access to foreign currency to finance both the import of essential inputs like machinery, equipment, spare parts and raw materials and the payment of related services such as foreign business travel expenses, participation in trade fairs, medical and educational bills and salaries of expatriate staff.

c) *Duty drawback*

This procedure enables a trader to re-export certain duty-paid goods and claim from customs part or all of the duty paid. It also applies where imported materials form part of the local manufactures which are eventually exported.

Export production villages (EPV)

As part of Ghana's strategy to increase the production of non-traditional exports, the GEPC has initiated moves to establish EPVs to tap currenty uncoordinated rural production activities. Under the plan, selected commodities such as coconut, cashewnut, yam and oil-seeds will be cultivated. Producers will also be encouraged to form companies which will be registered under the Companies Code as limited liability companies.

To improve the country's productive base, GEPC also plans to engage consultants to assist companies to improve their production, planning, design, quality control, foreign purchasing of export inputs, costing and pricing.

Export school

Plans are also underway to establish an export school to educate the exporting community in export management and administration at the levels of both the enterprise and the institution.

Tax incentives on exports

The Ghana Investment Code, PNDC Law 116 of 1985 provides numerous tax incentives and benefits for companies engaged in investments in declared priority areas of the economy, namely, agriculture, manufacturing, construction and tourism.

Under the Code, a person or company engaged in the priority industry is entitled to a rebate on his tax liability for any year of assessment if during this period he exports a percentage of his total production for the period.

The percentage of products exported and the corresponding percentages in rebates on tax liability are as follows:

Per Cent of Total Produce Exported	*Rebate on tax liability*
5-15%	5-30%
15-25%	33-50%
25% or more	50-60%

Other incentives and benefits include the following:

a) requisite permission for importing essential machinery and equipment required for the enterprises;

b) exemption from the payment of customs/import duties in respect of plant, equipment and accessories imported specifically and exclusively to establish the approved enterprise;

c) for agriculture:

i) a corporate income tax rate of 45%
ii) depreciation and accessories to the extent of 100% and
iii) investment allowance of 10%

d) for manufacturing industries:

i) investment allowance of 7½% and
ii) depreciation or capital allowance of 40% in the year of investment and 20% in subsequent years.

Conclusions

The central policy issue affecting prospects in the non-traditional export sector is that Government should provide a favourable climate to increase export volumes to their full potential. The role of the private sector in this development cannot be over-emphasised. There is, however, a broad consensus that private sector development in Ghana is still constrained by the regulatory and incentive framework despite government's efforts to encourage the sector. For instance, complex regulations administered by multiple agencies are a particular constraint. There is therefore the need to review legal provisions that regulate private investment, and to streamline them to get rid of duplications, inconsistencies and administrative barriers that are so harmful to private sector development.

The Government's tariff and tax reforms have created a structure of protection that is now more conducive to efficient import substitution and export promotion than it was formerly. The restructuring of import duties, sales taxes and excise duties has led to the unification of sales tax rates across most local and imported goods, reduction in import duty rates and the rationalisation of sales tax rates.

Despite the appreciable progress in reducing tax rates, there remains a perception that Ghana's overall burden of tax is relatively high, compared with neighbouring countries which are often competing for the same types of investment. Government must therefore consider a fundamental restructuring and lowering of the country's tax regime with a view to encouraging local production and attracting foreign investors. There is also the need to review lending rates (of interest). In this regard, a distinction should be made between interest rates on commercial loans and loans for investment in productive ventures.

The reliance on the export of primary products has exposed the country to fluctuations that characterise these products in the international market. Besides, a lack of appropriate storage and warehousing facilities has resulted in substantial losses to exporters. It is therefore important to place more emphasis on the export of processed products in order to maximise foreign exchange earnings. There is a need to inject appropriate technology into the operations of export industries to enable them to produce good quality products which can compete favourably in international markets. It is also imperative for the government to encourage intra-African trade in areas in which the country has a comparative advantage.

The urge to generate more foreign exchange by diversifying the country's export base is a step in the right direction. It is, however, imperative to ensure that this policy is not pursued at the expense of the need to protect the environment. Problems relating to deforestation are already too well-known to Ghanaian officials to merit further elaboration. Recent revelations that the GEPC has authorised the exportation of charcoal is certainly not in the country's interest. Already, woodfuels and charcoal account for an overwhelming proportion of domestic energy use in Ghana. The efforts being made by other government agencies like the Environmental Protection Council and the National Energy Board to reduce environmental degradation through the efficient use of the country's forest resources will be thwarted if the policy of exporting charcoal is not reversed.

Export diversification must be pursued, but it is equally important to protect the nation's depletable resources. Proper planning and coordination among all agencies involved are required if the nation is to achieve its goal of increasing its export earnings and at the same time living in a clean and healthy environment. ○ D.K. B-B.

The growth of non-traditional exports in the Caribbean

by Philip WILLIAMS (*)

Until the 1950s and in some cases later, exports from the CARICOM Member States in the Caribbean were largely based on agricultural produce and natural resources. In most countries sugar, molasses, rum and bananas were the main exports. In the case of Guyana and Jamaica, bauxite was also significant and in Trinidad and Tobago, oil. It is probably true to say that in many of these cases the control of the export marketing of these products was in the hands of companies operating out of the major metropolitan countries, mainly the United Kingdom, Canada and the United States.

Exhibition in Europe of Barbados manufactures

Gradually, the example of the American Operation Bootstrap programme of industrial development for Puerto Rico and the impact of the work of Sir Arthur Lewis and other economists began to permeate regional thinking on industrial development. This resulted in the 1950s and 1960s in the establishment of Government institutions in the larger territories to encourage industrial development, mainly with a view to increasing employment opportunities and for import substitution purposes.

This model called for the introduction of incentive legislation, offering various levels of tax relief, subsidised factory space and other types of assistance for new investors. Although these incentives were never limited to foreign investors only, the emphasis of the promotion undertaken by most territories was on the overseas investor and as a result the new industrial base in most countries in the region was foreign-owned and managed. This was particularly noticeable in Barbados and Jamaica and has been the pattern followed elsewhere in the region, for example, in St Lucia and St Christopher & Nevis. An exception to this pattern was Trinidad & Tobago, which sought to retain control of its major industries and opted for State-owned enterprises or State/multinational-owned joint ventures.

It is perhaps worth noting here that the reality of early industrialisation in the Caribbean differed significantly from what most Governments probably intended: namely, it was expected that production for the regional market would have been used as a means of achieving economies of scale as well as more specialised firms and thus serve as a spring-board for launching into extra-regional markets. A recent study by Dr Anthony Gonzales, a Senior Lecturer of the University of the West Indies, suggests that this did not happen partly because of the small size of the regional market, coupled with the high levels of effective protection within CARICOM.

Gradually, Caribbean territories recognised the need to adopt new strategies for developing non-traditional exports and this led to the establishment of a number of trade promotion organisations. The Jamaica National Export Corporation was set up in the late 1960s. This was followed by the Barbados Export Promotion Corporation in 1980 and shortly after by similar agencies in Guyana, Trinidad & Tobago and Dominica. In addition, the CARICOM Export Development Project (CEDP) and the Eastern Caribbean States Export Development Authority (ECSEDA) have been established to assist the regional export effort.

The role of non-traditional exports

Precise data on the value of non-traditional exports are not readily available, but it is clear that in most Caribbean countries non-traditional exports have been a relatively small part of total domestic exports, the latter being dominated by primary products.

A 1988 study reported that: 'Except in the cases of Barbados, St Lucia and Dominica, primary commodity exports (foods, agricultural raw materials, fuels, and metals) comprised between 71% and 96% of total merchandise exports in recent years'. Even Dominica and St Lucia had proportions of 54% to 57% compared with 12% in Barbados. There is unlikely to have been any significant change in the situation in the last couple of years.

In Jamaica, non-traditional exports registered slow but fairly steady growth

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during the 1980s. Non-traditional exports were valued at $224.7 million in 1988 compared with just over $100 million in 1980. Jamaica's non-traditional exports comprise mainly apparel, ornamental horticultural products and non-traditional agricultural products including processed foods.

Trinidad and Tobago used its oil revenues to invest in some very capital intensive industries: steel (1980), methanol and urea (1984). These have become significant non-traditional export industries.

Elsewhere in the region, the pattern of Barbados is probably more typical. Here the main non-traditional exports have been in the apparel and electronics sectors. Although major developments in apparel and electronics first took place in Barbados in 1968, the period of rapid extra regional export growth was during the 1970s and early 1980s. In Barbados, this growth has not been maintained in recent years: Apparel exports were BDS $28.4 million (1) in 1989 compared with BDS $69.3 million in 1983. Similarly, the export figure for electronic components in 1989 was BDS $43.3 m compared with a high of BDS $334.1 m in 1984. On the brighter side the export of selected chemicals has shown steady growth in recent years.

Serious efforts are being made to export cut flowers and foliage, branded rum and exotic fruit and vegetables (notably paw paws) from Barbados. The success of this activity is reflected in the increase in the export of cut flowers and foliage to the European Community from BDS $1710 in 1985 to BDS $38 705 in the first half of 1990. Similarly, fresh fruit and vegetables exports rose from BDS $64 445 in 1983 to BDS $1 627 015 in 1988, although slipping back to BDS $1 229 995 in 1989. Barbados rum exports also showed healthy increases during the 1980s, rising from BDS $4.9 m in 1983 to BDS $9.7 m in 1989.

There is also now a growing market in the services sector, notably in data processing. Here employment has risen from 61 in 1980 to approximately 1500 in 1991 reflecting increased processing work being done in Barbados, mainly for American airlines and insurance companies. Like a few other countries in the region, Barbados is actively seeking to expand the export of information processing services. Purpose-built factory space is under construction and good quality telecommunications facilities are already in place and being constantly upgraded.

(1) BDS$ = Barbados Dollar. BDS $1.00 = US $0.50.

Bottling drinks for regional market in Barbados

Non-traditional exports, like electronics and apparel have been largely dependent on multinational investment which has sought to take advantage of low wages and other incentives. In the case of Barbados, as wages have risen and/or tax holidays have expired these multinationals have departed taking a substantial part of the island's exports with them. The host country has gained some additional manufacturing capability and production management skills but only limited export marketing know-how.

There are several other reasons why non-traditional exports have only achieved limited growth. The newer, mostly indigenous exporters of cut flowers, processed foods and other non-traditional products are comparatively small scale and inexperienced in penetrating export markets. In addition, in some cases they lack the management skills and financial resources required for either large scale efficient production and/or for effective marketing in metropolitan countries. In general, manufacturers' preference for exporting to regional markets has also been a major handicap, especially as regional markets have declined in recent years.

The impact of trade agreements such as Lomé, CBI and CARIBCAN

Agreements such as Lomé (1975), the Caribbean Basin Initiative (1983) and CARIBCAN (1985) have sought to facilitate regional exports to the European Community, the USA and Canada, respectively by offering non-reciprocal duty-free entry to a wide range of regionally made products.

However, in 1989 Barbados' domestic exports to the enlarged EC were BDS $54.1 m, $40.3 m of which were sugar exports. Domestic exports to the USA were BDS $62.2 m, the major portion of which was electronic components ($30.2 m), apparel and sugar. A similar pattern emerges with Canada where Barbados' exports slipped to BDS $6.6 m in 1989.

What has gone wrong?

Apart from the limitations of regional exporters mentioned earlier, these agreements frequently do not provide free access for those products for which Caribbean countries have developed a significant capability and are competitive. For example, sugar and apparel are excluded from both CBI and CARIBCAN. In addition, attempts have been made to restrict the export of non-traditional exports from the region like steel and urea which appeared to be showing impressive growth.

Lomé has included apparel in its duty free access provisions, but the region has been unable to exploit this opportunity and indeed the many other export opportunities offered by all three agreements. Further, with many other countries pressing for easier access to the markets of Europe and North America the effective preference being offered by these agreements is in danger of being eroded.

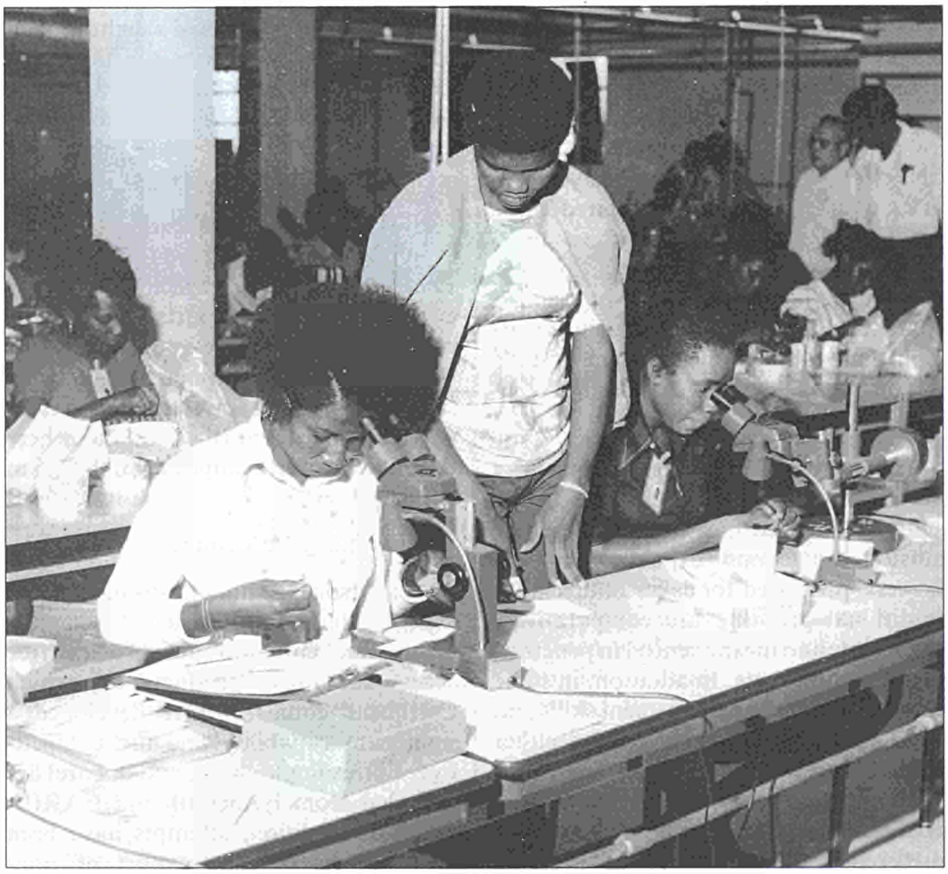
The future: what products? What markets? What assistance is needed?

Like almost all CARICOM countries, Barbados is relatively small with limited human and capital resources and no significant raw material base. Indications are that regional labour costs are not competitive with other LDC locations. A 1988 study on Caribbean Development To the Year 2000 suggests that technological progress and factor price restraint will be essential for restoring and maintaining international competitiveness. It also concludes that long-term growth will have to rely on the emergence of domestic enterprises as export oriented manufacturers.

Barbados and the other small states in the region will need to concentrate on relatively small scale production of high quality products for niche markets. They must have access to modern technology, be proficient in the use of computers and seek to develop unique products with high local added value.

In order to facilitate their access to technological advances and to gain ready market access, the proliferation of joint ventures and franchise operations will be critical in the short term. In addition, Governments will have to remove all disincentives to exporting and provide increased assistance to local businessmen to encourage them to shift from their traditional commercial activity of importation and distribution to manufacturing for extra-regional markets.

The markets to be focused on will remain the major world markets of North America and Europe because of their proximity and historical linkages. However, new markets in Eastern Europe, Africa, Latin America and the Far East will have to be explored and developed in the longer term.



High-tech. Assembly in Barbados
The main non-traditional exports of Barbados have been in the apparel and electronics sectors

Considerable assistance with export development has been provided to the region under the Lomé Conventions through various regional and national programmes. Unfortunately, the impact of this assistance is not reflected in the export performance of the region. However, export development is a long term process and assistance will need to be continued if the region is to realise its potential as an exporter of non-traditional goods and services to extra-regional markets.

The direction of the assistance needed was highlighted at a symposium held in Barbados last April on the Challenges of Export Development in Developing Countries. This conference which included presentations from some of the more successful exporting countries, like Hong Kong, Korea and Mauritius identified some common threads as to the critical factors required for a country's success in export development. These are: the creation of an economic and political environment which is conducive to and deliberately encourages exports, an appropriate institutional structure for trade development, a national awareness of the importance of exporting and the continuous search for new products and services to export.

Mr Paul Hogan, a leading consultant on export development, concluded: 'that the role of donors in promoting policy reform and in supporting services for export development was a vital one'. To be effective the assistance provided to developing countries should take the form of 'large integrated projects which intervene at all stages of the production and marketing chain... they must have strong manpower and institutional development components, designed to result in competently staffed and effective organisations on their completion. While not open-ended, these projects must last 'as long as it takes'. Above all, the assistance in export promotion must be tailored to the real needs of the exporters of the developing countries concerned and reflect their objectives and aspirations in solid quantifiable terms'.

Apart from continued and improved access to European and North American markets, assistance to the Caribbean region to increase non-traditional exports is likely to be most successful if focused along these lines. ○ P.W.

JAMAICA

Manufacturing: almost exclusively for export (*)

by Christopher STEVENS (¹)

Non-traditional exports have a smaller share in the exports of Jamaica to the European Community than of all the countries studied by the Overseas Development Institute. They are also of very recent origin. This is for three reasons. First, two of the main traditional exports to the Community — bananas and sugar — are covered by special regimes under which prices have held up much better throughout the 1980s than has been the case with the ACP's other traditional exports. Second, although there has been a very rapid growth of non-traditional exports from Jamaica, it has, until very recently, been directed almost exclusively to the United States. Third, and most important, government policy changed away from import substitution to favour export growth only in the early 1980s.

The dominance of the US as a market for Jamaica's non-traditional exports is a primary focus for this article. What are the reasons for this emphasis? Is it due solely to the fact that the US is a very large market on Jamaica's doorstep that has absorbed all of the output that Jamaica has managed to produce or have there been especially favourable characteristics of US trade policy, or negative features of EC policy?

Jamaica's non-traditional exports, at least outside the Caricom area, are almost exclusively of manufactures, notably garments. Processed agricultural exports (apart from rum) are still at a fledgling stage. Manufacturing's share of GDP has fluctuated at around 16%, but its share of exports doubled between 1982 and 1987, reaching 20% by 1988. This growth contrasts sharply with the overall performance of exports during this period. The volume of total exports declined steadily to 1985, and although it then increased the rise was of only 12% in the three years to 1988.

Jamaican statistics do not allow a precise calculation of the share of manufacturing output, or employment, accounted for by exports because, of course, some companies are involved in both domestic and foreign markets. However, it is possible to identify the impact of those manufacturers operating within the export free zones established during the second part of the 1980s. Since these companies account for a very large part of the growth in manufactured exports of recent years, figures on the free zones provide a broadly accurate picture of the overall impact of export-oriented manufacturing. Net foreign exchange earnings from the free zones increased from $1.1 million in 1982 to a peak of $31.6 million in 1987, with a slight downturn thereafter. By 1987 these earnings were equivalent to some 10% of the trade deficit. Employment in the free zones, also largely absorbed with export-oriented manufacturing, has likewise grown rapidly from virtually nil in the early 1980s to 11 400 by 1987, again with a dip in the following year. In early 1987 it was reported that over 18 000 people, mainly women, were employed in clothing either in the free zones or in the rest of Jamaica.

The Policy Environment

Jamaican policies

During the 1960s and most of the 1970s the emphasis of Jamaican government policy was on import substitution. Through a combination of tariffs and quotas on the one hand and an over-valued exchange rate on the other, the government both increased the attractions of the domestic market for local manufacturing and reduced its capacity to compete on world markets. Although Jamaica has always been a highly trade-dependent economy (with an average ratio of trade to GNP of over 100% throughout the 1970s), exports outside the Caribbean region were almost exclusively based on sugar, bauxite/alumina and bananas. As the external balance worsened during the 1970s, import licensing proliferated. By 1980, 370 items were covered by licensing, compared to only 60 in 1970. The volume of exports has declined steadily since Lomé I was signed. Until 1984 the nominal exchange rate changed hardly at all *vis-à-vis* the US dollar, even though the annual rate of inflation was well into double digits.

From 1977 onwards a number of attempts have been made to reorient the economy by whichever government was in power. Export stimulation has been a declared objective of policy for most of this period although actual policies, moulded under pressure from resource constraints and/or political demands, have not always been so supportive. Moreover, policy changes (such as devaluation and the removal of import controls) have often failed to overcome the expectations of businessmen sufficiently for them to reorient their attention from the domestic to the export market.

Since the mid-1980s the export-oriented policies have paid off, at least in respect of foreign capital. For domestic manufacturers the net effect of government policies has been the stimulus to exports involved in rolling down protection and devaluing, balanced against the constraints associated with severe foreign exchange shortages and sharp measures to restrict demand, such as high interest rates. Following an agreement with the IMF in 1987, for example, the government reduced tariffs affecting the manufacturing sector. Tariffs on raw materials were reduced from 16% to 10% over one year, and those on capital goods were reduced to 20% over four years. In 1988, capital goods imports were also relieved of consumption duty (which was formerly set at 15% *ad valorem*), as well as excise duty and sales tax where applicable. Stamp duty was also reduced (from 30% to 20%), and there were duty concessions on 'high use' capital goods, *i.e.* those quickly consumed in the production process such as sewing machine needles. At the same time, however, interest rates are extremely high (31% at the time of research), and the capacity to import inputs and capital equipment is restricted by the shortages of foreign exchange and the effect of devaluation.

Fiscal incentives to export

The government has established two regimes for companies engaged exclusively in exports, together with special arrangements for those engaged in supplying both the domestic and export market. These provisions have had to be dovetailed into the requirements of Caricom.

Under the Export Industry Encouragement Act (EIEA) 1956, a company producing exclusively for export outside Jamaica and Caricom may be declared an 'approved export manufacturer' in relation to 'an approved export product'. Such firms, which may be located anywhere on the island, are exempt from the payment of income tax on profits for ten years and, until 1987, could elect either to import duty free, a range of inputs or to

(*) Extracts from ODI Working Paper no 40
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claim a tax rebate on exports outside Caricom. In 1987, as part of the agreement with the IMF, a twin-track approach was introduced. New companies establishing under the EIEA are now given the option of either accepting the pre-existing concessions or of paying full import duty on raw materials but recovering a proportion of this under the Export Rebate Scheme whilst continuing to benefit from the tax exemptions. The tax rebate on exports is currently set at the rate of 7.5%. The IMF reasoning was that the existing scheme was an inefficient way of promoting exports and that a rebate on tax paid would be more effective.

More recently, a number of export free zones have been created under the Jamaica Export Free Zone Act of 1988. As with the EIEA, beneficiary companies must export their entire output. There are currently four principal free zones: two in Kingston, one in Montego Bay (which has recently become host to a teleport high speed data transmission service) and one in Hayes. In addition, a number of large companies have been designated export free zones in their own right, *e.g.* the Tropicana ethanol plant. Companies within the free zone rent their infrastructure from the government on advantageous terms (made possible because the free zones have been constructed using the profits from Kingston port and concessional financing from the World Bank) and their imports and exports outside Caricom are entirely free of tax and duty. The companies also enjoy total exemption from income tax in perpetuity.

The principal difference between the two systems concerns the handling of foreign exchange. Companies in the free zones must pay for all their local costs in foreign exchange, but there are no controls on the repatriation of profits. Companies approved under the EIEA, by contrast, can pay for inputs in local currency but require permission to repatriate profits. For these reasons, the free zones are particularly attractive to those foreign companies that have established in Jamaica to undertake outward processing in the garments sector for re-export to the US. All of the companies in free zones are foreign-owned or joint ventures in which the foreign partner is dominant, while those established under the EIEA are a mixture of foreign and indigenous.

Institutional support

Export promotion is currently undertaken by a single parastatal, Jamaica Promotions (JAMPRO) Limited, formed in 1988 from the merger of three agencies dating from the early 1980s with overlapping responsibility in the field: Jamaica National Investment Promotion Limited (JNIP), the Jamaica National Export Corporation (JNEC) and the Jamaica Industrial Development Corporation (JIDC). It provides a range of services including investment promotion (such as assistance in obtaining permits, identifying local investment partners, locating land and factory space), and trade promotion (including certification, market intelligence, and training).

JAMPRO has been particularly active in encouraging export-oriented clothing manufacture. It is reported that US industry sources consider the Jamaican programme to be the most sophisticated of those mounted by the Caribbean suppliers. Among the facilities it provides, JAMPRO has retained the services of Kurt Salmon Associates to provide management consultant support for larger firms. For smaller companies, it works in partnership with USAID to develop management and operator training programmes. A more general training function is provided by the Garmex Academy under the government's Heart youth training programme, which is funded by a special payroll levy. These technical assistance programmes are not without their critics, but they appear to have had a significant impact on building up the country's competitiveness as a garment producer and exporter.

Under its trade agreements with the US, Jamaica has export quotas for specific clothing items. The existence of these quotas has provided the government with a tool for encouraging the clothing firms operating in the country to develop in preferred directions. The global quotas for each product are distributed between clothing manufacturers by JAMPRO. Whilst the main criterion for determining each company's quota is its historical level of supply, a number of additional criteria are also applied in order to encourage certain areas of activity. These are:

— diversifying exports to non-US markets;

— for those producers in the free zones, sub-contracting to companies outside the zones;

— giving higher local added value in employment;

— including non-restricted items in the export mix;

— the use of US capital and other material and equipment;

— location outside the Kingston corporate area.

Hence, the government has deliberately used its allocation of the US quotas *inter alia* to encourage the geographical diversification of clothing exports to the European Community.

Other aspects of the institutional framework for exporting are less supportive. Export administration is highly complex. The Third National Export Plan of 1987-89 even described it as a disincentive to exporting in its own right. Partly because of the demands made by the authorities in the countries with which Jamaica has preferential trade agreements (US, Canada and the EC — see the article that follows), there are a large number of forms which have to be completed and hurdles that have to be overcome. Progress along this course is hindered because of a lack of automaticity in the system and a relatively high degree of administrative discretion.

Registering as an exporter with the Trade Board is fairly straightforward, but to obtain a certificate of Jamaican origin for exports is more difficult, involving two steps. First, all exporters of textile products have to be registered as being capable of producing the goods they wish to export, and stringent criteria are applied in this test. Second, each individual shipment has to be certified as being of Jamaican origin (except in the case of 807 shipments — explained in the next article — which are specifically exempted because of the limited processing undergone in Jamaica). For exports to the US, a special visa and certification system has been established to ascertain the appropriate import regime to be applied. To obtain many of the exporters' incentives made available by the government, exporters have to obtain a Bank of Jamaica compliance certificate, verifying that export earnings have been sold to the Bank at prevailing rates of exchange, and tax compliance certificates.

Additionally, customs clearance tends to be more onerous than in many countries because of the problem of drugs. Jamaica has been adversely affected by the stringent penalties now imposed by US authorities on import consignments in which drugs are found to be concealed. In May 1988, US customs imposed a fine of $65 million on a shipping line after finding *ganja* in three sealed containers from a Jamaican biscuit company. The result was that the company discontinued its Caribbean service with effect from July 1988. This was a severe blow since it was the largest carrier on the Jamaica-USA route, handling 75% of the containers shipped in 1987. Following negotiations with the government, the decision to pull out of Jamaica completely was reversed but the company resumed only on a scaled-down service. Later in the year, the Jamaican government introduced stringent measures designed to curb the export of drugs. All containers are now stripped before loading. When first introduced, this caused considerable logistical problems for exporters. Not only did the inspection cause delays but, more seriously, it introduced a significant element of uncertainty into logistical planning. It appears that the system has now been improved so that it is a hardship for exporters but not a major handicap.

The performance of clothing exports

The story of clothing exports is essentially one of the 1980s. In the 1970s, import substitution policies, combined with an overvalued exchange rate and increasing economic dislocation, kept exports outside the Caribbean area to a low level.

The growth of exports has been largely synonymous with the takeoff of exports to the US from 1984. Total clothing exports increased from \$5.1 m in 1979 to \$11.3 m in 1983; they then increased very rapidly in the following years to reach \$221.7 m by 1988.

Until very recently, the growth was due almost exclusively to exports to the US, but a start has now been made in exporting to the EC. After several years of virtually zero sales, exports to the EC increased to \$2.8 m in 1987 and then \$10.1 m in 1988. By 1988 the EC accounted for 5% of Jamaica's clothing exports, making it the only significant market after the US (which held a commanding 93% of the total). Partial figures for 1989 show that the growth of exports to the EC has continued.

The increase in exports is also closely associated with the free zones, although exports from the Jamaican customs territory have also increased. In 1982 the free zones accounted for only 3% of Jamaican clothing exports. By 1988 this had increased to 50%.

There has also been a shift in the structure of production. The share of CMT (Cut, Make and Trim) in total exports has risen slowly. In 1986 Jamaica exported only \$40 m of CMT goods; by 1988 this had risen to \$91 m, giving CMT 44% of the total. About half of the major firms are now involved in some CMT activities.

The increased share of CMT is associated with the development of exports to the EC. CMT exports to the USA are limited since the products fall outside Super 807 and may be subject to quotas. In the case of the EC, however, there is no such problem. Because of the rules of origin, exports to the EC are concentrated in knitted goods, notably sweaters and T-shirts. Exports to the USA, by contrast, are much more broadly based: in 1987 the principal items were trousers, slacks and shorts, bras, shirts/blouses and coats/jackets.

Inside a clothing factory in Kingston
The story of Jamaica's clothing exports is essentially one of the 1980s

How far has this growth of exports benefited the economy? Like other outward processing promotion schemes, 807 and Super 807 assume that there is scope for enlightened self-interest by encouraging domestic manufacturers to undertake part of their operations in lower-cost third countries. The US industry is assumed to benefit because, by lowering its total production costs, it is better able to compete with cheap imports. And the third party host is also assumed to benefit through the establishment of labour-absorbing, export-oriented manufacturing and the vehicle that this provides for US technical, managerial and marketing skills.

The criticism most often levelled at outward-processing is that it creates a dependent industry in the host that becomes familiar with only part of the production process (assembly and sewing), gaining little experience of design, cutting, marketing, and that operates on very low profit margins at a high level of vulnerability to sudden changes in demand over which it has no control. In short, the industry creates (possibly temporary) employment but little else.

The strength of this criticism can be reduced if the host industry develops from simple assembly to more complex operations, such as CMT. In 1987 it was estimated that the import content of 807 exports was as high as 85% of the fob value, whilst for CMT the figure was lower, at 40-60%. Although few of the US companies that have established in the Caribbean region under 807 have moved into CMT, there is a major exception in Jamaica, where one large American company has done so. Moreover, four Hong Kong-based firms signed an agreement with JNEC in 1985 both to diversify into Europe and to increase CMT exports. In 1983 virtually all Jamaica's clothing exports to the US were of simple assembled articles; by 1988 CMT accounted for 48% of export value. And exports to the EC are exclusively CMT.

Other non-traditional exports to the EC

There are not, as yet, any major non-traditional exports other than garments to the EC, even though a number of attempts have been made to initiate them and there do exist some other non-traditional exports to the US. The problems that the two biscuit companies have run into with the EC's rules of origin are instructive.

Among the non-traditional goods that Jamaica has begun to export to North America, but not yet to the EC, are ornamental plants and furniture. By 1987 exports of ornamental plants had reached \$3.8 m, of which two-thirds were to the US and one-quarter to Canada; exports to the EC were only \$200 000, or 5% of the total. There are twenty-six companies established in the commercial ornamental nursery business, with 523 acres. The main plants are heliconia, ornamental foliage and anthurium, plus small areas of orchids, chrysanthemums, roses and other flowers. About 7000 people are employed in the industry.

The attractions of the North American markets are related to both policy and geography. Ornamental plants receive favourable duty concessions under the CBI. Moreover, Jamaica is close to the major horticultural centre of Miami. Finally, there is a market demand for the type of product Jamaica can grow.

The main constraint on accessing the EC market is distance. JAMPRO's view is that the volume of production must increase before it makes commercial sense to attempt to export to Europe on a significant scale. One company, which exports primarily to the US and, to a lesser extent, to Canada, did export to the UK during the 1970s. But it had two unfortunate experiences with its commercial associate there. This led it to suspend exports to the UK and it has been wary of restarting.

The export furniture business involves some 35 firms employing 3500 people, largely skilled labour, and concentrating on reproduction antique wooden furniture for the top end of the US and Bermudan markets. This appears to be a sensible market orientation and there appears little reason to develop exports to the EC. The North American market is the best one for high-priced reproduction furniture, and the obvious development strategy for the Jamaican industry is to increase its capacity to supply that market.

Constraints on production

There are well over 100 clothing manufacturers registered as exporters. They fall into three broad groups. The first consists of about 60 relatively large companies which compete successfully on the international market. Some are mainly 807 operators, while others have CMT activities as well. In 1987, 10 of the 65 CMT producers accounted for some 85% of such exports, while 10 companies were responsible for a similar share of 807 exports. They run factories with over 100 machines and employ between 150 and 3000 workers. The majority are foreign-owned and have marketing organisations in their main market. The main source of foreign capital is the US, followed by Hong Kong and South Korea. In the second group come about 40 companies which are mainly locally-owned and operated. In the past they tended to concentrate on the domestic or Caricom markets. However, the combination of government enthusiasm and declining Caricom demand has led many of them to become 807 contractors and a few also to handle CMT orders. Very few have marketing links in their major markets. They have between 60 and 99 machines and employ between 60 and 188 workers. Many experienced financial difficulties in 1988 and some closed down. Finally, there is, in the third group a nucleus of small factories with under 60 machines.

The main constraints facing the clothing sector are financial. They arise because a significant number of companies have accumulated debts which are now unsustainable given, on the one hand, extremely high rates of interest and, on the other, the volatility of the 807 market and its very narrow profit margins. A review of the clothing industry's problems in 1988 identified the main problem for those companies in difficulties as being debt consolidation and a cut in interest rates. At the present time, interest rates stand at 31% and have been high for some years as part of successive governments' demand control policies designed to accompany structural adjustment.

Other problems concern the labour force. The difficulty is not one of nominal remuneration rates: Jamaican wage rates are low relative to those of the US. A recent analysis by Kurt Salmon Associates for JAMPRO suggests that savings over US manufacturing costs (excluding materials) for a range of products are between 55% and 65% for 807 production and between 30% and 38% for CMT. Prevailing Jamaican wages average just 13% of those in the USA.

The problem is rather one of the quality of labour: companies claim that there is room for improvement on this score. The 1988 report lists poor training, absenteeism and theft as subsidiary problems identified by the companies surveyed. There appears to be widespread criticism by companies of the training provided by the Garmex Institute.

Although organised labour traditionally has been politically powerful in Jamaica, the export-oriented clothing industry is relatively lightly unionised. There have been some labour disputes involving Asian companies operating in the free zone. In the mid 1980s, five major trade unions wrote to the government complaining that pay and conditions in the export-oriented industries were poor, albeit in line with minimum statutory wage rates. Their complaint was that much overtime is required and is low paid; they claim that employees are expected to work a minimum of 12 hours per day, six days per week, and that refusal to undertake overtime leads to dismissal.

Conclusions

After a long period of economic difficulties, Jamaica has achieved an impressive growth of non-traditional exports. Doubts have been expressed over the sustainability of this process in the light of rapid changes in the US clothing industry and the domestic problems of high interest rates, foreign exchange shortage, etc.. Nonetheless, in terms of the questions posed by the present study, Jamaica provides a clear example of an ACP State that has capacity to export competitively the kind of manufactured goods that the Lomé Convention was intended to stimulate.

The question that then arises is why exports to the EC have been so feeble. In part, the explanation must be that the US has been able to absorb most of the goods that Jamaica has been able to produce. Nonetheless, it is also clear that part of the explanation lies in the difference between US policy and that of the EC. Whereas the US government has positively encouraged a partial shift in the international division of labour, the EC has been much more restrictive. The Lomé rules of origin have prevented Jamaica exporting to Europe the kind of clothing that has been most prominent in exports to the US and have failed to provide any preference to the two recent attempts to export non-traditional goods other than clothing. This failure is the more distressing because both US and Canada have provided more sympathetic treatment to Jamaica than has been meted out under the 'special relationship' of Lomé. Under 807 the US has given preferential treatment to woven clothing made from non-US fabric. Likewise, Canada has granted preferences on goods containing non-Canadian raw materials, as in the case of biscuits made from US wheat. ○ C.S.

Jamaica's Preferential Trade Arrangements

United States import policy

Item 807

The growth of Jamaican clothing exports to the US is undoubtedly the result of US trade policy. The principal instrument has been Item 807 of the Tariff Schedules of the United States Annotated (TSUSA), as amended by various measures under the Caribbean Basin Initiative (CBI). 807 encourages outward processing by US companies. It is thus akin to the provisions in the EC's bilateral agreements with the Southern Mediterranean countries, but is much more complex and directive.

Although 807 applies to a range of manufacturing sectors, it is garment making that has been the prime beneficiary. Some of the largest and most efficient US clothing manufacturers and distributors have demonstrated interest in the scheme, suggesting that it is genuinely attractive to the US industry. 807 shipments have come to account for a significant proportion of US clothing imports: up to 10% in 1987.

Under the standard 807 procedure, when US manufacturers assemble goods overseas from components manufactured in the USA and then reimport the goods, they do not have to pay import duty on the value of the US content of the finished product. The benefits of 807 are purely fiscal; the provision does not formally ease the quantitative restrictions imposed by the USA on clothing and textile imports under the Multifibre Arrangement (MFA). In practice, however, countries supplying under 807 are less likely to have a quota imposed on a particular product or, if one is imposed, it is likely to be larger than would otherwise apply. To benefit from 807 the cloth must have been cut within the USA, but not necessarity from US-produced fabric.

'Super 807'

The 807 provision has been amended in several respects for Caribbean countries falling under the CBI. As originally announced in 1983, the CBI would have covered textile products, but these were then excluded following a dispute within the US administration between the Departments of State and Commerce. To fill the gap, the US finally approved a CBI Textile Program, which was announced by President Reagan in February 1986. This invited CBI States to enter into special bilateral textile trade agreements with the US that would provide additional market access opportunities. At the same time, the US tightened its quota restriction on imports from the Far East, thus increasing the incentive for Asian exporters to relocate to a quota-free country.

Countries establishing bilateral textile agreements with the US under the CBI Textile Program became eligible for what is now known as 'Super 807'. For the textile industry the significant feature of Super 807 is that it increases the US content of the final product. As under 807, the role of the host country is limited to the assembly of pre-cut pieces but, to benefit from Super 807, the pieces must have been cut from US fabric (defined to include wholly-US material and fabrics woven or knitted in the USA from imported yarn). For the host country, Super 807 offers some relief from MFA quotas. For goods falling under the Super 807 rules of origin, the USA has negotiated guaranteed access levels (GALs) which, though formally a quota, are set at a level at which they will not normally be binding.

At the same time, however, restrictions on goods falling foul of the Super 807 rules of origin were tightened. The object was to encourage manufacturers to export under Super 807, *i.e.* using US-made fabric. Goods not qualifying for GAL treatment were subject to either designated consultation levels (DCLs) or specific limitations (SLs), for which quotas were set at much lower levels than the corresponding GALs.

Early implementation of Super 807 was hindered by major bureaucratic problems, together with a difficulty in sourcing some of the required materials within the USA. More fundamentally, the Caribbean States complained that the provisions made it impossible for participating countries to build up substantial clothing industries which were not simply offshore assembly operations. This fundamental criticism would have been addressed to a certain extent by the provisions of the Caribbean Basin Economic Recovery Expansion Bill. But this bill had a difficult passage to the statute book. When it was passed finally, in August 1990, it excluded preferential treatment for textiles and clothing.

Twin plants

One further item of US trade policy with importance for the Jamaican clothing industry is Section 936 of the US Internal Revenue Code. As a result of negotiations between the US government and Puerto Rico over the use of this section, Puerto Rico offers low-cost loans from 936 deposits in the island's banks to finance the establishment of so-called 'twin plants' in CBI countries. A number of such plants have been established in Jamaica, although Costa Rica and the Dominican Republic are more preferred locations, partly because of language.

Agreements with Jamaica

Jamaica was the first Caribbean country to respond to the invitation by the US to enter into bilateral textile programmes, although it is not the largest regional supplier under 807 (the Dominican Republic and Mexico hold the top two positions). Under the agreement of August 1986 three groups of products were established: group 1 (GALs for Super 807); group 2 (DCLs for non-Super 807 products); and group 3 (for other products not subject to restriction but liable to be 'called' under the market disruption provisions of the agreement). The items placed in these three categories, and the quotas to which they were subject, have been revised three times — in March 1987, September 1987 and in the Montego Amendment of April 1988.

In most cases the GALs have been non-binding: only the knitted shirts/blouses and hosiery quotas were exceeded in 1988. These agreements apply only to simple assembly and sewing of pre-cut pieces, not to more complex processes such as 'Cut, Make and Trim' (CMT). US import controls on CMT goods are more severe. Nonetheless, even on CMT the US is by no means significantly less liberal than is the EC. Although quotas do exist for CMT goods they have not been binding in most cases. There has been a problem only with sweaters.

The Lomé Convention

Jamaica is an original signatory of the Lomé Convention and, hence, has benefited, at least in theory, from duty-free access to the European market for the past 15 years. Evidently, this has not resulted in a surge of exports! Part of the reason for this is to be found in government policies during the 1970s that tended to discourage exports. And part is also due to movements in exchange rates. Trade with the EC is particularly vulnerable to exchange rate movements. Not only is it affected by Jamaican government policies that increase the real effective exchange rate of the Jamaican dollar, but it is also influenced strongly by the US dollar — ecu relationship. Even when the government is pursuing a 'realistic' exchange rate policy, the foreign currency with which the Jamaican dollar is aligned is the US dollar. Given the high proportion of Jamaica's trade that takes place with the US this is inevitable. However, one consequence is that when the US dollar appreciates against the ecu, Jamaican exports cannot avoid becoming more expensive in terms of the European currencies. During the first part of the 1980s, of course, the US dollar appreciated very substantially against the ecu, as did the Jamaican dollar. It is therefore not surprising to find that Jamaican exports of manufactures to Europe did not take off.

In addition to these 'supply side' problems, however, exporting to the EC faces one major 'demand side' obstacle: the rules of origin. Their impact on clothing exports has been particularly noticeable. The requirement in the rules of origin that woven clothing be produced either from yarn or from cloth imported from the EC has effectively prevented the development of woven clothing exports to Europe. Jamaica has one textile mill, but it does not produce a quality of cloth suitable for export clothing. Because of Jamaica's distance from Europe and, no doubt, the dominance of US and Far Eastern companies, the import of cloth from the EC is considered financially unviable. The EC rules of origin are more stringent than those applied by either the USA or Canada. Whereas Super 807 does require Jamaican exporters to use US-made fabric, it is complemented by standard 807 treatment which can use non-originating materials.

The rules of origin do not only inhibit clothing exports. Two biscuit manufacturers have attempted to export to the EC under the Lomé Convention. Neither has succeeded in obtaining duty-free access, although one is able to continue to export to the ethnic market in the UK even when it has to pay duties.

The two companies have faced different problems. The first uses Jamaican domestically-milled flour in all of its biscuit production. The Lomé rules of origin specify that biscuits qualify for duty-free treatment only if the wheat from which the flour is milled is produced either in the ACP or the EC.

Under Lomé III, biscuits were included in List A of Annexe II, which meant that more than one process had to be undertaken in an ACP state to qualify under the rules of origin. The standard test for whether a product originates in an ACP state or not is that the Customs Tariff Heading Number under which it is classified is different from the numbers applying to any of its component parts. However, for the products covered in List A, this 'change of tariff heading' criterion is insufficient. The list specifies the additional processing that has to be undertaken in order to confer originating status. In the case of biscuits, it is specified that the process of manufacture from flour is not of itself sufficient, and, hence, the country of origin of the raw materials determines whether or not the final product benefits from the Lomé preference. Jamaica produces no wheat. All of the wheat supplied to its mills is in the form of US food aid under PL 480. This does not prevent the biscuits receiving preferential access to the Canadian market under Caribcan, even though Canada is in a position exactly analogous to that of the EC of wishing to encourage its own wheat exports rather than those of the US. The company considers it not feasible to obtain an EC-originating raw material. This would require it to import flour on its own account solely for the biscuits intended for the UK market. This is considered to be both impractical and financially unviable.

The second company is willing to purchase European flour. Its normal policy is to import the flour for its export biscuits rather than to purchase locally because the PL 480 wheat is of variable quality. However, its usual source is Canada rather than the EC. Nonetheless, it considers that it is financially viable to buy European flour for the purposes of manufacturing biscuits for export to the UK.

A first shipment of these biscuits was made in January 1989, in the belief that they qualified for duty-free access under the rules of origin. On arrival in the UK the customs imposed a 35% levy on the grounds that the product did not qualify for Lomé treatment. EC import duties on biscuits are in two parts — a fixed component and a variable component. The Lomé Convention provides for the fixed component to be waived on imports of all types of biscuits from the ACP. But the variable component is waived only on certain biscuits, primarily those with a high starch content (over 50% in some cases and over 65% in others). The biscuit in question was a sweet biscuit with a starch content of only 45.66%. The imposition of the levy made the transaction financially unviable, the company lost money, and no further exports to the EC are likely unless either an appeal against the levy is eventually successful or the rules are changed.

Provisions exist under the Lomé Convention for 'derogations' (*i.e.* temporary exemptions) from the Rules of Origin. Under Lomé III such exemptions could be granted for a period of three years in the case of middle-income countries like Jamaica, with a possibility of renewals for a maximum period of two years. Neither of the biscuit manufacturers has sought recourse to the derogation procedure, which has been widely criticised because the EC has tended to interpret the rules narrowly and their administration has been slow and costly. Few derogations have been sought anywhere in the ACP, although all the applications that have been made have eventually been granted — albeit with certain amendments. From the evidence available it would appear that neither biscuit manufacturer had a particularly strong case for a derogation. This is because of the essential temporary nature of the waiver: applicants must show that they will be able to fulfil the normal rules of origin after the end of the transition period. The problem for Jamaica is that the logistics of flour supply require a permanent, not a temporary, waiver.

Under Lomé IV the derogation procedures have been improved, in terms both of their administration and the criteria for approval. Of potential importance to Jamaica is that derogations will now be approved automatically if there is a minimum level of value added in an ACP state of 45%, provided that this does not cause 'serious injury' to an established Community industry. Since no applications have yet been made under the new derogation procedure it is premature to assess the extent to which the amendments of Lomé IV will benefit Jamaica. However, this is clearly an area for scrutiny.

Canada's Cariban

In addition to its preferential access to the US market under the CBI/807, and the EC market under the Lomé Convention, Jamaica, along with the other Commonwealth countries in the Caribbean, has signed with Canada, a special trade agreement known as Cariban. Under it, Jamaica enjoys duty-free access for its exports into the Canadian market, apart from a number of excluded products, provided that rules of origin are met. The rules of origin specify that a minimum of 60% of the ex-factory price of the goods must originate in Jamaica, in other Caribcan beneficiaries, or in Canada. This value added threshold is not as high as might appear at first sight since the ex-factory price includes overheads and a reasonable level of profit. Unfortunately for the Jamaican garment industry, the exclusions from Caribcan include both textiles and clothing, together with footwear, luggage, handbags, leather garments, lubricating oils and methanol. These products benefit only from the generalised system of preferences, if at all. ○ C.S.

Promoting export of ACP manufactures
The role of CDI

by Berhanu KIDANE (*)

CDI assists manufacturers in the ACP states to promote the export of their products in regional and EEC markets. This responsibility was added to its mandate under the Third Lomé Convention.

CDI's marketing assistance programme covers a wide range of marketing activities. It is a flexible scheme for accommodating ACP requests for assistance of a marketing nature as long as the products to be exported are of ACP origin, are of exportable standard and the manufacturers can guarantee sufficient levels of production to be able to undertake sustained export business.

In general, CDI's limited resources restrict the extent of its contributions to this end. Its assistance in marketing is therefore geared to responding to practical problems in practical ways, and only as a supplement to the efforts of ACP manufacturers to enter viable export markets: helping them bring their products to competitive export standards, finding markets/buyers and promoting their products.

During the first four years, CDI assisted 70 projects from 23 countries in various types of marketing activities including:

Market surveys and studies; expertise on marketing; market negotiations; product and market evaluation; market testing; product development and upgrading; identification of importers; design of promotional materials and in participation in trade fairs.

Impact of CDI interventions

The impact of CDI's interventions on exports of ACP manufactures is an exercise than can only be realistically measured in the long term. It will, therefore, take quite some time for us to know the true effects of our assistance.

Furthermore, whereas the gains of an exporter can be ascertained in the medium term, the gain of CDI's interventions cannot; because of its limited resources, the foreign exchange earnings of a country resulting from CDI's assistance are unlikely to be significant enough to justify a comparative assessment.

Leather and leather products are among ACP manufactures whose export the CDI has helped promote

(*) Marketing Adviser, CDI, Brussels.

On the other hand, the feedback from some ACP manufacturers assisted by CDI indicates encouraging financial benefits.

— CDI co-financed a survey of export markets in ten Caribbean countries for a Dominican manufacturer of prefabricated houses and other wood products. The survey provided the Dominican company with basic information about the available markets, local and foreign competition, and the strengths and weaknesses of its products. This led to improvements in quality and the development of new products. Some immediate orders were received while the survey was under way, as a result of contacts made by the consultant. By the end of the year the company confirmed that the survey had enabled it to increase its turnover by as much as 50%.

— A survey of markets in the Arabian Gulf and some African countries for an Ethiopian saltworks resulted in encouraging findings which justified the rehabilitation and extension of its plant. The study provided sufficient data to define the optimum product mixes and the export areas to be targeted.

— A plant in Madagascar which produces children's fashion clothes and whose participation in a fair was financed by CDI, confirmed that this participation had given its officials professional confidence beyond expectation. Their participation resulted in an immediate order for 2 700 articles valued at FF 477 000 (ECU 68 346) and a prospective order for 3000 articles valued at FF 450 000 (ECU 64 477). They hope to establish for themselves a strong position on the French market.

— A food processing company in Fiji increased its turnover by over ECU 1 000 000 (or 21%) over a period of two years, following assistance which involved a study of European markets.

— Five manufacturers who participated in the Paris Leather Fair ('Semaine du Cuir') and the ANUGA food fair in Cologne (Germany), obtained immediate orders exceeding ECU 3 000 000. The long-term benefits are expected to be much greater, including new business contacts which should help them to diversify their distribution channels. Exposure to competitive products enables the participants to assess the improvements required for higher standards.

— Assistance given to an Ethiopian manufacturer for travel in connection with market negotiations has resulted, within the first year, in an increase of his exports by 65% to Europe or by over one million US dollars. The exposure he had during that visit to European buyers also helped him to come up with new products which are in demand in EEC markets.

ACP export potential

The export of manufactured goods is a relatively new phenomenon for ACP countries. Very few manufacturers are engaged in export business and whatever their exports are, they are relatively insignificant. Yet the potential is there. Provided manufacturers do the necessary preparatory work and develop effective export strategies and governments provide appropriate support and adequate incentives, there are rich rewards to be had.

Judging from ACP products displayed at regional and international fairs, ACP manufacturers do produce reasonably high quality goods that could be marketed in the EC with some modifications to meet market requirements.

The EC markets are highly competitive and difficult to penetrate. It is a free market which will be freer and more competitive, come 1993. ACP countries have to come up with the right products at the right prices, select their target markets and develop effective business strategies to enter them.

Once an exporter enters a market, in order to penetrate and maintain his position in it, he has to be informed of trends in competition and kept abreast with changes in fashion and the taste of the consumer. After all, in the final analysis, it is the consumer who determines what to buy and at what price. Exporters have to find ways of learning what is going on in the market place. No institution can do this for them. They have to do it themselves.

It is also important that ACP manufacturers should have affirmative answers to the following questions before indulging in export business:

— Do your products compete successfully against imported products in your home markets?

— How do your products compare with the products already on sale in the target export markets?

— Are your products well packaged?

— Can you offer competitive prices in the market segment you want to enter?

— Can you ensure regular supply?

— Can you afford the initial investment required to go into an export venture?

— Are you committed and can you establish the organisational set-up needed for a sustained export business?

Prospects

As stated at the outset, CDI has over the past four years developed a marketing assistance programme which has been beneficial to ACP manufacturers in their export business. The programme has been made known to ACP manufacturers through CDI antennae (representatives) in ACP countries and from time to time through ACP Export Promotion Agencies.

While, in principle, ACP manufacturers can apply directly to benefit from this assistance programme which CDI offers them free of charge, CDI attempts by various means to identify projects to be assisted, including contacting Export Promotion Agencies from ACP countries.

CDI will continue its attempts to reach more ACP manufacturers to ensure that they take advantage of this facility through its antennae or directly from CDI.

As to manufacturers who wish to apply for assistance, the CDI assistance scheme is simple and straightforward. Those who produce exportable quality products in sufficient quantity and are capable of going into and sustaining an export market are encouraged to apply. They have only to complete the relevant CDI forms and send them together with their latest financial statements through the antennae or directly to CDI in Brussels.

In view of the constant changes that are taking place in the world export markets, CDI will continue to develop its marketing assistance programme. Upgrading of marketing skills and marketing of semi-processed goods under sub-contract arrangements are two areas which are presently being explored.

CDI will also develop sectoral approaches which will allow the participation of many manufacturers engaged in compatible products to share their experiences and exchange ideas on common problems. It will also allow CDI to have an overall view of their needs so that integrated solutions can be prescribed. ○

B.K.

The Nakasero Blood Bank

by Dr E.J. WATSON-WILLIAMS (*)

In the last edition of The Courier, we published a dossier on AIDS, in which we traced the spread of the disease and focused on its tragic social and economic consequences in ACP countries. This article is not about AIDS but about blood transfusion, and in particular the successful rehabilitation, with European Community assistance, of Uganda's main blood bank and donor centre.

Blood transfusion is an important medical technique which offers, in certain cases, the only known way of saving patients' lives. AIDS has brought added problems for those who work in blood transfusion services, but as Dr Watson-Williams shows in the following article, it is possible to overcome these and other difficulties, and to ensure a regular supply of healthy blood for people whose lives depend on it.

The Courier

Members of the medical staff at the Nakasero Blood Bank

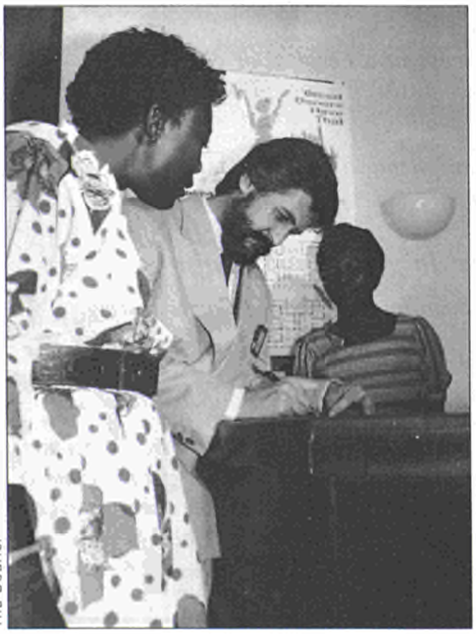
In May 1987, the Republic of Uganda, with the assistance of the Global Programme on Aids (GPA) of the World Health Organisation, held a donors' meeting in Kampala. As a result, the Uganda Aids Control Programme (ACP) was formed. A major contribution was the pledge by the European Commission, through its Aids Task Force, of ECU 1.5 million to rehabilitate the central blood bank at Nakasero. A study by Dr Fransen, Director of the ATF had recommended complete renovation and the provision of funding for the collection, processing and distribution of 10 000 units of whole blood annually for two years. This article describes the initial year of operation following the recruitment of the first blood donors in November 1988.

(*) Technical assistant for the EC's Nakasero Blood Bank Rehabilitation Project. Some of the content of this article has been published by E.J. Watson-Williams and P.K. Kataaha in 'Transfusion Science' (1991).

Background

The Ugandan Blood Transfusion Service started at Nakasero in 1957. During the next 20 years, it was increasingly successful and, at its peak, it was collecting blood from 10 000 volunteers a year. Thereafter, however, serious civil disturbances and outright war resulted in supply shortages and inadequate maintenance of equipment. The Uganda Red Cross Society, which had been responsible for blood donor recruitment from the outset had to curtail its activity because of lack of funds and staff. Telephone, water and electricity services were unreliable and road and rail transport networks had been severely damaged. The blood bank finally ceased operating in 1984.

Acquired immune deficiency syndrome (AIDS) was recognised in Uganda in 1985 and by 1987, the incidence of HIV-1 seropositivity had reached 20% among young adults in Kampala. At this time, hospitals in the capital and elsewhere recruited blood donors from patients' relatives and used the blood as soon as, or in some case before it was found to be negative for HIV-1. Some 5000 units of blood were collected in 1987 by the four major hospitals in Kampala. Because it was collected for particular patients, those who had no relatives or who were in too critical a condition to wait for donors and blood-testing were often denied transfusion.



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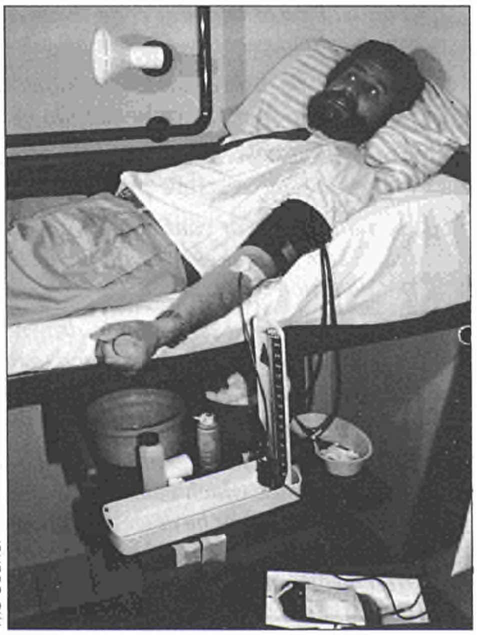


The Courier

Commission Vice-President Manuel Marin visited Nakasero in February to give blood. Here he is pictured filling in his form with his mother's maiden name (left) and then taking it easy as the blood is being collected (right)

The Courier

Giving blood is painless and it may help to save a life

Methods

As regards donor recruitment, senior school students have always been the principal source of blood donations and the Uganda Red Cross Society already had a good established relationship with the school authorities. This well-educated section of the community can best understand the necessity for excluding, as blood donors, those who have exposed themselves to risk of HIV infection.

The process begins when a recruiter visits a school to deliver an informative talk about the need for blood and the tests that are done to ensure that it is free from risk. Students are asked to volunteer when the blood bank visits the school about a week later. Those who wish to know the results of their HIV test are seen by appointment a few days after the session. At this confidential interview, they are reminded about the consequences of HIV and asked if they really wish to know the result. If the initial test was positive, a repeat sample is taken for confirmation. Similar programmes are organised for office staff, factory workers and religious and other groups.

In addition to voluntary, altruistic donors, the hospitals continue to encourage relatives to replace blood used. In March 1989, the Nakasero Blood Bank accepted responsibility for screening blood from these donors.

Procedures

Blood which has been donated is carefully tested using modern equipment. The blood group and rhesus type must, of course, be identified and the donations

Uganda Blood Transfusion Service
'Saving life with safe blood'

Information for the blood donor

Thank you for volunteering to donate blood. To make sure that it is safe for you to give blood and that your blood is safe to give to a patient, and to safeguard your privacy, we follow these procedures:

1. *Your name will not be used in registration at the blood bank. Instead, we use your mother's unmarried name, your birthplace and your date of birth*
2. *You will be assigned a code number which is placed on all samples and records of your blood*
3. *You will be asked some questions about your health and activities to make sure giving blood will not harm you*
4. *You will also be asked questions about your private life to make sure the tests we perform will be accurate*
5. *A small sample of your blood will be taken by finger pricking and tested to make sure you have enough blood to spare for the donation*
6. *After your blood donation is drawn, we ask you to remain with us a few moments to rest and to take some refreshment to replace the fluids you have lost. We will also give you some iron pills to help your body replace the donated blood quickly*
7. *The blood you have donated will be tested for hepatitis and the HIV virus, which cause hepatitis and AIDS respectively*
   Note: HIV cannot be detected immediately after infection. It is possible for blood to test negative for two months or more after becoming infected
8. *The results of these tests will be available to you (and no one else) in two weeks, if you choose to know them*

Please do not give blood if:

A. *In the last six months you have had sex with someone you are unsure about*
B. *In the last two months you have had an illness such as a bad cold*
C. *In the last year you have had:*
   i) an injection except at a hospital or clinic; or
   ii) skin scarring or cutting by a traditional healer; or
   iii) a surgical operation
D. *You have ever had hepatitis (jaundice causing yellow coloration of the eyes)*

Please do give blood again

A. *If your blood has been found to be safe after testing*
B. *If you continue to practise a healthy and safe lifestyle*
C. *When three months has passed since your last donation*

Healthy blood donors are always needed to save lives. Patients who need blood can get it only if enough healthy people donate their blood. Of course, you and your blood will be checked every time to make sure you are healthy and your blood is safe.

Thank you

Copy of the information leaflet given to all blood donors by the Uganda Blood Transfusion Service.

are also screened for the HIV-1 antibody and the Hepatitis E surface antigen. The blood is stored at 2°-6° C in plastic bags containing an anticoagulant and is discarded if not used within 30 days. Concentrated red cells are prepared from blood taken into double or quadruple bags. After 48 hours sedimentation, the plasma is expressed. Quadruple bags are used to divide the 240 ml of red cells into three equal portions. These are used for the transfusion of infants.

Information is stored on a data base. For identification purposes, the donor gives his date and place of birth, and his mother's first name (the actual name is not used to help overcome any fears about a lack of confidentiality). The computer is set up in such a way that the blood bag label can only be printed if the results of the HIV and Hepatitis tests are negative. Information about the final use made of the blood is obtained from an accompanying form which is completed by the hospital laboratory and returned to the blood bank.

Facilities and equipment

During the reconstruction of the blood bank, a temporary laboratory was made available by Makerere University Department of Public Health. This was equipped with basic instruments by the European Community. Water was brought in by bucket and during the frequent power cuts, work either stopped or, if the power was not restored in 12 hours, was continued in the New Mulago Hospital Laboratory which had emergency power.

In May 1990, President Museveni opened the rehabilitated headquarters of the UBTS at Nakasero. This facility is responsible for the processing of up to 17 000 units of blood a year and for distribution to 30 hospitals in the area within 240 kms of Kampala. The headquarters is also training staff for the four regional blood centres which are due to open in 1991.


The Courier

Explaining how blood samples are tested

As regards the financing of the project, in addition to the major funding supplied by the European Community, assistance has also been given by the AIDS control programme of Uganda (WHO), the First Health Project of the International Development Agency, the Mitterrand Foundation of France and the Carnegie Foundation of New York.

Results

The blood collections and the rate of discard for HIV and Hepatitis are shown by quarter in the table. It should be noted that the initial aim of 10 000 usable units of blood per annum has been achieved. While the central purpose of the UBTS is to maintain a safe and regular supply of blood for transfusion purposes, the stringent procedures applied in collecting from donors can also fulfil an educational function. It is noteworthy that among students at schools which have been visited by the Service at least twice in the last two years, the rate of HIV infection is down to 2%. Clearly, however, a major and continuing education effort is needed to reduce infection rates among the wider population.

As regards the utilisation of the blood, the information gathered by the UBTS is based on returns of disposition forms accompanying blood issued to hospitals. While the data are not complete, the indications are that most units are used as single transfusions. Generally, blood appears only to be used when a life is in the balance and the volume transfused is restricted to the minimum essential. The major users of blood are children with severe anaemia.

Nakasero Blood Bank: quarterly statistics, 1989 and 1990

Quarter	Total	% Volunteer donors	HIV + %		Hepatitis B+		Usable
			(1)	(2)	(1)	(2)	
1989-1	675	70	24	8			610
1989-2	1371	43	26	12			1162
1989-3	2018	46	24	6			1775
1989-4	2842	53	24	9	4	4	2484
1990-1	3152	46	21	12	7	7	2621
1990-2	3646	45	21	12	5	6	2727
1990-3	3489	51	17	11	7	6	2779
1990-4	2760	50	13	8	5	4	2365

(1) Blood donations from patients' relatives.
(2) Blood donations from volunteers.

Looking to the future

It is clear that the Nakasero blood bank is now achieving its target of 10 000 usable units of blood per annum. However, when schools are closed, recruitment is more difficult and the frequency of HIV-positive donations increases. The future will bring new challenges as the blood transfusion service expands to meet the needs of people in the regions of Uganda. With the opening of four regional blood centres during 1991, the aim is for all hospitals to obtain their blood from the UBTS. Except in emergencies, when blood may sometimes have to be collected, tested and used by the hospitals themselves, the intention is for all blood to be tested at a blood centre and distributed where needed.

For the foreseeable future, regular and repeating volunteer donors (three times a year) will be a major source of blood. This is something which is necessary, both for reasons of safety and of economy. Finally, international funding and technical support will continue to be required. The Nakasero project has, in its first two years, fulfilled and perhaps even exceeded expectations but blood transfusion, by its very nature, is a task which never ceases. Uganda is a country where health problems, and particularly AIDS, have created a surfeit of human misery. Reliable and efficient blood transfusion can make a significant contribution to reducing this surfeit. ○ E.J. W.-W.

Bissap — health tea and natural colouring

by Monique Johanna VAN MEEL (*)

Health tea made from Hibiscus sabdariffa is served all day and every day all over West Africa. This refreshing and invigorating drink, the colour of *vin rosé*, should be arriving on the European market soon. Traditionally called bissap, Guinean sorrel, karkadé or Abyssinian tea, it is made from Hibiscus sabdariffa — which has many a surprise in store...

In Australia and Africa since 4000 BC

Where does the plant come from? Africa or India probably, although noone knows for certain, for Hibiscus sabdariffa goes back to 4000 BC, when it was common almost all over the tropics and the sub-tropics in both northern and southern hemispheres, from Sudan to Australia, via India, Egypt, Ethiopia, Iran, Pakistan, Florida, Mexico, Brazil, the Caribbean and Guyana.

Italian soldiers, who took infusions of the red calyxes of Hibiscus sabdariffa to prevent infection after drinking polluted water during the war in Abyssinia (now Ethiopia) in 1936, took a fancy to this (Abyssinian or health) tea and brought it to Europe.

Health tea or pink tea, as it is sometimes called, is very popular with Moslems too and they drink it a lot during Ramadan.

Therapeutic properties

As Mr Diop, Director-General of the Institute of Food Technology, says, 'the tradition of using this plant in West Africa goes back about a century'. People from Senegal to Nigeria used to grow bissap and make rope from the fibres and fishermen on the Rivers Senegal and Niger made this rope into huge nets which completely blocked the river.

The leaves make vegetables and the juice extracted after cooking can be put on cuts and wounds or taken as a diuretic and urinary antiseptic. Oil from the seeds is often used as a tonic and diuretic and the roots as laxatives and purgatives. The fleshy calyx can be put into tarts and puddings and makes excellent jam, jelly (akin to red currant jelly) and coulis to put on cakes and in vanilla sorbet.

The plant has proven therapeutic qualities. It is an antispasmodic and a mild hypotensive, it cures worms and fights germs efficiently and, let us not forget, it affects the speed of alcohol absorption and helps combat cancer.

Two types — red calyx and green calyx

The green one, which is used in rice and millet dishes, helps the digestion and combats fatigue. The red one is widely used in the pharmacopoeia. The plant is an annual one, which grows a metre high and has a strong stem and a calyx which are either both green or both red. It is rich in calcium, phosphorus, iron and vitamin C.

A 100% natural colouring

The flowers are harvested about three weeks after they open and yields of up to 17 tonnes per hectare of young shoots, 6300 kg of fresh calyxes and 800 kg of dry calyxes can be expected.

Then comes the lengthy process of turning the fresh calyxes into concentrate. This is a job reserved for the women, who cut the base, take off the capsule, separate the calyxes and rinse them to remove all the impurities, especially sand. The calyxes are then left to macerate before being put through a centrifugal extractor and turned into a thick, bright red, sharp, strong-smelling liquid.

The pulp is then cooked with its weight in sugar to produce a dark red, slightly acid marmalade with very little aroma. Jelly is made in the same way. The pigment dissolves easily in water or alcohol and can be used to give a high quality, natural colour to syrups and liqueurs.

Senegal as a bissap exporter

Senegal has recently gone into marketing bissap concentrate and syrup. These products, which are made by well-tried methods in the laboratory of the Institute of Food Technology in Dakar, have all

The fleshy calyx can be used in tarts, jam, juice and infusions

the flavour and aroma of the plant as well as its bright red colouring.

The ITA supplies more than 8000 litres of concentrate, the equivalent of 15 t of fresh calyxes, to SOCAS (the Sébikotane food company or the Baobab farm and dairy, as it is more properly called). This is the most modern farm in the whole of West Africa and it provides more than 100 litres of bissap juice per day for Dakar alone. It takes 1.5 l of concentrate to make 100 l of juice. Bissap is packaged by the same machines which put a million litres of fresh milk into cartons for distribution throughout Senegal every year.

SOCAS is anxious to produce more than its annual 4200 t of tomato concentrate at the Savoigne plant in northern Senegal and is also hoping to use the machinery there to prepare bissap concentrate and syrup.

More than 30 t of red calyxes are exported to Italy, Switzerland and Germany and the demand is in fact far higher than that, as these countries use a lot of the natural colouring in their food and agriculture industries and in confectionery and pharmaceuticals. One German laboratory has just come up with a 100% natural pink sweet made of gum arabic and Hibiscus sabdariffa.

There is no doubt that bissap will be joining the raw materials market, which will mean that the countries which produce it can do more to develop the plant which could well turn the world of synthetics over to natural products. ○

M.J.V.M.

(*) The author is an independent journalist and photographic reporter.

South African musical comedy comes to Brussels 'SARAFINA'

The anti-apartheid masterpiece from the ghettoes of Johannesburg

'Sarafina', the finest musical comedy troupe from the ghettoes of Johannesburg made its first Brussels appearance at the Cirque Royal on 25-30 April. Invited by the Foundation for ACP-EEC Cultural Cooperation the young black musicians and dancers from South Africa came to the Belgian capital and the European institutions after their triumphs on Broadway, in Paris and in Germany and — most important — after their performance at the signing ceremony for the fourth ACP-EEC Convention in Lomé in December 1989.

'Sarafina' is an extraordinary story of courage in the face of powerful oppression through law and arms of an entire people. It is also a wonderful story of hope and an expression of the strength of youth — the youth of South Africa before February 1990 (when Nelson Mandela was freed) — against a system whose sole basis was the negation of another part of the South African people.

Tomaso LE PERA

A scene re-enacting police brutality in the townships, especially Soweto

R. KLINK

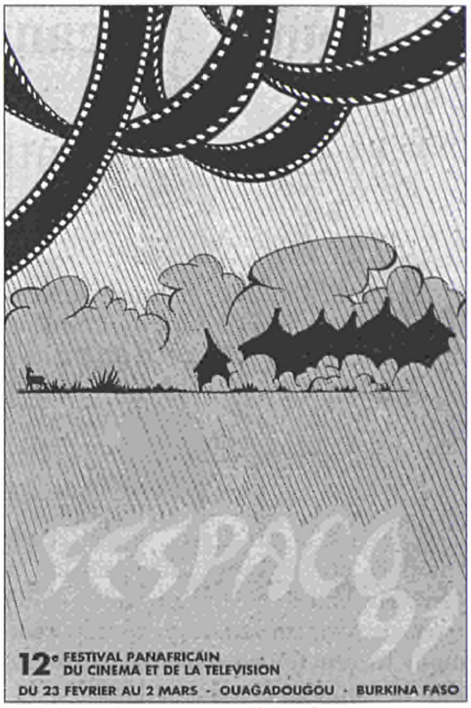
The troupe 'Sarafina' at the end of a performance in Germany with Willy Brandt, former Chancellor and Nobel Peace Prize winner Nelson Mandela

It was created in early 1986 by Mbongeni Ngema, a black South African, home from the USA where his latest musical comedy 'Asinamali', had been a great success 'off Broadway' in New York. The point of the show was to give a new dimension to the struggle against apartheid, passing on the message through dance, emotion and laughter — still the best weapon against despair.

Mbongeni Ngema can be content. He has not done at all badly. 'Sarafina' has won international fame and, since February 1990, South Africa has finally begun to turn the last page of a not very glorious chapter in its history.

This show is still a poignant way of pointing up the salutary role of history taught through every form of expression. And it is an artistic and cultural masterpiece, which is well-worth seeing○ L.P.

FESPACO
— a veritable institution —



Ouagadougou's Panafrican Film Festival, held in the capital of Burkina Faso every two years, is now one of the continent's major cultural events, there is no doubt about that.

It was started back in 1969 to give black film makers a much-needed event of their own along the lines of the Maghreb's Carthage Festival. FESPACO 12 was held from 23 February to 2 March 1991.

Audiences have increased constantly over the years until the whole continent has gradually become involved. The French-speaking side clearly dominated to begin with, but the festival is doing more and more to reflect what is going on in all the countries of Africa and the English-speaking encouraged by the Golden Yennenga, the big prize, which went to Ghanaian Kwaw Ansah's 'Heritage Africa' in 1989, are in far greater evidence. This year, 200 films were shown to 300 000 enthusiasts, including 1500 invitees from abroad, in 13 rooms.

Burkina Faso is the first to be thanked for this success. It is one of the poorest countries in the world, but it believed in the festival from the start and has willingly borne the bulk of the organisational costs, sometimes with help from bilateral and multilateral funders including France, Denmark, Sweden, the EEC and the ACCT. For Burkina shares the enthusiasm for films so common throughout the Sahel, a phenomenon that is difficult to understand at first sight, given the huge amounts the cinema costs in very underprivileged countries. But the fact is that film production standards are higher in Mali, Burkina Faso, Senegal and Niger than in better-off places like Côte d'Ivoire, Gabon and Cameroon. This may be, as this year's FESPACO president, Malian film-maker Souleymane Cissé, pointed out a few years ago, because the people there have the greatest need of works of fiction to escape from their daily round of poverty.

These countries took most of the awards again this year. The Golden Yennenga, Burkina's first, went to Idrissa Ouédraogo's 'Tilaï, which had done well at Cannes last year (Ouédraogo's previous film, 'Yaaba', just missed the big prize in 1989) and the prize for the best documentary, 'Yiri Kan', went to another Burkinabe, Issiaka Konaté. But the film which swept the board was Malian Adama Drabo's 'Ta donna', which took the Oumarou Ganda prize for the best work and the ACCT, environmental, OAU, African critics, Institute of Oriental Languages and City of Perugia awards. And the best actor and actress were Malian artistes, Bala Moussa Keïta and Mariatou Kouyaté.

This was the fourth time that the Commission of the European Communities made an award for the best short African films illustrating development problems or helping promote cultural identity. The judges, led by Hubert Ferraton, gave the first prize, worth CFAF 1 million (FF 20 000) to 'Yiri Kan', the story of a boy whose father, a famous musician, teaches him the balafon. The second prize, CFAF 500 000 (FF 10 000) went to 'Dernier des Babingas' by David Pierre Fila from Congo, in which an old pygmy chief tells how the forest and the environment in which he lived disappeared, and there was a special mention for 'It's not easy', a dramatised warning about AIDS by Faustin Misanwu from Uganda.

Everyone agreed that FESPACO had dire organisational problems this year. Finding somewhere to stay in Ouagadougou was practically impossible and rooms were in such demand that a hotel which had been closed down for not paying its taxes had to be re-opened. Worse still, some of the films scheduled for screening were still not available the day before the festival began, spoiling any attempt at a proper screening schedule. On top of that, the chairman of the judges had to wait three days to get the projector he needed to look at the selected films.

Everything fell into place at the last minute, as it so often does in Africa, but let that not detract from the fact that FESPACO has grown enormously over the past year or two — giantism, is how some people put it — and that there are always meetings, seminars and discussion groups to add to an already very busy event and that the whole logistical side of the festival needs overhauling. Burkina Faso cannot go on paying for it all by itself indefinitely either. The other countries of Africa will have to help pay for this showing of their continent's film industry. This would mean that the awards could be more generous, a desirable improvement when some of the prizes which private European bodies award at Ouagadougou carry more money than the Yennenga.

Lastly, FESPACO should take a close look at the subtitling of English-language films and the translation of English-language discussions. Better attendance by the English-speaking countries, many of which are still avoiding the event, depends on making a success of this. It should be done quickly too, for Zimbabwe's Front-Line Film Festival in June last year is to be a two-yearly event like FESPACO and there is a real risk that the English-speakers will want to go to Harare instead. However, the competition could be healthy if it means that organisational methods are revised. FESPACO, now an institution, must rise to the challenge. ○ A.T.

CTA Bulletin
TECHNICAL CENTRE FOR AGRICULTURAL AND RURAL COOPERATION

Livestock problems of African origin in the Caribbean

by Jos MORTELMANS D.V.M (*)

CARDI (the Caribbean Agricultural Research and Development Institute) and the CTA (the Technical Centre for Agricultural and Rural Cooperation) ran a workshop in Antigua in November to look at two diseases posing major problems to traditional and modern rearers of small and large ruminants — heartwater disease, and dermatophilosis, also known as bovine streptothricosis.

While heartwater is, typically, an African disease, dermatophilosis, a serious handicap to herdsmen, particularly in tropical Africa, is found more or less all over the world. The appearance and persistence of both diseases are closely related to a tick of the genus Amblyomma and, in the specific case of the Caribbean, to Amblyomma variegatum, which comes from tropical Africa.

Heartwater disease, is caused by a Rickettsia, Cowdria ruminantium, which is transmitted by ticks of the genus Amblyomma. The multicoloured Amblyomma variegatum is the main vector in sub-Saharan Africa, another species, Amblyomma hebraeum, is the main vector in Southern Africa and there are a further eight African species of the same genus which are known to be potential vectors. Recent experiments have shown that two American species can also transmit the agent causing the disease.

Heartwater is one of the main diseases of domestic ruminants in some parts of Africa and some species of wild ruminants can, in turn, host Rickettsia, as can (albeit very rarely) some rodents and other vertebrates. Acute forms of the disease start with very high temperatures and extreme exhaustion, with nervous symptoms developing soon afterwards, often accompanied by serious cardiac and respiratory symptoms and diarrhoea, bringing rapid death. Animals with a high milk yield are very susceptible and, as immunisation is very difficult or entirely out of the question and courses of antibiotics are often started too late, any attempt at improving herds by cross-breeding or bringing in exotic, high yield species is obviously likely to be hampered or neutralised by heartwater disease. Then, of course, tick control is an expensive undertaking and the price of antibiotics and vaccines, which can be difficult and sometimes impossible to obtain, is high, so traditional herdsmen are left to their fate in the vast majority of cases.

Fortunately, some native species of domestic ruminants are fairly resistant to the infection and some Rickettsia strains are only minimally pathogenic, so heartwater disease is not considered to be serious in some places, although it is the major animal health constraint in others.

Dermatophilosis, a skin disease caused by Dermatophilus congolensis (an actinomycete), can infect a whole series of animals, particularly in the tropics. It has even been found, albeit rarely, in man. Once again, ruminants and cattle especially are the hardest hit. And once again, the high yield species are extremely prone to the disease, although this is something which may also vary in native strains. The germ was discovered by René Van Saceghem in Africa in 1914, in what is now Zaire (then the Belgian Congo) and some writers have no hesitation in labelling it one of the major cattle diseases of tropical Africa today. The symptoms are fairly small scabs, which may merge to form rough patches, sometimes with secondary infections. In extreme cases, almost all the body is covered, with death virtually inevitable as a result. Antibiotics often bring only illusory help and there are no efficient vaccines so far.

The question now is the role the ticks play. Amblyomma is both vector and cause in heartwater disease, with ticks which have themselves caught it from infected animals at the larva stage passing it on through blood-sucking. With dermatophilosis, the process of infection is different and the tick, whose role is in this case only incidental, repeatedly pierces the skin with its very long (2-4mm) buccal appendage, enabling the germ to penetrate, multiply and cause scabs. Minute wounds of a similar kind may also be caused by the thorny bushes which sometimes appear on grazing land and grow so thick that cattle have hundreds or even thousands of scratches for microbes to penetrate.

In the Caribbean, both diseases are a reality or a threat in an area from Trinidad & Tobago north to Cuba, the Dominican Republic, Puerto Rico and so on. The USA (Florida), Central America and the countries of north western South America (Guyana, Venezuela, Suriname etc) have a problem too.

Although scientists have only been investigating the problem for something like 10 years, it dates back to the last century (1828-30), in fact, when France took zebus — which ultimately became what are now known locally as Creole zebus — from Senegal to Guadeloupe. Little or no thought was given to cattle health measures at that time, as may

(*) Institute of Tropical Medicine, Antwerp, Belgium.

easily be imagined. Acaricides had yet to be invented and it was unlikely that such plant-based remedies as did exist (tobacco leaf extracts, for example) would be applied to animals which were being shipped a long way off for good. Let there be no illusion about tobacco leaves either. There were none of the anti-smoking campaigns of today and no-one was going to waste good leaves on making animals comfortable on the voyage... So it seems certain that the ticks travelled over with the cows and more than likely that some of the ticks and some of the cows were Rickettsia-infected.

More cattle were moved to the Caribbean after that. In the last century, the tick was called the 'Senegal tick' in the French possessions in that part of the world and the shiny, variegated and very beautiful Amblyomma variegatum became the 'great Antigua gold tick' in Antigua. Infected ticks and animals were probably transported from Africa to the Caribbean on several occasions.

In 1932, a mad cattle disease (generating nervous symptoms, which could be very spectacular in small ruminants) was known in the Caribbean. Various etiologies were considered, but no causal agent was ever isolated or identified with any certainty. In 1966-67, heartwater was suspected for the first time by French veterinary doctors with a lot of experience of Africa, but it was not until 1980 that Rickettsia was found in goats on Guadeloupe and Cowdria ruminantium actually confirmed in the Caribbean.

The discovery caused an immediate sensation in scientific and veterinary circles all over the Caribbean. American veterinary departments were alerted as soon as it was known that two Amblyomma ticks which were very common on that continent (Amblyomma maculatum and Amblyomma cayennense) could be infected with Rickettsia and thus transmit the infection.

Everyone was convinced that if the tick had been able to cross the Atlantic Ocean, even by accident, it would have no problem in spreading over the dozens of islands in the region, sooner or later even getting as far as the American coast. Although there is a legal, controllable and properly controlled trade in cattle in the Caribbean, the region, with its centuries' old reputation for piracy, of course has its black market too. The islands' geographical situation and coastlines are an open invitation to it and the contraband cattle, sheep and goats take the pretty little Senegal tick with them — and with the sea trip often taking less than an hour there is not even time to succumb to Rickettsia.

Migratory birds are another, major, epidemiological factor and an uncontrollable one. Some of them live near the herds on the prairies, are known to carry tick larvae and chrysalises and find it easy to fly from one island to another and the epidemiological conclusion is obvious.

With the female Amblyomma able to lay as many as 20 000 eggs at a time, giving 10 000 more females in what can be a very short period if conditions are right, it is clear just what a disaster is looming.

What is the situation of heartwater disease and the tick which carries it in the Caribbean at the moment? Heartwater has been firmly diagnosed on Guadeloupe, Marie-Galante and Antigua. While natural selection has enabled the local species to develop a fairly good resistance over more than a century, exotic species are very prone to infection, which is a serious handicap when it comes to improving genetic potential with a view to, say, better milk production. Native cattle on the islands where Rickettsia has not yet been found and cattle on the American continent are under serious threat because they have been unable to build up any resistance over the years and the improved cattle strains will obviously be the first to succumb if the disease arrives.

It is a very real danger. Amblyomma variegatum is already on 15 other Caribbean islands. The tick is well established on some islands not infected with Rickettsia so far (St Christopher and Nevis, for example), but has colonised only part of others (Martinique, Puerto Rico etc), while only the odd specimen and little spread have been found elsewhere. But the potential danger is there and the arrival of one Rickettsia-infected animal is all it would take to trigger an outbreak.

Dermatophilosis also goes back to the last century and the connection between the tick and a very severe skin disease was already known in the Caribbean in 1895. It is worth remembering that Amblyomma variegatum is not a vector of the germ which causes dermatophilosis, simply something which prepares the ground with the many tiny pits it makes in the skin when sucking blood. In many parts of the African tropics, thorns are usually behind the scratches through which the germ penetrates, but in the Caribbean, by contrast, it is ticks which are the main (but indirect) cause of dermatophilosis. The disease occurs where there are ticks, on Martinique, for example. Thorny bushes are also far more common in tropical Africa than in the Caribbean.

The high humidity of most of the islands is very conducive to the development of the germs and, as a result, dermatophilosis is sometimes considered to be the region's worst cattle disease threatening exotic and improved species above all and killing up to 50% of some herds.

Both political and veterinary authorities in the region are paying particular attention to Amblyomma variegatum, which is so closely associated with heartwater disease and dermatophilosis, both of which kill ruminants and trigger the physiological depressions which hold back production and reproduction. International organisations — the FAO, CARICOM (the Caribbean common market), the IICA (the inter-American agricultural cooperation institute) and many others — are keeping a close eye on the situation, offering advice, launching control campaigns and helping seek the requisite funds.

The CTA and CARDI were jointly responsible for organising the most recent contribution — the workshop in Antigua in November, which gave the region's scientists the opportunity to take stock of the situation, with the help of various international experts. The unanimous conclusion was that the Amblyomma variegatum tick has to be wiped out before it can create any more damage and certainly before it invades the mainland — something which would cause vast, uncontrollable and unforeseeable damage. Now is the time for action.○

J.M.

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Westernisation, Africa's economic crisis and modernity

— Serge LATOUCHE — **L'occidentalisation du monde** (The Westernisation of the World) — Agalma La Découverte Paris, 1990
— François Régis MAHIEU — **Les fondements de la crise économique en Afrique** (Foundations of Africa's economic crisis) — L'Harmattan, Logiques économiques — Paris 1990
— Jean COPANS — **La longue marche de la modernité africaine** (The long march of African modernity) — Savoirs intellectuels, démocratie — Karthala — Paris, 1990

What unites these three authors is their concern to explain the countless upsets of development and modernity in terms of African culture. They have other things in common too, as Jean Copans shows:
— 'ideas are made and worked at and compared';
— the 'seductive, haughty mask with the suave and sombre tones of anthropology, the devourer of cultures and societies, has to be abandoned';
— 'we have reached a stage rather than a threshold'.

All three are 'French-style social thinkers' who only want to appear as 'partners in ideas'. So the debate is open and the ACP-EEC Courier welcomes it to these columns.

Serge Latouche, who teaches in the law faculty at the University of Lille and IEDES (the economic and social development study institute) in Paris, specialises in third world affairs and the epistemiology of social sciences and has already produced a number of books, including 'Critique de l'impérialisme' (Anthropos, 1979) and 'Faut-il refuser le développement?' (PUF, 1986).

The new work deals with the meaning, scope and limitations of planetary standardisation, concluding that 'even if we do not think it is moral to oppose western decadence, we do not think it possible to desire it either'.

The only true universality conceivable, he maintains, can only be based on a truly universal consensus and involve an authentic dialogue of cultures — which is possible because communicability actually exists.

Francis Régis Mahieu spent 10 years working in Côte d'Ivoire (1979-89) at the head of the department of public economics at the University of Abidjan. He now teaches at the University of Lille. He has published various works on public finance, the history of economic thought and deductive logic and his work is carried out with the close collaboration of a team of African researchers.

The point of this book is to investigate the particular features of African economic behaviour — the micro-economic of the relation between the individual and society and the macro-economic of the relation between the State and these same communities. Thus the author hopes to analyse development, synthesising the achievements of anthropology and of economic theory, in short an economic anthropology.

Jean Copans, an anthropologist and sociologist, is co-founder of the 'Politique africaine' review. The bulk of his fieldwork has been in Senegal and he has been head of the research, exchange and university resource centre (1985-89) at the University of Nairobi (CREDU). Mr Copans, a member of the African sociology and geography laboratory at the EHESS (the higher school of social science) and of the CNRS (the national scientific research centre) for the past 10 years, has been teaching sociology at the University of Picardy since 1990.

He warns the reader (p.224), with an exaggerated display of modesty, that 'our thinking is far too general and abstract to be in any way efficient, but it aims to lay down a vital minimum of method and epistemiology'.

In the postscript, Immanuel Wallerstein says that the subject of this book is the world of knowledge, based on prospective considerations, experience and the indulgent readings of an African who claims to be disillusioned.

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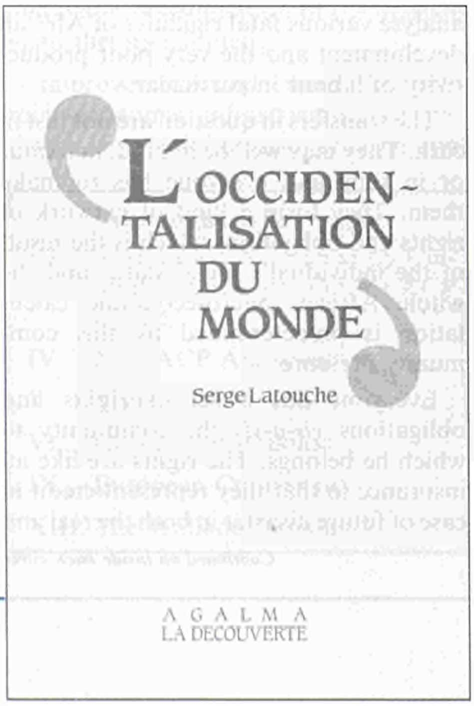
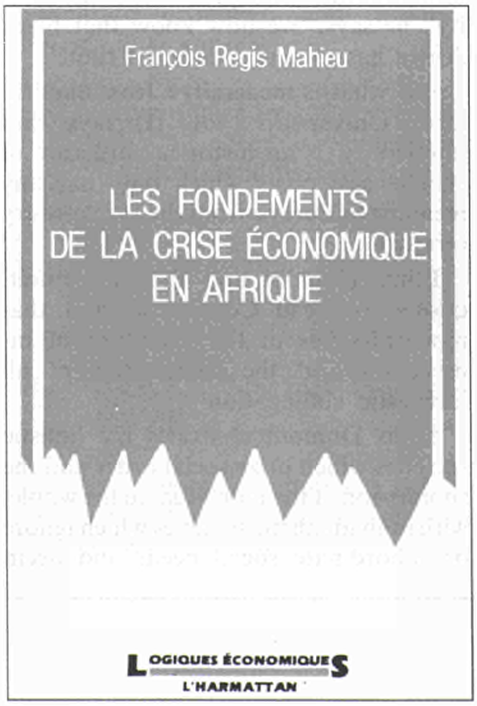
The militant epistemiologist, the operational economist and the disillusioned anthropologist have a number of things in common (they are not a result of this coincidental publication either) and these are what this article sets out to discuss.

So far, economic anthropology has wielded the particular features of African economic behaviour as a weapon against the universals of economic theory. Economists, however, conceptualise the African economy without the slightest anthropological input and what is called for, therefore, is a conceptual analysis of African economic anthropology that





goes beyond the third worldism of the 1960s and the neo-classical liberalism which the World Bank has enforced since the end of the 1970s.

F.R. Mahieu, curiously enough, says that third worldist concepts do not include the specifically African 'differences', one of the main reasons for this being, apparently, the belief that development as deculturation has advanced so far that Africa has no specific cultural features any more.

Between the work on primitive society and the flimsy predictions about the future of Africa there is an immense void left by a failure to grasp the economic mechanisms of contemporary African society. This void is accentuated rather than filled by the theories of deculturation and economic dependence.

Historically speaking, anthropology has investigated the resilience of the solidarity network of the community. Serge Latouche thinks (1986) that Africans have become decultured and mimetic through ethnocentric development. But, as F.R. Mahieu points out, this deterministic approach has been unseated by a major statistical investigation of living conditions in African households, for the cultural model has apparently been exceptionally resilient in economies which are very receptive to western ideas — Côte d'Ivoire, for example.

Western machinery, deculturation and under-development

Serge Latouche sees European superiority as deriving from the efficiency of **social machinery,** a method of organisation which uses every technique to achieve its aim of domination, with the economy becoming an autonomous area of social life and an aim in itself.

Science, technology and economics have a rich imaginative content — man's relations with the world, the concept of time and space, the relationship with nature and the relationship of man to himself.

Westernisation is a universal economic and cultural process in its expansion and its history. It is reproducible both in its character as a model and in its nature as a machine. And by posing as a trans-historic and a-spatial model, western machinery appears to be accessible to all. Its reproducibility, however, is not universal, because it necessarily implies expansion.

Paradoxically, the West has both the only culture which has been genuinely globalised and the only dominant culture which has failed to assimilate not just foreigners, but its own members too. The reason for this is that its universality is negative and its success only the 'mimetic releasing of deculturing practices'.

So the invaded group can now only understand itself by using the categories of the other side.

At this stage, Serge Latouche explains what he understands by the word **'culture',** i.e. the response which human groups provide for the problem of their social existence. In societies before modern times, culture meant every aspect of human activity, but, when inventing the economy, modern society reduced culture to cultural occupations.

In this case, culture is not a dimension of development. Development is a dimension of the one Western culture.

Under-development, then, the effect of Westernisation, is not produced by the workings of the economic machinery, but a **deculturing** and the treatment used to cure it (development policy and modernisation) in fact only makes it worse... Bringing in western values is, in fact, founding deculturation.

Once the West set up progress as the cornerstone of modernity, all the countries which are victims of its presence were hit by the incurable disease of backwardness. Survival means modernisation. But modernisation means self-destruction.

Africa — modernisation without modernity?

This is Jean Copans' question. As he sees it, the two are out of kilter, as we reject the concept of modernity as being mimetism. In his eyes, modernisation in Africa precedes the appearance of modernity. 'Although western modernisation looks like one of the processes of modernity', he says, 'we now know that black Africa has to take a different route'.

But what is **modernity?** Jean Baudrillard (Universalis, vol. II) says that 'modernity' is an historical structure of change and crisis which only has any meaning in Europe from the 19th century onwards.

Louis Dumont and François Furet, quoted by Jean Copans, suggest that modernity lies in the invention of individuality, of the citizen free of all 'domestic' subjugation.

Louis Dumont contrasts the holistic societies which prize social order and the submission of the individual to the whole, with individualistic societies which ignore or subordinate social needs and deem that every man is his neighbour's equal. All great civilisations have been holistic, he claims, and the individualistic society of modern civilisation is an exception. Separating the economic from the political and turning it into a sector in its own right is an outstanding sign of this modernity.

Cornélius Castoradis also suggests that the typically western contribution is self-consciousness, in contrast to other civilisations which are based on the collective consciousness of the group.

This is where F.R. Mahieu's analyses of African economic behaviour come into their own.

Redistributing the community in an uncertain world

Mr Mahieu notes that, in African society, survival depends not only on individual rights but also and most importantly on community rights, which depend on obligations to the community. His idea is that the particularity of the African economic operator of today lies in the superposition of two systems of constraints, i.e. community constraints and State constraints.

There has to be a link between the African micro-economic universe, which comprises a permanent relationship between the community and each individual, and various macro-economic 'deviations'.

Africa is a society in which community transfers precede individual economic activity and are imposed upon the individuals by the community. The community must therefore have its own powers of constraint — which brings us to the whole range of rights and obligations, involving both material goods and time. Time allocation models will help us analyse various fatal rigidities of African development and the very poor productivity of labour in particular.

The transfers in question are not just in cash. They may well be in kind, in labour or in time and everyone has to make them. They form a kind of network of rights and obligations which is the result of the individual's social status and the whole African micro-economic calculation is predetermined by this community pressure.

Everyone has a set of rights and obligations *vis-à-vis* the community to which he belongs. The rights are like an insurance in that they represent credit in case of future disaster in both the real and

Continued on inside back cover

THE CONVENTION AT WORK

EUROPEAN DEVELOPMENT FUND

The Commission has just decided to finance the following projects, after a favourable opinion from the European Development Fund Committee.

CAMEROON

Rural development focal points
6th EDF
Grant: ECU 10 300 000

The idea here is to develop rural areas, i.e. to integrate them into the country's development process, both economically and socially, by stimulating the people's own ability to manage their own development and improve their own environment and living conditions.

It is based on the experience and positive outcome of the first stages of the rural community development project in the Bafut region. Four centres have been identified, two (Saa and Ntui) in the Centre Province, one (Sangmélima) in the South Province, the fourth being the third and last phase of the development of the Bafut area in the North West Province.

The various parts of the programme are:

— improvements to the extension structures, with enough means provided to open their operations to more people, together with a drive for greater efficiency and better dissemination of the development themes adopted;

— improvements and extensions to the socio-economic infrastructure, in particular by building and rehabilitating tracks to make for better organisation of both product marketing and the marketing circuits themselves so the populations concerned see their money income increase;

— training, motivation and popularisation in agricultural development (use of inputs and crop intensification), education (building schools, kindergartens and meeting centres) and health (primary health care centres, family education, drainage and drinking water provision).

Also in the yellow pages

KENYA AND ETHIOPIA

Feasibility study for the Isiolo-Moyale road
6th EDF
Grant: ECU 1 750 000

The Isiolo-Moyale stretch is part of the international highway across East Africa, linking Gaborone (Botswana) to Cairo (Egypt). Although the busy Ethiopian and Kenyan sections are surfaced, Isolo-Moyale is only a gravel road which cannot be used all the year round.

The Kenyan and Ethiopian governments have asked the EEC for aid to put down asphalt.

Separate economic and technical studies will be run.

Better communications with the north could have a big effect on regional trade between Ethiopia and its neighbours to the south and result in economic advantages (transport, tourism, agriculture, forestry and cattle sales) for Kenya.

ALL ACP-OCT (6th EDF — Grant: ECU 3 000 000)

This is a global commitment authorisation from the resources of the European Development Fund.

Famine in Africa Manuel Marin takes the initiative

After Manuel Marin's lengthy examination of Africa's aid requirements for 1991 over the past few weeks, the Development and Fisheries Commissioner has announced that he is to suggest a revision of financial prospects to the Commission so as to be able to cope with famine, particularly in the Horn of Africa.

Manuel Marin said that, compared to the exceptional needs, the limited budget resources available for 1991 meant that new means of coping with the imminent crisis had to be found and that he would be making the Commission a practical proposal soon.

Africa's estimated food requirements for 1991 are, the WFP suggests, 4.5 million tonnes. Overall requirements not covered at the moment amount to 2.3 million tonnes. An estimated 29 million people — 8.18 million in Sudan, 6.75 million in Ethiopia and 3.86 million in Malawi — are in danger.

The Commission had already decided on emergency consignments of 269 000 tonnes of food products worth about ECU 107 million (approximately $145 million) in December 1990 and January and February 1991. The 1991 Community budget food aid allocation is ECU 516 million.

The Commission took the following decision for 6th EDF financing after the EDF Committee issued a favourable opinion by written procedure completed on 4 March.

— 7 March 1991

LIBERIA (Grant: ECU 4 000 000)

This is a contribution to humanitarian organisation assistance programmes for victims of the fighting in the country.

A similar written procedure completed on 6 March led to the following decision.

— *12 March 1991*

SUDAN (6th EDF — Grant: ECU 5 000 000)

This is a contribution to humanitarian organisation assistance programmes for victims of the fighting and the drought in the country.

EMERGENCY AID

ECU 4 000 000 for victims of fighting in Liberia

The Commission's immediate response when fighting broke out in Liberia in late 1989 was to cater for needs which emerged in Liberia and in the neighbouring countries which hosted Liberian refugees, i.e. in Côte d'Ivoire, Sierra Leone, Ghana, Guinea and Mali. In 1990 alone, the Commission granted victims more than ECU 20 million-worth of aid in the form of emergency aid (ECU 9.97 million), refugee relief (ECU 2.36 million) and food aid (ECU 8.1 million). The Member States' bilateral schemes in 1990 were worth ECU 4.33 million.

Although there was a cease-fire in Liberia after the Bamako negotiations, the situation is still very precarious and confused. Some of Monrovia's displaced population returned and the city now has some 500 000 inhabitants. These people are in a very difficult health and nutritional situation and the fighting which continued throughout 1990 also seriously damaged the water and power supplies.

About 600 000 displaced persons are living in very difficult conditions in the provinces, very little food being available in some areas.

The ECU 4 million-worth of aid now provided will go to finance food and medical programmes run by the usual partners — the World Food Programme, Médecins sans Frontières, the Lutheran World Federation and Concern.

This decision brings Community and Member State contributions to the Liberian people since early 1990 up to almost ECU 30 million — ECU 16.3 million of emergency aid, ECU 8.2 million of food aid and ECU 4.7 million of bilateral aid from the Member States.

The Commission will continue to monitor the situation carefully throughout 1991 with a view to taking further decisions to help the international relief effort. The Community is already preparing the ground to take part in the reconstruction and rehabilitation of Liberia with Lomé IV EDF resources (ECU 50 million have been allocated to this country).

Malawi: ECU 650 000

The Commission has decided to send ECU 650 000-worth of emergency aid to help the victims of recent torrential rain which has caused serious flooding in Malawi. This aid, to be channelled through the League of Red Cross Societies, the Save the Children Fund and Médecins sans Frontières (France), is to be used to supply tents, medicines and basic essentials.

Sudan: ECU 5 000 000 for victims of fighting and drought

The Commission has decided to send emergency aid of ECU 5 000 000 to help the victims of fighting and drought in Sudan.

It will go to finance assistance programmes run by UNICEF, the Save the Children Fund, Action Internationale contre la Faim, Action Africa in Need and Médecins sans Frontières (Netherlands).

It continues the effort the Commission made in November when it sent Sudan the following food aid:

— 144 000 t of food worth about ECU 50 million;

— 34 000 t worth about ECU 15 million.

The FAO and WFP evaluation reports confirm that Sudan will have a grave food crisis to cope with in 1991. According to the WFP, 8 million people will be short of food and 1.2 million t of food aid will be needed during the year, with more donations to be sold on the markets in the urban areas.

Between them, the international donors have sent about 420 000 t of food aid to cope with the drought in Sudan since November. The Community sent 178 000 t of this and the Member States about 70 000 t.

Somalia: ECU 650 000

The Commission has decided to provide ECU 650 000-worth of emergency aid for victims of the fighting in Somalia.

It will mean that the medical and emergency assistance set up under an initial aid decision (ECU 650 000) taken on 11 January in the early days of the crisis, whereby the health system was saved from total collapse, can be extended.

Mali: ECU 100 000

The Commission recently decided to provide ECU 100 000-worth of emergency aid for the Malian victims of the troubles in Bamako.

This was granted after an application from the Médecins sans Frontières NGO and was made up of medical equipment and medicines, which were sent out to Bamako.

GULF

More aid for the victims

The Commission has just decided on a second tranche of emergency funds, ECU 5 000 000 this time, for humanitarian relief for the victims of the crisis in the Gulf. This supplements the emergency aid of ECU 7 500 000 and the humanitarian aid of ECU 13 500 000 decided since January this year.

This latest amount, intended to cater for emergency needs among the civilian population as a whole, without any discrimination, will make it possible to finance schemes to be run, in accordance with the UN resolutions and Community legislation on the embargo, by the Commission's usual partners, i.e. the Red Cross, the UN agencies, NGOs etc, and the Commission itself.

The Commission ran a Commission-Member State coordination meeting on emergency humanitarian aid to victims of the fighting in the Gulf on 14 March.

The representatives of the Commission and the Member States held a broad exchange of views on needs in all the countries concerned, took stock of schemes which had been decided (with Community or bilateral financing since January) and looked at what possibilities there were of financing additional schemes if the assessments currently being made in Iraq and Kuwait were to reveal large extra requirements.

The Community's total effort since January, i.e. donations by the Commission and the Member States, for crisis victims, amounts to about ECU 55 000 000, divided as follows:

COMMUNITY AID (ECU)

Commission emergency:	12 500 000
food:	13 500 000
Belgium:	710 000
Denmark:	4 690 000
France:	2 536 000
Germany:	5 240 000
Italy:	2 610 000
Netherlands:	7 658 000
Spain:	788 000
United Kingdom:	4 311 000

Humanitarian aid for Kuwait and Iraq

The Commission has just decided to send the following humanitarian aid to help the civil victims of the Gulf crisis.

— *Kuwait*

The Commission has decided to answer a specific request from the Kuwaiti Red Crescent, together with the Dutch Red Cross, and grant emergency humanitarian relief of ECU 340 000 to supply and shift 100 t of food for children.

— *Iraq*

A request from the ICRC has led to the Commission decision to grant emergency humanitarian relief of ECU 3 million to:

— supply various water treatment and purification products and equipment for Baghdad;

— supply hospitals with medicines;

— provide assistance by two health specialists;

— cover the transport costs of the medical teams and medicines already financed by other donors.

On 28 February, the Commission decided to grant the ICRC ECU 560 000 in aid to purchase and instal a mobile water treatment and purification unit for the hospital and dispensaries in Baghdad.

Both the Iraq decisions were taken in accordance with the UN Security Council resolutions and were approved by the sanctions committee in charge of ensuring the embargo was respected.

Brazil: Emergency aid for the Yanomami Indians

The Commission has just decided on emergency aid worth ECU 280 000 for the Yanomami Indians in Roraima Province in northern Brazil.

It will be channelled through Médecins sans Frontières, the French NGO, and is intended to finance a medico-nutritional programme for people who are at particular risk from tropical disease.

ACP GROUP

Agreement signed by Cultural Foundation and the ACP Group

The ACP-EEC Foundation for Cultural Cooperation and the ACP Group signed an agreement on 4 April. It outlines the mandate to run cultural schemes by way of implementation of the cultural and social cooperation provisions of Lomé IV which the ACP Group entrusts to the Foundation.

The ceremony was held at the ACP Secretariat in Brussels, with Raymond Chasle, Mauritian Ambassador and Secretary-General of the Foundation, and James H. Matheson, Guyanese Ambassador and Chairman-in-office of the ACP Committee of Ambassadors, officiating. There was a large turn-out of ambassadors.

Photo MAPEZ

Mr Chasle, in his capacity as Secretary General of the Foundation, presenting to Mr Mshangama, the one million Belgian Francs ($35 000) Prize for the University of Dar es Salaam

Photo MAPEZ

James H. Matheson (left) and Raymond Chasle signing the agreement between the ACP Group and the ACP-EEC Foundation for Cultural Cooperation for the implementation of the social and cultural provisions of Lomé IV

James Henry Matheson reminded the meeting that, in signing this document, he was carrying out the mandate of the ACP Council of Ministers. Raymond Chasle outlined the history of the Foundation and the hard work that had gone into making it a success and went on to emphasise the link which exists between cultural development and economic and social progress. It was cause and effect, he said, with cultural development stimulating economic and social trends.

The Mauritian Ambassador, the senior member of the ACP diplomatic corps in Brussels, also awarded the Tanzanian representative the Prize for the best ACP Technological Innovation for the University of Dar es Salaam. The competition was organised two years ago and the award, BFrs 1 million (about $35 000), half of it financed by the Walloon Region of Belgium, was made for a sugar cane refining process devised entirely by young engineers from the Dar es Salaam Institute of Technology.○ L.P.

ACP EMBASSIES

Five new ACP Ambassadors have presented their credentials to the President of the Commission of the European Communities over the past two months. They are, in chronological order, the representatives of Tanzania, Guinea, Tonga, Zimbabwe and Ghana.

TANZANIA

Abdi Hassan Mshangama (48), the new Tanzanian Ambassador, has a degree in economics from the University of East Africa (1968) and a diploma in public finance from the University of Toronto in Canada (1971). The new ambassador has already held posts of responsibility in his national administration, in particular at the Finance Ministry and at the head of the Development Bank of East Africa, and was principal secretary at the Ministry of Agriculture before coming to Brussels as ambassador to the Benelux (Belgium, the Netherlands and Luxembourg) and the EEC, where he takes over from Simon Mbilinyi.


Photo EEC

Tanzania: Mr Abdi Hassan Mshangama

Mr. Mshangana is married with five children aged between 11 and 21.

GUINEA

Guinea's new ambassador to the Benelux and the Community is Mamadou Bobo Camara, a 55-year old graduate of France's National School of Electrical Studies. He began his career as an inspector of telecommunications in Conakry in 1961 and has gained a wide range of experience at home and abroad, in particular at the Telecommunications Ministry, the International Telecommunications Union and the Pan-African Telecommunications Union. He has also been in charge of international cooperation in Conakry and Ambassador Extraordinary and Plenipotentiary in Ethiopia.

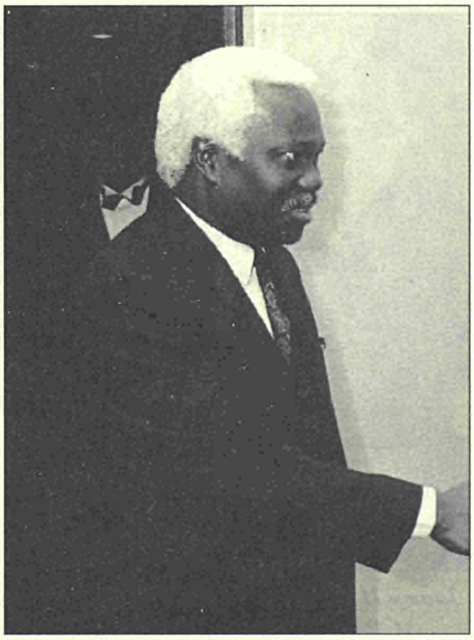


Photo EEC

Guinea: Mr Mamadou Bobo Camara

Mr Camara is married with five children and speaks French, English and several African languages.

TONGA

The Kingdom of Tonga has just appointed its new representative to the European Communities, Mr Siosaia Ma'Ulupekotofa Tuita, who lives in London where he is also High Commissioner to Her Majesty Queen Elizabeth II.

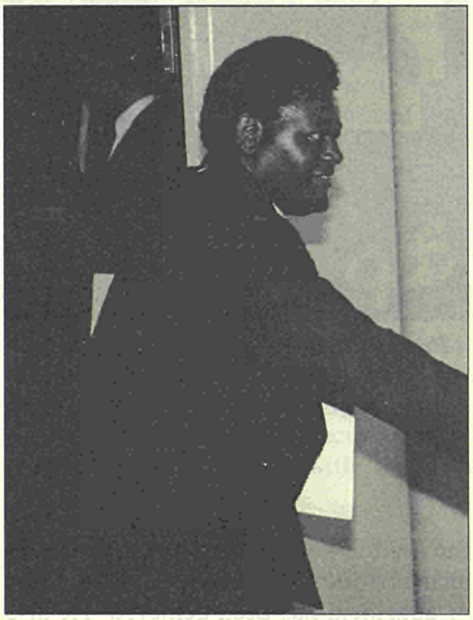
Mr Tuita, now 40 years old and the father of four daughters, underwent his secondary and higher education (in accountancy) in Auckland, New Zealand, and spent a year at Oxford in 1976. He entered the cabinet of the Prime Minister as a translator in 1977 and then joined the service of the King of Tonga as sub-lieutenant and then captain of the Royal Guard, following which he was posted to the Foreign Affairs Ministry. After a spell at the High Commission in London in 1980, he went back to the central administration before being appointed ambassador to London and the European institutions in Brussels.


Photo EEC

Ambassador of Tonga, Mr Siosaia Tuita with President Jacques Delors

ZIMBABWE

Andrew Hama Mtetwa has been appointed Zimbabwean ambassador to Belgium, the Netherlands, Luxembourg and the European Communities. He succeeds Elleck Kufakunesu Mashingaidze.



Zimbabwe: Mr Andrew Hama Mtetwa

The new ambassador, a BA from Williams College, Massachusetts (USA), undertook further study at North Western University in Illinois. After a job as a teaching assistant in the States, Mr Mtetwa, a father of three, entered the Foreign Ministry in 1981 and was High Commissioner in Lusaka (Zambia) before coming to Brussels.

GHANA

Alex Ntim Abankwa, a BSc from London (1959) with considerable experience in the diplomatic service, has been appointed as Ghana's ambassador to the Benelux and the European Communities.

After graduating, Mr Abankwa embarked upon his diplomatic career in the Foreign Ministry of the newly independent Ghana and has since held posts of responsibility in the central administration and in diplomatic missions abroad, including as Counsellor in Addis Ababa and Washington and High Commissioner in Ottawa (Canada). He was a member of Ghana's delegation to the UN General Assembly in 1977 and 1978 and was director general for international affairs and security in the government (PNDC) before coming to Brussels.

The new ambassador is married and has three children.

Photo EEC

Ghana: Mr Alex Ntim Abankwa

VISITS

Director-general for development visits Ethiopia

Dieter Frisch went to Ethiopia on 19-23 February to take stock of our cooperation and conclude negotiations on the Lomé IV indicative programme. Most bilateral aid is absent from the scene and the Commission, with the World Bank, is the country's main cooperation partner and its most heeded adviser on matters of development policy.

Laborious negotiations preceded the signing of the ECU 265 million indicative programme. The Lomé III priority of rural development and food security is to be maintained, but a further priority, support for SMEs, is to be added.

The commitments which the Ethiopian government made in 1986 on the occasion of the Lomé III agricultural reform programme (price policy and liberalisation of the system of marketing in particular) have borne fruit and the policy since then, which has had EDF financial backing, has led to a substantial increase in food output.

The new priority on giving support to SMEs has led to a thoroughgoing policy dialogue. The Government announced major economic reforms of labour legislation, the tax system and the allocation of foreign exchange to the private sector in 1990 and it has undertaken to put them into practice.

As the country is preparing a new structural adjustment plan, Dieter Frisch agreed that the Commission should play the part of a catalyst so as to make progress with what remains a politically delicate subject and ensure close coordination with the World Bank.

These subjects, and the role of the private sector in reforms especially, together with the peace process in Eritrea, were the subject of talks between Mr Frisch and the Minister of Planning and Cooperation, the Foreign Minister and the Deputy Premier and Minister for

Economic Affairs, as well as in a long audience with President Mengistu.

Vice-President of the Commission goes to Poland

Frans Andriessen, the vice-president of the Commission responsible for external relations and trade policy, visited Poland on 6 and 7 March. This was his first stop on an official tour of Eastern and Central Europe, during which he visited several countries, returning home on 12 March.

On 7 March, he met President Walesa, Prime Minister Bielicki, Deputy PM Balcerowicz, Foreign Minister Skubiszewski, Economic Affairs Minister Makarczyk and Vice Secretary of State Saryusz-Wolski, the government plenipotentiary for European integration and aid coordination.

The meetings were the opportunity to discuss the state of play of Poland's political and economic reform and go into the following subjects in detail:

— implementation of the trade and cooperation agreement between Poland and the Community;

— progress towards a European agreement setting up an association between Poland and the Community;

— state of play in the negotiations on similar agreements with Hungary and Czechoslovakia;

— action programmes run as part of the PHARE programme, in particular the 1991-92 indicative programme;

— macro-economic aid from the Community, in particular for the balance of payments and support for the convertibility of the zloty, with the cooperation of the international financial institutions (the IMF and the IBRD).

On 6 March, Foreign Minister Skubiszweski gave an official dinner in honour of Frans Andriessen and, on 7 March, the Commissioner laid a wreath on the tomb of the Unknown Soldier in Pilsudskiego Square in Warsaw.

The atmosphere surrounding the Polish discussions was an extremely friendly and cooperative one, stressing the growing intensity of relations between Poland and the Community and reflecting the Community's constant support for Poland's drive to create an open, pluralist society founded on a market economy.

TANZANIA

Head of State in Brussels

The Tanzanian Head of State, Mr. Hassan Mwinyi, paid an official visit to Brussels on 12 April. He was received by the Committee of ACP Ambassadors and at the European Commission by the Vice-President, Mr Manuel Marin.

Addressing the Ambassadors, President Mwinyi highlighted the importance of ACP Group unity. 'This unity is necessary for the defence and promotion of the Group's common interests. The gradual strengthening of co-operation between ACP countries and the Community is a reflection of the excellent work done by the Ambassadors as ACP representatives. Lomé IV is a tangible expression of the highly desired North-South co-operation and it is comforting to see that the contracting parties are determined to step up their efforts to bring about a more equitable and more balanced international order, an order that is all the more necessary as the worldwide system of trade seems profoundly unfair for the Third World countries which are victims of it'.

President Mwinyi also spoke of the crippling effects of debt on ACP economies, fears as to the consequences of the Single Market for the Group, as well as

President Mwinyi signing the visitors' book at ACP House in the presence of the Togolese Ambassador Mr. A. Agbenou

the need to maintain economic sanctions against South Africa until total abolition of apartheid has been achieved. He also reiterated the need for ACP countries to extend their co-operation.

President Mwinyi then went on to the European Commission for talks on a series of problems, particularly concerning co-operation between Tanzania and the Community. These talks were held with the Vice-President of the Commission, Manuel Marin, and officials of the Directorate-General for Development.

GENERAL INFORMATION

ETHIOPIA

50th anniversary of the end of the Italian occupation

The 50th anniversary of Italian withdrawal after the five-year occupation (1935-40) by the Mussolini régime was celebrated on 6 April. Wolde Amanuel Hailu, the Ethiopian ambassador to Brussels, made this the opportunity for a press conference and handed out a note on the exploits of Haile Selassie's small force against the 300 000 strong Italian army.

The point of the festivities was the symbolic aspect of a victory typifying Ethiopia's spirit of independence. According to the note, Ethiopia considers that the seeing off of one of the most powerful armies of Europe 50 years ago was a matter for great national satisfaction, since it was also the failure of the first and only attempt to colonise the country.

Ethiopia has many internal economic and political problems to handle in 1991. Under-development, linked to natural factors and the choice of aims, together with the question of where the eastern regions should stand in the national unit, are a cause of major concern to the government. What the government wanted, the ambassador made clear, was to achieve peace in Eritrea.

He recalled what had been done to facilitate the structural adjustment negotiations with the Bretton Woods institutions and stressed the importance of cooperating with the European Community, which had recently sent out a high level mission to sign an agreement on a Lomé IV five-year economic development programme with the Ethiopian government.

According to the Ambassador, both the delegation of high level officials from the Commission and the members of the European Parliament's Development Committee who joined the official visit to Ethiopia were positively impressed by the real effort and the vast amount of progress which the country had made in various areas of national life to overcome poverty and get long-term development off the ground. ○ L.P.

Declaration on Ethiopia

The Community and the Member States welcome the opening of the port of Massawa and the initial success in dispatching aid down the northern assistance corridor. They have congratulated the people involved for their positive response to the call to put the needs of the drought-ridden peoples of Eritrea before any political considerations and appealed to both sides to ensure that the operation goes on being a success. They hope that the reopening of the assistance corridor will boost confidence in the peace process.

FISHERIES

EEC-Morocco Joint Committee meets

The Joint Committee set up by the EEC-Morocco fisheries agreement (initialled for a period of five years on 25 February 1988) held its annual meeting in Brussels in March.

The Moroccan delegation was led by Saad Tazi, head of sea fishing and fish farming, and Manuel Arnal, director at the Directorate-General for Fisheries, led the Commission delegation.

The delegations began talks with a view to preparing the renegotiation of the EEC-Morocco fishing agreement which expires on 25 February 1992. Discussions centred on the initial estimates of the Committee, which is due to produce a report on the situation of the fish stocks.

Both parties were satisfied at the working of the agreement during the third year of operation. They exchanged information on utilisation for each category of fishing, welcoming the fact that the most had been made of nearly all the possibilities. The only exceptions were the seasonal seine fishing and pelagic trawling and the failure to fish for sponges.

The parties agreed that the fishing possibilities in effect during the third year of the protocol should be carried over to year four.

In accordance with Article 7, they agreed that there would be a biological rest from trawling (northern zone) throughout the month of February 1992.

The lobster fishing protocol was extended for another 11 months from 1 April.

The delegations were interested in improving stock evaluation and exploitation.

OVERBOOKING

Airline overbooking regulation now in effect

Summer is nearly with us, with flights on the increase and overbooking the risk it always is in times of heavy traffic. A passenger with a firm reservation may well be prevented from boarding the aircraft because the agent has accepted too many bookings and it is already full.

Henceforth, if this happens, the passenger's rights are clearly laid down in the regulation on overbooking which came into effect in the Community on 8 April. Karel Van Miert, the European transport commissioner, welcomes the Transport Council's adoption of this new regulation, as it protects the consumer from abuse and clearly states what his basic rights are.

Airlines fix and publish their own rules on passenger embarkation in cases of overbooking of flights leaving from airports in the Community. Not only must the overbooked passenger be rescheduled. He must also be given a minimum amount of compensation, in cash or travel vouchers, calculated according to the distance and the delay involved in catching a different flight.

The passenger is also entitled to communications facilities and to food and lodging to suit the length of the delay.

Mr Van Miert believes that the new regulation will improve passengers' confidence in the airlines and simplify relations between traveller and carrier when things go wrong. Flying will be developing enormously in the Community in the coming years, after all.

Delay in arriving at destinations	Flights of less than 3 500 km	Flights of more than 3 500 km
Less than 2 hours	ECU 75	
More than 2 hours	ECU 150	
Less than 4 hours		ECU 150
More than 4 hours		ECU 300

COPYRIGHT

How long should it last — 50 years or 70 years?

Consultation of people interested in harmonising the period of copyright and similar rights is to be organised by the Commission in Brussels on 13-14 June.

As announced in its work programme, the Commission intends proposing a directive on the harmonisation of the duration of copyright etc during the course of the year and it is ensuring the best possible preparation for this by going in for broad consultation of the milieux concerned and inviting them to say what they think.

The first stage involved the Commission circulating among the main people concerned a questionnaire on the problems which such harmonisation might raise and inviting them to submit their ideas in writing by 1 May.

In stage two, the Commission will organise a hearing of associations which have replied to the questionnaire. This should be an opportunity to clarify the positions expressed in writing and discuss any controversial issues.

BIOTECHNOLOGY

Commission boosts internal coordination

The Commission, which is well aware of the importance of biotechnology to the future of Europe, must clearly tell interested parties what its intentions are in this field.

Biotechnology is of increasing importance in many sectors of Community activity and, given the multidisciplinary nature of it, cooperation between the various organisations involved has to be improved. The chemicals industry, the pharmaceuticals industry and the food industry are prime areas of biotechnological application — which also have effects on the environment, ethical matters and health and safety, as well as on the protection of consumers' interests.

This is why the Commission has set up a new, high-level inter-departmental unit to devise a balanced Community biotechnology policy. The biotechnology coordination committee is chaired by David F. Williamson, Secretary-General of the Commission.

This committee, which covers every sector of Commission biotechnological activity, with the involvement of all the departments concerned, has three main tasks — to look at new initiatives by Commission departments and prepare the Commission's final decisions, to set up round tables, where necessary, to be attended by Commission, firms and other interested parties and to evaluate the Community's present biotechnology policy.

ACP DEBT

Hiatus

The Council held an exchange of views on the exploratory discussions being held on this subject by the responsible Council working party in cooperation with the Commission.

It emphasised the need to observe the fundamental principles of the international debt strategy in the course of discussions on the subject, namely the case-by-case approach and application of the appropriate economic conditionality.

It was agreed that the matter would be re-examined at a future meeting which will probably take place in June, in the light of the conclusions reached by the working party.

The ACPs continue to seek the cancellation of all their debts vis-à-vis the European Community under all the Conventions prior to Lomé IV. (Ed. note).

ELECTRONICS AND COMPUTERISATION

The findings, the challenges, the proposals for action

The new technology deal, in which markets are world-wide and products short-lived, forces the electronics and computer industries of the Twelve to look to structural adjustment.

They provide three major categories of product and service — the components, which are the basis of all electronic systems and equipment, computer hardware, software and applications and finally mass electronics, i.e. TV sets, video recorders, camcorders and so on.

The electronics-computer industry, together with telecommunications, represent something like ECU 175 billion in the Community today — about 5% of the combined GDP of the Twelve — and it will be up to almost 10% by the year 2000. The importance of the industries is also linked to the disseminating nature of their technologies, which permeate the major part of our economic and social fabric and play a vital part in the competitivity of industry and the quality of services. Their effect on employment is considerable too, as 60-65% of the working population is concerned, directly or indirectly, by these technologies and their applications.

The European industry is in what might seem an enviable position in some of these sectors (software, advanced production equipment and telecommunications) but there is cause for concern in essential areas such as microchips, computer hardware and household electronic equipment. European production is all too often present in 'very mature' technology but not present enough in the commercial exploitation of new products. The reasons for this are known, of course, and are primarily to do with the fragmentation of the Community market, something which hampers economies of scale.

The market is now a global one and it is therefore particularly important to make sure that the conditions of competition and access to all the markets in the different industrial zones really are equal.

This is, in outline, the frank analysis recently finalised by the Commission.

True to the concept of a European industrial policy adopted in November 1990, which received the political backing of the Twelve's Ministers of Industry, the Commission does not intend to go for a sectoral move in the electronics and computer industry. It will foster discussion, especially with the Member States, but basically it proposes to continue with a fruitful dialogue with all the parties concerned (producers, users and investors) to decide how the conditions might be improved in the long term with due respect for the roles of the various partners.

Firms will have to shoulder their responsibilities and make specific commitments that are clear and precise. The Commission is proposing five courses of action to the Twelve to improve the general situation in which firms find themselves. These schemes deal with boosting demand, technology, training, relations with the main trading partners and the company environment.

Why these industries? Four reasons.

1. They do not constitute a sector like the others. They are a family of closely interdependent technologies with a large market (ECU 700 billion, 5% of GDP, in the world in 1990, including telecommunications). And it is growing. But above all, they develop fast-evolving, disseminating technologies which permeate the major part of the economic and social fabric and are essential to the competitivity of industry and the quality of services.

2. They call for large investments in R + D and production and force firms to expand to exploit the economies of scale and learning. Their rapid development is a decisive advantage for the first arrivals on the market.

3. Their globalisation demands that there be international rules of the game to ensure fair competition and access to the markets.

4. Some of the biggest European firms are in difficulty and having to go in for costly and arduous adjustment.

EUROPEAN COMMUNITY

Action Jean Monnet 1991

'University courses in European integration'

45 more chairs in October 1991

The Commission has agreed to support 242 university schemes to set up new courses on European integration at the beginning of the 1991-92 academic year.

The idea of Action Jean Monnet, which Jean Dondelinger, Commissioner for the Community's audiovisual and cultural policy, launched in response to demand from the academic world, is the rapid creation of special courses on European integration, i.e. on the construction of Community Europe and its institutional, legal, economic and social developments. The main subjects involved are law, economics, political science and history.

The Commission's financial support is primarily to endow 45 chairs of European integration within the Community.

Action Jean Monnet I created 46 chairs in 1990 and, in less than two years, 100 or so universities and other higher educational establishments have brought in compulsory, permanent basic courses in law (33 chairs of Community law), economics (24 chairs of European economic integration) political science (20) and history (14 chairs of the history of European integration).

Action Jean Monnet II is also offering support for 188 permanent courses and modules in European studies and a total of 250 establishments will now have a wider range of European and Community courses on their timetables. The Commission has benefited from the advice of the University Council for Action Jean Monnet II [1] in its running of the scheme. This body has vetted the 778 applications and suggested an order of priority in the light of syllabus content and the innovative and obligatory character of the new courses. Priority in any case goes to 1st and 2nd cycle courses.

The enthusiastic response from higher education reflects the academic world's concern to speed up the training of graduates for the Europe of 1992 and political union thereafter.

The third and final stage of Action Jean Monnet is due in 1992, when an equivalent number of European chairs and permanent courses should benefit.

The University Council for Action Jean Monnet plans to continue cooperating with the universities with a view to ensuring general availability of European integration courses by the end of the century.

Further information can be obtained by telephoning Brussels/236 19 19 or 235 25 86.

	Law	Econ.	Pol. Sc.	Hist.	Mixed
45 European chairs	19	12	10	4	
128 permanent courses	42	35	17	9	25
60 European study modules	13	18	3		26
9 research asst.	3	3	3		
242 TOTAL	77	68	33	13	51

(1) An exclusively university body comprising representatives of the Liaison Committee of Rectors Conferences of Member States of the European Communities, the president of the European University Institute in Florence and representatives of the European Community Study Association, which groups the national associations of European integration teaching specialists.

SINGLE MARKET

Help for border regions

Bruce Millan, European regional policy commissioner, spoke on the suppression of barriers in Europe and the role of inter-regional cooperation at a conference organised by Kent County Council in Ashford recently. What he said is outlined below.

'The subject of this conference Breakthrough Europe' is a very pertinent one, as we are indeed witnessing some important, nay historic, breakthroughs in Europe at the present time.

The single market is about to be completed, one of the most important steps along the path to full European integration. The Community has embarked upon the next step of the process too, by organising inter-governmental conferences on economic and monetary union and political union. And 1991 could well be the year in which we stop the clock for the Community's next big leap forward, monetary union, and take important steps towards closer political integration.

Future historians will, I am sure, see the dramatic changes which took place in Eastern Europe a year and a half ago as among the most significant advances in democracy and individual freedom this century.

Closer to home, here in Kent, you were also witness to a vital happening when, for the first time, a Frenchman and a Briton shook hands across a new frontier in the Channel Tunnel, that immense scheme which also symbolises the rapid disappearance of obstacles to cooperation throughout Europe.

However, there is cause for serious concern here and that is that there may well be losers as well as winners in the single market. When the Single Act was signed in 1987, the weakest parts of the Community were worried that a single market would expose them to irresistible competition. The response to this was to point to the need for more vigorous promotion of economic and social cohesion within the Community and get it enshrined in the treaties.

The Community's principal instruments of economic and social cohesion are the three structural funds. Although the prime aim of these funds is to help the underprivileged regions improve their internal structures, it is clear that our duty is to help the regions and the towns set their drive for economic development in a broader Community context. This is particularly true for the frontier regions, which have the opportunity to work more closely with their neighbours now that barriers to the movement of goods, services, workers and capital are down.

But it will take more than the removal of the barriers to alter the pattern of economic activity which has been developing in a distinct national context for many years. This is why we have set up INTERREG, a Community scheme to help the frontier regions of the Community to adapt to their new situation in a single, frontier-free market and foster a spirit of active cooperation between the regions either side of the national frontiers.

Thanks to an ECU 900 million budget, INTERREG can help with the joint planning and implementation of cross-border programmes. It can also help with measures to improve the flow of information across frontiers between public bodies, private bodies and voluntary institutions in the regions concerned. And lastly, it can cofinance mixed institutional and administrative projects to promote cooperation.

As you can see, INTERREG is a vast programme with enormous opportunities when it comes to imaginative initiatives. These could include, say, cooperation in supplying SMEs with services and equipment. They could also cover cooperation with pollution control and with organising joint marketing bodies or units to provide vocational training, including language training.

Economic and social cohesion is a complex objective. The obstacles to it may change as time goes by and vary from one region to another. Accordingly, the Commission has always to monitor new problems, posing new challenges, as they emerge. The regional development fund finances experimental schemes in the form of studies and pilot projects to find out how the Community can take its economic and social cohesion policy further...

The Commission also encourages contact and cooperation between towns and regions all over the Community. At the end of 1989, it launched a programme to facilitate contact and the exchange of information on this and there have been 120 exchanges since. Phase two of this interregional cooperation drive started at the end of the year with the setting up of 12 networks to help groups of regions and towns run projects of mutual interest.

The towns and regions are giving more proof of political dynamism too, by forging strategic alliances and stressing the role the regional and local authorities should play in the European Community. The Commission has responded to this by setting up a regional and local authority advisory Council. This offers the authorities an 'infra-national' forum in which they can make their contribution to Community decision-making on a consultative basis. Over the past few months, this body has taken another look at its role and made a number of suggestions as to how it can boost its influence over the decision-making process. Its opinions will be discussed at the inter-governmental conference on political union. It is too early to say what the outcome of this might be, but my personal feeling is that we will probably see the political powers of the regional and local authorities increased'.

FRONTIER CONTROLS

More simplification of frontier controls pending abolition in 1993

The Internal Market Council took a big step towards the single market in

March when it reshaped a 1983 directive already intended to simplify customs formalities and controls. The new text does more to facilitate the goods trade in the Community, pending abolition of the frontiers in 1993. 'The idea is to get the traffic in the Community flowing better', said Mrs Scrivener, the commissioner for tax and the customs union. 'Transporters and businesspeople will be seeing major improvements in trade in the Community this year, pending the opening of the real single market in 1993'.

Directive No 83/643, already amended in 1987, provides a whole series of measures to cut the waiting time for goods at the Community's internal frontiers. One thing is the new spot checks on goods, replacing the systematic checking there was before, with only one article examined per consignment between two Member States. There are customs posts throughout the Community territory, not just on the geographical frontiers, and it is therefore more rational to use their services rather than those of frontier posts which get crowded with traffic. This should make the queues at frontiers much shorter.

The directive will maximise the effects of this redistribution by increasing the minimum opening times of customs posts inside the Member States to make formalities easier. They will therefore now have to be open 10 hours per day from Monday to Friday and six hours on Saturday.

The Member States will have to implement these provisions on 1 September at the latest. The directive will be withdrawn in 1993, when the Community's internal frontiers come down.

EIB

ECU 5 million loan for an iron ore mine in Mauritania

The European Investment Bank (EIB) is lending ECU 5 million (2) for developing an open-cast iron ore mine in Northern Mauritania. The funds from risk capital resources provided for under the third Lomé Convention and managed by the EIB, are made available in the form of a conditional loan (3) for 18 years at 3 percent to the Islamic Republic of Mauritania. The Government will pass on the proceeds of the loan in the form of a convertible shareholder's advance to Société Nationale Industrielle et Minière (SNIM), a semi-public company in which the State has a majority holding.

The project is expected to cost ECU 155 million and comprises mainly handling equipment, crushing and stockpiling facilities, a power line and road and rail links for transporting of the mine's output to the export harbour.

The EIB is envisaging further lending for this project under the fourth Lomé Convention which is expected to enter into force later this year.

Additional funding is also expected to come from the Caisse Centrale de Coopération Economique (Paris), the African Development Bank and the World Bank Group.

For further information, please contact the Information Division (Mr M. Messner, tel.: Luxemburg 4379-3243).

(2) Conversion rates used by the EIB for statistical purposes during the current quarter are those obtaining on 28/3/1991 when 1 ECU = GBP 0.69, IEP 0.77, USD 1.20, BEF/LUF 42.37, DEM 2.06, 99.36 MRO.

(3) Of which the term, repayment arrangements and interest rate may vary according to conditions specified in the finance contract.

IN MEMORY OF Marina Baraldini

Eighteen months ago, our friend Marina Baraldini, an expert on health problems at the Directorate-General for Development, tragically met her death in the Ténéré desert in Niger. She had been returning from a mission to Chad when her plane crashed as a result of terrorist action.

By unveiling a plaque in her memory at the entrance to the Berlaymont meeting room, the Directorate-General for Development has sought to betoken our friendship, our remembrance and her continued presence among us.

Mr Ignacio Garcia-Valdecasas, Head of Cabinet to the Vice-President Mr Manuel Marin, presented condolences to Mrs Baraldini, Marina's mother, on behalf of the Commissioner who was detained in Luxemburg for talks on the famine in Africa.

Marina's Baraldini's mother attended the commemorative ceremony in the presence of Mr Dieter Frisch, Director-General for Development, and Mr Ignacio Garcia-Valdecasas, Head of Cabinet to Vice-President Manuel Marin

Mr Dieter Frisch, Director-General for Development, expressed his sympathy and condolences to her family and to her many friends at this time of sorrow.

He retraced Marina Baraldini's career with the Development Department. Following two years with the Secretariat of the Committee on Development of the European Parliament, Marina Baraldini then joined DG VIII in 1984. Her brief was to follow up the 'Health' dossiers, and it was in this capacity that the vice-President, Mr Lorenzo Natali, assigned to her the task of launching the Community Programme to combat Aids. Throughout her brief career, Maria Baraldini was devoted to meeting the fundamental needs of the ACP peoples, and gained widespread recognition for her competence and her truly remarkable sense of commitment, passion, endeavour and dedication.

Her smile and her joie de vivre will remain with us always.

IRAN/TURKEY

Community Emergency Aid to refugee and displaced peoples

Between 3 and 12 April 1991, the Community assigned a total of ECU 105 million in emergency aid to the refugee and displaced peoples of Iraq. Of this amount, 2/3 will go to Iran, and 1/3 to Turkey. The amount actually committed is ECU 68 527 500 including:

Flights	336
Family tents	66 672
Blankets	1 448 803
Foodstuffs	24 445.5 t
incl. protein biscuits	2 003.80 t
Expatriate staff	218
Local staff	450

The Community's operational partners in this action to bring aid to the refugee and displaced peoples of Iraq include humanitarian organisations (Médecins du Monde, Médecins sans Frontières, Pharmaciens sans Frontières, etc...), specialised UN organisations (UNHCR, ICRC) and the European Communities Commission itself.

Kurdish women and children in a Community aid distribution centre

FOOD AID

Following the favourable opinion of the Food Aid Committee, delivered at its 61st meeting on 21 March 1991, the Commission has taken the following decisions:

(in tonnage)

		Cereals	Milk powder	Butteroil	Other products
ANGOLA	FPU	25,000			1,500 V.O. ECU 3.5 m (¹)
MOZAMBIQUE	FPU/FD	145,000	1,300	300	400 S. 3,000 V.O. ECU 3.0 m (¹)
ICRC	FD	8,000			350 S. 1,000 V.O. ECU 1.0 m (¹)
DOMINICAN REPUBLIC	FPU	10,000			
UNHCR	FD	45,000	1,200		3,500 S. 5,000 V.O. ECU 5.0 m (¹)

FD: Free at destination; FPU: Free at port of unloading;
V.O.: Vegetable oil; S.: Sugar.
(¹) Legumes.

Since the end of 1990, there have been growing indications of a massive food crisis developing in sub-Saharan Africa. The Council of Ministers for Development of 5 November 1990 had already highlighted the real danger of an unprecedented famine caused by the drought, and worsened by the political situation, sweeping over the Horn of Africa region.

The Horn of Africa is not the sole victim of the effects of this famine; Southern Africa, including traditionally self-supporting and indeed even exporting countries, the Sahel as well as West Africa, are currently suffering serious problems (Somalia, Liberia, Mali, Angola, Mozambique, Mauritania, Burkina Faso, Niger, Chad, Cameroon).

The combined response of donors at present covers 2 million tonnes (i.e. less than 50% of needs) and could reach as much as 3 million tonnes (i.e. 68% of needs) if account is taken of unconfirmed intentions, leaving an uncovered deficit of between 1.5 and 2 million tonnes.

WALLONIA

'A new political entity and a new partner in co-operation', says Minister Albert Liénard in the *'Courier'*.

The Minister for External Relations of the Walloon Region, Mr Albert Liénard, outlines in an interview with the Courier, the political dimension of the regions, and in particular that of the Walloon Region, in Belgium, and the special role it can play in economic co-operation with the African States.

► *What, Minister Liénard, is the main focus of Wallonia's External Relations policy and co-operation with the African States?*

— Wallonia's External Relations policy first has to be set in the historic context of Belgium's new institutional configuration.

In the decentralisation process now under way, which federalises the structures of our country, the Walloon Region as of this year has full autonomy and jurisdiction, particularly concerning foreign trade, owing to the transfer of most of the powers of the Belgian external trade office (OBCE) to the regions. But development co-operation, it must be remembered, is still a matter of national jurisdiction.

The two mainsprings of the Walloon Region's external relations are promoting exports, that is to say, helping our undertakings to export by providing them with the right framework and instruments, and putting Wallonia on the map abroad by positioning it as a political entity in the international context.

This new institutional status offers a number of advantages in terms of flexibility and proximity to our undertakings, but also from a strategic standpoint. More especially, it allows it to enter into various kinds of conventions and agreements with institutions in other countries.

With regard particularly to the Walloon Region's relations with Africa, my policy is part of a global strategy — Plan 'W' — which is a project aimed at opening Wallonia and the Walloons to Europe and the world.

Minister Liénard during discussions in Guinea

In essence, this socio-economic development strategy sets out to mobilise the technological, human and financial resources of our region so as to heighten the accountability and involvement of the co-operating partners. In terms of concrete actions with the African countries, our relations as partners are to be differentiated from the traditional donor/recipient form of co-operation, which our financial resources moreover preclude.

In point of fact, the relations we are initiating with our African friends fall within an innovative framework, aimed at adapting instruments to strategies, the economic spin-offs of which must be mutually beneficial for Wallonia and, in a development context, for the ACP countries concerned.

► *What is the philosophy underlying the Walloon Region's action with regard to Africa?*

— I am convinced that, although Africa's economic future cannot today be envisaged without an intensified, reconsidered and concerted effort from the international community — more in terms of efficiency and coordination than in quantitative terms — it is illusory to hope to achieve development objectives without closely and actively associating the Africans concerned as fully-fledged partners.

A partnership of this kind, based on more balanced contributions, a more genuine sharing of responsibilities and a more equitable distribution of benefits, calls for a radical change in the recipient/donor mentalities which have prevailed for thirty years.

The new kind of partnership we would like to set up means devising new models of development, uniting and coordinating the actions of public and private partners of the North and South.

The signatories of the fourth ACP-EEC Convention, signed in Lomé on 15 December 1990, have clearly understood this. The inclusion in chapter III of articles 20 to 22 promoting cooperation between new decentralised actors in fact opens the way for regional contributions favouring the setting up of decentralised centres of development in Africa. This initiative should allow for the development of an SME — SMI fabric with a human dimension by bringing together decentralised public and private actors supported by financial backers.

Through its initiatives in this direction, the Walloon Region has already forestalled Lomé IV.

► *What are the main projects undertaken by the Walloon Region to date, and why were they chosen?*

— I have consolidated this policy, principally in West Africa and Central Africa, through several kinds of bilateral action.

These include; by developing with the Centre for the Development of Industry (CDI) some 40 industrial partnership projects in twenty countries, associating

African and Walloon undertakings, by looking in this way to provide incentives to small and medium-sized industries, and by optimising the relevant technologies of our SMEs. The latest estimate puts the success rate at between 20-25%. The Walloon Region has thus become the CDI's main regional European partner within the framework of the Lomé Convention between the 69 ACP countries and the European Community. We will this year be celebrating the Fifth anniversary of this agreement protocol, by concluding a similar agreement with the Société Belge d'Investissement International (SBI) on 30 March 1990, (Cheysson facility) [4], aimed at non-ACP developing countries, including North Africa. We signed partnership agreements with five countries at the time of the Round Tables and sent economic missions to Guinea, Senegal, Zaire (Shaba), Mauritania and the Congo. These resulted in an active contribution to the creation of regional centres of development, including a pilot project of the Société de Développement Régional (SDR) in the Congo — associating private, public, African and Walloon actors and financial backers — which will be operational by June 1991. African trainees (from Guinea, Zaire, the Congo, Senegal) are also being welcomed in Wallonia in the public and private management sectors. The services of experts from universities, research centres and the business world are also being made available. There are furthermore, the negotiations now under way with various financial backers, including the African Development Bank in Abidjan, and the European Investment Bank in Luxemburg.

This strategy, which has so far been developed more specifically in French-speaking sub-Saharan Africa, is now being extended to include Burundi, Rwanda, the Ivory Coast and the Maghreb.

In looking to consolidate the partnership with African countries, the Walloon Region is taking part multilaterally in the summits of French-speaking countries.

It is particularly active here working together with the Agence de Coopération Culturelle et Technique (ACCT) in the energy, agriculture and environment sectors, and the language industry; 22 projects have got off the ground since the first of these summits in Quebec.

Within the Assembly of European Regions (AER), Wallonia also plays a driving role, particularly in the follow-up to the First Europe-Africa Encounters between decentralised development operators, which was held in Dakar in February 1990 and brought together some fifteen regions of Europe and ten or so African countries.

► *How are you reconciling the Walloon regional and European approach with that of more centralisation-oriented African countries?*

— One has to be clear on what is meant by regional approach. The Walloon Region, for its part, is making a contribution to the setting up of decentralised economic policies, as it did in the follow-up to the Mauritania and Congo Round Tables.

On the question of decentralisation, Belgium has some experience which, on the whole, is positive. So why not have it benefit our African friends?

As you know, this approach ties in with the opening up of democracy, with the liberalisation and privatisation of economic systems, insofar as each actor, both public and private, has a specific and complementary role to play.

Yet this can only come about within the scope of a national economic and social policy which coordinates rather than centralises. In some countries this process is already under way. But much work remains to be done.

Let us not, however, lose sight of the need for an economic and social transition which is essential in setting up instruments and institutions.

The structural adjustments needed from an economic and financial viewpoint must not be neutralised by a lack of cultural and social understanding and jeopardise the democratisation efforts under way.

Nor must education and training be overlooked, for one cannot change mentalities and habits by simply waving a magic wand!

► *How do you see the future of co-operation between the regions of Europe and the ACP States?*

— In addition to and at the same time as decentralisation, which is essential for the economic and social development of each country concerned, it is my view that the conditions for regional co-operation between countries must be brought about as quickly as possible.

This should in the shortest possible time lead to a stepping up of South-South and South-North trade with the help of the European regions to promote regional integration in a process similar to that of the European Community. In such a context, co-operation between European regions and ACP countries, Africa in particular, can but be increased.

Personally, I prefer constructive talk and concrete actions, even modest, to what I would term Afro-pessimism, which is likely to discourage both foreign and African investors. The real challenge is to reinstil confidence...

[4] Named after the former Commissioner (Claude Cheysson, France), responsible for development at the European Communities Commission.

During the signing of the agreement for the development of the Congo Basin in 1990 between the Congolese government and the Region of Wallonia, a meeting of businessmen brought together European and African investors, and representatives of Member States and other countries in the Congo. The Congolese Ambassador in Brussels Mr Gambouélé (right) was also present

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INDUSTRIAL OPPORTUNITIES

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STRATEGIES FOR SURVIVAL IN A FREE MARKET

Many ACP industries have grown up in a climate where regulations designed to foster import substitution protected them from outside competition. However, in the long term they are going to have to stand up to free competition from foreign companies with more resources, larger home markets and, often, low labour costs. Here is how one successful and dynamic company from the small Caribbean island state of Dominica is tackling the problem.

In 1990 Dominica Coconut Products (DCP) celebrated its 25th birthday. There was plenty to celebrate. Their toilet soap Refresh is brand leader in the Caribbean. They manufacture a number of household name brands of soap, dishwashing liquid and cleansers, under licence or on contract. The latest product to be manufactured under licence, since last June, is Johnson's Baby Lotion Soap. The company employs over 100 people in an up-to-date, well-equipped plant. But the picture is not all rosy.

Jamaica, for example, which absorbs about 50% of DCP's output, is deregulating fast in accordance with loan conditions imposed by the IMF and the World Bank. Quantitative restrictions on imported goods have been removed and tariffs on extra-regional imports are being reduced. Last year a synthetic laundry detergent bar imported from outside the Caribbean Region took market share and volume from DPC's laundry soap made from relatively expensive Dominican coconut oil. To compete directly with a similar product DCP would have to invest heavily in new equipment and import all the raw materials at significant cost.

However, while DCP continues to wrestle with this particular problem, they have been pursuing a long-term strategy of diversification into higher value-added products and niche markets. In 1987 they commissioned a study, assisted by CDI, to investigate the setting up of a cosmetics plant. The evaluation was positive, the plant was built and further visits by a cosmetics chemist led to the formulation of a range of personal care products. Ecu 2.2 million were invested in the project and 18 jobs created.

The new Nature Care range (which includes lotions with cocoa butter, Aloe Vera, conditioner and shampoo), has now been launched with a sales forecast of Ecu 1.8 million in the first year, rising to Ecu 2.6 million. CDI assisted with the development of the formulations and start-up training. DCP now plan to supplement the range with suncare products and deodorants, once again assisted by CDI.

DCP has made progress in niche markets too. In the field of hotel amenities they landed a contract to produce a luxury cellophane-wrapped, gold, translucent soap bar for the Taj Mahal Casino and Resort in Atlantic City, New Jersey.◆

Some of Dominica Coconut Products' range.

A PROBLEM OF AWARENESS

Surendra Sharma, CDI's Deputy Director, returned recently from a mission to five countries in the Pacific and Caribbean Regions. He held wide-ranging discussions with ministers of trade and industry, decision makers in finance ministries, national authorizing officers, economic planners, chief executives of development banks, commercial bankers, industries and manufacturing associations as well as the heads of CDI's antenna institutions. This was his conclusion.

"Creating awareness of CDI in most of the countries we are required to serve will be a sizeable task if Fiji, Tonga, Papua New Guinea, Jamaica and Barbados are anything to go by. It is also a necessary task, in order to establish CDI's credentials at decision-making level in both the private and public sectors.

"The whole spectrum of key decision makers responsible for shaping industrial policy, making resources available and providing finance, or who lead industrial enterprises, need to have more than a casual awareness of CDI. They should perceive us as a significant potential collaborator in the task of developing and enlarging the industrial sector.

"In-depth awareness of CDI is an important pre-requisite if we are to implement successfully our new strategy of being a catalyst between the technological, financial and entrepreneurial resources of the EC and the industrial potential of the ACP.

"Not infrequently we have been regarded as only marginally useful, an impression that emerged quite strongly in some of the countries I visited. We must convince people that CDI's interventions really will strengthen, broaden and add linkages and capacity to industry, that would not otherwise be achieved."◆

PACIFIC AND CARIBBEAN ANTENNAE MEETINGS

Challenges to development and Lomé IV priorities highlighted

Fundamental changes in Europe and the new emphasis on strengthening CDI's presence on the ground gave the first Regional Antennae Meetings to be held under Lomé IV particular significance. In addition, the Caribbean Region has been greatly enlarged and its population increased to 18.1 million by the addition of Dominica and Haiti to the ACP group of States.
The meetings routinely provide an opportunity to review the working relationship between CDI and its antennae and to iron out problems. They also allow contacts to take place between antennae to foster regional cooperation and pool the benefits of experience. The meetings were officiated by Surendra Sharma, CDI's Deputy Director and conducted by CDI's regional officers and experts and the antennae. Similar meetings will soon take place in the four African Regions.

THE PACIFIC MEETING

The Pacific Antenna Meeting was held on the 7th and 8th February in Nuku'Alofa, Tonga, and was attended by antennae from Fiji, Kiribati, Tonga, Tuvalu, Vanuatu and Western Samoa. In an introductory address Surendra Sharma, CDI's Deputy Director, stressed the increasing emphasis CDI is giving to the antenna as the focal point of its contacts in ACP States. Furthermore, a network of correspondents would be progressively added to supplement the work of the antennae, to deepen CDI's penetration of the industrial sector in ACP States.

Peter Alling, CDI Desk Officer for the Region, then described how the new priorities of the Lomé IV Convention would be implemented. (See the accompanying article by Gary Aylmer, which covers similar ground.) Simpler internal procedures to reduce bureaucracy in Brussels relating to decisions on requests for assistance, payments etc., will be instituted. There will be more opportunities for antenna training.

Jaindra Kumar, Head of Investment Promotion and Project Monitoring at the Fiji Trade and Investment Board (FTIB), CDI's antenna, described his country's experience in a paper on tax free zones in Fiji and the applicability of such zones to other Pacific States (see pages 4 and 5).

A SMALL ISLAND STATE ECONOMY

Bruce Maguire, Deputy Managing Director of the Tonga Development Bank gave a resume of Industrial Development and the government's role in this small island state.

Surendra Sharma, Deputy Director of CDI (second from right) with senior financial and industrial figures at the Pacific Antennae Meeting in Tonga.

Until recently Tonga relied heavily on agricultural production - banana, copra and coconut products - for its export earnings. These products were often gravely affected by tropical cyclones and droughts, leaving the country's balance of trade in a vulnerable position and failing to meet the increasing demand for revenue and income to enable government, as well as the private sector, to meet the growing demands of the economy.

An Industrial Incentive Act, passed in 1978 was a stepping stone in industrial development. During the last five years, non-coconut based industries such as woollen knitwear, leather garments, footwear, patchwork items and optical accessories have assisted in replacing coconut oil and dessicated coconut as main contributors to the countries traded commodities, contributing 32% of total export earnings in 1989/90.

It is estimated that at the end of 1990 there were 2500 people employed in the industrial sector, 11% of the total population in paid employment, exceeding by 1000 the number envisaged in the 1985-90 development plan.

The Government's main role in industrial development in Tonga is to create an environment conducive to private investment by providing adequate infrastructure, incentives and technical assistance. But there remain many constraints of which one of the biggest is the shortage of financial resources and capital. Although loan funds are available through the Development Bank, the equity requirements remain a major constraint to the expansion of industry.

Tonga is far from the major world markets, meaning higher costs in freight for exports and imports. Companies are forced to hold higher than normal stock levels, increasing their working capital requirements. Tonga's isolation also means that marketing opportunities are often lost or not seized upon quickly enough.

Labour is still relatively cheap. However, intensive training is required and the labour market for skilled people is very limited. Management capacity needs to be developed to a higher level. A large number of entrepreneurs still lack many basic management skills required to ensure the long term viability of industries.

ANTENNAE VIEWS

At a working session the antennae gave their views on CDI's operation and strategy and put forward their own proposals. They recommended that Regional Antennae Meetings should be held more frequently, probably once a year and that CDI should endeavour to conduct longer and more frequent missions to ACP countries.

The antennae supported the concept of developing CDI's ACP network and, as a start, will submit comments regarding the proposed network in their respective countries. Each antenna will compile a list of industrial sectors which are interesting or important to their country. CDI will then disseminate relevant EC industrial proposals to the respective antennae.

The draft Antenna Manual was well received by all antennae and should be proceeded with. They will study it and submit comments and suggestions.◆

HOW ANTENNAE CAN HELP IMPROVE CDI'S PRESENCE IN THE FIELD

by Gary Aylmer

Addressing the Caribbean Regional Antenna Meeting, Gary Aylmer, Desk Officer for the Region, outlined the developing role of antennae and field representatives in implementing CDI's new priorities under Lomé IV.

Evaluations of CDI's activities by external consultants during the Lomé III Convention, while generally favourable, also identified weak points. These were our relative isolation from other bodies involved in the promotion of industrial development, limited resources, poorly defined responsibilities, a lack of global vision and poor project follow-up.

CDI functions as an interface between two networks, one in Europe and one in the ACP States. Combined they comprise all the complementary entities involved with development, from governmental through financial to individual firms and entrepreneurs. Developing the EC network is essential in order to find European joint venture partners and assist them, mobilize additional resources and help ACP products to penetrate European markets.

ACP State networks include similar entities: ministries, banks, international aid organizations, EC delegations, trade associations and key companies.

No increase in projects, but more assistance

To use CDI's capacity to the full, a steady stream of 5 to 10 sound projects from each country are needed each year. Our new approach, designed to implement the priorities outlined in Lomé IV, will mean no significant increase in the number of projects assisted. They will be selected more carefully and will receive more CDI funds and man hours over a longer period.

A sectoral approach is being adopted. In Trinidad, for example, the potential of non-metal mineral resources is being developed. In Belize wood industries are being promoted.

One relatively new type of CDI assistance is project management, aimed at helping ACP and EC partners to manage their projects during the period between signing the final joint-venture agreement and factory start-up. Two examples of project management assistance in the Region are wax crayon manufacture in Jamaica and a brewery in Grenada.

Another measure which will help to ensure the smooth and successful implementation of larger projects is the use of steering committees. For all types of project, reporting will be improved.

More back-up for antennae

The number of CDI desk officers will be increased from six to eleven for all regions during 1991, with a subsequent further increase to a total of fourteen. This will enable closer working relationships with antennae, with more decentralization, to be achieved. It will help to ensure better identification and screening of projects, more rapid response and improved follow-up.

As well as generally promoting CDI, finding ACP partners for European firms and generating suitable requests for our assistance, our antennae provide us with information about their local industrial and business environment and have specific expertise in the fields of project evaluation, sectoral knowledge and marketing information.

Keys to optimizing effectiveness

Many aspects of strengthening CDI's presence on the ground and improving the effectiveness of antennae are the responsibility of CDI itself. We must provide the necessary support and respond rapidly to the needs of antennae and ACP promoters. The keys to optimizing effectiveness include selecting the right antenna organization and, in particular, the right contact person in that organization. We must provide comprehensive training through missions by CDI staff, antenna meetings, work experience in Brussels and an Antenna Manual.

The identity of the CDI antenna and his professional image can be reinforced by use of the CDI logo and corporate identity (visual style), business cards, promotional aids such as our video documentary and press relations.

Allowing antennae greater freedom of decision within defined limits is another key to optimizing effectiveness. Finally, objectives must be agreed and their achievement evaluated annually. Within the available budget, payment can then be linked to results. ◆

THE CARIBBEAN MEETING

The Caribbean Regional Antennae Meeting took place on the 19th and 20th February in Barbados. It was attended by antennae from Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, the Dominican Republic, Grenada, Guyana, Jamaica, St. Christopher & Nevis, St. Lucia, St. Vincent, Suriname and Trinidad & Tobago.

LOW EC INVESTMENT

In his opening address to the meeting, the Hon. Dr. Carl Clarke, Barbadian Minister of Trade, Industry and Commerce, outlined the problems facing the Region in developing investment and trade with Europe.

"The realities of our relationship with the EC during the life of the Lomé Conventions have not been encouraging. The hoped for flow of investment has been an almost imperceptible trickle and the terms of trade seem to be moving against us rather than in our favour. Although the European Commission insists that a stronger Europe will mean a stronger ACP, the EC economies have grown throughout the 1980s, while ACP economies - especially many in the Caribbean - have struggled.

THE REGION'S COMMITMENT

"The Barbados government and other governments of the Region are committed to the expansion of private sector-based industrial development. Their commitment is epitomized by their incentives legislation.

"Countries in the Caribbean have also paid a lot of attention to the development of their infrastructure and European investors might be pleasantly surprised by the favourable industrial environment awaiting them. Barbados, for example, has a modern deep-water harbour with the latest container handling equipment and a modern airport with facilities to handle the largest commercial aircraft.

"There are hundreds of miles of well-paved roads to all parts of the island and a reliable electricity generating system. Telecommunication facilities include a totally digital system with fibre optic cable, teleporting and a modern earth station satellite.

"The labour force is well-educated and productive and, last but not least, we offer political stability.

PREPARING FOR THE FUTURE

"In the Caribbean... we are striving to cooperate with organizations such as CDI to develop and implement in-plant and external training programmes to satisfy the present and future requirements of our industrial development thrust. An increasing number of States is likely to be seeking technical assistance in areas such as preparing training manuals, up-grading production management, improving marketing techniques, instituting adequate financial controls and improving product quality.

"We are not endowed, as individual territories, with adequate resources for undertaking country-by-country promotion work within Europe and in my view we must make a greater effort to use the resources of CDI. CDI must at the same time become more sensitive not only to our needs but also to our constraints.

"One thing which is clear as we look forward to 1992 and beyond is that we must attain a competitive edge in our products and in the marketing of those products. This is the harsh reality, whether we are looking at our product as an investment location seeking to attract capital from European industrialists or as a consumer item destined for the discriminating European buyer."

ANTENNAE VIEWS

To help to improve their effectiveness the antennae advocated the widespread use of the Antenna Manual (currently in draft form). Greater emphasis should be placed on training through a short regional training programme. CDI consultants should train new antennae in, for example, the use of computerized financial programmes. Antennae meetings should be held every twelve months.

They recommended a concerted effort to regularize and expedite two-way communication between CDI and its antennae. Quarterly status reports should be prepared on projects submitted by antennae.

CDI-recruited consultants should liaise closely with antennae before, during and after the execution of consultancy projects in antennae's countries. It was essential that the antennae receive copies of consultancy reports.

Where possible, antennae with the suitable expertise should be encouraged to function as consultants to other antennae.

An antenna evaluation system should be used. They also recommended a number of modifications to fees and payments. ◆

FIJI'S TAX FREE SYSTEM - A MODEL FOR PACIFIC STATES?

*by Jaindra Kumar **

It took almost fourteen years of studies and debates to establish Fiji's Tax Free Zone. The establishment of the scheme was expedited soon after the political upheaval of 1987 when economic activity came to a standstill and foreign reserves were at their lowest level, giving rise to salary cuts, devaluation, etc.

Fiji introduced the "outzone" model known as Tax Free Factories (TFF) which means that if an enterprise fulfills all eligibility criteria for qualifying, principally that 95% of the total production should be exported, it is granted TFF status irrespective of whether or not it is located in a designated area.

The reason why Fiji adopted the TFF model was because it did not have funds to construct special zones. The government was hard pressed to revive the economy and could not wait for the zones to be developed. Enterprises granted tax free status could therefore be located anywhere in the country. Most of the firms already producing for export qualified straight away.

THE ADVANTAGES

In a small economy like Fiji and most of the other Pacific Island countries, where the domestic market is constrained by its smallness, Tax Free Zones serve to promote more rapid industrialization and the production of manufactured goods for export.

They increase the rate of job creation, accelerate the transfer of advanced technology, attract private investment, both local and foreign, upgrade labour skills and productivity and create demand for upper level technical and managerial skills as well as generating foreign exchange. Additionally, they enhance a country's reputation as a good location for investment, projecting the image of a favourable business climate.

Tax Free Zones have often been regarded as controversial tools both on economic and social grounds such as their encouragement of short term development, exploitation of labour and failure to develop linkages with the rest of the economy. However, for Fiji the TFFs have brought four main benefits.

They created employment at a critical point in the country's history. Without TFFs there would have been high unemployment and the consequences would have been devastating.

The demand created by garment factories with their emphasis on quality has meant an increase in wages. The growing number of garment companies is creating competition for labour and further wage increases are expected.

Employment opportunities have become available for a large number of female workers. Even with low wages, this opportunity has helped to improve the social and political situation of women in Fiji.

The other substantial benefit is, of course, foreign exchange earnings.

Since the inception of the scheme the performance of tax free factories has been highly successful. By the end of 1990 there were 113 TFFs in operation, 43 of which opened in 1988, 38 in 1989 and 32 in 1990. At the end of 1990 TFF employment had risen to 9,584, an increase of 20.7% over 1989, and investment rose to Ecu 26.6 million.

FACTORS FOR SUCCESS

Merely having a tax free scheme does not ensure success. Important factors include preferential trade agreements and a well developed infrastructure, including electricity, water supply and internal communication. There must be good air and sea links with overseas markets, sophisticated telecommunication links with the rest of the world and an educated, adaptable, productive and, in the Pacific Region, English-speaking labour force.

The government's commitment to industrialization and clear-cut policies on industrial development are equally vital. Another vital factor is to have a specialized agency (one stop shop) to promote and facilitate investment and trade.

In Fiji, a number of import substitution industries were set up after independence and the government gave priority to infrastructural development. By the time the emphasis had switched to export, manufacturers, both local and foreign, were sufficiently established, experienced and dynamic to take up the challenge.

In the wake of the disastrous effect on the domestic economy of the 1987 crisis, firms had to export or face demise.

A devaluation took place, large enough to make Fijian goods significantly cheaper in international markets while making the cost of investment in Fiji much lower.

Fiji not only introduced the tax free scheme but brought it effectively to the notice of investors through high powered investment promotion missions to target countries.

Fiji's success has demonstrated how a small country can succeed with the right mix of opportunity, investment policies and entrepreneurs. While other countries in the Pacific may not have the same favourable conditions, they can nevertheless draw useful lessons from Fiji's experience. ◆

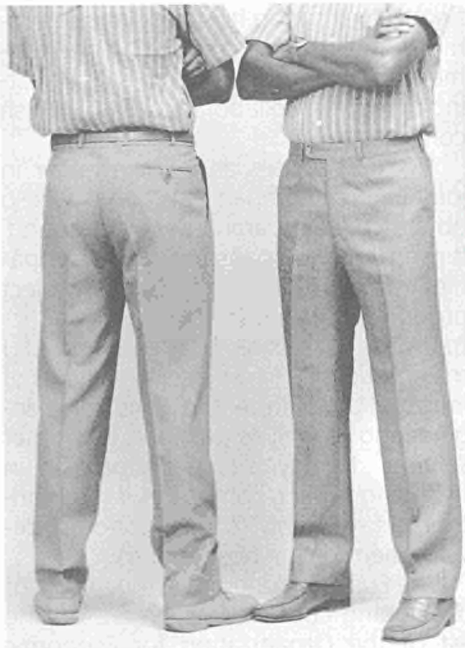
**Jaindra Kumar is head of Investment Promotion and Project Monitoring at the Fiji Trade and Investment Board, CDI's antenna. This article is condensed from his paper delivered at the Pacific Region Antennae Meeting. Fuller information on investment in Fiji in the tax free zone in particular are given in the article "Fiji, Gateway to the Markets of the Pacific Basin", which appeared in Industrial Opportunities No. 70, for November - December 1989.*

Fijians target Euro menswear market at London show

Four Fijian garment manufacturers exhibited in Europe for the first time at Imbex 91', the international men and boyswear exhibition, held in London from the 17th to the 20th February.

The Fiji garment industry has taken off dramatically over the last three years (see article on page 4). In 1988, the first year of the Tax Free Factory scheme, 27 factories employed 3,022 people and exported Ecu 15.5 million of merchandise. By the end of 1990, 74 factories were employing 7,959 people and exports for the year were estimated at Ecu 82.2 million.

Until recently the Fiji manufacturers have been taking advantage of preferential access to the markets of Australia and New Zealand and, to a lesser extent, the USA. The aim of exhibiting in London was to show a range of mid to up-market men's suits, jackets, blouson jackets, trousers and shirts, to establish direct contacts with importers and wholesalers and to communicate Fiji's capability and capacity for exporting garments. The manufacturers also had the chance to study competitive merchandise on the European market and to discuss joint venture proposals with their European counterparts.



Export quality trousers from Fiji.

Participation in the exhibition was organized by the Fiji Trade and Investment Board (FTIB) following a suggestion from one of the four manufacturers who has already been exporting suits and trousers to Europe for the past year. Effective groundwork was carried out by a consultant and the project was assisted by CDI.

The manufacturers were accompanied by the Director of the FTIB, Ratu Isoa Gavidi and the Head of Investment Promotion, Jaindra Kumar. Fiji's Ambassador to the United Kingdom and a counsellor at the Brussels embassy were also members of the eight man mission.

After the exhibition Jaindra Kumar said: "It was a real eye opener. We never thought we would be received so favourably. Our stand really attracted attention among about 580 other exhibitors. There were lots of enquiries from multiples and big buyers" ◆

Fiji's high quality honey attains international production standards

Golden Food Products (Fiji) Ltd., or GFP, is a joint venture between the Karl Bergmann company of Germany and the Ba Provincial Council in Fiji.

GFP was set up in 1986 after CDI had established contact between the partners and assisted a feasibility study. We also assisted with training programmes during the three following years. GFP's main activities include honey production, packing and distribution and the training of local beekeepers. The company currently owns more than 300 beehives, a medium-sized processing and packing plant and a small workshop in its factory at Lautoka. It has six permanent employees and provides work for up to ten temporary workers at peak harvest periods.

In cooperation with the Fijian Ministry of Primary Industries, Robert C.Bergmann, Managing Director of GFP and son of the German parent company's owner, established production standards which comply with international honey legislation and initiated the Beekeepers Association of Fiji to disseminate them. The latest CDI-assisted training programme, carried out in late 1990, trained 30 Fijian beekeepers in advanced honey production and processing.

From a situation in which more than 50% of the honey consumed in Fiji was imported, domestic production is expected to increase by 40% to 50% this year and to roughly double in 1992, assisted by a continuing training programme. When the domestic market becomes completely self-sufficient, exporting to the EC will begin.

The Fiji Islands, which are free from pollution and major bee diseases and pests, are the origin of one of the world's purest and cleanest honeys, dark in colour with a strong, distinctive taste. Clearly a highly acceptable product for the European table. ◆

Robert C. Bergmann inspecting a healthy Fijian beehive.

FINANCE FOR AFRICAN INDUSTRY FROM DENMARK

*by Mogens Hasdorf **

A summary of the policy and aims of the Danish Industrialization Fund for Developing Countries

The Industrialization Fund for Developing Countries (IFU) was created in 1967 by the Danish parliament as an autonomous development finance institution. Its objective is to promote industrial and commercial development in developing countries by investing in them in collaboration with Danish companies.

IFU participates as a shareholder in joint venture companies which may also obtain loans or guarantees from the Fund. It can also offer loans to Danish companies to finance feasibility studies of project proposals and grants to assist introductory visits to possible host countries. IFU may participate in projects in all types of industry, agriculture and consulting engineering as well as transport and other services. It may also participate in in financing trading companies if they contribute favourably to the economic development of the host country.

The Fund can operate in independent developing countries which are on the list of the Organization for Economic Cooperation and Development's (OECD) Development Assistance Committee, and have a gross national product per capita of up to Ecu 2200.

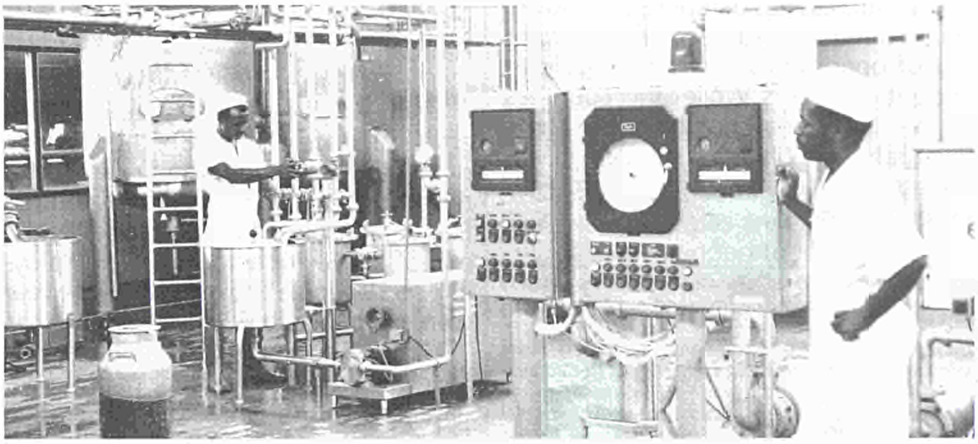
The purpose of IFU's participation is to act as an initiator and its principal activity is to establish new companies in the developing countries. However, it may also, together with a Danish partner, cofinance the expansion of existing projects and the restructuring of companies.

To give on-the-spot support to its projects and to find better investment opportunities, IFU has three regional offices: in Kuala Lumpur (Malaysia), in Lomé (Togo) and in Montevideo (Uruguay).

ENTREPRENEURS AND IFU

IFU cofinancing is carried out in collaboration with Danish firms but the use of IFU funds is not conditional on the use of equipment from any specific country. The Danish firms involved must have adequate technological know-how and be in a position to participate in management. This does not mean that the people in charge must be Danish.

The Fund normally recommends that a project should take the form of a joint venture, with the participation of one or more local as well as Danish partners. They may participate as private individuals, as private companies, as commercial or development banks or as public bodies.



This Togolese dairy (Fan Milk S.A.) is one of IFU's 63 African projects.

IFU'S FINANCIAL TERMS

Share capital
up to 30% of the equity of a joint venture, usually an amount equal to or less than the share capital of the Danish partner.

Term loans
to joint ventures are normally repayable over 7-8 years including a grace period of 3-4 years and with an interest related to LIBOR (London Interbank Offered Rate), to which is added a margin based on country and project risk.

Guarantees
for loans from other financial sources to joint ventures, against an annual fee of 1.5% of the guaranteed amount.

PROJECT FINANCE

IFU's contribution can be up to a maximum of 25% of the sum of the investments in the project, but will usually be much less. IFU's assistance is subject to an appraisal carried out for each project.

The Fund participates as a shareholder, normally with up to 30% of equity capital. It may, however, grant a loan or supply a guarantee to the company, to enable it to obtain other loans.

IFU has a network of contacts with local banks in developing countries and with regional and international institutions concerned with development financing and investment promotion. In many cases it is possible for the Fund to ask such institutions to participate in projects with it.

CATALYST FOR MANY DANISH JOINT VENTURES

Up to now the Fund has participated in projects representing a total investment of approximately Ecu 1,900 million which have created direct employment for about 30,000 people. IFU's share of the overall investment is approximately 9%. The share has been decreasing in recent years as the Fund's financial engineering capability improves and its investment is increasingly being supplemented by other sources of finance.

IFU projects are spread over 54 countries of which 20 belong to the ACP group. The Fund has, together with its partners, helped to create 167 joint ventures of which 63 are in Africa, mainly in the Central and West African regions. The office in Lomé looks after all IFU's projects in West Africa. It maintains close liaison with other development finance institutions and their representatives in the Region; for example the French Promotion and Equity Company for Development (PROPARCO) and the British Commonwealth Development Corporation (CDC).

The Fund has cooperation agreements with West African national banks and regional development banks, for example BOAD (West African Development Bank), and collaborates closely with the World Bank's African Project Development Facility (APDF) and the Africa Management Services Company (AMSCO). IFU also has a cooperation agreement with CDI. Nine of the projects in IFU's African portfolio have received CDI's assistance.

VALUE OF THE LOMÉ OFFICE

Follow-up, supervision and help in finding solutions to difficulties encountered by IFU-financed companies take up a great deal of the time of the Regional Representative in Lomé. Nevertheless, several new projects have been initiated in the region since the office was opened there. A considerable number of potential projects have also been found and Danish and local partners identified for many of them. IFU's regional office in Lomé has become a natural focal point for the presentation of project ideas or proposals.◆

** Mogens Hasdorf has been IFU's Regional Representative in Lomé since 1990. He has been Deputy Director General of the Fund since 1976. He has represented the Fund as a director on the board of numerous companies in Asia, Latin America and Africa. Furthermore, he was for a long time responsible for arranging the financial sessions of the Dakar Forum. He has also been responsible for relations between the Fund and the World Bank's International Finance Corporation (IFC), the UN, the EC, CDI and national and international institutions.*

CDI IN KENYA - FULFILLING THE NEW PRIORITIES

by Paul Frix, CDI Director

A seminar financed by the Commission of the European Communities at the request of the Kenya government was held from the 4th to the 8th of March in Mombasa. Its object was to provide first-hand information and advice for all those who will be closely involved in facilitating implementation of various aspects of the Lomé IV Convention. Participants included senior officials from coordinating and operational ministries, Kenya National Chamber of Commerce and Industry, Kenya Association of Manufacturers and the development finance institutions. The following article is taken from Paul Frix's address to the seminar.

CDI intends over the next few years to expand its technical and human resources to address the needs of ACP countries. It trusts that proper management and stimulation of its two decentralized networks of antennae and correspondents in Europe and in the ACP countries will enable it to play an increasingly efficient role in:

- encouraging the emergence and development of a new category of entrepreneur in the ACP countries, particularly in the informal sector, where entrepreneurs are capable of expanding their activities substantially with the right kind of support; and by giving graduates and other highly-trained individuals the hands-on experience of industry they lack;

- through decentralized regional access to European companies, inducing new categories of business to look towards Africa, where they will find untapped markets, sources of supply or subcontracting opportunities.

We are increasing our assistance to the Kenya's Rehabilitation Advisory Service, which has proved a real success, and developing our working relationships with the Development Finance Company of Kenya (DFCK) and the Industrial and Commercial Development Corporation (ICDC).

We are more actively seeking to develop synergies with the European Investment Bank (EIB), as we did in Somalia for an oil mill project, and with the EC Commission, to complement each other's operations.

We shall be continuing to cooperate even more closely with the other institutions present - the African Project Development Facility (APDF), the United Nations Industrial Development Organization (UNIDO) etc., and other financial backers like the German Finance Company for Developing Countries (DEG), the British Commonwealth Development Corporation (CDC) and so on.◆

FORGING NEW LINKS IN SPAIN

The Spanish Agency for Cooperation (AECI) coordinates all Spanish cooperation with developing countries. During a mission to Spain in February first contacts between the Agency and CDI were made when Director Paul Frix had an exploratory discussion with AECI's President about ways in which the two organizations could collaborate.

The CDI mission also met a newly created ad hoc committee from various Spanish ministries whose task is to monitor CDI affairs. CDI's mission team included Fernando Matos Rosa, investment promotion officer for the Southern EC States, and Eckhard Hinzen, project finance expert.

INTENSIFIED PROMOTION

Intensifying promotional activity was the subject of discussion at the Spanish Institute for External Trade (ICEX), with which CDI already has a collaboration agreement. The focus will be on Southern Africa and its Portuguese-speaking countries and the Spanish-speaking Dominican Republic in the Caribbean. A joint CDI / ICEX promotional meeting in Santo Domingo, capital of the Dominican Republic, is planned for October.

To arouse the interest of Spanish firms in ACP countries a possible promotional meeting with over 80 Spanish chambers of commerce was discussed at ICEX with the Director of the Spanish chambers association.

Existing projects were reviewed and a contract signed to assist a Spanish and Cameroonian joint venture printing enterprise. The mission also met the Spanish Development Financing Company (COFIDES), which is 51% controlled by ICEX, to discuss a possible collaboration agreement.

Finally, the mission met the Madrid Institute for Development (IMADE) and the Company for Industrial Promotion and Reconversion (SPRI) of Bilbao, with whom CDI has an existing agreement. This was reviewed and a promotional programme planned for the year.◆

INDUSTRIAL PROPOSALS FROM EC FIRMS
ACP ENTREPRENEURS, PLEASE REPLY

The proposals outlined below have been put forward by EC firms interested in setting up production in ACP countries under joint venture, franchising, licensing, 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 EC 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 condition of such equipment.

All equipment costs are quoted in Ecus (European currency units). The value of the Ecu may be easily ascertained from its relationship to other European currencies. Thus, on 3 April 1991: 1 Ecu=£ 0.693, or FF 6.978, or DM 2.058.

Please ALWAYS mention the CDI reference numbers when reproducing these proposals.

91/001 ENE *ITALY*

EOLIC SYSTEMS

Minimum capacity: an average of 100 cyclemills, 25 windmills,25 windgenerators per year; for a minimum investment of Ecu 233,000 (new equipment) or Ecu 133,000 (second hand equipment).

Cooperation proposed: equity participation, transfer of know-how and technical assistance.

91/002 ELE *ITALY*

KEYBOARDS FOR PERSONAL COMPUTERS

Minimum capacity: depends on the type of the keyboard to be manufactured; an estimated minimum investment of Ecu 170,000 would be required for equipment in addition to Ecu 200,000 for an initial stock of materials.

Cooperation proposed: industrial franchise and subcontracting agreements.

90/259 PLA *ITALY*

PLASTIC MEDICAL EQUIPMENT

Perfusion and transfusion equipment, blood sachets, extension tubes.

Minimum capacity: approximately 4 million units of each article per year for a minimum investment of Ecu 350,000.

Cooperation proposed: equity participation, license agreement, transfer of know-how and technical assistance.

91/006 ELE *GERMANY*

HOUSEHOLD REFRIGERATORS

A leading German manufacturer of refrigerators (single door, double door), upright freezers, combined refrigerators/freezers, wishes to get involved in ACP countries.

Minimum capacity: the production capacity and the minimum investment will depend on the product(s) to be manufactured.

Cooperation proposed: equity participation, license agreement, technical and training assistance.

90/026 ELE *BELGIUM*

PHOTOVOLTAIC SYSTEMS

The main raw materials are sheet glass and silicium cells.

Minimum capacity: production of modules capable of producing a total of 250 Kw per year and per shift for a minimum total investment of Ecu 1.8 million for new equipment.

Cooperation proposed: equity participation, license agreement, transfer of know-how, technical assistance, 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 EC partner.
- Can you obtain finance and if so from where?
- If you need a foreign 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. 62 — May 1991

(position as at 22nd April 1991)

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
Berl. 6-86
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**

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

Namibe-Lubango-Makala road rehabilitation sections 3+4 (Serra da Leba-Lubanga, PK 41.1). Resp. Auth.: Ministério do Plano. Estimated total cost 17 mECU. EDF 16 mECU, local 1 mECU (Counterpart Funds). Rehabilitation and strengthening of 74 km. Project on appraisal. 6th EDF.
EDF ANG 6011 A2b

BAHAMAS

Rehabilitation of great Abaco highway. Abaco Island. Resp. Auth.: Ministry of Works. EDF part 1.253 mECU. Works by acc. tender. Project in execution. 4th, 5th and 6th EDF.
EDF BM 6003 A2d

BARBADOS

Hospitality Studies Project. Resp. Auth.: Ministry of Education and Culture. Total estimated cost 2.5 mECU. EDF 1.6 mECU, local 0.900 mECU. Construction of Tourism Training Centre — cum-Hotel. Project on appraisal. 6th EDF.
EDF BAR 6006 A5c

BELIZE

Belize City Hospital. Phase I. Estimated cost 8.6 mECU. Work constructions and supply of equipment. 4th, 5th, and ★ 6th EDF. Works: in. tender foreseen *1st half 91*. Project in execution.
EDF BEL 6004 A7a

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

Mono rural development programme. Development of the rural production. Cofinancing with BAD. EDF 16,5 mECU, BAD 14.4 mECU, local 4.9 mECU. Project in execution. 6th EDF. T.A.: SCET-AGRI (F)
EDF BEN 6003 A3a

Fish breeding. Applied research and popularization actions. Resp. Auth.: MDRAC. Estimated cost 2 mECU. Project on appraisal 6th EDF.
EDF BEN 6009 A3d

BOTSWANA

Support programme to Botswana copper-nickel mining industry. Resp. Auth.: BCL Ltd (Bamangwato Concessions Ltd). 21.650 mECU. Works, exploration drillings, supply of mining equipment by int. tender. Replacements parts by direct agreement T.A. to prepare int. tender dossier, evaluation and follow-up of the tender. Project in execution. 6th EDF.
EDF BT SYS 6019 A4a

Livestock marketing development project. Resp. Auth.: Botswana Cooperative Union. 2.4 mECU. Provision of infrastructures, transports, T.A. Project in execution. 6th EDF.
EDF BT 06014 A3a

Water development programme. Resp. Auth.: Department of Water Affairs. 2 mECU. Serowe waste water sanitation and T.A. to the Department of water affairs. Project in execution. 6th EDF.
EDF BT 6023 A2b, A8c

BURKINA FASO

Operation rice Comoè. Phase II. Resp. Auth.: Ministère de l'Agriculture et Elevage. 3.420 mECU. Works by direct labour, supplies, training. T.A. by S N.V. (The Netherlands). Project in execution. 6th EDF.
EDF BK 6008 A3a

Rehabilitation of the road Koupéla – Togo border. *Resp. Auth.: Ministère de l'Equipement, Supervision: Direction Général des Travaux Publics. Estimated total cost 20.35mECU. 152 km rehabilitation (R.N. 16). Works by int. tender and supervision. Project on appraisal. Date foreseen for financing June 91. 5th, 6th and 7th EDF.*
EDF BK 6019 A2d

BURUNDI

Socio-economic development of the natural region of Mugamba. Resp. Auth.: CVHA project, OTB, Ministère du Dév. Rural, Direction Générale des Routes. 32 mECU. Works, supplies, T.A. and evaluation. Project in execution. Int. tender for works launched in November 89. Int. tender for supplies launched in July 90. 6th EDF.
EDF BU 6018 A3a

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 Project in execution. 6th EDF.
EDF CM 6002 A3a

Rural development programme in the Logone and Chari. Resp. Auth.: Semry. Estimated cost 12 mECU. Consolidation and extension of existing actions. Project on appraisal. 6th EDF.
EDF CM 6013 A3a

Rural development poles: Saa-ntui, Sang melima, Bafut. Resp. Auth.: Ministères de l'Agriculture et du Plan et de l'Aménagement du Territoire. Total estimated cost 14.625 mECU. EDF 10.300 mECU, local 4.325 mECU. Strengthening of the monitoring structures, improvement and extension of basic socio-economic infrastructures, training, education, popularization of rural development, health. Works: tracks, buildings; supplies for civil works, vehicles, crop inputs, rural equipment. Pro- ★ ject on appraisal. *Date foreseen for financing 1st half 91.* 6th EDF.
EDF CM 6012 A3a

CENTRAL AFRICAN REPUBLIC

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. Supplies: first int. tender launched in August 89. 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. Short-lists already drawn up. Project in execution. 6th EDF.
EDF CA 6005 A3a

CHAD

Rural development priority programme in the concentration zone. Resp. Auth.: Ministère de l'Agriculture et de Dév. Rural. 15 mECU. Hydro-agricultural works, infrastructure, education, health. Works, supplies and T.A. Project in execution. 6th EDF.
EDF CD 6002 A3e

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. Int. tender for vehicules launched in July 90. Project in execution 6th EDF.
EDF CD 6003 A7e

Rural development programme. Phase 2. Resp. Auth. Office National de Dév. Rural (ONDR). 28 mECU. Works, feeder roads, scholar buildings, agricultural equipment, pumps, T.A., follow up and evaluation. Project in execution. 6th EDF.
EDF CD 6005 A3a

COMOROS

Rural integrated development programme in the north region of Anjouan Island. Resp Auth.: Ministère de la Production agricole, 1 1.3 mECU. Improvement of crop production, infrastructure, works by int. tender (conditional) launched end June 89. Supply of equipments, materials and vehicles. T.A., training, evaluation, audit. Project in execution. 6th EDF.
EDF COM 6002 A3a

Artisanal fishery. Second Phase. Resp. Auth.: Ministère de la Production Agricole. 2 mECU. Purchase of equipment, T.A. and training. Date financing February 91. 6th EDF.
EDF COM 5017 A3d

CONGO

FEDAR (EDF regional action for the Pool and Cuvette). Resp. Auth.: Ministère du Plan. 36 mECU. Roads, wells, rural infrastructure, supervision of works, line of credit, monitoring. Road: int. tender launched in August 89. Project in execution. 6th EDF.
EDF COB 6002 A3a

⚠ ATTENTION! *INQUIRY* – SEE PAGE XIV

Loudima-Sibiti road. Resp. Auth.: Ministère de l'Equipement, 4.4 mECU. Works by acc. tender. T.A. for supervision. Project in execution. 6th EDF.
EDF COB 6006 A2d

COTE D'IVOIRE

Support to the livestock development. Continuation and completion of the Marahoué Ranch (T.A., investment, training) and support to 'Centre National d'Elevage Ovin'. 11 mECU. Project in execution. First int. tender for supply launched in December 89. T.A.: Jules Van Lanker (B) — GFA (BRD)-INFORMES Y PROJECTOS (E) 6th EDF.
EDF IVC 6003 A3a

Centre food crops programme. Resp. Auth.: Ministère de l'Agriculture. EDF 40 mECU. Irrigation, agriculture modernization, young settlements. Food crops production marketing improvement. Works, soil improvement, supplies. T.A. studies, follow-up and evaluation. Project on appraisal. Date foreseen for financing 1st half 91. 6th EDF.
EDF IVC 6009 A3a

DJIBOUTI

Training programme. 2.2 mECU. New vocational training actions for adults. T.A. for training centres. Training, scholar-ships and training courses. Works and supplies. Project in execution. 6th EDF.
EDF DI 6101 A6d

EQUATORIAL GUINEA

Essential goods import programme. Resp. Auth.: Présidence de la République. Estimated cost 1.5 mECU. Hard currency allowance to import essential goods. Project on appraisal. 5th and 6th EDF.
EDF EG 0000 A1c

Support to the agricultural development of the Bata district. Phase II. Resp. Auth.: Ministère de l'Agriculture. 1.7 mECU Rehabilitation or buildings extension. Supply of equipments. T.A. by Association Française des Volontaires. Project in execution. 6th EDF.
EDF EG 6004 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. 53.4 mECU. Buildings, roads, rural infrastructure, agricultural inputs, consumer goods, equipments, T.A., studies, credit line. Project in execution. 6th EDF.
EDF ET 6002 A3a

South Shewa conservation-based rural development. Resp. Auth.: Ministry of Agriculture. 26.2 mECU. Buildings, roads, rural infrastructure, agricultural inputs, consumer goods, training, T.A., micro-projects, credit line. Project in execution. 6th EDF.
EDF ET 6005 A3a

Coffee improvement programme III. Resp. Auth.: Ministry of Coffee and Tea Development. 38.1 mECU. Construction and civil works, supply of equipments, vehicles and agric. inputs, aerial photography, training and T.A. Project in execution. 6th EDF.
EDF 6003 A3a

Lake fisheries project. Resp. Auth.: Ministry of Agriculture, Fishery Dept. 7.5 mECU. Provision of inputs to fishermen, development of cooperatives, establishment of marketing organisation and infrastructure, training, research and fingerling production centers. Works, supplies and T.A. Project in execution. 6th EDF.
EDF ET 6008 A3d

Aid for refugees. Contribution to the UNHCR and to MSF. Transport sector, water sector, health sector. Project on appraisal. 8.1 mECU. 6th EDF.
EDF ET 6104 A8

Sectoral import programme. III. Resp. Auth.: S.1.P. Steering Committee. 17 mECU. Supply of fertilizers and raw materials. Spare parts. Public sector industrial inputs and private sector. T.A. and monitoring and evaluation. Project in execution. 6th EDF.
EDF ET 6017 A3a

Foreign trade development. Resp. Auth.: Ministry of Foreign Trade (MOFT). 1.5 mECU. T.A.: two-years marketing expert. a team of marketing specialists (short-term consultancy services in Ethiopia). Market researches, training on international marketing and international trade, technical seminars. Equipments and supporting services Project in execution. 6th EDF.
EDF ET 6010 A5de

FIJI

Investment and export development. Resp. Auth.: Ministry of Trade and Commerce (MTC) and Fiji Trade and Investment Board. 7.2 mECU. Land purchase for the Tax Free Zone, works, supply of equipments, T.A and training. Project in execution. 6th EDF.
EDF FIJ 6007 A5d

Social infrastructure, schools and bridges. Resp. Auth.: Ministry of Infrastructure and Public Utilities and Ministry of Education, Youth and Sport 2.626 mECU EDF 2.350 mECU, local 0.276 mECU. Construction of 11 bridges and 49 new classrooms and 45 teachers quarters. Supply of equipment and T.A. Project in execution. 6th EDF.
EDF FIJ 6009 A6a, 8a

***Electrification of the Lakeba, Grau and Koro islands.** Estimated cost 2.762 mECU. Supply and installation of diesel power stations, electrical distribution and T.A. Project on appraisal. 6th EDF.*
EDF FIJ 6004 A2ai

GAMBIA

Rural Development Programme. Resp. Auth.: Ministry of Finance and Economic Affairs. 14.5 mECU. Rehabilitation of Water schemes, supply of road equipments and materials, T.A. and supervision. Project on appraisal. Date foreseen for financing ★ *May 91.* 6th EDF
EDF GM 6004-7004 A3a

***Import Programme for Petroleum Products.** Resp. Auth. Ministry of Finance and Economic Affairs. Estimated cost 4 mECU. Purchase of fuel products. 7th EDF.*
EDF GM 6008-7001 A1c

GHANA

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

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 Project on appraisal. 6th EDF.
EDF GH 6007 A3a

Ghana Ports rehabilitation project. Phase II. Resp. Auth.: Ghana Ports and Harbour Authority. Total estimated cost 22.6 mECU, EDF 20 mECU, Ghana Ports and Harbour Authority 2.6 mECU. Further rehabilitation of Takoradi, dredging of Takoradi and Tema Ports, reconstruction of the Tema access road. Project on appraisal. 5th ★ EDF. ***Date foreseen for financing May 91.***
EDF GH 5028 A2d

GRENADA

Levera National Park project. Resp. Auth.: Ministry of Tourism. 0.925 mECU. Works ans services comprising Park intrastructure. access roads, attractions development, management programmes, T.A. Project in execution. 6th EDF.
EDF GRD 6005 A5i

GUINEA

T.A. and supplementary equipment for the 'Ecole Nationale des Arts et Métiers' (ENAM), Conakry. Resp. Auth.: Ministère de l'Education Nationale. 5.5 mECU. Renovation works by acc. tender. Equipements by int. tender. T.A. and training. Project in execution. ***Supplies: Int. tender launched in April 91.*** 6th EDF. ★
EDF GUI 6006 A6b

GUINEA BISSAU

Rural development programme. 23.8 mECU. Improvement of the food and fishery production, line of credit, microprojects, T.A. and training. Project in execution. 6th EDF.
EDF GUB 6001 A3a

General import programme. Resp. Auth.: Unité de Gestion de Balance de Paiement auprès de la Banque Nationale. 6 mECU. Hard currencies allowance programme. Italy: 2 mECU to supply fuel and lubricants to the Bissau Power Plant during 1 year. Project in execution. 5th and 6th EDF.
EDF GUB 6005 A1c

Project for the rehabilitation of social and economic infrastructures. Resp. Auth.: Ministère des Travaux Publics. 8 mECU. Road rehabilitation, schools, health centres urban roads, markets, water and sanitation. Construction of secondary bridges, access roads, supply of a ferry. Works, supplies and T.A. Project on appraisal. 6th EDF.
EDF GUB 6010 A7, A8

JAMAICA

Rural water supplies. Phase I. Resp. Auth.: National Water Commission. 6.7 mECU. Extension, upgrading of five existing water supply schemes: South Manchester, Elderslie/Niagara, Castleton, South Chapelton. Works and supplies. Project in execution. 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

Negril and Ocho Rios sewerage schemes. Resp. Auth.: National Water Commission. 25 mECU. Negril: 17 km of trunk sewers, 13 pump stations and 2 treatment plants. Ocho Rios: 5 km of sewers, 6 pump stations, 1 treatment plant and deep sea outfall. T.A. for supervision. Works by int. tender Project on appraisal. 5th EDF.
EDF JM A8bc

KENYA

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

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 already drawn-up. Works by int. tender and acc. tender. Supplies by int. tender. Project in execution. 6th EDF.
EDF KE 6008 A3a

ASAL livestock development programme. Resp. Auth.: Ministry of Livestock Development. 9 mECU. Works by restr. tender. Supplies by int. tender. T.A. and evaluation. Project in execution. 6th EDF.
EDF KE 6009 A3a

Special debt programme. Resp. Auth.:. Director of External Resources with representative from Ministry of Finance, Commerce, Central Bank of Kenya, the Delegate of the Commission. 2nd phase of the Agricultural Sector Import Programme (ASIP). 7 mECU Supply of agricultural inputs by int. tender. T.A. and evaluation. Project in execution. 6th EDF.
EDF KE 6019 A3a

Strengthening of research resources of the national museums of Kenya. Resp. Auth.: NMK Directorate 3 mECU. Construction, transport, equipment, T.A., training and research links with national, regional and international organizations. Project in execution. 6th EDF.
EDF KE A6f

Strathmore post secondary educational college. Resp Auth.: Strathmore college. EDF 3100 mECU, Italy 1.310 mECU. Construction of teaching and administrative buildings, library. canteen, accomodation and catering department. Supply of equipment and T.A. Works by acc. tender. T.A and supplies by Italy. Project in execution. 6th EDF.
EDF KE 6005 A6b

KIRIBATI

Telecommunications programme. Resp. Auth.: Telecom-Kiribati. 4.56 mECU. Supply and works relating to 2 telephone exchanges, a transmitting station and equipment for air and sea rescue services. Works, supplies and T.A. Project on appraisal. 6th EDF. Int. Tender (conditional) launched in November 90. Date foreseen for financing ★ *May 91.*
EDF KI 6003 A2c

LESOTHO

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

Queen Elizabeth II Hospital: improvement and upgrading. Resp. Auth.: Ministry of Health and Ministry of Works. 4.9 mECU. Works by acc. lender. Supply by int. tender. T.A. Project in execution. 4th and 6th EDF.
EDF LSO 6012 A7a

'Lesotho Highlands Water Project' – Muela Hydropower Project (MHP). *Estimated cost 44 mECU. Engineering supervision and part of the civil works. Project on appraisal. Date foreseen for financing June 91. 7th EDF.*
EDF LSO 6001-7001 A2ai

LIBERIA

Bong Mining Company. Rehabilitation project. Resp. Auth.: Government and BMC. 49.3 mECU. Supply of specialized equipment, shovels, conveyor belts, dumpers, locomotives, spare parts. 2 int. tender launched in July 89. 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

Rural water supply. Phase II. Resp. Auth.. Minister of Planning and Economic Affairs. 2.900 mECU. Drilling works by acc. tender. Supply of hand pumps and spare parts. T.A. Project in execution. 6th EDF.
EDF LBR 6011 A2b

MADAGASCAR

Maize development programme in the Middle West. Resp. Auth.: Ministère de la Production Agricole. 9.5 mECU. Building of a nursery and farmers training. Works, supplies, T.A. evaluation and training. Project in execution. 6th EDF. T.A.: CONSULT-IBERICA (E)
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

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. 2 int. tenders for supplies launched in August 90. Project in execution. 6th EDF.
EDF MAI 6009 A7a, e

Programme for industrial products imports. 12.5 mECU. Supply of industrial equipment, raw materials and spare parts. Project in execution 6th EDF.
EDF MAI 6019 A1c

Aid for Refugees. *Contribution to the UNHCR and the Malawi Red Cross. 3.262 mECU. Actions for access roads, health facilities, boreholes-wells. Project on appraisal. Date foreseen for financing April 91. 6th EDF.*
EDF MAI 6104 A8

Limbe – Thyolo – Muloza Road. *Resp. Auth.: Ministry of Works. Asphalting of 104 km. Works by int. tender (conditional). Project on appraisal. 7th EDF.*
EDF MAI A2d

MALI

Rice-growing intensification programme in the large irrigated areas of 'Office du Niger' and 'Opération Riz Segou'. Resp. Auth.: Ministère de l'Agriculture. 65 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 in execution. 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. Supplies: int. tender launched in July 89. Works: int. tender launched in March 90. Project in execution. 5th and 6th EDF.
EDF MLI 6005 A2b, d

Support to the Structural Adjustement Programme. *Estimated cost 31 mECU. Project on appraisal. Date foreseen for financing June 91. 7th ADF.*
EDF MLI 7001 A3a

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. 6th EDF. STUDIES: STUDIO BICHARA (I)
EDF MAU 6003 A7a

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 in execution. 6th EDF.
EDF MAU 6007 A3a

General import programme. Resp. Auth.: Ministère de l'Economie et des Finances. Banque Centrale de Mauritanie (BCM). 7 mECU. Hard currency allowance for essential goods imports. Project in execution. 5th and 6th EDF.
EDF MAU 6008 A1c

MAURITIUS

Programme to diversify productive sectors (2nd part: agriculture). Resp. Auth.: to purchase equipments: Ministère des Finances. Tender board. 8 mECU. Works, rural development, supplies, T.A. and training. Project in execution. Int. tender launched in November 89. 6th EDF.
EDF MAS 6006 A3a

MOZAMBIQUE

Second import programme. Resp. Auth.: UCPI (Unité de Coordination des Programmes d'Importation et Délégation de la Commission. 30 mECU. Sectors: rural, fishery, transports and industry. Supply of seeds, equipments, row materials, lorries, spare parts, T.A. audit and valuation. 4 int. tenders launched from August 89. Project in execution. 6th EDF.
EDF MOZ 6025 A1c

Rural telecommunications. Resp. Auth.: Ministry of Transports and Communications. Estimated cost 5 mECU. Supply of radio and telephone equipment. Technical study for project appraisal to be done: short list drawn up. Project on appraisal. 6th EDF.
EDF MOZ 6021 A2c

Integrated development programme of Cabodelgado. Resp. Auth.: Ministry of Commerce. AGRICOM. 8 mECU. EDF 5 mECU, local 3 mECU. Support to ± 50 000 people in the districts of Mocimboa, Priaia and Mueda. Works, supplies and T.A. Project in execution. 6th EDF.
EDF MOZ 6022 A3a

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 in execution. 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. First tender launched in July 90. Project in execution. 6th EDF.
EDF NIR 6002 A3a

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 ArarenSolomi. T.A. and training. Drillings by int. tender. Supplies by int. tender. Project in execution. First tender launched in July 90. 6th EDF.
EDF-SYS-NIR 6011 A4a

Training programme. Resp. Auth: Ministères de l'Education, Commerce, Culture, Plan, Agriculture. 4,366 mECU. Three priority sectors: rural development, business development, cultural development. Supply of equipments T A. and scholarships. Project in execution. 6th EDF.
EDF NIR 6101 A6b, c,i

General Import Programme. Support to the structural adjustement. *Estimated cost 27 mECU. Project on appraisal. Date foreseen for financing June 91. 7th EDF.*
EDF NIR 7001 A3a

NIGERIA

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, micro-projects, T.A, training, research, supervision of works, management. Project in execution. 6th EDF. T.A.: SOCFIN Consultant Services (B)
EDF UNI 6001 A3a

North East Arid Zone development programme. Resp. Auth.: Ministry of Agriculture. 35 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 in execution. 6th EDF. T.A.: DANAGRO (DK)
EDF UNI 6002 A3a

Research and Training programme. Resp. Auth: Ministry of Finance and Economic Development Training Support Unit (TSU). 30 mECU. Scholarships, seminars, T.A. Teacher training, cooperation between Nigerian Training Institutions and European Training Institutions, exchanges between nigerian and european research institutions. Purchase of equipment. Project in execution. 6th EDF.
EDF UNI 6004 A6a, b, c, d, e, f

Desertification control and environmental protection programme in Sokoto. Resp. Auth.: Sekoto Environmental Programme (SEP). Direct responsibility of the Office of the Governor. 30.6 mECU. Community awareness, mobilisation and development campaign. Afforestation actions, improvement of range management and livestock development. Rehabilitation of a smallscale irrigation, training and applied research. Works: buildings, nurseries, water points, irrigation networks. Supply of vehicles, motocycles, generators, media equipments, T.A. Works by acc. tenders. Supplies by int. tenders. Project in execution. 6th EDF. T.A.: SIR MAC DONALD & PARTNERS (UK) — I.N.C. — IL NUOVO CASTORO (I)
EDF UNI 6003 A3a

Sectoral import programme. 10 mECU. Supply of pumps, agricultural inputs, spare parts for tractors and metal frame for warehouses. Project in execution. 6th EDF. T.A.: CROWN AGENTS (UK)
EDF UNI 6008 A3a

'Middle belt' programme. Resp. Auth.: States of Kwara and Niger, Executive Committees. Estimated total cost 38.662 mECU. EDF 33 mECU, local 5.662 mECU. Education, health, social infrastructure. Renovation works, rehabilitation, supply of equipments, T.A., training and evaluation. Project in execution. 6th EDF. T.A.: B.M.B. (NL) — TRANSCON LTD. (UNI)
EDF UNI 6007 Aabe

PAPUA NEW GUINEA

Sectoral import programme. Resp. Auth.: The Bank of Papua New Guinea. EC Delegation. 5.5 mECU. Hard currency facility type to finance machinery and transport equipment for rural sector, chemicals and manufactured goods. T.A. for project coordination (procurement agent). Project in execution. 6th EDF.
EDF PNG 6013 A3a

Road and Bridge Rehabilitation Programme. Resp. Auth.: Ministry of Works. Parallel cofinancing with World Bank. EDF, part estimated 21.520 mECU. Works and supervision. Project on appraisal. Date foreseen for financing April 91. 6th EDF.
EDF PNG 6014 A2d

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. 2nd int. tender launched in July 90. Project in execution. 6th EDF.
EDF RW 6001 A3a

Special Import Programme. *Resp. Auth.: Gouvernement du Rwanda and Banque Nationale Rwandaise (BNR) 12mECU (6 mECU) for petroleum products by int. tender. (6 mECU) hard currencies allowance to import essentiel products (malt, oil, sugar, salt, gypse, pharmaceutical products, fertilizers, pesticides). T.A. (procurement agent) to promote, coordinate and follow up of operations. Project on appraisal. Date foreseen for financing June 91. 6th EDF.*
EDF RW 6009 *A3a*

SAO TOMÉ & PRINCIPE

Riberia Peixe rural development. Resp. auth.: Ministère de la Coopération. Development of agricultural output (palm oil) and industrial exploitation. 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.: ULG Consultants (UK). Project in execution. 6th EDF.
EDF STP 6001 A3a

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 to the Sectoral Import Programme for transports. Road rehabilitation. **Part A.** Resp. Auth.: Ministère de l'Equipement. EDF part 6.250 mECU. Rehabilitation of the Thiès-Mekhe national road nº 2. Part A lot 1 : 48.7 km. Works by int. tender. Project in execution. 5th EDF.
EDF SE 5046 A2d

Support programme for repatriation from Mauritania. Resp. Auth.: DIRE (Délégation à l'Insertion, à la Réinsertion et à l'Emploi). EDF 2.1 mECU. Line of credits, for existing SME and new SME. T.A. and training. Project in execution. 6th EDF.
EDF SE 6104 A8b

Support programme for the phosphate sector. Sysmin. Resp. Auth.: Ministère du Développement Industriel. 15 mECU. Research for methods to eliminate cadmium from rock and/or from phosphoric acid. Investments in 2 processing plants. Research actions, studies, new humid storage (central conveyor, adjustable stocker, rail scraper, longitudinal conveyor), mining equipment, 3 dumpers, 1 bull-dozer, 2 loaders, 1 hydraulic shovel. Date financing ★ December 90. *Project in execution* 6th EDF.
EDF SYS SE 17 A4af

SIERRA LEONE

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 in execution. 6th EDF.
EDF SL 6004 A3d

Rehabilitation of the Telecommunications network. Phase 2. 7.5 mECU. Works, supplies and T.A. Project in execution. 6th EDF. T.A.: BRITISH TELCONSULT (UK)
EDF SL 6006 A2c

Tourism development programme. Estimated cost 0.850 mECU. T.A. to the Ministry of Tourism and supply of equipment. Project stage: identification. 5th EDF.
EDF SL 5026 A5c

Sectoral Import Programme. Agriculture. Resp. Auth.: SIP Steering Committee: Nat. Auth. Off. (NAO), EEC Delegation and the Ministry of Agriculture and National Resources. 6 mECU. Supply of agricultural inputs, machinery, spares, for agricultural processing, fishing equipment, T.A. (procurement agent): management and evaluation. Short-list done. Project in execution. 6th EDF.
EDF SL 6002 A3a

Construction of the Waterloo-Maziaka road and repairing of the Makeni-Fadugu Section. Resp. Auth.: Ministry of Works. 16.8 mECU. Road reconstruction with bitumen layer of 50 mm T.A. for supervision. Project on appraisal. 6th EDF. Date foreseen for financing April 91.
EDF SL 6007 A2d

SOLOMON ISLANDS

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. T.A.: D.H.V. (NL)
EDF SOL 6003 A3a

Rural health project. Resp. Auth.: Ministry of Health and Medical Service. 3 mECU. Works by acc. tender. Supply of equipment by int. tender. T.A. Project in execution. 6th EDF.
EDF SOL 6007 A7a

Honiara Urban Development Project. Resp. Auth.: Ministry of Housing and Government Services (MHGS). Home Finance Corporation (HFC). 2m ECU. Works, supplies and T.A. Works partly by direct labour, partly by acc. tender. Supplies by int. tender. T.A.: short-list to be done. Project on appraisal. Date foreseen for financing April 91. 6th EDF
EDF SOL 6013 A8a

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 223000 ha of irrigated agriculture in the Juba Valley, and energy to Mogadishu. Civil works: first into tender launched in 1984. Transmission lines int. tender in 1991. Equipment: powerhouse main equipment and auxiliary equipment, int. tenders in 1991. Gates, valves, intake equipment, int. tender in 1991. Int. tender with prequalification launched in February 86 for hydraulic tests. Project in execution. 5th EDF.
EDF SO 5003 A2a

Old Mogadishu port rehabilitation. Resp. Auth.: Somali Port Authority (SPA). 14.5 mECU. Works by int. tender. T.A. and supervision. Project on appraisal. Date foreseen for financing 1st-half 91. 6th EDF.
EDF SO 6005 A2d

National Museum Rehabilitation. Resp. Auth.: Somali Engineering Agency. Dept. of the Ministry of Works and Housing. Total estimated cost 0.650 mECU. EDF 0.500 mECU, Germany 0.040 mECU, local 0.110 mECU. Restoration of the former Sultan Ben Ahmed Palace built in 1872. Works by restricted tendering procedures addressed to preselected and well qualified companies. Project on appraisal. Date foreseen for financing 1st-half 91. 6th EDF.
EDF SO 6015 A8i

SUDAN

Sudan Railways Support Programme (SRSP). Resp. Auth.: Sudan Railways Corporation. 19 mECU. Reconstruction of five major and 18 minor bridges and 7 culverts in the line Kosti-Babanaousa. Supply of materials, tools and replacement part, for the most immediate repairs and maintenance of the track Khartoum-Port Sudan and those required for a direct improvement of telecommunications. Works and supplies by int. tender. Project in execution. 5th and 6th EDF.
EDF SU 6011 A2d

Post Flood Reconstruction and Rehabilitation Programme (PFRRP). Resp. Auth.: agricultural part: Agricultural Bank of Sudan. Transport infrastructure: Roads and Bridge Public Corporation (RBPC) and Sudan Railways Corporation. 15 mECU. Agricultural sector: supply of spare parts for repair and replacement of 2500 pumps. Int. tender and direct agreement. Supply of maintenance parts for 100 trucks (6t): by int. tender. Supply of 100 pumps by int. tender. T A. for repair, control and credit allowances. Transports sector: bridge construction (5 x 25 m) at Geneina, repair and work supervision. Bridge by acc. tender. Supplies for railways, gabions, pipes by int. tender. Project in execution. 6th EDF.
EDF SU 6020 A2d

Dubeibat-Dilling road. Resp. Auth.: Roads and Bridges Public Corporation. 16.5 mECU. Reconstruction and widening over 60 km including construction of bridges and culverts. Works by int. tender. T.A. for supervision. Project on appraisal. 6th EDF.
EDF SU 6006 A2d

SWAZILAND

Rural water supplies programme. Ministry of Natural Resources. 2.6 mECU. Works and supply of equipment for village drinking water supply scheme. Project in execution. 6th EDF.
EDF SW 6008 A3a

Human resources development programme. Resp. Auth.: Ministry of Education. 8 mECU. Works and supply of educational equipment, T.A. and training. Int. tender launched in July 89. Project in execution. 6th EDF.
EDF SW 6010 A6a, b

Rural dam rehabilitation programme. Resp. Auth.: Ministry of Agriculture. 4mECU. Works and supervision. Project in execution. 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 cooperative 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. Project in execution. 6th EDF.
EDF TA 6001 A3a

Secondary roads improvement project. 16 mECU. Repair and rehabilitation works on Songea-Mbinga and Iboma-Mlangali-Madaba secondary roads to improve transport of agricultural produce. Roads and bridges. 2 int. tenders (conditional) launched in August 90. Project in execution. 6th EDF.
EDF TA 6007 A2d

Conservation of historical buildings. ★ *0.690 mECU* Restoration works. Forts Bagamoyo and Zanzibar. Date financing February 91. 6th EDF.
EDF TA 6015 A5i

Livestock service development. Resp. Auth.: Ministry of Agriculture and Livestock Dept. Estimated total cost 4.2 mECU. EDF 3.7 mECU, local 0.500 mECU. Construction of low-cost houses, vaccination campaign, credit lines, T.A. Project in execution. 5th EDF.
EDF TA 5020 A3a

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 Bassar. Resp, Auth.: Ministère du Dév. Rural. EDF 10.3 mECU. Rural intensification and diversification, soil protection, improvement of infrastructure, support to the small-farmer association, marketing improvement. Works, studies, research, evaluation. Project in execution. 6th EDF. T.A.: S.A. AGRER (B)
EDF TO 6006 A3a

Support programme to the phosphate mining industry. Resp. Auth.: Office Togolais des Phosphates (OTP). 15.7 mECU. Research actions on cadmium problems. Purchase of drying machines and shovels. Project in execution. 6th EDF. Pilot Trials: DUETAG (F).
EDF TO-SYS 6015 A4a

Rural hydraulics in the Savanes and Kara regions. Resp. Auth.: Ministère de l'Equipement. 2.475 mECU. Weels and sources assessment. Supply and installation of 200 pumps. Supervision of works. Project in execution. 6th EDF. T.A.: CINAM (F) SOC. GRENOBLOISE D'ETUDES (F)
EDF TO 6010 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

VAVAU development programme. Resp. Auth.: Vava'u Committee. 5 mECU. Construction of new market, road improvement and maintenance, education and health facilities, training. Project in execution. 6th EDF.
EDF TG 6002 A8b

Lupepau'u airport upgranding. Rest. Auth.: Ministry of Civi Aviation. Ministry of Works 2.385 mECU. Works, supplies and ★ supervision. ***Project in execution.*** 6th EDF
EDF TG 6003 A2d

TRINIDAD AND TOBAGO

Sectoral import programme: industry. 12 mECU Allocation of currencies to import raw materials and intermadiate products. Project in execution. 6th EDF.
EDF TR 6002 A4b

Tourism Development Programme. Phase II. Resp. Auth.: Tourism Development Authority. 1 mECU. To enhance day-visitor attractions, training and tourism education, supplies and T.A. Project on appraisal. Date foreseen for financing April 91. 5th EDF
EDF TR 5011 A5c

UGANDA

Farming systems support programme. Resp. Auth. Ministry of Agriculture. 13 mECU. Purchase of farming inputs, and vehicles, machinery and research equipment Training and T.A. including management support, studies and mid-term evaluation. Works by acc. tender. Supplies by int. tender. Project in execution. 6th EDF.
EDF UG 6007 A3a

ZAIRE

Kivu programme. 40 mECU. Action for crops (coffee. corn. palm-tree, rice) environment (Parc de la Virunga), lines of credit. 1st int tender launched in April 89. Project in execution. 6th EDF.
EDF ZR 6002 A3a

Kinshasa hinterland programme. APEK 25 mECU. To improve crop production. 1st int. tender launched in July 89 Project in execution. 6th EDF.
EDF ZR 6003 A3a

Rehabilitation programme of SNCZ. 7.5 mECU. Supply of row materials and spares to replace railways system. Project in execution. 6th EDF. T.A.: TRANSURB CONSULT (B)
EDF ZR 6017 A4a

ZAMBIA

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. 12.35 mECU. Basic infrastructure and social facilities. Works, supplies and T.A. Project in execution. 6th EDF.
EDF ZA 6005 A3a

Import programme and special debt programme. Resp. Auth.: Ministry of Finance. Bank of Zambia, Export Board, EEC Delegation. 20 mECU. Purchase of inputs, raw materials, spare parts and equipments for productive sectors, agriculture, health and transports. T.A. and evaluation. Project in execution. 5th and 6th EDF.
EDF ZA 6016 A1c

Lusaka-Kabwe road. Resp. Auth.: Roads Dept. Road rehabilitation 134 km. Estimated cost 36 mECU Possibility of an int. tender for works (conditional) in the 2nd quarter 91. Project on appraisal 6th and 7th EDF.
EDF ZA 6014 A2d

ZIMBABWE

Small scale irrigation programme. Resp. Auth.: Agritex Irrigation Division. 14 mECU. Irrigation works over 700 ha. Supply of vehicles and equipments. T.A., training, studies Int. tender launched in July 90. Project in execution. 6th EDF.
EDF ZIM 6010 A3e

Tourism development programme. Resp. Auth.: Ministry of Natural Resources and Tourism. 3.6 mECU. EDF part. T.A. studies, marketing. Project in execution. 6th EDF.
EDF ZIM 6008 A5c

Human resources development programme. Resp Auth.: Ministry of National Scholarships. 3.4 mECU. T.A. and scholarships, awards, seminars. Project in execution. 6th EDF.
EDF ZIM 6020 A6

Overseas Countries and Territories (OCT)

ANGUILLA

Anguilla road improvement. Resp. Auth. Ministry of Communication, Works and Public Utilities. EDF 2.466 mECU, local 0.200 mECU. Improvement of 8 road sections. 5.25 km. Project in execution. 6th EDF.
EDF AG 6001 A2d

NETHERLANDS ANTILLES

Tourism development programme. Resp. Auth.: Ministry of Development Cooperation. 19.15 mECU. Programme for 5 islands. Optimal use of tourism potential. T.A., training, promotion and investments in tourism infrastructures. Works, supplies, T.A., training. Project in execution. 6th EDF.
EDF NEA 6007 A5c

Business development scheme. 1.5 mECU. T.A. for marketing, management, product, company and strategy development. T.A. and training. Project in execution. 6th EDF.
EDF NEA 6013 A5c

ARUBA

Airport extension. Extension of airport facilities. Apron, taxiway, new arrival building, car park, access roads, platform buses, fencing, security peripheral road, technical studies. Estimated cost 33.5 mECU. EDF 6.210 mECU, The Netherlands ± 24 mECU, private sector 3.290 mECU. Works, supplies and T.A. (final design, tender dossier, supervision). Project on appraisal. 6th EDF.
EDF ARU 6003 A2d

NEW CALEDONIA

Rural development programme. Resp. Auth.: Administration Territoriale. 2.078 mECU. Poum and Ouegoa water supply. Aquaculture, sea-shrimps, artisanal fishery. Works and supplies. Project in execution. 6th EDF.
EDF NC 6004 A2b, A3d

Norcal study. Estimated total cost 1.440 mECU. EDF 0.800 mECU, Territoire 0.440 mECU, COFREMMI (local) 0.200 mECU. Reupdating of an existing study about nickel production. This study will be executed by the former consultant in charge with the previous study. Impact study on environment financed by EDF: short-list done.

Project in execution. 6th EDF.
EDF NC 6005 A4a

Improvement of the Magenta Airport. *Resp. Auth.: Administration Territoriale. 1.2 mECU. Works by acc. tender (conditional). Project on appraisal. 6th EDF.*
EDF NC 6006 A2d

ST. PIERRE AND MIQUELON

Equipping of the St. Pierre port. Resp. Auth.: Direction de l'Equipement. Estimated total cost 5.5 mECU. EDF 2.6 mECU, France and territorial collectivities 2.9 mECU. EDF part: works. Quay and platform. Project on appraisal. 6th EDF.
EDF SPM 6001 A2d

BRITISH VIRGIN ISLANDS

Improvement and extension of the water supply system. Resp. Auth.: Water and Sewerage Department. EDF 2 mECU. Works by direct labour. Supply of transmission and distribution mains, reservoirs and infiltration trenches with pumps. Int. tender (conditional) launched in March 90. Project in execution. 6th EDF.
EDF VI 6002 A2b

MONTSERRAT

Port Rehabilitation Project. Resp. Auth.: Montserrat Port Authority. Estimated total cost 11.350 m ECU. EDF 2.240 mECU. EIB. 2 mECU, local 2.390 mECU. C.D.B. 4.570 mECU, C.I.D.A. (Canadian Int. Development Agency) 0.150 mECU. Construction of a jetty (80 × 15m) and an approach bridge (95 × 9m). Work, by int. tender. T.A. and training. Project on appraisal. Date ★ foreseen for financing ***June 91.*** 5th and 6th EDF.
EDF MON 6001 A21

ST. HELENA

Sea defences. Resp. Auth.: Public Works and Services Dept. 3 mECU. 2,5 mECU EDF, 0.500 mECU UK. To protect shore facilities at James and Rupert's Bay. Rehabilitation and reinforcement of existing sea walls. Project in execution. 5th and 6th EDF.
EDF SH 5001 A8g

Regional Projects

GUINEA — GUINEA BISSAU — SENEGAL — MAURITANIA — NIGER — MALI

Soil development of the versant basin type in Guinea: Fouta Djalon and Niger Upper Basin. Resp. Auth.: Ministère Guinéen de l'Agriculture et des Ressources Animales (MARA), Direction Générale des Forêts. Estimated total cost 37.5 mECU. EDF 31.5 mECU, Italy 6 mECU. Anti-erosion works, technical and social infrastructure with local NGO's and population. Preparatory studies for programme extension, aerial survey and mapping. Works by acc. tender. Supplies by int. tender. T.A. and training. Project in execution. 6th EDF.
EDF REG 6137 A3a

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. T.A.: ANERCO GMBH (BRD)
EDF REG 6102 A3c

NIGER — MALI

Tillabery-Gao road. Studies and urgent works. Resp. Auth.: Works in Niger: Direction des Travaux Publics, Niamey. Works in Mali: Direction des Travaux Publics in Bamako. 5.260 mECU. Works in Niger by acc. tender, works in Mali by direct labour. Studies: short-list done. Project in execution. 6th EDF.
EDF REG 6161 A2d

BENIN — BURKINA — NIGER

Regional road Godomey Bohicon. 18 mECU. Maintenance for Cotonou to Niamey and Ouagadougou on the Godamey Bohicon 119 Km. Supervision of works. short-list done. Project on appraisal. Date foreseen ★ for financing ***April 91.*** 6th EDF.
EDF REG 6158 A2d

Regional project for the management of the 'W' national park and adjoining game reserves. Estimated total cost 10 200 mECU. To establish 3 management units and 10 bridges and 20 observation posts with their equipment. Building and rehabilitation of administrative, technical and social buildings, tracks and bridges. T.A., training and studies. Project on appraisal 6th EDF.
EDF REG 6122 A5i, A8f

INDIAN OCEAN ACP COUNTRIES

Assistance to the cardiology regional centres. Resp. Auth.: COI and Ministry of Health in Mauritius. 1 mECU. To purchase by int. tender medical equipment. Project on appraisal Date foreseen for financing 1st half 91. 6th EDF.
EDF REG 6509 A7a

Regional programme of meteorological cooperation concerning tropical hurricanes. Resp. Auth.: Madagascar as Regional Authorizing Officer. 5 mECU. Turchase of specialised equipment by int. tender. T.A. and training Project in execution. 6th EDF.
EDF REG 6508 A2e

PACIFIC ACP COUNTRIES

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. 7.4 mECU. Works: implementation of programme components, supply of films, promotion and teaching materials, T.A., support for TCSP and project. Project in execution. 6th EDF.
EDF REG 6027 A5c

MEMBER COUNTRIES OF CILSS

Regional programme to promote the use of butane gas. Resp. Auth.: CILSS 8.260 mECU. To substitute wood and charcoal. Actions to inform, to make aware, to promote LPG (Liquid Petrol Gas). Financial aid to reduce costs. Stocks for gas cylinders (3 and 6 kg). Gas fund in each country. Support to improve ovens and supporting plates, purchase of rail tanks, T.A. Rail tanks by int. tender. Project in execution. 6th EDF.
EDF REG 6106 A3a

Regional programme for soil protection and reafforestation. Resp. Auth.: Ministère du Dév. Rural et de la Pêche du Cap Vert. 4.250 mECU. Works, training, supply of equipments and T.A. Project in execution. 6th EDF.
EDF REG 6145 A3e

Information and training programme on environment. Resp. Auth.: CILSS Secretariat. 10 mECU. Supply of pedagogical equipment, T.A. and training. Project in execution. 6th EDF.
EDF REG 6147 A8f

CENTRAL AFRICAN COUNTRIES AND ANGOLA — ZAMBIA — RWANDA — COMOROS

Development of the regional cultural cooperation in the Bantu world. Resp. Auth.: CICIBA (Gabon). 5.6 mECU. Actions to collect and use knowledge and know-how, cooperation pilot projects with cultural specialists, support actions to artists and shows. Project in execution. 6th EDF.
EDF REG 6079 A8i

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 classrooms, offices and housing. Project stage: identification. 5th EDF.
EDF REG 5311 A6b

Institutional support to Eastern and Southern Africa Management Institute (ESAMI). Resp. Auth.: ESAMI, Tanzania. Estimated cost 4.5 mECU. Extension of ESAMI installations plus provision of library, audio visual and printing equipment and improvement of kitchen and laundry facilities. Project on appraisal. 6th EDF.
EDF REG 6311 A6b

P.T.A. COUNTRIES (Preferential Trade Area)

Computerisation programme for customs and external trade statistics. Resp. Auth.: P.T.A. Secretariat. 6.7 mECU. ★ Project on appraisal. ***Date foreseen for financing April 91.*** 6th EDF
EDF REG 6922 A1b

IGADD COUNTRIES

T.A. for a fight against desertification strategy. Resp. Auth.: IGADD. Supply of specialised T.A. Project on appraisal. 5th EDF.
EDF REG 5361 A3a

BURUNDI — RWANDA — ZAIRE

Institutional support to the: 'Institut de Recherche Agronomique et Zootechnique (IRAZ) at Gitega, Burundi. Resp. Auth.— IRAZ and Ministère des

Travaux Publics, Burundi. EDF part 2.430 mECU. Building of administrative and research complex. Works by int. tender foreseen in 91. Project in execution. 6th EDF.
EDF REG 6318 A1a

MEMBER COUNTRIES OF ECOWAS AND CEAO

Automatic processing of trade statistics and customs data. Resp. Auth.: Secrétariat Exécutif de la CEDEAO. Directeur général du Fonds de la CEDEAO. 5 mECU. Supply of equipment and T.A. Project in execution. 6th EDF.
EDF REG 6163 A1bcef

BURUNDI — RWANDA — TANZANIA — UGANDA — ZAIRE — KENYA

Northern Corridor-Rwanda. Rehabilitation of the road Kigali-Butare Burundi border. Resp. Auth.: Ministère des Travaux Publics. Estimated cost 8 mECU.
★ Project on appraisal. ***Date foreseen for financing April 91.*** 6th EDF.
EDF REG 6310 (RW....) A2d

Block trains (Tanzania Railways Corporation, TRG). Resp. Auth.: TRC. 36 mECU. Provision of main line and shunting locomotives and wagons. Project in execution. 6th EDF.
EDF REG 6313 (TA....) A2d

Northern corridor alternative. Kericho-Isebania road Kenya. Resp. Auth.: Ministry of Transports and Communication,
★ Kenya. ***11.615 mECU.*** Rehabilitation of bitumized road of 170 km in the Victoria lake region. Project on appraisal. 6th EDF. Date foreseen for financing April 91.
EDF REG 6315 (KE) A2d

Improvement of Burundi access to the central corridor. Resp. Auth.: National Authority Officer, Burundi. 10 mECU. Road construction. First part: 27 km. Muyinga-Tanzania border. Works by int. tender. Project on appraisal. 6th EDF.
EDF REG 6317 A2d

KENYA — ETHIOPIA

Isiolo-Moyale road. Preparatory studies. Resp. Auth.: Ministry of Public Works, Kenya. Estimated cost 1.750 mECU. Separate economic feasibility and engineering studies. Project on appraisal. 6th EDF. Date foreseen for financing March 91.
EDF REG 6324 A2d

TANZANIA — MALAWI

Ibanda-Uyole road. Resp. Auth.: Ministry of Communications and Works, Dar Es Salaam. Estimated total cost 23 mECU EDF 13 mECU, The Netherlands 10 mECU. Rehabilitation works of existing bitumen road. Project on appraisal. 6th EDF. Date
★ foreseen for financing ***April 91.***
EDF REG 6402 A2d

CAMEROON — CONGO — GABON — CENTR. AFR. REP. — EQUAT. GUINEA — SAO TOME AND PRINCIPE — ZAIRE

Conservation and rational utilization of the forest ecosystems in Central Africa. 24 mECU. Buildings, tracks, bridges, supply of equipment, T.A. and training Prequalification launched in October 90. Project in execution. 6th EDF.
EDF REG 6203 A3a

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

Mananga: agricultural management training. Resp. Auth.: Mananga Agricultural Management Centre (MAMC). 1.6 mECU. Supply of T.A. Project in execution. 6th EDF.
EDF REG 6425 A6ci

Assistance to the College of Wildlife Management at Mweka. Resp. Auth.: Ministry Natural Resources. Tanzania 2.400 mECU. Supply of field training and office equipment, teacher training, rehabilitation of college buildings. T.A.: Project on appraisal. 6th. EDF
EDF REG 6408 A5i

SADCC — ANGOLA

T.A. for the Office of the Lobito Corridor (Project Coordination Unit). Resp. Auth.: Ministère des Transports et Communications. 2.400 mECU. T.A. in 2
★ phases. Supply of equipment. ***Project in execution.*** 6th EDF.
EDF REG 6423 A2d

SADCC — MOZAMBIQUE

Limpopo line rehabilitation. Resp. Auth.: Mozambique Ministry of Transports. EDF part estimated 15 mECU, Community contribution to an overall rehabilitation programme for the Limpopo railway line. Project on appraisal. 6th EDF.
EDF REG 6421 A2d

Beira port contract dredging. Resp. Auth.: Ministry of Construction and Water. Estimated cost 9 mECU. Dredging for two years of the access channel to the port of Beira. Works: 2 years, 4 million m^3/year. Supervision and training. Project on appraisal. 6th EDF.
EDF REG 6401 A2d

CAMEROON — CENTRAL AFRICAN REP. — CHAD — CONGO — GABON — GHANA — NIGER — NIGERIA

Aeronautical satellite Telecommunications. Project for Central and Western Africa. Estimated cost 5.072 mECU. Improvement of air traffic safety. The project will provide high quality voice and low speed data links between. The Air Traffic Control Centres in 8 countries. Project on appraisal. 6th EDF
EDF REG 6038 A2d

ASECNA

Regional air safety training schools at Douala and Niamey. Resp. Auth.: ASECNA. 7 mECU. Building and equipping of schools in Douala and Niamey. Works and equipments by int. tender. T.A. Project in execution. 6th EDF.
EDF REG 6057 A6d

BENIN — COTE D'IVOIRE — GHANA — GUINEA — GUINEA BISSAU — TOGO

Regional programme to grow Western coastal african countries awareness of natural resources protection. Resp. Auth.: Ministère de l'Environnement-Togo. Estimated cost 10 mECU. Priorities: fight against bush fire and deforestation and for Soil protection. Project on appraisal. 6th EDF
EDF REG 6113 A3e

CARIBBEAN ACP COUNTRIES AND MONTSERRAT

West Indies university. Resp. Auth.: UWI and National Authorising Officers. 6.2 mECU. Renovation and rehabilitation works, supply of technical and scientific equipment, T.A. and training. Project in execution. 6th EDF.
EDF REG 6601 A6b

CARDI (Caribbean Agricultural Research and Development Institute). Technology transfer and applied research programme. Resp. Auth.: CARDI. EDF 5.3 mECU. Works supplies, training. T.A. Project in execution. 6th EDF.
EDF REG 6632 A3a

ORGANISATION OF EASTERN CARIBBEAN STATES (OECS) AND BRITISH VIRGIN ISLANDS

Eastern Caribbean States Export Development Agency (ECSEDA) and Automatic System for Customs Data (ASYCU DA). Resp. Auth.: OECS secretariat in Castries, St. Lucia, ECSEDA headquarter in Roseau, Dominica. 4.430 mECU. T.A. and supply of equipment and computers. Project in execution. 6th EDF.
EDF REG 6610 A5d

OECS integrated tourism programme. Resp. Auth: OECS secretariat. 3 mECU. Cooperative marketing in Europe, T.A. and tourism training. Project in execution. 6th EDF.
EDF REG 6613 A5c

OECS — TRINIDAD AND TOBAGO BARBADOS — GUYANA

Regional fruit and vegetable marketing programme. Resp. Auth.: Caribbean Food Corporation. 6.2 mECU. T.A. and supplies. Project on appraisal. 6th EDF.
EDF REG 6620 A5de

OECS AND MONTSERRAT

Tertiary education. Resp. Auth.: OECS Secretariat. 7.2 mECU. Construction, supply of equipments, training, trainers training, T.A. and evaluation. Project in execution. 6th EDF.
EDF REG 6628 A6bcj

CARICOM AND UK OCT

Regional hotel training programme. Resp. Auth.: Bahamas Hotel Training College (BHTC). 4.4 mECU. Construction region training facility, supply of equipment,

scholarships. Project in execution. 6th EDF.
EDF REG 6614 A5c

Student accomodation for Caribbean regional educational institutions. Resp. Auth.: UWI, CAST and CTC. 16 mECU. Construction of residential hostels with a total of 1080 beds and daytime accomodation in six campus concerned in Barbados, Jamaica and Trinidad and Tobago. Contracts for architectural design will by awarded following a design competition. Works by restricted tender after prequalification. Equipments and furnishings by int. tender. Project in execution. 5th and 6th EDF.
EDF REG 6630 A6b

CARIBBEAN ACP COUNTRIES AND OCT'S

Caribbean Tourism Development Programme. Resp. Auth.: Caribbean Tourism Organisation (CTO), Barbados. Estimated cost 9 mECU. Market development in Europe, product development in the Caribbean, statistics and research, tourism education and training, linkages development. T.A. after prequalification. Project in execution. 6th EDF.
EDF REG 6917 A5c

ALL ACP COUNTRIES

Support programme to take social dimension of the structural adjustment into account. 1.500 mECU. Studies, statistics, reports, T.A. Project in execution. 6th EDF.
EDF REG 6076 A1b

ACP AND OCT COUNTRIES

ACP and OCT countries participation in trade development actions and services. Resp. Auth.: Programme coordination by Trade Devpt. Unit in DG VIII-Brussels and geographical units in DG VIII-Brussels and EEC delegations. 6.193 mECU for ACP's and 0.375 mECU for OCT's. Trade fairs and tourism, seminars, conferences, workshops and symposia. T.A. to prepare programmes and actions and for training. Commercial missions (regional), publication of brochures and documentation. Project in execution. 6th EDF.
EDF REG 6916 A5e

MEDITERRANEAN COUNTRIES

ALGERIA

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, scholarships. Project in execution.
SEM AL A3a

Integrated programme to improve seed production for large scale farming. EEC contribution 7 mECU. Works, supplies and T.A. Project in execution.
SEM AL A3a

Centre to Develop Pesticides (CDP). Resp. Auth.: CERHYD (Centre de Recherche pour la Valorisation des Hydrocarbures et leurs Dérivés 1.9 mECU. T.A. and training, supply of equipment. Project in execution.
SEM AL A3a

Support programme to the hydraulic sector. Resp. Auth.: Ministère de l'Equipement Direction de Développement des Aménagements Hydrauliques (DDAH) and Agence Nationale des Ressources Hydrauliques (ANRH). 8 mECU. T.A. for National Water Plan, supervision and monitoring for dams, studies, waste water treatment stations. Supply of equipments. Project on appraisal. Date foreseen for financing 1st half 91.
SEM AL 183/90 A2b

Pilot project to develop artisanal fishery in Western Algeria. Resp. Auth.: Ministère de l'Agriculture et de la Pêche. 9.770 mECU. Supply of line of credit and specialized T.A. Training and scholarships. Evaluation. Project on appraisal. Date foreseen for financing 1st half 91.
SEM AL A3a

Financing of artisanal enterprises from 'Société Nationale de l'Electricité et du Gaz (SONELGAZ)'. Resp. Auth.: Ministère de l'Industrie et de l'Artisanat and SONELGAZ. 9.060 mECU. Supply of line of credit for artisanal enterprises, supply of pedagogical equipment, T A. for bank-office in charge for credits. Project in execution.
SEM AL A4d

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 ID). Int. tender dossier:. Phoebus I).
SEM EGT 1002 A2a

IUD production. Resp. Auth.: National Population Council (NPC). EEC 2.100 mECU. T.A., equipments, row material for local production of IUD. T.A. by Organon (NL) Equipments by int. tender. Project in execution.
SEM EGT A7c

Food Sector Development Programme (FSDP). Resp. Auth.: Ministry of Agriculture and Land Reconstruction, National Oil Crop Council, Livestock Production Council, Animal Production Cooperatives (APC). 55 mECU Animal food improvement. Milk marketing. Artificial insemination (AI) and animal health improvements, edible oil, line of credit. T.A. Project in execution.
SEM EGT A3a

Bardawil Lagoon development project. Resp. Auth.: Ministry of Agriculture and Land Reclamation (MOALR) and the General Authority for Fish Resources Development (GAFRD). 3 mECU. Protection of natural resources by controlling and improving the water salinity of the Lagoon. Improvement of the marketing of fish and reduction of losses. Construction of an additional landing place with basic marketing facilities and improvement of the existing one. Installation of a cool chain including an ice-making machine. Improvement of the Lagoon's fishing methods by introducing more careful fishing techniques and better management. T.A. for the development and implementation of training and extension programmes. Purchase of equipment and vehicles by int. tender. Project in execution.
SEM EGT 510/90 Aai

Credit line for small-scale industries. Resp. Auth.: Ministry of Industry, Federation of Egyptian Industries (FEI). 8.5 mECU. Credit line and T.A. Project in execution.
SEM EGT 509/90 A4b

Gulf Crisis Financial Assistance. Resp. Auth.: Central Bank of Egypt. 175 mECU. Hard currencies allowance for private and public companies and public authorities, to cover import prices (CIF) for eligible goods. Importers have to deposit in advance in local currency the equivalent amount of the CIF prices into a special account for
★ counterpart funds ***Project in execution.***

JORDAN

Study on underground water-level in the Azraq basin. Resp. Auth.: Ministry of Hydrology and Irrigation. 3 mECU. To collect and exploit all data concerning water region of Azraq basin. T.A. supply of equipment and drilling works. Works by acc. tender. Project in execution.
SEM JO A2a

Project for a national soil map and land utilization. Resp. Auth.: Ministry of Agriculture. 4 mECU. T.A. and training. Project in execution.
SEM JO A1g

Education Improvement. Resp. Auth.: Ministry of Education. 1.8 mECU. T.A. by ten experts and one project director. Scholarships. Project on appraisal. Date foreseen for financing 1st half 91.
SEM JO 261/90 A6a, A6b

Improvement of agricultural productivity in arid and semi-arid zones. Phase II. Resp. Auth.: Ministry of Agriculture and the University of Jordan. T.A. by a European research institution competent in the development of arid zones. Works by acc. tender. Supply of equipment by int. tender. Project in execution.
SEM JO 570/90 A3a

Ground water investigation in the Hammad and Sirhan basins. Resp. Auth.: Ministry of Water and Irrigation, Water Authority. 4 mECU. Initial studies, drilling explorations, surveys and analysis. Project on appraisal.
SEM JO 589/90 A2a, A9a

Gulf Crisis Financial Assitance. Resp. Auth.: Central Bank of Jordan. 150 mECU. Hard currencies allowance for private and public companies and public authorities, to cover import prices (CIF) for eligible goods. Importers have to deposit in advance in local currency, the equivalent amount of the CIF prices into a special account for counterpart
★ funds. ***Project in execution.***

MALTA

Improvement of infrastructure. 3.1 mECU. T.A. and supply of equipments. Management of natural water resources, long term development plan for 'Telemalta Corporation' Supplies by int. tender. Project

in execution.
SEM MAT 88 A9b

Protection of Malta's coastline against oil pollution. Resp. Auth.: Oil Pollution Executive 2.4 mECU. Supply of specialized equipment, training and T.A. Project in execution.
SEM MAT A8f

Upgrading of economic and research/training infrastructures. 4.2 mECU. Improvement and modernization of training and research in radiology in the main hospital. T.A. and supply equipment. Modernization of the telephone network in La Vallette. Modernization of the wireless and telegraph branch. T.A and supply of equipment. ★ ***Project in execution. Int. tender for supplies launched in April 91.***
SEM MAT 281/90 A2c, A7a

Upgrading of standards laboratories. Resp. Auth.: Maltese Government. 2.2 mECU. Identification by European T.A. of the present situation for standard laboratories. Training and organizational matters, purchase of equipments. Restructuring of different laboratories. Supply of analytical equipment, microbiological equipment and calibration equipment. Project on appraisal. ★ Date foreseen for financing ***1st half 91.***
SEM MAT 1912/90 A1c

MOROCCO

Support to strengthen technologic and scientific education structures. Resp. Auth.: Ministère de l'Education Nationale. EEC 40 mECU Achievement of Beni Mellal and Settat faculties. Construction of Errachidian and Mohammedian faculties and CPRT of Settat. Supply of equipments for faculties and CPRT, studies, T.A. and supervision. Works and equipments by int. tenders. Project in execution.
SEM MOR A6b

Rehabilitation and protection of the disaster areas in Ouarzazate and La Moulouya. Resp. Auth.: Office Rég. de Mise en Valeur Agricole de Ouarzazate (ORMVAO) and La Moulouya (ORMVAM). Works by direct labour. Supply of equipment by acc. tender. Project on appraisal. Date foreseen for financing 1st half 91.
SEM MOR 236/90 A3a

Support to strengthen training structures in the textile and leather sectors. Resp. Auth.: Ministère des Travaux Publics, de l'Equipement de la Formation Professionnelle et de la Formation des Cadres and the OFPPT. EEC contribution 28.075 mECU EEC part: construction of 3 centres. Equipements for 6 centres trainers training and T.A. Project on appraisal. Date foreseen for financing 1st half 91.
SEM MOR 264/90 A6c, A6d

TUNISIA

Date-palm trees in the Rejim-Maatoug region. Resp. Auth.: Office de Mise en Valeur de Rejim-Maatoug. EEC contribution 15 mECU. Italy 7 mECU. Drilling works by int. tender. Drilling equipments— Italy. Electric equipment: Italy. Irrigation equipments: int. tender. T.A. Italy Project in execution.
SEM TUN A3a

Credits for S.M.E. rural sector. Resp. Auth.: Banque Nationale Agricole (B.N.A.) 12 mECU. 1st phase purchase of 60 000 or 70 000 t of wheat: hard and/or soft, by 'Office des Céréales'. Counterpart funds will be distributed for credit operations. Purchase by int. tender. Project in execution.
SEM TUN 3aA

Financial and technical support to the 8th Social and Economic Development Plan. Resp. Auth.: Ministère du Plan et de Développement Régional. Direction Générale de la Coopération Internationale (DGCI). EEC contribution 0.500 mECU. T.A. ★ and purchase of equipment. ***Date financing February 91.***
SEM TUN A1b

Mobilization of water resources in the Kasserine Governorat. Resp. Auth.: Ministère du Plan et du Dév. Régional. Commissariat Régional de Développement Agricole de Kasserine. EEC Contribution 7 mECU. Water schemes, dams, drillings. Works by acc. tender. Project on appraisal. Date foreseen for financing April 91.
SEM TUN 254/91 A3c, A9b

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. Int. tender ★ foreseen in ***April-May 91.***
SEM TU A4a

Improvement of health services. EEC contribution 5.8 mECU. Master plan, specialized medical equipments, scanner, vehicles. T.A. and supplies. Project in execution.
SEM TU A7ac

Fight against environmental pollution. Resp. Auth. Prime Minister's Office. Directorate General of the Environment. EEC contribution 2.8 mECU. Purchase of mobile system to measure, control, water, air, surface and soil pollution. Supply of laboratory equipment, T.A. Project in execution.
SEM TU A8f

Vocational training programme for tourism and mining. EEC contribution 5,4 mECU. Seminars, staff, trainers, supply of equipment, studies. Project in execution.
SEM TU A5c, A4a, A6d

Programme to deepen association relations between EEC and Turkey. EEC contribution 3.6 mECU. Scholarships, supply of equipment for the University of Ankara and Marmara. Training centre and language laboratory in Marmara. Establishment of a Euro-Turkish 'Business Council'. Project in execution.
SEM TU A6b

Regional centre for training and development for the 'Union Internationale des villes (UIV)' for eastern Mediterranean countries and Middle-East in Istanbul. EEC contribution 1.4 mECU. T.A. and supply of equipment. Project in execution.
SEM TU A1c

Gulf Crisis Financial Assitance. Resp. Auth.: Central Bank of Turkey. 175 mECU. Hard currencies allowance for private and public companies and public authorities to cover import prices (C.I.F.) for eligible goods. Importers have to deposit in advance, in local currency the equivalent amount of the C.I.F. prices into a special account for ★ counter part funds. ***Project in execution.***

WEST BANK AND GAZA OCCUPIED TERRITORIES

Assistance to the Palestinian population in the occupied territories. EEC contribution 10 mECU. Various projects, lines of credit supply of equipment, T.A. and training. Project on appraisal. Date foreseen ★ for financing ***April 91.***
SEM OT 91 A8a, b, e

A.L.A. developing countries ASIA and LATIN AMERICA

BANGLADESH

North Central Regional Study Project. Resp. Auth.: Flood Plan Coordination Organization of the Ministry of Irrigation, Water Development and Flood Control. Estimated total cost 3.740 mECU. EEC contribution 1.870 mECU, France 1.870 mECU. T.A. for Regional Water Devp. Planning Study: short-list done. Feasibility study of the Priority Project. financed by France. Project in execution.
ALA BD 9003 A8g

National Minor Irrigation Development Project (NMIDP), Resp. Auth.: Ministry of Agriculture. Estimated total cost 131 mECU. EEC contribution 65 mECU. IDA/World Bank and local 66 mECU. Works and supplies. T.A. for environment, training. ★ ***Project in execution.***
ALA BD 9013 A3a

River survey project. Resp. Auth.: See ALA BD 9003 project. EEC contribution 12.6 mECU. T.A. to collect reliable data on discharge, water levels, river velocities and sediment transport, provide reliable hydrographic charts of key areas. Training, special equipment and instruments and SPOT im- ★ ageries. ***Project in execution.***.
ALA BD 9004 A9a

BHUTAN

Strengthening of veterinary services for livestock disease control. Resp. Auth.: Ministry of Agriculture. EEC contribution 4 mECU Building works by acc. tender. T.A. by restr. tender after short-list. Short-list not yet done. Equipment and materials by Specialised Procurement Agent appointed by the CEC in agreement with the R.G.O.B. Vehicles and vaccine, by int. tender. Project in execution.
ALA BHU 9008 A3a

BOLIVIA

Protection of La Paz, Trinidad, Santa Ana, Villa Montes against floods. Resp. Auth.: CORDEBENI, CORDETAR and A.M. LA PAZ. EEC contribution 11.700 mECU. Works, supplies, T.A. and supervision. ★ Studies. ***Project in execution.***
ALA BD 9023 A9a

COLOMBIA

Microprojects in the Pacific Coast zone. Phase 2. Resp. Auth.: Corporación Regional Autonoma del Valle del Canca (CVC). EEC contribution 11.200 mECU. T.A., works, equipments and line of credit. ★ Training. ***Project in execution.***
ALA CO 9020 A3a

GUATEMALA

Programme for sustainable development of the Lake Atitlan Basin. Resp. Auth.: Ministerio Desarollo Urbano e Rurale (MDUR). Pilot programme of microprojects. EEC contribution 3.5 mECU. Works and infrastructures. Supply of equipment, line of credit, T.A. and studies. Int. tender launched end of April 89. Project in execution.
ALA GU 8822 A3a

INDIA

Doon Valley integrated watershed management project. EEC contribution 22.5 mECU. Rehabilitation and reafforestation, soil conservation, minor irrigation, energy conservation, community participation, agriculture. Works by direct labour, supply by int. tender or acc. tender. T.A. ★ ***Project in execution.***
ALA IN 9014 A3a

Kerala Horticulture Development Programme. *Resp. Auth.: GOK Chief Secretary and Steering Committee. 28.7 mECU. Supply of fertilizer, equipments (seeds and industry) works and T.A. (short-term and long-term). Project on appraisal. Date foreseen for financing April 91.*
ALA IN 9103 A3a

INDONESIA

Rural electrification project (hydro-electric 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

Punggur Utara irrigation project. Resp. Auth.: Ministry of Public Works, Directorate General of Water Resources Development (DGWRD) EEC contribution 29.3 mECU. Civil works: main system, secondary and tertiary canals. Works by int. tender and acc. tender. T.A. for preparation tender dossiers, supervision and monitoring. ★ ***Project in execution.***
ALA IND 9019 A3a

IRAN

Rebuilding of the Manjil and Abbar Tarum Hospitals. *Resp. Auth.: Ministry of Health and Medical Education. 13 mECU T.A. for architectural and technical studies and work supervision. Building and equipments by int. tender. Project on appraisal. Date foreseen for financing April 91.*
ALA IR A7a

LAOS

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

NICARAGUA

Reintegration of qualified persons for economic reconstruction and development. Resp. Auth.: Organisation Internationale pour la Migration (OIM), Genève 5.1 mECU. Project in execution.
ALA NI 9005 A1b

PACTO ANDINO MEMBER COUNTRIES

Regional programme for technical cooperation: APIR (Accelerate Process on Regional Integration). Resp. Auth.: JUNAC. EEC participation 73 mECU. T.A. for studies, training and advising. Supply of small equipment Project in execution.
ALA JUN 8806 A1b

Satellite Telecommunications Andean System (SATS) Preparation — Phase 2. Resp. Auth: JUNAC. 2.2 mECU. Project in execution.
ALA JUN 8803 A2c

HONDURAS — NICARAGUA

Special fund for export promotion. Resp. Auth.: Banco Centro Americano de Integración Economica (BCIE) and the European T.A. EEC contribution 32 mECU. Line of credit and T.A. Project in execution.
ALA REG 9006 A5d

PAKISTAN

Support to the rural population of the Chitrai region. Resp. Auth.: Aga Khan Foundation, Pakistan, Karachi. EEC contribution 8 mECU. Rural development, health, ★ education. ***Project in execution.***
ALA PK 9018 A3a

PANAMA

Rehabilitation of Santo Tómas Hospital. Resp Auth.. Ministerio de Salud. EEC contribution 4 mECU. Works, supply of equipment and T.A. for maintenance, training ★ and management. ***Project in execution.***
ALA PAN 9017 A7a

PANAMA — COSTA RICA — NICARAGUA — HONDURAS — EL SALVADOR — GUATEMALA

Regional development programme for agricultural research on cereals in Central-America. EEC contribution 10.8 mECU. T.A. and supply of equipment. Project in execution.
ALA REG 8823 A3a

Regional support programme for fishery development in the Central American isthmus. Resp. Auth.: OLDEPESCA. EEC contribution 13.4 mECU. T.A., works, supply of equipments, line of credit, training, studies. Project in execution.
ALA REG 9009 A3a

PARAGUAY

Rural settlement. San Pedro and Caaguazu. Resp. Auth.: Instituto de Bienestar Rural. 10.4 mECU. Settlement of 4 000 families. Basic infrastructures, equipments, training and T.A. Project on appraisal. ★ Date foreseen for financing ***April 91.***
ALA PAR 90/24 A3a

BCIE (BANCO CENTROAMERICANO DE INTEGRACION ECONOMICA)

Support to the SME in Central America (PAPIC). Phase II. Resp. Auth.: BCIE. EEC 6 mECU, Italy 1 mECU, Sweden 3.8 mECU, BCIE 3.8 mECU. Hard currencies funds. T.A. and training. Project in execution.
ALA REG 8909 A5b

IDB (INTERAMERICAN DEVELOPMENT BANK)

Special fund for T.A. 2 mECU. Short-term consultancies with european experts, or european consultings. Studies, T.A., training. Project on appraisal. Date foreseen for ★ financing ***April 91.***
ALA REG 91 A9b

Special fund to finance small productive projects. Resp. Auth.: IDB. 8 mECU. Project on appraisal. Date foreseen ★ for financing ***April 91.***
ALA REG 91 A5a

EL SALVADOR — GUATEMALA — HONDURAS

Trifinio region development pilot project. Resp. Auth.: Ministros de Recursos Naturales. Comité de Dirección. EEC contribution: 7.170 mECU. Reafforestation works, feeder roads, warehouses, supply of equipments and T.A. Feeder roads, irrigation, warehouses and supplies by int. tender. Project in execution.
ALA REG 8814 A3a

PERU

Rural micro-projects programme (Pampa-Puno II). Resp. Auth.: CORPUNO. EEC contribution 21.4 mECU. T.A.: ten expatriates. Supply of trucks, vehicles, equipments, training. Project in execution.
ALA PE 8817 A3a

Irrigation project in Tumbès. Resp. Auth.: Comisión mixta Puyango-Tumbres. Sub-comisión peruviana. EEC contribution 21.4 mECU. Purchase of equipment and materials. Credit line. T.A. and training and ★ research. ***Project in execution.***
ALA PE 9012 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

COCESNA — COSTA RICA — EL SALVADOR — GUATEMALA — HONDURAS — NICARAGUA

Radar control for civil air traffic in Central America. EURO MAYA project. Resp. Auth.: COCESNA (Corporación Centroamericana de Servicios de Navegación Aérea) and co-director EEC. EEC contribution 18.5 mECU, Italy 9.5 mECU. Civil works, supplies, 4 radars and equipments, communication systems. Extension of the Tegucigalpa control centre. T.A. and training. Project in execution.
ALA REG 8819 A2d

PHILIPPINES

Agricultural education programme. Resp. Auth.: Ministry of Education, Culture and Sports (DECS). EEC contribution 10.4 mECU. Parallel cofinancing with ADB. Supply of equipments and agricultural inputs. Pedagogical equipment, furnitures, laboratory equipments and audio-visuals, books, chemicals, tools, vehicle, T.A. and training. Project in execution.
ALA PHI 8824 A6ci

Earthquake Reconstruction Programme (ERP) (July 90). Resp. Auth: Department of Agriculture, CECAP (Central Cordillera Agricultural Programme). Project Office. EEC contribution 20 mECU. Agricultural rehabilitation, works, supplies and T.A. Hospital rehabilitation: works for 2 hospitals, supply of equipment and supervision. Studies: 1) Alternative transport strategy study. 2) Urban planning studies for the ★ cities of Bagnio and Dagupan. ***Project in execution.***
ALA PNI A8a

SRI LANKA

Pilot project for agricultural productivity villages under the poverty alleviation programme. Resp. Auth. Project Implementing Unit. 2.5 mECU. T.A. training and supply of equipment. Project in execution.
ALA SRL 9002 A3a

Minor and medium size irrigation systems in the North-Western province. Resp Auth.: Ministry of Land and Ministry of Agriculture. EEC contribution 6.3 mECU. Work, by direct labour, supplies by ★ int. tender. T.A.. ***Project in execution.***
ALA SRL 9016 A3a

THAILAND

Development and extension of fruit and vegetable production in Northern Thailand. EEC contribution 9.45 mECU. Long-term T.A., supply of equipments, line of credit, training, research and follow-up and evaluation. Project in execution.
ALA TH 8812 A3a

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the imaginary world and the obligations trigger fear because the community belongs both to the real world and to imaginary worlds.

So the uncertain universe of the African community makes it impossible for the individual to perceive the consequences of his individual plans and community calculations must come before economic calculations.

Effect of a society of transfers on development

Mr Mahieu maintains that, so far, 'the importance of the transfers set up by the African community system has enabled the continent to show remarkable resistance to natural and economic disaster. However, in the present economic crisis, too many demands are being made on this transfer system and it could well lead to a **general crisis of the system of solidarity,** with greater poverty in its wake' (p 33).

Although the system of rights and obligations cushions the social effects of growth, it amplifies the social consequences of prolonged deflation. It is the cement of African society, ensuring a minimum amount of security by the redistribution of wealth, although it may paralyse entrepreneurial initiative.

The interaction of community and utilitarian values so typical of Africa's economic system makes the African economic operator very resistant to the ups and downs of the economy. But the system of solidarity may collapse if there is a prolonged economic crisis which takes in both rural and urban sectors. More and more people will make demands on fewer and fewer potential donors and the crisis will emerge as a growing confrontation between rich and poor, with class consciousness emerging in hitherto socially regulated societies.

So François Régis Mahieu is at variance with Serge Latouche in his belief that the African cultural identity is ever-present and so strong that it constantly subverts the modern forms of development. But Serge Latouche is not as pessimistic as one might think.

Westernisation is active and deculturation problematical

He maintains that the economy may break through or even catch up in a given country. This means active westernisation, essential to development, should make it possible to build a framework of values in which techniques come into their own and to overcome the absence of any auto-dynamism.

A technical society is not a machine which only has to be taken out of its box and plugged in, the author maintains. People, their beliefs, their traditions and their skills are extra parts which ensure that the machine ticks over properly and they are not delivered with the machine. It all has to come together and any breakdown in the circuit will create problems.

If the crisis of westernisation is to be stopped, then the social destruction that could well prevent the machine from working properly has to cease too.

François Régis Mahieu says, however, that 'African cadres are often the first to turn aside from it, (p. 154). And Serge Latouche maintains that 'solving the problems Europe took to Africa, economic development included, is only the affair of the whites...' (p. 114).

Africanist knowledge and external dependence

Jean Copans believes that the Africa of the Africanists, be they white or black, 'has very little to do with the Africa of the African peoples' (p. 11). Yet the incomprehension and misunderstanding of what societies, States and cultures are can only help maintain external dependence and internal nationalist demagoguery.

Conclusions

These three works show that it is possible at least to try and explain the problems of African society (and particularly its economic development) in terms of African culture, beyond the standard models of third worldism and neo-classical liberalism.

The failure of African development is more than the determinism of ethnocentric deculturation. The African cultural model is a resistant one. Should — and how — can it adapt to the imagery of the social machinery of the West?

Does African modernity necessarily mean individualism or does it mean respect for the community? This is particularly important given that redistribution by the community generates rigidity that can be fatal to African development and that the present crisis could well lead to a general crisis in the system of solidarity.

These are just some of the questions raised by these three books. The answers are for the Africans to find, first and foremost, for, fundamentally, Africa has to see itself other than in categories other people have established. ○

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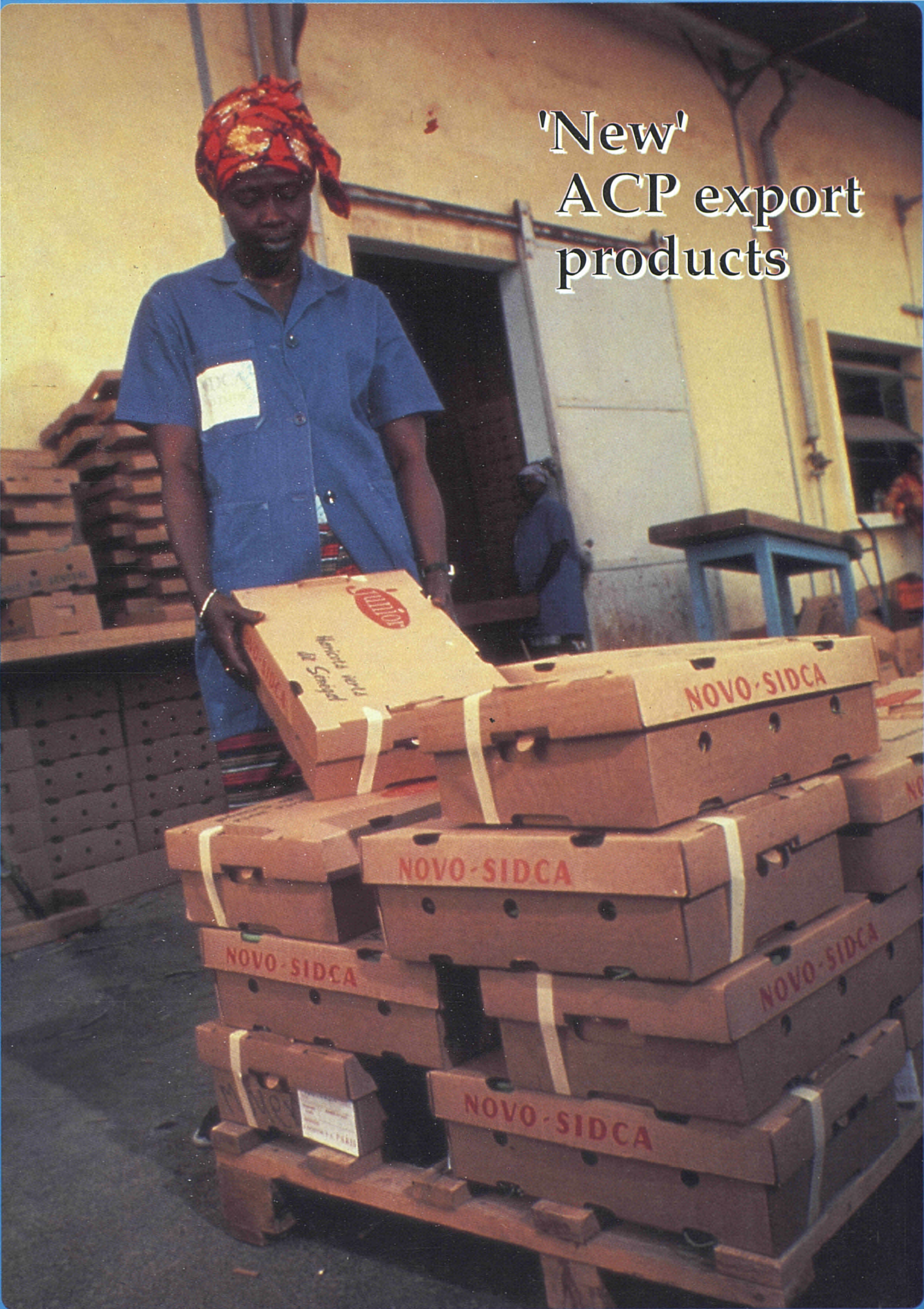

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