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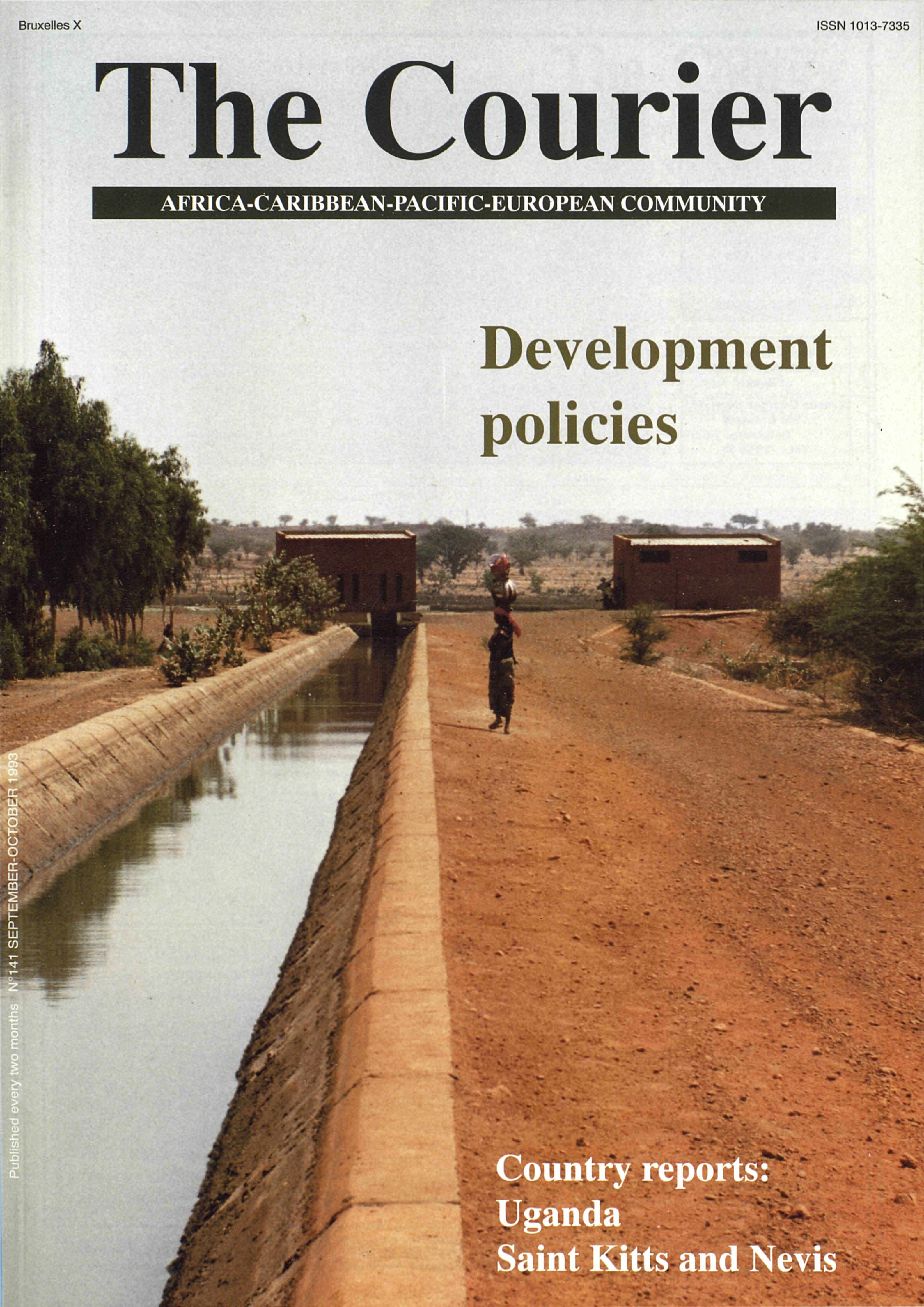
AFRICA-CARIBBEAN-PACIFIC-EUROPEAN COMMUNITY



Development policies

Country reports:
Uganda
Saint Kitts and Nevis

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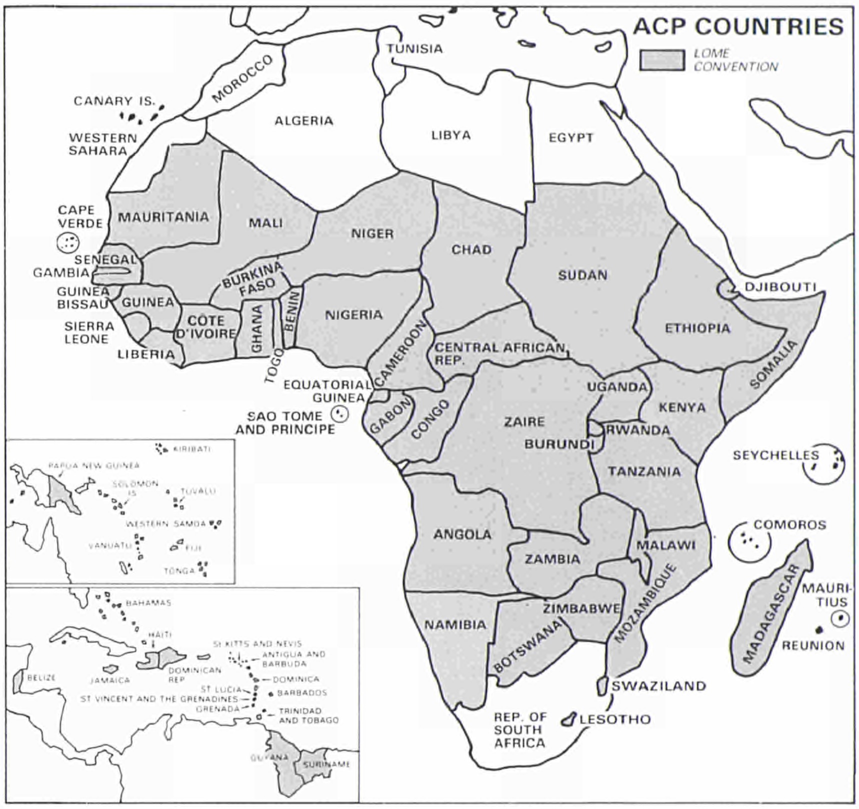

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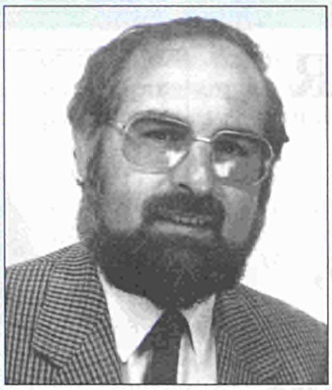
Cover page: *An irrigation project funded out of EC development aid in Niger. Food security, the elimination of poverty and the strengthening of human resources are objectives common to all development policies (Photo The Courier)*

MEETING POINT: Christopher Stevens



After 30 years of development cooperation, democracy and human rights are steadily gaining ground throughout the developing world and some developing countries in Asia and Latin America have made dramatic economic progress. But Africa is another story: in the last ten years it has fallen disastrously behind in the economic stakes. Dr Christopher Stevens of the Institute of Development Studies in the United Kingdom looks at the reasons for Africa's difficulties and considers how the decline might be reversed. **Pages 2 to 5.**

COUNTRY REPORTS

ST KITTS AND NEVIS: On 19 September 1993 the twin-island State of St Kitts and Nevis will celebrate the tenth anniversary of its independence from the United Kingdom. All in all it has been a prosperous decade marked by an enviable record of development and a gradual transition of its economy where tourism has taken over from sugar as the engine of growth. Prime Minister Dr Kennedy Simmonds explains the reasons for success, while Nevis Premier Vance Amory calls for a new balance in the Federation.
Pages 6 to 21.

UGANDA: Seven years after the National Resistance Movement came to power, Uganda has made great strides not only in the establishment of democracy and respect for human rights, but also in rehabiliting its war-shattered economy. It is now set for the next stage of its development plan: the creation of a self-sustaining economy based largely on agro-industries driven by the private sector. **Pages 22 to 42.**

DOSSIER: Development Policies

The world's major donors and lenders of development aid have firm ideas as to who they will help and how they would like to see that aid used. Recipient countries have their own views of what can or should be done. The approaches of both sides vary according to circumstances and have changed over time. In our third special Dossier this year on issues of development, we look at the development policies of both North and South and explore the basic questions: who gives what to whom, why and on what conditions? What impact are those policies having, and could they be improved? **Pages 48 to 86.**

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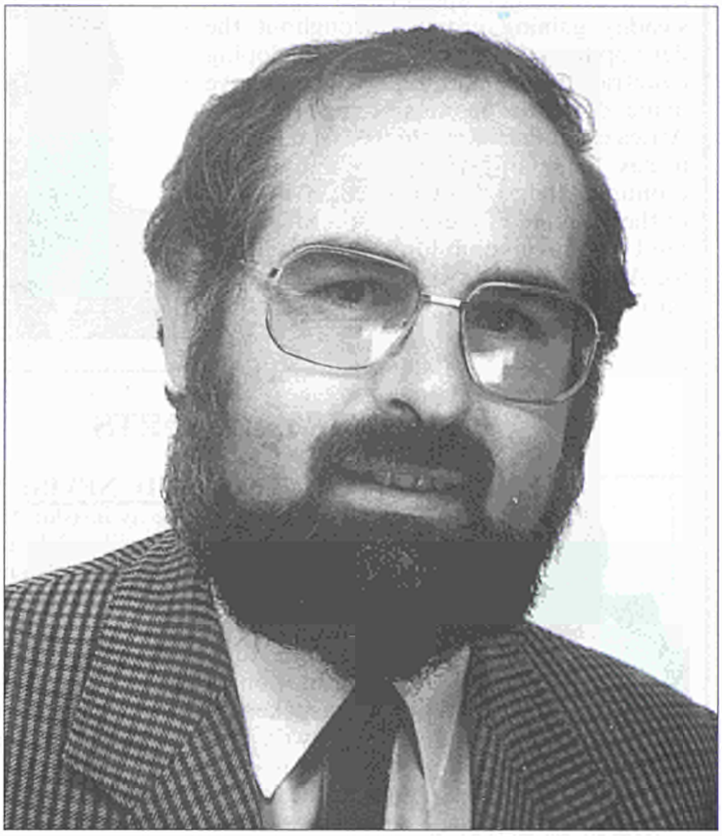
Dr CHRISTOPHER STEVENS

Fellow of the Institute of Development Studies, United Kingdom

Rethinking development policies



There is a kind of pessimism which can afflict anyone concerned with development when they consider how much has been poured into it over the years and how little there sometimes seems to be to show for it. Yet looking at the world as a whole, though it would be going too far to say that for every Somalia there is a Singapore, the landscape is not entirely bleak. Economic policies urged on developing countries by their funders have produced some notable successes in parts of Asia and Latin America. Democracy and respect for human rights have gained a foothold in more and more developing countries as a result of changes in their internal policies.

However, by any economic measure of development, one huge exception to the pattern of steady progress has emerged: Africa is not just standing still — for the last dozen years it has been moving dramatically backwards. Structural adjustment programmes have made little headway in Africa; the cost-cutting that goes with them has been blamed for the rising unemployment, reductions in health and education budgets and falling per capita GDP that have made life a struggle for millions of Africans. The long-term decline in commodity prices has dashed the hopes of African countries which thought they would be major foreign-exchange earners.

*There is now a school of thought which holds that a fundamental shift in policy needs to take place on both sides: since commodity prices are not going to go up, the structure of exports and the pattern of trade must change. Prominent among these thinkers is **Dr Christopher Stevens** of the Institute of Development Studies at the University of Sussex in the United Kingdom. **The Courier** began a discussion of development policies past, present and future by asking him who was to blame for the meagre results of 30 years of development, particularly in Africa: the European Community and other suppliers of aid, or the recipients?*

I don't think the word 'blame' is the most appropriate one to use in the circumstances. You are right to point the finger at Africa as being a region in the world where development results have been very disappointing, and it is worth taking the opportunity to point out that elsewhere they have been much more promising. A substantial number of countries still known as 'developing countries' are richer than, say, Spain and Portugal or even Italy were 30 years ago. So, why has Africa not shared in the benefits of development, which have been spread reasonably widely over Latin America and Asia?

I think the problem is that the world economy has been changing faster and faster and Africa has been left behind. I am not quite certain of the reasons for this. Certainly it has something to do with the structure of the economies, with the level of general education and the ability of governments and economic actors to adapt themselves to new circumstances, but basically the problem of Africa is that it is still, in 1993, producing more or less the same sorts of products and exporting them to the same sorts of markets as it did in 1963 or even earlier. And yet the whole structure of world trade and production has changed fundamentally over that period, and we no longer need nearly as much of the commodities that Africa is exporting, or at least not nearly as much in relation to production as we used to.

▶ *Would you say that the donor countries and organisations share any of the responsibility for this failure by Africa to keep pace with the modern world? Have their policies been misdirected and not changed in line with changing conditions?*

— Certainly the donors have, in the main, been no more far-sighted than governments in identifying what should be done: one need only look at the experience of the last 10 to 15 years on the policies undertaken under the heading of what has became known as structural adjustment reform. I am not one of the people who hold that structural adjustment is a bad thing. It is quite clear that many of the governments which found themselves in profound balance-of-payments problems were pursuing policies which greatly hindered the recovery of equilibrium, and that therefore any assistance to them to get out of their balance-of-payments difficulties had inevitably to be linked to pressure and advice to change the policies which were giving rise to the problem. But one has seen each country in turn in Africa encouraged to rehabilitate its traditional export industries where those had fallen into decay. And, although that policy advice may well have been correct, taking each country separately, when all the countries in Africa started taking the advice and following the same policy prescriptions the result was that the world market for coffee, cocoa and tea become saturated and prices fell. That was self-evident to many observers in the early 1980s and yet the donors — and I think that the World Bank and the IMF are particularly responsible here — continued to give advice on the assumption that only one country at a time would take the advice. When many countries took the advice the results were of the beggar-my-neighbour variety.

▶ *If that advice was mistaken, what advice should have been given?*

— Well, the Bank and the Fund could reasonably ripost: What else could we do? If a country is in fundamental balance-of-payments disequilibrium, and if one of the reasons for that is that its traditional export industries, which are the only ones which could be revived at short notice, have fallen into decay, what else is there but to try and revive that which may be revived? We have to start from were we are and not from where we would like to be.

I think the response is that the advice should have been given in a much more guarded fashion, taking into account the possible effects of increasing production on world prices. It should have been coupled with an awareness of the desirability of countries controlling the volume of their exports onto the world market in order to sustain prices, a stance which would have been very much at odds with the prevailing free-market philosophy of the Washington-based institutions. And it should have been recognised that structural adjustment, as opposed to rehabilitation, takes a great deal longer than was being suggested, that to transform African economies so that they are put on a basis which is appropriate to the 1990s, if not the next century, will take decades rather than years. And supporting finance covering the whole period should have been made available. In other words, all the donors should have recognised the nature of Africa's problems much earlier, had more prudence in putting forward the changes which were necessary and devoted more of the aid resources to supporting the reform programmes which were put in place for a longer period of time.

▶ *The Development Assistance Committee of the OECD, as you know, is calling for more coherent development policy approaches. More coherent in what ways?*

— It has clearly always been a problem that uncoordinated, incompatible aid programmes from different donors at best create inefficiency. They divert the recipient governments' attention away from dealing with major problems of economic management, as they have to deal with each donor separately and put up with each donor's specific demands as to accountability and administrative arrangements. In addition, you have administrative problems with competing projects in different areas, using different technical standards and different equipment.

The problem of coordination has got much worse in the last few years as increasingly donors have come to recognise that countries in sub-Saharan Africa need programme support, rather than new projects, to overcome their severe balance-of-payments problems. And if you are going to provide balance-of-payments support it has to be done in a coordinated fashion, otherwise your actions may well undermine the actions of other donors.

To give you one example, the EEC and the other donors who provide food aid to sub-Saharan Africa, primarily for sale on the local market as a replacement for food which would otherwise be imported using badly needed foreign exchange, normally require the recipient government to put the proceeds from the sale of food aid into a special government account and then agree with the government how that money is to be used for desirable development projects. Now that is all perfectly sensible, except in a country which is engaged in negotiations with the IMF which involve sharp cutbacks in government expenditure. You then have one set of donors insisting that governments put money into counterpart funds and then spend it, and another donor insisting that government expenditure be cut back. The recipient cannot satisfy both donors at the same time. It would be much better if it were done *ex ante* by agreement between them and with the government on how the two competing claims will be handled, rather than *ex post*, simply by governments either not spending the counterpart funds or not meeting the IMF's expenditure reduction targets.

▶ *Would you say that in general donors are making heavier demands on recipient countries in terms of the results they are expected to achieve?*

— I think that is certainly the case. Donors are becoming much more all-embracing in their conditionality. In the early years after independence, there was a marked reluctance on the part of many donors to impose anything other than quite narrowly technical conditions on the aid they provided. One of the arguments in favour of channelling aid to special development projects was that it enabled the donor to avoid any involvement in the central economic policies of the recipient government. But, as Africa's economic problems have grown, so has the willingness of donors to start imposing conditions. First, it was economic conditions associated with structural adjustment and then, most recently, political conditions linking aid to human rights or even, in some cases, a particular form of governmental organisation. And I think that that is an inevitable process so long as Africa's economies remain in a very fragile state.

Only ten years ago aid was a quite small source of foreign exchange for most sub-Saharan African countries, which got most of their foreign exchange from their exports. But, with the collapse in commodity prices during the 1980s and the failure of most African countries to diversify their exports out of their traditional commodities into new, more buoyant export commodities, aid has become an increasingly large share of foreign exchange. And he who pays the piper calls the tune. If donors are only contributing perhaps 10% of foreign exchange, their desire to impose conditions and the strength with which they can impose conditions are quite small. When they are supplying perhaps 60% or 70% of foreign exchange, their desire to impose conditions is obviously much greater — and their leverage is much greater.

▶ *Well, there is also the fact that the politicians in the European Community who take the decisions on aid globally are ultimately answerable to an electorate and they have to persuade them that good money isn't being thrown after bad and disappearing into numbered bank accounts.*

— That is certainly true. Even from the earliest days there were attempts to impose what I call technical conditions associated with probity and good management. Whether the conditions were imposed effectively or not varies from country to country and donor to donor. But the new sorts of conditions which are being imposed are much broader than that. And the governments imposing them would justify them exactly in the way you have said, that they have a responsibility to taxpayers to show that the money has been well spent. And if, in their opinion, development is impossible to achieve because economic policy is wrong-headed or because a country is run by a small, self-serving elite, then by definition the imposition of conditions designed to remove erroneous economic policies or bring about power-sharing is a necessary part of ensuring that money is well-spent and that the taxpayers' interests are safeguarded. The counter-argument would be: Are we sure that donor governments are well-placed to know what is in the interests of development in these countries, bearing in mind, as we have already agreed, that donors have in the past been no more far-sighted than governments in identifying appropriate development policies?

▶ *Do you think that there are some development policies which are more palatable to recipient governments than others?*

— Any sort of conditionality is obviously unpalatable to recipient governments, who, like any other government, like to be sovereign and not to have their arms twisted. In some cases the arm-twisting being engaged in by donors may be misplaced and the recipient government may be well-advised to be reluctant to accept it. If you accept my fundamental proposition that the main problem for Africa is that it is not changing fast enough, and if you assume that it is possible for it to change faster than it is, then appropriate conditions would be conditions which seek to make the countries change faster than they otherwise would — and change is always going to be politically uncomfortable. One only has to think about the glacial process of change within the European Community on matters of political importance such as the Common Agricultural Policy to see how reluctant governments are to force change, because many vested interests are adversely affected. But change clearly is required.

▶ *If donors want a demonstrable return on their funds either in political or in economic terms, there is a risk, isn't there, that countries which can't meet these requirements may simply be abandoned. Is there any sign of that happening?*

The Courier

Sorting coffee in Tanzania.
Commodity prices fell when exporting countries over-produced on aid donors' advice

— There is, in Liberia for example. I think we are seeing the straws in the wind, though anything one says at present has to be speculative. There isn't enough hard evidence and there aren't enough cases where donors have abandoned countries to say this is definitely happening. But my view is that it certainly will happen on an increasing scale. First of all, donors will have to extricate themselves from countries where there is a breakdown of civil order. Secondly, countries where there is a breakdown of civil order are going to increase in number, unless something quite dramatic happens in terms of world commodity markets or production patterns in Africa. Somalia, Angola, Liberia are all countries where civil collapse has been brought about by military conflicts rather than purely by economic collapse. You cannot have the stresses and strains that result from commodity prices falling to their lowest level this century without expecting there to be military or civil commotion in at least some of the producing countries. So I think we are going to see an increasing number of countries where the writ of government does not run outside their capital city, and possibly not even there, and donors will have to extricate themselves from those countries or we will have to find some way of building upon the still highly contentious and by no means obviously successful UN interventions for restoring civil order in countries where it has collapsed.

▶ *How effective do you think the Lomé Convention has been as an instrument of development policy?*

— One has to say it is hard to find many areas of optimism. The best one can say is that things might well have been very much worse without Lomé — though clearly they have not been very good with Lomé. Back in 1975, when Lomé I was signed, the ACP were Europe's most important trade partner in the developing world. Now the ACP are Europe's least important trade partner in the developing world. When Lomé I was signed, it was seen as a partnership of equals. It was seen to be a convention in which trade was a very important aspect and aid, if not a junior partner, at least was not the dominant force. But now, in the 1990s, it would be absurd to describe the EEC and the ACP as equal partners, because clearly they are not. The ACP have grown steadily poorer and Europe has grown steadily richer.

It is also difficult to find much attention being paid in either EEC or ACP circles to the trade aspects of the Convention, partly because it appears trade performance has been rather dismal. I find that disappointing, because I think the poor economic performance of the ACP since 1975 merely emphasises the importance of taking the trade aspects seriously, since there is no way in which aid can compensate these countries for what they have lost through the deterioration in their terms of trade because of falling commodity prices. If there is to be any development future for Africa, it must be based on indigenous development, of course, and, as far as the external world is concerned, on trade with the external world rather than on receiving aid from the rest of the world.

So, to the extent that Europe has a contribution to make to ACP development, it is primarily as a trade partner rather than as an aid donor. That is not to say that aid cannot be extremely important in certain circumstances, but the scale of the aid is simply never going to be sufficient to sustain full development in the ACP. So I think one needs to look very carefully at trade to find out what has gone wrong. Have some ACP countries been able to take advantage of the provisions? A few have, not an insignificant minority, but not the majority. Why have they been able to when others have not? What problems have been faced by the countries which haven't been able to take advantage of the trade preferences? What could be done to remove those problems? What could be done to enable more Mauritiuses to emerge in the 1990s? I take the very failure of trade between EEC and ACP as the reason for giving far more attention to this aspect of the Lomé Convention in the future than has been done in the past.

► *How is it to be done?*

— Well, for a start we need to find out the reasons for failure and success. The ACP have a tendency to say the problem is that the European Community is much less generous in practice than it appears to be on paper, and they point to all sorts of limitations with the small print of the Lomé Convention. There is some truth in that but it is not the whole story.

The European Community, on the other hand, tends to say that it is all the fault of inappropriate policies in ACP countries which have prejudiced exports, and there is nothing more the Community can do: it has made a generous trade offer and it is up to the ACP to take advantage of it. Again, there is some truth in that. It is certainly the case that many of the policies in a large number of ACP countries have made it harder rather than easier for producers to switch over to the export of goods for which the Lomé preferences are particularly valuable. But again, it is not the whole of the picture.

One wants to carry out a country-by-country analysis of what the problems, domestic and EEC-oriented, are. Now, if there are problems, the ACP and the Community need to deal with them. They need to change the rules of origin if these have stymied development. They need to provide technical assistance for exporters if one of the problems is that it is very difficult for exporters in small African countries to know who to deal with or what technical standards are required by EEC import authorities. If the problems are found at the ACP end, then, if they are inappropriate policies, the Community needs to provide technical assistance and, if necessary, apply pressure and give advice on removing those. And if they are problems with lack of technical expertise or lack of physical capital equipment, then I would have thought there was a strong case for using the aid provisions of the Lomé Convention to help export diversification. It always seems to me very odd that, when it comes to setting the priorities for aid spending, one normally forgets the trade provisions of the Convention. It would be rather neat to devote a significant part of the aid in many ACP countries to enabling those countries to take more advantage of the trade provisions than they are currently able to do.

► *Looking outside the Lomé Convention, do you see a positive model to be followed in any aspects of the way the European Community organises its relations with other parts of the developing world?*

— That is a difficult one to answer, partly because, despite the limitations of the small print, Lomé is the best deal that the European Community provides to any group of developing countries. So it is difficult to find a model which could not be accommodated already within Lomé.

I am inclined to be wary of drawing up models to follow. There is a terrible tendency to say: 'If only the ACP were like South Korea or Taiwan or Malaysia, then everything would be all right,' forgetting that there are many differences between South Korea, Malaysia and Taiwan, and between them and the ACP. One has to tailor systems and policies to the needs of each country and avoid overgeneralisation, but I would say that only a tiny fraction of the possibilities opened up by the Lomé Convention text have ever been implemented. The Convention is an enormously enabling framework. Anything one can imagine under the sun is covered somewhere or other within it, and I doubt that most of the possibilities have been properly looked into. So I think the emphasis must be on making the Convention work better and changing it in certain specific areas, such as improved access for ACP exports of common agricultural policy products, for example. But in the main the emphasis should be on making it work better rather than forever trying to reformulate it to fit in better with some current fashionable model of what a North-South arrangement ought to look like.

► *What do you think the development policy priorities ought to be for donor countries in the future? The Development Council here in Brussels recently considered ways of alleviating poverty and set health, food security and education as the priority areas for policy coordination in the immediate future. Do you agree broadly with those aims? I mean we are not talking here about things like building road and rail infrastructure or reorganising the banking sector.*

— The most appropriate development priority is to concentrate aid on the poorest people in the poorest countries. Now that rules out, or places low priority on, some of the uses to which aid has traditionally been given in the past, such as assistance to airlines or, as you say, infrastructure linking one city with another. But it does leave open exactly how the assistance should be provided.

I am reluctant to supply a general heading and say that aid should be concentrated on, say, health or on education, even though both of those are extremely important and in many cases they would form a significant part of a development strategy aimed at helping the poorest people in the poorest countries. But one has to try and tailor the precise use for aid in line with the needs of the countries you are assisting and the comparative advantage of the organisation providing the aid.

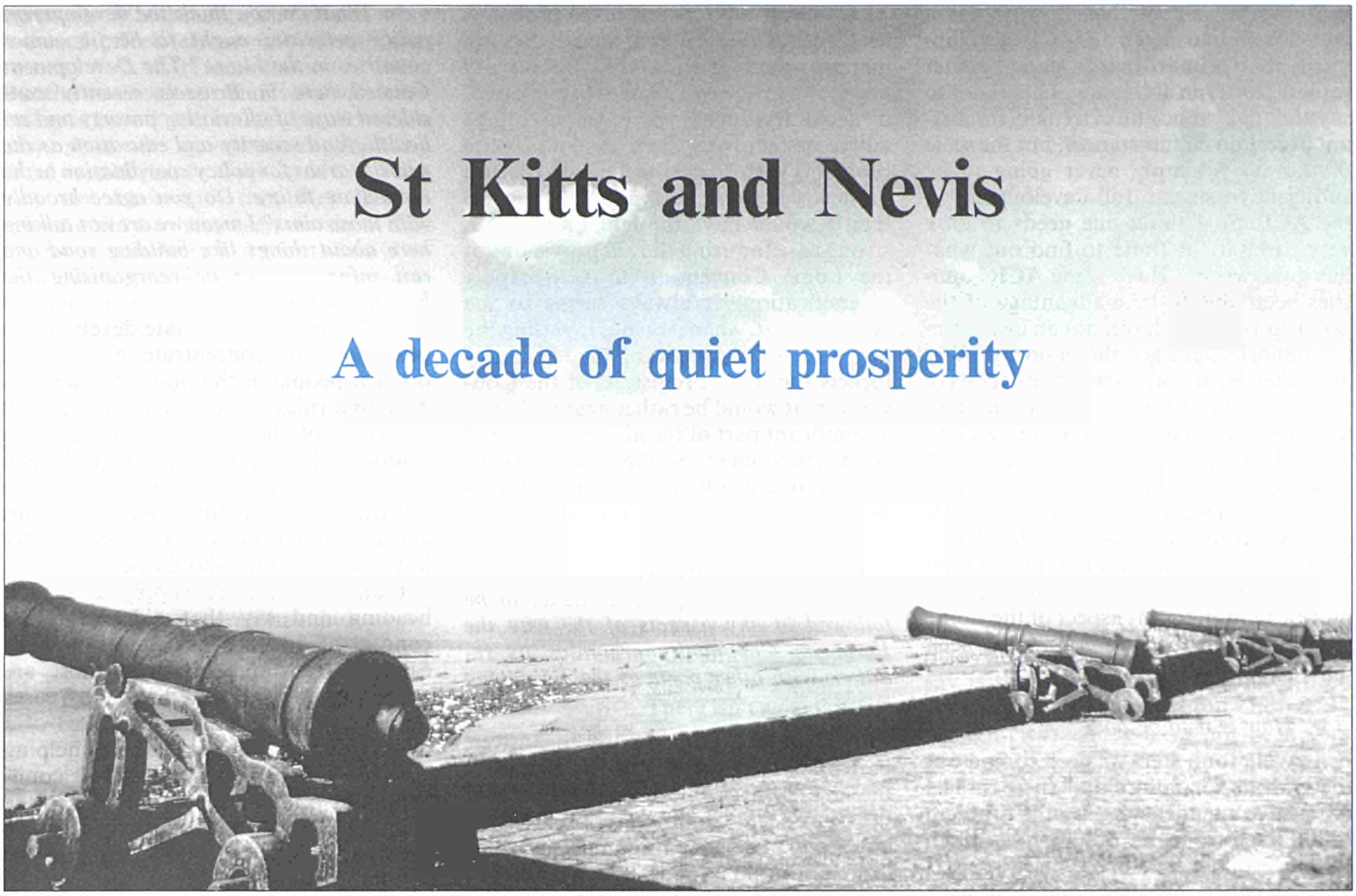
I would like to see the priorities for the EEC's development policy being established in the light of two considerations. One, what are the needs of the recipients and two, what is the capacity of the donor? The need of the recipients is to concentrate the aid on the poorest people in the poorest countries, which means primarily aid to sub-Saharan Africa, certain parts of Asia and a few parts of Latin America. Second, the aid needs to be concentrated in the sectors which the Community is best at. In some areas the Community is not particularly well-equipped to provide assistance because it does not have a great deal of expertise on the spot to monitor implementation. In some areas other donors are better. But there are things the European Community can do very well.

This approach is better than fixing a list of all the desirable things one ought to do in development and then insisting on Community money being spent on those regardless of whether they are really the highest priorities for the country that is being assisted or really the things the Community can do well. That, I think, is a misguided approach. ○

Interview by Robert ROWE

St Kitts and Nevis

A decade of quiet prosperity



St Kitts & Nevis Tourist Board

Brimstone Hill on St Kitts, the first British colony in the Caribbean

An average real growth rate of almost 6% per year over the past decade is certainly an enviable record of development. While such a performance may be taken for granted when talking about the four Asian 'Tigers' and may even be found elsewhere along the Pacific rim, within ACP circles it is a far more rare feat. Usually, when asked, 'experts' will almost invariably name Mauritius, and rightly so, but to know and name any other ACP State which has performed as well often presents a challenge.

When such an exploit has nevertheless been achieved by a small, open and vulnerable island economy of the Caribbean, it is even more surprising. Yet that is exactly what the twin-island State of St Kitts and Nevis has done, in its own quiet and discreet way. Independence, granted by the United Kingdom only as recently in 1983, has clearly brought dividends to the Federation. Yet, at the outset, the future looked far more bleak. Economically speaking, sugar was still dominant but it was in decline. On the political front many then felt the Federation would be short-lived, fearing, as they did, the secession of Nevis. The history of this as yet young state, though it is endowed with a very rich past, has proven otherwise and while the current asymmetrical federal system may still contain some inherent imbalances — for which some call for a change — all seems set for further progress towards even greater prosperity.

What's in a name?

'The island of Saint Christopher (which is otherwise known as Saint Kitts) and the island of Nevis shall be a sovereign democratic federal state which may be styled Saint Christopher and Nevis or Saint Kitts and Nevis or the Federation of Saint Christopher and Nevis or the Federation of Saint Kitts and Nevis.' This passage from the Constitution makes its obvious that one has a choice when referring to these non-identical twins which are part of the Leeward Islands Group. While Columbus baptised the bigger island (176 km^2 of the total land surface of 269 km^2) Saint Christopher, the Amerindians living there prior to his arrival called it 'Liamuiga', meaning the fertile island. Roughly 37 km long and only 8 km wide, it does indeed have very green lower slopes, which rise to a number of volcanic peaks, mostly in the north and north-west. It also has a low-lying elongated peninsula in the south, where sandy beaches allow for tourism development. Separated from this peninsula by a channel a mere three kilometres wide lies the sister island of Nevis, whose name, again given by Columbus, is derived from 'Los nieves', the 'snows', presumably referring to the white clouds which usually encircle the peak of Mount Nevis, which dominates an almost circular land area of 93 km^2. The Caribs for their part named it Oualie, the 'land of beautiful water'. The names of the two principal towns, Charlestown on Nevis and Basseterre — the federal capital — on St Kitts, highlight the traditional Anglo-French historical influence in this area. Both islands can boast a rich cultural heritage from their often shaky and stormy past.

St Kitts was in fact the first British colony in the Caribbean, settled first in 1623, although the British did make a brief call on Nevis in 1607 — to carry out a hanging! Soon St Kitts became an important colony as a result of the introduction of such crops as tobacco and sugar both of which thrived, it must be admitted, thanks to the importing of large numbers of African slaves.

The British in fact turned St Kitts into their main stronghold in the New World. Over a span of almost a century, they built here their 'Gibraltar of the West Indies', the impressive Citadel of Brimstone Hill. Sprawled over almost 15 hectares, this fort, which stands about 250 metres above sea-level, dominates the entire area. With views of up to a 100 km on clear days, and walls often up to 3 metres thick, it offered quite a defence against possible sea-attacks, although less so from the land-side as some occupants discovered to their detriment when the French captured it for a brief period in 1782. Indeed, while both the British and the French originally had a tough time fighting off the Caribs, once this 'problem' had been taken care of, the French obviously envied this prosperous colony and at one time they literally shared the island with their main European colonial opponent. They had to give way eventually in 1783, but the cultural mix is still noticeable.

Nevis has a far less belligerent reputation — quite the opposite in fact — although natural disasters did occur. The first capital, Jamestown, was engulfed in a tidal wave in 1680. Its remains can still be visited... by scubadivers! The island soon became known for its thermal springs and, because of this, some even say it is the cradle of proper tourism in the Caribbean. Indeed, the Bath Hotel and Spring House in Charlestown, built in 1778, attracted quite a lot of the contemporary 'jet-set' (if such a term can be used!), during the heyday of plantocracy. It was here too that the first sanctioned golf course outside Scotland was established. It is not surprising to discover, therefore, that the legendary Admiral Lord Nelson married Frances Nisbet, a young doctor's widow, here, in 1787 (with the certificate to prove it displayed in a local museum). Nevis is also the proud birthplace of Alexander Hamilton, one of the United States' founding fathers and co-author of its Constitution, who became the first US Treasury Secretary.

Having been administered since 1816, together with Anguilla and the British Virgin Islands, as a single colony, the two islands also became part of the Leeward Islands Federation in 1871. Together with Anguilla, they were members of the West Indies Federation between 1958-62. In 1967, St Kitts and Nevis gained self-government as an Associated State of the UK and this lasted until their independence a decade ago.

An asymmetrical Federation

Many feel even today that history does not yet allow for national parties. Political polarisation is, to a large extent, linked to geographical separation here and indeed still carries the burden of history. Traditionally, politics since the 1950s at the level of the West Indies Federation had been dominated by the Labour Party, but both Nevis and Anguilla always felt unhappy with the way things went. This led to demonstrations by Nevisians and even an outright revolt by Anguillans. Labour, having lost its historical leader, Robert Bradshaw, in

1978, faced a challenge from the People's Action Movement (PAM) on St Kitts and from the Nevis Reformation Party (NRP) on the sister island.

The 1980 campaign was fought in a very tense political atmosphere, and delivered a result whose aftermath is still felt today. While the St Kitts-Nevis Labour Party won 58% of all the votes and four of the seven seats in St Kitts, they were nevertheless ousted from power by a newly formed coalition. The PAM, led by Dr Kennedy Simmonds, won three seats on St Kitts and joined forces with the NRP which had won the two Nevis' seats. Labour went into opposition and has in fact remained there ever since. The unprecedented PAM-NRP coalition effectively led the country to independence three years later. Politically speaking, tensions rose and tempers were frayed in those days — and they still tend to flare up occasionally, particularly in pre-election periods — but in effect, the repeated successes of the PAM-NRP coalition at subsequent elections have

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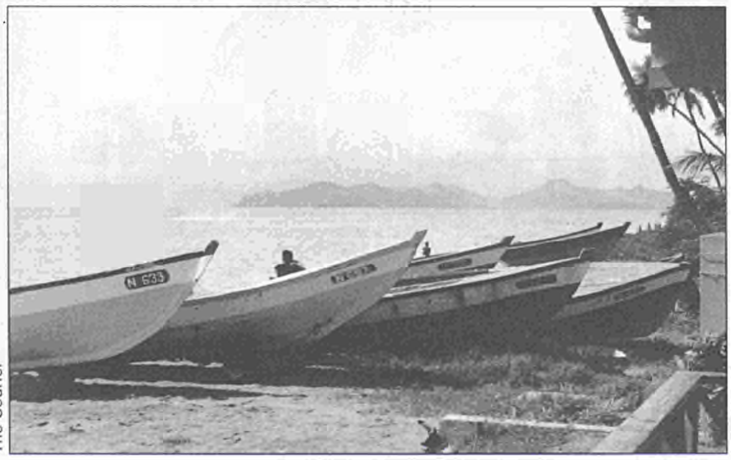
The old Bath Hotel on Nevis, now semi-derelict, is said to be the cradle of tourism in the Caribbean



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A view of St Kitts across the three-kilometre channel which separates it from its sister isle, Nevis

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Mount Nevis with Charlestown in the foreground

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Nevis has about 9100 inhabitants out of a total population of 41 800

provided the country with a major asset on its path towards economic growth: political stability.

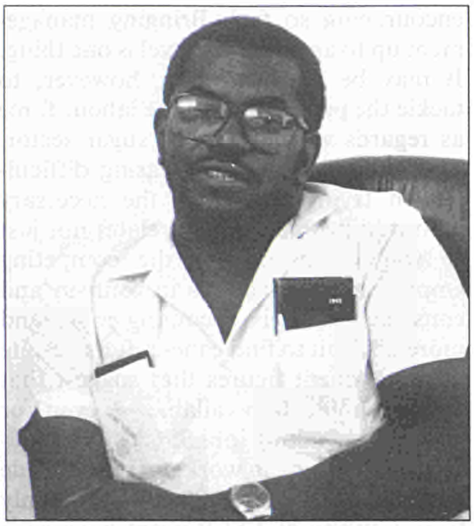
This does not mean there is an ongoing honeymoon between the two islands. Already at independence there was an outspoken fear of a possible Nevis secession. According to one's political stance, the Constitution, which provides for an asymmetrical federal system, is either too much or not enough in favour of the smaller island's interests. Nevis has a degree of autonomy with its own local institutions, including a Cabinet, a legislature, its own Deputy Governor-General and its own Premier. St Kitts does not have an equivalent local government. While in St Kitts, some feared that the special constitutional provisions for Nevis would give it power beyond its relative importance (Nevis has about 9100 inhabitants out of a total of 41 800), today others feel the federal Government really acts as a local government for the main island and has an 'inherent bias against Nevis'. Fear of outright secession by Nevis has dwindled although the NRP did invoke that possibility only a few years ago in a party manifesto. In fact, the Constitution includes an opt-out formula for Nevis to leave the Federation, which requires a two-thirds majority in its legislature followed by a two-thirds majority in a Nevisian referendum. Many Nevisians still feel that their island does not get its share of the national cake while there is a view among Kittitians that Nevis is suffering, without any real cause, from a kind of 'battered child syndrome'.

Downtown Basseterre, the federal capital

St Kitts and Nevis has an asymetrical federal constitution

The creation of new parties on Nevis and the fact that federal elections do not coincide with those for Nevis' own legislature have currently complicated things even more. In the 1984 election, the first after independence, the PAM won six of the eight St Kitts seats — enough for a federal majority on its own. Its NRP coalition partner won all three Nevis seats while Labour won the remaining two St Kitts constituencies (the total number of seats had been raised to 11). The PAM nevertheless chose to re-constitute the previously successful coalition although the Nevisians' role was downplayed. The two-party alliance won again in March 1989, with no change in the PAM score, although the NRP lost one seat on Nevis to its local opponent, the newly created Concerned Citizens Movement (CCM).

In May 1992, however, there was a political turnaround in the election to the five-seat Nevis legislature. This time, the NRP won only two seats while the CCM won three. The new Nevis Premier Vance Amory accordingly took control of local affairs in a situation of uneasy 'cohabitation'. All in all, this leads to such political oddities as Premier Amory being in the national opposition (together with Labour on St Kitts), while the Federal Minister for Caricom Affairs, Joseph Parry, is the leader of the Nevis opposition. Having been in power locally for barely a year, the CCM's policies will nevertheless be put to the test soon at the national level where elections are due to be held between now and the first quarter of 1994. A further significant element in the equation is that Nevisian politicians generally rule out any possibility of a coalition with Labour — a move which



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Hugh Heyliger, Minister of Agriculture, Lands, Housing and Development
'Our relative success is due to a combination of careful planning and proper management'

for historical reasons is thought to be tantamount to 'political suicide'.

It may all sound unduly complicated, and it is worth stressing the fact that there is no open animosity between the two islands, but the underlying political currents need to be described if one is to have a proper understanding of the complex relationship which exists between St Kitts and Nevis.

'King Sugar' dethroned

In spite of widespread scepticism in Nevis over the current federal arrangements, the basic political stability since independence has nevertheless allowed for an unprecedented development record. Had it not been for 'spoilsport' Hurricane Hugo (September 1989), which, having destroyed 40% of the sugarcane crop, pushed the real GDP growth rate down to a 'mere' 2.5% in 1990, the already enviable record would have looked even better!

Most of the country's macro-economic data show a favourable outlook and last year an estimated nominal GDP, at factor cost, of EC$ 433.6 million was reached, which represents a GDP per capita of just over EC$ 10 000 (roughly US$ 3800).[1] Nevisian spokesmen estimate that their island contributes about one third of this overall total, although the actual resources are shared using an 80:20 ratio. This is an area where the Nevisians feel that 'there is room for improvement'.

Hugh Heyliger, the Federal Minister of Agriculture, Lands, Housing and Development, but also the highly active and confident PAM Secretary General, attributes 'the relative success to a combination of careful planning and proper management'. As he explains: 'Since the inception of the party in the mid-1960s, we have made a number of sectoral development studies, mainly in the field of agriculture, industry, tourism and human resources. When we came to power in 1980, it was pretty obvious that we had to diversify in order to lessen our dependence on our sugar monocrop. Since then we have gone a long way in boosting non-sugar agriculture, in attracting light industries — mostly hightech electronics, and in making our way in the competitive Caribbean tourism market, always remembering that the key to it all is the development of our human resources. Overall, Government acted as a catalyst and as a provider of the necessary infrastructure. The stability of our political system over the past decade has allowed us to plan ahead and to make the right decisions. While successfully breaking down the old sugar monopoly, we are not trying to replace it by another monopoly, however buoyant our tourism sector is. Quite the contrary. We do our homework continuously, as it were, in order to achieve well-balanced diversification. Private investment is continuing to rise, even though we thoroughly investigate all investors, as we want reputable ones. That is a concern that is definitely on our minds as we are now

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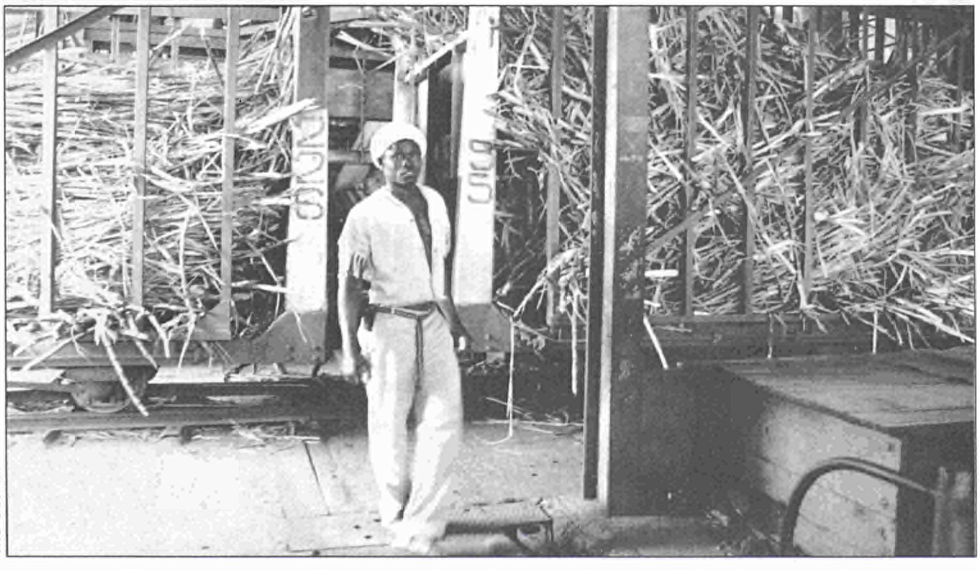
Richard Caines, Minister in the Ministry of Finance
'Sugar has been going through hard times for a variety of reasons'

also trying to develop an offshore financing centre'.

Speaking in sectoral terms, 'King Sugar' has seen its relative importance decline over the years, its key role gradually being taken over by the thriving tourist trade with a booming construction sector in its wake.

While in the late 1970s St Kitts (there is no longer any sugar production on Nevis) was still among the lowest-cost sugar producers in the world, the position deteriorated in the early 1980s. Since 1982 the St Kitts Sugar Manufacturing Company (SSCM) has, in fact, been running at a loss. King Sugar may have been dethroned, but its relative contribution to the economy, given that it continues to be



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The sugar sector is now undergoing a major resuscitation exercise

[1] ECU 1 = EC$ 3.06 = US$ 1.13 (August 1993).

the single largest industry, should not be underestimated. It still generates around 40% of export revenue and employs over a third of the total workforce. In addition, sugarcane continues to occupy more than three-quarters of the land under cultivation — undulating cane fields on the fertile volcanic slopes which contribute to the beauty of the natural environment. Hurricane Hugo, which struck in September 1989, had a disastrous effect on the crop: from a 1989 total of 252 300 long tons [2] of cane (24 800 tons of sugar), production dropped in the following year to only 168 500 tons, yielding 15 200 tons of sugar. Last year production was back up to almost 200 000 tons or just over 20 000 tons of sugar. In addition to a variable quota on the US market, SSCM has had, in recent years, a quota of 16 000 tonnes (metric) on the EC market.

The state-owned SSCM is today the sole operator in the sugar business, running both a raw sugar factory and cultivating close to 9 000 acres (3 600 hectares) of land. As its Chairman Richard Caines, Minister in the Ministry of Finance explains, 'sugar has been going through hard times for a variety of reasons, yet the whole operation is now undergoing a major resuscitation exercise, with a view to possible privatisation. The corporation is facing the need to finance a number of capital projects which the state could hardly afford; streamlining operations therefore may make it ready for a takeover by local and/or foreign interests who could take it on from there'. The publicity-run raw sugar industry was in dire financial straits for a variety of reasons, and some of these have now been tackled up front.


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Fitzroy Jones, Minister of Trade, Industry and Tourism
'Tourism has become the engine of growth of the economy'

While some external factors negatively affecting the sugar sector's performance may be beyond St Kitts' own direct reach — notably the substantial fluctuations in the US quota and hiccups provoked by exchange rate changes — local factors have been intensely worked on. In this connection, Booker Tate Ltd was granted a two-year management contract, in 1991, to streamline operations and find lasting solutions to previous management weaknesses. According to Minister Caines, 'results in that area have been encouraging so far'. Bringing management up to an adequate level is one thing. It may be more difficult, however, to tackle the perceptions of the labour force as regards working in the sugar sector. The industry suffers increasing difficulties in trying to recruit the necessary labour, a problem which relates not just to wages but also to the competing employment attractions in tourism and construction. It is becoming more and more difficult to find cane-cutters despite unemployment figures that suggest that labour should be available — even for this back-breaking job. SSCM has therefore had to bring in workers from outside the islands — some 400 cutters, mainly from Guyana and St Vincent have been employed on the St Kitts plantations. But skilled tradesmen such as mechanics, welders and toolmakers are also easily lured away to lucrative jobs in tourism and construction.

One interesting diversification in sugar that has already taken place is the production of the so-called 'Baron's CSR', which has already acquired quite a reputation among connoisseurs of brandy and liqueurs. It was while sailing through these waters in the late 1980s that Baron Edmond de Rothschild saw the commercial possibility — based on the availability of pure mountain water and local sugarcane — in the production of a premium white spirit. He made the necessary investment and now some 450 000 of the specially shaped flasks of this 'eau de vie' find their way to consumers around the Caribbean every year.

As far as non-sugar agriculture is concerned, both Minister Heyliger and Minister Caines stress the emergence and further enhancement of young agricultural entrepreneurs producing quality food crops. Not only can some already tackle complex export markets such as St Marten and Antigua; most are committed to tying into the lucrative tourism sector, which can supply them with a regular income. On a macro-economic level this helps to stem the classic tourism 'leakages' caused by the need to import products to meet the visitors' needs.

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St Kitts' latest shopping mall in Basseterre

Buoyancy in tourism

But it is not only agricultural entrepreneurs that are pushed to tie into tourism. As Minister Caines explains: 'Government seeks actively to encourage a variety of local people to tap into

[2] One long ton equals 1.016 tonnes (metric).

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Franklin Brand, Nevis Parliamentary Secretary for Tourism, Trade, Industry, Development and Planning
'Nevis has to step up its marketing aggressiveness to carve out its own niche'

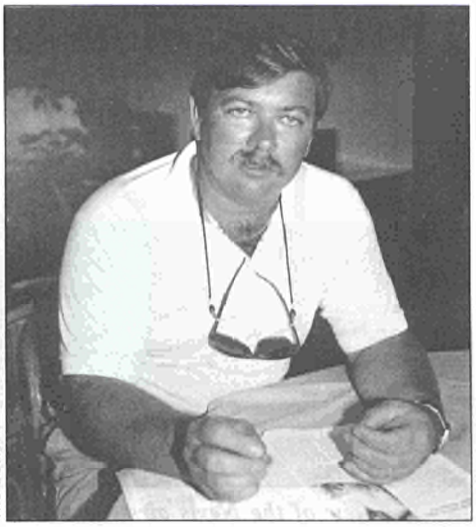
tourism activities such as restaurants, boutiques, arts and crafts, car rentals, tours, etc. ... in order to keep as much of the tourist dollar here, while preserving the proper character of our tourist scene.' St Kitts and Nevis is certainly determined to avoid the incongruities (as some would see it) of allowing McDonald's, Kentucky Fried Chicken and other worldwide fast food operators to establish a presence, as has happened elsewhere in the Caribbean.

Ezrette Laws, President of the Small Business Association, while stressing the difficulty of trying to raise venture capital for local entrepreneurs, could not agree more with the view that there should be 'a better spread of the tourism dollar'. As he acknowledges, 'people would certainly like to see more direct spending by tourists in local businesses.'

FitzRoy Jones, who is Minister of Trade, Industry and Tourism, readily admits that 'tourism has become the engine of growth of the economy', yet stresses at the same that 'keeping up the current momentum causes a lot of pressure, as tourism is not a miracle. We had, however, the advantage of being a relatively late starter in this very competitive business, and this gave us the time to learn from the mistakes of some of the others: we may wish we had their number of rooms and visitors, but certainly not their number of problems ...'

Tourism has indeed been a real boom industry. In just a decade, the number of stayover tourists has virtually trebled to reach 90 000 last year. Yacht and cruise ship passenger arrivals have also risen sharply — from 23 000 in 1983 to almost 53 000 in 1991. Obviously, those large numbers are attracted by the product, with its classical mix of sun, sea and sand, an appealing environment, an array of historical reminders and, perhaps above all, a welcome from the locals that has not yet been soured by ... too much tourism! Some of the traditional-type resort hotels, such as the Four Seasons on Nevis, rate among the best in the world. The opening, in 1990, of the 196 rooms of this exclusive US$ 62 million investment represented a definite breakthrough for Nevis in its effort to become a major tourism destination. There is also a special attraction on both islands, in the form of a series of former plantation residences which have been turned into small hotels and inns. While some, such as the world-famous Golden Lemon Inn, may be accessible only to a select few, others such as Nisbet Plantation Club, Montpelier Plantation Inn or Croney's Old Manor Estate — to name but a few — offer affordable yet unforgettable holidays with their own distinctive flavour.

On St Kitts, there is still a lot of development potential, particularly with the opening up of its south-eastern peninsula, which is said to have the best beaches on the island. A number of major hotel groups, such as Hyatt, have investments in that area, either lined up or already under way. Franklin Brand, the Nevis Parliamentary Secretary for Tourism, Trade, Industry, Development and Planning, feels, meanwhile, that Nevis has to 'step up its marketing aggressiveness to carve out its own niche and, indeed, to seek more European visitors, to lessen dependence on the US market'. Nevis Director of Planning, Oral Martin, stresses that the island will definitely 'target the sophisticated type of tourist — not the back-packer or the cheap "overseas pre-paid" visitor — seeking relaxation and mental stimulation with a mix of history and culture'. Nevis will not, however, put all of its eggs in one basket, as Mr Brand stresses. 'We want a moderate, sustained development of our tourism, avoiding the risk of being consumed by it, and with the necessary links to pull other sectors, such as modern farming, services and construction, along



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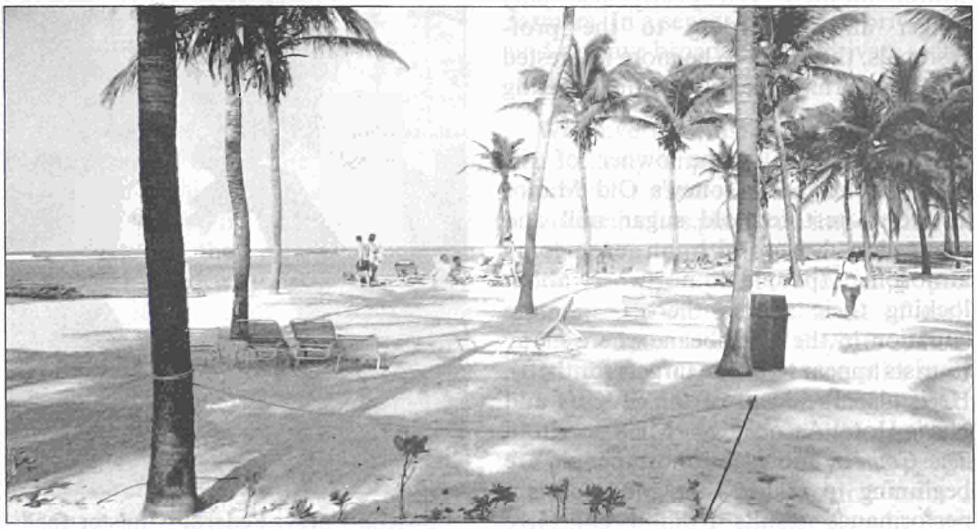
Glenn Knorr, President of the St Kitts & Nevis Hotel Association
'More and more people are beginning to realise that good tourism results from a collective effort'



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Tapping into Europe's tourist market, with the EEC's help, could help to boost tourism during the off-season

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A view of the Nevis airstrip, which is due to be extended with EC support

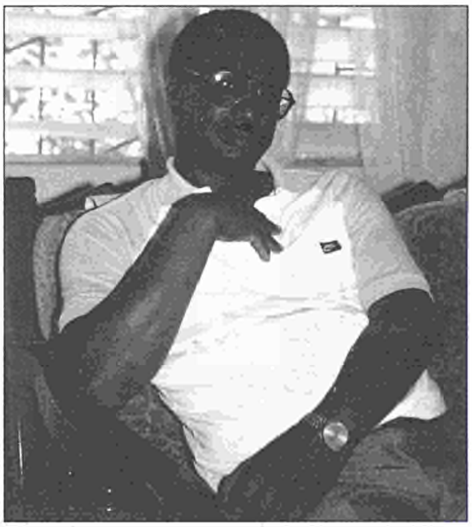
with it. Diversification will always be on our minds, so that even in times of recession, such as during the Gulf War, which was a major setback to tourism, we can still ride out the storm.'

Minister Jones particularly welcomes the EC's contribution to the tourism sector. 'Our participation in fairs such as the ITB in Berlin has already had encouraging results in pushing up the number of European tourists,' he says. 'We also have good expectations from the two major European projects in this area — through the OECS and the CTO, which will give an additional boost to our marketing thrust.' While the bulk of visitors still come from North America (the US and Canada represent almost 60% of all tourists), European visitors (still only 11% of the total) help to offset the seasonal variation. Europeans mostly travel in summer; the peak occupancy rates for Americans are achieved in the winter months. Europeans also stay longer and, according to the professionals, they tend to be more interested in 'discovering' the island and meeting the people.

Glenn Knorr is the owner of the earlier-mentioned Croney's Old Manor Estate, a restored old sugar mill and plantation house with an easy-going atmosphere (people do not worry about locking their rooms there — a rare situation in the Caribbean, where many tourists appear to be the targets for theft). He is also President of the St Kitts and Nevis Hotel Association. Mr Knorr told *The Courier* 'more and more people are beginning to realise that good tourism performance results from a collective effort'. He continued; 'We also need to establish the limits of the industry so that we do not exceed the provision of local human resources. We have to strive continuously for a sufficient level of proficiency for all those directly or indirectly employed in tourism. This can also contribute to giving the sector as broad as possible a base of acceptance among the population.'

Two for the price of one

The Hotel Association's spokesman, who is very much in favour of tapping the European market and committed to fighting the perception of St Kitts-Nevis as a winter destination, is thoroughly convinced that this country has its own niche as the 'natural' Caribbean. This is something 'which the private sector, hand in hand with the government and with the support of donors such as the EC, is prepared actively to push, promoting a product which fits in with the new trend of travel to the Caribbean'.



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Joseph Parry, Federal Minister for Caricom Affairs
'Our federal system is not complete'

No one involved in tourism, whether from the government or the private sector, has any illusions about the importance of air access. Small countries such as St Kitts-Nevis often have only a limited influence on airline policies relating to capacity provision, tariffs, destination choices and so on. Individual decisions in this area, which may only have a marginal impact on the airlines themselves, can have major consequences on local hotel occupancy rates. In addition to new cruise terminals planned for both islands, St Kitts and Nevis also both have projects in the pipeline to overhaul and extend their airport capacity. In St Kitts, this is being undertaken with French help while the EC has a regional project for the Nevis airport. And while no Nevisian will dispute the need for the latter — quite the contrary given that international visitors currently have to make a flight interchange or transfer to a ferry in order to get there, the extension of the airport has, in a minor way, provoked some political bickering both within Nevis and at the inter-island level. Federal Minister and Nevis Opposition Leader, Joseph Parry, while admitting that 'our federal system is not complete', nevertheless stresses that 'at a time when major countries are joining forces to cooperate regionally, and to position themselves in an increasingly competitive environment, history clearly dictates choices.'

While Nevis, proud of its performance in recent years, which it says has been even better than that of St Kitts, genuinely feels that some 'imbalances in the federal system need to be ironed out', the peaceful yet at times strained cohabitation with its sister island has so far proved more beneficial to both. Further promotion of the country as a twin-isle package, as Minister Jones advocates, can only boost the marketing thrust of the islands' major economic sector. No scholar disputes the difficulty of making a federal system with only two partners work (some even say that it cannot work, in theory). However, married 'for better or for worse', St Kitts and Nevis have so far clearly been better off together. Pragmatism has largely dictated events and, if the country's future lies in tourism, it is pragmatism which must continue to prevail, with St Kitts and Nevis offering a two-island destination under one flag — each benefiting more from being together than from being apart. ○

Roger DE BACKER

Success acknowledged but not to be taken for granted

An interview with Dr Kennedy Simmonds

Prime Minister of St Kitts and Nevis


The Courier

Kennedy Simmonds, who is a Doctor of Medicine in his mid-50s, came to power as a result of the February 1980 elections. Although his party, the People's Actions Movement (PAM) won only three of the seven seats on St Kitts — the other four going to the Labour Party, which had been in power for nearly 30 years — he was able to form a coalition with the two Nevis MPs, both members of the Nevis Reformation Party (NRP). With this single-seat majority he was able to lead the country to independence, from the UK, on 19 September 1983, while avoiding the widely-expected secession of Nevis. In the following elections, held in June 1984, he successfully carried his PAM-NRP coalition to another win in the Assembly, where the number of seats had been raised to 11: PAM took 6 of the 8 St Kitts seats, leaving only two to Labour, while the NRP partner won all three Nevis seats. In the last national elections, held in March 1989, he won a third consecutive term in office, with the same score for his party, [1] although the NRP lost one Nevis seat to the newly created Concerned Citizens Movement (CCM) of Vance Amory. Confident that he will pull it off again in the next election, in the interview which follows, Dr Simmonds reviews past overall performance, highlights the sugar-tourism equation, stresses the need for further regional integration and comments on the St Kitts-Nevis federal relationship.

[1] In 1992 however, one PAM-MP left the party to sit as an independent.

▶ *Prime Minister, you have been in power in St Kitts and Nevis since 1980. This year will be the tenth anniversary of the independence of the Federation. What do you consider to be the principal achievements of your Government and of the country to date?*

— I think our success could be summed up very simply by saying that we have significantly improved the quality of life of the people in the Federation. The evidence of that improvement is seen in a variety of ways: in the quality of the infrastructure, the environment, the roads, the electricity supply and the telephone service. More directly, one of the things that we have done has been significantly to improve the standard of housing. The level, variety and quality of employment is also an important factor in this improvement of living standards. This has come about because we have changed the economy of St Kitts and Nevis from being a monocultural one — based solely on the sugar industry, which has come under severe pressure over the past 10-15 years — to a more diversified one. We have seen a significant improvement in tourism development and also in light industry as well as a strengthening of the construction sector. We have had significant diversification too within agriculture with the development of small farms. That represents a major change from the situation that existed previously when most of the non-sugar agriculture was concentrated in a central agricultural corporation run by the Government. We have changed that and most of our non-sugar agriculture is now based on small farmers. In a sense, it has been privatised and we have broadened the private sector in the process.

We have also, as a matter of policy, significantly improved the social infrastructure. I must say that the European Community has played an important role in this. We have improved school facilities, and have embarked on a programme for the establishment of early childhood education and daycare centres, so as to give our children an earlier start. We have instituted a 'non-formal youth skills training programme' the purpose of which is to try to make our young people more employable by teaching them a skill. Over 90% of the people who have undertaken our youth skills programme have been placed in employment.

Overall, we have tried and, I think, succeeded to some extent in instituting an integrated mode of development, balancing the improvement of the physical infrastructure on the one hand with the improvement of the quality of life of people as individuals.

► *Having spent some time in Nevis before coming here to St Kitts, and having met with local spokesmen there, I was struck by the assymetrical nature of the governmental system — with a Nevis local administration and a federation government. The least one can say is that there is a curious relationship between Nevis and St Kitts at the federation level. How do you view this relationship?*

— I think the relationship between Nevis and St Kitts is excellent at this point. The question of relationships is relative but if we compare the situation overall in 1979 with the current one, then I have to conclude that the situation is very good today. In 1979, the relationship was so strained that when the independence talks took place in Britain, before we were in government, there was an agreement that there had to be a referendum in Nevis within 18 months of independence to give them an opportunity to decide whether they would remain with the Federation or secede. The local politicians in Nevis had a clear mandate from the people at that time to opt for secession. At the historic election of 1980, the manifesto of the Nevis Reformation Party focused on only one issue — secession for Nevis. Against that background of a clear mandate for secession, we were nevertheless able to forestall it, and actually to enter into a cooperative arrangement with the NRP to form a coalition government in 1980. So we moved to a position where it was merely provided in the Constitution that Nevis could choose to secede — something which would involve the people taking a decision in an referendum. So we have come a long way. And we were able to fashion a constitution which has allowed us to move forward and develop the country while providing protection at the same time for the people of Nevis, who obviously had concerns and suspicions which had developed against the previous administration here in St Kitts.

► *But the 1990 NRP Convention revived the idea of secession!*

— The issue was raised but it was not passed by the 1990 Convention. I would not say that there won't be small problems or strains from time to time but we have come to a point now where, although our coalition partners are not in the administration in Nevis, we can work with those who are. We have no problem working with the present Nevis administration.

► *Seen from the outside, it does seem odd that the Nevis leader of the opposition is a Cabinet minister in the Federation.*

— Yes, but I am sure you will find similar situations in other countries. Perhaps the oddity in our case lies in the fact that the Constitution does not prohibit an individual from being in both houses at the same time, but we think that it would be unfair to exclude someone who might possibly have a very good contribution to make. Our population is small, the number of legislators is small and I think that to prohibit someone involved in an island administration from being involved at federal level would be to our disadvantage.

► *You have already said that 'King Sugar' has gone through a bad period but in fact there is now an effort being made to revive the sugar industry. What is the aim of this: to privatise the whole industry or just a part of it? And more generally, what future do you think there is for sugar in St Kitts and Nevis?*

— At the moment we are working towards privatisation, making provision for people in the private sector to have shares in the sugar industry. Currently, it is all government-owned. The intention is for the Government to maintain a part-interest though, in much the same way as the shareholding in Scantel (the telecommunications company) which has been privatised. In paving the way for private-sector involvement, we are being assisted by the World Bank, which has funded technical assistance and the preparation of a prospectus which is available for private-sector entities that may be interested. We see that as a possible way of bringing new equity capital into the industry and, therefore, of diversifying away from loan finance.

► *Are you convinced that the sugar industry can be converted from a money-losing, subsidised government entity into a profit-making private one?*

— I think it certainly is possible. And I think we also have to look at the potential for allied activity, associated with sugar. This is something that has been talked about a lot and we have explored it very seriously. You know, of course, that at the moment we produce one of the best alcoholic beverages, a very pure spirit from the sugar cane. That is a new product. We want to explore the possibility of finding other new products which can be produced from cane or molasses.

Sugar cane is also very important to our country in the sense that it contributes to the environment both as regards the natural beauty of St Kitts and because it helps to prevent soil erosion, to which we are very prone. If there were to be a major diversification, we would need to take into consideration the soil retention properties of anything brought in to replace sugar. That is an important consideration. But we do believe that the sugar industry can be made more viable and there has been a significant improvement since we embarked on our programme of streamlining the industry. For instance, there were formerly two corporations but we have brought them into a single entity, managing both the field and the factory side of the industry. We have streamlined the staff operation, improved efficiency and brought in new management. We have also sought to improve the equipment because this was one of the things that was causing wastage — the quality of equipment, which wasn't maintained or replaced for many years. All of these steps have been taken systematically in order to raise productivity.

► *The tourist industry has now overtaken sugar as the main economic sector. And while it is the largest industry in the Caribbean in terms of turnover and employment, it brings with it a lot of negative side effects — for instance, drugs and the associated money laundering. Being conscious of that, do you think that you have sufficient controls over tourism development?*

— Yes, I do think so, but I must make the point that our geographical location means that we are likely to have these problems with or without tourism. Our proximity to the United States, which after all is the biggest market for drugs in the world, means that we — and the whole of the Eastern Caribbean — will always, in a sense, be vulnerable. All tourism does, because it involves the movement of large numbers of people and large amounts of capital, is to add to that basic problem. So I think that we must be careful not to place the entire blame for the danger which drugs pose to the area on tourism. In this world, we have to weigh up the pros and cons and there is no doubt that the natural resources which we have in the Caribbean lend themselves to the development of tourism. We are ideally suited to land-based tourism because we are a string of pearls set in the Caribbean Sea. We are ideally placed for the cruise ship business. It is up to us to maximise those benefits and to seek to minimise the adverse effects.

In association with that, we are also working to improve the financial services sector. Again, one cannot be timid and say that because there are problems in that sector, one should simply stay out of it. One seeks, instead, to put the necessary controls into legislation. We look at the experience of other people. We have been studying places like the British Virgin Islands which have been very successful. We think that they perhaps have the best legislative framework and we have, therefore, recently passed legislation based on their model. The point is that there are successful models around and it is up to us to learn from them, to seek to avoid the pitfalls but at the same time to seek to derive the benefits.

▶ *The big breakthrough of the last few years in tourism came in Nevis with the arrival of one of the big hotel chains. Are there any other major developments foreseen for the country?*

— There are other major investors involved in a hotel project at Ferris Bay which is due to start later this year. We have also, just today, been processing an application from a famous tourist concern, currently operating in Jamaica, which specialises in all-inclusive family holidays. They want to develop a 34-acre site at the end of the peninsula. Approval for a further project has been granted for a development at Banana Bay, also on the peninsula. Then there is a group currently operating in St Martin who have been negotiating to purchase a site. Finally, as you probably know, there has been a slow-down on the project at Cockleshell Bay but this is expected to be resumed later this year.

▶ *Last year you were CARICOM Chairman. There was a very interesting report made by the West Indian Commission and, even if not all of its recommendations were accepted, things still seem to be moving on the CARICOM front. Are you optimistic that progress is really being made, now that the way the organisation works has been revised?*

— Yes, I think that things are moving in CARICOM. Of course, one of the major difficulties that was identified is that of implementation. We felt that if we were going to solve this problem, we needed to examine its causes very carefully. Of course, there is a variety of causes but one of the key issues is the openness and vulnerability of our economies. We are subject to influences from outside the region which are very often beyond our control. The banana question is a case in point. Decisions affecting bananas which are taken in Europe or the United States may mean that we have to change what we need to do. When the British currency fell, that affected us financially in relation to our sugar exports. Other variables have included the Caribbean Basin Initiative, the attitude of the US Congress to its provisions and the possible impact of the North American Free Trade Area on the current CBI arrangements. These complications are a fact of life that need to be taken on board. It is all very well to say CARICOM has done this and has not done that but it has to be appreciated that we are dealing in a constantly changing environment. Today, one of the big issues that CARICOM is addressing is that of the common external tariff and the indications are that by 1 July all of the countries will have implemented it.

▶ *Although the business community claims that that will raise their costs?*

— Yes, the manufacturing sector still holds the view that we can protect our local market by having high tariffs. But the fact is that in today's world even the large CARICOM market is not enough to make our regional enterprises really viable. We have got to find niches out there in the world market. If we can't find those niches, we are going to be in serious trouble. With high tariffs against foreign products, it is going to be more difficult for us to find them. At the same time, I think we still need a modicum of protection to allow time for industries to take root and begin to flourish. And so we have to try to find a balance. We can't come down to a low-tariff situation immediately and I believe that what was agreed was a good compromise. It should be remembered that in the OECS we already had a common external tariff, so we had already addressed some of the issues which were being discussed in CARICOM, at the sub-regional level.

▶ *The small island states in recent years have consistently done better than the larger ones.*

— Yes, because our system of regional trade is more organised, we had a common tariff and we have a common currency. I am aiming for a common currency in Caricom or, at least, at establishing convertibility of currencies. That is obviously desirable — if we are really going to improve regional trade then we have to have clear instruments.

CARICOM's common external tariff comes quite close to what we had in the OECS and we believe that it will cause minimal disruption because the levels are broadly similar to what we had before. There might be some changes for some goods, of course. We believe that, having entered the system with minimal disruption, we can now look to a progressive reduction of the tariff over time, which will allow for adjustments to be made. It gives the business community notice and allows them to adjust. Frankly, I feel that one has to push the business community a little bit and I think that they will adjust. I have great confidence in our people and in their ability and ingenuity.

▶ *How do you view cooperation under the Lomé Convention to date, and how do you see it evolving?*

— Certainly, for us in the OECS — in St Kitts and Nevis — Lomé cooperation has been a very important plank in our wider development process. As I indicated earlier, we have concentrated on the physical and social infrastructure and the Lomé projects carried out have made an important contribution to our overall development package. It has helped to rehabilitate and upgrade the electricity network, to improve the water distribution system on Nevis and in the provision of new primary school facilities and community centres. The next step will be the health sector — improving all the hospitals in St Kitts and Nevis, as well as selected health centres, under Lomé IV.

I should also mention the regional projects under the Lomé Convention. I think that programme has great potential for bringing the whole region together, from the Dominican Republic at one end to Suriname at the other. There is one disadvantage, of course, which is that it has been slow to get moving. Of course there has to be agreement from a variety of countries and there is the system of disbursement which is slow-moving but we now have something in place which hopefully will go forward.

Looking at what is happening in Eastern Europe and the former Soviet Union, and at the fact that some countries are anxious to pour money into these places, we are naturally concerned about the implications for us. As to the likely prospects for the Lomé Convention and the question of whether this format will continue in the future, we have very serious concerns based on what we see happening.

▶ *To conclude, you are a politician after all, and you are due to call an election between now and 1994. What do you see as the main challenges ahead?*

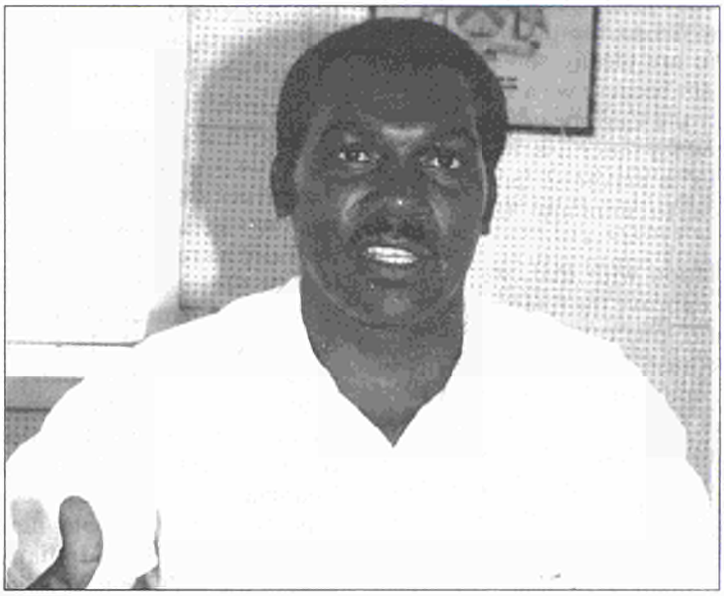
— It seems to me that the purpose — the whole function of government — is to improve the quality of life of the people. In the 13 years that we have been in government, there is no question that we have brought to St Kitts and Nevis the stability which the private sector desires. We have brought significant development and have diversified our economy so that we are less vulnerable to problems in the sugar industry. We have improved the investment climate and the infrastructure. We have also improved education to the point that St Kitts and Nevis are regarded as number one for education in the Caribbean. Our level of growth in 1991 was 6.9% — the highest in the Caribbean. So on the basis of our performance, our success is undeniable.

What we have to guard against, though, is our own success and the danger that people nowadays are taking things for granted. There is no doubt that during our first, and perhaps even our second, term, people made comparisons with what existed prior to 1980. Now we have people who have no idea what it was really like then and who can only judge us against our own performance. So we constantly have to find ways of improving on that performance. But on the basis of what we have achieved so far, we feel confident that we will continue to keep the stability that is so greatly desired in St Kitts and Nevis. ○

Interview by R.D.B.

'Imbalances in the federal system need to be ironed out'

declares Vance Amory
Premier of Nevis


The Courier

The twin-island state of St Kitts and Nevis is ruled by a federal yet assymetrical Constitution. Indeed, besides a Central Government led by a Prime Minister, currently Dr Kennedy Simmonds, who chairs a PAM-NRP national coalition, the smaller island of Nevis has its own local administration with extensive powers, chaired by a Premier, today Vance Amory. Of the five elected seats in the local Assembly, his party, the Concerned Citizens Movement, has since May 1992 held three, against two seats for the Nevis Reformation Party (NRP). Yet at the national level the NRP is part of the government coalition, which explains how, oddly enough, the Leader of the Nevis opposition, Joseph Parry, can at the same time be Federal Minister for Caricom Affairs. It is with this background of dualistic cohabitation in mind that one must read Premier Amory's interview with *The Courier*, in which he pleads for a new balance between the two islands.

▶ *Your Government has been in office for less than a year, after an election that came as something of a surprise — at least to outside observers. For the first time since 1980, or at least since independence, there was a change of government. What are your plans? The opposition says that if you compare the manifestos there is not that much of a difference. How does your emphasis differ from that of the previous Government and what kind of Nevis do you want to see?*

— I think in terms of economic development we would like to see more emphasis placed on areas of employment other than tourism. We recognise that tourism is important but what we are saying is that not everybody in Nevis is interested in working in a hotel or in a service industry of that sort. We are trying to pursue avenues of employment which will include such areas as industry, some manufacturing and data processing. We feel that our students who are entering the job market will have some of the expertise which will encourage them to work in areas other than tourism. We have also tried to improve and increase involvement in agriculture. This has been the basis of the development of Nevis over the last 20 years and we think we have allowed the sector to slip somewhat. So we want to widen the agricultural base and expand the productive capacities of Nevis to take advantage of the tourism industry. Tourism is obviously likely to be the driving sector, but we are also looking to attract other productive enterprises.

So, in essence, you are trying to avoid a 'monoculture' economy based solely on tourism?

— That's right and I think the danger of that has been seen in so many other places. We were in danger of going down the same road. When the 'Four Seasons' [2] came, it seemed as if the former administration saw it as the 'be all and end all', but we refute that. We hear talk of the fragility of the tourism industry and we do not want to fall into the trap of depending on a single fragile sector. That is why we are looking for other avenues of employment.

Has the maximum capacity for tourism on Nevis — if you like, the ceiling — really been determined yet?

— I don't think it has been. We know that we need to produce more food but it is rather difficult to determine exactly how much at this time, because the tourism industry has not yet peaked. After Hurricane Hugo, we lost a couple of properties, of which one is now in the process of being rebuilt, and that is another variable which shows that the tourism industry will always be in a state of flux. There will always be ups and downs, not just from year to year, but even within a year. But there is an overriding factor which relates to the overall capacity. This must be looked at in terms of the population, the native population that is, rather than the fluctuating population which is brought in by tourism.

You mentioned the question of increasing food production. Nevis still has a relatively large food import bill but isn't there a problem in that the attraction — certainly for young people — may be to work in tourism rather than doing back-breaking work in the sun. How will you make farmers and particularly young farmers stay on the land?

— We are assisting the farmers by putting in technologies which will make the work, which formerly was back-breaking, easier — the tractors, harrowers and so on. We are trying to put in irrigation systems. We have also introduced a marketing system, by financing the marketing officer who was appointed before, but who was working in a strapped situation. We have financed the operation so that he can go to the farmers and pay them a fair return for their crops. And it is his responsibility to sell the crops. Before the farmers were doing both the production and the marketing, and I think that was a problem. The farmers felt that they were having to do too much to make their enterprises viable, so we are trying to get rid of that difficulty by having the government agency take on the marketing of the farmers products.

If you look at the Federation as a whole, it is characterised by what might be called an asymmetrical constitution, in the sense that Nevis has a local Government — of which you are the chairman — but St Kitts does not. How, from a political point of view, do you view the cohabitation between St Kitts and Nevis, the two entities in the Federation?

— We are not entirely happy with it. It does give us autonomy in some regards, but the Prime Minister and the Federal Government have the power to override us in certain areas, even for matters which should be the domain of the local Government. I believe that what we will probably see, and would like to see as an administration and as a party, is a review of the Constitution, to remove the inequalities which now exist: to have a system which would allow St Kitts to have its own local Government as we have, and then to have some sort of federal superstructure. That is something which we have discussed and which we think, given the right balance after the next election, will go ahead. We are not prepared to take the secession route. That is something which has been talked about in the past. We are prepared as a party to stick with the Federation and work within it cooperatively, but there are imbalances that need to be ironed out. And if we can do this, I think we shall have the makings of a very good federal system.

You are in the majority in the local Nevis Government but the opposition here are part of the national Government. Is this something which will be acceptable in future?

— It does create difficulties for us. I think it is something which was not catered for when the Constitution was created. We have got to look at the position very carefully and find a new formula which would eradicate that kind of difficulty. I have argued, and perhaps would still argue, about dual membership of the local and federal Assemblies. I think there has to be some way in which we can get rid of that duality, to end the situation whereby the leader of the opposition here is a cabinet member in St Kitts. Some of our projects, especially where we have to look for foreign and external funding, have got to be agreed by the Federal Government, and, if for some reason it does not get the blessing of our opposition which is represented in the Federal Cabinet one could easily see a bottleneck situation arising, which could damage the interests of Nevis. We are grappling with that very problem: how do we deal, at the next election, with the opposition here in Nevis and yet not get into conflict with the ruling party in St Kitts. It is not an easy thing, because they are hand in glove with each other and, if we challenge the opposition, then by extension we are challenging the federal administration. We don't want that to happen.

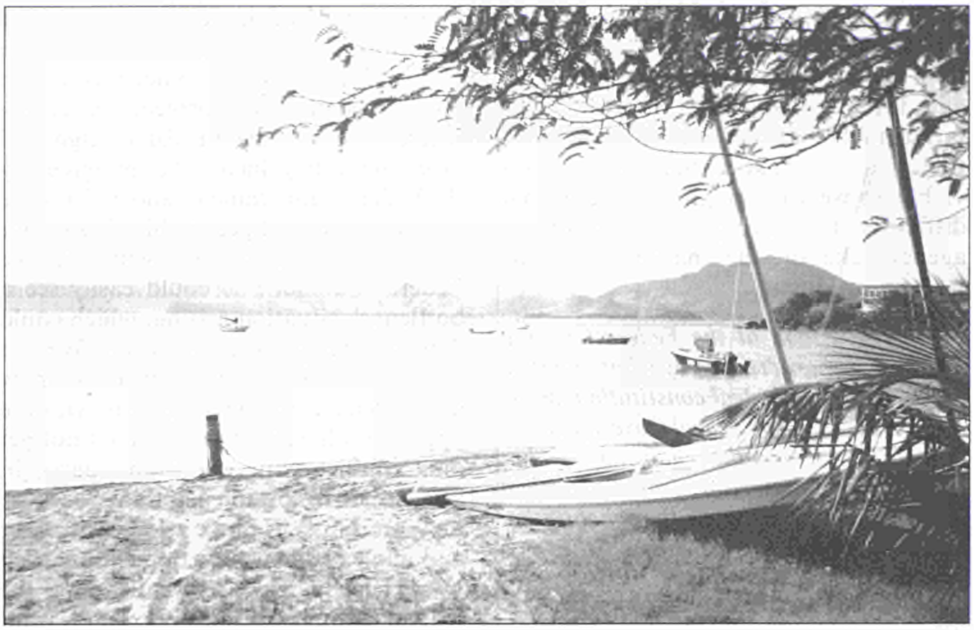
It is clear from the figures that over the past few years, St Kitts and Nevis have had different rates of growth, with Nevis doing better. Where does that put you in terms of sharing the federal resources of the country?

— It puts us in a negative position in that we collect more than 20% of the revenues of the state. Under the Constitution, we find that for 1992, for example, after taking out the sums for common services, we owed more than 3 million dollars to the Federal Government.

The future of the island is tied, to a considerable extent, to the question of improving air access and more specifically, the extension of the airport. There seem to have been political hiccups on this subject with various claims and counter-claims. What are your views on this critical issue?

— There is no doubt that we shall pursue the expansion of the airport again, because, as you quite rightly say, it is critical to the continued development of Nevis, particularly in the tourist sector. What we have done is to take the project which has been bandied about for some 20 years, and which was brought back 'on stream' about two years ago, to a second phase. What that means is that we are now looking at the rehousing of those people who have homes within the expanded airport perimeter. We hope to begin the construction of homes for the relocation. There are 19 landowners involved but we are talking of about nine or ten homes which have to be built.

[2] A hotel group with a major investment in Nevis.



The Courier

Only two miles separate St Kitts from Nevis, as this picture shows.
Although Nevis has substantial local powers under the existing arrangements, there is still pressure for a new federal settlement

There are also some people who had homes which have been abandoned, but we will have to try and reimburse them for the land which is being taken as part of the project.

▶ *Is there room for another development like the Four Seasons?*

— I think there is, and we shall be pursuing this as singlemindedly as possible. More than that I don't think we can assume at this time. But clearly, another development of this nature would be appropriate both because of the competition factor and because of the employment it would create.

The thing about the employment situation is that it is not static. Every year there is a fresh batch of students who leave school and are looking for jobs. That is why I said initially that our strategy must not be just to look at tourism or hotel development, but rather to look at other avenues of development which would enable us to train tradesmen and electricians, who can then find employment in other sectors.

▶ *But in order to attract another major tourism investment, without neglecting the inns which are really very characteristic of Nevis, you are going to be competing with St Kitts and with the wider Caribbean. Why should I, as a potential investor, come to Nevis rather than St Kitts or somewhere else in the region?*

— Well, I think Nevis has an ambiance which is unique.

▶ *But a big new investment may change that.*

— It may, but what we are doing is trying to ensure that the type of large property we attract has the kind of upper-market quality which will not automatically change the ambiance of Nevis. I don't think the Four Seasons has done that. There was a fear that a project of that kind, with 200 rooms and so many people in one place at one time, could have had that effect. But we are satisfied that we have not seen the kind of deterioration which people feared. It is something which is related to the character of the people. You will always find the odd person who is weak and might unfortunately follow the path of crime, but the natural, inbred characteristic of the Nevisians is a strong religious inner strength which can tide them over the kinds of vagaries which one might see.

There are also the policies of the Government. We are trying to keep out the bad elements. We are not going to encourage gambling — that is unacceptable to us. We are certainly prepared to offer the kinds of incentive which will allow new properties to become part of the total environment but we aren't interested in skyscraper-type developments. We want new investments to merge nicely into the Nevis environment. And this, I think, will enable us to maintain the ambiance and the special character of Nevis.

▶ *Given that the next federal election is to be called between now and 1994, your own local administration will presumably be challenged on its record, having been in power for only about a year. Why is it that local and federal elections do not coincide?*

— This is one of the reasons why we have been talking about the inequalities of the federal Constitution. It puts the population of Nevis at a disadvantage having go to the polls once every two years while on St Kitts it is only once every five years. This creates a difficulty for us because we have not had a proper opportunity, as it were, to settle down into the job. We have had to sort out the mismanagement and other things we perceived or discovered from the last government. We then have to put our own programmes into gear. And, at the same time, we are faced almost immediately with a challenge to our own policies. That puts a strain on us to work so much faster than any Government would normally have to do. Instead of having five years to get your programmes working, we have had only one year before we are faced with an electoral contest. The opposition will no doubt sharpen their knives and say that we haven't done anything, or not done as much as we promised — but in fact we have only had one year in which to accomplish anything.

▶ *To conclude, what sort of Nevis would you like to see in the medium or long term — at the end of your period in office or in the more distant future?*

— What I would like to see is a Nevis without unemployment. I would like to see us having a three-pronged economy and, on that basis, an ability to rejuvenate ourselves, expanding continuously so that we can bring all those who leave school for the world of employment into the system. But I also want to see them employed in areas where they are competent. I want to see them in an administration which is professional, dealing efficiently with matters and not being in conflict with the public; not having to worry about loss of man-hours or of revenue. Clearly, if those things happen we can develop the right infrastructure. A good airport, effective health services, education, water systems and roads — those are the things that I want to see for our people. ○ Interview by R.D.B.

St Kitts and Nevis, and the European Community

by Philippe DARMUZEY *

St Kitts and Nevis, a two-island Federation with a population of some 42 000, has been independent since 19 September 1983. It is now one of the 69 ACP States signatory to the fourth Lomé Convention, which was signed in December 1989 for the 1990-2000 period.

A formal cooperation partnership with the European Community was initiated in 1976 within the framework of the Association with the Overseas Countries and Territories (OCTs). Under the OCT 'decision', St Kitts and Nevis benefited through preferential trading arrangements with the EEC, financial and technical assistance and other instruments of cooperation available through the fourth and fifth European Development Funds (EDFs). Subsequently, St Kitts and Nevis acceded to the third Lomé Convention as a full member of the ACP Group in 1984.

Since 1976, the European Community has allocated financial resources in the amount of ECU 18.7 million to projects, programmes and operations for the development of the islands. [1] The main areas of cooperation have been education, health, transport, energy and the development of small and medium-sized enterprises.

Also central to St Kitts and Nevis — EC cooperation is the issue of regional cooperation. The country takes full advantage of the regional cooperation. instruments of the Lomé Convention and shares with the other ACP partners of the Organisation of Eastern Caribbean States (OECS), the Caribbean Community (CARICOM) and the Caribbean Forum, the benefits of the regional ressources of the EDF.

In addition, the country derives substantial benefits from its preferential trade arrangements with the European Community, including duty- and quota-free access for manufactured goods and, under the sugar protocol, guaranteed preferential prices in the Single European Market.

Identifying development constraints

St Kitts and Nevis, like many other Caribbean islands, faces major development constraints: the small domestic market, which seriously limits industrial opportunities, a narrow resource base, a high *per capita* cost of economic and social infrastructure, heavy external dependence and vulnerability to external shocks, including natural disasters (particularly hurricanes).

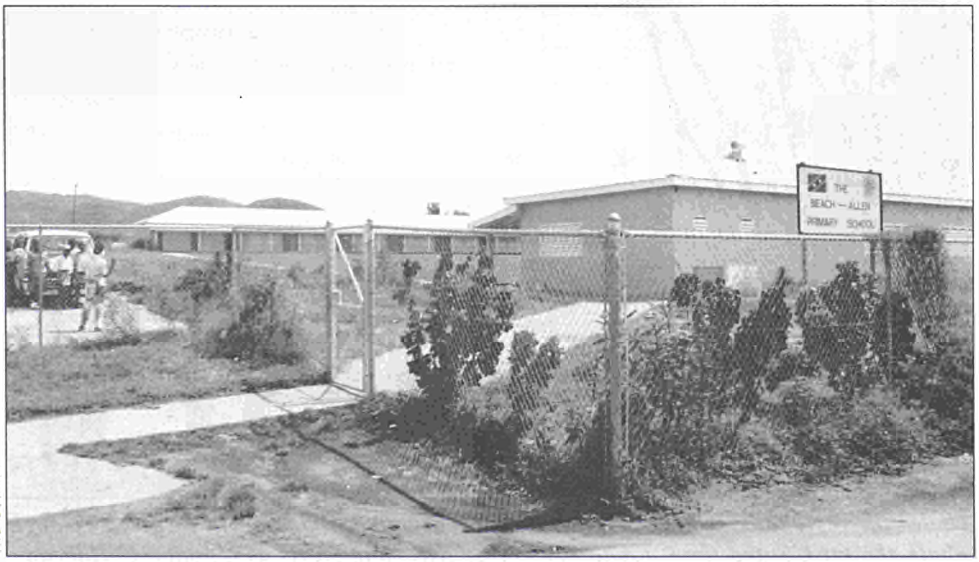
The country's economy has long been dominated by the production of sugar, which was first introduced to the islands in the 17th century. Sugar is still important on St Kitts although it declined progressively during the 1980s and was abandoned on Nevis in the 1960s. The government successfully supported diversification into manufacturing and, particularly, tourism. The economy expanded by 6.5% per year during 1985-88. This was due mainly to increases in tourist arrivals and related construction and service activities. GDP growth slowed to 3.6% per year during 1989-92 on account of Hurricane Hugo and of drought. Overall sound financial management, a surge in tourism and successful efforts to reform the sugar industry have put the local economy on the right track for the medium term.

EC financial and technical cooperation

St Kitts and Nevis' efforts to adjust to external shocks and to diversify its resource base have been accompanied by consistent support from the European Community at the financial and technical level. Under the Lomé I, II and III Conventions, EC support concentrated on social infrastructure (60%), including the construction of several primary schools and social centres in both St Kitts and Nevis and the improvement of the water supply system serving some 3000 people living in the northern half of Nevis. Other areas of concentration were the development of small and medium-sized enterprises through assistance from the European Investment Bank (EIB) to the development bank of St Kitts and Nevis (25%), roads (15%) and the upgrading of the electricity system.

A major achievement in these cooperation undertakings took place in May 1992 with the opening of primary schools in Basseterre (the Beach-Allen primary school), Trinity (the Brontie-Welsh primary school) and Charlestown on Nevis. Completion of the programme, through the construction of the Dieppe Bay school, is under preparation. The programme was initiated in the mid-1980s with the construction of a new 16-classroom complex at the St Johnston's village primary school in the north-west of Basseterre.

Under the Lomé IV National Indicative Programme, a major programme of some ECU 2 million is under appraisal for the development of health sector



The Courier

The EDF-financed Beach-Allen Primary School in Basseterre

* Head of EC Delegation in Barbados, also responsible for St Kitts and Nevis.

[1] Indicative exchange rate: 1 ECU = 3.06 Eastern Caribbean dollars.

Considerable efforts were made to improve the water supply system on Nevis

infrastructure, more specifically, the rehabilitation of J.N. France Hospital and primary health care facilities.

It is likely that the risk capital resources managed by the EIB will be allocated in the form of another line of credit to the Development Bank for onlending to small and medium-sized enterprises and for the expansion and improvement of electricity-supply services.

In addition to regular financial and technical assistance, St Kitts and Nevis has benefited from EC emergency aid following storms in 1980 and Hurricane Hugo in 1989. Specific assistance for microprojects, in cooperation with NGOs, was also provided. In the area of AIDS prevention, laboratory equipment and material are being supplied.

Supporting the integration of St Kitts and Nevis in its regional environment

The European Community also pursues a policy dialogue with the Caribbean on regional cooperation. St Kitts and Nevis is a member of both CARICOM and the OECS, the latter having established a single monetary area and a common currency (the Eastern Caribbean dollar) as well as a common central bank — the Eastern Caribbean Central Bank — which has its headquarters in Basseterre.

Whether as an OECS or as a CARICOM member, St Kitts and Nevis takes full advantage of the regional cooperation instruments of the Lomé Convention. The country also belongs, under the fourth Lomé Convention, to the group of 15 ACP partners who make up the Caribbean Forum. Island status, disparity of levels of development, cultural diversity and vulnerability to external shocks and competition are the main challenges which require enhanced solidarity and regional cooperation among the Caribbean partners. Lomé regional funds are committed to these objectives.

Under the regional Caribbean cooperation programme, support will be given through both the OECS and the CTA to market St Kitts and Nevis as a major Caribbean destination

Regional cooperation

Regional and sub-regional projects and programmes, which are additional to the national indiciative programmes, have benefited St Kitts and Nevis within the framework of the EDF regional programming for the Caribbean. Under Lomé I, II and III, the country derived particular benefit from the following regional programmes:

— **Agriculture:** Research carried out by the Caribbean Agricultural Research and Development Institute (CARDI). A study of crop diversification was implemented by the Agricultural Diversification Unit of the OECS (ADCU) which is based in Roseau.

— **Human Resources Development:** Programmes in favour of the University of the West Indies; the OECS Tertiary Education Project, which contributes to the elaboration of an OECS education reform strategy and plan and will provide school facilities at the College of Further Education in Basseterre. New programmes to be implemented include the University of the West Indies student accomodation project, which will provide halls of residence at each UWI campus.

— **Regional Trade Promotion Development:** Major support is being received by the Eastern Caribbean States Development Agency (ECSEDA) set up in Dominica to provide assistance to OECS exporters. In the area of trade information and statistics collection, the EEC has also participated in the funding of the Automated System for the Collection of Customs Data (ASYCUDA), under which computer equipment has been installed and is being operated at the customs office in Basseterre.

— **Tourism:** The OECS tourism development project, launched in 1992, provides a three-year programme of support in marketing investment, policy formulation, planning and training. It coordinates its operations with the more extensive tourism development programme run by the Caribbean Tourism Organisation (CTO), which includes professional technical assistance for the development of a major marketing campaign in Europe for the Caribbean destinations, including St Kitts and Nevis.

— **Transport:** Programmes in sea and air transport (relating respectively to WISCO, the West Indies Shipping Corporation and LIAT, Leeward Islands Air Transport) were implemented under Lomé I and II. A major programme to extend Newcastle Airport in Nevis is also under final appraisal for regional funding.

The Lomé IV Caribbean Regional Programme (CRIP) which is being established under the umbrella of the Caribbean Forum, has identified programmes in six priority areas — agriculture, trade, transport and communications, environment and human resources development.

The regional integration process

Beyond the horizon of sub-regional cooperation, St Kitts and Nevis, like its partners in the wider Caribbean, has to face the increased competition brought about by the creation of regional trade blocs in North America (NAFTA), Europe (the Single European Market) and Latin America. It is the Community's vocation, inspired by its own integration experience, to help St Kitts and Nevis participate in the process of deepening and widening in the Caribbean region through a regional policy diaogue. This can take such forms as:

— at the sub-regional level, encouraging the initiative of an OECS economic reform strategy;

— at the regional level, helping Caribbean decision-makers to assess the regional dimension of national adjustment programmes and to measure the costs and benefits of regional integration. This latter topic is the subject matter of a study which has been undertaken using the structural adjustment resources of the Commission, in close cooperation with CARICOM, the Caribbean Development Bank, the University of the West Indies, the Eastern Caribbean Central Bank and other Central Banks. St Kitts and Nevis is part of this policy dialogue, which could pave the way towards a better understanding of the islands' interest in supporting, or otherwise, the project of an Association of Caribbean States — a grouping of all the countries of the wider Caribbean Basin which has been proposed by the West Indian Commission.

The trading relationship

Overall, the European market accounts for about 15% of St Kitts and Nevis' total imports and some 20% of its exports. The Sugar Protocol, with a quota of 16 500 tonnes, makes the EC the largest and most lucrative market for sugar export from St Kitts and Nevis. The continued support of sales under the Lomé Convention constitutes a vital basis for the ongoing reconstruction efforts in the sugar industry. The industry accounts for some 18% of foreign exchange earnings and employed 70% of the agricultural labour force in 1990. During 1982-90, preferential prices in the EC market were about three times higher than the world price for sugar. The financial support deriving from the sugar protocol is thus probably more significant to St Kitts and Nevis than regular EC development aid.○ Ph.D.

EEC-ST KITTS AND NEVIS COOPERATION (1975-1993)

Project/Programme/Operation	ECU	Total ECU
Lomé I		
Main road reinstatement	1 380 000	
Technical assistance/studies (rural development transport, industrial development)	195 572	
Upgrading electricity supply	704 217	2 280 000
Emergency aid (storms, 1980)	100 000	100 000
Lomé II		
Nevis water development	748 534	
St Johnston village school	608 113	
Upgrading electricity supply	609 230	
Dieppe Bay school and social infrastructure	234 102	2 200 000
EIB - St Kitts and Nevis Development Bank	1 000 000	
Aids programme	25 000	1 025 000
Lomé III		
Social infrastructure (primary schools and Nevis water development)	2 750 000	
Trade fairs	10 000	
Dieppe Bay school and social infrastructure	740 000	3 500 000
EIB - global loan to St Kitts and Nevis Development Bank	1 500 000	
NGOs	2 784	
Emergency aid	740 000	1 576 000
Lomé IV		
Health sector development	2 000 000	
Technical assistance/training	250 000	
Trade fairs	20 370	
Other	229 630	2 500 000
EIB risk capital	1 000 000	1 000 000
Total national programmes		**14 181 000**
Regional cooperation – Nevis Airport extension		4 500 000
Grand total		**18 681 000**
Regional cooperation		
Regional EC-financed projects from which St Kitts and Nevis benefits directly or indirectly:		
University of the West Indies	19 500 000	
Training in environmental and allied health	1 150 000	
Training in project administration (CDB)	980 000	
OECS common services	883 000	
OECS tertiary education	6 809 000	
Caribbean Examinations Council data processing system	820 000	
Caribbean Agriculture Research and Development Institute (CARDI)	10 243 000	
Caribbean Food Corporation/CFC/CATCO investment, marketing, inputs	7 100 000	
Regional trade promotion/development	10 347 000	
Customs data collection (ASYCUDA)	1 000 000	
Regional tourism development	19 859 000	
Leeward Islands Air Transport (LIAT)	5 935 000	
West Indies Shipping Corporation (WISCO)	6 250 000	
Caribbean Financial Services Corporation (CFSC) risk capital	3 000 000	

UGANDA

Strenghtening the democratic institutions

The Courier

House of Parliament in Kampala

When *The Courier* visited the offices of the government-owned *New Vision* in Kampala last June its chief editor. William Pike, was negotiating for a loan of US$ 500 000. The reason? His paper has to improve on style, presentation and content if it is to beat off the serious challenge being mounted by its nearest rival, the *Star*. In a week of intensive media investigation into the Kibimba murders (the security forces being suspected of involvement), Mr Pike's move as well as the press probe were an eye-opener on the new Uganda. They spoke not only about press freedom, human rights, democracy and accountability, but also about Uganda's new economic philosophy of competition and free enterprise. These values, which compare favourably with standards in Western democracies, place Uganda in a class of its own in the African continent, a remarkable reversal of situation for a country which, until 1986, had become a byword for dictatorship, senseless violence and lawlessness.

Add to this the widespread activities of reconstruction and refurbishment in and around Kampala, and the hustle and bustle of an army of aid workers in the main hotels, and the nation's mood of optimism becomes apparent.

Uganda is a nation reconciled with itself. This process began in 1986 when the National Resistance Army (NRA) of Yoweri Museveni emerged from three years of guerrilla war and toppled the six-month old regime of General Tito Okello. Few would have predicted then that his regime would last any longer than his predecessors', let alone be able to bind up the nation's wounds. Yet there were early signs of a new and realistic dawn. The military expertise and discipline of the NRA and the political shrewdness and confidence of its leaders impressed many both inside and outside Uganda. The regime's early establishment, for example, of the Uganda Human Rights Commission, which was given the mandate to investigate human rights abuses under the previous administrations, was a confidence booster. So also was its encouragement of people to express their opinion freely without fear of persecution.

In retrospect, it would seem the Obote I, Amin Dada, Lule, Binaisa, Obote II and Okello regimes were necessary phases of instability, for although some of them brought wanton destruction to life and property and resulted in economic degradation, they helped point up mistakes and all the negative factors that threaten Uganda's existence as a country: the abolition of the Baganda monarchy, tribalism, factionalism and above all a poorly-trained national army which, since independence in 1963, had been used as a political tool and an instrument of oppression by a section of the country. There was not much mourning for it when it was destroyed by the more widely-recruited NRA.

While it is true to say that Ugandans, after so many years of instability, yearned for peace and were prepared to compromise, it is the willingness and determination of the new regime to learn from past mistakes and address Uganda's political problems that has been of crucial importance. It underlines the quality of leadership.

The NRA's political wing, the National Resistance Movement (NRM) has been led, since its founding in 1981, mainly by intellectuals. Its first chairman, Yusufu Lule, who died in 1985, was a former Vice-Chancellor of Makerere University. The NRM's advent to power in 1986 is believed to have enabled Uganda's 'creative forces' to be released, a code for the emergence of the more culturally-advanced southerners over the northerners.

Much of NRM's philosophy and the way it is organised were developed in the bush. It believes in a rationalised and transparent administration based on the concept of accountability, in effective grassroots participation in the decision-making process and holds, among other things, the view that it does not have all the wisdom, that there is a need to be open-minded, to accept criticisms and, in the words of a Ugandan diplomat, 'admit mistakes and agree to correct them without feeling embarrassed'.

Broad-based government

It was not surprising that the NRM's offer of national reconciliation received popular support. It moved quickly to create a new Uganda. It persuaded the political parties, principally the Democratic Party (DP), to agree to a power-sharing arrangement and the suspension of political activities for four years. This led to the formation of a broad-based government but with individuals chosen on merit rather than on the basis of political parties, although nearly all the parties, including the Uganda People's Congress (UPC), the most bitter opponent of the NRM, had members in it. In 1988 the NRC was transformed into a legislature. A political system known as Resistance Committees (RCs) was set up at village, parish and country levels. In 1989, elections were held for the first time in nine years using a unique non-party system whereby individuals were elected to parliament after winning through six stages (the first by direct election at the village level and then by five different electoral colleges).

The Museveni Government has certainly not had a smooth ride. Typically for Uganda, he has had to deal, successfully in fact, with rebellion in the north and east, the most notable being the revolt of a religious cult led by 'voodoo priestess' Alice Lakwena. The rebellion was largely crushed as early as 1987 with several thousands killed. An amnesty, whose deadline was extended several times, was granted to rebels still at large. Over 25 000 gave themselves up.

Despite the insurgency, which continued on a much smaller scale until 1990, the NRM system has given Uganda seven years of relative peace and stability, which have enabled it to tackle most effectively the economic rehabilitation programme it launched in 1987.

Political parties

The renewal of the power-sharing agreement in 1990 was, however, not unanimously approved: it provoked a split within the Democratic Party and was bitterly opposed by the UPC. These intra- and inter-party quarrels have intensified since the publication early this year of a draft Constitution which recommends, among other things, the continuation of the present system for another five years but with members of parliament being elected directly instead of by a series of electoral colleges. This, in effect, means the continued suspension of political activities, although the draft Constitution does recommend a referendum at the end of the five years on whether or not Uganda should return to multiparty politics.

Unlike neighbouring Kenya, Uganda has had little or no external pressure to introduce multi-party democracy, presumably because its system, as President Yoweri Museveni says in the interview which follows is democratic. Besides, observers ask, who can condemn a system that is original and has proved its worth in a country that has known nothing but political instability and horror?

The fact that President Museveni's view, openly expressed, on the continuation of the present system corresponds with the recommendation of the draft Constitution has raised eyebrows. His critics have accused him of having manipulated its authors. However, as officials at the Constitutional Affairs Commission have told *The Courier* and as the President says in the interview, the final form of the Constitution itself is anybody's guess: a Constituent Assembly will be elected in December and it will have the authority to approve or amend the Constitution; it could opt immediately for multiparty democracy if it wishes. The fact that the present method of election of individuals will be used, it is argued, means that neither the political parties nor the President can predict, with any degree of certainty, the composition of the Assembly in terms of opponents and advocates of multiparty democracy. This is highly debatable. The RC system, which was specifically devised to sideline the political parties, is effectively doing that, according to observers. The old party loyalties, based on tribe and religion, are crumbling at the grassroots and, while the political parties debate about multi-party democracy, individuals from all the parties are already jockeying for positions on the ground in readiness for the December election. The political parties are being outflanked.

Has President Museveni read the mood of the nation accurately? Has Uganda finally found that elusive formula for democracy in Africa? Only time will tell. What is important for the moment is the certain consistency in the policy of the National Resistance Movement whether on democracy or on the economy, and that is the reliance on the individual and on individual initiative. As will be seen later in this report, Uganda has opted firmly for private enterprise and the market economy.

Righting the wrongs of the past has been part of the national reconciliation efforts. In 1991, all former Ugandan Asians, who were dispossessed of their properties by the Amin regime, were formally invited to return and reclaim them. And early this year the Government agreed to the restoration of the Baganda monarchy, which was abolished by Obote in 1966.

Good governance and foreign confidence

With the insurgency in the north and east all but over, peace has returned to Uganda. But if the country's new-found optimism is to be maintained and foreign confidence retained, it must demonstrate that it has firmly established the rule of law and there is no risk of Uganda returning to the horrors of former times. Already, because of the big improvement in the security situation, international confidence in Uganda has grown considerably. Witness tourism, which recorded 4000 visitors in 1986 but which has seen the figure jump to 75 000 in 1992, or the large number of foreign investors expressing interest in the country once again as the implementation of its rehabilitation and economic development programme accelerates.

The enshrinement of the individual's fundamental rights and freedom in the draft Constitution illustrates the determination of Ugandans to avoid a return to the abuses of the past. The Uganda Human Rights Commission, which has found a place in the Constitution, is being given the authority to 'bring proceedings in a court of competent jurisdiction on behalf of a person whose human rights and freedom have been infringed'. With such watchdogs as the Ugandan Human Rights Activists, the Law Society and the Ugandan Association of Women Lawyers operating without hindrance, the country appears secure. It came, indeed, as no surprise that an African Centre for the rehabilitation of torture victims was inaugurated recently in Kampala. Such a centre, catering for victims from all over the continent, is bound to give Uganda a higher profile in this area.

In July 1991, when the government began its last campaign to wipe out remnants of rebels, over 1500 were reportedly killed and more than 1000 were arrested. The NRA was accused of commiting actrocities in retaliation for rebel attacks, and the government came under severe international criticism. There is, however, no evidence to suggest that torture and murder are part and parcel of government policy. Observers have noted that violations which occur are more often the result of the shortcomings in the institutions of state than a deliberate policy. For this reason a number of donors, including the European Community, have extended assistance to Uganda to include the strengthening of those institutions: the police, the judiciary and the army. The British, for example, have an ongoing training programme for the Ugandan police while the International Committee of the Red Cross has been providing officers of the National Resistance Army with training in the law of armed conflict since the reports of atrocities. It is expected that by the time the current demobilisation exercise (which is part of the adjustment programme) is completed, enough funds will be released to provide Uganda with a leaner, better-equipped and better-trained professional army.

The Courier

A section of the High Court building in Kampala

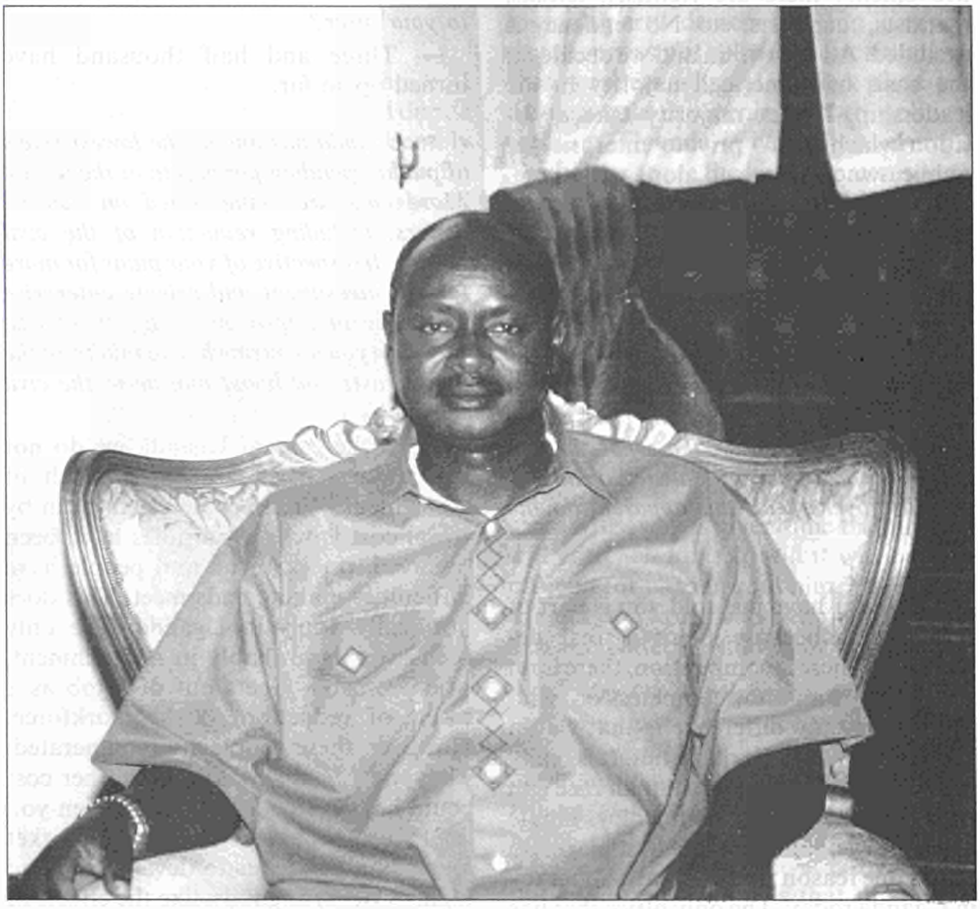
Meanwhile no other institution has taken more advantage of the new situation to establish itself than the Fourth Estate. The press is emerging as a serious watchdog of freedom and democracy in the country. One of the freest in Africa, a variety of opinions (most of them unpalatable to the government) are often heard expressed on the airwaves, even though radio and television stations are owned by the government. A law has already been passed authorising private broadcasting. There are currently five main newspapers, the two most important of which are *New Vision* and *The Star*, both published in English. The circulation war looming between them is a reflection of the greater latitude within which they now operate.

New Vision's editor-in-chief, Mr Pike, dislikes the description of his paper as 'government-owed' even if that is true, preferring instead the term 'national newspaper'. Running the *New Vision* commercially and borrowing to do so means being able to publish independently of the government and to criticise when necessary. A Sunday edition of the newspaper, for example, carried a statement by an opposition spokesman warning that if his party failed to oust President Museveni through the ballot box, it would do so through the barrel of the gun. Such over-the-top utterances are common in today's Uganda. The Press considers the maintenance of that freedom its mission, hence the considerable interest in the Kibimba murder of two persons suspected of being foreign smugglers. Ordinarily they would have been considered as just criminal activities, but, as *New Vision* explained in an editorial, 'they are unusual and the public wants to get to the bottom of them. The public does not want to return to the anarchy of the past.' Times have really changed in Uganda. ○

Augustine OYOWE

Uganda could not possibly be more democratic
Interview with President Yoweri MUSEVENI

Amid the disorder which ensued in the years following the overthrow of Idi Amin Dada in 1979, Yoweri Kaguta Museveni forged the National Resistance Army (NRA) and took power in Uganda. He was named President. Since then he has gradually brought peace and stability to the troubled land, embarked on an economic rehabilitation programme and introduced his style of democracy. Forthright in the pursuit of his vision, and controversial, he gave The Courier a brief interview on the political and economic direction of Uganda, in between a tour of the northern provinces and a cabinet session in Entebbe on the 1993 budget. We first asked him to confirm that peace and stability have returned to the country, in view of reports of continued armed opposition to the government in the northern and eastern provinces.



— There is no more armed opposition to the government in the north. The east is completely pacified. There are some people with guns who are rather fugitives than rebels in one area of the north – Gulu. We have been able to deal systematically with them. So there is no more organised rebellion.

▶ *Relations between Uganda and Rwanda have been strained over the insurgency in Rwanda: Uganda has been accused of aiding the rebels. Is this correct, and what is being done to improve relations between the two countries?*

— It is not correct. We have invited the United Nations to station some observers at the common border, at the Ugandan side.

▶ *The NRA impressed the outside world with its discipline when it captured Kampala in 1986. Indeed, this was one of the factors that helped quickly restore confidence in Uganda. However, there are reports of misconduct in areas of unrest. What has gone wrong?*

— Nothing has gone particularly wrong. It is only that when some of the soldiers are operating in situations where there is a breakdown of law and order they get tempted to commit crime with the hope that it will not be discovered. However, we always come to know. This is because we have got a free press, which always reports all these mistakes. We have got a proper political network known as the Resistance Committees: these are elected people all over the country. If there is any crime they will report it sooner or later. Thereafter is no problem, because there is no blockage in our system. In time we come to know, and when we do we take action.

▶ *Retrenchment is taking place at the moment in the army. Are you not worried about releasing a large number of ex-soldiers onto the streets?*

— No. We are not worried, because the economy of Uganda at the moment is operating far below capacity. There is a lot of idle potential. There is a lot of idle land and there are outlets in the artisan sector. So these young people can do something useful to the economy.

▶ *Your credential as a democrat is unquestionable. Your stand on Uganda's political future is well known: you are for the maintenance of the current system of Movement and resistance committees, because you think multipartyism breeds tribalism and factionalism. Aren't you embarrassed to use the same argument as advocates of a one-party system?*

— There is a world of difference between a no-party democracy, which we have proclaimed, and the one-party state which used to exist in Africa. First of all, under a one-party state, not everybody took part in competing for political office. They would screen and only allow some people to compete. In the Movement system there is no screening. Anybody who wants to compete for public office is free to do so. Secondly, at the level of presidential elections, in a one-party state, they would normally have only one candidate, for whom you have to vote yes or no. In our system we accept as many as wish to contest, even for the presidency. In a one-party state, they sometimes have the system of expelling members who do not agree with the leadership of the party. In our system we let all trends contend within the Movement: there are rightists, leftists, marxists, feudalists, etc. No tendency is excluded. All are within and we decide on the basis of numerical majority in the leadership. If that majority take a position which is pro private enterprise or public ownership we go along with them. In a one-party state they did not accommodate all tendencies.

▶ *Your opponents must have been disappointed that you came away successful from your meeting with donors in Paris recently. They were expecting pressure on you to go multi-party. To what do you attribute this apparent leniency of donors to your government, this apparent double standard?*

— What I have just told you is part of the reason, because there is real democracy. There is competition, there is no restriction on who competes or who votes. The only difference is that we do not do it on the basis of parties. It is really ridiculous to say that the human race can have only one form of democracy. This is against development in the first place. So that is one reason: there is real democracy in Uganda today. The only office that has not been competed for up till now is that of the President, but that will be done next year.

This year we will be having elections for the Constituent Assembly. It is this assembly which will decide whether to uphold the present system or change it. So how could we be more democratic than that? Besides, our performance in the economic field has been very good compared with what is going on in other parts of Africa. The donors are satisfied with our economic record.

▶ *Talking about donors, how would you characterise the rate of aid disbursement to Uganda given your high absorption capacity?*

— The rate is good. We are not complaining. There were some delays two years ago due to some conditionalities which had not been fulfilled. One of them was in relation to the Asians, the return of their properties. So the fault was not on their side, it was on ours. Otherwise the rate of disbursement has been very good.

▶ *And how have the Asians responded to your offer?*

— Three and half thousand have turned up so far.

▶ *Uganda has one of the lowest levels of public spending per capita in the world. More cuts are being urged on you by donors, including reduction of the civil service. Irrespective of your plans for more foreign investment and private enterprise as a way of improving living standards, what can you do meanwhile to minimise the social costs and boost morale in the civil service?*

— In the case of Uganda we do not have much social costs as a result of adjustment. What people often mean by social cost is where subsidies have been removed, prices go up and people have difficulties making ends meet. This does not really apply in Uganda. The only social cost is probably in retrenchment, when somebody gets out of a job as a result of reduction in the workforce. However, these people are remunerated. They are given a package. Another cost could be the exchange rate — when you let the rate be determined by market forces and this leads to devaluation and higher prices for goods, like the effects of the removal of subsidies.

▶ *What about morale in the civil service?*

— Morale has never been high in the civil service, at least not in the last 25 years. If anything it should be a bit higher now, for, although there is still hardship (it has always been there), there is some hope. That is the difference: hardship with hope rather than hardship without hope as in the past. I think civil servants are much better off now.

▶ *Uganda has a shortage of skilled labour despite the fact that it has many very able professionals living abroad. What measures have you put in place to entice them back?*

— We do not mind very much if they stay abroad. They earn and send money to their families. It is one form of advantage to the country. We are training new people all the time in the university and technical schools. So we do not feel their absence.

▶ *You were in Europe recently wooing investors. How optimistic are you that this will be translated into action here in Uganda?*

— They are coming slowly (some of the foreign investors are coming). However, we are aiming also at our own internal resource mobilisation, because this is also neglected. For instance, selling shares of public companies to the public and in that way mobilise resources. This has never been done. In many parts of Africa they do not have a stock exchange so they just sell shares. We can also do that, in addition to investments from abroad.

▶ *Uganda will be relying very heavily on trade in the coming years. The PTA, of which you are the current chairman, is an organisation in which the country places a high premium. You want to see the PTA and SADC merge to expand your market. What are the chances?*

— We are not hooked on a merger. All we want is rationalisation. We have appointed a committee of consultants to look into this matter. If they recommend that it will be a duplication of efforts or there is need for rationalisation or a merger or that the two organisations can live side by side, then we will go for whichever. All we want is efficiency.

▶ *Europe represents an important market for Uganda, thanks to the Lomé Convention. However, a lot of changes have taken place in the world. How do you see the future of that cooperation in the light of these changes?*

— Europe is a natural trading partner of Africa. This is because we belong to two different climatic zones. Africa produces a lot of items Europe cannot produce and Europe also produces a lot of items Africa cannot produce. So the result is regional specialisation that provide a good basis for trade. I think that is where the future still lies.

▶ *What about trade with your neighbours?*

— Kenya is our biggest trading partner, while trade with Zaire has always been high. It is increasing all the time between us and our neighbours despite the fact that we do not have good roads to Zaire, Tanzania and Sudan. So the prospects are good.○

Interview by Augustine OYOWE

We stand for 'true democracy'
Interview with Opposition leader Mrs Cecilia OGWAL

The Uganda People's Congress (UPC) is the party of ex-President Milton Obote who governed Uganda twice: from independence in 1962 until 1971 when he was overthrown by Idi Amin, and from 1980 to 1985 when he was again overthrown by the military. The UPC is the most bitter opponent of President Yoweri Museveni and the National Resistance Movement (NRM). ***The Courier*** *spoke to its current leader,* ***Mrs Cecilia Ogwal,*** *about politics in Uganda and UPC's economic agenda.*

▶ *Mrs Ogwal, the UPC has at least, some its members participating in the NRM Government. Why is your party opposed to the continuation of the present system?*

— First of all, that is not correct. UPC is not in the present set-up. We are aware that some members, in their individual capacity, have participated or are participating in the RC system. They are not *per se* in the government as representatives of Uganda People's Congress.

▶ *Still, why are you opposed to the continuation of the present system?*

— Because it is based on a dictatorial monopolistic system. The UPC believes in democracy: we are here to support a democratic system and not a militarily-backed monopolistic dictatorial system.

▶ *When you say democratic system, do you mean multipartyism?*

— Correct. It must be a multiparty system — one that is supported by the people, elected by the people and allows free association and free assembly. We stand for an open and pluralistic system.

▶ *But the Constituent Assembly that will be elected shortly will determine that. Do you accept that?*

— Well, I don't think that is the easiest way round. The Constituent Assembly is supposed to debate and promulgate the new Constitution. But it would not determine whether Uganda should or should not be a pluralistic society. We believe that Ugandans have the right to belong to any party of their choice. I don't think the government should decide for us. I believe the Constituent Assembly would be overstepping its boundaries if it has to decide whether Ugandans should have political parties or not.

The Courier

Mrs Cecilia Ogwal

▶ *In the years immediately after independence, your party was in power and it did not take long before it set up a de facto one-party state. How is it that you are now a convert to multiparty democracy?*

— We have never promoted a one-party system, never. What happened was that, in the 1960s, our party became so popular that a number of people in the opposition moved over to our party. Of course, generally one got tempted to abolish other parties and, you know, to promote unity under a one-party system. But we avoided that because we preferred to have the opposition in its place to provide checks and balances in the system. We maintained a multiparty system up to 1971 when we were overthrown. We maintained a multiparty system up to July 1985 when we were again overthrown by the military.

We are fighting for survival and we hope the international community will support us in that exercise. We are hurt by the double standard which is being applied. We know the world community put a lot of pressure on Kenya to open up to multiparty democracy, but Kenya's situation was not as bad as our situation. One wonders why, at a time when the whole world is opening up to political freedom, Uganda is being bottled up. I would love to see the kind of pressures, or even more pressures, applied on President Museveni as are being applied on President Mobutu in Zaire, for example.

The government seems to have given the wrong impression that it is moving towards true democracy. It is fake! I have been telling people openly that it is not true. This man, Museveni, is entrenching himself daily militarily. The whole country is being militarised towards supporting a dictatorial system. The more Museveni is given time the more he will entrench himself and it will be very difficult for us to uproot him. The sooner the outside world can help us get rid of him the better it will be for Uganda.

▶ *Mrs Ogwal, as you very well know the government that came in in 1980 was your government — Obote II. That government was accused of even worse human rights violations than the Amin regime. What do you say to that?*

— I don't think that is correct. One thing you must know is that the people who are now in power, led by President Museveni, decided to defy the verdict of the people in 1980. Their party, which is UPM, got only one seat in Parliament. We got, I think, 75 or 78, the Democratic Party got about 54, so it was a clear win on our part. So we took power and we were willing to cooperate with all the opposition parties. But President Museveni, along with his party supporters, opted to go into the bush to wage guerrilla warfare against an elected government. So one would tend to interpret the military conflict that took place at that time in the areas where Museveni was operating as a violation of human rights. But when you go deep to find out how those human rights were violated you will find that the violations were actually done by NRA not by Uganda government soldiers — because that was concentrated in the Luwero triangle where they claimed victory. Now surely if our government was involved in violation of human rights it should have been widespread: it should not have been concentrated only on that small area.

So I think the journalists and the international community have not bothered to dig into the roots of these human rights violations if there were any at all. A similar thing is happening now! The kind of things that took place in the Luwero triangle in the 1980s — the kind of atrocities — have been taking place in the whole north and the whole east where our party has strong support. A similar thing has been going on in the west where the RPF seems to be operating. So one would tend to conclude that the same characters, the same main players of the Luwero triangle are now at play violating human rights in the north, the north-east and in the extreme west, in the Teso-Kabale area.

▶ *Nevertheless, Uganda has had an unprecedented period of peace and stability, and economic recovery has started. People outside this country are impressed. What do you say about that?*

— What do you mean by peace? What we see is artificial peace which is only concentrated in the capital. There is peace in Kampala, one would say, because you can move freely, you can go to disco, you can go to parties and so on. But you go outside Kampala and you will see nothing but terror. I come from northern Uganda and there is terror all over the place. There is an island of peace in Kampala, just to give that impression to the international community that Uganda is now at peace. I think that is what it means and if you really mean well for Uganda I would advise you to travel up-country and you get your own personal assessment of that peace you are talking about.

▶ *Right, but there has been progress on the economic front.*

— I don't think so. What do you mean by progress? How do you define progress? To us at the Uganda People's Congress we would define progress as being development translated from top to bottom, in other words, the rural man (You must know that Uganda really is backed up by the rural economy). The rural man, who is the backbone of the economy, must feel that development, must feel that positive change. But the rural man right now is in absolute economic despair. The cash crops on which he depends do not have a proper marketing system. So you will find that the cotton producer has had cotton in his houses for three to five years. It has been a public matter, debated publicly, and the government is at a loss as to how to help that rural farmer market his produce.

You take coffee. Coffee is almost coming to extinction in Uganda because of the poor marketing system. You take social services — the services that the government is supposed to take to the rural man I am talking about. You will find that the rural hospitals we took the trouble to build all over Uganda are nearly all shut. There are no medicines, no doctors, no facilities. Most of them have been overgrown by bush.

When you talk about development I don't know how to relate to it. Of course I know that some contracts have been signed with some of the international community, some commissions have been earned by some government officials, some roads have been opened but that is not development as far as an African rural-oriented person is concerned. You talk to any farmer and you will find that he is in total economic despair. He cannot send his children to school now. Even the civil servant cannot send his.

Do you want to talk about the policy of retrenchment? We are not against it but retrenchment must have an attractive package so that the civil servant can determine whether it is beneficial for him to take that package or to stay on in employment. In most cases when the package is attractive they prefer to take it rather than remain in state employment. But in Uganda civil servants are just being flushed out of their jobs in thousands, even without notice. Now you offload these people in the rural areas, and what do you expect them to do? And these are educated people, some of them are graduates who have been trained with a lot of money. The government has invested heavily in them. What do you do with them? You know, these are some of the simple matters which are key indicators on whether a country is making progress economically or not. And to me, as a person who stands for the people, I believe that we have never gone through this kind of economic misery before, not even during Amin's time.

▶ *Before we talk about your economic agenda for Uganda, let us discuss a little bit more about UPC. How popular is your party? You have been accused of being ethnically based. Is that correct?*

— I don't think so. In fact I have an original map just behind you. It indicates the scores of UPC in the 1980 elections. Now you will find that the support of UPC is scattered all over Uganda. In fact you will be surprised: it is heavily concentrated in the west where Museveni comes from (He lost in his own constituency by the way to the Democratic Party, not to us). The UPC has been accused of being ethnic because of the north, because Milton Obote comes from the north, but if you compare it with the west and the east, you will find the UPC is most scanty in the north. The only problem for us probably is in the centre — the Buganda zone. Our support is very scanty because of monarchism and so on. For us we stand for unity. Ours is a party that unites people. The Bagandans are beginning to discover that UPC means well for Uganda.

I suppose you must also know that UPC is not religiously backed. I, for example, am a Roman Catholic. The Roman Catholic Church is said to be backing the Democratic Party. I wish them well if it is but that does not mean that we Roman Catholics are all supposed to vote for the Democratic Party. There are very many Catholics who are in the UPC. Our chairman is a Muslim. We have Anglicans. It is a diversity of interests. In fact nobody, not even President Museveni, can accuse Uganda People's Congress of being ethnically or religiously biased.

▶ *Please correct me if I am wrong, but your party is decribed sometimes as being left-wing. What are your alternative economic proposals for Uganda? Of course you have said a lot already, but can you outline briefly your policy?*

— Left or right doesn't make sense. What matters is what the people want, and we draw our policies from that. If you look at the 1980 manifesto, which we used as our platform, you will see that our economic projection was really based on rehabilitation, taking services to the people, and ensuring that development is beneficial to the people. So you find that, in the 1980s when we took over, quite a number of industries were rehabilitated. I don't think you can accuse us of being socialists. We did not nationalise anybody's industries. We do, as a matter of policy, encourage private entrepreneurship. By the way, even the privatisation policy, which we support, was our idea right from the start. We set up a commisson on it in 1982; we had our own approach, which was to be a step by step process. First of all, you identify the lame industries and get rid of them, and where industries are beneficial to the country you keep them because they are the people's property. We are opposed to the reckless selling of public companies to private interests. If you examine what has been going on in privatisation you will find there are more private interests than national interests. Things have been secretly sold to either friends or relatives or associates rather than publicly sold with the interests of the people in mind.

▶ *If you were in government today what would be your policy towards international donors like the IMF and the World Bank which have imposed strict conditions for assistance?*

— By the way we were the guinea pig in the 1980s. Uganda was the darling of the IMF and the World Bank. We are the people who first had to swallow the bitter pills of structural adjustment.

▶ *But one of the conditions include redundancies which you have criticised in the course of this interview. You want redundancies to be voluntary, don't you?*

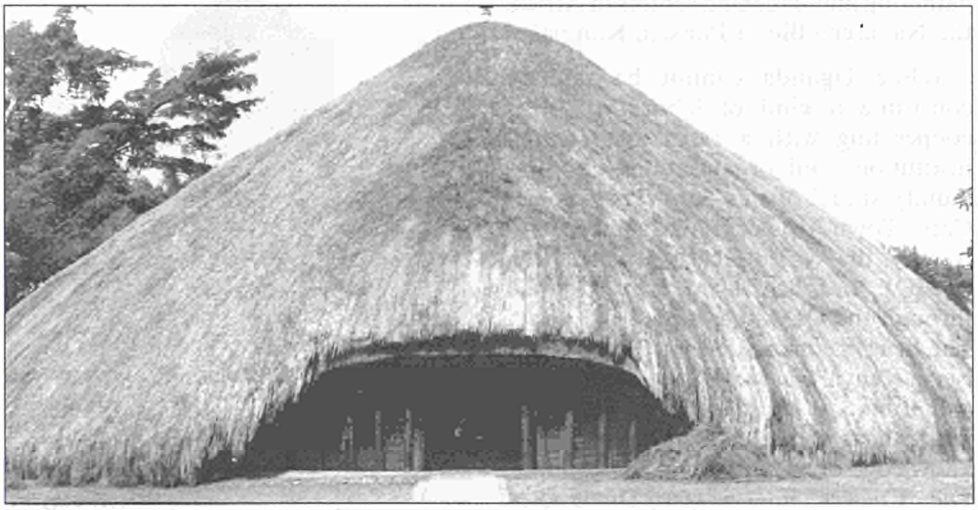
— Everything has to be negotiated. We know that the World Bank takes a country very seriously if it seriously negotiates its position, because what they want is partnership, they do not want to dictate to nations. I do not think the World Bank and the IMF would want to see Ugandans forcefully thrown onto the streets. They would want the government to come up with a proposal that would honourably get Ugandans out of their civil service jobs and then rehabilitate them elsewhere, so that they continue to contribute. A government which is elected by the people would not do the kind of thing this government is doing. Wake up one morning and flush 13 000 people out of five ministries. That is a reckless policy. You cannot do that, because these are your people. If we were in power we would have negotiated an attractive package so that these people could continue to be productive in their respective areas. In any case, it is not fully proved that the civil service is oversized, and if it is inefficient there are reasons why it is, and these can be tackled.○

Interview by A.O.

The Baganda monarchy restored

On 1 August, Ronald Mutebi II was crowned Kabaka (king) of Buganda, following the decision early in the year by the Ugandan Parliament to restore the Bagandan monarchy, 26 years after it was abolished.

As well as bringing an end to years of intense campaigning and pressure on the State by the Bagandans, the coronation has provoked fears of another ethnic polarisation in Uganda, although this is being played down by the Government because of the conditions imposed for the restoration.



The Courier

Kisubi tombs where three Baganda monarchs were buried

Among the conditions is the fact that the Baganda monarchy is a cultural thing, the king, no more than the guardian of Baganda culture — a far cry from the immense political power the Kabaka wielded in the years before and immediately after independence.

It is not yet clear to what extent this coronation will spur a campaign for the restoration of the three other kingdoms that have also been abolished. But there is no denying the fact that Buganda (from which Uganda derives its name) is by far the biggest ethnic group.

With 600 years of history behind it, it is one of the oldest kingdoms in Africa. It was the first to become a British protectorate, and it was used by the British to forge the nation that was to become Uganda. The Baganda monarchs maintained excellent relations with the British throughout, until independence in 1962.

That year, a political party, the Kabaka Yekka (king alone) won sufficient seats in parliament to form a coalition government with the federalist party, the Uganda People's Party (UPC), of Dr Milton Obote, thus keeping the unitarist party, the Democratic Party (DP) out of power. In 1963 when Uganda become a republic, the Baganda king, Sir Edward Mutesa, became non-executive president with Milton Obote as prime minister.

The two men were to fall out mainly over two issues. In 1964, when the inhabitants of what was called the 'lost counties' voted in a referendum to rejoin Bunyoro, from which they were transferred to Buganda in the late 19th century, President Mutesa refused to endorse the result. By now defections from both the DP and KY to UPC had given Obote enough majority in parliament to marginalise the King-President. The crunch came two years later, in 1966, when a motion of censure, moved by Kabeka Yekka against the government over a gold smuggling allegation, in which Obote and his deputy army commander Idi Amin were suspected of involvement, was passed. A couple of weeks later, under the pretext of a plot against the government and in search of an arms cache, troops led by Idi Amin stormed the king's palace. President Mutesa fled into exile in Britain, where he was to die in poverty three years later. In 1967, a new constitution estabished a unitary state and abolished all kingdoms and traditional rulers in Uganda.

The newly crowned king of Buganda, 39-years-old Ronald Mutebi, is the son of the late king Mutesa.

Dealing with this perplexing disease, Aids

President Yoweri Museveni was the first African Head of State to acknowledge publicly the Aids epidemic in Uganda. This frankness, at a time when others were ashamed to admit it, helped Uganda to confront the spread of the disease much earlier than other countries — and with massive international assistance. The European Community was one of the first donors to go to Uganda's aid, funding the establishment of what is today one of the most important blood gathering and screening centres in Africa, the Nakasero Blood Bank in Kampala.

While Uganda cannot be said to constitute a kind of laboratory, it is cooperating with a range of research institutions and organisations in 'community study' of this perplexing illness: Cape Town University, Makerere University, the World Health Organisation (WHO), the British Medical Council through the ODA, etc. are all involved. The drug Kemron, developed by scientists in Kenya, was widely tried in Uganda and found to be ineffective. These activities have produced people with expert knowledge of the disease in the country. *The Courier* interviewed Dr E.G.N Muzira, permanent secretary and director of medical services at the Ministry of Health, about the history of the disease, why it took hold and spread so rapidly and how serious it is in Uganda today.

'Uganda,' he said, 'was one of those countries which noted this strange disease as early as 1983/84 in Rakai, the district bordering Tanzania. People in the villages realised that their colleagues were dying after losing a lot of weight with itching of the skin, vomiting, etc. Many of them, especially women who had lost their husbands, ran away thinking they were being bewitched from across the border in Tanzania and not knowing they were infected. They settled in many new places, mainly along the road which runs from Mombasa right through Busia and Marawa into Rwanda and Zaire, and spread the disease, especially in big towns People died in large numbers...'.

When the NRM Government came to power in 1986, one of the first things it did was to begin investigations into the mysterious illness which was known as the 'slim disease'. These revealed that it was due neither to malnutrition nor to tuberculosis as was generally suspected but to infection by the newly discovered Human Immunodeficiency Virus (HIV). It appealed immediately for international help.


The Courier

Dr Eliab Muzira

'One of the reasons why the disease spread so rapidly,' Dr Muzira said, 'was the fact that sexually transmitted diseases (gonorrhoea, syphilis, etc.), were rampant in Uganda before the advent of Aids. Indeed our biggest hospital, Mulago, in Kampala, started as a venereal disease treatment centre during the colonial era. You know there is a great association between HIV and sexually transmitted diseases. The second reason was that there had been general malnutrition in the country for quite a number of years and people's immunity was very low. (When a virus enters a weak body it easily breaks it down).

'It was important to be open about it and we are lucky that President Museveni was. We gave out all the information about the country. Our view was that if you have a serious disease which is communicable, you have to report it. That is part of being a responsible society. We were thus the first country to organise an Aids control programme with the help of WHO.'

Uganda, Dr Muzira said, is aware of the economic costs of Aids and of the group of Ugandans most at risk that need to be protected. 'We realise that Aids causes loss of life and property, and damages the economy: it affects people who are actually productive. Our findings show that Aids affects categories of people in different ways. We have the young group; first of all the newly-born who are infected when they are still in the uterus or during birth, and then the seven to fifteen-years-olds, among whom it is interesting to note that the incidence is very low. (That group has been spared the virus). From 15 to 40 we have the highest peak of infection, and then from 40 the incidence begins to go down. What the government has been trying to do is to safeguard the young group, to protect them from infection by paying a lot of attention to health education. We spend a lot of money mobilising people in all communities through radio and television. We pay greater attention to early diagnosis and correct treatment of all STD cases. We are establishing clinics throughout the country. The result is that when you look at the percentage of those who know what Aids is and how it is transmitted, it is quite high. But changing habits is still a problem. It is a slow process, it does not come overnight.'

Because the Aids epidemic is a huge one and can not be dealt with solely by the Ministry of Health, the Government has created the Uganda Aids Commission, whose responsibility is not only to coordinate all Aids programmes in the country, lay a policy and give advice on how to control the disease, but also to raise money both locally and internationally.

Dr Muzira laments the fact that at a time when the number of Aids cases is increasing fast, funds are diminishing: Uganda is getting less and less in contributions from abroad. This is because it is competing for the available funds with many other countries which have since revealed the magnitude of their problem. These are now 14 million cases throughout the world. 'Yet this is a disease that requires a lot of funds,' he said. 'You can see the big change and the gap for us to fill; from a peak of US$ 5 million foreign assistance annually towards our Aids programme to only US$ 500 000 today. We badly need help.' ○ A.O.

Profile*

Area: 197 096 km²

Population (1991): 16 671 705
Growth rate: 2.5%
Density: 85 per sq km

Main towns: Kampala, Mbale, Gulu, Soroti, Jinja, Masaka, Entebbe, Mbarara

Main ethnic groups:
Baganda (the largest tribe), Soga, Nyoro, Nkole, Toro, Chiga, Gisu, Gwere, Nyole, Acholi, Langi, Karamojong, Teso, Madi and Kakwa

Social indicators:
Crude birth rate – 51 per 1000
Crude death rate – 22 per 1000

Health:
Infant mortality (1990) – 117 per 1000 live births
Population per doctor (1991) – 24 700
Population per hospital bed (1991) – 1200

Education:
Literacy rate (1991) – 10 years and over (male) 54%; 10 years and over (female) 45%; 20 years and over (adult male) 52%; 20 years and over (adult female) 39%

Income distribution (1989-90) based on expenditure data from Household Budget Survey:
Highest 20% of national income held by 8% of the population
Lowest 20% of national income held by 30% of the population

Capital: Kampala

Government: National Resistance Councils. The national government is made up of individuals from various political parties

Head of State: Yoweri Kaguta Museveni

Main political parties: National Resistance Movement (NRM), Democratic Party (DP), Uganda People's Congress (UPC)

Currency: Ugandan shilling
US$1: 1200 Ugandan shillings

Inflation: 7% (June 1993)

Gross Domestic Product: US$ 2.6 billion

GDP growth rate: 5% per annum

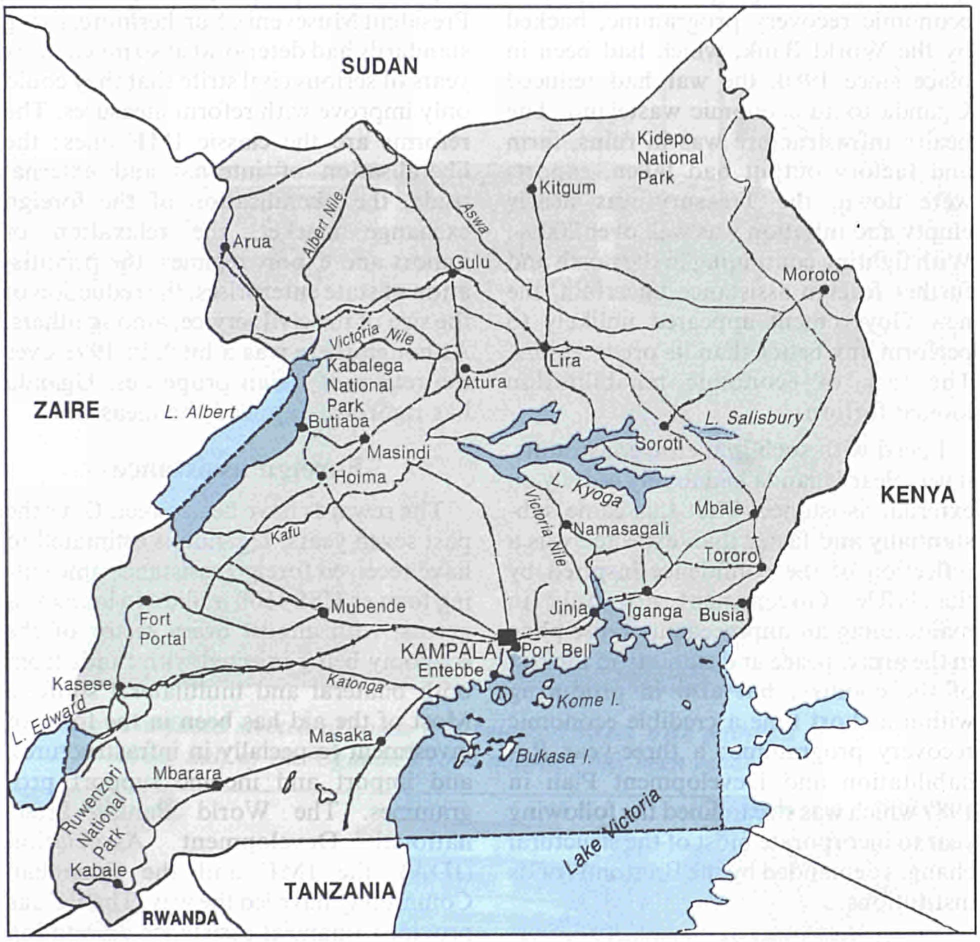
Balance of trade (in million US$):

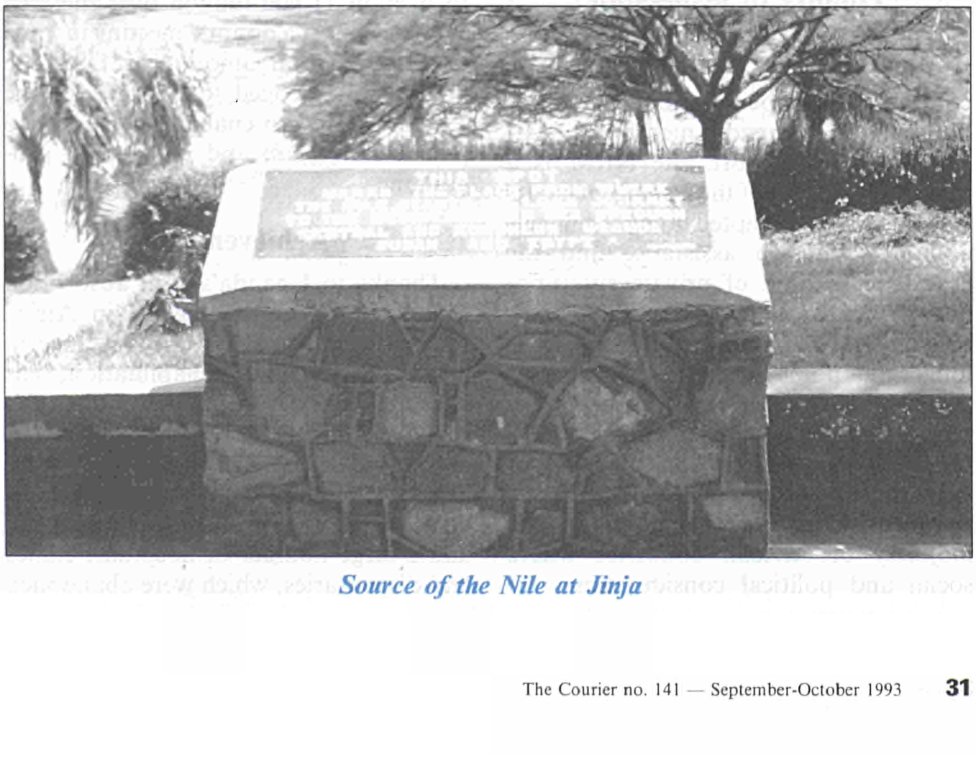
	1990	1991	1992
Exports fob	177.8	173.8	150.2
Imports cif	617.6	474.4	512.6
Balance	−439.8	−300.6	−362.3

Balance of payments: US$ 85.8m (1990); US$ 138.8m (1991); US$ 128m (1992)

Principal exports (in million US$):

	1990	1991	1992
Coffee	140.3	117.6	98.0
Cotton	5.8	11.7	8.2
Tea	3.5	6.8	7.7
Tobacco	2.8	4.5	4.4




Source of the Nile at Jinja

* Information on population, social indicators, education, income distribution from The World Bank. Balance of trade, balance of payments and principal export earnings from the Bank of Uganda. The rest from Uganda Government Sources.

Economic recovery well under way

'You need to see it to believe it. Only 5-10% of our roads were motorable'. This statement to *The Courier* by Uganda's Minister of Works, Mr Ruhakana Rugunda, could be applied to the state of almost every other sector of Uganda's economy in 1986 when the NRM Government came to power. Despite an economic recovery programme, backed by the World Bank, which had been in place since 1980, the war had reduced Uganda to an economic wasteland. The health infrastructure was in ruins, farm and factory output had fallen, exports were down, the Treasury was nearly empty and inflation was well over 200%. With fighting continuing in the north and further foreign assistance uncertain, the new Government appeared unlikely to perform any better than its predecessors. The task of economic rehabilitation looked forlorn.

Faced with such immense constraints, it was clear Uganda had to rely heavily on external assistance. That this came substantially and faster than expected was a reflection of the confidence inspired by the NRM Government not only in maintaining an unprecedented discipline in the army, peace and stability in the rest of the country, but also in producing within a short time a credible economic recovery programme: a three-year Rehabilitation and Development Plan in 1987 which was streamlined the following year to incorporate most of the structural changes demanded by the Bretton Woods institutions.

Quality of leadership

It is important to emphasise the quality of leadership, since it has shaped and continues to shape Uganda's economic direction. As already mentioned elsewhere in this Report, the NRM is a movement largely of the intelligentsia. Its leaders, having accepted lately the inevitability of foreign assistance and the economic wisdom of private enterprise and market forces as the bases of realistic economic development, felt there was no longer any point in procrastinating over the implementation of the necessary reforms leading to the achievement of those goals. Admittedly, the NRM Government was and still is in a unique position. Unlike governments in the majority of African countries where social and political considerations are significant factors determining the timing and pace of reforms, the NRM Government has little or no such constraints. Uganda already has one of the lowest levels of public spending per capita in the world and removal of whatever subsidy exists in whatever form has little or no impact on the people (see interview with President Museveni). Furthermore, living standards had deteriorated so much in six years of serious civil strife that they could only improve with reform measures. The reforms are the classic IMF ones: the liberalisation of internal and external trade, the liberalisation of the foreign exchange market, the relaxation of import and export regimes, the privatisation of state enterprises, the reduction of the size of the civil service, among others. Although there was a hitch in 1991 over the return of Asian properties, Uganda has rigorously applied the measures.

Foreign assistance

The rewards have been sweet. Over the past seven years, Uganda is estimated to have received foreign assistance amounting to over US$ 1500 million in loans and grants, with almost every sector of the economy being injected with funds from both bilateral and multilateral sources. Most of the aid has been in the form of investment (especially in infrastructure), and import and income support programmes. The World Bank's International Development Association (IDA), the IMF and the European Community have led the way. The EC has provided financial assistance amounting to over ECU 400 million over the past seven years. At a donors' meeting in Paris in May, a total amount of US$ 825 million was pledged to Uganda for the 1993/94 period to enable the country to pursue its reform and adjustment programme.

Achievements

Thanks to Uganda's high absorption capacity, one of the highest in Africa today, the impact of foreign assistance, in terms of economic rehabilitation, has been immense. Over 1500 km of the trunk roads have been either repaired or reconstructed, about 50% of the entire network; automatic telephone systems have been installed in all major towns; and a large number of hospitals, clinics and dispensaries, which were abandoned during the war, have been brought back into service.

Agriculture has recovered, thanks mainly to the improvement in the road network. It expanded in 1991 by 2.5%. This is due more to the significant increases in the output of food crops than of cash crops (while coffee production remains relatively high and export volume as high as it was before 1986, earnings have declined dramatically from over US$ 400 million to US$ 117 million in 1992, for example).

With key factories back in production, manufacturing generally is in good shape. It is currently growing by 14.1% per annum. Last year, the food processing sub-sector posted a 28% increase as against 13% in 1991 (sugar output has increased to 130 000 tonnes while the soft drinks factory production capacity has gone up to 65%).

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Ruhakana Rugunda
Minister of Works

Gross Domestic Product has grown consistently. It grew between 1988 and 1990 by 6.8% annually in contrast to the negative growth of around 8.5% registered between 1984 and 1986. It is expected to be as high as 5% this year.

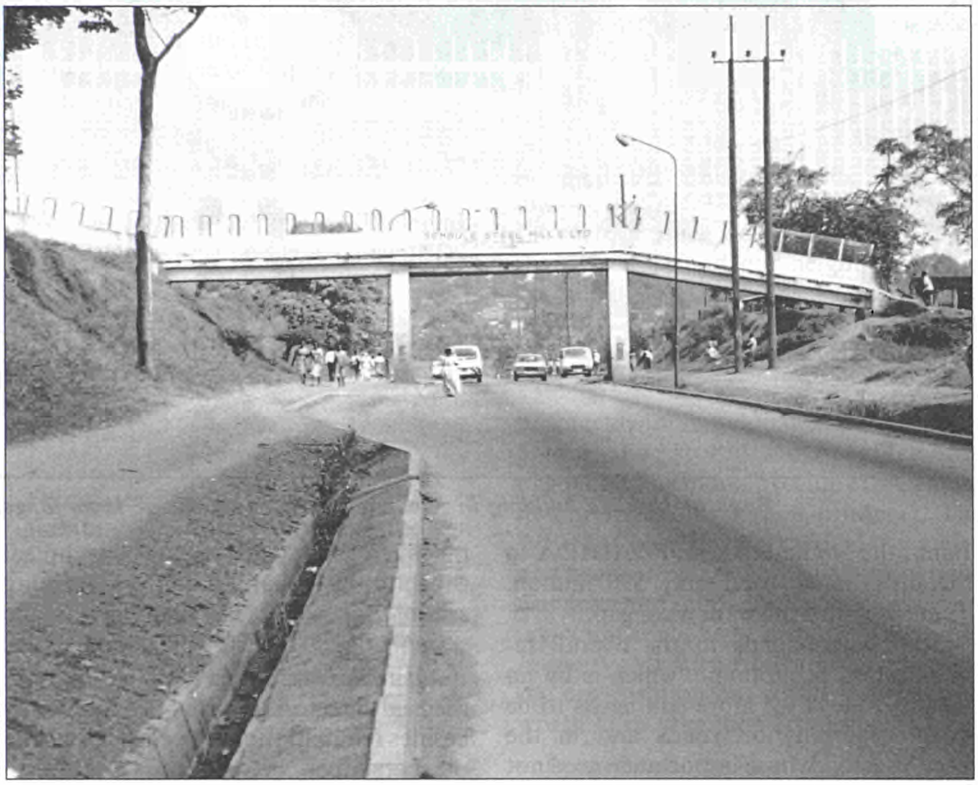
On the macro-economic level, the reform programme has produced remarkable results. Inflation has been brought down from over 200% in 1986 to around 7% (3% in April 1993), considerably improving purchasing power. Food prices, for example, fell by 16% in just one year (from June 1992 to June this year), according to observers of the

Ugandan economic scene. The legalisation of the parallel market for foreign exchange plus the cumulative effects of the devaluation of the Ugandan shilling, which rendered Ugandan exports more competitive, helped not only to narrow the gap between the official and parallel rate of exchange, but also in stabilising the rate. Foreign exchange scarcity is becoming a thing of the past. The banks and the exchange bureaux were reported in June to be awash with foreign currencies, with some finding it difficult to dispose of their stock of US dollars. There has also been a significant improvement in foreign reserves.

Uganda has had also to reap the reward of being a 'good pupil' or 'the darling' of the IMF, as it is now often described, in terms of debt relief. Parts of its total debt of US$ 1.3 billion have been rescheduled, a few others, mainly official and bilateral, have been cancelled. Uganda has been particularly successful in its debt buy-back programme, eliminating, by this method, debt worth US$ 152 million (almost all of its commercial debt) — a fact praised at the May meeting of donors in Paris.

Rehabilitation: problems and prospects

This positive picture, however, is somehow distorted by the fact that Uganda still faces enormous problems in terms of rehabilitation and recovery. First of all, the achievements of the past seven years concern essentially half of the country. The north has not benefited because of the insurgency that continued there until 1991. With improved security, the Government in 1991 launched a special rehabilitation programme — the Northern Uganda Reconstruction Programme — the implementation of which is being coordinated by a special unit within the Prime Minister's office. The programme, part of which the World Bank and the Netherlands have agreed to finance over three to five years, concerns ten districts — Nebbi, Arua, Moyo, Gulu, Kitgum, Lira, Apac, Soroti, Kumi and Pallisa. These are districts which, notwithstanding the war, have always been economically disadvantaged. So the programme will go beyond the rehabilitation of roads, health and educational facilities, markets, and the provision of water and sanitation to include the supply of inputs to agriculture, the provision of extension services, the establishment of credit schemes for small-scale industries, etc. This region is Uganda's main cotton producer and as such economically important. A Government task force had put the financial needs of the programme at US$ 600 million, but this has since been revised downwards, in the absence of big foreign financial commitments, to US$ 179 million. Pledges from the World



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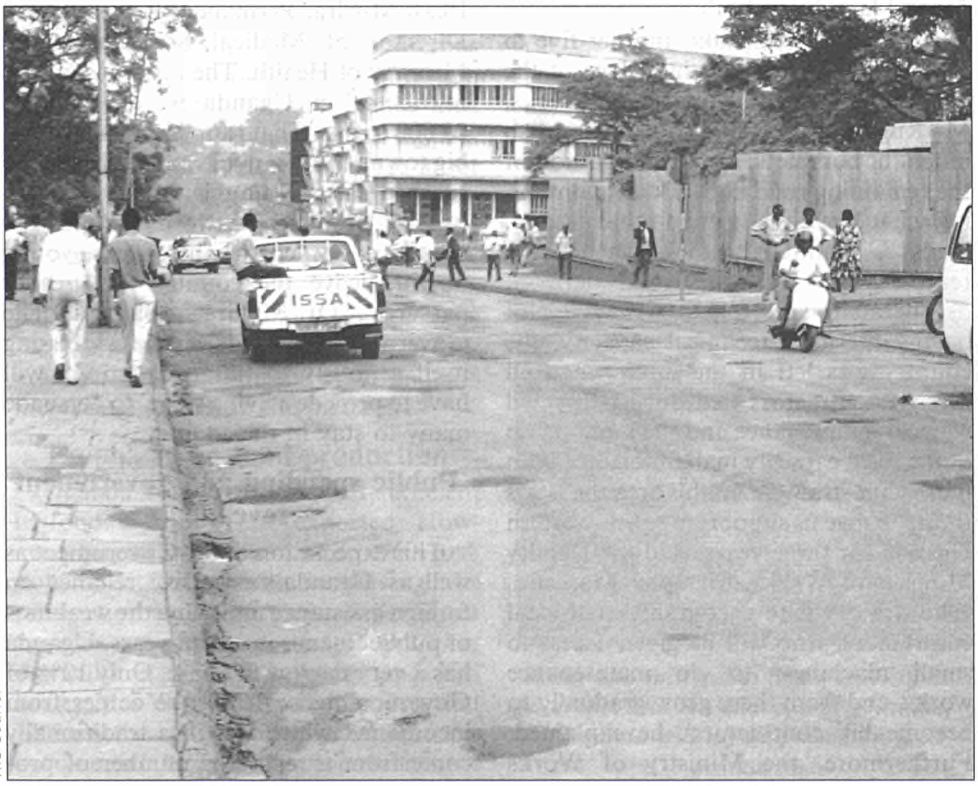
Above, a resurfaced stretch of roads and below, a street with potholes in Kampala. About half of the Uganda's road network has been rehabilitated



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Bank of Uganda building in Kampala. Foreign exchange is no longer the preserve of the banks

Bank, the Netherlands and DANIDA to the programme total only $90 million. There is still a huge funding gap.

That gap extends to the overall rehabilitation programme, which is by no means over. A lot more still needs to be done, especially on roads and in the health sector, whose importance need not be overstated: there is absolutely no doubt that Uganda's economic growth and its ability to pay its own way will depend largely on both.

On roads, 'it will take another five to six years before we are in charge of the situation', said the Minister of Works, Mr Rugunda. But the problem is not so much the completion or rehabilitation of the remaining road network as maintaining what has already been rehabilitated. Lack of maintenance was one of the reasons why Uganda's road network degenerated rapidly and so badly. Not having the local technical capacity, the country was left in the lurch when all foreign contractors fled during the civil war. So maintenance and the building up of the local capacity in maintenance is an important strategy. 'In this area the EC is trying to give us support in south-western Uganda for three years, said the Deputy Minister of Works, Mr John Masasira. 'The strategy is to encourage small local contractors, who will be given access to small machines, to do maintenance works, and from there grow gradually to become big contractors', he explained. Furthermore, the Ministry of Works plans to build up its own technical capacity by rehabilitating its training school 'for which we plan to ask the support of EC for ECU 60 000,' he said.

A similar attitude is being adopted in the health sector. 'Our only concern now besides rehabilitation is to ensure we have the personnel, because it is useless to rehabilitate a unit when you do not have people to provide the service. We have been very short of personnel', said Dr Eliab Muzira, Permanent Secretary and Director of Medical Services at the Ministry of Health. The ratio of patients to doctor in Uganda is, on average, 23 000 to one. That ratio is much lower in big towns like Kampala and higher in the rural areas. Although Makerere University produces between 80 and 100 doctors every year, 'many of these young doctors leave the country for greener pastures', Dr Muzira explained. The Government, he said, will be addressing itself seriously to this problem; 'it will have to provide a living wage' to persuade many to stay in the country.

Public spending and government revenue

This expectation of the Government as well as Uganda's excessive reliance on foreign assistance underline the weakness of public finance in recent years. Uganda has a very narrow tax base. Only 10% of Government fiscal revenue comes from income tax while 50% has traditionally come from a restricted number of products — coffee, beer, soft drinks, cigarettes and petroleum. The fall in the earnings from coffee and the crisis in the oil industry created by the Gulf war have seriously affected income. Not surprisingly, the share of domestic resources in Government revenue, which in the 1970s and early 1980s represented 95%, has fallen to 75%, while the foreign aid component has grown from 5% to 25%. Although narrow based, the fiscal regime was known to be characterised by inefficiency in assessment and collection. For this reason, the Government in 1991 set up, by an Act of Parliament, the Uganda Revenue Authority (URA) which was given the responsibility of revenue collection. Independent of the civil service, the URA has so far been very effective, collecting Ugandan shillings 61.26 billion in the first quarter and 68.2 billion in the second quarter of the 1992/93 financial year as against 32.96 billion and 49.5 billion respectively in the 1990/91 financial year. This has enabled the Government to balance the budget this year.

However, Uganda is still a long way from achieving self-sustaining economic development. To broaden the tax base and increase Government revenue, both agriculture and manufacturing have to expand beyond their present stages of essentially self-sufficiency and import substitution. The encouraging news is that the prospects are good. ○

Augustine OYOWE

To be a food basket

If by 'pearl of Africa' Winston Churchill meant physical beauty and fertility of the soil, he could not have been more accurate in his observation of Uganda. With an annual rainfall varying from 500mm in the northeast through 700mm at the edges of the rift valley to 2000mm around Lake Victoria, Uganda presents a kaleidoscope of varied vegetations, a pleasant sight of greenery. But more than that, its fertility is legendary: in areas with adequate rainfall, Uganda can have two to three harvests in one year. The land is indeed a 'prized possession' to which, one might say, Ugandans are only just waking up.

Even in the worst years of the civil strife, agriculture remained resilient enough to ensure there was no starvation and the export of coffee, tea and cotton continued, despite the dilapidation of the roads and the disorganisation of transport.

Backbone of the economy

The importance of agriculture to Uganda's economy need not be emphasised. Over 85% of the people derive their livelihood from it (reflecting the percentage of the population living in the rural areas). It accounts for about 90% of export earnings, 66% of Government revenue and 70% of the Gross Domestic Product. Indeed the whole economy is heavily influenced by the strength of agriculture.

There are over 2.2 million smallholders of which about one million are involved in cash crop production. With redundancies being made in the civil service and demobilisation taking place in the army, agriculture is being looked to to provide jobs for those being displaced. For this reason, a small land reform is expected to ensure the release of idle arable lands.

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Mrs Victoria Ssekitoliko.
Minister of Agriculture, Animal Industry and Fisheries

Although production of the main cash crops — coffee, cotton and tea — was reasonable during the war, their export was affected by a variety of factors, the most important of which were the breakdown in transport and communications, which resulted in huge stocks lying idle throughout the country, and increased smuggling, particularly of coffee, to neighbouring Kenya, preventing the country from taking advantage of high prices in the world market during this period.

Since 1989 the most important factor inhibiting agriculture has been the dramatic fall in coffee prices following the collapse of the International Coffee Agreement. As coffee alone accounts for 90% of all exports, the effect on foreign exchange earnings has been equally dramatic, despite increases in earnings from tea.

The return of peace and stability to important agricultural areas and the improvement in the road network (both trunk and feeder) have had a tremendous impact on output in recent years. The production of both cash and food crops has gone up substantially, although earnings from the former remain low, mainly because of the continuing depression in coffee prices. Plans are afoot to increase the output and earning capacity of tea and cotton (lint). Hopes for the revitalisation of the cotton industry are pinned on the north (the producing area) following the launching of the Northern Uganda Reconstruction Programme. Tobacco, on the other hand, is increasingly entering the picture.

Emphasis on food production

Uganda is now 95-100% self-sufficient in food. Surpluses are exported. However, this sector is known to be 60-70% non-monetised. While increasing the production and export of coffee and tea remains an objective, the Minister of Agriculture, Animal Industry and Fisheries, Mrs Victoria Ssekitoliko, says that 'there are very few countries which have become rich by growing crops which are sold and used more or less like luxuries. By contrast quite a number have become rich producing crops which are essential. Nobody starves because there are no beverages.'

This line of thinking fits in with Uganda's new strategy of conditioning the country towards greater concentration on the production and export of food (maize, sorghum, beans etc.) and horticulture. The liberalisation of trade in agricultural produce has already resulted in good prices for farmers and, ultimately, will increase the monetisation of the sector. 'Since we produce more food than we need and our neighbours need food, people are now able to buy and sell food in neighbouring countries. They now cross the borders very often,' said Mrs Ssekitoliko.

Apart from individual traders, it is the World Food Programme that has brought home more forcefully to Uganda its importance as a food producer. The WFP has been buying particularly maize and beans from her for distribution in the war-torn and famine-stricken neighbouring countries. The Minister of Trade and Industry, Mr Richard Kaijuka, estimates the organisation has so far bought food worth US$ 35 million from Uganda.

In addition to food, Uganda is developing the non-traditional exports of horticulture and silk. Mr Kaijuka told *The Courier* that the Government 'took a

The Courier

While the cultivation and export of cash crops, like tea above, will continue, Uganda will lay emphasis on food production group of Ugandans recently to the Netherlands to match programmes with a view to establishing joint ventures'. Indeed flower export is being taken into consideration in the current renovation of Entebbe airport.

But for food crops, or horticulture for that matter, to earn foreign exchange on any level comparable to or higher than cash crops, production has to at least quadruple, and this will be no mean feat, considering the constraints. Uganda's road and communications infrastructure is a long way from being fully rehabilitated, let alone being expanded. The rural areas are still inadequately provided with feeder roads. Storage remains a major headache. 'When we talk of infrastructure in agriculture,' said Mrs Ssekitoliko, 'we also include the facilities for handling of food-evacuation from the production area to the distribution centres. We do not have regional stores, so what happens is that when the food leaves the farms it is supposed to go direct to the terminal store or the market. When there is a delay between the time of harvest and the time of evacuation our food goes bad.'

The new policy, however, has a built-in solution to this problem, as the minister explained. 'We intend, as a government, to encourage private people to go into business dealing with food. They will find a solution to storage.' It is important to point out that the liberalisation of trade in food crops was one of the major reasons why food prices fell sharply this year in Kampala. Furthermore, the whole strategy of establishing agro-industries could give an added weight to the government's expectation. Observers nevertheless feel this is an area the government ultimately will have to be involved in if only to maintain a reasonable level of food security.

For a country whose ambition is to become a food basket, basing production on rainfed agriculture is, to say the least, risky. Uganda is not immune to drought, as the 1984 spell showed. However, the country has huge unexploited irrigation potentials. While the government recognises its importance, it is constrained by lack of funds. Again it is relying here on private initiative. 'We are encouraging farmers to do small-scale irrigation because it pays,' said the minister. When the Government does have the funds to invest in irrigation, it will, contrary to general belief and expectation, go for the small rivers rather than the Nile. As Mrs Ssekitoliko explained, 'the Nile is a very difficult river to irrigate from, because,in places where it is deep you need a lot of power to pump water out and in stretches where it is not deep it spreads out into swamps and often far away from agricultural lands. And nobody is authorised to farm in swamps.'

FAO

Uganda imports over one hundred tractors annually

Boosting agriculture requires increased application of modern farming methods

Efforts are being made to increase mechanisation. Every year Uganda imports up to a hundred tractors, according to the minister, and, furthermore, the use of draught-animals is being encouraged.

Fertilisers are not much in use and are unlikely to become an important input in agriculture in the coming years. This is because trials by the Ministry of Agriculture have so far proved unconvincing. 'We have found that it does not pay,' said the minister. 'When we applied fertilisers in some areas we raised production by only 10% whereas in others where we simply increased the amount of water, output rose by 100%. Fertilisers proved to be more effective in plantations that have been in existence for over 40 years'. This in itself illustrates clearly how fertile Uganda's soil is generally. According to the Food and Agriculture Organisation (FAO), there are 50 000 km^2 of arable land in Uganda, about 25% of the total area. Of this only about 18 000 km^2 are in permanent use.

The livestock industry, which withstood the war fairly well, has been plagued in recent years by cattle rustling, particularly in the districts around Karamoja. The Government has had to draft in the army to deal with the situation, and there are plans to restock the areas most affected by the rustling. The immediate objective in this sector is to increase beef and milk production to meet the protein needs of the population.

By contrast, the fisheries sector has grown so much that it is increasingly being geared to export. Admittedly, this has been due mainly to foreign fishery firms which set up around Lake Victoria two to three years ago. The future strength of this industry will depend on a correct assessment of the fishery potential of Lake Victoria and on access to market. Reports of a weed on the lake which reduces the level of oxygen and therefore poses a threat to fish stocks still need to be confirmed and dealt with. Uganda currently exports fish to the European Community, but it is finding it difficult to meet the required preservation and packaging standards.

Whether in the area of food crops, beef or fish production. Uganda's real market is in Africa. The potential is there. The country only needs to harness the resources efficiently and effectively. ○

A.O.

Winning over foreign investors

In May President Yoweri Museveni took key ministers and government officials along with him on a tour of some Western European capitals. They were armed with brochures, maps, slides, promotional films, etc, and their mission was to convince European investors that Uganda was a good and safe place to invest. It was a move designed to prepare for the next phase of Uganda's development plan: the establishment of an integrated and self-sustaining economy driven by the private sector.

With the infrastructure rehabilitation programme making progress and economic recovery under way, the Government believes the stage is now set for greater private sector involvement, especially in manufacturing. And in an international climate of tough competition for investment, it could not rest on its laurels.

Although manufacturing output has increased in recent years (thanks mainly to sugar, beverages, tobacco and timber), the sector's range and contribution to foreign exchange earnings remain small, and its share of the GDP still stands at 5%.

Over the past three years the Government has been preparing the ground for industry with structural adjustment measures — creating a conducive environment as it were for private entrepreneurs. Foreign exchange controls have been relaxed (foreign currencies can now be bought freely and sold through official channels or through any of the 80 or so foreign exchange bureaux that have sprung up since 1991). The trade regimes have been liberalised. Inflation has been brought down, prices decontrolled and import and export licences have been replaced with a certificate system, involving a simple and fast procedure. A new investment code has been promulgated providing fiscal incentives, guaranteeing the protection of foreign investment against expropriation and laying down procedures for the remittance of profits, dividends and fees (Foreign investors can now remit up to 100% of their profits). A one-stop shop, 'The Uganda Investment Authority', has been set up to guide entrepreneurs, cut red tape and ensure that they settle down as quickly as possible.

To correct a past injustice and demonstrate its commitment to the protection of investment, the Government has decreed the return of the Asian properties seized by Idi Amin to their rightful owners. It has also embarked on a programme of divestment of public enterprises.

Members of the business community, notably the Uganda Chamber of Commerce and Industry and Uganda Manufacturers Association, have been appointed to government bodies to advise on various economic issues.

Bold and laudable as these measures are, they have been fraught with difficulties. Each organisation has, justifiably, been carrying out this advisory role with the interest of its members foremost in mind, and it has been the responsibility of the government to sort out what makes real economic sense from what is dicated by mere sectional interest. The return of the Asian properties and privatisation have, not surprisingly, provided grounds for considerable controversy.

Asian properties: part of the privatisation strategy

As well as being aimed at correcting a past injustice the return of the Asian properties, it should be noted, is part of the government's strategy of privatisation. Its implementation has created a certain amount of bitterness and discontent among a section of the Ugandan business class. These are the people critics believe benefited most from the Amin measure, and whose interests are vigorously defended by the Uganda Chamber of Commerce and Industry.

At the Chamber, officials describe some of the claims that have so far been made as bogus. They accuse the Government of not having a proper system of verification of ownership and acting too hastily under pressure from donors. The Chamber's chairman, Mr Badiru Bunkeddedo, claims that there are properties whose owners have already been compensated by the previous regimes and which have again become subjects of new claims. At issue in particular are properties said to have been sold by the Idi Amin regime or by the Custodian Board (the authority charged with administering the confiscated assets) but whose owners have returned since the government's offer was made. The government, however, sees all controversy over property as a matter for the courts.

The response of the Asians involved has not been quite as expected. A good number have reclaimed their properties and evidence of this can be seen in renovation activities, particularly in and around the capital, Kampala. The Government has had to extend the deadline for claimants to show up from March to October, after which the properties will be disposed of and the chapter definitively closed. But if the Ugandan authorities expected the Asians to come back and reinvest in support of its policy of emphasis on the private sector it may be disappointed. Mr Praful Patel of the Indian Association told *The Courier* that 'most of the people returning have no intention of staying here. They have just come to repossess their properties and sell them. The reason is that, after almost twenty years, they are very well settled elsewhere: some of them are retiring, they have children who have grown up, have been brought up in the UK, Canada, etc, and who would not like to come here'. Although there was a law requiring those who have reclaimed their properties to sell them only after an interval of five years, this law has been repealed by the NRM Government — a move which Mr Patel believes was right. 'Asians selling their properties to indigenous people', he argued, 'are furthering the privatisation exercise.'

As on the properties issue, the Uganda Chamber of Commerce is unhappy about the manner in which privatisation is being conducted. It fears that because not enough capital is in the hands of Ugandans, foreigners would secure the most viable enterprises and dominate the economy. For this reason it is urging the government to borrow and onlend to Ugandan businessmen to purchase the public enterprises earmarked for divestment.

By contrast, the Uganda Manufacturers Association has a much more pragmatic view of privatisation. Although it admits that the financial sector has not yet been reorganised to enable indigenous enterpreneurs to take full advantage of privatisation, it welcomes the opportunity it offers to attract foreign investors. The Association's view is that foreign investment in privatised concerns will have downstream effects on industry, creating employment and wealth, and bringing with it what its Executive Director, Mr Azarias Baryaruha, calls 'the enterprise culture'.

The Courier/AFRIQUE PHOTO

Agrobased small and medium-sized enterprises will enable Uganda to reduce the cost disadvantage of its landlocked position

The national interest

President Museveni has a very simple approach to the whole issue: divestment is in the national interest, and those who have the money, be they Ugandans or foreigners, can buy the enterprises. In a speech to a closed session of the National Resistance Council in April he warned against the suggestion that the country should increase its indebtedness in order to enable Ugandan businessmen to acquire the assets being privatised 'even when we have got other businessmen who can buy the assets without requiring the country to increase its indebtedness'. He accused a tiny minority of the Ugandan middle class of equating their personal interests with the national interest. The President, nevertheless, thinks Uganda could alternatively resort to 'popular capitalism' by selling shares to the public, but that would mean the country missing a unique opportunity to secure much-needed external resources.

Not surprisingly the process of privatisation has been slow, and justifiably so because, in the words of the Minister of Trade and Industry, Richard Kaijuka, 'we are having first to educate all the players on the reasons for it: that we would stop subsidising, that it will improve efficiency and management, attract new investment rather than borrowing, get more Ugandans involved in management and attract technical skills and technology with new partners'. The whole exercise, he said, has to be done in a transparent manner to avoid corruption. 'We have heard of countries where privatisation resulted in shady deals. You can be absolutely sure you will not find that here,' he pledged.

Opponents of privatisation, though, have a point. The financial sector is in bad shape and needs to be reorganised if it is to play an effective role for the private sector. Constrained for years by the weakness of domestic savings, by a weak central bank, and most recently by the illiquidity of the commercial banks and the disorganisation wrought generally by the civil strife, the Government has only just begun to address the problem. With the support of the World Bank (through the Financial Sector Adjustment Credit), it is strengthening the capacity of the Bank of Uganda to supervise the rehabilitation of the commercial banks in difficulty and the operation of the financial system generally. The Bank has already shown its mettle in implementing strong monetary policies that have resulted in price stabilisation. The Government, on the other hand, expects the economy to grow and that in turn to encourage domestic savings.

Response of investors

The response of investors to Uganda's economic recovery has been encouraging. According to the Ugandan Manufacturers Association, in 1992, some 550 application forms were issued to prospective entrepreneurs who proposed investments ranging from US$ 500 000 to 5 million. Of these, 200 projects involving over US$ 150 million were approved for implementation.

Buoyed up by this, President Museveni and his ministers feel confident of having put Uganda's attractiveness across effectively to European investors during their trip and that this will be translated into concrete actions in the coming years.

Emphasis on agro-industries

The Minister of Trade and Industry, Richard Kaijuka, suspects some of the potential foreign investors are interested in the parastatals being divested, although he cannot confirm it since most of the firms have not yet been placed on the market. He thinks, however, that the majority 'seem to want to go into new areas'.

Those areas have to fit in with the Government's overall strategy of developing enterprises which allow greater use of local resources and promote intersectoral linkages and export diversification, and no sector has greater scope for responding to these requirements than agroprocessing. This reflects the immense agricultural potential of Uganda.

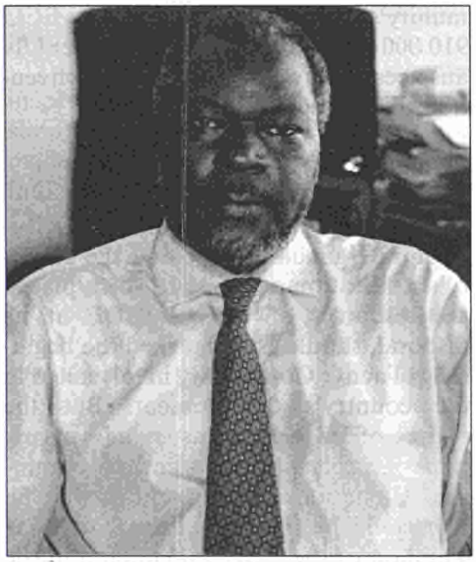
Although industrial opportunities exist in other areas (especially in mining), agroprocessing has the additional advantage of being an area most appropriate for small and medium-sized entreprises which the United Nations Industrial Development Organisation (UNIDO) says in a recommendation, represent the best strategy for reducing the cost disadvantage of Uganda's landlocked position.

Overcoming the major constraints on industrial expansion

That landlocked position is only one of several constraints on industrial expansion. The others are the high cost of importing oil, capital equipment and spare parts, the lack of indigenous skills and the smallness of the domestic market.

The World Bank and the European Community's assistance in recent years under OGL (Open General Import Licensing) schemes, SIP (Sectoral Import Programmes) and SASP (Structural Adjustment Support Programme) have helped the flow of inputs to industry and resulted in an increase in output.

The cost of energy, as in other non-oil producing countries, has always been a problem, but this has often been aggravated by the practices of the oil importing companies. Last year, for example, the companies were suspected of passing on unjustified costs to consumers. This led the Government to introduce an international bidding system under which companies which quoted the most favourable prices were granted licences. The result has been a fall of prices at the pumps.



Mr Abbey Mukasa
Deputy Minister of Finance

Unlike most African countries in the years immediately after independence, Uganda had a reasonable number of able professionals, thanks mainly to Makerere University, the oldest in East Africa. A large number of these fled during the Amin regime and in the years of political instability that followed, leaving the country cruelly short of skills. Although that gap is being easily filled with foreigners, the shortage of indigenous skills constitutes a serious handicap, as emphasised elsewhere in this Report. The Deputy Minister of Finance, Abbey Mukasa, points, for example, to the area of consultancy, where the country relies heavily on foreign firms. A lot of foreign exchange could be saved if there were enough local consultancy firms. Qualified Ugandans abroad have to be encouraged to come back home to help 'build up that local capacity', he said.

International trade and transport

If Uganda is to maintain economic growth and raise living standards, it must have positive balance of trade and payments and a realistic level of foreign exchange reserves. That means in effect boosting exports and earning hard currencies. Gone are the days when the country practised barter as a means of financing top-priority development projects. With a population of only 16 million, however, Uganda's domestic market is small which reduces the incentive to investors. This points up the importance of the European Community, to which Uganda's products have duty-free access under the Lomé Convention, and the Preferential Trade Area (PTA), of which it is a member.

Despite the uncertainty over the effects of the single market on ACP products in the Community, the Minister of Trade and Industry, Richard Kaijuka, is confident that 'Europe will continue to be a major partner for us'. He feels the EC will remain a 'high-value commodity market' for coffee, cotton and tea. 'I can see horticulture continuing to have room,' he said.

There is no doubt the Preferential Trade Area, which groups Eastern and Southern African countries, constitutes the biggest potential market for Uganda. It is therefore not surprising that Ugandans have lately become great enthusiasts for the PTA, even spearheading the campaign for a merger between the Area and SADC (the Southern African Development Community).

As with internal trade, Uganda's international transport and communications links will be crucial in the coming years if it is to realise its ambition. The EC has been its greatest supporter in this area, constructing, reconstructing and maintaining stretches of roads that have improved Uganda's links with the Kenyan port of Mombasa and with neighbouring Burundi, Rwanda and Zaire. Projects are in the pipeline to improve road transport with Tanzania. 'We could take our goods as far as to markets in southern Africa using the port of Mpurungu on Lake Tangayika as a point of entry,' said Mr Kaijuka. Incidentally the port of Mpurungu is earmarked for improvement under a PTA project of regional integration.

If all goes well and if peace and stability are maintained, Mr Kaijuka estimates that by 1999 at least 'Uganda should be earning enough foreign exchange to pay for its imports'. It is not entirely a tall order. ○

Augustine OYOWE

Uganda-European Community: 20 years of cooperation over four Conventions

by Georges-Marc ANDRE *

Pearl of Africa set right on the Equator, Uganda has within its borders all it needs for its own development. It has enough water, it has fertile land, it has the human potential and, since 1986, it has had the political stability it so long lacked.

A good half of the territory, in the south, where naturally fertile arable land is traversed by the Nile and watered by regular rainfall, has the pleasant climate of the East African plateau. The still plentiful supply of land ensures the country's self-sufficiency in food and provides such export crops as, coffee, tea, cotton, etc. as well as food surpluses to make up for shortages in neighbouring countries. Uganda's agricultural potential has not yet been fully exploited. There are real opportunities to improve and diversify productions which would earn more if local processing were developed. Despite poor prices on the world markets, farming could again be the mainstay of a national economy rationalised and entrusted to a revived private sector with State support.

Uganda's outlook is, like the country itself, generally positive, but there are considerable problems too. The country is landlocked, population growth is out of control, there are endemic diseases which include, among others, Aids, malaria and sleeping sickness, and two wars in succession between 1966 and early 1986 have destroyed the tools of production, a very active private sector, the administrative structures and the country's infrastructure, particularly in the key sectors of education, health and transport. Eliminating or at least reducing the size of the problems to begin with is the vital aim if the country is to be developed harmoniously, and it will take coordination and the pooling of every effort to achieve it.

This is what is behind the support which the Community is providing for Uganda at the present time.

* Desk Officer for Uganda.

Relations between Uganda and the Community institutions began in 1974, with the opening of negotiations for Lomé I. A sign of the times, the Community's first financing was an ECU 910 000 emergency scheme run under UN auspices in 1975, even before the Convention took effect.

Lomé I — 4th EDF

The opening of the Commission Delegation in Uganda in 1976 and the country's ratification of Lomé I, which placed the resources of the 4th EDF at its disposal, should have marked the beginning of active Community involvement in the country's development. But the regime of Idi Amin, alas, ruled out any hope of successful development programmes. Humanitarian programmes were all that could be financed. Less than ECU 4 million of the ECU 73.6 million in the Lomé indicative programme had been used by the time the tyrant fell in 1979 and it was not until 1984 that the full amount was committed.

ECU 3.5 million-worth of emergency aid was also granted in 1979 to meet needs created by the collapse of the Amin regime and the drought which hit the country at the same time.

A total of ECU 20.6 million was also spent on Stabex transfers under the 4th EDF, when export revenue fell. The European Investment Bank (EIB) gave ECU 350 000, in the form of risk capital, for a study of the Kilembe mines.

Lomé II — 5th EDF

Uganda's Lomé II indicative programme was worth ECU 87 million. Initially, in 1981-83, these 5th EDF resources, to which the remainder of the 4th EDF was added, were used to finance reconstruction and rehabilitation schemes. The civil war which then broke out put another brake on development operations, which were not really resumed until 1986, and it was not until 1989 that the whole of the 5th EDF allocation was committed — mainly for the rehabilitation of economic and social infrastructure (60%, of which 32% was for roads), rural development, including fisheries and forests (33%) and the development of small and medium-sized businesses (6% of the amount devoted to small lines of credit).

Lomé II also saw an EIB loan of ECU 10 million to the Uganda Development Bank.

Emergency aid and refugee relief schemes worth ECU 5.2 million were also run to help war victims and meet urgent needs created by the drought of 1984.

Lomé III — 6th EDF

When the National Resistance Movement came to power in early 1986 and peace returned, a new will emerged, although there was still trouble in the northern part of the country. The Lomé III indicative programme reflected a twofold desire to get the country back on its feet in national unity and, after first rehabilitating the vital infrastructure, to revive the process of development essential to the future. Uganda's indicative programme, the fruit of an open, positive dialogue, was one of the last to be signed under Lomé III, but it was fully committed before those of many other ACP States.

The programme originally involved ECU 112 million in grants, but it was subsequently increased by ECU 21 million from the special programme for the most heavily indebted countries of sub-Saharan Africa. From these sums, which totalled ECU 133 million, 25% went to rural development, 43% (of which 15% for roads) to economic and social infrastructure, 3% to microprojects and 28% to import programmes.

A minimum of ECU 13 million of EIB-managed risk capital was earmarked to be provided, but this was increased to ECU 15.6 million in practice. The amount went to schemes run by the Development Finance Corporation of Uganda (DFCU) and the East Africa Development Bank (EADB), as well as to finance electric power lines and to cover the investments required to run an eel farm.

ECU 9 million-worth of emergency aid and refugee relief was also provided under the 6th EDF.

Lomé IV — 7th EDF

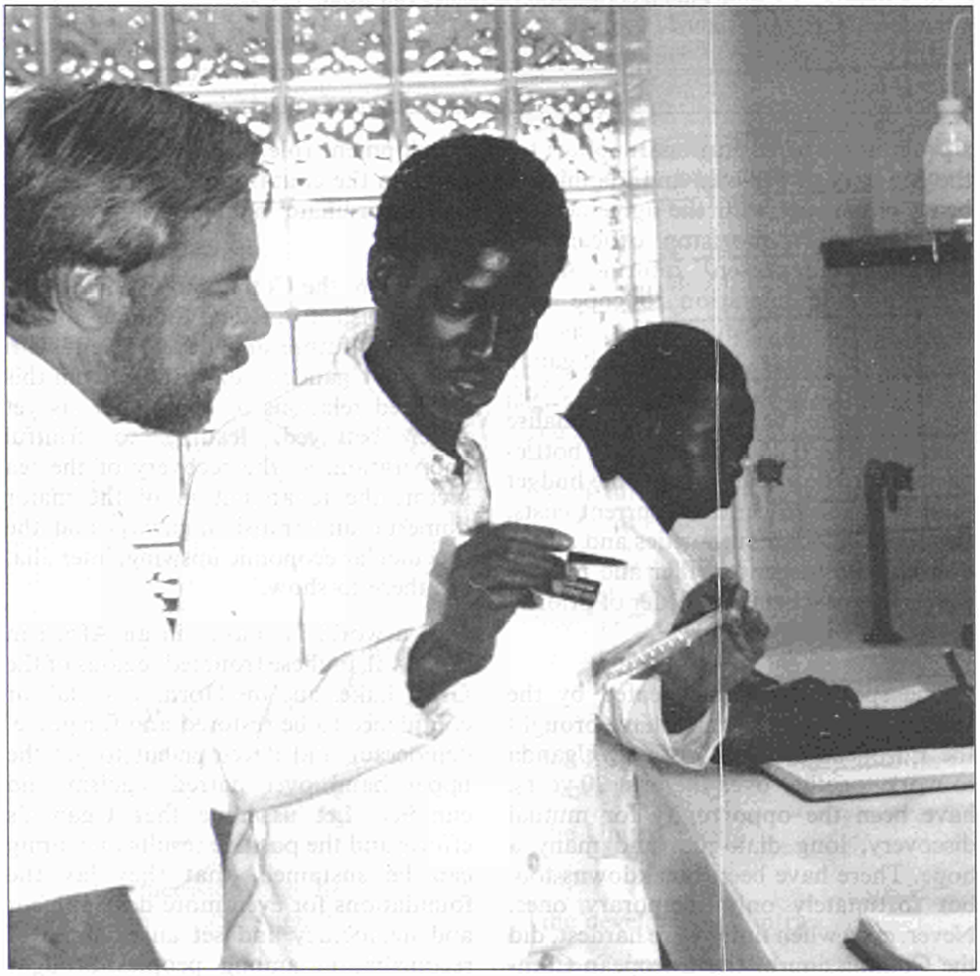
Uganda's programme under the present Lomé IV Convention has been given an initial financial package of ECU 177 million. ECU 162 million is being provided as grants (ECU 145 million for the national indicative programme proper and ECU 17 million as the first tranche of support for the structural adjustment process). The minimum risk capital allocation from the EIB has been fixed at ECU 15 million.

The Lomé IV national indicative programme was signed on 6 December 1990. It was the outcome of a wideranging dialogue reflecting both Uganda's aspirations at this stage in the national reconstruction process and the innovations of the Convention, particularly Article 5, which is aimed at cooperation 'centred on man, the main protagonist and beneficiary of development' and committed to stressing 'the participation of the population in the development process' in a context of decentralised cooperation, with, as a corollary, encouragement for 'initiatives taken by individuals and groups'.

At this stage of implementation of Lomé IV, a number of programmes embodying this new decentralised cooperation approach have already been identified, primary commitments have been made and implementation has started. They are a micro-project programme (ECU 4.5 million), a health programme (ECU 20 million) and programmes to develop human resources (ECU 14.5 million) and small tea plantations (ECU 20 million).

Two other major development schemes in progress are a structural adjustment support programme (ECU 35 million made up of a mixture of the national indicative programme and the ECU 17 million of the first instalment) and phase two of the Kampala road rehabilitation operation (ECU 23 million).

A programme of micro-projects for the West Nile (ECU 3 million), a road maintenance programme and further action in the parks and natural forests are on the drawing board.



The EEC Delegate in Kampala, left, Robert Sheffield, at the Nakasone blood transfusion centre financed by the Community

There is now provision for a second allocation, of ECU 30 million this time, to complete the Community's structural adjustment support, bringing the 7th EDF programme resources to Uganda up to ECU 207 million, ECU 192 million of it in the form of grants. A financing proposal currently being prepared will give specific details of how this second amount is to be used, but it is likely that it will go to cover a substantial part of the country's foreign exchange requirements and guarantee priority imports in 1994 and 1995, as part of a coordinated operation involving the Ugandan authorities and the main donors helping in the structural adjustment process.

As with previous import programmes, the counterpart funds accruing from Community aid will be used for the budget, thus helping ensure proper coverage of State-funded social facilities and cushioning the adverse effects of structural adjustment on the most underprivileged sections of the population.

Uganda has had two Stabex transfers for export revenue losses under the 7th EDF so far. They totalled ECU 71.2 million — ECU 37 million for coffee and cotton in 1990 and ECU 34.2 million for coffee and hides and skins in 1991. A third substantial transfer for coffee and hides and skins exports in 1992 is also possible.

New provisions in Lomé IV mean that the various parties have to negotiate the utilisation of Stabex resources, now covered by a framework of mutual obligations, two of which — for the coffee, tea, hides and skins, and cotton sectors — have been signed so far. Agricultural export diversification schemes are also to be run and there is a decision to help reduce Uganda's commercial debts with a purchase operation instigated and negotiated by the World Bank. An additional import programme is being financed from Stabex funds. The bulk of the counterpart funds accruing from these schemes so far has been used to finance, in local currency, support schemes in the sectors concerned and, with other donors, to finance the army reduction programme.

The almost ECU 5.5 million-worth of EIB-managed risk capital committed so far is for a study of cobalt mining at Kasese and a second line of credit for the

Development Finance Corporation of Uganda.

Regional cooperation

In addition to the amounts mentioned above, there is all the financing provided from the 5th, 6th and 7th EDF regional funds. Because of the regional impact of this financing and, therefore, of the sure though sometimes indirect profit which has accrued to Uganda, it is not possible to put a figure on exactly what the country has derived from these investments. Any attempt to produce a quantitative evaluation of the Community aid which Uganda has received from these regional resources would have to be confined to amounts relating to the regional projects for which that country provided the national authorising officer and the Commission Delegation in Kampala did the monitoring — i.e. project commitments of ECU 39.2 million, ECU 14.5 million of them under the 5th EDF and ECU 24.7 million under the 6th.

Cofinancing with non-governmental organisations

NGOs make an important contribution to development in Uganda and elsewhere.

The decentralised cooperation introduced by Lomé IV involves increasing the number of EDF-financed schemes run, all or in part, by NGOs. The effects of this are already being felt in Uganda, where two important parts of the Lomé IV health programme, dealing with the West Nile, are to be put in the hands of NGOs.

Cofinancing with NGOs is the more traditional approach and, by the end of 1992, the Community had channelled ECU 8.8 million-worth of financing into 137 NGO-run development schemes in Uganda.

Lomé IV brought changes to the management of some of the development instruments (such as Stabex) and the appearance of new areas of assistance (such as structural adjustment), entailing extra duties and responsibilities for both the Ugandan administration and the Commission.

Payments to Uganda since 1986 have amounted to about ECU 30 million per annum. However, the figure is now close to ECU 60 million, which, given its limited absorption potential, is an inevitable cause of real problems. However, a programme of institutional support for the Ministry of Finance and Planning is being drawn up, with the agreement of the national authorising officer and alongside the present reform of the Ugandan administration to cope with these problems. Nevertheless, as the majority of donors working in Uganda have indeed found, a considerable effort now needs to be made to rationalise investments. If administrative bottlenecks are to be avoided and if the budget is to be made to run to recurrent costs, then the Ugandan authorities and all the donors need to get together and put the development schemes in order of priority in a frank dialogue.

Uganda — 20 years of cooperation in figures —

Period	Type of support	Amount (ECU)
1975	Emergency action	910 000
Lomé I (1976-1984)	National indicative programme	73 600 000
	Emergency aid	3 500 000
	Stabex	20 600 000
	EIB	350 000
Lomé II (1981-1989)	National indicative programme	87 000 000
	Emergency aid	5 200 000
	EIB	10 000 000
	Regional cooperation schemes run from Uganda	14 500 000
Lomé III (1986-1992)	National indicative programme	112 000 000
	Debt programme	21 000 000
	Emergency aid	9 100 000
	EIB	15 600 000
	Regional cooperation schemes run from Uganda	24 700 000
Lomé IV (1990-)	National indicative programme	145 000 000
	Structural adjustment, 1st instalment	17 000 000
	Structural adjustment, 2nd instalment	30 200 000
	EIB	15 000 000
	Stabex transfer 1990	37 000 000
	Stabex transfer 1991	34 200 000
	Stabex transfer 1992	p.m.
	Regional cooperation schemes run from Uganda	p.m.
1976-1992	Cofinancing with NGOs	8 800 000
1974-1993	Total	685 260 000

The special relations created by the Lomé Conventions, which have brought the European Community and Uganda to work together over the past 20 years, have been the opportunity for mutual discovery, long dialogues and many a hope. There have been breakdowns too, but fortunately only temporary ones. Never, even when times were hardest, did the Commission of the European Communities abandon the people of Uganda, for, although it was unable to play its development role, it maintained its presence in the country in order to identify and coordinate humanitarian schemes there.

In 1986, the Community was the first to establish a practical dialogue on the country's future and development with the new Ugandan authorities. From this emerged relations of confidence, as yet never betrayed, leading to fruitful cooperation, as the recovery of the tea sector, the rehabilitation of the major domestic and transit highways and the spectacular economic upswing, inter alia, are there to show.

In a world in spasm, in an Africa in upheaval, in these troubled regions of the Great Lakes and the Horn, it is vital for confidence to be restored and for peace, democracy and development to get the upper hand over hatred, egoism and cupidity. Let us hope that Uganda's efforts and the positive results they bring can be sustained, that they lay the foundations for even more development and democracy and set an example of reconciliation among peoples brought together inside common frontiers and in neighbouring regions. ○ G.-M. A.

Effects of the Uruguay Round and the CAP reforms on ACP countries

by Jean-Jacques PESQUET *

Limping national economies have created a climate of tension surrounding the GATT negotiations between the world's main trading groups, making the resolution of complex and crucial issues, such as how to modify and dismantle barriers to trade in agricultural products, a long and hard-fought process. In this article, Mr. Jean-Jacques PESQUET questions the positive effects the Uruguay Round agreement is supposed to be having on various developing countries. In particular, he suggests the disturbing possibility that ACP agricultural exports may see their market shares in the EC decline without compensating openings elsewhere.

One of the most controversial issues of 1993 is the outcome of the Uruguay Round and 'Blair House' negotiations and the effects that this may have on the agricultural sector. What is to become of European agriculture? Will American agricultural exports increase? What will happen with Southeast Asian oilseed products? What opportunities will appear for Latin American products?

But have we given sufficient consideration to the effects that liberalisation of agricultural trade may have on ACP economies?

It is hard to take a categorical stance given the many existing laws and regulations, the uncertainty as to the future of certain agreements and the number of special cases which make this issue extremely complex.

Overview of the GATT

The GATT (General Agreement on Tariffs and Trade) is an international treaty with 38 articles governing international trade in goods, signed by 23 countries in 1947.

Of the current 106 signatory members, 80 are developing countries (75%), including 36 African countries (34%).

The generally understood and accepted goal of the treaty is to promote free trade at the international level by gradually reducing customs duties.

Tariff concessions continued along these lines until 1957 when the European Economic Community was formed. A Common Tariff for the Community replaced the various national tariffs in accordance with article 24 of GATT, which concerns customs unions.

Each of the GATT members agrees to lower trade barriers and guarantee equal treatment of members by reducing customs duties applied to imports from other GATT signatory countries. In addition, the rule concerning the application of 'most favoured nation' status means that trade advantages given to one member country must be extended to all signatories.

In order to manage these diverse negotiations, leading to the acceptance of new members, tariff concessions by signatories, or the creation of customs unions, the GATT organises 'rounds' or negotiation phases. The most recent, the Uruguay Round, addresses the issues of services, intellectual property, and — the most disturbing element for ACP countries — the contents of agricultural policies.

To better understand the issues involved, and to give the different signatories a chance to protect their interests, the countries are divided into five large groups:

— the European Community with its 12 Member States

— the United States

— Japan

— the developing countries

— the Cairns group (named after an Australian city) consisting of Australia, New Zealand, Canada, Argentina, Hungary, Malaysia, Chile, Brazil, Philippines, Thailand, Uruguay and Columbia.

The ACP countries which are not represented regard their interests as being protected by the Cairns group or the EC.

The first two groups have a strong influence on the negotiations, leaving the other groups little room to manoeuvre.

The Community's stance is thus likely to determine the fate of countries with which it has signed agreements, such as the ACP signatories to the Lomé Convention or the Mediterranean countries.

The same is true of the attitude of the United States, which will have a strong influence on states with which it has privileged trade relations or which are likely to be good outlets for US products once the countries concerned achieved sustained economic growth.

Seemingly positive aspects for developing countries

The beginning of the 1990s was a strange and difficult period for all developing countries, both those with incomes below \$635 per capita (\$348 per capita in sub-Saharan Africa) and those with incomes between \$636 and \$2555 per capita (\$1731 per capita in Latin America and \$5851 per capita in Southeast Asia).

In most of these countries, per capita incomes fell during the first two years of this decade.

The causes of this decline most commonly put forward by international organisations are: the crisis affecting Eastern and Central Europe, the disturbances affecting many countries in Asia, the Middle East, Latin America and Africa, and the economic recession affecting most industrialised countries — which is, in our opinion, the main cause of the problems which developing countries are facing.

The World Bank believes that the rest of the decade should be better for developing countries as long as some basic rules and principles are observed by all states.

* This is a reprint of an article which first appeared in the APROMA Bimonthly Review, No. 31, March-April 1993.

The World Bank believes that these countries should increase their exports, particularly of manufactured goods. Towards this end, it recommends the removal of all tariff barriers in industrialised countries, which represent three quarters of their export markets.

The Bank also says that the industrialised world must accelerate its economic growth to increase demand, and that developing countries must adapt their products to the international market to make them more competitive with products from industrialised countries as well as among themselves.

We can see the advantage for consumers in industrialised countries, as well as unfortunate consequences for those developing states which, for better or worse, have not yet adopted the same work ethic and awareness of social welfare as their competitors who enjoy comparative advantages.

It is clear that increased liberalisation of trade would increase exports, but the main beneficiaries would be countries which have flexible infrastructures and which can adapt quickly to this new demand. This is generally not the case for developing states.

Taking the results of a recent analysis of trade between countries we see:

— that the United States, the European Community and Japan account for 60% of world imports of manufactured goods and that any removal of their tariff barriers would provide an opening to these expanding economies;

— that trade in manufactured goods between the 12 Member States of the European Community equals half of that between all developing countries with GNPs of less than US $2465 per capita (84 countries);

— that the 24 high-income countries (those with per capita GNP greater than US $7620) account for 80% of world imports and 88% of world exports;

— that the industrialised countries represent the most important market for developing countries as they accounted for 75% of exports of manufactured goods in 1990 (against 41% in 1965), while trade between developing countries represented only 3% of total world trade.

International economists thus conclude that:

— restrictive trade policies in industrialised countries will hinder growth of exports by developing countries;

— removing customs barriers to industrialised countries offers the only hope of improving growth in developing country economies;

— excessive protection measures lead to non-competitive production, which in turn leads to surpluses and additional costs for maintenance and distribution.

The study stresses above all that the elimination of tariff barriers in industrialised countries will revive economic growth.

But who would benefit the most? Who would be the victims? Must these measures be absolute? Couldn't surpluses be used in a spirit of international solidarity?

World Bank studies

In two annual studies entitled 'Global Economic Prospects and the Developing Countries', the World Bank reiterates what it considers the only solution which will bring about growth in developing country economies.

Taking the example of a 50% reduction in existing tariff barriers in Japan, the EEC and the United States, the authors of the study predict an increase of 50 billion dollars (expressed in 1991 dollars) in exports to these markets, a figure equal to the total external aid (loans and grants) to developing countries in 1991. The comparison makes this possibility seem enticing and one could ask why such a step was not taken earlier.

It is important to realise, however, that:

— 50% of this increase in exports would unquestionably benefit Southeast Asia;

— 20% would go to Latin American countries;

— the products involved would be mostly labour-intensive manufactured goods such as clothes, shoes, etc.

Looking at the groups of countries we observe that:

— 60% of the increase in exports from Southeast Asian countries would be in clothes and various textiles and 15% would be in agricultural products;

UNDP

Textile manufacturing in Ghana

The main beneficiaries of trade liberalisation will be countries with flexible infrastructures that can adapt quickly to the new demand

— as regards Latin American countries, 42% of the growth would be from clothing and 33% from agricultural products.

A few examples demonstrate the consequences for ACP countries:

— it is hard to see how ACP banana production could remain economically viable given the integration of the Latin-American sectors and the enormous difference in production methods.

— ACP oilseed producers would be unable to compete on export markets and, even worse, would be driven out of production by pressure from Southeast Asian producers on their own markets.

Is it fair, in the interests of trade liberalisation, to disrupt or eliminate African or, in general, ACP commodity sectors which are uncompetitive because of different systems of reward for labour?

Can we look forward to ACP countries becoming net importers of agricultural products, particularly from countries which are now in the Generalised System of Preferences? [1]

This analysis is perhaps a bit simplistic, but the possible consequences are nonetheless very serious. In trying to explain why some ACP countries cannot be immediately competitive, we see that the blame is not entirely theirs, because of:

— high operating costs due to imported labour (expatriates) which is essential in many countries;

— high energy costs due to taxes and because of the need to irrigate, a source of additional costs compared with Latin America in the case of bananas, for example;

— high maritime transport costs in French-speaking Africa due to the *de facto* monopolies held by some shipping lines;

— exchange rate distortions, which favour countries tied to the dollar (the reference currency for contracts) over countries in the franc zone;

— lastly, fundamental differences in how producers are paid. In some cases they receive whatever (if anything) is left over after all costs and margins have been deducted, in other cases they receive a guaranteed payment through stabilisation systems.

Given such fundamental differences in how these various systems operate, it is impossible to claim that removing trade barriers will help all developing countries.

Based on the discussion above, and taking the World Bank's figures and their example of a 50% reduction of tariff barriers in the three large groups, we observe that:

— the increased revenue for sub-Saharan countries would be only 2.2 billion dollars or 4.4% of the estimated increase;

— this model does not include a figure for exports from Generalised System of Preferences (GSP) countries to ACP countries nor does it mention the possible disruption of ACP economies. Looking at the cases of Côte d'Ivoire for textiles, rice and oilseeds, and Senegal for oilseeds, rice, etc., we can clearly see the inevitable consequences.

The strategic position of Europe and the consequences for ACP countries

Europe is clearly a very attractive market for all countries exporting raw or processed goods, even though it has granted favourable tariff conditions to ACP countries, enabling them to export to European markets without paying duties.

These privileges, which were accorded as part of the Lomé Convention, vary from product to product but are always significant. This generally means the absence of entry tariffs or, for some products such as meat, the continuation of Community levies for certain countries.

What would happen if the European Community decided to extend the trade privileges granted to signatories of the Lomé Convention to Southeast Asian and Latin-American countries as part of the conditions for the Uruguay Round negotiations? The market positions of the African, Caribbean and Pacific countries would be totally changed.

Consider the case of coffee and cocoa, products which come entirely from developing countries:

The market shares for ACP countries in the Community market are currently 38% for coffee and 79% for cocoa.

As regards cocoa, from 1985 to 1991, the share held by ACP countries in the Community market rose from 77% to 81%. An immediate liberalisation of cocoa trading would mean elimination of the 4% levy now applied to GSP countries (except from some Latin American countries that are already exempt from these duties) so that all suppliers would be on an equal footing.

Given that the GSP countries currently have 18% of the Community cocoa market, it seems clear that a liberalisation could result in a shift of market shares from the ACP countries to the GSP countries simply by eliminating the tariffs.

In this case, the removal of the tariff barriers could destabilise ACP exports to the advantage of Southeast Asian products, given the fact that the current tariff is a real deterrent while the products are comparable in quality and taste properties.

To say that liberalisation will result in increased trade in these products is therefore not exactly correct. It would be more a shift of exports to the Community from one group to another.

The case of oilseeds

This case is one of the most interesting since it involves the EEC, the Latin-American countries in the GSP group, the ACP countries and the United States.

Europe has not been able to produce enough oilseeds to meet domestic demand, despite the measures taken in the Common Agricultural Policy (CAP), particularly the subsidies paid to European seed crushers.

EC customs duties for oils and vegetable fats*

	GATT %	GSP %	ACP %
Unrefined food oils	10	10	0
— palm	6	4	0
— coconut/palm kernel	10	7	0
Refined or partially refined food oils	15	15	0
— palm	14	12	0
— coconut/palm kernel	15	13	0

* *Except olive oil.*
Source: FEDIOL, Statistics, 1992.

[1] The Generalised System of Preferences applies to developing countries. For the least-developed countries, customs duties for imports to the EC were completely eliminated a few years ago.

To meet demand from the animal feed industry, Europe imported huge quantities of soya beans to produce meal. The oil by-product further expanded existing stocks.

Despite its goal of self-sufficiency, Europe remained a strong market for some oilseed products, particularly seeds, meal and oils from certain countries. Seeds are admitted without duties regardless of their origin. Through this system, soya beans from the United States have been imported by European crushers to produce meal. Meal was also exempt from duties, thereby allowing Latin-American meal progressively to replace American soya bean imports. ACP countries benefited from an exemption from customs duties on oils as well, giving them the following advantages:

— 10% compared to unrefined oils (groundnut, sesame, soya, etc.) from third countries;

— 6% compared to palm oil from GATT countries;

— 4% compared to palm oil from GSP countries (eg Asia);

— 10% compared to coconut and palm kernel oil from GATT countries;

— 7% compared to coconut and palm kernel oil from GSP countries, etc.

The new trade liberalisation measures (removal of tariff barriers) linked to the new CAP (limitation of areas under oilseed cultivation within the Community, payment for products at world prices, etc.) will have the following immediate consequences on the European market:

— increased imports of sunflower oil from third countries, particularly Argentina, to replace European sunflower seed production, which is expected to fall after the dramatic rise of the past six years (1.747 million tonnes in 1991/92 against 1.432 million tonnes in 1986/87), as well as imports of other competing oils (including groundnut oil) at the expense of Senegalese products;

— increased imports of palm oil from third countries, particularly Southeast Asia, due to removal of the 4% tariff, at the expense of African products, which will even be subject to competition on their own markets;

— increased imports of groundnut oil from third countries, particularly Argentina and the United States, with removal of the 10% tariff, at the expense of Senegalese products;

— imports of soya in various forms to produce oil which will be re-exported to produce blends in ACP oilseed producing countries. These sectors will collapse due to their inability to compete with imported soya oil. This is likely to be the case in Senegal, Mali, Burkina Faso and perhaps Côte d'Ivoire.

VIVANT UNIVERS

Palm oil in Côte d'Ivoire
Many oils are now practically interchangeable and the market is extremely competitive

The oilseed sector should be dealt with separately given the special circumstances involved. The enormous progress in oil chemistry and in new industrial processes has made it easier to hydrogenate fluid oils, break down solid products (palm, coconut, etc.) or refine products, making many oils practically interchangeable. The oilseed market has therefore become extremely competitive, with consumers making their purchase decision on the basis more of price than of intrinsic product characteristics.

This interchangeability distinguishes the oilseed market from that of other commodities and makes it a fierce battleground for North-South, North-North and South-South rivalries.

The new CAP measures relating to oilseeds, while not particularly favourable for Community producers, had at least the merit of giving ACP oilseed sectors benefiting from Lomé Convention advantages an opportunity to recover some of the market share that they had lost over the years, for example by groundnut oil due to competition from sunflower and rapeseed.

The adoption of the GATT measures would mean the *de facto* transfer of these benefits from ACP countries to all the GSP countries and GATT signatories.

In conclusion, we can state that the CAP reform should not have any negative effect on ACP economies (despite the claims of some GATT representatives) and should even allow the more dynamic countries to recover some European market share, assuming that the market situation remains as it is. However, approval of the GATT agreement would hurt ACP interests:

— by making them almost totally dependent on other countries for their grain supplies, eg dumped rice from Asia, surplus US wheat. This situation is unacceptable for countries that are seeking a degree of economic independence;

— by progressively, or even drastically, reducing market shares which they have held on the European Community market (for bananas, coffee, cocoa, palm, groundnuts, sesame, sheanuts, vanilla, cloves, etc.) without any compensation or openings to the almost inaccessible (given the reference currency) US market;

— by threatening national agriculture sectors, in the case of important products such as rice and oilseeds, through imports from GSP countries at prices based on systems in these countries which cannot be compared to those of ACP countries at a social or technical level;

— by curbing the development of processing industries for raw materials, given the increased competitiveness from GSP-origin products (Asian textiles, shoes, etc.).

It seems incredible that the international community should not realise how great a disaster liberalisation could cause by helping some countries at the expense of others.

While it is clear that economic development depends on increasing trade, it is excessively idealistic to think that world trade can be completely liberalised, just as it would be ridiculous to turn to an absolutely protectionist system.

Trade should be organised in a well-defined framework in which the ground rules are the same. This would mean the formation of homogeneous groups within which the rules would be compatible, but outside of which tariffs or other measures would protect groups which do not operate with the same rules.

As we seek to increase trade and thus development, we must look for new trade systems which take the circumstances of all parties into account, which tend towards an equilibrium situation and which encourage a real spirit of partnership.○ J.-J.P.

Gloomy forecast for Community economy

The outlook for the EC economy has deteriorated significantly since the beginning of 1993. This was the unhappy prognosis of the European Commission in its economic forecast for the remainder of 1993 and for 1994, which was published in mid-June. According to the Commission, economic activity had become even more depressed and the recovery which had been projected for the end of the year was now expected to take hold towards mid-1994. Community GDP was forecast to decline in 1993 by 0.5% in real terms — the first decline since 1975 — and to expand by a modest 1.25% in 1994. As a result, unemployment was expected to increase faster than previously projected, reaching an average of 12% across the Community during 1994. Budget deficits were also negatively affected and were expected to rise to record levels (6.25% of GDP for the EC as a whole in 1993). On the other hand, notwithstanding the weakness of demand, only modest progress was reported in the battle to reduce inflation, which was expected to average 4.25% in 1993.

It is now clear that the Community slid into recession in the second half of 1992. With incoming data pointing to continued weak economic activity, a further contraction of output was expected during the first six months of 1993. Given that the usual survey indicators did not point to the imminence of a turnaround, the mid-year forecasts went on to suggest that the decline would level off in the second half of the year, remaining depressed for some time before the projected resumption in healthier growth rates around the middle of 1994.

In statistical terms, this translates into an average contraction in GDP of 0.5% in 1993 and 1.25% growth in 1994 — a substantial downward revision compared with the January forecasts, which were for growth rates of 0.8% and 1.8% respectively for the two years under discussion. The dramatic change in the outlook for the Community economy is underlined by the fact that, as recently as June 1992, the Commission was projecting a 2.5% growth rate for 1993.

Given the big gap between last year's forecast and this year's reality, the Commission, not unnaturally, emphasised the uncertainties which surround its most recent projections. In particular, it pointed out that the expected recovery in mid-1994 would depend on four factors:

— a further decline in interest rates, particularly short term, in the Community;

— a gradual pick-up in world trade;

— an improvement in the competitive position of the EC as a whole; and

— a rebound in consumer and business confidence.

On the positive side, the Commission observed that the profitability of investment was well above levels experienced during previous downturns. As a result, it believed that an increase in external demand together with further improvements in profitability and a loosening of monetary conditions within the EC could trigger a sound recovery led by exports and investment.

According to the June forecasts, five Member States — Germany, Belgium, France, the Netherlands and Spain — were expected to experience a GDP decline in 1993 while only Ireland and the UK would enjoy a positive growth rate. The figures were expected to turn positive in all Member States during 1994, but would remain 'very subdued' (equal to or below 1%) in Germany, Belgium, France and the Netherlands.

Following virtual stagnation in 1991 and a decline of 1.3% in 1992, employment was forecast to fall by more than 1.75% in 1993, the worst performance in the history of the European Community. A further 0.25% fall was predicted for 1994, giving an annual average for the 1991-94 period of −0.75%. This compares with a +1.5% average for the preceding four years (1987-90).

The obvious corollary to these figures is rising unemployment. The 12% level at which unemployment was expected to peak during 1994 contrasts sharply with the 8.3% average recorded in 1990 at the start of the present downturn.

According to the Commisson, inflation should decline from 4.5% in 1992 to 4.25% in 1993 with a further half percent drop during 1994. It referred to 'certain moderation in wage and unit labour cost increases' — stemming from the weak economic conditions in virtually all member countries — as the single most important factor in achieving this decline. On the other hand, it pointed to the sharp increase expected in the price deflator of imported goods and services (−0.5% in 1992, +5.25% projected for 1993) resulting from recent currency changes. This increase, it was said, precluded more significant reductions in the inflation rate.

Given the deflationary influences of the recession, the Commission was forced to conclude that an inflation level of 4.25% 'does not represent a very good performance'.

The Community's budgetary position, already in a precarious state, was also forecast to suffer badly from the difficult economic conditions. From a figure of 5.1% in 1992, the general net borrowing requirement of governments in the Community was expected to reach 6.25% of GDP in 1993 and the current level already easily exceeds the previous highest figure recorded (5.2% in 1982). According to the Commission, a significant part of the increase was due to the adverse effects of the economic cycle on public finances. It reported that attempts in some countries, notably Denmark, France and the United Kingdom, to support economic activity through fiscal measures had led to a deterioration in budget balances. In some countries 'slippages in control over public expenditure' bore a significant responsibility. On the other hand, it was pointed out that fiscal consolidation efforts in a number of countries were reducing the structural components of the deficits. A slight improvement in the position was forecast for 1994 under the combined impact of moderately improved output growth and some fiscal consolidation measures.

Finally, the Commission forecast that there would be no improvement in external imbalances. This is despite the fact that economic downturns usually have a positive effect on the balance of payments. No explanation was offered as to why this should be so, but there are those who are alarmed that this new and unwelcome phenomenon may sap the strength of any future recovery. ○

ed S.H.

FAO

Development policies

In *The Courier* this year we have been looking at theoretical questions about the nature, the effects and the usefulness of development and examining the factors which influence how it works and how effective it is. In this Dossier we consider the ways in which specific donor countries and organisations decide and implement their development policies, what policies the recipient countries themselves pursue and how these policies are perceived by some of the parties concerned.

Since development cooperation began three decades ago, the fundamental feature of a development policy has always been a long-term commitment by the donor to invest public funds in financial and technical cooperation with the recipient. Funds may be given outright or lent at market rates or on easy terms. Financial aid may go directly into a recipient country's treasury to restore the balance of payments or be earmarked for a particular sector of the economy or the administration. It may be given on condition that the receiving country buys goods and services from the donor.

'Trade, not aid' has in its time been a fashionable prescription: developing countries have been encouraged to extract the raw materials or concentrate on the agricultural products they can export to the industrial countries, who on their side have dismantled the barriers to importing them, especially where such barriers counteract the benefits of aid. The World Bank and the International Monetary Fund were the first to introduce structural adjustment programmes, which require recipient countries to carry out internal economic and institutional reforms as the price of development aid. The stipulations include price deregulation, free markets and greater efficiency in the public sector. The EC Commission has stressed the need to take the social consequences of these adjustments into account and, with other donors, has provided funds to help countries overcome the social and economic difficulties the programmes can create. The benefits of structural reform are, however, being undermined by the huge cost of servicing the debts to the developed world which many developing countries, including some of the world's poorest, have incurred by contracting loans for development purposes; debt relief is now a high priority for both donors and recipients, especially in Africa.

Increasingly, both donors and recipient governments are keen to attract private-sector investment in developing countries' economies, a policy which is showing signs of success, as private-sector funds for development have this year outstripped official development assistance. A good share of private (and official) funding goes to nongovernmental organisations, which have their own views on the kinds of development policies to pursue.

Today the emphasis is on human development, a concept of development centred on man, not on institutions, whose primary features are the alleviation of poverty and the promotion of food security, health, education and training. To be fully effective, aid has to be targeted at specific groups, notably women and the very poor. Development must also be sustainable, in other words projects and programmes must be compatible with the environment and capable of standing on their own feet as and when donor funds and/or cooperation workers are withdrawn.

More and more donors feel there is no point in handing out development aid to governments which are not accountable to their own citizens or which disregard human rights. Apart from the moral issue involved, closed societies whose peoples are not involved in decisions affecting them have not historically made the most efficient use of aid. Several developing countries have lost support through failing to meet the political and economic conditions now attached to aid. As the OECD's Development Assistance Committee put it two years ago, developing countries committed to market-based economic reforms, democratisation and good governance should in general be given priority in the allocation of development assistance. But are such conditions just and realistic? And who is to decide what such terms as good governance and democracy mean — the donors or the recipients?

The way the building blocks of a development policy are assembled has changed over time and differs from one country or organisation to another. The practical and philosophical aspects of development policies, and the reactions to them, are discussed in the articles which follow. ○

Robert ROWE

Principles for effective aid

DAC, the Development Assistance Committee of the OECD, has released a handbook [1] on the principles for effective aid. They are the fruit of years of consultation of the aid organisations of the 21 members of DAC, plus help from the World Bank, the International Monetary Fund and the UN Development Programme, and thus embody a point of view which virtually all the donors share. We felt that an outline and an indication of the especially innovatory features of the manual — the object of which, obviously, is to improve the volume and quality of assistance, as well as make it a more effective contribution to development — would be useful.

Aid cannot be more effective than its environment

The top priority is to gear aid to producing the conditions essential to its political, economic and administrative effectiveness and to reduce the donors' involvement in its implementation. This means greater administrative, economic and financial autonomy so that the distribution of the aid resources can be left more and more to the national institutions and the machinery of the market.

This in turn means participatory development, new orientations in technical cooperation, better aid coordination and programme assistance.

Participatory development should make for a 'transition from an economy which is stifled by over-regulation, and by powerful state and private monopolies, to an economy where the productive energies of people are motivated and can find legitimate expression...'.

The donors have to earn the firm support of the aid recipients and make sure that they are motivated by actively involving them in the selection, design and running of development programmes. Women have a fundamental contribution to make to development.

The point of technical cooperation should be to help developing countries obtain sustainable means of action, rather than work for immediate aims and the short-term improvement of performances.

It would therefore be wise to make much greater use of local experts and the countries' existing structures and to define aims in terms of results to be achieved rather than of contributions to be made.

"Although Technical Cooperation is usually extended in grant form, it is not 'free'"

Of the new orientations in technical cooperation, DAC stresses the role of the host country, the partnership concept, participatory development once again and institutional development. Practically speaking, this means concentrating more and more on planning, selecting and designing technical cooperation activities which fit into programmes and dropping the individual project approach.

It is particularly important to pay attention to cost-effectiveness, give priority to improving training facilities and use third-country as well as national expertise. Lastly, and this is important, going beyond the public sector, we now have recognition of private-sector needs too.

Competition among donors is still a problem

DAC, regretting the competition which interesting projects arouse amongst the donors, suggests that steps be taken with the recipient governments to ensure international aid coordination of donors, recipients and international organisations.

Lastly, programme assistance, which should be a complement to other instruments such as technical cooperation and the financing of long-term investment operations, consists of 'all contributions made available to a recipient country for development purposes, i.e. balance-of-payments support, general budget support and commodity assistance, not linked to specific project activities'.

Aid effectiveness and project appraisal

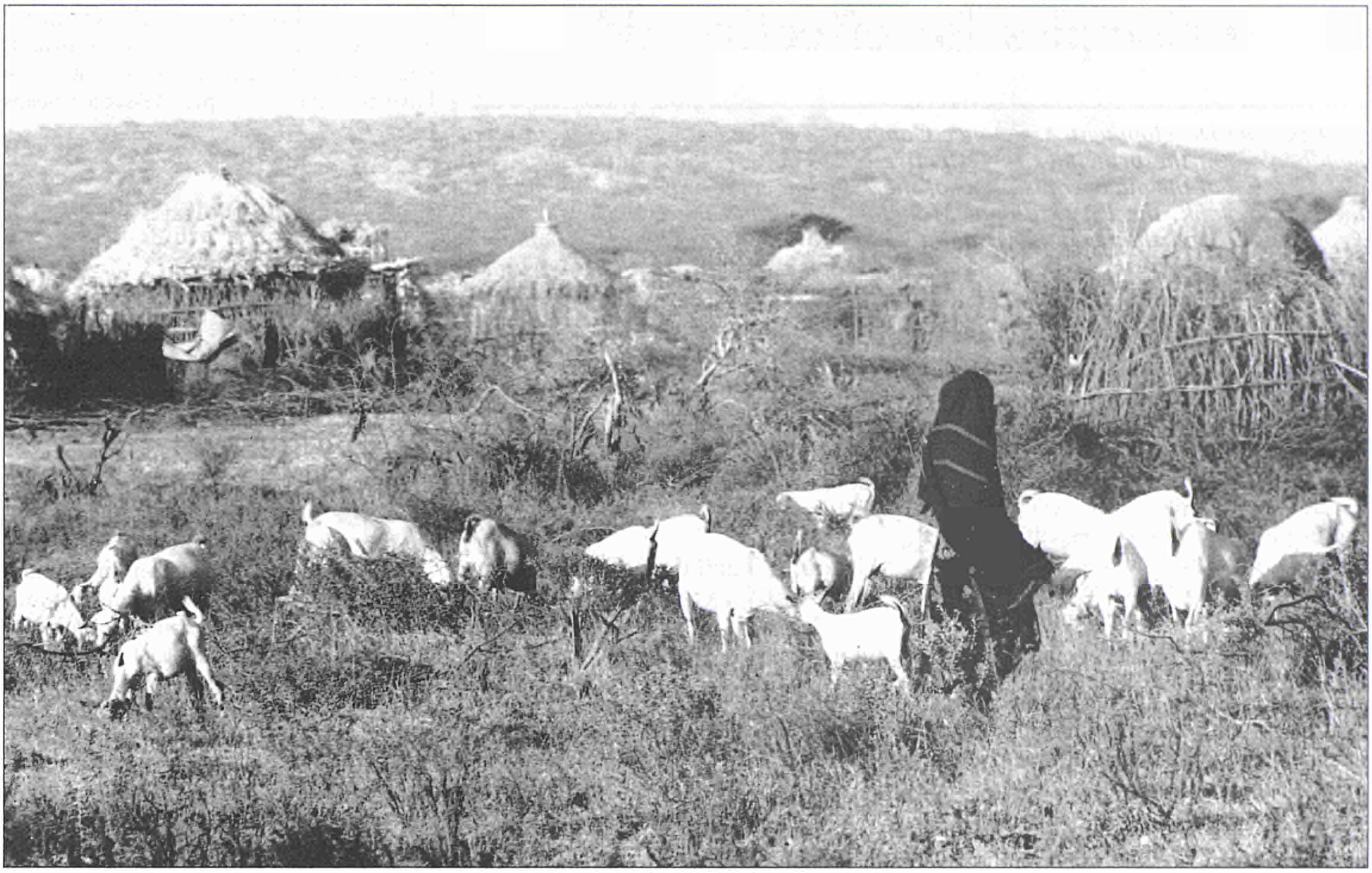
Once the environment of the assistance has been improved, effectiveness can also be improved, technically speaking, by taking the project appraisal further.

DAC's basic aim here is to ensure transparency, with donors and recipients

The Courier

In seeking to gain the full backing of aid recipients by involving them in the design and implementation of development programmes, the role of working women's participation is fundamental

[1] Development Assistance Manual — DAC Principles for Effective Aid — OECD (Organisation for Economic Cooperation and Development), Paris, 1992.



The Courier

According to the DAC, 'poverty is both a cause and an effect of environmental deterioration'

cooperating with each other, with a view to, in particular:

— strengthening recipients' appraisal and implementation capacity;

— ensuring donor-recipient agreement on essential requirements and assumptions;

— agreeing on terms of reference for feasibility studies.

Stage one, obviously, is project identification, which must include a 'clear specification of objectives' (not to be confused with the aims and means) and the strengthening of the role of sector analysis and coordination and use the so-called logical framework method. [2]

'This is helpful primarily as a project planning device and for subsequent evaluations ... It should be used from the earliest stages of the identification process and modified with changes in the objectives, if necessary, as progress and appraisal proceed.'

Another vital phase is the viability stage, where more than financial considerations are involved. 'A project may be said to be sustainable when it is able to deliver benefits over an extended period of time,' the manual says, 'after the main assistance from the donors has terminated.' One important aspect of financial soundness mentioned is that of ensuring proper maintenance by catering for local-cost and recurrent financing.

Lastly, monitoring and evaluation should avail themselves of feedback from previous experience.

There is a general insistence on the importance of 'reducing the administrative burden on recipients and harmonisation of donor requirements'.

Priority topics

DAC goes beyond these considerations of the effectiveness of assistance and focuses on a number of 'central areas of aid policy'. They include the environment, population, promoting the private sector and science and technology.

It says that, 'in developing countries, poverty is both a cause and an effect of environmental deterioration', and environmental impact assessment of development projects is essential.

Population is discussed and the 'imperative need to slow population growth' affirmed, for the 'existing demand for family planning continues to be far ahead of services and an estimated 300 million men and women who want to plan their families lack the means to do so'.

Promoting private-sector development, naturally, is a major focus with the hope that 'retail' financial contributions (which go direct to a particular institution, project or business) can give way to 'wholesale' ones to help set up effective, efficient national financial systems.

'It is not building up science and technology *per se* that is the core issue, but strengthening — across the whole of society — the capacity to manage technological change.' ○ D.D.

[2] For the EC's approach in this area, see the article by Hellmut Eggers in this Dossier.

Development finance: private flows overtake official aid

Figures released by the Organisation for Economic Cooperation and Development at the end of June showed that in 1992 more private money had flowed into developing countries than official aid. Private-sector finance accounted for 57% of total resource flows, a hefty increase from the 43% share it held in 1991. This was the first time this had happened since 1983.

Looking at the overall figures, net total resource flows from the developed world to the developing countries in 1992 climbed to a record level of $176 billion, representing an increase, at constant prices and exchange rates, of 23%. This figure consists of official development assistance (ODA), other official flows and private-sector resources, mainly from countries belonging to the OECD's Developent Assistance Committee (DAC) and from multilateral institutions.

Official development finance increased to $72.3 billion from $70 billion in 1991, but in real terms this was a fall of 3%. Most of the massive $42 billion-dollar increase in private development input was due to the surge in international bank lending, which went up from $11 billion in 1991 to $40 billion in 1992. But other components of private flows — foreign direct investment, bonds and portfolio investment — also showed substantial rises.

Specialists at the DAC are working on a full analysis of the new trend for publication later this year, but a preliminary commentary makes interesting reading for those who believe that developing countries need to become less dependent on official grants and loans and to attract more private-sector investment in their economies.

While the expansion in resource flows in 1992 is to be welcomed and reflects positive economic and political developments, it must be borne in mind, says the OECD, that it is not yet clear whether so great an expansion in private flows can be sustained; and in any case only a relatively small number of the better-off developing countries, together with China, India and Indonesia, have significantly benefited from the growth of private flows. There has been little change in the ability of the vast number of poorer developing countries to attract external resources, particularly private flows; for them, official development finance remains the backbone of resource provision.

In detail, private flows expanded by more than half from $62 billion in 1991 to nearly $100 billion in 1992. All components went up to record levels. International bank lending increased over threefold to $40 billion, more than half of the increase being in short-term lending. Bond lending went up $1 billion to $14 billion and other private flows (including portfolio investment) rose by more than 40% to $9.5 billion. Foreign direct investment increased by over $4 billion to nearly $31 billion, which is particularly notable when seen against the recent falling trend in total outward investment from OECD countries.

... but ACP countries gain little

Only a few countries have benefited from the increase in private flows, however. These include Mexico, Brazil and Argentina in Latin America, India, China and Indonesia in Asia and Kuwait and Saudi Arabia in the Middle East. The poorest developing countries, and all of Africa, are still out in the cold: private flows to these parts of the world are now running at negative levels. As a group, the low-income countries (apart from India and China) received some additional bank lending but little else by way of private finance.

Over recent years there has been a steady progression in the proportion of financial flows which do not give rise to debt, but in 1992 these dropped to around 53%. In the OECD's view this should not necessarily be seen as alarming: the change has been due to the rise in bank lending rather than to any reduction in concessional finance or foreign direct investment. And much of the increased bank lending has been going to those countries which continue to be able or are now in a position to pay for it.

As far as official development assistance is concerned, despite budget constraints in the donor countries, the volume of grants and soft loans rose 1.1% in real terms to $60.8 billion. The biggest ODA donor in absolute terms (including forgiveness of military debt) was the United States, at $11.7 billion (up 1% in real terms), followed closely by Japan ($11.1 billion, a substantial fall of 6% in real terms) and then France ($8.3 billion, up 2.5% in real terms) and Germany ($7.6 billion, down 2% in real terms). In terms of the percentage of gross national product devoted to ODA, Sweden, Denmark and the Netherlands lead the field, in that order, while Switzerland, Spain and Italy recorded substantial rises, but the ratio fell markedly in the cases of Finland, Ireland, Austria, Luxembourg and Belgium.○ R.R.

Net receipts of developing countries: recent trends

	1990	1991	1992[1]	1990	1992
	current $ billion			% of total	
Official development finance	69.4	70,0	72.3	53.2	41.2
Total export credits	4.5	1.8	3.5	3.4	2.0
Private flows	56.6	62.2	99.8	43.4	56.8
comprising:					
— direct investment (OECD)	*26.9*	*26.4*	*30.6*	*20.6*	*17.4*
— international bank lending	*15.0*	*11.0*	*40.0*	*11.5*	*22.8*
— total bond lending	*4.5*	*13.0*	*14.2*	*3.4*	*8.1*
— other private	*5.1*	*6.6*	*9.5*	*3.9*	*5.4*
— grants by NGOs	*5.1*	*5.2*	*5.5*	*3.9*	*3.1*
Total net receipts	130.5	134.0	175.6	100.0	100.0

[1] Provisional figures.
Source: Development Assistance Committee, OECD.

The European Community's development policy

'East-West hostility was a war ideology which maintained a balance of peace. The frontier between North and South looks like a peaceful arrangement, but it holds within it imbalance and confrontation.' (Jean-Christophe Ruffin, ***L'Empire et les nouveaux barbares,*** *J.C. Lattès, Paris 1991).*

The European Community is the world's largest market, the most important source of development aid and the most generous contributor to international financial institutions.

One third of all the Community's exports and imports is accounted for by goods bought and sold by the developing countries, and of these the Mediterranean countries are both its main suppliers and the main importers of its goods.

When it comes to aid, the Community and its Member States are by far the largest donors, a long way ahead of the United States and Japan. Most of the major recipients of that aid are in sub-Saharan Africa. Latin America does best when it comes to direct foreign investment from the Community's Member States, receiving an average of US $5 billion to 6 billion per annum, or one third of all direct foreign investment in the developing countries.

Out of every $100 in aid received by the developing countries, $40 come from the European Community, as bilateral aid, as Community aid in the strict sense or in the form of financial contributions by the 12 Member States to the aid provided by multilateral organisations.

The Community has agreements with 107 countries, including the 69 members of the ACP group, and through these handles 15% of the aid given by the Member States, which comes to ECU 4 billion per annum, not counting ECU 1 billion in food aid and emergency aid. Interestingly, the amount of this aid specifically from the Community has grown twice as fast in ten years as national aid, making the Community the fourth largest donor (in absolute terms), after France, Germany and Italy, and the second largest in sub-Saharan Africa.

Why does the Community have a development policy?

One consequence of the Maastricht Treaty on European Union has been to make cooperation policy a Community policy.

This sets the seal on 30 years of cooperation policy during which the amounts allocated to development annually have grown increasingly complicated and comprehensive intervention mechanisms have been set up (the Lomé Conventions, the Mediterranean Protocols, cooperation with Latin America and Asia, the use of a variety of budget headings) and more and more systematic use has been made of other cooperation instruments such as trade policy and scientific or technological cooperation.

The Treaty of Rome actually said nothing about a development policy for the Community. The fact is that the Community got over the virtual absence of any specific legal basis by building up a policy on the chance basis of its geopolitical interests after the end of the colonial period.

If we look at what the Community has done since the beginning of the 1960s, what we see is an assemblage of objectives and instruments which has apparently come together as necessity and political pragmatism have dictated. The Community has, however, made some attempt, not without success, to systematise its development efforts and make them consistent. Even if, strictly speaking, there is no set doctrine behind the Community's development aid, it is possible to pick out certain peculiarities of it which clearly mark it out from other approaches in the same field. In fact some 75% of the Community's inhabitants, in various opinion polls conducted by Eurobarometer, have shown themselves to be aware of the special character of Community development aid and say they are in favour of making development aid a Community policy.

Historically, the 1960s were not surprisingly an era of great interest in sub-Saharan Africa, and during that period the first European Development Fund, the two Yaoundé Conventions and the Lomé Conventions (of which there have been four) came into operation. The Lomé IV Convention, which covers a ten-year period, brings together the 12 EC Member States and 69 ACP countries and has an allocation of ECU 12 billion for the first five years (plus roughly the same amount for across-the-board measures financed from the Community's general budget).

The 1970s saw the emergence of a global attitude to the Mediterranean, particularly at the European Summit in 1972. Since the Gulf War the 'updated Mediterranean policy' has been allocated ECU 4.4 billion for the period from 1992 to 1996, the main object being to try to keep the Maghreb stable and stimulate regional link-ups between the members of the Arab Maghreb Union (Algeria, Morocco, Tunisia, Mauritania and Libya).

In the course of the 1970s the European Community in fact gradually formulated a comprehensive world view on development problems — hence the extending of financial and technical cooperation to Latin America and Asia in the form of bilateral and regional agreements. The main thrust of this policy is to promote economic cooperation for a variety of purposes and to provide traditional development aid for the poorest countries on those continents. A concern to make aid predictable, give it continuity and steadily increase it led to a system of multiannual programming (1992-96) which has been allocated ECU 2.7 billion.

What kind of development policy does the Community pursue? Practical and well-thought-out

Giving a thumbnail description of the Community's development policy as a whole is fairly difficult — there are so many different types of cooperation agreements and intervention instruments, as well as trade policy and financial and technical cooperation.

Even if we look chiefly at cooperation under Lomé, which accounts for 60% of Community aid, alongside the traditional development schemes financed by the EDF and the budget, for example, there are across-the-board measures involving all the developing countries (financed from the Community budget).

But we can try to find our way to a general description of Community aid by applying several criteria.

As far as operating methods are concerned, some agreements are negotiated, others are unilateral, they can be with individual countries or with groups of countries, some cover specific matters while others are framework agreements, and some are more binding than others, but the underlying principle is always *political dialogue*.

At the risk of oversimplifying, it can be said that there are three ways of giving aid. The first is to say: 'There's the money. Do what you like with it.' The second boils down to saying: 'Do what we tell you and you'll get some money.' Or there is the third approach, which comes down to saying: 'We're building a wall together. Each of us will supply some of the materials but we'll decide together what kind of wall to build and how to put it up.' Obviously this third approach is how Community aid is given.

Amongst the various cooperation instruments, a balance is also struck — and it varies according to the geographical region concerned — between commercial, technical and financial cooperation, though the nucleus of Community action is always *project aid* (especially in sub-Saharan Africa).

There used initially to be a pronounced *regional* slant to EC aid, but since the mid-1970s, even though sub-Saharan Africa still gets priority, a more balanced, *worldwide* approach has been followed.

Another extremely important feature is that *97% of Community aid* is in the form of *grants*, as against 78% in the case of the countries belonging to the OECD's Development Assistance Committee.

One aspect particularly appreciated by recipients of Community aid is that increasingly it is *programmed*, regardless of the geographical area concerned. The effect of this is that aid is always predictable, though that does not mean it cannot be adjusted as and when necessary, which makes it easier to run the development policies in the countries concerned. It is interesting to note that, whatever the circumstances in Europe, no grant of funding, once announced, has ever been cut while implementation was under way.

Another concern of Community aid is to give its partners a *full range of instruments* to work with and, from the outset, avoid specialising. This type of 'all-round' cooperation has sometimes been criticised, but the point of it is to give all our partners, especially those involved in collective agreements of the Lomé type, a chance to find opportunities which fit their own particular situation.

EC cooperation is always managed *jointly*, although it varies depending on the type of agreement concluded. The prime example, of course, is the Lomé Convention.

And then there are the *Delegations* which the Commission of the European Communities has in the field in a great many countries. As well as fostering ongoing political dialogue in an atmosphere of trust, the presence of the Delegations also means that development programmes can be monitored more closely and more cheaply than if they were being run from headquarters far from the countries concerned.

Debt, human rights and democracy

Over and above the traditional approaches to development aid, the European Community has recently taken steps in two vital areas: the debt problem and support for the promotion of human rights and democracy.

As far as debt is concerned, bilateral lending by the Member States and their work in the Club of Paris fall outside the Community's sphere of competence.

In the ACP context, the Lomé IV Convention stipulates that the Community may provide specific technical assistance and declares 'its readiness to continue to exchange views (...) in the relevant fora'.

The purpose of the Convention was to contain the growth of ACP debt by abolishing the special EDF loans and the requirement to reconstitute Stabex. The Community also contributes the SPA programme coordinated by the World Bank for heavily indebted low-income countries in sub-Saharan Africa.

Lastly, in November 1990, the Commission forwarded proposals to the Council of Ministers regarding the ACP States' debt to the Community. The Council decided only to cancel debts relating to Stabex (which came to ECU 900 million).

The Community's support for human rights protection and democratisation processes is reflected in the wording of its agreements with third countries, especially the developing countries. The Council of Ministers' Resolution of November 1991 on human rights, democracy and development is the basic charter.

These principles are written into the provisions of the Maastricht Treaty on European Union. As regards development cooperation, the Treaty lays down that 'Community policy in this area shall contribute to the general objective of developing and consolidating democracy and the rule of law, and to that of respecting human rights and fundamental freedoms'.

As well as partial suspension of aid for failure to observe these principles, the Community finances a range of positive measures to promote human rights and democracy, both from its budgetary resources and from the monies available in the European Development Fund.

How did a Community development policy come into being?

Historically, following the first EDF and the Yaoundé Conventions, *Lomé policy* developed on a contractual foundation negotiated for the purpose of setting up a collective contract between two groups of countries with a view to promoting a global approach administered by joint institutions.

To be specific, the features of this attempt at North-South dialogue can be summarised as follows:

— cooperation between two groups of countries based on respect for the political options (provided they are democratic) and economic options taken by each partner;

— secure, sustainable and predictable cooperation based on legally binding understandings arrived at in a negotiated agreement;

— all-round cooperation encompassing the full range of aid and trade development instruments;

— ongoing dialogue via joint institutions.

Among the main *innovations brought in by Lomé IV,* there is support for structural adjustment policies, which is in addition to traditional long-term development measures. The Community's approach in this area differs from that of certain other donors in the following ways:

— support varies to fit the particular conditions and constraints in each country;

— long-term development objectives are taken into account;

— the process is internalised;

— reforms are carried out at a realistic pace;

— the social dimension of adjustment is taken into account from the outset;

— the regional dimension is taken into account.

Other major innovations of Lomé IV include the following:

— there is a pronounced interest in population issues;

— environmental protection is covered (particularly through a ban on movements of toxic and radioactive waste);

— there is support for service activities and the private sector and encouragement, protection and support for investment and financing of the private sector by means of risk capital.

Lastly, there is provision for an opening out to decentralised forms of cooperation designed to give nongovernmental operators a way of incorporating their own initiatives into the framework of ACP-EC cooperation.

Since the mid-1970s, a *Mediterranean approach* has developed in the form of cooperation and association agreements. Most of these agreements provide for preferential trading arrangements side by side with five-year financial protocols negotiated with each country individually for the purpose of financing development projects and economic cooperation schemes. Some countries have been receiving support for structural adjustment since 1992.

As regards trade, unilateral, non-reciprocal concessions have been made to the Maghreb and Mashreq countries in respect of industrial products and a number of agricultural products. Further concessions have also been introduced gradually in respect of agricultural exports by the countries concerned.

To conclude, there is a heading in the budget for horizontal cooperation with all Mediterranean non-member countries, which covers the financing of regional projects.

Altogether the funds available amount to ECU 4 405 million (budget and EIB loans) for 1992-96, which is three times more than from 1987 to 1991.

Cooperation schemes with *Latin America* have often been run on an individual basis rather than in a contractual framework, and until recently they were in the form of guidelines and annual budgets.

Since 1990, however, there has been a multiannual approach, for which ECU 2.75 billion has been earmarked, 35% of it for Latin America and 65% for Asia.

In the commercial sphere the generalised system of preferences (GSP) applies, plus more favourable arrangements for certain countries or groups of countries.

Increasingly, the trend is to make outright grants to finance economic, financial and technical cooperation; at the same time, more use is being made of risk capital (EC-IPP) and it has recently been made possible to apply for EIB loans, though none has so far been taken.

In addition to these development schemes on a geographical area basis, the Community is working at a horizontal level to *promote world trade.*

A generalised system of preferences (GSP) for the Third World was set up as far back as 1971, though it has to be said that nowadays preferences for the poorest countries are becoming dangerously eroded as they are extended to more and more partners.

Taking in Lomé and the Mediterranean policy, the preferential system, which falls within the Community's sphere of competence, applies to more than 21% of the developing countries' exports, worth ECU 140 billion.

In the case of the ACP countries, the trading arrangements are the most favourable there are, giving free access to the Community market without anything being required in exchange. The same principle applies as regards the Mediterranean countries, but it is more variable, particularly in the case of agricultural products.

The GSP also applies to the other developing countries, though since 1970 the Community has unilaterally granted preferential trading treatment with certain variations to take special account of the least developed countries.

When it comes to raw materials, the Community and its Member States play an important part in international negotiations — on coffee and cocoa, for example. Although the line taken is clearly a target-oriented one, what makes it a particularly delicate line to tread is that it has to take account of the differences of position between the Member States and between them and the other industrialised countries, as well as the differing interests of producers.

The Community, with its Member States, also takes part in large numbers of international conferences on North-South relations.

Does Community development policy need rethinking?

The Community and its development partners, who look to Europe to fulfil their expectations, are already committed to making their cooperation and the instruments for carrying it out more effective.

As far as the ACP countries are concerned, for example, the Stabex facility has made provision for an overhaul of the machinery to help reorganise the basic agricultural commodity sectors. The mining facility Sysmin has implementing procedures which make for more flexible responses to the difficulties faced by ACP mineral-producing countries.

From the outset, trading arrangements with these countries were very liberal: there was free, unconditional access for virtually all ACP exports and favourable terms for major ACP producers (sugar, rum, bananas, rice and beef and veal).

Each Convention, however, has brought substantial improvements in fields ranging from the underlying principles to rules of origin to access for agricultural products, fisheries products and so on.

Lastly, the object of seeking greater efficiency in implementing cooperation for the purpose of financing development is to increase the number of forms of non-project aid and to try to improve the aid planning and implementation process at both national and regional levels.

In the case of the Maghreb, the purpose of realigning aid has been to establish a partnership based on political dialogue, wider economic cooperation, the development of financial cooperation and the creation of a free-trade area.

As far as the Mashreq is concerned, the Community plays an active part in the working parties set up as part of the multilateral negotiations for the establishment of a peace process in the Middle East.

A new deal

The Community paper known as *The run-up to 2000* (on cooperation policy as the year 2000 approaches) highlights a number of points in relation to development:

— the distribution of income throughout the world is becoming more unequal;

— in a great many countries, development has failed;

— political upheavals are taking place in the international arena and political changes are under way in many developing countries. Now that developing countries are no longer pawns in the geostrategic power game between opposing blocs, the main donors are increasingly requiring the aid they give to be used effectively, particularly since the resources available are becoming more scare.

— There is a recognition that new types of interdependence are emerging, based on three observations. The developing countries no longer serve as stand-ins in the Cold War, nor have they any real strategic role to play in supplying the North with raw materials. In any case the structural framework in which economic competition takes place is now a worldwide one. Basically, the new forms of interdependence are in the areas of trade, investment, debt, the political dimension and aspects connected with the environment, population movements and health.

As *Horizon 2000* says, 'It is widely acknowledged that the developed world pays a price for the South's non-development and that the North's ill-conceived development can obstruct the South's sustainable development.'

The advantages of an updated Community development policy

As things stand, there is a dissipation of effort, a lack of coordination between national and Community policies, a lack of gearing between cooperation policies and other Community policies and very little expression of the European view or momentum from the Community in international fora and in dealings with other funders.

With an updated policy:

— there could be greater coordination and compatibility with other Community policies (such as the common agricultural policy and its policies on the environment, fisheries and trade);

— the various development policy instruments (trade, basic commodities, official aid, private investment and so on) could be better integrated;

— the Community would be politically more effective — in particular, it would wield greater weight in international fora;

— political dialogue with the developing countries would be made more effective by a critical-mass increase in financing which would allow for donor coordination, especially with institutions such as the World Bank or the International Monetary Fund.

At the operational level, there would be bound to be an increase in efficiency as regards standardisation of procedures and development policy management, while a division of labour between bilateral donors and the Community, to obviate duplication of effort, would make their respective activities more complementary.

What is more, convergence on these lines might very well lead to a more long-term development-led approach, which would tend to be less dictated solely by short-term economic interests, even where these were mutual.

Subsidiarity: 12 + 1 = 13?

As far as relations with the Member States are concerned, the problem is a political rather than a legal one. The point is not who is responsible for what but what impact we can make together.

Article 3b of the Treaty on European Union defines the concept of subsidiarity as follows: 'In areas which do not fall within its exclusive competence, the Community shall take action, in accordance with the principle of subsidiarity, only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States and can, therefore, by reason of the scale or effects of the proposed action, be better achieved by the Community.'

The third part of Title XVII of the Treaty brings in cooperation as one of the Community's policies. The operating machinery is as follows:

— to a large extent the Commission retains sole right of initiative;

— Parliament is brought into the legislative process via consultation, the cooperation procedure and co-decision or gives its assent. In certain cases it may reject a Commission proposal without right of appeal;

— the Council of Ministers takes most of its decisions by qualified majority.

In addition to the decision-making machinery, the Treaty sets out the objectives:

— the aim is to ensure a coordinated approach between the Commission and the Member States in the interests of sustainable economic and social development, the gradual incorporation of the developing countries into the world economy and the alleviation of poverty.

It also says that the Community must take account of the objectives of other Community policies where these may have an effect on the developing countries.

What sort of cooperation — and what sort of development?

We are up against a number of deadlines: the first financial protocol to the Lomé IV Convention was for the period from 1990 to 1994. The Council of Ministers' guidelines for Latin America and Asia run out in 1995 and the Mediterranean protocols expire in 1996.

Political considerations now come into the Community's equations, but economic reform is harder to carry out in free, democratic societies, and democracy may well, in some cases, be discredited even before it has had a chance to prove itself.

As we take stock of three decades of development, it is clear that domestic policies, trade and the international economic context have a vital part to play in accounting for the varied performances put up by the developing countries. The part played by aid must therefore be specified and seen in context. It cannot make up for a lack of proper domestic policies or commercial outlets. The point is to help countries who want to help themselves and, in essence, to help them help themselves.

Among other things, this entails seeing the developing countries less as a risk factor and more as a testing ground for solidarity.

If we follow the world-economy approach suggested by F. Braudel or I. Wallerstein, it should lead us to adopt a methodological line which refuses to dissociate the problems of the already industrialised countries from those of the so-called Third World.

To conclude in the words of the Community's paper on *The run-up to 2000*, 'Our past experience of development has shown us that there is no writing on the wall and that the situations and problems facing us are more unsettled and difficult than we imagined even a few years ago.'

A few words to close: development is primarily an internal matter and is not, in essence, solely economic. The problems faced by the so-called developing countries are different from ours only in degree, not in type. The only way to find answers is by a global approach, and that, first and foremost, means going back to economic anthropology. ○ D.D.

The management of development cooperation

by Hellmut EGGERS *

Thinking as to the most effective way of managing development cooperation evolves over time in the European Community. There is now felt to be a need for a single assessment method for development projects, and this should centre round a single overall endeavour: sustainable benefits for target groups. The EC Commission has adopted a new integrated approach to project cycle management involving a logical framework of criteria to be applied to each successive stage of a project cycle. More than 300 officials of the DG's central and overseas staff, as well as numerous officials of the ACP countries, have been trained in the method, and have cooperated, through their constructive criticisms and observations, based upon their professional experience, in enhancing its practical relevance.

This article, which is extracted from a contribution its author made to the journal ***Project Appraisal*** *in June this year,* [1] *considers the effects which this approach (practised also by Italy and Spain) has on policy formulation.*

The Integrated Approach to project cycle management rests, essentially, on two pillars:

— the 'vertical integration' of the most important project preparation criteria (summarised in the table) which are to be carried over into the project implementation and project evaluation phases, and;

— the 'horizontal integration' of the decision-making process along the project cycle, assigning a specific decision to each project phase.

It is worthwhile to recall briefly the elements of these two 'pillars'. The basic format for project preparation, as it has emerged since last year's debate, is shown in the table.

It will be noticed that the substance is virtually the same as before, although beneficiary and participating groups are now the focus of particular attention at the 'background' stage.

As for the decision-making process throughout the project cycle, it remains — to all intents and purposes without modification — as follows:

1. Project preparation:
1.1 Programming (project ideas)
1.2 Identification (pre-feasibility)
1.3 Appraisal (feasibility)
1.4 Financing (financing proposal and agreement)
2. Implementation:
2.1 Annual monitoring reports
2.2 Other implementation documents
3. Evaluation:
3.1 Interim
3.2 End of project
3.3 *Ex post*

On the basis of the document corresponding to each of these phases, a decision has to be taken concerning the pursuit of the work. The Logical Framework will be produced right from the start and has to be adapted and updated at each successive stage.

Some practical hints

Normal officials the world over shun extra work, especially if they cannot see an attractive payoff in undertaking it. But they might be persuaded to 'have a go' if the extra effort is reasonable and if, in the end, there will be less work and greater effectiveness. This is exactly what the method aims at and initial practical experience in the Commission's Development Directorate-General, as well as in the Italian and Spanish bilateral aid agencies, seems to suggest that the following steps will lead to satisfactory results:

(a) Describe and analyse the existing types of document accompanying the project cycle from the first project idea up to the last *ex post* evaluation, as the agency routinely produces them, as well as the decisions taken at given stages of the cycle. Accepting the achievement of 'sustainable benefits for target groups' as the ultimate objective, judge the strengths and weaknesses of the documents and the decision processes thus examined.

(b) Restructure, with the help of a working group of up to a dozen officials well acquainted with the agency's working procedures, the formal financing documents mentioned under point 1.4 of the decision-making process, using the criteria set out in the Integrated Approach. In the Commission's case, this restructuring pertains to the financing proposals and agreements. Once turned into a formal requirement, this process will favour a similar restructuring, by means of the corresponding formulation of the terms of reference, of all the documentation upstream and

Basic format for project preparation

1.	Summary
2.	Background
2.1	Government development policy
2.2	Features of sector
2.3	Beneficiaries and parties involved
2.4	Problems to be addressed
2.5	Other interventions
2.6	Documentation available
3.	Objectives and expected results
3.1	Overall objectives
3.2	Project purpose (sustainable benefits for target groups)
3.3	Expected results
3.4	Activities
4.	Assumptions
4.1	Assumptions at different levels
4.2	Risks and flexibility
5.	Implementation
5.1	Physical and non-physical inputs
5.2	Organisation and procedures
5.3	Timetable
5.4	Cost estimate and financing plan
5.5	Preconditions and accompanying measures taken by the government
6.	Factors ensuring sustainability
6.1	Policy support
6.2	Appropriate technology
6.3	Environmental protection
6.4	Socio-cultural aspects/women in development
6.5	Institutional and management capacity, public and private
7.	Economic and financial analysis
8.	Monitoring and evaluation
8.1	Monitoring of indicators
8.2	Reviews/evaluations
9.	Conclusions and proposals

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[1] Published quarterly by Beech Tree Publishing, 10 Watford Close, Guildford, Surrey GU1 2EP, UK.

downstream from that central point, to wit: the feasibility study, the pre-feasibility study and the project idea abstract on the one hand, and the monitoring reports, project implementation documents and all evaluation reports on the other.

Such restructuring should be actively pursued, once the restructuring of the formal financing documents has been made compulsory. There should be close monitoring of this process, as a lot of sluggishness and inertia may have to be overcome.

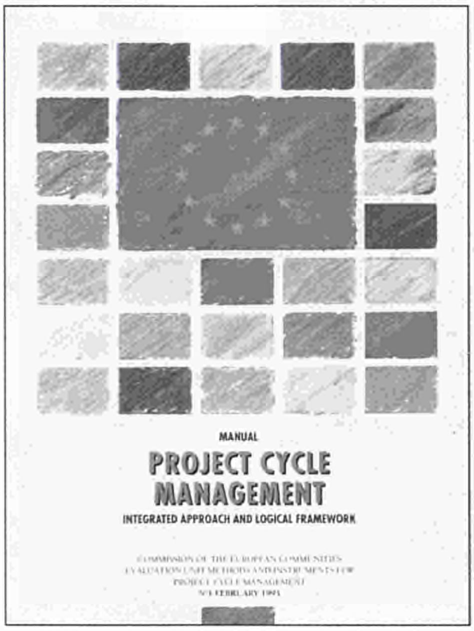
(c) Remember that the reorganising of the document will be done via the restructuring of the terms of reference (TOR) that will embody the new structures. The terms of reference, irrespective of whether they pertain to the pre-feasibility or feasibility studies, the monitoring reports or the evaluation studies, should always follow the basic format into which the specific concerns of each case will have to be incorporated. In practice, this often happens the other way round, but this is absolutely incompatible with systematic progress.

If the discipline imposed by the basic format is being adhered to, then the establishment of the Logical Framework versions corresponding to each phase in the project cycle will be much easier and will imply much less revision work. Good terms of reference are the very backbone of sound project preparation, implementation and evaluation.

(d) Formalise decision-making, as a matter of priority, at the pre-feasibility stage. Indicate who takes the decision and describe the procedure and the exact content of the document at the basis of the decision. This will allow the weeding out, at an early stage, of non-viable projects that thus will never reach the feasibility study stage. Proceed subsequently in a similar fashion for each of the five other stages of the project cycle: the project idea, the feasibility, the financing (if any open points remain to be settled, which, generally, will not be the case), implementation and evaluation.

(e) Have the working group under (a) participate in a launching seminar on Project Cycle Management (Logical Framework/Integrated Approach). Use, as a starting point, the manual prepared on the basis of international experience by the Commission's Directorate-General for Development, [2] and have a critical look at it. Adapt it to meet the specific needs of your own aid agency.

(f) Organise training of all the aid agency's central and overseas staff on the basis of the text thus prepared. Feed back any constructively critical remarks participants may have formulated during training seminars. Include LDC (less developed country) counterparts in the training. Their critical suggestions and reactions will be of particular practical value. Use all of these critical remarks and suggestions for the periodic review of the manual.



The new Commission manual

(g) As a matter of priority, monitor performance and the subsequent improvement in quality, of the formal financing documents, the restructuring of the terms of reference at each project phase, and the improved decision making at the pre-feasibility level, outlined respectively at (b), (c) and (d) above. Collect a certain number of cases treated by the agency in each of these three areas, analyse them as to their strengths and weaknesses, and conduct training workshops on that basis. This will be the most effective way of making sure that the new method gets 'under the agency's skin', and is being employed increasingly effectively.

[2] Manual on *Project Cycle Management (Integrated Approach and Logical Framework)*, DG VIII, European Commission, Brussels.

Indeed, this *a posteriori* way of reviewing practical performance will have a far better impact than trying to avoid possible errors *a priori*, since interfering with project proposal preparation work undertaken by hard-pressed officials will, in general, be badly received by them and may only influence the working methods of a few, possibly reluctant, individuals. Reflecting calmly after the event, with all interested services present, on the general improvement of working methods applied to the three areas in question, will lead to much more solid, lasting and widespread results.

(h) Distribute good examples of financing proposals, pre-feasibility. terms of reference, feasibility and evaluation studies, monitoring reports and decision making after the pre-feasibility stage, among all interested services, as they become available in normal practice once the new project cycle management method has been introduced. This will do more for the spread of practical knowledge than a hundred learned lectures.

(i) Once the priority measures have been taken, review all the agency's working methods and organisational structure, as identified in (a), with a view to enabling it to handle effectively the functions and decision-making processes to be introduced with the Integrated Approach/Logical Framework method. Include in this review the more formal regulations, prescriptions and office procedures that are so important for the efficiency (for example, tendering procedures) and accountability (for example, commitment procedures) of aid. Note that consistent dynamic involvement of the organisation's hierarchy in the entire working programme, including participation in seminars, is an indispensable condition for ultimate success.

Building 'learning organisations'

It is understood that the measures to be implemented, as outlined above, will have to be fitted into a precise working programme over time that may take several years to be implemented. However, it is conceived in a way that will allow the most important steps to be taken at the beginning of the process, and that enables the corresponding benefits to be reaped comparatively quickly.

The experience of the Directorate-General for Development suggests that it should be possible to implement the restructuring of the formal financing documentation and the improvement of the project design that goes with it in the course of one year. The same should apply to the restructuring of the terms of reference at each phase of the project cycle and to the introduction of a formal project selection procedure at the pre-feasibility stage, leading to a reduction in the proportion of 'white elephants' or non-viable projects.

Such improvements should go a long way towards mobilising motivation within the agency. A new consciousness of purpose and team spirit may gradually develop as both 'generals' and 'troops' discover new synergies and start to build a 'learning organisation'.

There is, however, more to good policy-making and implementation than motivation and team-work. There must be a solid methodology as well. That methodology must be consistent in itself, from the loftiest ideas with regard to human rights down to the nitty gritty of project implementation procedures. True, politicians do not like to be shackled in their trail-blazing visions by the prosaic constraints imposed by project mechanics, but even the most charismatic among them will not ignore the fact that one cannot consume before having produced and distributed. That is precisely the grass roots perspective from which policy-making must start.

The Courier

EC Commission officials get a 'grassroots' briefing on the progress of an EDF-funded water supply project.

Motivation and teamwork are important but there must also be a solid methodology

Development cooperation overview

Policies, when all is said and done, must be useful for people, and that means that they must aim, exactly as projects do, at sustainable benefits for target groups. This is why they cannot become effective if they are incompatible with the conditions that have to be met by sound project-cycle management.

The policy level immediately above that of the project can be called the sub-sector level, into which a given development sector — for example, fisheries — can be broken down. Compared to the project level, the sub-sector describes the potential essentially in terms of 'more of the same'.

If, for example, a tea production and marketing project in a given country comprising a 200-hectare bloc plantation, a further 200 hectares of village plantations, a tea factory and a marketing facility has been successful, then the sub-sectoral policy conclusion might be that the country should aim for 10 000 hectares of tea plantations (one third in blocs, two-thirds attached to villages), ten tea factories and a central marketing facility.

Policy choices at this level are quite strictly limited by physical and managerial constraints. Yet they clearly go beyond the project level and may involve choices among sub-sectors, for example between the promotion of tea or coffee. In the above-mentioned case, for instance, the extent of the tea plantations could be influenced by decisions relating to the planting of coffee or other crops. Such decisions must, of course, be taken simultaneously if the benefit of each sub-sector crop is to be optimised.

On the next higher level, concerning the development sectors, priority choices acquire a new dimension as they will permit optimal exploitation of a country's natural and human resources and thus of its comparative advantages. These choices will, indeed, determine the nature of the goods and services in the production of which the country will specialise.

Above this, the macro-economic tier will comprise all development sectors on the supply side while being equally concerned with overall demand, thus notably affecting the global equilibria of public budgets and the balance of payments with the outside world. Policy choices will become less dependent on physical constraints. There must, however, be net sustainable benefits for the population at the end of the process; hence the emphasis on the protection of vulnerable groups.

Up to this point, choices made will normally be the result of an ongoing policy dialogue between donors and recipients. Beyond this level, decisions will be made essentially by the donor countries. They concern the classic areas of the percentage of GNP to be devoted to development assistance, the geographical distribution of aid, debt management and relief, and the support to direct investment in LDCs. These strategic choices are largely independent of any project-related constraints.

As can be seen, physical, mechanical and action-related constraints become less and less dominant, and the free choice spheres which are open to policy-makers' options become increasingly important as one moves upwards, tier by tier, from the project level to the level of strategic choices.

Cross-cutting policy choices

The 'vertically' linked policy levels ranging from the overall strategic options, via macro-economic, sectoral and sub-sectoral policies down to the programme/project level, do not represent the only policy problems to be addressed, however. There are three additional areas to be considered.

The first is concerned with *cross-cutting* issues as shown in the preceding overview. It will be noted that several themes appear which are also contained in the basic format for project cycle management, among them, all of the sustainability factors.

This again illustrates how intimately project cycle management is linked with policy formulation and implementation. Take, for example, food security policy. Far from being equivalent to just giving preference to agricultural projects, policy-makers will have to consider possibilities in all sectors, for promoting food security. Moreover, they will have to take into account not only the project, sub-sector and sector levels but the macro-economic and country/region levels as well.

The second additional area is concerned with development *instruments* as listed in the overview and plotted against the vertically linked policy levels. Policy-makers will endeavour to decide on an optimum choice and mix of instruments. If they believe in a 'grass-roots' approach, they might favour microprojects and cofinancing with NGOs. If they come to the conclusion, as is the case today in a rather general way, that macro-economic stabilisation and structural adjustment are of paramount importance, then they might favour sectoral import programmes or general import programmes linked to a programme of economic reform measures to be taken by the governments in benefiting countries.

The third additional area concerns the *overlapping policies*, as listed in the overview, against which development cooperation policy-makers have to defend the very centre of gravity of all of their objectives: sustainable benefits for target groups. There will necessarily be conflict and — hopefully — compromise. At worst, the 'dominant' policy will prevail. A possible example of this is the EC's Common Agricultural Policy approach as regards exports subsidies for certain products. These favour European farmers but as everybody knows, they are also harmful for LDCs.

Policy management

As is apparent, project cycle managers and development cooperation policy-makers face very complex problems. This is why they should try to do it together, no matter whether they represent multilateral or bilateral (notably EC Member States) funding agencies, or LDCs. Successful coordination will result in synergy.

When trying to cooperate through policy dialogue (or is it 'multilogue'?), policy-makers should be aware that the basic choices must be made (almost!) once and for all. What would be the value of environmental protection policy, for instance, that disappeared from the agenda after five or ten years? Similarly, the very idea of *short-term* population and family-planning policy is a contradiction in terms.

Indeed, the very nature of the overall development cooperation policy objective — sustainable benefits for target groups — is by definition, long-term. Once the basic choices have been made, development policy-making must be concentrated on how to implement them and no longer on what to do.

'Coordination' will thus appear in a new light. There should, first of all, be a general consensus on the overall approach to project cycle management and to policy formulation, and this article tries to contribute to that debate. Once such common understanding has been reached, there should be common choices on overall priorities. As demonstrated by the 1992 Rio Conference on the Environment, such choices no longer appear altogether utopian. Organisational functions and structures in the field of development cooperation might come under review in that context. Basic documentation reflecting these common concerns might be produced in a cooperative effort, constantly kept up to date and shared among all. Evaluation, training and public awareness building would accompany and reinforce the dynamics of that process.

Building a 'learning network'

Cynics may shrug off such perspectives and say that only unredeemable idealists will permit themselves to dream about them. It is true that the 'nih' (not invented here) syndrome has always been a powerful deterrent against development cooperation agencies learning from others. But the evidence is overwhelming that this kind of attitude is the very recipe for failure. It is the recognition of this reality that has led most aid agencies, over the years, to become more modest.

Doubt is one of the most important ingredients for progress. The recognition of weakness leads to strength. A dispassionate look at the facts kindles the desire to learn. This is true not only for individuals, but also for organisations when people capable of assessing their performance objectively feel the imperative need to learn from each other, from colleagues, from superiors and from subordinates in their own and other departments.

This is not to say that we should be afraid to hold an opinion and defend it; quite the contrary! But we should always be prepared to see it challenged and to modify it if led to admit its weaknesses. If people within an agency are sincere about being prepared to alter their opinions in the light of constructive criticism, then that agency is well on the way to becoming a 'learning organisation'.

This kind of strength, born out of weakness, will reach an altogether new dimension. A common basic approach to development cooperation may well be the reward for such shared endeavour, while individual identity will always be conserved, as such identity is indispensable for continuing debate and constant improvement. It is this dynamic process — and not the non-committal information exchange of the 'talking shop' variety that sometimes passes for 'coordination' — that would be the real expression of what we might call a 'learning network'.

If practised, this process will make a contribution, albeit modest, to the ultimate objective of promoting human dignity for all.○ H.E.

EC Member States in the front line

All the Member States of the European Community make funds available for development in other parts of the world, either through the Community itself, for programmes financed by the Community budget and under the Lomé Convention, or directly in contributions to multilateral organisations, NGOs and individual developing countries. Policy at EC level is coordinated at regular meetings of the Council of Development Ministers, while national policies vary, reflecting the traditions, priorities and financial capacity of each country. There are some objectives all EC donors share, however: the promotion of democracy and respect for human rights, economic reforms via structural adjustment, the eradication of poverty and the development of human resources in the developing countries.

All the Community Member States also belong to the Organisation for Economic Cooperation and Development (OECD), whose Development Assistance Committee (DAC) recently published details of its members' performance in the development field in 1992.

According to this analysis, Spain, Denmark and Italy gave more aid in 1992 than in 1991, while Ireland, Luxembourg and Belgium gave less. The biggest donors in terms of GNP were Denmark, with 1.03%, the Netherlands, with 0.86%, and France, with 0.63%. Below, we look more closely at the individual performances of these three countries, and at the development cooperation policies of the Community's three other big contributors (in absolute terms): Germany, Italy and the United Kingdom.

Denmark

Denmark, which spent $1.2 billion (0.96% of its GNP) on ODA in 1991 and $1.4 billion (1.03%) in 1992, remains (with Sweden) the world's second biggest donor in terms of percentage of GNP, behind Norway, and the Community's biggest. Its contribution to multilateral organisations went up by 17% in real terms and bilateral aid by 2%. In 1990, 14.4% of its multilateral aid went to the EC for development programmes financed under the Lomé Convention. Also worth noting is the fact that it stopped making loans in 1989 and now only makes grants.

Denmark's development aid policy, focused on containing poverty by promoting economic growth and social development, is more and more concerned with human rights, democratisation, good governance and the reduction of military spending in the recipient countries. It stresses the importance of the recipient country undertaking to set up an open, democratic system which will make for economic and social growth.

The aim of the policy is to improve the quality of aid by going for longer-term cooperation programmes and reducing the number of recipient countries to about 20, which should ensure a better understanding of the specific development needs of each country and closer targeting of the cooperation efforts. Specific needs and aid absorption capacity are the main criteria when it comes to selecting which programmes to support in each country. Bilateral aid concentrates on the poorest countries and, accordingly, almost two thirds of it in 1990-91 went to Africa.

According to the latest OECD data, Tanzania, Bangladesh, India, Kenya, Uganda and Mozambique were the main recipients of Danish aid over this period.

DANIDA, the Danish development agency, focuses the aid on a geographical rather than a sectoral basis. This makes it completely consistent with Danish foreign policy and with the development policies of the recipient countries themselves and entails some devolution of activities to the Danish embassies there.

The private sector is playing an increasing part in the Danish development cooperation drive. According to IFU, the Danish industrialisation fund for the developing nations, which channels risk capital and technical know-how out to businesses working in the developing world, Danish private sector investments in developing country firms, particularly in Asia, soared to a record $300 million in 1992.

The Netherlands

This country channelled $2.7 billion into development aid in 1992, 0.6% more in real terms than in 1991 and equal to 0.86% of GNP. It decreased its involvement in the UN agencies and multilateral aid donations from the EC, but increased its contributions to the World Bank group. In terms of percentage of GNP, it was the fourth leading donor, behind Norway, Denmark and Sweden, in the world and second, behind Denmark, in the Community. But its ODA record is not what it was in the 1980s, perhaps because of constraints on the budget and the fact that aid supplied as finance for schemes to help refugees and asylum seekers is not included in the DAC definition of ODA.

The Netherlands aid policy, focused on containing poverty, developing social infrastructure and human resources and involving women in development, allocates assistance on a regional basis, which is intended to highlight the importance of dialogue and the participation of target groups in the development process. Financing is allocated in the light of criteria relating mainly to levels of poverty, the environment and the role of women in development.

The principal recipients of aid in 1990-91 were Indonesia, India, Tanzania, the Netherlands Antilles and Bangladesh, a geographical spread which reflects both the cooperation links binding the Netherlands to its former colonies and a desire to support the development of the poorest nations in clearly defined parts of the world.

France

Net assistance to the developing countries has gone up by 2.5% in real terms, to $8.3 billion, in this country. Its contribution to EC development aid declined by almost 8% in real terms in 1992, but ODA went up from 0.62% to 0.63% of GNP at the same time. François Mitterand told the UNCTAD meeting in Rio

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Schoolchildren joyfully leaving class in Katako, Guinea, represent their country's hope for the future
Fostering the developing countries' human resources through education is a high priority for all the EC Member States

that France should reach the UN's 0.7% target by the year 2000.

Some French aid to the developing world (mainly the countries of Africa) is handled by the Minister for Cooperation. Other countries, which do not receive payments from this source, get project aid and assistance with the balance of payments from the Treasury. The country also provides aid for the overseas territories and makes contributions to multilateral organisations, particularly the EC, the World Bank and the UNDP.

The main recipients of French development assistance in 1990-91 were Côte d'Ivoire, New Caledonia, French Polynesia, Morocco and Senegal, reflecting priority for African and Indian Ocean countries linked to France by a shared history.

But change is in the air in this period of cohabitation following the arrival of Edouard Balladur's right-wing government. When Michel Roussin, the new Cooperation Minister, addressed the National Assembly's Foreign Affairs Committee in June, he outlined a 'more pragmatic and less declamatory' approach than in the past. Rejecting the idea of political conditions on the recipient countries, Mr Roussin said: 'We all welcome the winds of freedom and democracy — but not to the point where they blow away the balance and leave instability in its place. How is it possible to believe that progress is just alternation (when available) when the most urgent priority is to establish the rule of law?' France therefore has to apply a 'strategy of democratisation, in which medium-term stability is more important than anything else. It is by seeking such stability that our friends will find the way to development and to democracy, not the other way round.'

France's aid to Africa, the Caribbean and the Indian Ocean should not just be 'moved by considerations of generosity', the Minister maintained. It should reflect the national, commercial and political interests of France and of France's partners. What is needed, therefore, is a cooperation strategy 'based on an authentic partnership, in which the quest for growth is restored to the place it should never have lost.' Summing up his conception of sustainable development, Mr Roussin said that 'we shall never be able to build anything lasting unless there are real economic markets in real areas of political stability.'

When it came to reallocating development resources, the Minister said, he would be backing technical assistance and macro-economic rationalisation with 'an investment revival by providing extensive help for the productive sectors' (health, rural development and training) and encouraging regional integration — which, in Africa, would be concentrated on the franc zone. Military cooperation was to be 'a factor for balance and a contribution to the construction of States where the rule of law prevails', because, he maintained, 'there is no freedom of expression in anarchy and no sustainable development without law and order.'

Referring to African governments which had applied to France for direct budget assistance, Michel Roussin told Agence France Presse: 'I am not a cashier and I am not there to tide people over till the next paycheck.' But he criticised multilateral institutions such as the IMF and the World Bank for their very great stringency 'which ignores the human factor'.

Germany

In 1992, Germany was the world's fourth biggest ODA donor, with $7.6 billion. In terms of percentage of GNP, this represented a drop from 0.40% to 0.39%. This country's contribution to the multilateral assistance of institutions such as the EC and the UN family fell 2%, after a 14% fall in 1990 and a 24% recovery in 1991. Bilateral ODA was up at $1.44 billion after the 17% leap — attributed to the assistance given to countries affected by the Gulf war — of 1990.

Human rights, the establishment of the rule of law involvement of the population in decision-making, the adoption of a free-market economy and a proper balance between social and military spending are the criteria of Germany's development aid policy. In a speech on these criteria in Bonn in October 1991, Carl-Dieter Spranger, Federal Minister of Economic Cooperation, outlined a development policy focused on man and featuring poverty alleviation, the promotion of education and training and environmental protection. To be successful, he said, such a strategy would not just require an economic order based on the market and private enterprise, but a proper political framework, which included a system of state trading to help development.

In 1990-91, Kenya, Turkey, Egypt, Zambia, Ghana and India were the main recipients of German aid. However, some countries — they included India, China, Indonesia, Pakistan and Morocco — had smaller allocations in the 1992 budget, following application of the above criteria. But relatively substantial increases were made for Benin, Namibia, Nepal, Nicaragua and Tanzania.

Italy

Italy remained the world's fifth biggest aid donor in terms of quantity in 1992, behind the USA, Japan, France and Germany, with $3.78 billion-worth of aid. This figure, 0.31% of GNP, represented a 7% increase in real terms over the previous year's figure and reflected a decline in bilateral aid offset by a 38% increase in contributions to multilateral organisations.

However, in an attempt to trim the public sector deficit, the 1993 budget has been reduced by no less than 40%, a swingeing cut of proportions which suggest that a structural and strategic change could well be afoot in the country's development aid. This is not just a financial cutback. It is a major reduction in a foreign policy instrument vis-à-vis the developing world.

And indeed, just as many aspects of Italy's policy and institutions are being held up to question, there are plans to reform the system and aims of official development assistance. The reforms, proposed but not yet passed, involve making a greater distinction between aid objectives and commercial objectives, introducing management procedures (in particular a system of programming by country) and expanding staff resources. The report of a Special Commission of university teachers and top civil servants invited to look into development cooperation this year sees this cooperation as an essential instrument of Italy's external policy. It is important for the authorities in countries where this cooperation takes place to have an instrument, of suitable proportions, to enable them both to meet the demands of the moment and, above all, to take part in the international activities of the industrialised nations and defend their own interests.

The main target countries in 1990-91 were, in order, Ethiopia, Argentina, Tunisia, Egypt, Mozambique, Somalia, Tanzania and Zaire, reflecting a focus on countries with which Italy has historic ties, on its Mediterranean neighbours and on low-income and crisis-ridden countries.

The United Kingdom

A fundamental aim of the United Kingdom's cooperation policy, which is operated by the Overseas Development Administration (ODA), is to promote sustainable development. According to Baroness Chalker, who is the Minister responsible for overseeing the policy: 'The British aid programme concentrates on practical measures to reduce poverty in developing countries — by improving health, education and other basic social services, for example, and promoting stable economic policies.' The British Government places particular emphasis on gaining 'value for money' and says that its programme is designed to meet the needs of the poorest people and the poorest countries.

Good government is another element which emerges strongly in policy statements. This, says Lady Chalker, involves the promotion of 'better and fairer systems of government that show due regard for human rights.'

A third focus reflects the British Government's attachment to free-market principles. Thus aid is used, in particular, to foster the development of the private sector in developing countries. The same principles have helped to determine the UK's stance in the ongoing debate about tied aid (the practice of linking development assistance to the purchase of goods and services in the donor country). The British Government argues strongly in favour of the untying of aid by the Member States of the European Community. It argues that the increased competition generated would lead to lower costs.

The UK also aims to safeguard the global environment in accordance with commitments made at UNCED in 1992.

In practice, the focus of British ODA tends to be on Commonwealth States, or former overseas territories with which the UK has maintained close relations. In

1991-92, the two main beneficiaries of British overseas assistance were India (£129 million) and Bangladesh (£54 million). Six African States — Zimbabwe, Ghana, Kenya, Zambia, Uganda and Tanzania — each received between £25 million and £40 million-worth of aid, while Indonesia and China both benefited to the tune of £21 million.

Overall, British ODA disbursements amounted to $3.2 billion in 1992 ($1.7 billion in bilateral aid, $1.5 billion in multilateral contributions, including payments to EC development funds). As compared with the previous year, bilateral disbursements fell by 10% while multilateral payments rose by 4%. In terms of GNP, ODA dropped from 0.32% to 0.31%. Current budgetary constraints — there is a deficit of almost £50 billion in the government finances this year — do not point to any significant increases in the short term and even the current level of funding may be under threat.

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To refer briefly to the other EC Member States, **Portugal** gave almost all its bilateral development aid in 1990-91 to its former colonies in Africa, including two fifths to Mozambique. Total ODA in 1992 was $267 million, a 4% increase in real terms over the previous year (0.31% of GNP).

Another comparatively recent arrival among the ranks of the DAC, **Spain,** continued to expand its ODA disbursements for the fourth consecutive year to reach $1.6 billion (0.28% of GNP) in 1992. In the previous year, nearly a tenth of Spanish bilateral aid went to China, followed by Spain's Mediterranean neighbours Algeria and Morocco, then India, then Spain's former African colony of Equatorial Guinea. Spanish-speaking Latin-American countries feature prominently in the list of recipients.

After a political rift with Zaire, **Belgium** has suspended all but humanitarian aid to its former colony, which used to receive about one third of the country's bilateral assistance. Total ODA in 1992 dropped 8% in real terms to $842 million (0.38% of GNP), with contributions to multilateral organisations, particularly UN agencies and the EC, heavily cut. Bilateral disbursements, however, rose, and grants went up 16% in real terms. Much project and programme implementation is being transferred from government to agencies, NGOs and universities.

The new government of **Ireland** plans to increase its aid volume in stages over the next few years. In 1992, it stood at $69 million or 0.16% of GNP. This year, programmes are to be expanded in the four priority countries, Lesotho, Zambia, Tanzania and Sudan.

Greece is not a member of the DAC and has economic difficulties of its own, but nevertheless gave some aid through the European Community and directly to its neighbour, Albania, which is in desperate economic straits as it attempts radical political and economic readjustments.

Luxembourg has been aiding the developing countries for years, but joined the DAC only in November 1992. Its ODA, having risen continuously over the last few years, fell by 9% in real terms in 1992 to $40 million or 0.29% of GNP. Luxembourg's aid is give entirely in the form of grants and, to offset a cut in bilateral aid in 1992, its multilateral contributions, to UN agencies and the International Development Associations, increased.○

ed. Lorenza Squarci/R.R./S.H.

VIVANT UNIVERS

Every Community country sees helping the poorest people in the least developed countries, such as this women preparing rice in Haiti, as the primary target of development policy

United States: a new policy in the offing

The United States prides itself on being one of the oldest aid donors: it has been sending relief assistance abroad for over two centuries, starting only ten years after winning its independence. In more recent times, the Marshall Plan of the 1950s, to restart the world economy after the Second World War, was the largest foreign assistance programme ever mounted. But times have changed, and inside and outside the country there are those who say it could do much better. The new Administration seems to be listening to its critics.

Official responsibility for managing aid programmes has since 1961 been in the hands of the U.S. Agency for International Development, USAID, which is a federal government department. No country, it says, has transferred so much wealth and knowledge to less fortunate nations as the United States has. According to OECD figures, in 1992 it gave US$ 10.76 billion in net official development assistance (ODA) and, if the concessional assistance represented by forgiveness of military debt is added, the figure rises to US$ 11.66 billion, which puts it at the top of the list of donor countries belonging to the OECD's Development Assistance Committee.

Compared with development aid from other industrial countries and with the funds the United States devotes to other purposes, however, the record reads less gloriously. In terms of the percentage of GNP earmarked for official aid to developing countries, the USA, the world's largest economy, was only one away from the bottom of the list in 1992, at 0.2% (0.18% if debt forgiveness is taken out). OECD statistics also show that the ODA/GNP ratio had declined steadily over the previous 20 years.

The policy on official aid allocation has traditionally displayed a strong regional bias, with 58.1% of all ODA in 1990/91 going to the Middle East and North Africa. In practice, nearly a third of all US aid was given to one country, Egypt, followed by Israel, an upper middle-income country, with one eighth. This has generally been seen as an investment in the stability of two countries whose strength and influence are vital to the protection of American interests in a turbulent part of the world. Central America has also done well: poverty and political unrest there come uncomfortably close to the United States' own borders, and six countries in the region together received 7.0% of American ODA in the same period. By way of comparison, only 11.8% went to the whole of sub-Saharan Africa.

A complete rethink of the objectives and funding levels of US foreign aid as a whole has been under way since the Clinton Administration took over. For the moment even USAID has told *The Courier* that it cannot say what the official position is. But a document produced by the agency last autumn gives an idea of what has until recently been the main objective. The paper is called 'Foreign aid: an investment in America's future', and says, in part: 'The US foreign aid program, by fostering freedom and prosperity, promotes peace and stability in the developing world... Stable, prosperous countries make strong, reliable allies and trading partners. These nations often become eager customers for US exports. Economic growth stimulates greater exports for US businesses ... and, consequently, American jobs.' The mercantile message is put across even more plainly in a booklet published by the agency in 1992, of which the front cover says: 'Why Foreign Aid? Because it is in the United States' own interest.' Devoting a share of the country's wealth to propagating American values in the form of tangible actions around the world is seen as an investment which 'will pay great and lasting dividends to all of us'.

Perhaps this is how the hard-nosed, monetarist Administration in power when these documents were written thought that government spending programmes had to be presented if they were to be acceptable to the American public. American citizens and private bodies do, it is true, seem more inclined to send their help through nongovernmental channels of their own choice. When the figures for private donations to development, through voluntary NGOs, are considered, it emerges that private individuals and interests in the United States are among the world's most generous givers. Of course private donations for charitable purposes are tax-deductible, which means that, indirectly, they too consist partly of money from the public purse, though the size of that component is not quantified in official statistics.

USAID under President George Bush also followed a political agenda related to the ending of the Cold War. In the ex-communist countries, it said, its goal was 'to foster democratic pluralism, market-oriented reforms, respect for human rights and friendly relations with the United States'. It is fair to point out, however, that, apart from the last objective, this could also be a list of some of the aims being pursued by the European Community and its Member States in their development cooperation work, especially under Article 5 of the Lomé IV Convention. The USA merely states more explicitly that self-interest is among its motivations.

But not the only one, of course — there is also a humanitarian spirit of disinterested concern for the less fortunate. Aid to the developing countries of Asia, Africa and Latin America and to Eastern Europe has, USAID declares, helped combat starvation, illiteracy, infant mortality and disease, promoted family planning and environmental protection and fostered free elections and free markets.

The agency's priorities, political connections and operating methods, however, have their critics, and an interesting set of proposals for a new approach to development aid came late last year in a White Paper published by the Overseas Development Council, an independent think-tank in Washington. [1] The paper comes down hard on the development assistance programme under President Bush, quoting a Senator who wrote that the programme 'is exhausted intellectually, conceptually, and politically. It has no widely understood and agreed set of goals, it lacks coherence and vision, and there is a very real question whether parts of it actually serve broadly accepted United States national interests any longer.'

So what needs to be changed? The paper puts it succinctly: 'The core object-

[1] Reinventing Foreign Aid: White Paper on US Development Cooperation in a New Democratic Era: Independent Group on the Future of US Development Cooperation, facilitated by the Overseas Development Council, Washington, D.C., December 1992.

ive of a wholly new program ought to be the promotion of sustainable development' in the sense of 'growth that brings with it the alleviation of poverty and the preservation of the environment for successive generations in a context of government accountability and the social justice consistent with the aspirations of all members of a society. (...) Other objectives, notably those of restoring America's competitive position and ensuring regional peace and security, are significantly reinforced by the promotion of sustainable development, but they require operationally distinct efforts and ought to be the responsibility of separate budget allocations and administrative agencies.' The official US development agency, this seems to say, should stop regarding peacemaking and the promotion of US exports as among its objectives. The political sights need to be reset. 'The greatest failures' in the development programme hitherto, the paper says, 'have usually come when short-term foreign policy objectives have predominated over long-term development aims.'

What should those aims be? In the words of Vice-President Al Gore, quoted in the paper, the United States should promote 'the establishment (...) of the social and political conditions most conducive to the emergence of sustainable societies — such as social justice (including equitable patterns of land ownership); a commitment to human rights; adequate nutrition, health care and shelter; high literacy rates; and greater political freedom, participation and accountability'. It should, says the White Paper, invest in people, giving priority to education, health and family planning, and the creation of sustainable livelihoods. Both rich and poor countries should go for sustainable energy production and use and husbandry of the earth's resources, balancing increased agricultural production with protection for the land. America must work to strengthen the institutions of free societies by encouraging schemes to build accountability in government, strengthen NGOs and civic organisations, codify and protect the rights of workers, women and minorities, stress participation in the development decision-making process and encourage entrepreneurs to take on economic roles previously played by governments.

Because of what the Independent Group on the Future of US Development Cooperation calls 'the poor status and reputation of USAID' and the need to overhaul the legislation on foreign aid, the White Paper says a new Sustainable Development Cooperation Agency needs to be set up, and it should be independent of 'short-term exigencies of foreign policy that currently result in frequent and abrupt changes in program direction and emphasis'.

As for paying the bill for this new structure and approach, the paper says: 'Relative to its wealth and compared to other industrial countries, the US contribution to development has been shamefully low.' The pressures for budget deficit reduction are high, it admits, but 'there are sufficient resources within the existing budget to fund new initiatives in the next few years if the Administration and Congress are willing to end Cold War and other outdated programs.' Cash in the peace dividend, in other words. Over time, this should bring aid appropriations up to double the current levels.

What effects has this advice had on the Clinton Administration? Indications of a new philosophy at work came in May this year in a speech by the US Secretary of State, Warren Christopher, to the African-American Institute, an organisation of scholars and specialists in African affairs, in Washington. 'During the long Cold War period,' he said, 'policies towards Africa were often determined not by how they affected Africa, but by what advantage they brought to Washington or Moscow. Thankfully, we have moved beyond the point of adopting policies based on how they might affect the shipping lanes next to Africa rather than the people in Africa.' Pledging America's commitment to democracy and human rights beyond its shores, Mr Christopher said: 'It is democracies, not dictatorships, that offer the best means to defend human rights, to put African nations on the path to progress and to address the vital social and economic concerns that cut across national borders. The United States will work through our USAID program and with the multilateral assistance and lending institutions to help Africa build its economic capacity. Under the Clinton Administration, these global concerns will not be relegated to the footnotes of our foreign policy agenda. Instead, they will be given the top-tier attention they deserve.' No more will the United States prop up autocratic client regimes: 'The people of Africa know where their future lies: not with corrupt dictators like Mobutu, but with courageous democrats in every part of the continent.' This attitude will take concrete form: 'The United States will take human rights into account as we determine how to allocate our scarce resources for foreign assistance.'

The trend towards democracy, Mr Christopher said, must be reinforced by sustainable economic development. Africa would attract private investment, development capital, technology transfer and technical expertise by 'applying the rule of law, reducing corruption, assuring the remittance of profits, and building more skilled work forces'. In return, 'the United States and the international community will be more willing to support the economies of African nations that have embarked on serious reform'. That support would come in the form of additional debt reduction as a reward for countries cooperating with IMF adjustment programmes. America's role in this substantially new relationship will be, Mr Christopher concluded, 'to enhance, not to erase, African solutions'.

But African and other developing countries cannot, it is obvious, apply whatever solutions they like. There will be two conditions for full US development aid: democratisation and structural adjustment. The US National Security Adviser, Anthony Lake, said earlier this year that 'Africa's democratic institutions will not always look like our own', so would-be aid receivers will have some room for manœuvre there. But not when it comes to market-based economic reform: at this year's annual meeting of the African Development Bank, US Treasury Under-Secretary Lawrence Summers said the current drive for economic liberalisation was 'the only definitive remedy for the poverty that plagues the continent'. Other remedies need not apply.

How much money will be put into development in future is still unclear. Assistant Secretary of State Clifton Wharton told a Senate committee considering a report on the future role of USAID that the Agency had been justified in operating in more than 100 countries during the Cold War, because the USA was at that time in competition with the Soviet bloc; but that rationale no longer existed. And it looks as if the regional bias in aid allocation will persist: the Administration is asking Congress for an increase in bilateral development funding for sub-Saharan Africa from the present $667 million to $800 million (plus $500 million in humanitarian and other assistance). But this has to be divided among 47 countries. So the bulk of American aid will still be going somewhere else.○ R.R.

Japan's development aid policy

by Masafumi KUROKI *

World's largest donor in 1992

In 1992, Japan's ODA totalled $11 330 million, which was the largest among the member countries of the Development Assistance Committee (DAC). Japan became the world's top donor for the first time in 1989, also occupying that position in 1991 and 1992. Recipients of Japanese ODA now number more than 150 countries and territories, covering all continents.

Japan worked to expand its ODA considerably under its Fourth Medium-Term Target. The target was to contribute a total of at least $50 billion in ODA over the five-year period from 1988 to 1992. In those five years, Japan's aid totalled $49.684 billion, with the Fourth Medium-Term Target thus being almost fully attained.

This brief overview gives an overall picture of Japan's ODA, ranging from the underlying philosophy and principles to priorities and quality.

Basic philosophy of Japan's ODA

On 30 June 1992, the Cabinet announced Japan's Official Development Assistance (ODA) Charter stating Japan's long-term comprehensive aid policy. I will here touch upon the basic philosophy of Japan's aid, as described in the ODA Charter.

First, there is the humanitarian perspective: we cannot ignore the fact that vast numbers of people in many of the world's developing countries suffer from hunger, even famine, and poverty.

Second is the awareness of the interdependence of the international community. Japan's aid contributes to development for the developing countries, and that development is essential for world peace and prosperity.

That part of Japan's aid philosophy that concerns environmental conservation derives from the conviction that Japan can play a major role in addressing the problems of global proportions which must be addressed by the advanced countries and developing countries working together.

Japan's own experience of development after World War II, and of assisting the countries of East Asia, leaves Japan convinced that development that is founded on a country's self-help efforts is most likely to lead to genuine economic take-off.

Establishment of the four principles for aid

The ODA Charter also makes clear Japan's four ODA principles: (1) environmental conservation and development should be pursued in tandem; (2) any use of ODA for military purposes or in a way which would aggravate international conflict or tension is unacceptable; (3) attention is to be paid to trends in recipient countries' military expenditures, their development and production of weapons of mass destruction and missiles and their exports and imports of weapons; (4) attention is to be paid to recipients' efforts to promote democratisation and the introduction of a market-oriented economy and to the situation regarding basic human rights and freedoms in the recipient country.

Of these, this overview will focus on principles (3) and (4). Japan's spelling out of principles, in fact, preceded the donor community's recent emphasis on 'good governance'. The ODA focus given expression in these principles reflects the Japanese people's response to the issues of aid recipients' military expenditures and efforts to promote democratisation and market economies, highlighted by the Gulf Crisis and reform in Central and Eastern Europe.

In terms of concrete application of these principles, some might find it more appropriate to establish standards for military expenditures, such as absolute spending or percentage of GNP. However, the security circumstances of each country differ greatly, making it difficult to determine objectively appropriate military levels. The situation is similar with regard to democratisation, where the diversity of socio-economic conditions makes it inappropriate to 'impose' the political systems and structures of the advanced nations. These matters are closely bound up with the security and internal politics of recipient countries and, therefore, effects are likely to take some time to become apparent. It is necessary to address these matters persistently in all our diplomatic contacts with recipients.

At the same time, it will be necessary to reconsider aid policy to a country when it is clear that there are significant reversals of the democratisation process, grave violations of human rights, continued excessive military spending or other developments that are unacceptable to Japan and the international community generally. Japan has, in fact, reconsidered its aid policy with regard to Haiti, Myanmar, Kenya, Malawi, the Sudan and other countries.

Asia a priority region

The ODA Charter states that Asia is a priority region for Japanese aid, and Asia, in fact, receives more Japanese bilateral ODA than any other region. This reflects both Japan's close historical, geographical, economic and political relations with those countries and the fact that over half the people in the world living at or below the poverty line are concentrated in Asia. This latter factor makes it an important region in terms of humanitarian considerations.

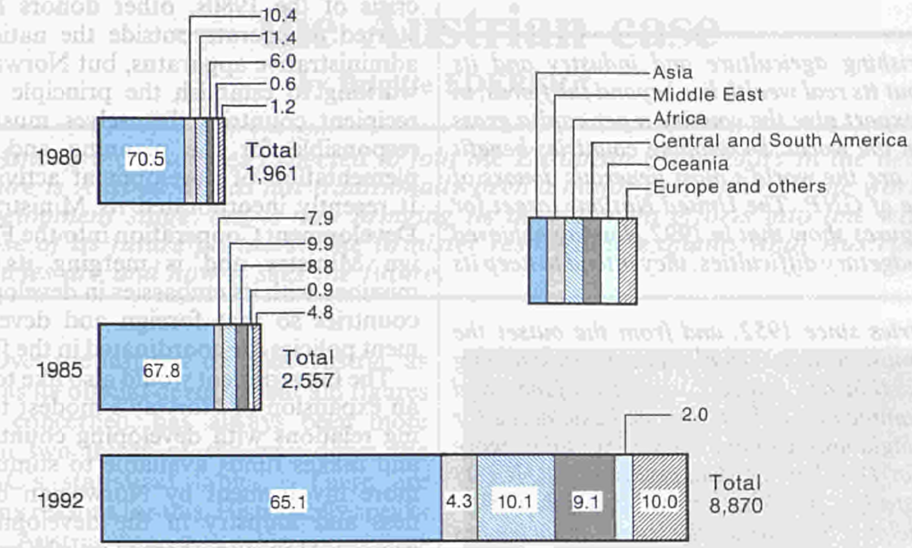
Asian countries in both the Far East and the Association of South-East Nations (ASEAN) are exhibiting dynamic economic development, making the promotion and expansion of economic development in those countries extremely important for the economic development and growth of the world as a whole, developing and developed.

At the same time, it is vitally important to call attention to the poverty and economic hardship in the world as a whole, and Japan is cooperating in development in regions other than Asia at a level in keeping with its place in the world. In this connection, Japan has proposed the holding of the Tokyo Conference on African Development, in collaboration with the UN and GCA (Global Coalition for Africa), in October this year, with the participation of ministers from the majority of the African countries, donor countries and the representatives of international aid organisations.

One might very briefly sum up Japan's aid policy in the different regions as follows:

* Director, Research and Programming Division, Economic Cooperation Bureau, Ministry of Foreign Affairs, Japan.

Regional distribution of Japan's bilateral ODA



Note: Totals may not match due to rounding of figures.
(Data from the Ministry of Foreign Affairs of Japan)

Middle East: An important region in terms of world security and world energy supply.

Africa: Emphasis on cooperation for alleviating poverty focusing on BHN (Basic Human Needs) and humanitarian aid.

Central and South America: Assistance primarily in the form of technical cooperation and cooperation designed to promote private investment.

Oceania: Expansion of 'fine-tuned' cooperation, primarily technical cooperation and grant aid taking account of the specific character of the recipients' economies.

Central and Eastern Europe: Assistance for the efforts of the Central and Eastern European countries to promote democracy and the market-oriented economy.

Quality is being improved, not just quantity

Japan is striving to achieve qualitative as well as quantitative improvement of its ODA. One example is the dramatic increase in the numbers of students and trainees coming to Japan under ODA programmes and the numbers of experts and Japan Overseas Cooperation Volunteers (JOCV) going to developing countries.

Japan also increased its FY 1993 budget for aid to be implemented through international organisations, for example, expanding subscriptions and contributions to UNEP (United Nations Environment Programme) and the EBRD (European Bank for Reconstruction and Development).

Japan's untied rate third in the world

Regarding qualitative improvement, it should be noted that Japan's aid is open to corporations of all countries. The criticism is all too frequently heard that Japan's ODA is quite simply commercially motivated and very much bound up with the interests of Japanese firms.

I am convinced that these criticisms are completely unjustified as regards Japanese ODA today.

Japan's untying rate, 79.7% in 1991, ranks third among DAC member countries (surpassed only by New Zealand's 100% and Sweden's 83.7%), which means that the vast volume of goods and services required for Japan's aid projects is open to bidding by firms of all countries. Furthermore, the percentage of those goods and services actually procured from Japanese contractors is extremely low. For example, in terms of government loans, in FY 1992 the corresponding percentage for Japanese contractors was as low as 35%. A variant of the criticism is that even if Japanese companies are not obtaining so many contracts, 'companies affiliated with Japanese firms' are being awarded contracts for large numbers of projects. However, regardless of whether the bidder is a purely Japanese company, a company that has a connection of one kind or another with a Japanese company, or a company with absolutely no connection with Japan, the bidder can only win a contract for a Japanese-assisted project through fair and competitive bidding implemented by the recipient country in accordance with strict and open guidelines expressly designed to ensure impartiality and cost effectiveness. Companies affiliated with Japanese corporations or purely Japanese corporations have, therefore, no advantage.

The Fifth Medium-Term Target

The stability and sustained growth of developing countries are essential for the creation of a post-Cold War framework for peace and prosperity. With emerging global issues making yet further demands on assistance resources, developing countries find themselves in an increasingly difficult situation.

Japan has set a new Medium-Term Target, covering the five years 1993 to 1997, in order to further enhance Japan's contribution to the world through the expansion of its ODA to $70-75 billion in those five years. The Target also calls for steady improvement of the ODA/GNP ratio and increase in bilateral grants and steady implementation of ODA loans.

Role of Japanese aid in the post-Cold War world

Desiring to contribute effectively to the creation of a new peaceful world order in the post-Cold War era, Japan has made peace, freedom and prosperity for all even more explicitly the goals which it will pursue with the peoples of the world. In other words, Japan is pursuing the attainment of an international community in which there is respect for freedom and democracy and in which people enjoy prosperity founded on the market-oriented economy.

In 1989, democratisation in the Central and Eastern European countries marked a turning point for dramatic change in the international scene. Countries formerly under socialist systems, including many developing countries, began to move toward economic liberalisation and democracy. In the process of implementing these reforms, however, many developing countries are facing political confusion and economic hardship. Japan is increasingly, in its ODA, stressing assistance for democratisation and economic liberalisation efforts in those countries, as an essential aspect of the pursuit of the goals of peace, freedom and prosperity, goals common to all mankind.○ M.K.

Norway — and its neighbours

Norway's forests and fields support a flourishing agriculture and industry and its dramatic landscapes attract many tourists — but its real wealth lies beyond the fjords, in its vast offshore oilfields. Oil production and export give the country a per capita gross national product which is one of the highest in the world. Developing countries benefit from the 'black gold' too, for the Norwegians are the world's most generous donors of official development aid in terms of percentage of GNP. The United Nations target for this ratio is at least 0.7% ; the latest OECD figures show that in 1992 Norway achieved 1.16%. And its leaders say that, despite their budgetary difficulties, they intend to keep its ODA/GNP ratio at the present high levels.

Norway has been helping developing countries since 1952, and from the outset the policy has been to ease the daily burdens of the most destitute people in the poorest among them. Recent examples of this approach in action are projects to assist women and children through India's national health programme and to help provide basic needs for impoverished people in Mali, Tanzania and Bangladesh. Combating poverty takes more indirect forms too: as Norway's Directorate for Development Cooperation (NORAD) points out, building a hydroelectric power station provides energy and jobs; road construction gives farmers access to markets; helping to set up an electronics industry (as in Tanzania) both creates new jobs and boosts the national economy.

Norway gives an unusually high proportion of its bilateral aid to low-income countries, concentrating on a limited number of these in order to acquire a thorough knowledge of conditions there and make the most effective use of resources. In recent years there has been a gradual shift in the geographic distribution of such aid from Asia to sub-Saharan Africa, particularly Eastern and Southern Africa. Head of the list of recipients is Tanzania, one tenth of whose development budget is financed by Norwegian aid. More resources are also going into regional cooperation, notably in the Southern African Development Community and the Sahel.

To foster sustainable development, Norway will not approve financing for any assistance programme unless it is sure that the natural resource base can tolerate it. High priority is therefore given to environmental considerations, and generous funds are put into measures to limit population growth.

All assistance projects and programmes are reviewed to assess their material and political effects on the situation of women and children. The aim, as set out in a White Paper on development cooperation submitted to the Norwegian Parliament by the Government in 1992, is to provide women with the resources and opportunities for participating actively and on an equal footing with men in economic, social, political and cultural life. This involves improving health care and education for women and ensuring them access to productive resources such as technology and credit. And there is a special strategy to improve conditions for children in line with UN decisions on the matter.

There is a general concern to promote human rights through development cooperation by, for example, supporting independent human rights groups and helping the victims of human rights violations, and through action to safeguard the rights of ethnic minorities and indigenous populations. Norway advocates positive measures to support the rule of law and establish democratic institutions in developing countries, including independent media and trade unions, and has withdrawn or reduced development assistance for countries (such as Kenya in 1990) with which it has disagreed on these matters.

Eliminating general poverty in the poorest developing countries requires economic growth, which in its turn depends on (and influences) the development of human resources, so Norway gives priority to investment in education, health and nutrition. It financially supports the stern economic reform policies many developing countries are applying in pursuit of growth, and encourages the establishment of sound financial, fiscal and administrative practices and institutions as the necessary substructure for private-sector activities. It believes that a fair distribution of the fruits of economic growth, through taxation and social benefits, should be one of the goals of economic policy.

Continuing dialogue takes place with the recipient countries on their needs and goals and on how Norway can help. In some countries hard-hit by the economic crisis of the 1980s, other donors have started to operate outside the national administrative apparatus, but Norway is working to establish the principle that recipient countries themselves must be responsible for the planning and implementation of development activities. It recently incorporated its Ministry of Development Cooperation into the Foreign Ministry and is merging its aid missions with its embassies in developing countries so that foreign and development policies are coordinated in the field.

The Government would also like to see an expansion of Norway's modest trading relations with developing countries, and makes funds available to stimulate more involvement by Norwegian business and industry in the development process. However, there is no obligation on countries or multilaterals receiving aid to buy Norwegian goods or services.

To avoid making the developing countries' debt burden heavier than it already is, almost all Norwegian aid is in the form of outright gifts, not loans or credits. And about two fifths of the aid goes to fund multilateral efforts under UN and World Bank auspices, which the Government believes is the most effective way for a small country to contribute to world peace.

Norway's neighbour, Sweden, pursues very similar policies. It, too, focuses on eliminating poverty and environmental degradation, on promoting economic growth, economic and social equality, democracy and human rights, and on fostering independence through recipient responsibility — which the Swedish International Development Agency, SIDA, calls providing 'help for self-help'.

Sweden's ODA/GNP ratio in 1992 was 1.03%, level-pegging with Denmark, which makes these two Scandinavian countries second only to Norway in the OECD donor list. Private individuals in all three countries are also among the world's top givers to development projects run by nongovernmental organisations. Why this public and private generosity? Perhaps because their governments keep the public well-informed about development. Or perhaps, as the 1992 report of the OECD's Development Assistance Committee speculates, it is because people in the Nordic countries are conscious of living in affluent societies, feel a collective responsibility for the less fortunate and believe that promoting social justice through public programmes is a feasible proposition. ○ R.R.

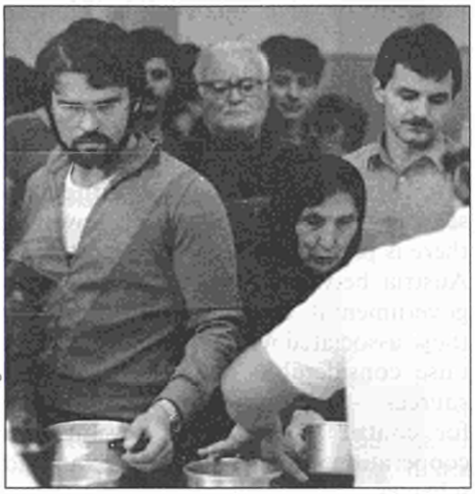
Development cooperation — the Austrian case

by Brigitte EDERER *

Among the countries expected to join the European Community in the near future is Austria. It has not traditionally been a major performer on the world development stage, but is now bringing its development efforts into line with those of its future partners. The Minister responsible explains what Austria's policies are and how it sees the future.

Over the last few decades Austria, as far as its official development aid figures are concerned, has always been more than two thirds of the way down the DAC's statistical tables. [1] There are many reasons for this. Historically speaking, Austria was once a European continental power, and later a small, landlocked country in Central Europe, which meant that it did not have the active overseas ties which the traditional European colonial powers and even the Scandinavian countries had to some extent developed over time. In recent times, because of its geopolitical situation between the military blocs, as well as its neutral status, Austria trained its sights very firmly on Europe during the period of East-West conflict. Although politically and economically it was clearly modelled on the West, it did at the same time have a part to play as an intermediary and a bridge to the eastern half of the continent. The effects of this were also to be seen in the fact that a substantial proportion of its foreign trade — after that with the EC and EFTA countries — was with the countries of the former CMEA. [2] Consequently, the Third World played only a marginal role in the country's external economic relations (accounting for about 7% of Austria's foreign trade).

In addition to a concentration on Europe for historical and geopolitical reasons, however, there is also another factor which bears a share of the responsibility for the small amount of resources which Austria put into official development assistance. The drafting of official budgets is always the outcome of a process of reconciling the various interests within a country — or, to put it more bluntly, of battles over the allocation of resources. Because of its very distinctive system for the representation of interests and the partnership between employers and labour, Austria has an institutionally very strong (and sometimes, possibly, also somewhat rigid) framework for the reconciliation of different interests. This does also mean, though, that, particularly at times when consolidating the budget is one of the Government's most important objectives in terms of economic policy, it is very difficult to make available any additional resources for purposes for which there are no strong lobbying interests — and that applies, of course, to development cooperation as to anything else. The point should be made here, nevertheless, that Austria has in the past spent exceptionally large amounts on helping refugees from Eastern Europe, and is at this moment committed, out of proportion to its size, to economic aid for the new democracies in Eastern and Central Europe and humanitarian and refugee aid, especially for the former Yugoslavia.


UNHCR/H. Hug

Austria has helped many refugees from Eastern Europe

Improving development cooperation — an integral part of the Government's programme

However, this justification for Austria's unsatisfactory, by international standards, performance in the development cooperation field is in no way intended to be taken as an argument for saying that the Austrian Federal Government could afford not to make special efforts to increase and improve its official development assistance. In a Government statement of 18 December 1990, the then Austrian Federal Government said: 'The Federal Government will further step up ties with the Third World countries in all fields and, furthermore, play an active part in the North-South dialogue. There must be a substantial improvement in the quality and quantity of Austria's achievements in development cooperation.' Even before that time, the Austrian National Assembly, in two resolutions, had called on the Federal Government to bring the proportion of gross domestic product devoted to development aid up to the average scale and standard for the OECD countries and aim to reach the international commitment of 0.7 per cent. The two coalition parties, the Social Democratic Party of Austria (SPÖ) and the Austrian People's Party (ÖVP), incorporated this call by Parliament into the work programme for the Government's 1990-94 term of office.

While in previous years Austrian development assistance accounted for 0.25 per cent of gross national product, in 1991 it reached 0.34 per cent, bringing it for the first time nearer to the DAC average. Even so, this increase was only attributable in part to budgetary increases in the field of bilateral technical and humanitarian assistance; in part it was also due to a rise in official financing on credit linked to delivery or performance, as well as to recapitalisation by international financial institutions. Since these last two components of Austrian development cooperation cannot be planned or predicted, the above-average increase in Austrian development aid in 1991 cannot be regarded as a trend which will continue in ensuing years. What is more, the rise in the proportion of export credits and of contributions to financial institutions has an adverse effect on the standard of overall performance. If the targets set in the Government's programme are to be reached, further efforts

* State Secretary for Integration and Development Cooperation, Austria.
[1] DAC: the Development Assistance Committee of the Organisation for Economic Cooperation and Development.
[2] The Soviet-dominated Council for Mutual Economic Assistance or COMECON, now defunct.

will have to be made to reinforce the planning and organisational components of Austrian development cooperation. A step in that direction was Austria's pledge at the UN Conference on the Environment and Development (UNCED) to make an extra 200 million Austrian shillings available for projects involving the tropical rain forests.

In a report on Austrian development assistance which he delivered to Parliament in September 1991, Federal Chancellor Franz Vranitzky brought out another aspect which the Government sees as very important when it comes to enhancing development cooperation. 'Efforts to bring about an improvement in Austria's development cooperation also represent a step in the preparations for Austria's accession to the EC, and in this connection particular attention must be paid to the need to bring Austria's development assistance performance up to the level of the EC Member States of comparable economic strength. The sooner Austria sets about gradually attaining a European standard in this area as in others, the easier it will be to achieve it without major difficulties once we have become members.' Even before joining, in fact, Austria is interested in cooperating with EC Member States and institutions — particularly the European Development Fund — in financing and carrying out development programmes and projects in the Third World. The immediate guideline for development cooperation is the 'Three-year programme of Austrian development assistance' reviewed each year and adopted by the Government on a proposal from the Federal Chancellor (in agreement with the Ministers of Foreign Affairs and Finance). This programme lays down not only the principles and objectives of official development assistance but also the regional and sectoral priorities, and describes the various forms cooperation is to take and the fields it is to cover. Within the Federal Government, bilateral cooperation and the coordination of development policy are the responsibility of the Federal Chancellor (from January 1985 to January 1991 they were the responsibility of the Federal Minister for External Affairs); he delegates responsibility for these matters to a State Secretary, who is also responsible for matters relating to European integration. However, the Federal Chancellor's Office administers only a comparatively modest proportion of total development aid resources (a mere 20%); the bulk of it is handled by other Ministries, particularly the Ministries of Finance and Foreign Affairs.

The Federal Chancellor's Office bears particular responsibility for bilateral technical assistance programmes and projects, but itself has no governmental or paragovernmental instruments with which to prepare and implement such projects. As a result, all the Office does is commission nongovernmental organisations or undertakings to carry out projects, or give financial backing to projects set up by NGOs or firms. This chimes in with the principle of subsidiarity and partnership which is deeply embedded in Austrian development cooperation, but also means that priorities are sometimes more difficult to set and alter. For this reason, however, there is particularly close cooperation in Austria between government and nongovernmental organisations (especially those associated with the Church), which raise considerable sums in private resources — primarily from public appeals for contributions — for development cooperation and humanitarian aid schemes.

Basic criteria: alleviating poverty, protecting the environment, promoting democracy

The official development aid administration system is concerned to bring the basic criteria for development cooperation into line with DAC recommendations and make them the foundation for practical project policy. Austria is therefore especially keen to contribute towards alleviating poverty, conserving the environment and promoting democracy and human rights in the Third World. From the regional point of view, there is a heavy concentration, particularly in the field of bilateral technical assistance, on countries in sub-Saharan Africa (predominantly LLDCs), with the SADC states and some countries in East and West Africa specifically identified as target countries. Another target area is the Central American region, as well as individual Asian countries. To make the limited resources available more effective in terms of achieving development policy aims, there are plans to confine development cooperation in the future to eight target countries. As for the actual targets to be achieved, they are dictated by the basic criteria for Austrian development cooperation referred to above, the needs of its partners in the developing countries and Austria's own capacity and areas of expertise.

Austria faces up to the development policy challenges of the 1990s

To conclude, let me once again quote Federal Chancellor Vranitzky, who, in his report to Parliament in September 1991, said: 'At all events, the task for the immediate future will be to shape Austrian development assistance in such a way that Austria is able to meet the development policy challenges of the 1990s, as set out by the United Nations and, in particular, the OECD, on an equal footing with the Western donor community.' These words may not sound particularly sensational, but they give Austrian development cooperation an exacting programme to fulfil.

In fact the 'development policy challenges of the 1990s' extend a long way beyond the realm of development assistance. In the final analysis it is a matter of acknowledging the growing global interdependence of the world economy, in environmental policy, in relation to migration flows and in many other spheres, and of drawing the appropriate political conclusions from that realisation. As far back as 13 years ago the report by the North-South Commission, the so-called Brandt Report, set out in detail the interests which the industrial and developing countries have in common, but the conclusions for which it called even then were unfortunately not drawn in the 1980s. The documents which emerged from the UN Conference on the Environment and Development held in June last year serve, in many respects, as an endorsement of the North-South Commission, though at the same time they develop its conclusions further and give them practical form. In theory, at least, no one today would challenge the idea that development policy means more than just the solidarity with the 'poor South' which is a moral and political obligation; it is, seen in the longer term, a prerequisite for global survival and, therefore, is also in the interests of the industrialised countries themselves. The challenge of the 1990s is now to make sure that this theoretical acknowledgement is followed up by practical, political steps. ○

B.E.

The World Bank — king of the development castle*

Rather as all roads, according to the old saying, used to lead to Rome, every discussion of development nowadays seems to end up, sooner or later, at the doors of the World Bank. Rome won its empire by force of arms; how has the World Bank secured its commanding position on the battlefield of debate?

It has huge amounts of money available to deploy for development purposes, to start with. In fiscal year 1992, ending on 30 June last year, the International Bank for Reconstruction and Development (IBRD), to give it its full official name, approved loans totalling $15.2 billion for projects and programmes in 43 countries. It has three affiliated institutions which, in the same period, made loans or issued investment protection guarantees worth a further $9.3 billion. This kind of money talks.

But other development operators are more generous, and loans and guarantees, however favourable the terms attached to them, are not grants. The EC Commission, the EC Member States and the other members of the OECD's Development Assistance Committee supply more aid than the World Bank Group in absolute terms, and a large proportion of it is an outright gift.

Single-minded

Perhaps the real explanation for the World Bank's dominance of the development debate is that it adapts skilfully to changing conditions and, once it has decided on a policy, pursues it single-mindedly and puts its messages across with force. A look at the policy speech by its Vice-President, Edward Jaycox, elsewhere in this Dossier will give a taste of the Bank's line in trenchant thinking and plain speaking. It has never been afraid to change direction very publicly when circumstances warranted, as its history shows.

The World Bank was set up 39 years ago at the famous UN conference in Bretton Woods, New Hampshire, when it was clear that the United States would emerge victorious from the world war but would have to help a battered Europe rebuild. The Bank's function was to borrow money on world markets to lend on more cheaply than commercial banks to countries short of foreign exchange for reconstruction and development. It was a non-profit-making institution whose shareholders were nation states; the United States and Britain had the largest holdings. The Soviet-bloc countries soon withdrew after ideological disagreements, leaving only Western Europe as the focus for Bank loans. In 1947, however, the United States' Marshall Plan took the lead in European reconstruction and the World Bank rapidly shifted its sights to the Third World. Its goal there was (as it still is) to promote economic development that would benefit poor people in the developing countries. Investment and technical assistance were poured into projects such as roads, schools and power stations and activities such as agricultural extension services and teacher training.

Conditions

The Bank operated only in sectors to which private investors were not attracted and, as it had to raise its own funds on the money markets, and for that reason preserve its own credit standing, it was able to impose terms on its borrowers. From the earliest days its policy was to provide loans on condition that institutional reform was carried out in the economic sector to which the project or projects being financed belonged. The object was to fend off political interference in major economic undertakings by making sure they could stand financially on their own feet. It was not long before the Bank began playing an active part in guiding macroeconomic development in recipient — and even applicant — countries in the directions it considered appropriate.

Many African and some Asian countries were unable to meet the IBRD's loan criteria, and a new departure came in 1960 with the founding of the International Development Association (IDA), a World Bank affiliate whose job was to grant interest-free credits for development projects in the poorest countries. The financial solvency of countries was no longer the criterion for deciding whether to lend them money. Consequently, IDA funds could not be raised on the capital markets but were to come from contributions by donor governments. These were naturally concerned to know whether debtor countries had any realisable assets, hence the World Bank Group's interest in — and continuing influence over — the exploitation and price of the only source of wealth most of the poorest countries have, their raw materials.

Problem-solving

In 1968 a former Defence Secretary to President Kennedy, Robert McNamara, took over as President of the World Bank and started a new line of thinking. He saw development essentially as a technical problem and the function of the Bank as being to find and apply the solution. It began to put forward its own economic monographs on developing countries as the basis for discussion in international development forums and to forge links with academics and researchers. As well as economic growth in the countries they visited, its economic missions were to consider the social and qualitative aspects of development — such factors as population growth, urban development, income distribution, health and the environment — and to guide governments in their basic economic policy choices. The Bank soon took charge of coordinating consultative groups on Western aid to the developing countries and has held that position ever since. And there have been other Presidents since McNamara, but the Bank has remained true to his line in taking its lending decisions strictly on economic, not on political, grounds.

Share capital in the Bank has always been owned by countries in proportion to their economic size, and the influence of Japan has steadily increased, accentuating the Western, market-oriented slant the Bank has displayed since its creation. In the early 1980s it switched from lending to projects to supporting entire programmes for the restructuring of economies, and, in these programmes, free-market economics reign supreme. In its policy prescriptions to countries applying for its help, Zaki Laïdi, an unsparing critic of the World Bank, says it is guided by three principles: prices, not state regulation, should be the driving force behind economic options; world markets must be the final arbiter in any economic policy; and the state must stop holding the private sector hostage.

Sound money

The World Bank's sister institution, the International Monetary Fund, makes similar demands of governments apply-

* This article is based on information supplied by the World Bank and on 'Enquête sur la Banque Mondiale' by Zaki Laïdi, publ. Fayard, Paris 1989.

ing to it for help in overcoming short-term financial problems. As the IMF's job is to keep the international monetary system stable, its main requirement of a beneficiary country is that it make sure its currency is sound.

Put into practice, these principles have rocked the economies — and societies — of many developing countries to their foundations. The notion of realistic cost recovery from the users of public services such as health care, education and public transport, for example, not only runs counter to welfare-state traditions bequeathed by the West at the end of the colonial period but puts such services beyond the reach of many, if not most, ordinary people. The other social and economic costs of structural adjustment are well known: the period of mass unemployment which follows the dismantling of bloated public sectors before a private sector capable of taking up the slack has emerged; the meteoric price rises which tend to occur when government food subsidies and price controls are removed; the difficulties experienced by producers and manufacturers suddenly faced with real competition and urged to reach world standards of efficiency; the loss of purchasing power to the population, through the rise in the cost of imports, when a national currency has to be devalued. And to make matters worse, all this and more may be going on against a background of rising regional or ethnic tension caused by a release of strict political control.

The social dimension

At international meetings on development, the EC Commission has been prominent among those pressing for more account to be taken of the social effects of structural adjustment policies and has evidently made its voice heard. The Bank's 1990 *World Development Report* set out a strategy for alleviating poverty which includes ensuring that the poor have improved access to education, health care and other social services, with safety nets for the most vulnerable. The policy is to support the efforts made by borrowing countries in these areas, and the strength of these efforts is one of the factors the IDA takes into account before deciding how much to lend to each country. A growing number of the projects it supports involve the poor themselves in design and implementation, for the pragmatic reason that this tends to make the projects more successful. And as labour is the most abundant asset of the poor, countries should be encouraged to use it. Labour-intensive public works are among the safety nets the IDA board recently agreed to support, together with nutrition programmes and targeted food subsidies — a significant advance in policy thinking, as none of these will produce a direct economic return in the short or medium term.

Protecting the environment

The World Bank has drawn criticism for lending to development schemes which have damaged the environment — the Rondonia Highway project in Brazil, opening up vast areas of virgin forest to potentially ruinous exploitation, was a notable example. It now recognises that some traditional economic activities can have no place in a strategy of promoting environmentally sustainable development, and devotes increasing amounts of its resources and staff time to environmental impact assessment and encouragement for environmental protection. In 1990 it joined the UN Development Programme and the UN Environment Programme in running the Global Environment Facility, a scheme to help developing countries meet their share of the cost of tackling global environmental problems by limiting emissions of greenhouse gases, preserving biodiversity, protecting international waters from pollution and stopping the depletion of the ozone layer. However, some borrowing countries are not enthusiastic about changing their practices to meet the Bank's guidelines, and, at the instigation of its current President, Lewis Preston, it is considering setting up a panel responsible for making sure that Bank-supported projects do not breach its own policies.

The Bank assigns part of the responsibility for environmental damage, and for poverty, to the growth in the world's population. It gave its first loan for family planning in 1970, to Jamaica, and by 1992 was supervising population control projects in 43 countries. In a speech to the Board of Governors that year, Mr Preston said that policies to promote income growth, coupled with an emphasis on human resource development, could reduce fertility by creating social and economic conditions in which couples would want fewer children and be more confident of their survival.

Credit and debt

The Bank prides itself on its triple-A credit standing when it sets out to raise funds on the world's capital markets, owing to what it calls its enviable record of debt repayment. As a matter of policy it does not reschedule interest or principal payments, and in fiscal 1992 only 2.1% of its loans to developing countries were overdue by more than six months. Where the Bank goes, even the most conservative investors follow. Every dollar it lends to the developing world attracts four more from other lenders.

But this cuts both ways. To begin with, the list of countries the Bank lends most to shows a preference for middle-income countries, which are not the ones most in need but the ones best able to keep up the repayments. Poor countries nevertheless have to keep up their payments to the Bank, or they risk losing all other international financing as well. If, on the other hand, they default on payments to other creditors, they lose no credit with the Bank provided they keep up their payments to it. So their debts to bilateral lenders and commercial banks mount up, and by 1988 the plight of certain African countries was so severe that the Bank had to start lending them money on concessional terms to pay off the interest due on earlier non-concessional loans, in conjunction with debt relief measures and help from the IMF. In 1989 the IDA set up a debt-reduction facility to help severely indebted, low-income countries pay off their commercial debt. Other proposals and plans for debt reduction have followed, none of them involving debt cancellation by the World Bank.

Most of the developing world is gradually emerging from the debt crisis, at the price, to heavily indebted countries, of falling *per capita* incomes and lost development opportunities. The principal policy lesson for the future to be learned from the crisis, in the Bank's words (from an Information Brief of April 1993), is that 'domestic resources and policy are the keys to economic development. External finance by itself is not a substitute.' A neat encapsulation of the argument for structural adjustment. So where is the Bank going to fit in? 'External finance can play an important beneficial role, but only when it supplements and supports sound development policy.' As the report of the speech by Mr Jaycox which follows makes abundantly clear, the World Bank now says developing countries must devise their own development strategies and build up their own capacity to carry them out. Any countries which ignore this advice can look somewhere else for help.○ R.R.

Capacity building: the missing link in African development

by Edward V.K. JAYCOX *

The World Bank is simply the world's largest bank, which gives it enormous influence over the development agenda, not just of its sister institution the International Monetary Fund but of every country or multilateral organisation which gives development aid. A shift in its policy therefore has repercussions all over the world. A recent speech by a top policy-maker at the Bank signalled major changes in its approach to the one region of the world where decades of development effort have failed to halt the slide into poverty. Edward Jaycox, the World Bank's Vice-President for the Africa Region, told the annual conference of the African-American Institute in Washington, D.C., that from now on the Bank would support African governments' own efforts to build capacity instead of paying for foreign expertise to be called in to solve problems. Here is an edited version of the speech.

Anybody who is involved in economic development anywhere in the world, but obviously in Africa, knows how critical human and institutional capacity is to the development effort and the chances of success. It is critical not only in the sense of better management of economies, but also as regards the ability to react to the realities of the world economy as they thrust themselves upon you. In the last 20 years Africa has had to face a very hostile economic environment and most of the crises, in my opinion, have been generated by its inability to respond. Other countries that were also primary producers, if they had a slight edge in capacity, were able to weather these storms better. When you lack capacity, there is a tendency to substitute rigid rules and arbitrary activity to compensate for it.

At the macro level, we know that there are major economic reforms under way in Africa. But let's look at the micro level too — project performance and the management of public administration.

Here again, capacity is absolutely essential. The World Bank Group lends $4 billion a year in sub-Saharan Africa, and right now we have $14 billion outstanding, waiting to be disbursed. This is equivalent to two IDA replenishments [1] as far as Africa is concerned. The commitments are there but the drawdown is not there. What's happening? It's an issue of capacity.

Donors and African governments together have in effect undermined capacity in Africa: they are undermining it faster than they are building it, or at least as fast. And this has got to stop, otherwise we are not going to succeed in the development effort in Africa or anywhere else where this is taking place.

Brain drain and ethnic jealousies

African governments, in many cases, have pushed away professional talent that was trained at very, very high cost. In many cases, this is the just the result of a very poor economic performance. Government can't pay these talented people, and they are not going to spend their lives working for nothing and not even having the psychological rewards of working in a dynamic, forward-going society. There's been an amazing brain drain from Africa. The rest of the world has benefited from this, but it's not been to the benefit of Africa.

Bureaucracies are run, as it were, on remote, because the capacity is not there to think through each problem and treat it with tailor-made solutions. So we are running on bureaucratic autopilot and that spells the death of professionalism everywhere. In Africa it stands out as a major endemic pathology that has to be treated.

Ethnicity has also gotten in the way of professionalism in Africa. People have been excluded; they have been discarded even as ministers because of their ethnicity. And when political power has been monopolised to the extent it has in Africa, in a single party or in a group, the in-group that is there for life, there is no room for professional growth. People build up jealousies against anyone who is competent, anyone who might be able to threaten them intellectually, professionally, technically. This is not an atmosphere in which we can talk about capacity enhancement. It's not one you can throw money at either, I would submit.

Expatriate help — 'A destructive force'

On the donors' side, they tend to use expatriate resident technical assistance to solve all kinds of problems. Not only do these problems not get solved, but I would contend that this is a systematic destructive force which is undermining the development of capacity in Africa. And most of this technical assistance is imposed, it is not welcome and there is no demand for it really except on the donor side. And when I talk about donors, I am including the Bank. We are not a donor, we are a lender, but we have got all these problems the same as everybody else. I would like to see this changed. We may design a project and then find a big mismatch between that project design and the local capacity to carry it out. So then we throw money and technical assistance at this, thinking that that will bridge the gap. Well, it hasn't and I don't think it will.

This is an endemic problem in the donor community — expatriate management substituting for domestic management, for scarce domestic talent. What is left in this or that demoralised ministry is being attracted away by donors and salary supplements. For example, the Danes might be competing with the Swedes and the World Bank to get that one guy in the Ministry of Health who can manage a project out of the Ministry to work on their little circumscribed project, in the hope that that will somehow make that project more successful where all other projects are failing in the country. The result, of course, is that the Ministry is undermined, the talent is taken away and the general system is further debilitated.

* Vice-President, Africa Region, The World Bank.
[1] IDA: the International Development Association, an affiliate of the World Bank which makes concessional loans to the world's poorest countries. It is funded by periodic donations, known as replenishments, from the richer countries.

I say this must change. Everywhere we turn, whether it's because we want to get that $14 billion drawn down or get that project completed, or get an economy managed from Accra instead of from the Fund, we see the capacity problem. It stares us in the face. It's embarrassing sometimes. People go around saying the World Bank imposes policies. Now this has got to change because we are not imposing anything. We're supporting a tiny minority of people in those countries who know what they're doing and with whom we agree. But the fact is in many countries they're not yet capable of putting together plans which will solve their problems. And the way we're going about it is not working either. The idea that we can provide this from 8000 or 10 000 miles away is ridiculous.

Creating a demand for professionalism

The demand for professionalism in Africa must be created. There are 30 countries in economic reform in Africa where we're underwriting the economy, with hundreds of millions of dollars. We are now insisting that the governments generate their own economic reform plans. We'll help, we'll provide critique, we'll eventually negotiate and we'll support financially those things which seem to be making reasonable sense, but we're not going to write those plans. We're not going to say: Here you are, do this and we'll give you money. For the ministers and governors here, you're going to have to find that domestic capacity. You've got it in the private sector; you've got it in the university; you can hire your own consultants; you can attract your own brains back to your country from wherever they are. Put them to work on your economy, solving your problems, and we'll be glad to support that, even financially. But we're not going to do this work any more.

The second thing is that we spend about $20 million a year out of our administrative budget on economic and sector work in Africa. We write economic reports on countries, on transport, agricultural and industrial sectors, the energy problem and this and that kind of policy. In the future, we're not going to try to do this ourselves all alone. I'm going to use part of that $20 million, but not very much of it, to actually support collaborative arrangements on this economic and sector work in Africa. Governments are going to have to use their own budgets to finance their counterpart people. We're going to try to do these reports and analyses together. We've done that in the case of Botswana. I got a letter from the previous vice-president explaining what a wonderful thing it was to have an economic report on Botswana which everybody understood by the time it got to Gaborone because they helped write it. A lot of reality comes our way by virtue of collaboration with people. We may have a theory down pat by now, but we do not know the facts as well as the domestic economists and professionals, if they are supported and given some credibility by their own governments.


The Courier

Edward Jaycox, World Bank Vice-President, Africa Region
'We are now insisting that governments generate their own economic reform plans.'

A third thing is to avoid undercutting. It is now forbidden for us to have any project management units on any World Bank-financed projects in Africa. It's going to be run by the Ministry or it's not going to happen. It's going to be designed in a way that it will not use foreign expatriate residents. You can have people come in for a week and come back six months later to see what happened. We'll finance that, but no resident expatriates, without coming to the Loan Committee, and I'm the chairman of the Loan Committee for Africa. Nobody: no exceptions. This is brand new. It is a last resort, since we can't seem to rely on common sense.

Building skills in Africa

Now this means that projects are going to be different. Instead of that business where you make the project and then you discover a gap on the implementation side and try to fill the gap with expatriates, it means that you're going to have to redesign the project if it's going to be approved. It's going to fit within the domestic capacity or it isn't going to go ahead. We're not going to have more commitments every year than we have disbursements. This $14 billion backlog is not going to grow. I want to get the money into Africa: the money doesn't do any good if it sits in accounts, I assure you.

Then there's the whole area of direct support for capacity building which we're already involved in, but which we want to enhance. Obviously, this means training. In every loan, every credit, every operation, there should be a heavy training component, and this has to be done better and with much more attention instead of being an afterthought or something that's not yet designed when we make the project. We're going to talk about upfront design and very careful monitoring.

And there is institutional support: the identification within a country of key institutions which can be used for training graduates, but also for training and retraining civil servants and managers. We would put bursaries in our loans — money that would pay the cost of training and put it in the hands of trainees to buy these services so that the institutions get the money on the demand side. In other words, if the Ministry of Finance decides it wants to train some managers, it goes to the local training institution with each of its workers, with bursaries to pay the salaries of the local teachers, or even expatriates if there are a few involved here. The point is to get these institutions functioning using money — cost recovery, the whole idea of value for money, services rendered, exchange, discipline, where if we pay money for training, we expect the training to be good. We want these institutions to grow and become stronger.

To give you an example of what this means, our Economic Development Institute has been training Africans and other nationalities in universities overseas. We're now shifting so that these programs have to go to Africa in a reasonable period of time. We're now financing a training program at McGill and a university in France that those universities won on competitive bid, to train African students at the master's level in economic management. But they have to move their course to universities in Africa within three years. That means they have to train the faculty in Africa. I would think that within the academic community there should not be any resistance to building an academic community in Africa that's strong, vibrant and can cooperate instead of just becoming a weak partner.

Real civil service reform

Another area of activity is civil service reform. Government is trying to do too much with the civil service and not doing anything very well. We would like to see it concentrate on education, maintenance and health and these things that, if they did well, African governments would be way ahead, instead of running meat-packing plants and dairy farms or whatever. The point is to get the concentration on an appropriate scope of work for a civil service and then reform it in a real sense. Up to now, we've talked about just cutting it down. In structural adjustment in the old days the second tranche of a, say, hundred million dollar structural adjustment loan depended on you getting rid of 14 000 civil servants. Now that turns out to be the wrong way to go about it because it hasn't worked. It hasn't saved any money. It just meant we've had our tranches blocked, and we lost momentum. Anyway the people have nowhere to go. There's nothing happening in the real economy so the thing just creates social problems. We've learned that — we don't do that any more. But we have to do something, because the civil service is part of the problem, certainly not part of the solution yet.

Now, what we propose is to 'projectise' civil service reform. Instead of just talking about cutting people, we talk about contracting out services, hiving off things that shouldn't be in the government anyway, making sure that those things are taken up in the private sector, and changing the salary structure so that it reflects the salary range that you're trying to keep in government, which means raises for people in upper skill categories. We don't want them to have to do something else in order to survive, and we want them to keep their hand in their own pocket. These people need training and equipment. They need organisation and rationalisation. We projectise it and we finance it. This is new, and about time, I would say.

Pluralism and information

We should be promoting pluralism. We should be breaking monopolies of information, of economic and other power, wherever we can. We have a small project which is educating the press, government-owned or private doesn't matter — educating financial and economic writers right across Africa. We want to make sure that journalists know what they are talking about, and know what is happening in their own economy. And we get the cooperation of governments on this.

I don't know how any government can go into structural adjustment with an uninformed public. How could they possibly get away with it? Besides, Africa is going through a kind of democratic process. The real negative weight of an uninformed public is going to be a major problem for Africa if reform programs are going to continue, which they must. So I think we have a lot to do on this front to create an environment where there is discussion, where there is debate, and where the public is aware.

You may have heard about the Capacity Building Foundation. The African Development Bank, the UNDP and the World Bank together put up something like $30 million in seed money and we have managed to attract another $70 million from bilateral donors and African governments to create a fund of $100 million for capacity building in Africa. This has all the characteristics of a private foundation except that the World Bank, the UNDP and the ADB have, at this stage in its life, a place on its board. Otherwise the board is made up of four eminent Africans and four eminent non-Africans who happen to represent where the main sources of funding are, but they do not represent governments. They are trying to assist the small staff in Harare, where this is based, to come up with good proposals. The idea is to be catalytic. We want to see at least three dollars of other people's money coming for every dollar that is granted by this foundation. So that means they have to go out and come up with very good projects.

Rising above politics

I am not worried about attracting money in the sense that it is not there. It's there. About $4 billion a year goes into technical assistance in Africa — equivalent to the World Bank lending program — and it's all been the salaries of expatriate advisors. This is being financed by the budgets of the North. We would like to see a big chunk of that shift away from what I regard as nonproductive, even undermining, activity into a real capacity building mode. So we expect to get the money, but only if this foundation comes up with really good projects, projects which when you see them you know this is something that will make a difference. And the whole idea is to rise above some of the politics of this business, both donor and African politics. The idea is to do the right thing. That means you can choose one university and reject another one. You can be very selective, you can build on the strengths instead of the weaknesses. Africa has world-class economic problems: it needs world-class economic managers. And they cannot come from far away — they have to be home-grown.

With a $100 million track record, the foundation, if it does a very good job and attracts three or four hundred million dollars of other people's money in the process, ought to be able to raise an endowment and stay in business without the help of the ADB, the UNDP and the World Bank. We could just back out and leave a truly African foundation.

So these are our ideas. We are looking for more ideas. We are looking for any suggestions on what we might do which will further focus us on doing the right thing. I invite other donors and anyone influential in this business to adopt similar reforms in their own way of doing business, because we are not going to make a big difference it we are the only ones that follow these guidelines. But I think that if we follow some of these ideas and focus on capacity building *per se*, not take it for granted that the capacity is there, we can make a tremendous difference in a very short time in Africa. And it will be a key difference. It will be a crucial difference for the future. ○

Economic analysis of projects and fair distribution of income*

In the original version of the above report (1975), the two authors, writing for the World Bank's research department, demonstrated how an economic analysis of development projects could make for a fair distribution of income in countries which received aid.

They first pointed out that, in calculating rates of return, it was important to take account of the way projects affected income distribution, not just as between investment and consumption, but also as between rich and poor.

Traditionally, the justification of the emphasis on global growth has been that governments have a whole range of financial policy instruments at their disposal and can therefore redistribute the income from a project as they see fit.

This is why, in calculating reference prices which were a better reflection of the true value of input and output than market prices, it was assumed that on the margin all units of income were of equal value as far as growth was concerned and all idea of social justice was ignored. These reference prices were efficiency prices.

Squire and van der Tak found that the theory that all units of income contributed equally to growth was a questionable one. They also pointed to the fact that a whole range of constraints in the developing countries restricted the governments' scope for juggling the instruments of general, monetary and financial policy and that other instruments, and a project selection system in particular, were required to achieve the desired aim.

Project analysts should therefore evaluate a scheme's effect on income distribution as between both investment and consumption and rich and poor.

Reference prices which cover both aspects of income distribution are called collective prices or social prices.

* Lyn Squire & Herman G. van der Tak, World Bank research department, Economica, Paris, 1985.

This approach involves giving an appropriate weighting to the advantages accruing from a project, depending on their form (consumption or investment) and on the beneficiaries (rich or poor).

Incorporating criteria of efficiency and fairness into project selection

Reference prices are used to analyse the additional wellbeing attendant on any marginal variation in the quantity of goods or input available.

Taking both efficiency and fairness into account when selecting projects entails having a social usefulness function, based on a breakdown of consumption in time and by individual, with which to work out the marginal variations.

This will reveal the critical choice to be made between growth (transformation of present consumption into future consumption) and redistribution of present consumption (transfer of consumption from rich to poor).

The resources accruing to each social category can be weighted according to one's notion of social wellbeing and then totalled, so that the value of the project to the community can be gauged.

This means expressing the advantages to the community according to a common or numerical yardstick. There are then various ways of determining both the efficiency price and the social price.

The aim is a complete system of weightings (for people and time) based on an explicitly formulated social usefulness function. The choice of denomination to be used is of fundamental importance since it is that which determines the absolute value of the weightings.

The social price can then be calculated in the light of the efficiency price and the effect of distribution.

The Courier

Economic analysis of development projects may help to bring about a fair distribution of income. Will this fisherman in Kiribati earn enough ... ... to become another customer for the bank?

The Courier

In 1975, Squire and van der Tak suggested that this general approach to the economic analysis of development projects be used by the World Bank and other national and international institutions which evaluate projects. ○

Dominique DAVID

German technical cooperation faces new policy challenges

by Johannes SEIFEN *

Executive agencies too must react to changes in the development cooperation scene. In recent years Germany's GTZ (Gesellschaft für Technische Zusammenarbeit GmbH — the Technical Cooperation Company Ltd), which handles development for the Federal Ministry for Economic Cooperation and Development, has endeavoured to face up to these new requirements both internally, through the restructuring of its organisation, and externally, by switching from projects to programmes, multilateral development cooperation, networking, system management, donor coordination and the like.

Botswana is one of Africa's most successful developing countries, not least because of a highly successful mining industry that has in the past ten years come to account for over 50% of the gross national product. Despite good macroeconomic conditions the country has been unable to absorb its growing workforce — the result of rapid population growth of almost 4% a year — with a suitably effective policy of job creation in the formal sector. This makes promoting vocational training, for example, a national economic and domestic policy priority.

The promotion of vocational training is a key area of German development cooperation with Botswana. The progress of the various schemes itself highlights an essential feature of the changing face of cooperation, namely the movement away from one-off projects to an integrated and coherent programme. After a pilot phase, the Auto Trades Training School (ATTS) in 1982 launched a training programme for motor mechanics: this is a practical, relevant and market-led full-time course turning out trained technicians for industry. In 1987 the government introduced a dual vocational training system based on close cooperation between the Ministry of Education (MoE) and the Ministry of Labour (MoL). The MoE now has responsibility for the overall development of the vocational training system. It supervises general theoretical training through the individual vocational training centres. The MoL directs and supervises practical training in enterprises through the Directorate of Apprenticeship and Industrial Training (DAIT) and the Madirelo Training and Testing Centre (MTTC). It also establishes the content of courses and guidelines for testing in cooperation with all concerned. Since 1989 the ATTS has concentrated on theoretical training; the practical side has been transferred from the ATTS to enterprises. This has called for very close coordination between the ATTS training enterprises and the MTTC. The MTTC itself is responsible for introducing and supervising the dual training system in firms, training instructors in industry and improving the Trade Testing System. The MoL's DAIT also advises the government on industrial and technical training. It prepares proposals and measures to increase business involvement in training. The MoE too has been promoting cooperation with the MoL and industry. To that end the capacity of the MoE's vocational training department is to be increased. Its chief tasks are planning and coordination in the field of vocational training: it assesses and updates the numbers of workers needed and the skills required.

What part can be played by an executive agency like the GTZ in the course of technical cooperation? Although in the start-up phases of the various projects machinery and tools were delivered, workshops equipped and training offered by German specialists, the GTZ has increasingly taken on an advisory role as local staff take charge of more and more areas of activity. A GTZ progress report this spring ended with the remark that the expatriate specialists were working as advisors.

Cooperation with the Community

The promotion and reinforcement of existing cooperation structures and the establishment of new ones at all levels is a precondition for the achievement of cooperation's purpose, namely maximum impact and the strengthening of the capacity of institutions and individuals to assume socially useful functions, of which vocational training in Botswana is undoubtedly an example. There is therefore a need to step up both horizontal cooperation between vocational training centres throughout the country and between the two ministries, and vertical links between, for example, the Ministry and the ATTS and other training centres. The acceptance this idea has achieved in the vocational training field is to be welcomed and bodes well for the future. Thus the ATTS is to be expanded with Community financial support to incorporate the Gaborone VTC's metal-working trades. Local experience and GTZ know-how in the area of implementing vocational training could also be used to good effect in this restructuring.

With the increasing movement in recent years towards programmes rather than simply implementing individual projects the GTZ is applying one of the 'Draft Principles for New Orientations in Technical Cooperation' presented by the OECD, DGD and DAC:

> '5. Comprehensive Programme Approaches: Increased emphasis should be given in the planning, selection and design of TC activities to a programme rather than a project-by-project approach.'

As system manager the GTZ is backing the policy dialogue so that the government establishes the requisite framework, identifies partners at central and local administration, private or NGO level and approves their involvement in government activities. Last but not least, it is promoting the network-style interaction of all parties, and the construction and coordination of the relevant structures.

Differentiated solutions

While the GTZ was able to adapt its technical cooperation approach to the changing perception of development, development policy and development cooperation with the shift away from rigid models towards differentiated solutions, its previous organisational structure was potentially overwhelmed by the growing complexity of project planning and management. This changed on 1 January 1989: the new structure consists of regional and technical structures.

* Press officer for GTZ (Germany's official technical cooperation agency).

Leadership and management are the exclusive responsibility of the regional departments. Contracting authorities and partners now know exactly who is responsible for what. Since technical know-how is not their primary concern, the regional experts can devote themselves more effectively to project management. The planning and development department gathers and tests technical know-how on the basis of multisectoral schemes. Relieved of time-consuming project management, the technical experts can concentrate on preparing the basis and instruments for innovative and appropriate action. This has also made it easier to comply with the guidelines of the Federal Ministry for Economic Cooperation and Development on the concentration of development cooperation, i.e. away from the piecemeal approach. Concentration on technical priorities in bilateral cooperation has facilitated effective coordination with donors. Since this experience is no less applicable to multilateral technical cooperation, the GTZ's effectiveness in multilateral cooperation has also improved. The result has been that international donors are increasingly calling on the services of the GTZ: the World Bank, the European Development Bank and regional development banks, such as the Asian or Inter-American Development Banks, are just some of the contracting and funding authorities with which the GTZ deals in the course of 'special projects for foreign clients'.

BMZ

Human resource development: official German aid goes towards building up a vocational training system for young workers in South Africa

The GTZ is active in most key sectors of economic and social development. Its professional know-how and regional experience range from agriculture, silviculture and forestry through health, town and regional planning to environmental protection and the conservation of natural resources. In all these areas the GTZ has developed a specific approach to cooperation involving three key elements: human resource development (HRD), integrated development programmes and institutional development. HRD programmes establish and support opportunities for people to develop and exploit their potential. Social, cultural, economic and environmental factors all come into play. The services provided by the GTZ involve the preparation of such programmes in conjunction with the developing countries' major institutions and support for the implementation of such programmes. The preparation and implementation of HRD programmes are targeted on the specific needs of institutions in sectors such as health and agriculture, or comprise a substantial element of multisectoral operations. Training staff for industry and institutions is one key area where activities must be geared to the specific needs of the countries concerned and in which the GTZ can draw on a lengthy experience of many such projects.

Long experience of technical cooperation and the frequent failure of operations concentrated in a single sector has shown the need for multisectoral programmes. The key factors here are the inclusion of all concerned at the stages of both planning and implementation, the coordination of all private and government institutions in the region concerned and the identification of technical and institutional solutions tailored to the situation on the ground. Effective teamwork by project teams uniting the requisite technical know-how and management experience is seen as being the best contribution the GTZ can make to the successful implementation of a project.

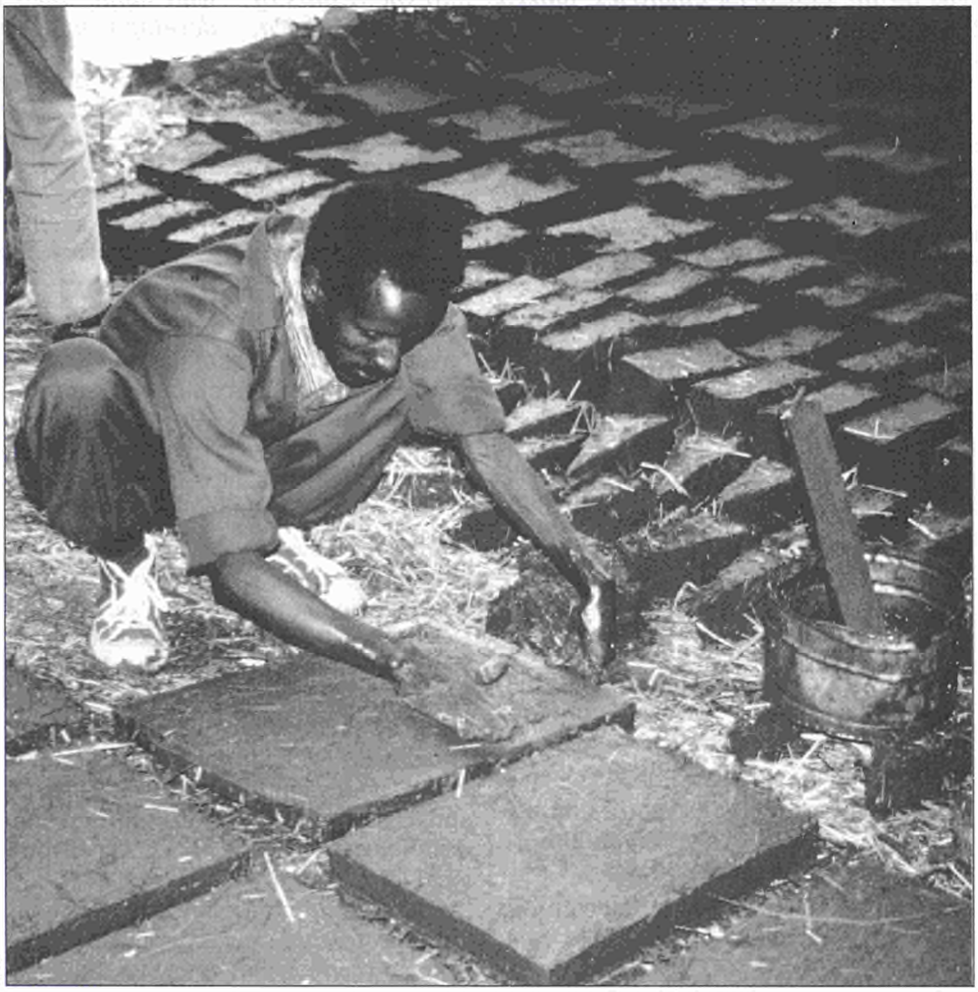
Capacity building has always been a component of sectoral projects in which the GTZ has been involved. Complex programmes, however, make even greater demands in terms of the planning and implementation of institutional development. It is no longer just a matter of building up and strengthening individual institutions: a sound understanding of interinstitutional relationships is also required. The consultancy services offered in this area by the GTZ's specialist departments cover public-sector institutions, public and private enterprises and NGOs; they also cover governments because countries often lack the requisite legal framework, and government directives are rarely or unsatisfactorily executed.

New demands

Its long involvement in development cooperation, its management and its reformed organisational structure all enable the GTZ to respond flexibly to the demands and special needs of its clients and partners. A worldwide network of almost 50 offices provides swift and appropriate project support. Through this flexibility and regional competence, the GTZ has in recent years become increasingly involved in fields beyond the usual scope of traditional technical cooperation. New technical demands are compounded by increasing multilateral cooperation. The reintegration of refugees, demobilisation of soldiers or emergency aid in crisis areas are just three areas in which the GTZ is cooperating with the UNHCR, the Community and UN agencies such as the World Food Programme or the International Labour Organisation.

The Horn of Africa is one regional focus for the GTZ's work to reintegrate refugees and demobilised soldiers. The 250 000 Somalis living in camps in Eastern Ethiopia's Ogaden region and the 500 000 soldiers of the Mengistu government demobilised at the end of the Ethiopian civil war in 1991 are just two of the region's problems. In the latter case, the WFP and ILO in mid-1991 proposed a programme of various measures aimed at resettling 250 000 ex-soldiers. This proposal failed, however, to find the requisite international backing. The donor community often preferred individual projects to a comprehensive programme. Germany was the first country to put forward a project aimed at backing efforts to reintegrate ex-soldiers and displaced persons. Since February last year the GTZ has been implementing this resettlement programme in close cooperation with the Commission for the Rehabilitation of the Members of the Former Army and Disabled War Veterans.

The response to this specific problem is not, however, a conventional project involving a specific and clear-cut framework of activities and projects, but an open approach. Existing activities are supported and new initiatives executed in the interests of the target groups: all are further developed with the backing of the project. The success of the overall scheme depends on all its activities being geared as closely as possible to the target groups. This is also why the reintegration programme prefers to work with NGOs, local and other grassroots organisations. The key is the use of a broad spectrum of solutions in recognition of the great variety of situations facing ex-soldiers from different social and economic backgrounds. At the same time the programme is open to other groups in need, such as refugees and displaced persons. There are several projects under way in which joint operations by a variety of self-help groups are being coordinated.


GTZ

Making clay bricks is part of the start-up training in house building which GTZ gives ex-soldiers in Ethiopia

The guidelines laid down by the programme for potential recipients make clear the GTZ's approach: to help as many as possible as quickly as possible, and to do so on a long-term basis that offers some chance of sustainability. Here the GTZ can draw on over 20 years' direct experience in a wide variety of sectors and fields. Such vital components of its technical cooperation as participative planning and implementation, institutional diversification, reduction of state involvement, decentralisation and the use and further development of local know-how have been developed to the point where they can be employed directly and flexibly in operations, such as the reintegration into society of ex-soldiers and displaced persons. Writing in the December 1992 issue of 'Refugees', John Telford, a specialist in the UNHCR Emergency Preparedness and Response Section, described the chief problem facing conventional humanitarian aid:

'The most deadly killer in any humanitarian emergency is not dehydration, measles, malnutrition or the weather, it is bad management. This includes a lack of support, guidance and preparedness, poor coordination, low morale, bad communications and unclear policy guidelines.'

By linking emergency aid programmes to 'real' technical cooperation — the major strength of its approach — the GTZ offers a promising answer to this problem. ○ J.S.

The view from the South

Some criticisms of development policies

This Dossier gives an account of the policies of the international donor community and looks at some of the sectoral and geographical areas in which they are applied. But what of the recipients themselves? Most of them agree (as do the industrial countries, indeed) that the results of these policies in many parts of the world, especially Africa, leave a great deal to be desired, while some maintain that they have been actively harmful.

There is clearly no consensus view, and recommendations for future policy, external and domestic, vary from country to country, but there is an emerging strand in development thinking, both North and South, which calls for much greater consultation of the governments and peoples on the receiving end of aid. Indeed some major donors, notably the World Bank, now insist that the developing countries devise their own plans for the way ahead instead of looking to those who supply their aid funds to hand down prescriptions for development as well.

So how do development thinkers from the South regard the way their countries and people have been and are being treated, and where do they think development policies should go in the future? With the help of the European Centre for Development Policy Management in Maastricht, the Netherlands, we have compiled a miscellany of points of view from the developing world.

Conflicting interests

In an article entitled 'The Pattern of Foreign Aid Management in Nigeria', included in 'Enhancing policy management capacity in Africa', edited by G. Mutahaba and M. Jide Balogun and published by Kumaria Press, West Hartford in 1992, S.A. Olanrewaju takes the view that aid donors and recipients may often be pulling in different directions.

From the recipient country's point of view, according to Mr Olanrewaju, 'the objective of foreign aid is mainly to augment available domestic resources for its socio-economic development'.

He suggests, however, that the donor's objectives are more diversified. Prominent among these are:

— maintenance of historical and cultural ties;

— promotion of political, diplomatic, military or strategic, economic and commercial interests of donor countries;

— promotion of economic development of recipient countries, and

— humanitarian concern for the people of the recipient countries.

Thus, he concludes that 'the donors' and recipients' objectives may not always be mutually reinforcing for attaining the economic development of the latter. In fact, in most cases they tend to conflict.' Mr Olanrewaju goes on to assert that 'foreign aid is increasingly becoming a sophisticated instrument for controlling the policy orientation of recipient economies'. He notes, in particular, the 'high degree of donor involvement in aid management, end-use control and procurement practices' and argues that 'given the multiplicity of aid objectives as well as the inevitable conflict of objectives between aid-giving and aid-receiving countries, an aid-receiving country must be concerned with how to maximise its benefits from development assistance'.

Mr Olanrewaju also speaks of the continuing controversy over the exact relationship between foreign aid and self-reliant development. He notes the potential of foreign aid to provide recipient countries with, among other things, physical and financial capital, technical know-how, skilled personnel, organisational experience, market information and advanced and innovative production techniques. It may also be used to train local labour on how to apply new skills. 'All these,' he points out, 'should go a long way to accelerate economic development in the recipient countries.'

But the author also draws attention to the view of many African scholars that external aid 'has not contributed optimally to the economic development of the continent'. He even refers to suggestions from certain quarters that aid is actually responsible for some of the elements of the present crisis in African public administration. By way of example, he cites Claude Ake, who has argued 'that assistance is given to make the partnership look plausible, but as it is worked out, the proletarian countries get poorer and the technological gap widens'. [1]

Mr Olanrewaju cautions, however, against making generalisations about the impact of foreign aid. Although the inflow of external assistance appears, on balance, to be beneficial, there is no doubt that it 'has fallen short of its potential' and that, in some cases, it 'has introduced profound distortions into the structure of the recipient economies'. The fear is that while aid 'may ease the external resource constraint', it could also 'foster an unhealthy dependency relationship with the donors', the political cost of which might be enormous.

The writer then makes a number of practical recommendations as to how any country receiving aid should act. As well as urging a recipient to have a well-defined policy to guide decisions on aid management, which many have not, he advocates a number of other improvements.

For example, noting that foreign-assisted projects are not cost-free and that they all have strings attached, Mr Olanrewaju argues that, in order to gain the maximum possible benefit from external aid, the country in question must 'articulate its own interest and manage the situation properly from the stage of negotiation to that of final evaluation'.

'Comprehensive and up-to-date information, and competent personnel' are both vital if favourable aid terms are to be successfully negotiated. Accordingly, recipients should 'strive to build these two... types of capacity'.

As regards the reporting system in monitoring and evaluating aid, this is designed, more often than not, to satisfy the donor's interests. The reports in question, the author suggests, 'may have

[1] Claude Ake, *Revolutionary Pressures in Africa*, Zed Press Ltd, London 1978.

little bearing on what exists on the ground'. He argues, therefore, that recipients should seek to carry out independent monitoring and evaluation, in order to make a cross-check on the information contained in the reports.

Finally, he refers to the thorny problem of sustaining projects after they have been set up. Unless means are devised to ensure that this occurs, the resources committed may turn out to have been wasted. 'It is therefore necessary,' he concludes' 'to ensure that sophisticated management practices and incentive schemes that cannot be sustained after the life of the project are avoided right from the inception stage.'

* * *

'Delinking' from the rest of the world

There is a concern in African countries that they may, against their will, become politically and economically 'delinked' or disconnected from the rest of the world. Some believe it may have happened already. In an article carried in *Development*, the journal of the Society for International Development (SID), No 1, 1989, Philip Ndegwa, who is President of the SID Kenya Chapter, puts forward his views on 'National policies for balanced and sustainable development in poor countries: how to avoid involuntary delinking'.

He makes the point from the outset that in modern times (and his article was written even *before* the collapse of the Soviet Union) the OECD countries have dominated the economic and political affairs of the world. Hence, 'whatever the poor countries do to promote their development will not provide a "sufficient condition" for achievement of that objective'; the necessary changes at the international level, for example in the area of trade, can be achieved only if the developed countries agree to them. Third World countries, however, have little to bargain with and in any case, Mr Ndegwa believes, they cannot realistically be expected to adopt a truly collective approach. He therefore advocates 'a deliberately and objectively *managed* world economy (...) in which those countries now with political and economic power should take the initiative'. This, he believes, 'would produce a more efficient and better world than the one which would evolve through unrestricted "market and natural forces"'.

However, the writer wonders whether there is actually any commitment to internationalism left in many developed countries, or any belief that development in poor countries is actually possible. 'In my view,' he says, 'the negative attitudes created by the conservative governments of the North in dealing with the development problems of the poor countries — whether those problems be external indebtedness, instability in commodity prices, or increasing unavailability of external markets and capital — have been remarkably costly to the development commitment.' He accuses political leadership in the North of pursuing selfish strategies in which the world's poor are ignored, and notes the growing tendency of OECD countries to harmonise their foreign economic policies so that, for example, in the international trade area, there has been 'a kind of share-out of benefits amongst the members' with no attention being paid to the share due to the primary producers. To urge African countries, as a means of improving their trading position, 'to adopt more open and export-oriented development strategies while the industrial countries maintain severe tariff and non-tariff barriers against the products of African countries (...) could be regarded as rather hypocritical'. Nor has Mr Ndegwa much time for the 'trickle-down' theory, the assumption that the success of developed countries will also help the poor countries.

The author calls instead for a kind of 'new economics' of development planning, where 'the major considerations would be basic human requirements such as food supply, employment, education, health, water supply and other such physical material needs instead of per capita income'. Insisting, as the donors have done, that the developing countries rely on 'more or less market-based economic analysis and prescriptions' and carry out structural adjustment programmes 'which, it should be noted, leaders in many industrial countries would not dare apply in their own countries' has in some countries led to renewed hardship for the poor, social upheaval and even the overthrow of the government. He considers that 'to ask African countries to undertake many important measures, including severe reduction in the already low living standards, more or less overnight, is to treat those countries as mechanical constructions in which changes could be taken without regard to social and political consequences — even if such measures were the right ones'.

So what must African countries do to safeguard their survival and political independence? There is little chance, in the immediate future, of any reforms to bring about more equitable economic relations between themselves and the industrial countries, but they must keep up the struggle for change in every available forum. And they must not try to go it alone. 'African countries are much too dependent on the rest of the world to be able to delink themselves from it.' This makes cooperation between them imperative, 'essentially through production-sharing and arrangements to increase intra-African trade to facilitate such production'. That will require 'deliberate economic and political action to reorient these countries' trade'. If the World Bank and other donors wish to support this cooperation, they could help develop Africa's transport, communications and other infrastructural facilities, the inadequacy of which is 'a much bigger barrier' to trade 'than tariffs, exchange controls and lack of satisfactory payments arrangements'.

Mr Ndegwa's paper was in fact delivered at the 25th anniversary symposium of the OECD Development Centre, where he concluded by noting that in seeking to agree on ways of achieving a better, equitably managed world economy, the problem was that there was no one who spoke for the world. He hoped, therefore, that the OECD countries would make it their business in the next decade and beyond to promote a 'one-world and one-destiny' concept, which would be welcomed by all.

* * *

Changes in external finance

The shift in the proportion of financial flows for development purposes away from official aid to private-sector money (commented on elsewhere in this Dossier) is not universally welcomed. In a 'Note on the changes in the structure of external finance of sub-Saharan Africa' [2] published in *Afrique et développement*, Vol. 16 N° 3/4, 1991, René Nguettia Kouassi of the Faculty of Economics, University of Abidjan in the Ivory Coast,

[2] Note sur l'évolution de la structure du financement extérieur de l'Afrique sub-saharienne.

comments that the stagnation of official development assistance has led to an increase in public or private loans that have restrictive terms of payment attached. As the solvency of the recipients is a prime criterion under these market terms, loans tend to go to the less needy developing countries, particularly those in possession of strategically important raw materials. Such loans are less tied (i.e. there is less obligation than with ODA to buy products and services from the originating country), faster to obtain — but more expensive to service. As a result, countries have been sinking deeper into debt.

What is more, for those countries predominantly dependent on ODA, proportionately decreasing amounts of it are available on non-restrictive terms.

The writer therefore concludes that the change in their external financing structure has undeniably been to the disadvantage of sub-Saharan Africa's economies. A return to the old system, though not the ideal remedy, would, in his view, do something to help the poor countries out of their difficulties, 'provided, of course, that they create appropriate structures with which to make rational use of the resources they receive from abroad'.

* * *


VIVANT UNIVERS

This is a bridge on the vital railway line linking Pointe Noire with Brazzaville in Congo.
The inadequacy of Africa's transport, communications and infrastructure is a 'much bigger barrier to trade than tariffs, exchange controls and lack of satisfactory payments arrangements'

The new political conditionalities of aid

An article under the above title by the independent African writer John-Jean B. Barya appeared in the IDS Bulletin, Vol. 24 No 1, published by the Institute of Development Studies in the UK earlier this year. The author takes an unusually strong line on the political demands which both the multilateral institutions and the major Western countries have been making since the beginning of 1990 as a new condition for aid. Below, we highlight five propositions that he puts forward concerning the requirement to promote democracy and respect human rights.

In the first place, Mr Barya states that 'the new political conditionalities have nothing to do with the desire of Western countries to actually encourage democracy in Africa'. He points out that Western nations supported dictatorships over a long period in countries such as Zaire, Liberia, Uganda and Kenya, and singles out France as having supported authoritarian rulers 'with open military intervention on their behalf against popular opposition'. However, now that Soviet-led state socialism has collapsed, he observes that Western states are no longer able to justify their support for authoritarian regimes on the grounds that the latter have acted as 'bulwarks against communism'.

In the new situation of an 'emerging unipolar world', according to Mr Barya, 'the new conditionalities... are therefore designed to serve three purposes:
(a) to crush once and for all the ideology of socialism and to replace it unambiguously with the ideology of free enterprise worldwide;
(b) to create a new credible source of legitimacy for hegemony and thereby ensure leverage over specific countries which are considered economically and politically useful to the West or specific Western countries; and
(c) to justify the impending decline in Africa's share of global assistance as resource flows to Eastern Europe begin to mount'.

Mr Barya's second proposition is that 'the new political conditionalities should be seen as part and parcel of a wider global scheme by the West under various forms, fora, organisations and guises to create a new economic and military world order following the collapse of state socialism and the end of the Cold War, using a populist ideology of democracy'. He asserts that the participants in this overall scheme are Western governments, multilateral finance capital (mainly the World Bank and the IMF), nongovernmental organisations (NGOs), and environmentalists as well as a range of emergent and existing organisations in the West 'which may be put to good use in the new world order-in-the-making'.

The author's third contention is that, 'in any event, the simultaneous application of (a) economic conditionalities by the IMF and the World Bank in the form of Structural Adjustment Programmes (SAPs) with (b) the new stipulated political conditionalities, is necessarily contradictory and cannot successfully be accomplished together'. He believes that an SAP necessarily contradicts development, the 'sustenance of democratic government' and the 'free operation of civil society and autonomous civil organisations' because it 'completely undermines Africa's sovereignty' creating and/or further strengthening 'authoritarian regimes who will have to implement the inherently anti-democratic set of socio-economic reforms entailed in the programme'.

Mr Barya's fourth assertion relates to 'the limitation of the definition of democracy to mere political pluralism'. He argues that the equating of democracy with multi-party politics merely returns Africa to its immediate post-independence starting point. 'The definition of democracy by (multilateral and bilateral) finance capital today leads once again to the creation and/or consolidation of the winner-takes-all situations which discredited and delegitimised the immediate post-colonial forms of pluralism.'

In the same vein, Mr Barya insists that 'the political conditionalities variously referred to as "better governance", "political reform" or simply "democracy" do not really seriously refer to the popular participation of civil society in the decision-making process of the state and the political economy. Even reference to the observance of human rights is still in the narrow sense of rights of the individual and his/her protection from arbitrary or illegal state action. (...) Group and social rights are not articulated. And precisely because a multi-party system is a winner-takes-all system and because it would depend upon the external aid being dangled as a bait, the winners become beholden to the "donor" (...). They therefore become even more compradorial and concerned about their partisan local supporters and the foreign donors and not the whole of society. Such a result would do little to advance the cause of human rights, individual or group.'

The author's final contention, and the one which he thinks is the most important, relates to the 'startling' proposition that 'people can be forced to be democratic and/or free'. He does not believe that freedom from autocratic rule, or democracy and accountability, can be decreed. 'They must have a social basis in which they arise, are nurtured and sustained. If the western financial institutions and "donors" genuinely wished to assist the development of democracy in Africa then this would be done from the perspective of the majority, of civil society and the participation of the latter in the formulation of the democratic programme and not by decreeing from afar what constitutes democracy.'

Mr Barya then turns to consider what needs to be done. Recognising that it is not possible to force democracy on a people, he nevertheless argues that 'the autocratic leadership of Africa should not be allowed to use independence and the right of "self-determination" to lord it over the masses'. But he insists that the objection to this must come from the African people themselves, rather than from self-appointed 'godfathers' or 'new philanthropists'.

'There are, in our view, two approaches which should be combined to enhance the prospects of democracy. The arguments presented by the OAU and the ECA about the undemocratic nature of the international economic system should be taken together with the need to oppose SAPs and to agitate for the scrapping of Africa's (or Third World) debts. After all, a lot of the debt monies did end up in the hands of the dictators, who were being maintained in power with the support of the donors who have now suddenly seen the light.'

Mr Barya argues for emphasis, at the nation-state level, on 'the creation or strengthening of civil organisations autonomous of the state, covering peasants, workers, women, the informal sector, professional and religious organisations etc. The strength of these and probably their relationship with the different political parties would determine whether the "new democracy" being fought for can be achieved and sustained.' The donors' role in this situation should be no more than to encourage the situation, and they should, in any case, be ready to work with any elected government. 'It is the duty of nationals,' he insists, 'to struggle for the best form of government.'

The author makes no secret of his own distaste for the current global economic order. Elaborating on the 'struggle for the best form of government', Mr Barya states that 'it is imperative that autonomous civil organisations in Africa link up with those in the developed countries, especially in the major capitalist countries, to struggle against the international economic system or, as it is now called by some scholars, the New International Division of Labour and Power (NIDLP). The policies of the IMF, the World Bank and Western countries should be actively opposed by autonomous organisations in the West: trade unions, women's organisations, the Green and Environmental movements and other progressive political organisations or parties. (...) Because further demands to financially support Eastern Europe are being made on their economies, ordinary people in Europe now want to know why money is being spent on a given country. It is at the point of these demands by civil society in Europe that popular forces in Africa should forge links to ensure that their respective governments are accountable to them.'

The author believes that a strategy of this nature can be effective, pointing to the way in which the Bretton Woods institutions have responded to protests about SAPs by attempting to set up programmes to 'alleviate' their adverse social effects. From this, he suggests that 'the new world order that the West is trying to create is therefore not a foregone conclusion but will also be shaped by the character and strength of popular resistance to it'.

But, he goes on to ask, 'how can the multi-party system in Africa work?' He believes that it has two major problems: The first is an absence of consensus among the middle classes about the rules that should govern such a system. He continues: 'It is because (a) the African middle classes are not economically autonomous at the level of the nation-state but dependent structurally on the Western capitalist system, and (b) because most of the different political parties in Africa are tied to particular Western state or multinational company interests, that they are almost invariably cornered into compradorial roles.' The second problem he identifies is 'the exclusion of organised civil society, or worse still its fractionalisation... among the middle class parties, so that the effective operation of organised civil society becomes difficult to sustain'.

Mr Barya argues that Africa cannot, in today's circumstances, withstand external pressure on its own. 'This was hard enough during the era of the Cold War, when the Soviet Union provided countervailing checks to Western hegemony in the world. But in a unipolar world, at least for the foreseeable future, there is no alternative to regional integration and cooperation.' With the liberation of South Africa, he believes that this should become a more meaningful prospect.

In conclusion, the author urges intellectuals in Africa to identify the dangers of political conditions on aid and form or join organisations to fight them. 'Otherwise', he says, 'to expect a moral transformation of the West and the Western states in particular and to entrust the democratisation process and the demand for rights to them is an abdication of our own responsibilities for which we would pay dearly under the new type of hegemony. We cannot expect other people gratuitously to make history on our behalf.' ○ ed. R.R./S.H.

How NGOs see European development policy

by Guido DUMON *

European development policy is nowadays being called into question in various fora and at various levels. Doubts as to the effects of European development efforts have certainly helped to launch these discussions. In the case of the European Commission, the Maastricht Treaty has been the immediate reason for redefining its development policy. The main objective is better coordination of development efforts and improved consistency in European development policy. The Commission's intentions were reflected in its paper 'Horizon 2000', on the basis of which the European Council of Ministers of November 1992 drew up a resolution that takes a markedly different line. But there is also the so-called mid-term review of Lomé IV, which — as some people fear and others would prefer — might be considerably more substantial than a mere renegotiation of financial protocols.

In this debate on the priorities for European development policy, European NGOs obviously cannot remain mute, as they have a contribution to make on the basis of their own experiences and their own specific know-how. What is more, within the NGO world, developments are taking place that raise questions as to the identity of NGOs. These developments are often dictated by circumstances and by policy-makers, but they still require serious thought.

European development policy

The NGO-EC Liaison Committee has made exhaustive and detailed comments on the Commission's 'Horizon 2000' paper. But the General Assembly of NGOs, meeting in April 1992, also devoted a great deal of attention to European development policy. Europe's policy was analysed from four points of view: action to eradicate poverty, sustainable development, democracy and human rights, and migration. The Assembly also checked whether European policy in these fields is consistent with other European policy issues.

The risk of European development policy becoming subject to European foreign policy or turning into an instrument of foreign policy is not an imaginary one. For European NGOs this can never be the aim of European development policy. Eradicating poverty has to remain the priority objective. To the extent that poverty is the result of a process, it is important to give a wider-ranging definition to the term of poverty and to analyse in greater detail the economic, social and political structures that create or perpetuate poverty. This is why poverty cannot be defined exclusively through statistics reflecting *per capita* income. That is to ignore the 'social component' of poverty, including the right to health care, education, employment and housing. The Commission's document does mention the struggle against poverty, but it places too much stress on the promotion of economic growth and the improvement of market mechanisms in its approach. The Commission document attaches as much, if not more, importance to the free-market principle, as if that were an existing reality.

Greater consistency

Presenting the struggle against poverty as the priority objective of European development policy is important, but just as important is to design the instruments required to achieve that aim. This is why European NGOs strongly advocate greater consistency in European policy. In practical terms this means that European policy decisions should at least be examined as to their effects on the developing countries. It often happens, unfortunately, that the task of achieving the objectives and aims of European development policy is hampered by, for instance, European agricultural and trade policy. For example, a policy of subsidising exports of European agricultural products may cause more damage to local markets in the developing countries than all the Community's development efforts can repair. In the field, European NGOs face the disastrous results of an inconsistent policy. The subsidising of meat exports to West Africa, against which NGOs are presently campaigning through awareness-raising activities and political action, is a clear illustration of that inconsistency. This is why we urgently need more effective coordination of European policy, a monitoring of its impact on the developing countries and a set of structural instruments to safeguard and justify the aims. The NGOs have, for this purpose, proposed creating a committee in DG VIII [1] to be responsible for carrying out these tasks.

The mid-term review of Lomé IV

As we have said, the mid-term review of Lomé IV has also been an occasion for questioning the more fundamental development objectives of the European Community. Europe's NGOs have always attached a great deal of importance to the Lomé Convention, in the first place because it is the main development instrument of the European Community, but also because of the originality and importance of the Convention's basic principles for the development of the countries of the South.

Concerning the mid-term review of the fourth Lomé Convention, the NGO-EC Liaison Committee recognises the shortcomings of the Convention and the difficulties experienced in its implementation. But we hold that these difficulties can be removed and resolved within the present framework. We notice, in fact, that the 1982 Pisani Memorandum identified many problems in the implementation of the Convention that were similar to those we find today. That is why the Memorandum called for greater continuity in the system of cooperation between the EC and ACP countries and for a strengthening of the ACP States' capacity to manage and implement the provisions of the Convention, thus enabling them to participate in policy dialogue and joint programming exercises as full partners. Europe's NGOs deplore the fact that greater attentionwas not paid to this in the past.

Europe's political priorities

Within Europe's overall development aid, emergency aid has recently come to prominence. More and more European resources are being allocated to food and medical aid in famine zones and regions ravaged by natural disasters and civil war. Many European NGOs have already done a great deal of work in this

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[1] The EC Commission's Directorate-General for Development.

field, acquiring irreplaceable field experience and specific know-how.

Nevertheless, the shift of attention from structural aid to emergency aid worries the NGOs. Indeed, emergency aid of the very temporary and fleeting kind which in most cases is a vital necessity offers few prospects of continuous development for the local population concerned, unless emergency aid programmes are followed up with rehabilitation programmes.

The increased attention given to emergency aid at the European Community level has also been translated structurally into the establishment of ECHO, the European Community Humanitarian Office, responsible for European coordination of all emergency aid programmes. ECHO's key words in relation to European aid are operational efficiency and visibility. NGOs are not opposed to this on grounds of principle, but they do think that these objectives are not listed in order of merit. In the field of emergency aid as in any other, the immediate needs and requirements of the affected population should be preeminent. The proper identification of these needs is a major condition for getting emergency aid to the spot in an 'efficient' way. Obviously NGOs active in this field can make a substantial contribution. NGOs too, including small ones, set great store by professionalism and efficiency. But that is more a reflection of the way in which we want to approach the needs and requirements of people in the developing countries and to respond in the proper way.

The exaggerated attention given to emergency aid, always in a context of famine and misery and inflated by the media, also has negative effects on the way public opinion in Europe perceives the situation in the developing countries. The picture created of the situation in specific developing countries is a predominantly negative one of a hopeless, insoluble state of affairs created by local regimes themselves. According to this image, we Europeans can do very little to remedy such a situation. It burdens the European citizen with a feeling of impotence and dejection. But at the same time it does the population of the developing countries an injustice: their own development efforts are not given due importance. What is more, it jeopardises the investment many European NGOs put into development education. The 'story' put out by these NGOs is not spectacular news coverage of famine and war but a search for causes, an analysis of North-South relations and the message of structural solutions with a long-term view.

To put it briefly, it is up to all of us at the European level to consider whether the attention the media give to emergency aid, translated into principles such as efficiency and visibility, may not turn out to have a detrimental effect on structural development aid, which is in any case less easily understood by and less 'acceptable' to public opinion. NGOs and the developing countries themselves are directly concerned by this consideration.

M. Drahousoff

Mali's regional beef exports face competition from EC exports.

'A policy of subsidising exports of European agricultural products may cause more damage to local markets in the developing countries than all the Community's development efforts can repair'

Rehabilitation programmes offer a way out

We have already referred to the continuity there must be between emergency aid, rehabilitation programmes and structural aid. Countries hit by natural disasters, famine or civil war cannot possibly make the transition from emergency aid to structural development by themselves. Europe's NGOs raised this problem with European decision-makers years ago. The object of such rehabilitation programmes should be to enable the local population to grow their own foodstuffs again, repair destroyed agricultural and transport infrastructure, rebuild lost administrative infrastructure and so on — in other words, to put back in place the basic services and infrastructure onto which structural development can be grafted.

The NGOs have consequently welcomed with satisfaction the steps taken by the Danish cooperation minister, Helle Degn, and Manuel Marín of the Commission. They have promised the Commissioner their full support in getting his proposal for a one-billion-ecu global rehabilitation programme approved during the upcoming European Council of Ministers. In the meantime, at the invitation of Mr Marín, a constructive cooperation body bringing together the EC Commission and the NGOs has been set up to draft and launch rehabilitation programmes in five African countries. The discussions took place in an atmosphere of mutual respect for one another's contributions and initiatives.

NGOs' identity

More and more often, NGOs are being approached to act as the instruments of European development policy. This is becoming a widespread phenomenon, as United Nations organisations also tend to call on the services of nongovernmental organisations to carry out their programmes in the field. We have no objection to this, provided the full freedom of choice and action of the NGO concerned is respected. But that is precisely where the problems arise.

We get the impression, in fact, that EC policy-makers want to set hard and fast lines and then look for organisations to carry out their objectives. The policy-makers are quite willing to provide the financial resources required. It goes without saying that NGOs are keen to act as partners.

The special feature of NGO development work is that, in partnership with local organisations, they respond to local needs and requirements by seeking out appropriate answers. This means that identifying those needs and requirements has to be the starting-point for NGO action. That should happen without external interference, without being hemmed in by the political objectives or obligations linked to political directives. Europe's policy-makers, too, have every interest in upholding these principles so as not to lose a major (complementary) development factor through reducing it merely to the role of an executive agent.

In short, the discussion now under way relates to the freedom of action of NGOs to formulate the aims of projects and programmes by themselves and carry them out with the help of government funding. We are aware that the way in which NGO autonomy is guaranteed depends on the sort of relationship of cooperation established between the EC Commission and the NGOs. If the aims of a development programme, the practical approach and the methodology are worked out in a process of joint discussion, the right of initiative of NGOs is allowed to play its full part. A programme worked out in detail by European officials and presented to the 'NGO market' for implementation is quite another matter.

Experiences with emergency aid give food for thought in this area. Some time ago, ECHO itself selected NGOs and invited them to enter into a general agreement within which future ECHO-NGO collaboration was to be outlined. Unfortunately, this approach is too exclusively oriented towards the wishes of the European Commission and does not do justice to the specific field experience and know-how of many other NGOs. It does not pay enough regard to the particular contribution that every NGO can make in the field of emergency aid programmes as in any other.

We did have more positive experiences with the rehabilitation programmes for five African countries, in which every NGO, regardless of its size, was able to contribute within the framework of the objectives decided on jointly by the Commission and the NGO-EC Liaison Committee.

EC Council of Ministers

The EC's representatives signing the fourth Lomé Convention in 1989.
NGOs maintain that difficulties experienced in implementing the Convention can be removed and resolved within the present framework

Nor do we wish to pass over the particular responsibility of NGOs, which also has a place in this discussion. Just because money is available for certain programmes does not mean that NGOs have to adapt themselves to those programmes. They should realise that as soon as they do that they give up their own identity.

NGOs and 'the authorities'

Another element in this discussion is the relationship between NGOs and 'the authorities' in the field. It would not be desirable to put both parties in opposing camps or fall back on unilateral positions, claiming that whatever the state does is wrong and whatever NGOs do is good, or vice versa. Such an approach does not get us anywhere.

The relationship between the state and NGOs is, of course, a constantly unfolding one which takes account of political and social developments in several developing countries. Those developments do, indeed, make for a new and different relationship between NGOs and the state.

In view of the character of most NGO programmes, collaboration between NGOs and the authorities on the local level is the most appropriate course of action. Practical experience on the part of many NGOs shows that this kind of collaboration usually raises few problems, since, with an understanding of the same local conditions, it is fairly easy to allocate tasks successfully, with full regard for the principle of autonomy. Problems most often arise if central government seeks to interfere in this type of local collaboration by imposing its own guidelines.

This is, in other words, a plea to NGOs as well as to the governments of developing countries to give a consistent, synergetic approach to development on the local level every chance of success. This does, however, mean setting aside all existing prejudices and abandoning unilateral approaches. The model of decentralised cooperation laid down in the fourth Lomé Convention sets out the (financial) possibilities in this area. But this kind of cooperation is only likely to succeed if central governments in the developing countries are willing, on the basis of mutual trust, to delegate financing powers to the lower decision-making levels.

For the NGOs, the challenge is to keep safeguarding principles such as the right of initiative and autonomy, but at the same time to respond to new positive developments occurring in the developing countries.

Within the scope of this article, it has only been possible to discuss some aspects of European development policy from an NGO point of view, and without going into detail. Important NGO priorities such as international trade, debt relief, structural adjustment programmes, sustainable development, migration and food security have not been covered. But we do hope that we have clarified what the main points of the NGO view of Europe's development policy are, as well as the relationship between NGOs and their 'partners'. ○

G.D.

Tsetse-transmitted trypanosomiasis in southern Africa: experiences of a regional control programme

by D.F. LOVEMORE *

Almost 10 million km² of Africa are infested by tsetse flies, various species of insects found only in that continent which live by sucking blood. In so doing, they transmit to humans and livestock the parasites causing a group of debilitating diseases known generically as trypanosomiasis. The effects of these diseases on food production and economic development in sub-Saharan Africa are devastating. The fly is mobile over large distances, which makes trypanosomiasis control an international problem, as attempts to eradicate the pest in one country may be frustrated if it reinvades from a neighbouring territory where no measures are taken.

In southern Africa, the European Community has been funding a regional programme to control the spread of the tsetse fly since 1986. The programme initially covered a 322 000 km² common fly-belt in Malawi, Mozambique, Zambia and Zimbabwe and has now been extended to include Namibia. Overall management is carried out from the Zimbabwean capital, Harare, by a regional coordinator with backup scientific and administrative staff.

For the moment the programme is concerned with surveying fly-infested areas and training the specialists needed for eradication work. Some eradication has taken place in Zambia and Zimbabwe, using screens impregnated with a biodegradable insecticide and sprayed with animal scents to act as a bait. These targets are set up in infested areas and can reduce fly populations to virtually nil in a matter of months. Aerial spraying and animal immunisation also take place. Cattle, goat and wildlife areas all have to be cleared, and a concern of the programme is to ensure that cleared land is properly used and not overstocked or left derelict, in which case it could be reinfested. The ultimate aim is to work out a strategic plan for the whole region for the next 20 or more years.

This article is a digest of the Regional Coordinator's report on the first phase, prepared with the assistance of the Regional Standing Committee for the programme, the Regional Authorising Officer of the European Development Fund (who is the Permanent Secretary in the Zimbabwean Ministry of Finance) and the Commission of the EC.

Tsetse-transmitted trypanosomiasis is a well-recognised constraint on agricultural production in vast areas of Africa. Large areas of southern Africa became free of tsetse flies after the rinderpest panzootic in the 1890s, when entire populations of tsetse host animals died. Since that time, both wildlife and domestic animal populations have increased and, consequentially, the tsetse fly dispersed within its ecological limits; in several areas the fly populations are still expanding. The Branch of Tsetse and Trypanosomiasis Control of Zimbabwe's Department of Veterinary Services made strenuous efforts to control tsetse flies and prevent them from reinvading farming areas. These efforts were largely successful until the mid-1970s when, during the War of Liberation, tsetse reinvaded the northeastern districts of the country. Soon after Independence, emergency campaigns were mounted to control tsetse flies by large-scale ground-spraying and aerial spraying operations.

However, it was realised that if tsetse control measures were not applied in neighbouring Mozambique and Zambia, there would always be the threat of reinvasion of cleared areas, unless high recurrent expenditure was incurred to defend reclaimed land indefinitely. No satisfactory barrier against tsetse flies has been devised which could be used to defend cleared areas permanently.

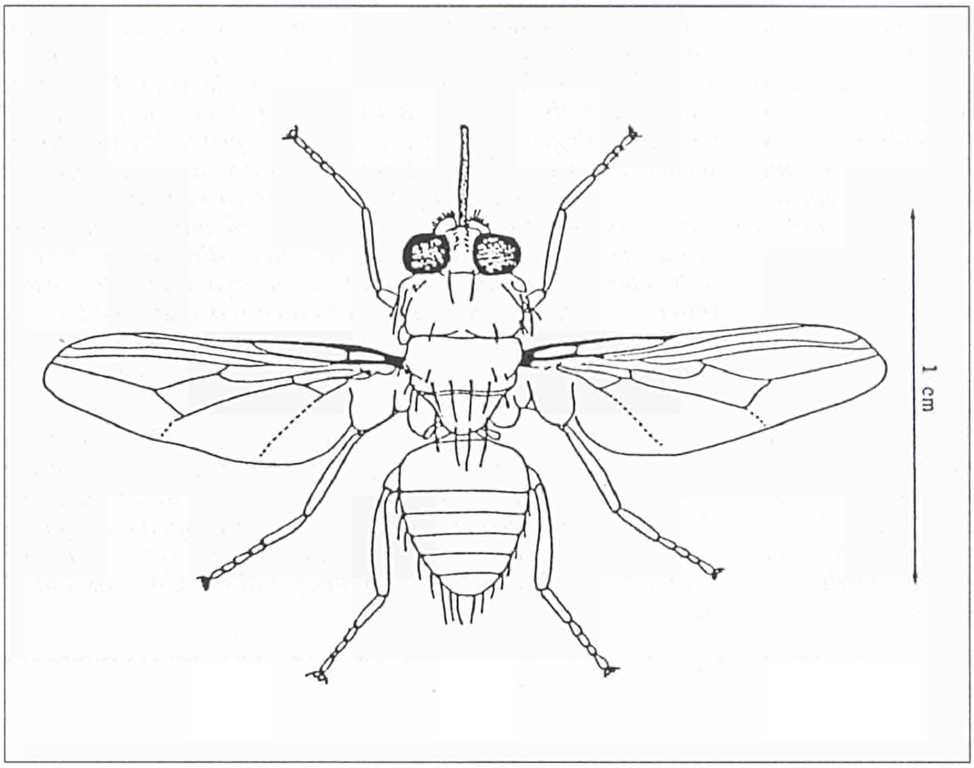
In the early 1980s, in Zambia, prophylactic drugs were used increasingly to control trypanosomiasis, with only limited emphasis on vector control. At about this time in the Central Region of Malawi, there was a devastating outbreak of trypanosomiasis which killed thousands of cattle. In Mozambique, from 1976, the tsetse control services were supported by an FAO/UNDP project in order to address the country's huge problem more effectively.

After detailed and lengthy discussions between the veterinary authorities of Malawi, Mozambique, Zambia and Zimbabwe in the early 1980s, a proposal was agreed for a regional programme to remove tsetse from a discrete fly-belt of some 322 000 square kilometres common to the four countries (see map). Instead of a policy of mere containment of the fly, a policy of progressive eradication was adopted.

Funding was obtained from the European Development Fund (EDF) for the

* Regional Coordinator, Regional Tsetse and Trypanosomiasis Control Programme (RTTCP), Malawi, Mozambique, Zambia and Zimbabwe.

Preparatory Phase of the Regional Tsetse and Trypanosomiasis Control Programme (RTTCP). This was provided through five Financing Agreements covering a regional component and four national components. The main objective of this phase was to assess the feasibility of large-scale operations and to permit detailed planning before implementation of the second, Eradication Phase.



With its long proboscis, the tsetse fly sucks in blood from the host animal. If infected, it also passes on the pathogens which cause trypanosomiasis

A total provision of ECU 22.65m was made from the EDF for the preparatory phase, of which ECU 8.35m was for regional activities. Funds were used to purchase vehicles, scientific and field equipment and trypanocidal drugs. Technical assistance expertise was also recruited to support the Office of the Regional Coordinator and veterinary and tsetse control services in the region.

PREPARATORY PHASE

1. Regional coordination

This has been effected through meetings of the Regional Standing Committee, extensive and frequent travel throughout the region by regional staff and their participation in meetings, workshops and seminars. The Office of the Regional Coordinator has also assisted with the preparation of contracts, work plans and budget estimates of the four member countries. Dissemination of research findings and technical information has also been an important task.

2. Surveys of tsetse and trypanosomiasis distribution

Malawi: A rapid national survey of tsetse distribution was completed and the widespread presence of *Glossina pallidipes* was revealed by using odour-baited traps. Surveys of bovine trypanosomiasis were also completed and a survey of human trypanosomiasis revealed hitherto quiescent foci of infection.

Mozambique: Work was seriously curtailed by the deteriorating security. Activities focused mainly on the establishment of a base at Chimoio in the Beira Corridor where limited baseline surveys were conducted. These provided the opportunity to test odour-baited traps in catching *G. brevipalpis* and *G. austeni* as well as *G. morsitans morsitans* and *G. pallidipes*. Some training courses were also held.

Zambia: Implementation of the RTTCP was delayed by the need to complete an aerial spraying operation which had been funded separately through an EC-funded Special Action Programme. As a result, surveys began only in 1988. Progress has been good since with the surveys of Eastern Province, Southern Province, Lusaka East and Kabwe East being completed by the end of 1991. A start was made early this year to survey the remote Northern Province.

3. Research and development

Tsetse: Navigational requirements, meteorological parameters and methods of application of non-residual insecticides from fixed-wing aircraft were studied by the Aerial Spraying Research and Development Project (ASRDP). It was shown that this technique was highly effective against *G. m. morsitans* in flat country. However, work was not completed to refine the technique to eradicate *G. pallidipes* from all types of terrain or to eradicate *G.m. morsitans* from rough country.

Through collaborative research with the Natural Resources Institute, United Kingdom, two new attractant odours have been identified. These are 3-n-propyl phenol and 4-methyl-phenol. They are now used throughout the region and elsewhere in Africa in surveys and control operations.

All bait technology research and development has been conducted at Rekomitjie Research Station, Zimbabwe. However, a tsetse field station in the Luangwa Valley, Zambia, has been upgraded into a field research station recently with RTTCP funding to expand the region's tsetse research infrastructure.

Animal trypanosomiasis: The RTTCP has collaborated closely with the International Laboratory for Research on Animal Diseases, Nairobi, Kenya and the Joint FAO/IAEA Division of the Animal Production and Health Section, International Atomic Energy Agency, Vienna, Austria to validate the antigen-detection enzyme-linked immunosorbent essay (ELISA) system to diagnose trypanosomiasis.

4. Large-scale field trials with odour-baited, insecticide-treated targets

Spectacular results were obtained in a trial block of 2000 square kilometres on the rugged terrain of the Zambezi escarpment of northern Zimbabwe. *G. pallidipes* was effectively controlled in areas where targets were used at densities of one to four per square kilometre; elimination was not achieved because of reinvasion from adjacent areas. *G.m. morsitans* was only eliminated by using four targets per square kilometre. Impressive results were also obtained against *G.m. morsitans* in a trial in the Kasungu National Park in Malawi.

5. Environmental monitoring

The Scientific Environmental Monitoring Group (SEMG) (a group of eminent European scientists assembled by the donor), studied the impact of non-residual insecticides on the environment. The major findings were that correct application of endosulfan and deltamethrin to control tsetse has low or negligible effects on the ecosystems in the operational areas; there were no adverse effects on humans; residual levels of insecticides did not indicate any risk to the ecosystemic foodweb; and a need exists for a flexible eco-technical team to monitor spraying operations, especially if higher application rates are to be used.

6. Regional training

Progress with training was disappointing, mainly because there were too few experienced senior personnel to conduct courses. Forty-six trainees attended courses at the SADC middle-level training centre in Zambia; a small number of staff received in-service training in environmental monitoring, aerial spraying and tsetse and trypanosomiasis survey techniques. To meet the training needs at the professional level, a part-time post-graduate training programme was devised with assistance from a training consultant.

7. Provision of trypanocides

The release of funds to buy trypanocides for trypanosomiasis control was linked to a Special Condition of the Financing Agreement. This required the establishment of revolving funds in Malawi and Zambia. Neither country complied with this requirement and so the funds could not be used for this purpose. Small quantities of a sanative drug were obtained for survey purposes.

8. Emergency tsetse eradication operations in Zambia and Zimbabwe

Zambia: In the Gwembe Valley-eradication operation, targets were used with spectacular results. These target operations were extended subsequently northwards and eastwards into Lusaka East. Targets are also being used successfully in Kabwe East.

A key element of work in Zimbabwe has been the increasing use of bait technology to control tsetse. EDF funding through the Regional Programme, and collaborative research programmes, have accelerated the development of bait technology very considerably. This has made it possible to change from ground-spraying with DDT to using targets to control tsetse. Further work is under way to reduce the costs of target operations. Tsetse control in Zimbabwe is essential to protect the significant gains made and to safeguard agricultural production in the northeastern districts.


RTTCP

Cow suffering from chronic trypanosomiasis. Weight loss and weakness lead to reduced fertility and increased mortality among infected animals

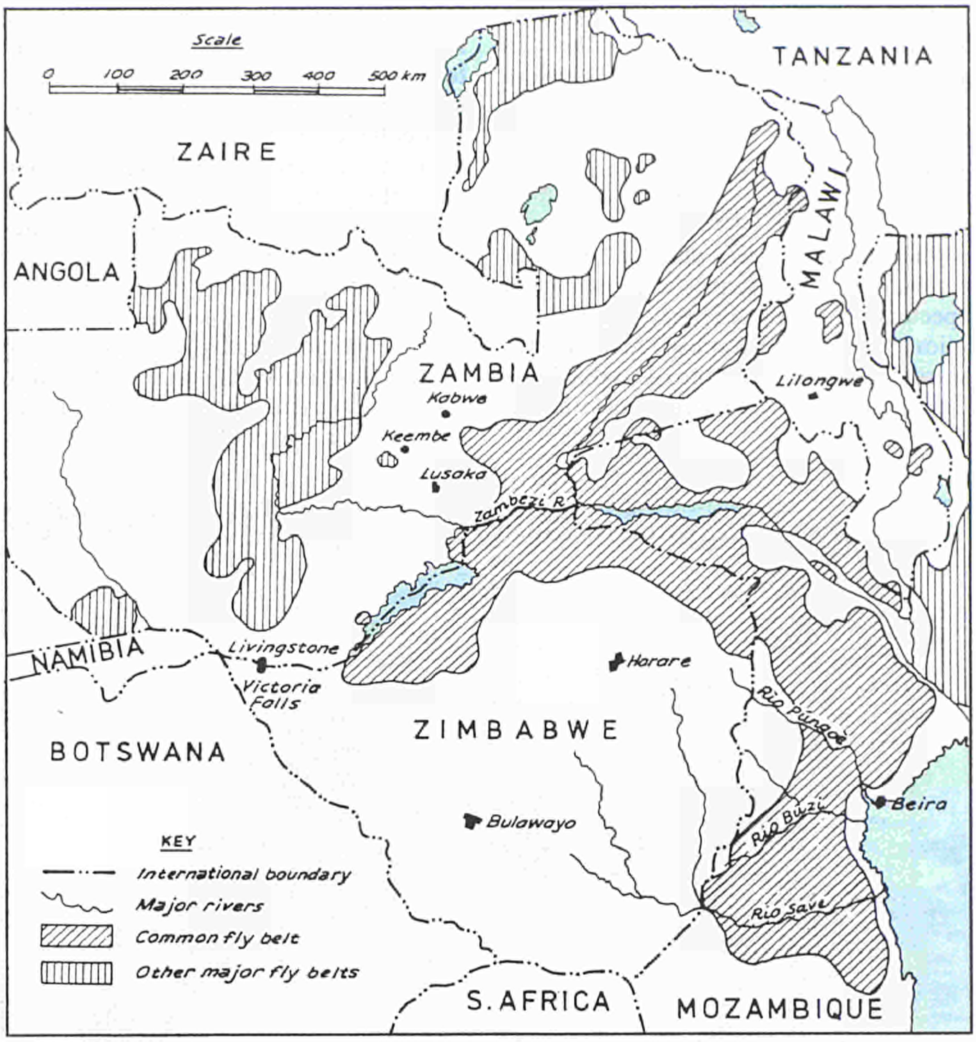
Zimbabwe: These activities were funded through an EDF grant and an EDF loan which supplemented Government expenditure on tsetse control of some Z$12m annually.

The project began in 1986 and, through a series of aerial spraying operations and a large-scale target operation, tsetse were cleared from some 15 000 square kilometres of mixed farming land in the north-eastern districts. Surveys of tsetse and trypanosomiasis have been maintained to monitor the degree of control achieved.

EXPENDITURE AND ECONOMICS

Considerable savings arose because administrative delays slowed expenditure generally and the allocation for trypanocides was not used for the greater part. These savings enabled the Programme to continue its activities until new Financing Agreements were signed in mid-1992.

An economist was seconded by the British Government to work within Zimbabwe's tsetse control branch between 1987 and 1991. The findings of



Conjectural limits of the common tsetse fly-belt of Malawi, Mozambique, Zambia and Zimbabwe in 1985, before the control programme started

several detailed studies show clearly the benefits of tsetse control to Zimbabwe's agricultural production.

Bait techniques of tsetse control were found to be cost-competitive with other tsetse control methods and refinement of bait methods should reduce costs even more. The economic basis for choosing between a drug management strategy and a vector control strategy was not simple or entirely clearcut. Where there are no cattle, only vector control is possible and the costs of progressive tsetse control must be weighed against the projected recurrent expenditure of mere trypanosomiasis control.

CONSTRAINTS ON IMPLEMENTATION

The RTTCP encountered numerous problems in its first six years. Chief among these has been the serious, chronic shortage of experienced, trained manpower. Furthermore, the onerous task of administration has stretched the meagre resources of all government tsetse control departments. In comparison, technical problems, such as improved surveillance methods, which have still to be overcome, proved to be a lesser constraint.

The complexity of the RTTCP has also been a problem. In addition, the programme has had a relatively low profile in the region, which has not helped in dealing with authorities outside the veterinary sphere.

ACTIVITIES PLANNED FOR PHASE II

Funding of ECU 22.7m has been obtained from the European Development Fund for a three year extension of the RTTCP.

The prime objective of Phase II is to produce a plan for an integrated strategy to eradicate tsetse-transmitted trypanosomiasis from the region. The plan will be based on a more limited scenario than envisaged initially, namely eradication of tsetse from a much reduced area by taking advantage of natural tsetse-free zones such as lakes, mountain ranges and expanding areas of human settlement, which could be used as permanent barriers against reinvasion of cleared areas.

Regional coordination continues to be essential. A research and development programme will refine mainly bait techniques to control tsetse; their environmental impact will also be assessed. In addition, to improve diagnosis of animal trypanosomiasis, work to adapt the ELISA system for this purpose will continue. A postgraduate training programme will increase and strengthen the region's capacity to mount control operations and this will be conducted in collaboration with universities in the region.

An important element in Phase II will be the assessment of the economic and land-use implications of the RTTCP in conjunction with the national programmes. This will be achieved partly through RTTCP funding of national coordinating committees, which will link land-use planning and tsetse control and, partly through commissioned socio-economic studies in selected priority development areas of the common fly-belt.

Field trials of bait methods will continue in order to demonstrate their efficacy, gather data on their costs and provide staff training opportunities. However, it is also intended that emergency eradication operations and field trials of bait methods should be sufficiently well coordinated to provide the basis of a defensible tsetse front from which to launch progressive operations in an eradication phase.

The southerly spread of tsetse in Zambia threatens Botswana, Namibia and western Zimbabwe. Tsetse infest parts of this region already and a study will be commissioned to define the scale of the problem. Special assistance will also be given to Namibia to mount an emergency tsetse control operation based on bait technology, to replace present spraying operations which use a persistent insecticide. ○

D.F.L.

The mining and minerals industry: its role in development

by Neville HILL *

'Start all economic reasoning from the genuine needs of the people and help the poor to help themselves' — Schumacher.

Experience gained from assignments in Latin America, Africa and Asia/Pacific during the past 20 years suggests to me that exploitation of the finite mineral resources of many countries is continuing to profit mainly foreign companies and their shareholders in the richer countries — as happened in colonial times — with now also amongst the beneficiaries, local government officials and others in the more wealthy sector of the community.

The role of the mining sector continues to be regarded by governments as primarily a ready means of obtaining some hard currency through the export of raw or only part-processed minerals, even though their international prices may be historically quite low. Mining projects for internationally traded commodities such as gold, diamonds, copper, lead, zinc, phosphate and the beach sands rich in titanium and rare earth minerals require large investments at the exploration and mine development stages. When production is under way there is then little other local activity except for some initial beneficiation, transport to a jetty and sale internationally at the official market price.

When the resource has been fully exploited what usually happens? The mining community becomes a ghost town and the rail track and jetty are abandoned as they are no longer of any use. Vegetation and wildlife will have disappeared, killed off by mercury, cyanide and the sulphurous emissions from the smelters which have caused the bare soil to be washed from the hills into depressions, leaving stark rock outcrops. Life will eventually return to the area many years later, but the contaminated tailings ponds and mined areas will remain to threaten future water supplies. This legacy exists today in Europe too, as has been found recently in the former Yugoslavia and even with the old tin workings of south-west England.

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Who benefited from the investment? The question needs to be asked, and especially by governments, the World Bank, the UN and the Commission of the European Communities, who have provided public funding for such projects. Seldom if ever does it do any lasting good for the local population, which has preferred to move away from the area. Few even of the miners will have been recruited locally and they will have gone back to where they came from, even to other countries.

Exploring for resources that may be deep seated and not normally visible at the surface, such as oil and gas and metalliferous ores, is a highly speculative type of project in which the expenditure invested in surveying and drilling may be completely lost. The cost of such ventures should be borne by private companies and their shareholders who are prepared to take these risks. On the other hand, public funds provided by the world's taxpayers to their governments and, through them, to the World Bank, regional development banks and the Commission of the European Communities, should be reserved for projects that will assist the poorest people in the world. It is always possible for the government of any country, and ideally its people as well, to receive their share of the proceeds if and when companies do find, mine and sell their mineral resources by levying an appropriate royalty on their production and a tax on their profits.

Prolonging dependence

But isn't the continuing use of the mining industry as primarily a means for the export of raw materials simply prolonging the dependence on the industrialised nations instead of helping to achieve a sustainable self-sufficiency?

Commenting last year on Zambia's economic performance since independence, during the BBC television programme 'Out of Darkness', the former President, Kenneth Kaunda, said 'We were not processing. We exported to the North, we then imported from the North.' Last year in an interview with The Courier, Guinea's Planning and Finance Minister Soriba Kaba complained that the mining companies have always dragged their feet on processing in Guinea the country's alumina production to make aluminium. He said '... whenever it is due to really get going, they backpedal. ...It's a good ploy to keep this stage of processing in their countries, because they have workers and they want to keep them. And we here in Africa carry on exporting the raw materials.'

Whilst these and other countries have recognised that simply exporting near crude raw materials adds little or nothing to a nation's development, one of the newest independent countries is committed to doing something about it from the start. In an article in The Courier in May-June 1991, under the title 'Added Value Equals Greater Prosperity', Namibia's Minister for Trade and Industry, Dr. Ben Amathila, said '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... whilst the mineral sector of our country is still very strong, *we should utilise it to diversify to other sectors, especially manufacturing.*'

This last phrase, in italics, suggests what the role of the mining and minerals sector of the economy should be if, as a result of its operations, the living standards of a much wider cross-section of the community are to be improved. It would mean re-orienting the priorities of the institutions and para-statal companies in the sector more towards providing a service to the other areas of the economy. In the poorest and least developed countries this includes supplying the materials needed to increase the production of the basic necessities of food, water supply and shelter. These rocks and minerals would be, for instance, limestone for the treatment of acid soils and for the manufacture of cement and lime, other agro-minerals such as natural rock phosphate, dolomite, saltpetre, zeolites, scoria and pumice and sources of sulphur and potassium for improving crop yields, silica sand for water filtration, bentonite for water-well drilling muds, clays for brick, tile and other ceramic products, good-quality aggregates for concrete for irrigation and water supply projects and so on. As a country begins to establish its own industrial manufacture there are

Nchanga

Nchanga mines in Zambia

then a whole host of other 'industrial', non-metallic minerals which will be needed by a wide range of consumers. Examples are the fillers and extenders for paint, paper and plastics, diatomite and perlite filter aids for liquids including beer, china clay and ballclays for table and sanitaryware, silica sand and feldspar etc. for glass making.

Unfortunately, the people advising governments on the development of their mining sectors are still mostly unfamiliar with such rocks and minerals. They were trained in the traditional mining environment where the emphasis was on large-scale projects for high-value commodities that could enter world trade. Finding and digging a clay to establish roofing tile manufacture or limestone for a lime project was not thought to be part of the mining scene. In fact, though these rocks and minerals are mostly at or near the surface and so may be relatively accessible, the problems they present before a successful operation can begin are quite distinct. They need specialised know-how to deal with the physical, chemical and mineralogical assessment, selection or design of the processing system and the marketing of the products.

Promoting domestic processing and utilisation

So far as official recognition by governments and funding agencies is concerned, the importance of such resources to economic development seems not to be appreciated. As a result the very many small companies, entrepreneurs, cooperatives and local groups endeavouring to work and process non-metallic resources for local consumption or export to neighbouring countries have been left without technical or economic support. They have problems getting loans for mining and processing equipment and receive little or no technical advice on the specifications required by consumers, the appropriate processing methods and equipment suppliers or where to find markets and advice on the price to obtain for their products.

UNIDO has since its inception been providing technical co-operation and training programmes to promote the processing and industrial utilisation in developing countries of their rocks and minerals. European geoscience institutions, university departments, mineral mining and processing companies and laboratory equipment suppliers are well able to co-operate with counterparts to conduct the resource surveys, make inventories, provide training in Europe as well as 'in country' and supply the know-how and equipment needed. Their talents and experience are available, but if they are to be made use of it depends on government will and funding being made available.

If the non-metallic sector is not encouraged to develop, with local industries switching to using domestic sources, then countries will continue buying refined industrial minerals imported from their present foreign suppliers. The export of raw material commodities is a relatively simple commercial process and, though the price obtained may at times be low, this concept seems to be fixed in the minds of treasury officials as being an easy way of obtaining hard currency. This would be fine if the proceeds were then used to fund local projects aimed at creating useful employment for the poorest section of the community and at ensuring that the country is able to provide their basic needs of food and shelter. Instead these dollars tend to be spent on increased quantities of imported goods, such as floor and wall tiles, affordable only by the better off and which in many cases could be made locally.

Should not more recognition be given to the alternative concept that every dollar gained by replacing an imported processed or manufactured item with a locally made product has a higher value economically and socially than the dollar obtained by exporting raw materials? Investing in projects where the output will go into local agriculture, the production of building materials and as inputs to the many other industrial consumers, creates and supports downstream industries, develops managerial and processing skills, supplies the local market and creates the possibility of the export of value-added goods.

Would not mining and mineral development programmes funded with public money be more socially acceptable and contribute more to economic development if they were aimed at obtaining a more lasting local benefit for the community generally than happens at present?

What may need to be looked into more closely is the basis on which governments select the minerals to be explored and evaluated. The same applies to the international and bilateral funding agencies who, through UNDP, BGS, BRGM, JICA etc, draw up and recommend technical co-operation programmes for mineral development.

Do the ministries of mines and natural resources and their geological surveys consult with other ministries, institutions, NGOs and companies in industry, agriculture, public works and water, construction, environment, etc. to learn what supplies of rocks and minerals and intermediate or finished products made from them are needed as inputs to national development? Armed with that information, the geological survey would then be able to direct its exploration and laboratory test work to finding and evaluating deposits whose development will raise the standard of living of a wider cross-section of its own community. Unfortunately for the poorer people, it still seems that the priority is given to the few resources that can be mined and sold for hard foreign currencies.

Case studies

The potential that exists for achieving sustainable and sometimes rapid improvements in living standards through investment and technical co-operation in projects that result in local processing and consumption is shown by some recent case histories.

In **Bhutan** the farming community in general has remained unfamiliar with the benefits that the country's dolomite can bring when applied as a soil conditioner. Markedly improved crop yields can be obtained with oranges, apples, peaches, pears and some vegetables but so far only by the two or three local professionals who know about it.

In **Nicaragua,** through being unable to obtain priority and funding for the proving and evaluation of additional limestone reserves, the cement industry anticipates a shortfall of 400 000 tonnes a year of cement by the year 2000 which will then have to be imported at an annual cost in 1991 terms of US$25 million. The official priority though for the mining sector has been precious metals, but it is not certain that the annual income from the export of gold is sufficient to cover the total cost of the effort to find and mine it. A UNIDO mission has identified immediate investment opportunities for the manufacture and marketing of Portland pozzolana cement, white cement and white fillers that can be based on Nicaragua's mineral resources.

In **Ghana** the '80-90% priority' of the Geological Survey has been to concentrate on the gold and diamond areas and in **Ethiopia** the priority of the Mineral Resources Development Corporation during the time of the previous regime was exploration and mining for gold. In both those countries, unlike in Malaysia, which now has a thriving industry exporting jewellery, there is little or no downstream processing with added value or local consumer benefit and no contribution to reducing imports, in fact the reverse.

In **Nepal** the acidic soils would be improved and crop yields increased by the application of crushed limestone as agricultural 'lime'. Though adequate limestone resources exist and there is a modern crushing plant, the project was stalled through lack of a marketing campaign.

The many problems existing in **Peru** for the development of industrial minerals are fairly typical in a country having a long established, multi-metalliferous mining industry. Associations of small miners seeking to work with non-metallic minerals have been frustrated through the government institutions in the mining sector not having the means to provide the particular technical advice and support that they seek. The newly founded Instituto para la Promoción de la Minería No Metálica [1] now needs funding for ten projects aimed at assisting the development of smaller and medium scale mining of local non-metallic minerals.

In **Indonesia** in the late 1970s, with co-operation from UNIDO, a Co-ordinating Committee for the Non-Metallic Sector was formed with representatives of the Ceramic Research & Development Institute, the Directorate of Building Research, the Mineral Technology Development Centre and West Java Mining Enterprise. This committee met at regular intervals together with the Geological Survey of Indonesia (GSI) to exchange information and in particular to learn not only what had been found by the GSI but also to suggest to it which rocks and minerals it should consider including in its programme of exploration and evaluation.

More recently, in that country, a new approach taken by one of the large, state-owned mining companies has been to act as 'stepfather' to assist some of the smaller, privately owned industrial mineral operations in Indonesia. An independent foreign consultant was used to propose an initial strategy for the company. So far deposits of four minerals with good prospects have been selected for assessment based on the quality, size of the resource and the national and regional markets.

By taking bulk samples of a silica sand and a clay to a foundry in Blantyre, the Geological Survey of **Malawi** was able to begin the utilisation of deposits of these resources, which resulted in better quality and lower cost castings and replacement of the refractory materials being imported by the company. These were among the many achievements of technical co-operation programmes carried out in Malawi by UNIDO and by the British Geological Survey.

These are a few examples among many that illustrate the kind of opportunities that exist. They support the suggestion being made in this article that funding from the EEC and other public sources would be more appropriate for projects that will help a country to achieve self-sufficiency rather than continue merely to export its raw mineral resources. ○ N.H.

[1] Instituto para la Promoción de la Minería nõ Metálica NMI, Contisuyo — 270-Dpto. 102, Maranga, San Miguel, Lima.

1993 World Development Report
Spotlight on health

In recent years, the International Bank for Reconstruction and Development (more commonly known as 'The World Bank') has, to put it mildly, not scored very highly in the popularity stakes in developing countries. Together with its sister institution, the International Monetary Fund, it has come to be seen as a bastion of free-market thinking, associated more often with the dreaded conditionalities of structural adjustment than with the goal of improving the lot of the world's poorest people.

To be fair to the IBRD, this is a perception which is open to criticism. Defenders of the Bank argue, with some justification, that unless the economic fundamentals are right, there can be no lasting improvement in the condition of those living in poverty. The medicine which the practitioners of Bretton Woods prescribe is bound to have unpleasant side effects but — so the argument goes — those countries which agree to a full course of treatment will eventually emerge with their economic health restored.

It is not the purpose of this article to examine the merits of the World Bank's prescriptions (or should it be proscriptions?). Many words have already been written on this subject and the evidence remains inconclusive. But, given the criticisms which have been voiced about the emphasis on structural adjustment, it is significant that the latest World Development Report, published by the IBRD, should be devoted to health — a 'people-centred' issue which is high on the list of concerns of most developing countries.

It is natural for individuals and organisations to be sensitive about the way they are perceived, but the 1993 Report, which is subtitled 'Investing in Health' cannot be dismissed solely as an image-building exercise. A great deal of work has clearly gone into it and it offers an in-depth analysis of many world health problems, a range of possible measures to improve the situation and a wealth of statistical information. The stark division between the richest and poorest countries across a range of health indicators underlines how much has still to be achieved.

It is worth pointing out that the news is not all bad and the Report indeed begins with an upbeat assessment. It is noted that health conditions around the world have improved more in the past 40 years than in all of previous human history. Life expectancy at birth in the developing world rose during this period from 40 years to 63 years. The number of children who died before their fifth birthday decreased from almost three in ten to one in ten. And smallpox, which killed more than five million people annually in the early 1950s, has now been eradicated.

'Yet developing countries, and especially their poor, continue to suffer a heavy burden of disease, much of which can be inexpensively prevented or cured.' This is the view of IBRD President, *Lewis Preston,* writing in the foreword. As the Report goes on to show, child mortality rates in the poorest countries today are some ten times greater than those in the richest nations, while complications in pregnancy or childbirth claim the lives of about 400 000 women each year in the developing world.

'Millions of lives and billions of dollars could be saved,' the Report argues, even in the face of the three major health challenges of the coming decades — ageing populations, AIDS and the emergence of drug-resistant strains of disease. Governments, it is proposed, should adopt a three-pronged policy approach to health reform designed to:

— foster an enabling environment for households to improve health;

— improve government spending in health; and

— promote diversity and competition in the provision of health services.

Problems

The Report details some of the major problems with health systems that it says will slow the pace of progress in reducing the burden of premature mortality and disability. These include:

— Misallocation of public resources in the form of spending on less cost-effective interventions while vital and effective programmes remain underfunded.

— Inequity reflected in disproportionate government health spending on the affluent while the poor lack access to basic health services.

— Inefficiency in the choice of pharmaceuticals, the deployment and supervision of health workers and the utilisation of hospital beds.

— A cost explosion in some middle-income developing countries, resulting from rising numbers of physicians, new and expensive medical technologies and the link between expanding health insurance and fee-for-service payments to physicians.

Policy recommendations

The authors argue that since overall economic growth and education contribute to good health, governments should pursue sound macroeconomic policies with a 'pro-poor focus' and expand basic schooling, especially for girls. They also call for spending to be 'sharply' redirected from the top levels of the health system to basic public health programmes such as immunisation and AIDS prevention, and essential clinical services such as family planning and tuberculosis treatment.

Governments, they believe, should also foster competition in the supply of health inputs, and encourage a wide range of organisations, including non-governmental agencies and private practitioners, to provide health services. The authors acknowledge, at the same time, that government regulation of private health provision is necessary to ensure safety and quality and that there must be regulation of both public and private insurance to achieve broad coverage of the population and to discourage practices that lead to overuse of services and escalation of costs.

The Report goes on to assert that increasing the income of those in poverty is the most efficacious economic policy for improving health since the poor are likely to spend additional income on improving their diet, obtaining safe water and upgrading sanitation and housing. Even without income growth, it is suggested that health promotion can be achieved by expanding schooling, since better-educated people seek and utilise health information more effectively than those with little or no schooling. Education of girls is regarded as particularly beneficial in view of the pivotal role of women in household nutrition, health care and hygiene.

Public health and essential services

The authors of the Report suggest that implementation of a limited package of public health measures and essential clinical interventions should be a high priority for government spending. The most cost-effective public health activities, it is asserted, include immunisation, school-based health services, information about family planning and nutrition, programmes to reduce tobacco and alcohol consumption, basic care for sick children and simple treatments for tuberculosis and sexually-transmitted diseases.

The Report argues that a minimum package, along the lines described, would reduce the current burden of disease by about 25% at a cost of only $12 per person annually in low-income countries. For middle-income countries the required amount is estimated to be $22. These figures may sound modest, but the overall sums needed look less encouraging. If the package were to be adopted in all developing countries, it would entail a quadrupling of public health expenditures from the present $5 billion to some $20 billion while the cost of essential clinical services — currently running at $20 billion — would be doubled. According to the Report's authors, this would require redirection of current public spending for health in middle-income countries and 'some combination of higher spending by governments, donor agencies and patients, along with a reorientation of existing health expenditures', in low-income countries.

Reorienting spending

On the subject of reorienting existing health spending, the Report points out that in many countries public investment and spending are currently concentrated on highly specialised services, facilities, training and equipment, despite the fact that the most cost-effective services are best delivered at the level of the district hospital or below. It goes on to suggest that spending can be reallocated by increased cost recovery, especially by charging the wealthy for services in government hospitals. Another possible step would be to promote unsubsidised health insurance for middle- and upper-income groups. To avoid the spiralling costs of health care now facing many countries, the authors recommend the encouragement of competition among providers, a system of prepayments to care-providing institutions, greater transparency of price information and, in some cases, the setting of limits for payments to physicians and hospitals. They also feel that quality and efficiency could be improved by placing greater reliance on non-governmental organisations and the private sector. As for governmental health services, it is felt that greater efficiency could be achieved through decentralisation and competitive procurement of drugs, equipment and ancillary services.


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Patients waiting outside a rural health centre in Burundi
'The most cost-effective services are best delivered at the level of the district hospital or below'

Reform is difficult

On paper, many of these suggested reforms are difficult to criticise but the Report's authors recognise that they may not be easy to achieve. They point out, in particular, that 'an array of interest groups may stand to lose', although perhaps they could have been a little more blunt in saying who these interest groups are — principally the elites who currently wield or have access to the levers of power!

The Report also glosses over, to some extent, the difficulties in achieving certain of the goals that are thought to be desirable. It is not at all clear, for instance, where the governments of low-income countries will find the resources for their share of the suggested increase in health expenditure — particularly given that the same countries are being asked to reduce overall state spending under structural adjustment programmes.

As for the issue of private (and NGO) provision, the proposals may superficially be attractive, but there must be some question as to whether they are realistic. It is difficult to imagine meaningful competition for health services in poverty-stricken rural areas. And if one is looking at it in terms of overall costs, it is not at all clear from the experience of countries which have highly developed health services that private systems are any less expensive than public ones.

Despite these criticisms, the Report overall is a genuine attempt to put forward some new thinking and proposals on a very important development issue. The authors suggest that countries willing to grasp the nettle of health reform 'should be strong candidates for increased external assistance'. This may not yet be the policy of the World Bank (the Development Report is a study by IBRD officials which does not necessarily reflect the views of its Board of Directors) but it may be an indication of the way policy is likely to evolve. As such, it is a message of some importance to which developing country governments should pay heed. And few people would dispute the desirability of the goal, which is to allow people around the world, especially the billion or more living in poverty, to live longer, healthier and more productive lives. ○

ed S.H.

Talking about debts...

by Jean-Pierre DIEHL *

The developing countries' ever-longer trail of debt has been at the heart of international relations and development issues for years. Debts have been written off, debts have been rescheduled and repayments have been reduced by the cut-price buying back of claims and the conversion of debts into industrial assets. In the attempt to lighten this load which crushes the life from more than one economy, everything has been tried. Or nearly everything.

Jean-Pierre Diehl shows, by analogy, that history is full of similar cases of inescapable debt. But he is careful to warn the reader that similarity does not constitue a reason — a reference to Furetière's idea that reasoning which proceeds by analogy offers explanations but proves nothing.

Mr Diehl, a freelance consultant and development expert who specialises in transport, urban development and tourism, takes various cases of debt to demonstrate just what can be learnt from history. This article first appeared in his periodic news bulletin, Analogues.

One November morning in 1826, 137 crates, iron-bound and studded, were unloaded from a frigate onto the quayside at Brest and despatched on a 12-day journey by road to the Deposit Consignment Office. The contents — Spanish doubloons, florins, ducats, Louis, American eagles, every currency of the Caribbean, in fact — were part of the first five years' repayments on the Santo Domingo debt, incurred when the Whites (11 300 of them) who were driven out in 1803 managed to get the cash-strapped Villèle government to grant the Port-au-Prince authorities' request for official recognition in exchange for compensation of F 150 000 (Article 2 of the Ordinance of 17 April 1825, signed by Charles X).

The debt was not paid off officially until 1893.

The F 150 000 represented five years' export earnings for Santo Domingo (the President had managed to unite the island a few months previously) or seven years' budget. A private bank, Lafitte, discounted part of the first year's instalment. The bound boxes continued to arrive at the Deposit Bank, which auctioned the coins, from 1827 to 1836, but they were still far from the count. In 1837, the Government sent Admiral Dupetit-Thouars to Haiti to decide how much the country could afford to repay ('not early enough, was his conclusion). In 1838, the debt was renegotiated and the sums owing cut in two, but there were F 60 million still outstanding. In 1837, under a further convention, it was agreed that the French traders were to pay customs duties in the island's ports with bills of exchange which would be deducted from the debt — exactly the same system as the one used to guarantee the sums borrowed for the financial colonisation of China, Egypt, Tunisia and the Ottoman Empire — and which Napoleon III completed by setting up a Haiti customs surveillance service (as happened again in Egypt in 1882, Zaire in 1987 and so on).

Descendants of the colonials were still drawing compensation in 1894, 102 years after the uprising! Would anyone dare to suggest that the present Third World debt problem will still be there a long way into the 21st century?

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It took money and hard work for Latin America to gain independence. In 1815-16, Simon Bolivar, the Liberator, obtained private financing for his first expeditions from British citizens who staked their money on him with luck as their only security. Napoleon I had just been sent packing and extremists in France and Gran Columbia alike took it upon themselves to keep order. But the British bank took the longer view.

In 1823, Bolivar seemed to have won through, as apparently confirmed by the Monroe doctrine (the message) published in April, and the British bankers called in their claim, with the official backing of the Government, which sent consular agents out to all the 'rebel' countries. This was the start of the strong British financial presence in that part of the world. What was surprising was that, at the time, the physical assets pledged as security for the loan no longer existed, because the ships Bolivar had bought had been sold or auctioned afterwards and there was no point in even thinking about the 10 000 uniforms and personal weapons. Gran Colombia collapsed in 1830 and, in 1834, a commission re-assigned 21.5% of the debt (£1.8 million) to Ecuador.

The Ecuadorian Government managed to keep up intermittent payments to the visiting creditors from London until 1854, when it tried to renegotiate the agreement. All the original certificates were converted into consolidated debt bonds for the original amount (none of the capital had been amortised) and Ecuador was to channel a quarter of its customs revenue (with Guyaquil customs under British control) and mining taxes into settlement of the debt. Arrears piled up over the years, as cocoa and rubber prices fluctuated, and in 1869 the Ecuadorian Congress ordered payments to be suspended. None of the capital had yet been paid back. The Finance Minister claimed that 'our inability to meet the terms of the contract releases us from having to do so; for the obligation is against the principles governing the

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How many of these people in Santo Domingo know that their ancestors had to pay compensation to the white farmers (driven out in 1803) and their descendants for 102 years?

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transactions of civilised nations. It is dishonourable and disastrous for any State and can only generate universal disapproval'.

A general renegotiation of terms with the British Government began in 1875, with the prime aim of enabling the Bank of Ecuador to operate properly as a credit establishment (and thereby take over repayment of the debt). So the consolidated debt bonds were converted once more, the capital reduced to one sixth of the nominal value, the arrears capitalised too and the interest rate cut from 7.5% to 6%.

Ecuador was still paying 50 years later, in the throes of the cocoa price crisis, and it was not until 1937 that the affair was finally closed, more than a century after the death of the person who contracted it, the Libertador, Simon Bolivar. So it should come as no surprise if well set-up gentlemen from London or elsewhere who come to talk money are given a wide berth.

* * *

Henri Michaux went out to Ecuador in 1928. 'Ecuador is one of the countries which you can still cross with no other currency than your ability as a horseman,' he said. 'Ecuadorians are not just unbelievably hospitable. They like giving... I have seen more than one Ecuadorian multi-millionaire ruined because he gave all his money away. One made a particular impression on me. He was modest, polite, self-effacing and unexcitable, he had six million sugars (one sugar was five francs) and he felt he had to present everyone he met with a horse maybe, or a carpet, or a piano or a ring. Unless he got an immediate 'no thank you,' he would say 'I knew that would make you happy,' and nothing would make him change his mind. If you were silly — or calculating — enough to say that you liked something, he would give it to you straight away. No-one ever left his home empty-handed. And if you saw porters or people pushing barrows through the street, you would say 'They've been to Mr D's. *Ecuador*, Gallimard, 1929 — reprinted 1968.

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What do young people think when they have to pay off commitments blithely undertaken by their great grandparents? What will a Ghanaian or a Burundian say in the year 2040 if he has to produce hard currency to pay off the last instalments of a loan granted in 1992 for structural adjustment, of which the very name will have been forgotten? And what would the present French leaders say if they had to try and balance their books while servicing a debt contracted under the Marshall Plan (which was of course a dollar donation)?

Might not the very generosity of extremely long-term loans at very low rates of interest (as granted by the World Bank's IDA) have unwanted effects on future generations, involved, in, endlessly renegotiating debts whose purpose has long been forgotten? For, clearly, the poor countries' currencies drift in comparison with those of the funders' countries and institutions, and this, combined with the constant erosion of the purchasing power of exports, will do nothing over the years to reduce the effort it will take to pay the aid back.

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Which brings us to the Russian loan, of course. The 500 franc bond (equivalent to 125 roubles in coin), which I have in my possession is one of the 600 000 certificates issued to finance the Nicholas (Saint Petersburg-Moscow) railway in 1867. It bears the ukase or edict issued by Tsar Nicholas on 18 July 1867. 'Having found it necessary to sell the Nicholas railway for a term of approximately 85 years in order to set up a special fund for the exclusive purpose of completing our railways... we hereby order you to issue these bonds on terms entailing: §3: redemption of these bonds by means of an annual draw, for which purpose a special investment fund shall be set up; §5: payment of interest and redemption at a fixed rate of exchange...'. The ukase ends by listing 'the duties of the Treasury of the Empire' — so the Russian Treasury was responsible for setting the loan until ... 1953.

My point is that there were two very different worlds at the beginning and end of the anticipated term of the bond. In 1862, Tsar Alexander II, who lost the Crimean war, had been in power for seven years, had just abolished serfdom and was fighting to win the Caucasus, Tashkent and the Moslem lands of Central Asia. In 1953, Stalin, the Georgian who committed his country to the conquest of space, died. In 1862, Hugo produced *Les Misérables*. In 1953, Boris Vian published *L'Arrache Cœur*. Alexander was a contemporary of Tolstoy. Stalin imprisoned Solzhenitsin. Between the two dates, we had German unification, two world wars, the fall of the Ottoman Empire, two Tsars, the establishment of the Soviet system, the end of stable currencies, the crisis of 1929, the Korean war and more — enough to efface the contractual links between borrowers and lenders.

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The practical modern approach continues its battle with time ... Modern man can find himself in the position of being a stranger in time, in a state of timelessness, like a spaceman in a state of weightlessness. He gets to feel at home with movement, change and precariousness, which are in some way part of the way things are. The media and the ever faster availability of information make unusual happenings ordinary. The constant input of facts fragments time and weakens our awareness of continuity adjustment. Things novel, things ephemeral, things fashionable, the vagaries of taste and the need for constant adjustment, of course, give one a feeling of living only in the present.

The difficulty of clearly perceiving the personal future, and the uncertainties that go with it, strengthen the illusion of being caught up in a world from which all permanence has disappeared.' Georges Ballandier, *Le détour: pouvoir et modernité, Fayard, 1985, p. 238*

Time becomes fragmented for Ballandier as work did for Georges Friedemann.

* * *

Today, there is a tendency (a temptation, even) for western leaders to lengthen the average term of the debts they contract. In France, for example, the maximum term for public borrowings was recently raised to 28 years — which actually means shifting the burden of today's spending onto the shoulders of posterity.

The French borrow over 28 years and IDA loans are for 50, so there is a generation's difference between them — a generation which, in the industrialised countries where the different age groups are the same size, still has some chance of hanging onto the remembrance of time past. But in the Third World, half the population is under 20, or even under 16, and is vague about recent historical events because it is difficult to believe in them as represented by the ageing people involved in them. School textbooks, however to-the-point, and history teachers, however competent, are powerless before the unrelenting onslaught of the present and the way culture has been made commonplace — what Ballandier calls a kind of trite agnosticism.

More and more, people are starting to behave like the adherents of a cargo cult.

Before the Whites arrived in New Guinea and the New Hebrides, the Melanesians practised complex rituals to ensure, if not the good will, then at least the neutrality of the invisible powers which presided over the destiny of the world they lived in. Then the missionaries, the civil servants, the planters and the soldiers came, with two world wars, and, to the complete surprise of the inhabitants, every European possession came by ship and nothing had to be made on the spot. So they set up cults to worship these extraordinary cargo boats — a reasonable course of action given that the dead were traditionally believed to cross the sea and could therefore be presumed to be in league with the new arrivals — and soon converted to Christianity, often in the hope of receiving the same goods without having to work for them.

A special cult emerged in the New Hebrides in 1939. It was the cult of John Frum (some say that 'frum' comes from 'broom' and that John swept the Whites away), who preached that the people should forget the missions and go back to a traditional way of life and predicted the arrival of whole cargo-loads of possessions. So when the American troops disembarked at Port Vita, the capital, in 1942, the locals naturally thought that it was the work of John Frum and more than 1000 of them volunteered to help build landing strips and do jobs on military bases. American generosity did the rest — John Frum certainly had powerful friends, didn't he? However, when the war was over, there were disappointments and the fortunes of John Frumism wavered. Today, the Frumist leaders are still prophesying that the cargo carrier will soon be back and claiming that John Frum, 'who lives in New California,' keeps an army of 20 000 men in the crater of Yasur, the holy volcano. At the annual rally at Sulfur Bay on 15 February, the faithful have 'USA' painted in red letters across their bare chests and pray for the army to march out of the volcano to welcome the cargo.

The Australian anthropologist Peter Lawrence, writing about Papua in 1964, said that cargo obsessions developed for two reasons. To begin with, they were an economic necessity, cargo having obvious advantages over traditional resources, which it quickly replaced throughout the controlled territories. It then became a sign of dignity. As demand always exceeded supply, anxiety mounted during the waiting process, so the people came to attribute the same social importance to cargo as to their traditional culture and cargo became the symbol of their status in the new colonial society. If they could obtain enough of these goods, they believed, or discover their origins in exchange for the land, labour and services which they were forced to supply, their relations with the Europeans would pose no further problems. But if the cargo and its secret remained out of reach, they would be relegated to a position of inferiority and be despised by the Europeans. Lawrence summed up the original question by wondering why God's goods always went to the Whites and not to the Papuans.

Cargo planes were thought to be messengers from the Gods, sky-jacked by the Whites.

And what about the 'Germany will pay' of the 1920s or the 'America will pay' of the Marshall Plan? Surely there is a hint of the cargo cult there?

Every student knows about France's extreme position on the reparations demanded of Germany after World War I ('The wealth of Germany went to one or two powerful overlords. It isn't just their income that has to be hit. It is their capital,' is how Paul Reynaud put it to the House in October 1922), but few of them realise that, when the four big powers (represented by Bidault, Bevin, Molotov and General Marshall, the Plan man) met in Moscow in April 1947, France was intransigent in its demands that Germany, now in any case divided, should not be allowed to reindustrialise. 'It has to produce raw materials and leave the processing to other people,' Georges Bidault said.

In 1919, the not yet ennobled John Maynard Keynes claimed that it would be an exaggeration to say that the European allies were unable to pay both the capital and the interest on their debt, but that making them do so would place a terrible burden on them. They could therefore be expected to keep trying to evade this obligation and their attempts would be a never-ending source of upsets and ill will for years to come. Nations with debts were not fond of their creditors and there was no point in expecting any goodwill towards Britain or America from France or Italy or Russia if the future development of these countries was paralysed by the annual tribute they would have to pay. They would be tempted to look elsewhere for their friends and, if they broke off peaceful relations, it would give them the enormous benefit of allowing them to avoid paying off of their external debt. But cancelling these major debts would encourage real solidarity and friendship on the part of the associated nations. *The Economic Consequences of the Peace, 1920.*

* * *

Debt and development make uneasy bedfellows

Keynes' contention was that development had to take precedence over debt. He wanted it to be clear that the latter was subordinate to the former and had indeed spoken about it at the Congress of Versailles in 1919. He was to speak about it again at the Bretton Woods Conference in 1944, when he proposed a supranational currency for use in international trade, but the delegates eventually went along with the American negotiators in opting for a monetary system based on the dollar as the leading currency.

The Marshall Plan, those who devised it claimed, made life easy for development (or reconstruction, to be precise) and greater collective well-being. It supported programmes rather than individual projects and gave what were, after all, free grants. In France's case, it turned out to be a far better proposition than loans from the Exim Bank (at 2% or 3% over 20 or 30 years) or any offers from the World Bank, then in its infancy and still referred to as the International Bank for Reconstruction and Development, which stuck to the liberal investment principles of project-by-project assessment, a requirement to provide securities, market rates plus commission and so on. Another advantage was that the counterpart funds accruing from the purchases of raw materials and machinery, which private buyers paid for in national currency, were re-lent at soft rates indefinitely. A fund of this sort still actually operates in Germany.

France got used to cotton, coal and oil coming in through this privileged system. We know of heads of companies of the period who thought that the advantages of this method of supply, financing included, were to be permanent and they were irritated indeed when the whole thing started to collapse in the early 1950s. Their fond memories of the little red and blue badges with white stars which came on everything from the other side of the Atlantic took years to fade.

The cargo cult again...

What is wrong with looking for opportunities under one's feet, like the merrily digging dwarfs in Grimm's Snow White? In 1402, Ibn Khaldun, the father of sociology, said: 'There are many feeble-minded townspeople who hope they can get rich by finding buried treasure. They think that silver from years gone by has been buried, sealed with a magic talisman that only an expert can break by burning incense or casting spells or making sacrifices. In Africa, they believe that the Francs buried their treasure there in the times before Islam and somewhere wrote down instructions so that it could be found afterwards.

'There are plenty of literate Berbers in the Maghreb (Ibn Khaldun was Tunisian) who do not earn their living decently. Instead, armed with tattered bits of paper covered with characters which they claim to be translations of coded instructions which owners of treasure left for finding the places where it was buried, they seek out rich people and money out of them on false pretences, ostensibly to cover the costs of digging for the treasure in question...
'All these stories of treasure hunts are devoid of any scientific or traditional foundation. Although treasure is indeed sometimes found, it is a rare and accidental occurrence, not the result of systematic searching. It was no more usual to bury money and put a secret seal upon it in those days than it is now.' Discourse on Universal History, 1402.


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Statue of Simon Bolivar in Caracas
Bolivar ran up debts during his war of liberation which the Government of Ecuador did not finish paying off until 1937, more than 100 years after his death

The sociology behind giving and lending

'Societies have progressed if they, and the sub-groups and individuals within them, have been able to stabilise their relations, to give and to receive and, ultimately, to give back'. Marcel Mauss, Essay on Giving, L'année sociologique, 1923-24, vol. 1.

In primitive societies, the time that elapses between a loan and its repayment is never more than a lifetime, and that is the solidarity insurance of the group.

If what is borrowed cannot be returned, then the imagination has to take over — hence sayings of the 'God will return it to you a hundredfold' sort and precepts such as Surah LXIV (§ 17 — Make a generous loan to God and he will pay you double), on which Islamic banking is founded. Hence national lotteries and treasure hunts. And hence the myth of cargo, where the rational and irrational advance side by side but cannot be codified into a single contract. 'Those goods cannot belong to the Whites, they must belong to the Gods',' is the Melanesians' working solution.

But the imagination is sorely tried when formal contracts last for a long time, more than a generation say, for no connection can be established any longer between the expiry of the term and the original object of the loan, so the debt looks pointless and is seen as extortion.

This was the feeling that prevailed in Haiti and Ecuador at the end of the 19th century, when they were still settling debts run up for Bolivar's uniforms and the land dues of Toussaint-Louverture. It prevails still among the holders of Russian bond issued in 1860-90, for whom their ancestors' certificates have come to be symbols of injustice and fraud. Yet international law was inviolate in all these cases, including that of the Tsarist loans which counted for nothing once the allies raised the blockade on the young USSR. Alfred Sauvy sheds light on France's conciliatory attitude here. 'The holders of Russian bonds lost out. France did not. Those loans were used, at least in part, to build railways and it is thanks to those railways that the Russians were able to mobilise a little more quickly than was expected by the German high command, which, to save East Prussia, withdrew from the French front two army corps which would have changed the outcome of the Battle of the Marne.' In other words, State interests and private interests do not necessarily coincide.

The populations of poor countries granted new loans over long periods (50 years with a 10-years grace period is usual) at very low rates of interest have not yet been called upon to use their imaginations, because the debt servicing involved is minimal. But it is going to grow mercilessly in the next few years, without any of the benefits of development that were supposed to go with it, and the people, still teenagers, who will one day have to bear the brunt of this are bound to wonder whether it is right for them to have to put up with what must look to them very much like extortion on an international scale. The inhabitants of Africa's big cities have already added the vocabulary of structural adjustment — short-term constraints, restructuring, deflation and so on — to their lexicons. Actors are already putting on plays about white bankers in top hats and tail coats, just like in the good old days. But will that safety valve be enough?

To our mind, at the end of this tour of what the sociologists call reciprocal donations, stretching the link between the purpose of a loan and a scheduled repayment period of 50 years will have serious repercussions in the future. The money will simply not be there and the international bankers will renegotiate and reschedule and find all manner of tricks to change the dates — without, of course, getting more than the debtors have. But, although a pound is a pound and must always be a pound, the bankers' main shareholders are the industrialised nations and it is they who will have to take the measure of the stretch and act accordingly.

Why not replace what the experts call quasi-grants by grants pure and simple? As far as countries in the North are concerned, giving instead of lending would amount to using savings which already exist in preference to the future savings of their children. What would it cost the developed economies today? Surely any extra outlay, and more, would be offset by the satisfaction, not to say the positive advantages, of not leaving a time bomb for future generations to dispose of?

Let us leave the closing lines to Maru, the Maori god of war and justice, in this proverb (quoted by Marcel Mauss, op.cit.).

Ko Maru kai atu	**Mary gives**
Ko Maru kai mai	**as much as she takes,**
ka ngohe ngohe	**and that is really good.**

Professional training for African cultural operators

by William BENEDETTO

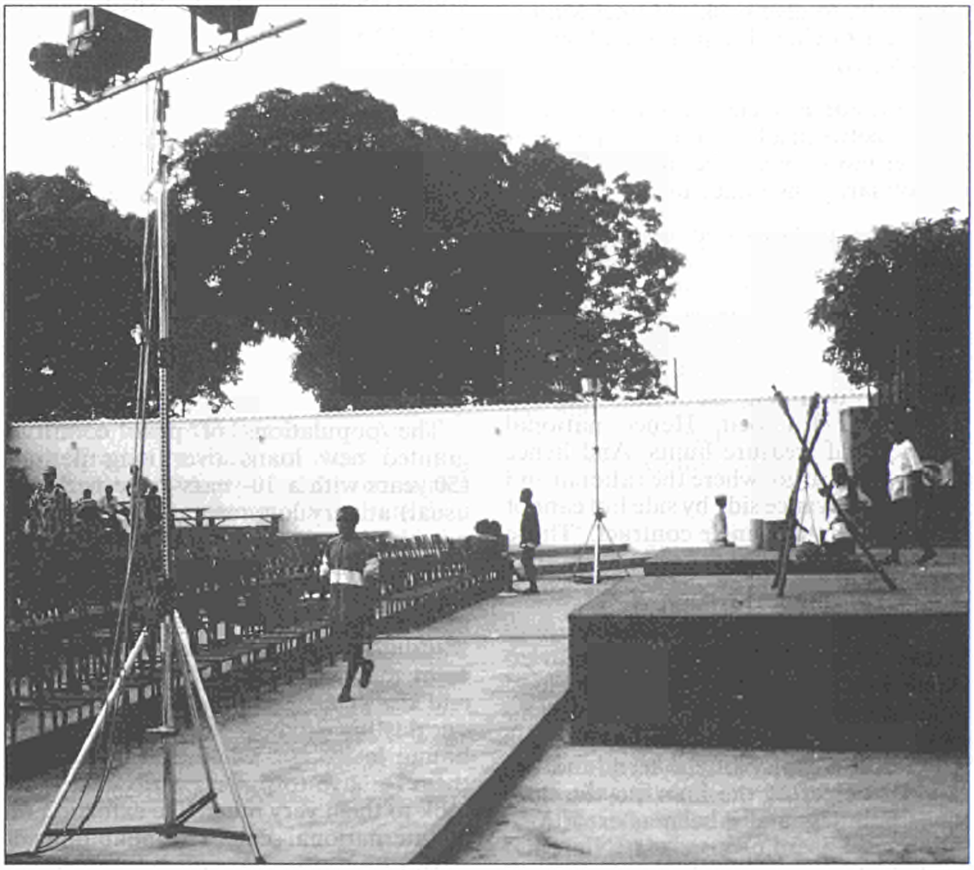
At the latest FESPACO, held in Burkina Faso on 20-27 February 1993, Ivorian writer Ahmadou Kourouma,[1] chairman of the festival judges, also presided at the finals of the first African cultural operators award. This original initiative, set up by Africréation, the African young creators' agency of which Ahmadou Kourouma is also chairman, had given 10 cadres from the African arts field the opportunity to take a 10-month sandwich course combining theory in Lomé with two practical courses, one in Africa and one in Europe. Although they were able to complete the programme by the end of 1992 despite the strike, the situation in Togo deteriorated and they were forced to wait for FESPACO in Ouagadougou in February for the last assessment. By reaching a large audience, the Festival, which took place two months after completion of the training courses, was the ideal place for the finals, in which candidates came under the scrutiny of leading lights from the African and European cultural scene.

Basing training on professional projects

Africréation, which sees training in art and culture as a *sine qua non* of cultural development, designed and ran the whole of the training programme, at the request of the Governments of Togo and Benin, with logistical and financial support from the European Community. For the 114 candidates, who had to have at least three years' professional experience in the arts field, selection hinged on a professional cultural or artistic project designed for a practical environment. European entries still had to stress the importance of South-South cooperation as a driving force of development. There is a dense artistic network to expand and renew through the burgeoning of a new generation of cultural operators, who have to be given the means to express themselves and assert their identity to the full extent.

The ten shortlisted candidates, from seven countries (Benin, Burkina Faso, Chad, Congo, Côte d'Ivoire, Togo and Zaire), were keen to see their various projects through and had been clearly enthusiastic about and genuinely motivated by the prospects of training. Marcel Djondo from Togo wanted to promote the Concert Party, a West African people's theatre and portrayer of a socio-cultural balance which it is important to protect. Mariam Mayoumbila wanted to set up a performers' training centre, called Kadja Kosso (which means 'seed sowing day' in Sara Kabba), in her native Chad and Parfait Doudy (Congo) intended to found an audio-visual agency, called Bantou Communication, to promote Bantu culture in Central, Southern and Eastern Africa.

If these projects do not go as fast as it was hoped, it may be because they are too innovatory. Certainly, potential partners are often over-cautious. But this is not the case everywhere, fortunately, and ground is being prepared for the more mature projects to be put into practice. Igor Ageuh from Benin, who aims to set up a multi-cultural festival at Porto Novo (Benin), is very clear-sighted. 'Our generation says little. It prefers action. I believe that there are too many theories and too many wonderful projects which never see the light of day.' The first Festival Racines is scheduled to last ten days and its promotor wants it to show that there is a direct link between a town's cultural activity and its economic development. He clearly wants to attract a large audience and to develop artistic creation and he is giving proper consideration to all those artistic, social and economic aspects which are vital to the success of the festival. Here, then, is a cultural operator who takes a more global view of a successful cultural event. But he still has to have the practical means of putting his plans into practice and has to be able to manage his art in the same way as a director manages a company — all aims which the training is designed to achieve through classes in law, accountancy, the history of African art and the management of human resources, taught by cultural development experts from Africa and Europe.



Setting the scene...

[1] Author of 'Soleil des indépendances' and 'Monné, outrages et défis'.

Keeping up steam

Although the tutors' contributions are to be phased out in the long term, the trainees still have the organisers to help them integrate on the best possible terms. So the odd student who failed to qualify will have to turn in extra work in his problem subjects, with support from the judges. The degree of independence achieved in carrying out the project is of course the main criterion of success and proof that the transfer of know-how has been a success and the aims achieved. But the contact established between the trainees and various other people involved in the training has to be kept up if the most is to be got out of the programme. So Marcel Djondo is helping produce Don Juan for the Théâtre de l'Unité, the Montbeliard (France) company which hosted him for his in-service training, there are to be exchanges with Togo and the Concert Party is to be relaunched.

It is too early to attempt an overall assessment at this stage, but most of this first year's Entrepreneurs Culturels Africains have their projects well under way and now have the tools of the trade they need to assure their professional future. 'One important thing about the training is that it plugged us into a network. There are now ten young Africans united in the challenge of going in for cultural activity in a hostile environment and making a living from it,' we heard from Koulsy Lamko, who, with his experience as an organiser with the Atelier Théâtre Burkinabé (ATB) behind him, wants to set up his own agency, Kaleido C, to promote and liaise between theatre companies and cultural institutions and services in Burkina Faso. He got a grounding in the main concepts and methods from the classes on the administration and management of culture. Now all he has to do is put it into practice, not quite such an easy matter.

What are the chances of these projects working in what we know is the different social climate of Africa, where culture often fails to get the support it has in Europe? Time will tell. Clearly, the cultural operators' training scheme should be repeated and developed over a 12 month period and, this time, Benin will be hosting the programme and the 12 trainees. The lessons of the first year will be put to good use, to raise the standard of the work in the classroom even higher and tie it in better with the two practical courses.

... for the performance of Amadou Koné's 'Les canaris sont vides'.

Diversifying for better facilities

The first training programme for cultural operators is not the only one of its kind, for the drive to improve professional skills in the arts field has also led to two training courses in stagecraft, one in Lomé (Togo) in August 1990 and one in Ouidah (Benin) in November 1991. These were shorter sessions of about a fortnight each and they were attended by 20 trainees from six countries of Western and Central Africa, who put on performances of Laurent Owando's *La folie du gouverneur* and Amadou Koné's *Les canaris sont vides*, at the end of them. Africréation, which was set up in 1989, is also to copy the idea of the Pépinières Européennes pour Jeunes Artistes (it runs workshops for young people in the arts field) and capitalise on relations with people in Eurocréation, an African artistes' residence programme. It is vital for Africa to have this sort of organisation, which will be offering workshops in four subjects — stagecraft in Cotonou (Benin), plastic art and craft in Dakar (Senegal), engraving in Lomé or Cotonou and script-writing in Ouagadougou — and giving young artists and performers (aged 20-35) the opportunity to learn from highly talented, internationally recognised people, such as sculptor Ousmane Sow, artist Sokey Edorh and film-maker Gaston Kaboré.

The European workshops offer optimum conditions in which to research and create a piece of work over a period of three to six months, but it is of course impossible to take this model as it stands, for African characteristics are strongly marked and have to be catered for. Africa will need more back-up because of the shortage of training structures and the organisation will have to become a real production workshop, for the drive to improve professional skills is stronger than ever before and the outlets for African art should be exploited to the full.

These cultural operators have virtually unlimited potential and the realisation of that potential is one of the conditions of the development of Africa, a continent which is, more than ever before, a point of reference in the arts field. Let us hope that it now gets the recognition it deserves and, above all, the opportunity to develop its cultural wealth. ○ W.B.

CTA Bulletin
TECHNICAL CENTRE FOR AGRICULTURAL AND RURAL COOPERATION

Dissemination of agricultural reference books (DORA)

by T. NIANG and M.J. JEHL

The major challenge facing most African, Caribbean and Pacific (ACP) countries is to overcome the constraints on agricultural production and development and to achieve long term food security.

In response to this challenge, the Technical Centre for Agriculture and Rural Development (CTA) was established in the Netherlands in 1983 under the Lomé Convention between the European Community (EC) and the countries which comprise the ACP Group.

CTA's mandate is to help ACP countries achieve a higher degree of food security by providing them with better access to scientific and technical information on all issues related to food production — crop cultivation, animal husbandry, fisheries, farming systems and export commodities. With the objective of fulfilling its principal mission, which is to improve ACP countries' access to agricultural information, CTA has been working since 1985 on the dissemination of documentary material for the benefit of these countries.

In 1988, CTA made an inventory of *Information Sources on Tropical Agriculture in ACP countries*. This inventory showed that the existing collections of books available are relatively weak and that the majority of information centres are concentrated in the capitals. Most of the collections consist of older books and periodicals. One of the reasons for this is that these organisations lack public funds to purchase more up-to-date publications.

It is against this background, and in implementing its mandate to provide ACP national and regional documentation centres and research institutes with easier access to scientific and technical publications on agriculture and rural development and to data banks in the Community and in the ACP states, that CTA is carrying out the Dissemination of Agricultural Reference Books (DORA) project.

What is DORA

DORA is a demand-led book donation programme through which a beneficiary can order a limited number of books through an operator with CTA as the facilitating organisation. The programme enables agricultural information centres to purchase the significant core agricultural reference books and to support researchers, extension workers, training officers and decision makers in the implementation of their activities.

Goal

The goal of DORA is to help ACP countries gain better access to agricultural information services by making relevant information and documentation available to serve as a resource base for agricultural and rural development.

Objectives

The specific objective of DORA is to supply collections of reference books worth ECU 5000 to at least one national agricultural information service in each of the ACP regions.

Target groups and clients

During its first phase (1991/93), 40 ACP countries have benefited from the DORA project (see appendix 1). The beneficiaries so far have been 20 planning and extension officers attached to the Ministry of Agriculture, 11 agricultural research institutions and nine training institutes and universities.

An analysis of the subject content of the books shows their areas of interest. They are:

Agricultural economies and management	13%
Livestock	13%
Environment and forestry	10%
Agricultural technology	22%
Information, communication and extension	7%
Training	6%

One way of finding out users' information needs is through surveys. Analysis of the data can provide answers that can be used as guides in the development of an information system and the types of sources of information needed to meet specific requirements. These requirements are influenced by factors including the users' work (educational/learning, research, management or extension) and the individual capabilities (level of education, specialisation, literacy, language etc.).

This approach has for example been used in the Luyengo Faculty of Agriculture Library of the University of Swaziland, which caters for teaching, learning, research and extension needs in the field of agricultural education and extension, agricultural economies and management, animal production and health, crop production, home economics and land use and mechanisation.

An understanding of the different subject curriculums, and attendance at faculty board meetings where academic and new programmes are discussed, provided a base for the assessment of users' needs. The type of books which were selected varied from scientific to reference. Some of them were monographs on virology, soil-borne diseases and cotton, and reference material was formed by atlases showing disease and pest distribution, scientific dictionaries and information source directories.

As a tailor-made service to users, careful attention is paid to language. Institutional needs in relation to their mandate, objectives and functions are also taken into consideration.

Implementation

Selection of beneficiaries

Several criteria are taken into consideration for the selection of the centres to benefit from the DORA project:

— request from the national information centres for support;

— ability of the centre to handle, manage and promote the dissemination and use of the documents acquired;

— integration of the programme with other CTA activities such as:

— assessment of agricultural information needs of ACP countries;

— installation of information technologies such as CD-ROM;

— training in agricultural information;

— setting up of National Focal Points (NFP);

— geographical distribution of the sites per year, taking into consideration the fact that all ACP regions (Africa, Caribbean and Pacific) have to be served; existence of other documentation centres which already received support within the framework of other CTA activities;

— particular attention is given to least developed, island and landlocked countries.

Selection of books

To assist the institutions in their choice of publications, CTA, in conjunction with the operators, sends various catalogues and bibliographies to the centres, from which they can select titles of interest. Catalogues of all major known agricultural publishers are included.

Regarding the selection of titles, CTA advises the centres to take account of the need to identify and analyse the information needs of researchers, extension workers, trainers and decision-makers in relation to the agricultural development policy and objectives of their institutions.

Acquisition of books

The acquisition of books is a two-stage process. First each centre gets order forms for different catalogues. The completed forms are subsequently returned to the institution to which CTA has delegated the implementation of the project. The beneficiary documentation centres receive:

— the publications ordered as soon as they are available by air mail;

— a financial statement informing them of the amount available for the second order with indications of books out of print.

Processing of the second orders is subject to the return of an evaluation form on the use of the first books received and to submission of second order forms which do not overrun the available budget. An evaluation form is included in all parcels of books sent.

The evaluation questionnaire sets out a number of criteria of assessment, including the following:

— selection procedures of the publications in relation to users' expectations;

— dissemination of the information among internal and external users of the information centre;

— growth in the numbers of users or readers of the centres;

— registration of the documents received (cataloguing, indexing, etc.);

— promotion of the project;

— need for publishers' catalogues.

Operation

Although CTA is the implementing agency, it has contracted two operators for the day-to-day management of the DORA project. The operators are: BDPA (Bureau pour le Développement de la Production Agricole) of France for French-speaking and IT (Intermediate Technology Publications) of the UK for English-speaking countries. BDPA is a private company which provides services and activities on various aspects of information processing and management of documentary support networks. IT is a British NGO Development Group which aims to promote rural development through the dissemination of productive technologies.

The relationship and communications between the partners are governed by a charter which defines the roles and responsibilities of each and every partner.

To ensure proper operations management of DORA, a referencing and ordering system has been created. An automated process using a computer database is used to ascertain the progress of an order, the identification code of the documentation centre and the price at any moment.

To identify the different titles of books requested from the beneficiaries' own bibliographical sources, CD-ROM databases are heavily used. These also help to advise centres on book issues out of print so that they can manage their budgets efficiently.

Monitoring and evaluation

'To ensure the usefulness of DORA books, regular monitoring and evaluation are built into the management process to ensure that the products and services are geared towards the needs of users and maximum utilization of the books (M. Obi, 1993).

To continuously improve the DORA scheme, CTA built an on-going monitoring and evaluation process into the project with the following components:

— Initial resource inventory in 1988.

— Establishment of a 'contract of honour' into the DORA scheme allowing a mid-term evaluation by the beneficiaries, the operators and CTA of input received by the beneficiaries.

— Review of available literature on book industry and donation schemes in developing countries.

— Exchange of experience and ideas with other book donation programmes through attendance at meetings on book publishing and distribution.

— Field visits by CTA staff and consultants to selected beneficiary centres.

— Review of correspondence and feedback questionnaires from the centres.

— The holding of an evaluation forum in Ezulumi, Mbabane, Swaziland, 5-9 July 1993.

Future activities

Participants in the evaluation forum recommended that:

— CTA should develop stronger partnerships with agencies interested in book donation schemes.

— For research and teaching institutions, the scheme should expand to include the possibility of subscribing to SDI (Selective Dissemination of Information) to facilitate access to selected journals and bulletins. This could enable lecturers and scientists to keep abreast of new techniques and knowledge generated through research elsewhere in the world.

— DORA could also be improved by training agricultural information specialists and by a publicity and marketing component including the production and distribution of posters and brochures.

Benefits

This programme has potential for encouraging the development of specialist agricultural libraries and enhancing national information infrastructure. The benefits of DORA can greatly increase the availability and use of agricultural information and consequently make a contribution to agricultural development:

— DORA being specifically a demand-led programme, it improves the services of the beneficiary centres by making available and accessible hard copies of books and thus meeting the urgent needs of users. It also provides some relief to tight budgets.

— Another major thrust of the DORA programme is that it could contribute to a better national document delivery mechanism by stimulating resource sharing through sectoral cooperation between agricultural information services.

— Developing DORA could help in improving information personnel ca-

List of DORA beneficiaries

Angola
Ministry of Rural Development (MINADER — R.P.A.), C.P. 527, Luanda
Belize
Ministry of Agriculture and Fisheries, Central Farm, Cayo District, Belmopan
Bénin
Centre national de documentation et d'information agricole, BP 03-2900, Cotonou
Botswana
Library Services, Department of Agricultural Research, Ministry of Agriculture, PB 0033, Cuborone
Burkina Faso
Centre national de documentation agricole, Ministère de l'agriculture et de l'élevage, 03 BP 7010, Ouagadougou
Burundi
ISABU, BP 785, Bujumbura
Cameroon
Central Library, University Centre of Dschang, PO Box 225, Dschang
Cape Verde
INIA, BP 84-33, Rua Dos Correos, Praia
Central African Republic
Ministère du développement rural, BP 786, Bangui
Congo
Ministère du développement rural, BP 2453, Brazzaville
Côte d'Ivoire
Service de documentation et d'information/REDACI, Ministère de l'agriculture, BP V 185, Abidjan, and Bibliothèque, IDESSA, BP 633, Bouaké
Gambia
Library, Department of Planning, Ministry of Agriculture, 10B Cameron Street, Banjul
Ghana
Balme Library, University of Ghana, PO Box 24, Legon, Accra
Guinea
Institut de Recherche agronomique de Guinée, Ministère de l'agriculture et des ressources animales, BP 576, Conakry
Guinea-Bissau
Centre de documentation et de diffusion agricole, BP CP71, Bissau
Kenya
Library of Scientific Literature, Kenyan Agricultural Research Institute, PO Box 30148, Nairobi
Madagascar
CENRADERU/FOFIFA, 186 Rte Dama Ntsoa, BP 1690, Antananarivo
Mali
Institut polytechnique rural de Katibougou, BP 6, Koulikoro
Mauritania
Centre national de recherche agronomique et de développement agricole, BP 22, Kaedi
Mauritius
Food and Agricultural Research Council, Réduit
Mozambique
Centro de Documentaçao Agrária (CDA), Ministerio de Agricultura, Forcas l'opulares, PB 3658, Mavalano, Maputo
Namibia
Ministry of Agriculture, P/Bag 13184, Windhoek 9000
Niger
INRAN, BP 429, Niamey
Nigeria
Agriculture Library, Institute for Agricultural Research, Ahmadu Bello University, PM B 1044, Zaria
Papua New Guinea
Matheson Library, University of Technology, Private Mail Bag, Lae
Rwanda
CNDA, Ministère de l'agriculture, de l'élevage et des forêts, BP 621, Kigali
Saint Vincent
Kingstown Public Library, Lower Middle Street, Kingstown
Senegal
Ministère du développement rural et de l'hydraulique, BP 4005, Dakar
Sierra Leone
Agricultural Documentation Centre, Youyi Building, room 209, 2nd floor, Freetown
Suriname
Anton de Kom University of Suriname, PO B 9212, Paramaribo
Swaziland
Faculty of Agriculture Library, University of Swaziland, PO Luyengo, Mbabane
Tanzania
Sokoine University of Agriculture, PO Box 3007, Morogoro
Togo
Direction générale du développement rural, Ministère du développement rural, BP 341, Lomé
Tonga
Forests and Fisheries Library, Ministry of Agriculture, PO Box 14, Nuku'alofa
Uganda
Ministry of Agriculture, Animal Industry and Fisheries — NADIC, PO Box 11098, Kampala
Western Samoa
IRETA, University of the South Pacific, Alafua Campus, Private Bag, Apia
Zaïre
INERA, BP 2037, Kinshasa I

pacity by providing the opportunity for a practical approach to their function and developing the skills they have acquired during their initial training or continued training (selection of books based on users' needs, management, communicating with a range of partners, automation of databases, public relations etc.).
— The DORA project has highlighted the need for effective training in agricultural information, identifying the information needs of users and the need for greater national and regional publishing.
— DORA has been seen as an opportunity for information professionals to exchange views with others outside their countries, getting new ideas for the promotion and advertising of information work, and thus as a motivation to improve the services provided.

Sustainability

It has to be clearly stated that no book donation scheme can answer all the long-term needs of countries. It is a national responsibility to invest in the building up of national capacities for information production, processing, dissemination and use. As the chairman of Zimbabwe's International Book Fair claimed, 'Without books and without an environment that respects and venerates books and those who can write them, there can be no growth, no valid and meaningful democracy, no debate and no real development. An environment without books is a dry and dead environment' (Melvor, 1993).

The ACP countries should therefore take advantage of the various conventions that prevent the imposition of custom charges on the donation of intellectual material (e.g. the Florence Agreement of UNESCO) to derive maximum benefits from DORA and other similar book donation programmes. They should make maximum use of information by repackaging it to meet the specific needs of their various target groups. The use of audio-visual material complemented by practical sessions could also enhance the learning process.

After the evaluation the DORA programme will be improved, taking into account the recommendations and results of the evaluation forum. CTA will develop this activity in all the African countries by the end of 1995○

T.N. & M.J.J.

THE CONVENTION AT WORK

EUROPEAN DEVELOPMENT FUND

Following, where required, favourable opinions from the EDF Committee, the Commission has decided to provide grants and special loans from the 5th, 6th and 7th EDFs to finance the following operations (grants unless otherwise stated):

ECONOMIC AND SOCIAL INFRASTRUCTURE

New Caledonia: ECU 700 000 (special loan) for the construction of a new building at the Magenta aerodrome.

Aruba: ECU 6.25 million (of which ECU 2.25 million in the form of a special loan) for the expansion of Aruba Airport.

Mauritania: ECU 3.6 million (of which ECU 1.363 million in the form of a special loan) for the rehabilitation of the wharf in Nouakchott.

Mauritania: ECU 529 000 additional financing for the drinking water supply project in Aioun el Atrouss.

Mauritania: ECU 7.35 million for the second road programme.

Comores: ECU 3.25 million to develop maritime access to the island of Mohéli.

TRADE PROMOTION/ STRUCTURAL ADJUSTMENT

Mauritania: ECU 18 million in support of the structural adjustment programme.

Grenada: ECU 2 million for a general import programme in support of structural adjustment.

Mali: ECU 26.25 million in support of the structural adjustment programme.

Tanzania: ECU 55 million for the second structural adjustment programme. Counterpart funds generated will be used by the government to finance budgeted expenditures (excluding salaries) in the fields of health, education and road maintenance.

Comores: ECU 5.5 million in support of the 1993-95 structural adjustment programme.

Burkina Faso: ECU 38 million to support the 1993-95 structural adjustment programme.

Ghana: ECU 29 million for a general import programme in support of structural adjustment.

AGRICULTURE

Ethiopia/Eritrea: ECU 1.69 million for small-scale irrigation in the Western Lowlands of Eritrea.

Côte d'Ivoire: ECU 1.275 million to promote and consolidate agricultural cooperatives and other professional agricultural organisations involved in the marketing of farm products.

Zimbabwe: ECU 3.3 million for Phase II of the fruit and vegetable projects in East Mashonaland.

West Africa: ECU 7.1 million for a collaborative research programme relating to trypanosomiasis and increasing productivity of trypano-tolerant livestock.

SADC Member States: ECU 3.97 million for a maize and wheat research network.

Mali: ECU 1.91 million to support the development of agricultural credit.

Uganda: ECU 20 million for the development of small-scale tea production.

Côte d'Ivoire, Ethiopia, Mali: ECU 15.6 million (ECU 5.2 million from national indicative programmes, ECU 10.4 million from the regional indicative programme) for the Pan-African Campaign against Rinderpest.

ENTERPRISE

Barbados: ECU 250 000 for the Barbados National Development Foundation (small business start-ups and expansion, training and technical assistance).

Seychelles: ECU 250 000 for a credit line facility for small enterprises.

Guyana: ECU 250 000 for the development of a small business credit initiative.

Seychelles: ECU 1 million to assist the development of small and medium-sized enterprises.

HEALTH

Dominican Republic: ECU 8.8 million for an integrated health programme in the South-West Region.

Mauritania: ECU 7.35 million for the rehabilitation of the Nouakchott and Aioun hospitals.

Uganda: ECU 20 million for three health projects — a general rural health programme, a specific programme covering the Western Nile Region, and continuing support for the Uganda Blood Transfusion Service.

Senegal: ECU 1.7 million to support the national programme for combating AIDS.

EDUCATION

Dominican Republic: ECU 7 million for an integrated programme to develop primary education at local level.

Barbados: ECU 2.75 million to improve and expand the facilities of a hotel training school.

Namibia: ECU 1.8 million for the upgrading and rehabilitation of primary school facilities in rural areas.

Namibia: ECU 500 000 to support 'Abacus Education Supplement', a weekly educational publication.

Portuguese-speaking countries of Africa (Angola, Cape Verde, Guinea Bissau, São Tomé and Principe): ECU 4.45 million to assist in consolidating education systems.

New Caledonia: ECU 2.375 million for school construction in the Loyalty Islands.

New Caledonia: ECU 830 000 for the construction of a centre for training apprentices.

Papua New Guinea/Pacific ACPs: ECU 15 million (ECU 14 million from the National Indicative Programme and ECU 1 million from the Pacific Regional Indicative Programme) for a programme to develop human resources.

ENVIRONMENT

Kenya: ECU 4 million for elephant and wildlife protection.

Kenya: ECU 1.99 million for the revival and development of Swahili culture (safeguard of historical sites and monuments, definition of an institutional framework for conservation and capacity-strengthening for the National Museums of Kenya).

Mali: ECU 900 000 to help prevent erosion in the area served by the Bandiagara-Dourou road.

INSTITUTIONAL SUPPORT

Mauritania: ECU 1.562 million in institutional support for the Ministry of Planning.

Swaziland: ECU 5 million in institutional support for the central administration.

Zambia: ECU 1.85 million for a support services programme designed to provide technical assistance in the Budget Office.

Tanzania: ECU 1.98 million for the National Authorising Officer's programme support unit.

Tanzania: ECU 1.3 million in assistance for the Ministry of Finance, Zanzibar.

MISCELLANEOUS

All ACPs: ECU 2.7 million for evaluation and follow-up of programmes financed by the European Development Fund.

Burkina Faso: ECU 2 million for infrastructure for the regional solar power programme in the provinces of Sourou, Yatenga and Passoré.

Malawi: ECU 1.2 million in support of the recent referendum process.

Guinea: ECU 20 million for the improvement of living conditions in the interior of the country. The programme covers a range of measures in the fields of health, education and water supply.

Gambia: ECU 960 000 to assist the tourist sector by stimulating European operators to improve their promotion, so as to expand the 'season' and increase utilisation of Gambia's existing hotel capacity.

Sierra Leone: ECU 525 000 for technical assistance for the National Power Authority (emergency programme).

Zambia: ECU 12 million for a support programme in the social sector.

Zimbabwe: ECU 4.6 million for the development of communal lands at Omay, Kanyati and Gatshe Batshe in the Kariba region.

Saint Helena: ECU 610 000 for dyke restoration.

All ACPs and OCTs: ECU 30 million global authorisation for the financing, by the accelerated procedure, of multiannual microproject programmes.

EUROPEAN INVESTMENT BANK

The EIB has made the following loans:

Nigeria: ECU 2.5 million to finance equity and quasi-equity participation in small and medium-sized enterprises.

Mozambique: ECU 3.35 million for the development of a flake graphite deposit at Ancuabe in Northern Mozambique.

ACP GROUP

The ACP Group recently issued the following statements on events of international interest:

15 July Statement on Haiti

The African, Caribbean and Pacific Group of States greatly welcomes the agreement signed in New York on 3 July 1993 between President Jean-Bertrand Aristide and the commander-in-chief of the Haitian army. According to the latter, the terms of this agreement 'constitute a satisfactory solution to the Haitian crisis and the beginning of a national reconciliation process'.

The ACP Group of States praises the United Nations Organisation and the Organisation of American States represented by Mr Dante Caputo, the special representative of the Secretaries-General of these organisations, for their commitment and determination in leading these difficult negotiations to a successful end.

The ACP Group of States calls on the signatories to scrupulously respect this agreement and fully implement it in a spirit of harmony, peace and justice, with a view to establishing a 'stable, lasting and democratic society' in Haiti.

The ACP Group of States reiterates its willingness to pursue its action, in concert with other international and regional organisations such as the UN, EC, OAS, OAU and CARICOM, geared towards achieving the resumption of cooperation with Haiti and the suspension of sanctions adopted against Haiti as soon as the Prime Minister appointed by President Aristide has taken office and his appointment has been ratified by the Haitian Parliament.

15 July Statement on Togo

The African, Caribbean and Pacific Group of States welcomes the accord signed on 11 July 1993 at Ougadougou between the representatives of the President of the Republic and Government of Togo and those of the Collective Democratic Opposition (COD II) laying down, among other things, the security measures and conditions under which presidential elections should be held in the Republic.

The ACP Group of States commends the President of the Republic of Burkina Faso, H.E. Mr Blaise Compaoré and dignitaries of various friendly countries for their efforts to ensure that the political, economic and social situation of Togo returns to normal.

The ACP Group appeals to the parties signatory to the Ougadougou Accord to abide strictly by their undertakings and implement the measures adopted which, in the terms of the Accord, are destined to restore 'peace, security and mutual trust'.

The ACP Group strongly hopes that, once this process has been completed, cooperation and normal relations will resume between the European Community and the Republic of Togo.

20 July Statement on 1992 Stabex transfers

The ACP Group expresses profound regret at the inability of the General Affairs Council of 19 and 20 July to adopt the European Commission's proposals aimed at reducing the deficit in the Stabex cover for 1992.

It further expresses deep concern over the lack of consensus within the General Affairs Council which, for the first time, has had to tackle the Stabex problem.

Admissible Stabex transfers for the 1992 year of application amount to ECU 764 million as against ECU 330 million which is the total available resources, ie, only 43.2% cover.

Aware of the limitations in the Stabex scheme, the ACP Group considers that the Commission's proposal or, yet still, that of the EEC presidency which is largely inadequate in view of the needs expressed, is nonetheless likely to help increase the funds meant to cover 50% of ACP requests.

Aware that the transfer of additional resources does not in any way affect the programme already under way in the other sectors of the Convention, the ACP Group appeals to the Community Member States concerned to withdraw their opposition which seriously affects the legitimate interests of the ACP States.

EUROPEAN COMMUNITY

A remedy for Europe's sickness...

Comparisons were inevitable between the sciatica which laid low Jacques Delors on the eve of the last EC summit and the Community's own ailments. The Commission President's attendance at the Copenhagen meeting of EC leaders was in doubt until the last minute, but Mr Delors overcame his own woes to be there on June 21 and 22 and present a crucial paper on the worsening Euro-economy and the consequent jobs crisis.

Like Mr Delors, the Community has been in pain, wracked by unemployment threatening to top 20 million next year and by depressing forecasts for negative growth in all but two Member States.

This was the summit which tried to get to grips with these grim internal problems and there was full agreement that the key issue is the restoration of the Community's competitiveness. The question everyone wants to answer is how the Americans manage to create four times as many jobs for every one point of economic growth.

A single percentage point of economic growth would be welcomed with open arms in all the Member States right now. The real picture is of a 0.5% downturn in 1993, with possible growth of 1.25% in 1994, unless the current recession — the worst in the EC's history — bites even deeper before it eases its grip on the economies of the Twelve.

It is generally accepted that growth of at least 3% is required before any significant job increases can be registered. Hence Mr Delors' plan for a new stimulus to growth, competitiveness and employment with massive new funding to develop roads and railways and to boost small and medium-sized businesses. Mr Delors painted a gloomy picture for the EC leaders — unemployment across Europe rising faster than at any time in the last 20 years, and growth at its lowest for a decade.

He made it clear that beating the recession in a way that promotes job creation is now the top priority. The summit conclusion thus included a pledge to win back public confidence by implementing a clear strategy to 'restore sustainable growth, reinforce the competitiveness of European industry and reduce unemployment.'

The new Delors scheme amounts to an eight-point plan, which will now serve as the basis for detailed Commission proposals to be presented to the EC finance ministers in September. Not surprisingly, the blueprint revolves around the creation of a single currency which Mr Delors said (at the time) was still on track in the wake of Denmark's positive vote in favour of the Maastricht Treaty.

But he also wants a huge financial boost for the Community including a commitment from the Member States to devote 3% of Gross National Product to research, development and innovation — a 1% increase on the current allocation. Mr Delors has also set a ten-year deadline to stimulate European industries which will design and build new transport and telecommunications networks which are seen as vital to fulfil the free movement promise of the single market. More active labour market policies, new strategies to improve the quality of life, and profound changes in education were all endorsed by the summit. The Danish Prime Minister, Poul Nyrup Rasmussen, called the meeting 'a watershed in the EC's economic development'. That will be a correct assessment only if the Commission now comes up with proposals which will turn the latest Delors initiative into a practical reality. ○ Geoff MEAD

... but is the remedy appropriate after EMS convulsions?

The events on Europe's currency markets at the end of July, which led to a 'redesigned' European Monetary System revealed how quickly the best-laid plans of policy-makers can be undermined. Barely a month after Mr Delors was reiterating the importance of monetary union for the EC economy, the speculators were consigning that prospect 'to the back burner' as they tested the system almost to destruction. In the process, they succeeded in extracting huge sums of money from European taxpayers, whose central banks had been forced to intervene massively in a vain attempt to prop up the system's weaker currencies.

Not everyone chose to blame the currency dealers, pointing out that they represented the 'market' and were merely doing what they were paid to do. For some, it was the German Bundesbank's refusal to reduce interest rates which was the final nail in the coffin while others argued that the whole system was fundamentally flawed.

Whatever the reasons for the convulsions which have struck the EMS, ordinary observers might well be mystified by some of the immediate reactions to its failure. (The system is not actually dead, but with all but two of its participating currencies now permitted to fluctuate by up to 15% on either side of an agreed central rate, it is now little different from a system of floating currencies.) In some quarters at least, the end of currency stability is being hailed as an opportunity to restore growth to Europe's ailing economies. It is true that national authorities have effectively regained autonomy over their own interest rates since there is no longer a need to 'shadow' Germany to maintain currency parities. Assuming that other Member States exercise this autonomy to reduce the cost of borrowing, the result will undoubtedly be a short-term economic boost to their national economies.

But those who welcome this 'liberation' from the constraints of the system tend to be silent about its negative consequences. In the absence of a single currency, businesses operating in the single market suffer the disadvantage of currency transaction costs and these will remain. More seriously, floating currencies mean greater uncertainty for exporters and this problem will get worse under the new system. Exchange rate moves have an effect on inflation and this makes economic convergence more difficult to achieve. And in the agriculture sector, there are likely to be serious complications as the Community's 'green' rates will constantly have to be altered to take account of currency movements.

So for Europe, the apparent failure of its currency experiment is *not* the good news that some would seek to portray it as. It may provide a kick-start for growth in France and elsewhere but, once that has happened, European industry will no doubt return to complain about the uncertainties of doing business in what is supposed to be a single market. When that happens, the issue of a single currency will doubtless come back onto the agenda. And the EMS which now lies wounded may yet provide a basis for coordinated economic progress in the European Community.○ S.H.

Stop press: Lomé IV — Commissioner seeks brief to renegotiate Convention

On 8 September the Commission adopted a proposal put forward by Vice-President Marín to ask the Council and the Member States for a mandate authorising him to negotiate a revision of certain clauses of Lomé IV, which was signed by the Community and the ACP States on 18 December 1989. The proposal was submitted together with a draft negotiating brief.

The explanation for this move is that provision for a possible mid-term review of the Convention was made by the signatories to it, to take place halfway through the ten-year term of the Convention, at the same time as the compulsory renewal of the Financial Protocol to the Convention five years after it came into force. In view of the pressing need to adapt the Convention to meet the present-day demands of development cooperation, the Commission is making proposals to the Council for a limited number of amendments.

The basic object of the requested changes proposed by the Community is to heighten the effectiveness of Community support for the development of the ACP States. In that spirit, they are tailored to meet the following main objectives:

— to spell out the principles of democracy, the rule of law and good governance in the Convention, alongside the references it already contains to respect for and the enjoyment of human rights:

— to refine the instruments for dialogue between the ACP countries and the Community in order to reconcile the aims of development as freely defined by the ACP States more effectively with the basic principles and the priorities of the Community's cooperation policy;

— to ensure that the instruments and procedures designed for the implementation of ACP-EEC cooperation are more consistent and are used more effectively.

In addition, the Commission proposes that, as is the case with the Community's other partners, the functions of the ACP-EEC Joint Council be widened in order to establish political dialogue on a regional basis.

On the basis of these proposals, and following discussions to take place within the Council, a memorandum will be drawn up for notification to the ACP States in accordance with the procedure and the deadlines laid down in Article 366 of the Lomé IV Convention.

EUROPEAN POLITICAL COOPERATION

The European Community has, within the framework of European Political Cooperation (EPC), recently issued the following statements on events of international interest:

26 June
Statement on South Africa

The Community and its Member States have constantly urged all parties in South Africa to support the ongoing peaceful negotiations for the establishment of a non-racial, united and democratic South Africa.

The Community and its Member States are deeply disturbed by and strongly condemn the violent actions perpetrated by right-wing groups at the World Trade Centre on 25 June leading to a totally unwarranted disruption of the deliberations of the multi-party negotiating council.

The Community and its Member States strongly hope that such actions will not be allowed to hamper the efforts of the negotiating parties to reach an agreement in the very near future that will set South Africa firmly on the road towards democracy.

30 June
Statement on the situation in the Congo

The Community and its Member States have from the start consistently supported and closely followed the move towards greater democracy in the Congo, which had highly auspicious beginnings.

They note with regret that this democratic process is currently facing a crisis which has virtually paralysed the economic life of the capital and resulted in material difficulties for the population. The Community and its Member States express the hope that the Congolese people and their political leaders will swiftly work out a peaceful solution which is the only way of carrying to a successful conclusion the democratic process desired by the Congolese people and re-establishing normal economic conditions.

6 July
Statement on Haiti

The Community and its Member States welcome the agreement which was reached in New York on 3 July 1993 between President Aristide and the Commander-in-Chief of the Haitian Army and which paves the way for the restoration of constitutional order and the return of President Aristide to Haiti.

They congratulate both the UN and the OAS on the success represented by this agreement, and also Mr Dante Caputo, the special representative of the Secretaries-General of these two organisations.

The Community and its Member States express their full support for this agreement. They urge all Haitian parties concerned to ensure that it is fully respected and implemented, so that a return to constitutional order takes place peacefully which would make it possible to lay the foundations for lasting national reconciliation.

The Community and its Member States reaffirm their desire to resume cooperation relations with Haiti after the lifting of sanctions imposed by the Security Council.

12 July
Statement on Belize

The Community and its Member States are pleased that on 28 June, Guatemala clearly and decisively reaffirmed its recognition of Belize and undertook to continue to tighten relations with that country. They consider that this reaffirmation will make an important contribution to regional stability and hope that relations between Guatemala and Belize will continue to improve and result in a full and final solution to their territorial dispute.

12 July
Statement on Burundi

On the occasion of his investiture as President of the Republic of Burundi, the Community and its Member States address their congratulations to the President-elect, Mr Melchior Ndadaye, upon his election and their best wishes for every success in the high function he will henceforth be holding.

The Community and its Member States welcome with great satisfaction the exemplary process of democratisation which has led to the recent presidential and general elections, and address a message of solidarity to the authorities and people of the Republic of Burundi.

13 July
Statement on Nigeria

The Community and its Member States express their deep concern at the developments which have occurred in Nigeria since the government's decision to cancel the Presidential elections of 12 June 1993. They are firmly convinced that a swift return to civil and democratic government is necessary.

After so many disappointing changes to the transitional programme, they would hope that the date of 27 August 1993 planned for the definitive handing over of power to a civil regime will in fact be respected and that Nigeria will find the means of achieving this objective in a democratic and peaceful way.

In the meantime, the Community and its Member States have decided to adopt the following measures with regard to the present authorities of Nigeria:

— suspension of cooperation in the military sphere;

— restrictions on visas for members of the military or the security forces and their families;

— suspension of visits by members of the military;

— suspension of any further cooperation aid.

The position of the Community and its Member States will be regularly reviewed in the light of new developments in implementation of the transitional programme and in particular the respecting of the date of 27 August 1993 which has been fixed for transition to civil and democratic government.

20 July
Statement on Togo

The Community and its Member States welcome the signing of the agreement of 11 July 1993 by the representative of the President of the Togolese Republic and 'COD II' (Democratic Opposition Union), which prepares the way for reconciliation of the Togolese people and democracy. They would urge all the political forces in Togo to cooperate in the spirit of the agreement and to refrain from any act which might jeopardise implementation of the Ouagadougou agreement.

The Community and its Member States agree in principle to assist in the organisation of the next elections.

GENERAL INFORMATION

HUMANITARIAN AID

The Commission has recently taken the following decisions to provide humanitarian aid (including emergency and food aid):

ACP countries

Rwanda: ECU 3 million to provide medical and basic health equipment for displaced persons in the north of the country. A reserve fund of ECU 1.29 million will allow for the swift financing of other projects by the European Community Humanitarian Office (ECHO).

Somalia: ECU 1.3 million to provide medical help to victims of the fighting, to assist in the return home of some 10 000 refugees in Mogadishu refugee camps and to restore the hospital at Jalalaqsi.

Somalia: ECU 4.5 million in emergency aid for 13 medical and hygiene projects in Mogadishu, the south and the north-east of Somalia, aimed at providing assistance to victims of the fighting.

Sudan: ECU 585 000 to allow displaced persons in Western Equatoria to return home and to provide emergency medical and nutritional aid to the south-eastern provinces of Jonglei and Upper Nile.

Guinea-Bissau: ECU 300 000 to build shelters for Senegalese refugees in Guinea-Bissau before the onset of the rainy season.

Kenya: ECU 400 000 for medical and other assistance to Somali refugees in the north-east of the country.

Zaire: ECU 1 million to provide food and medical aid for some 100 000 people displaced in the recent disturbances.

Togo: ECU 500 000 to help counter the serious lack of medicines and medical equipment resulting from the nine-month-long general strike.

Liberia: ECU 3.49 million in emergency humanitarian aid for Liberia. The assistance includes:

— ECU 725 000 for basic medical care for the people of Monrovia and for displaced persons from the county of Montserrado;

— ECU 338 000 towards nutritional centres for 1000 refugee children in the county of Margibi;

— ECU 228 000 for a nutritional and sanitary project in the districts of Buchanan and Monrovia;

— ECU 1 million for displaced Liberians and refugees from Sierra Leone in the county of Lofa in the north of Liberia.

Non-ACP countries

Iraq: ECU 11.5 million to certain population groups in the country. ECU 9.5 million of this will be used to carry out 19 projects targeting the Kurds in the north and 2 projects targeting the Shias in the south. The remaining ECU 2 million is in the form of a food aid allocation for the local purchase of wheat and barley.

Algeria: ECU 500 000 to provide food, clothing, medical supplies and canvas for Tuareg refugees from Mali and Niger in southern Algeria.

Cambodia: ECU 250 000 in medical assistance for repatriated Cambodians recently returned from camps in Thailand and for the local population in Serei-Sophon.

Afghanistan: ECU 500 000 to provide medical assistance for the inhabitants of Kabul.

Palestinian population in the Gaza Strip: Emergency food aid (flour, rice and sugar) to the value of ECU 2.45 million.

Nepal: ECU 500 000 to help refugees of Nepalese origin recently declared illegal immigrants and expelled from South-West Bhutan.

Palestinian population in the Gaza Strip: ECU 500 000 for emergency medical aid.

Nepal: ECU 500 000 in emergency aid to provide shelters, potable water, medical supplies and other basic assistance to victims of recent floods and landslides.

Ecuador: ECU 80 000 in emergency aid for the victims of a landslide following an earthquake in south-east Ecuador.

Peru: ECU 250 000 in emergency aid for the victims of floods in north-east Peru.

Azerbaijan: ECU 500 000 for Azeri refugees displaced in the recent fighting in Agdam and Fizuli.

Forging new links with South Africa

Is South Africa a developing country? What form will its future relationship with the European Community take? How can new trade ties be established? Can investment be encouraged while political violence persists?

These are just a few of the issues which were addressed by speakers and participants at a conference entitled 'South Africa and the European Community — Forging New Links' which was held in Brussels on 28 and 29 June.

The conference was divided into six sessions dealing respectively with:
— the new political relationship;
— the investment picture;
— new trade ties;
— South Africa's future as an advanced financial market place;
— the prospect of South Africa becoming a dynamo for development in the wider Southern African region;
— the role of the EC in helping to confront the economic challenges.

Each session was addressed by a panel of up to seven speakers and was followed by questions from the floor. *Hans van den Broek*, who is the EC Commissioner for external political relations, delivered a keynote speech while *Sir Leon Brittan* also addressed participants at a dinner. Other notable contributors from the political world included *Aziz Pahad*, Deputy Head of the ANC's International Affairs Department, *Neil van Heerden*, the South African ambassador to the EC, *Frank Mdlalose* of the Inkatha Freedom Party, *Mark Lennox-Boyd*, a UK Foreign Office Minister, and *F. van Zyl Slabbert*, former leader of the Progressive Federal Party in South Africa. There was also a wide range of speakers representing businesses, chambers of commerce, non-governmental organisations and local authorities.

The focus of the event was strongly on the business and trade opportunities which might arise, with the ending of the apartheid system and the emergence of democratic government. Some speakers warned that the emphasis was perhaps too much in this direction, pointing out that 'forging new links' was not the same as re-establishing old links (previously inhibited or interrupted because of sanctions). In the new South Africa, it was argued, the needs of the dispossessed majority would have to be taken into account and business plans should be geared to this. Many speakers referred to the problem of violence in the country and there was a general consensus that this was an impediment to overseas investment. There was also widespread support for the view that the momentum of political reform needed to be maintained.

As regards the form of South Africa's future relationship with the European Community, a range of options was explored, including the possibility of ACP membership. Most of those who expressed an opinion on the subject favoured the view that South Africa should be classified as a developing country, although one speaker did suggest the status of a newly-industrialised country (NIC), Clearly, the final decision on this will influence the country's future relations with the EC.

The conference was organised by 'Forum Europe' in partnership with the South Africa Foundation and with the support of the South African Mission to the EC. ○ S.H.

CDI

PARTNERSHIP

Information Bulletin from the Centre for the Development of Industry - September - October 1993 - No. 9

Editorial

ANTICIPATING CHANGE TOGETHER

By Paul Frix, Director of the CDI

Last June, in congratulating the CDI on its development and results in the preface to the Centre's 1992 annual report, the Vice-President of the EC Commission responsible for Cooperation and Development, Mr Marin, and the Secretary-General of the Group of 69 ACP countries, Dr Berhane, set out the priorities - which we believe to be essential - for the future of ACP-EC industrial cooperation as we approach the year 2000. They are:

1. Increased development of private enterprise in ACP countries through of appropriate reforms and initiatives in the field of industrial policy and strategy, at regional and national levels.
2. Increased coordination between the various cooperation instruments of the Lomé convention, namely the Commission, the EIB and the CDI, in order to combine their respective financial and technical potential to good effect.
3. Significant progress towards the decentralisation of cooperation, in order to meet real needs in the field.
4. Finally, a level of CDI activity suited to the challenges of industrial development in ACP countries; most of these States are at present engaged in painful processes of structural adjustment whose success depends on the emergence of dynamic and effective local entrepreneurs.

In all these areas, the CDI has a strategic role to play, and one which is more important now than ever before. If industrial development was a relatively low priority in Community aid programmes under Lomé I, II and III, this is not the case under Lomé IV, where it is increasingly recognised as a crucial factor in combating poverty and underemployment, and a pre-condition for the success of the democratisation process currently under way.

The top priority for the CDI today is to foster the emergence of new types of local entrepreneur; they need to be efficient and reliable partners in industrial cooperation who will contribute to the success of operations to set up, convert and privatise companies in the ACP countries. The CDI's focus on the human factor and the development of local potential gives it a unique role to play in helping the ACP countries achieve self-reliance. As the essential complement to financial aid, the CDI's technical assistance for entrepreneurs must be increased significantly and pragmatically during the second stage of the Lomé IV convention.

The CDI is currently stepping up activities and increasing its impact at local level, notably by establishing business service companies - in association with financial institutions - in order to support entrepreneurs in the ACP countries who have the necessary potential and are pursuing coherent industrial development goals. At the same time, the CDI is developing and decentralising its activities in Europe. The aim is to establish closer links with European industry so as to be able to identify and involve new categories of European business for the benefit of ACP countries, and promote the transfer of adapted technologies and additional financial resources.

The CDI's annual activity report for 1992 was published in June. The 94-page document details the CDI's development and activities, by geographical area and sector, over the the past year. It also contains more than twenty profiles of partnership projects between ACP and EC businesses supported by the CDI in 1992. The report (in English or French) is available to readers of Partnership on request from the Centre's Brussels headquarters.

The CDI is becoming a focal point for coordination and organisation between two decentralised networks of efficient European and ACP antennae and contacts. As such, it is in a position to provide businesses with a unique range of services, and we are confident it will become one of the key instruments in EC-ACP cooperation by the year 2000.

Paul Frix,
Director

CONTENTS

A KEY CONCERN: EXPORTING TO THE NEW SINGLE EUROPEAN MARKET

The CDI is continuing its series of "Professional Meetings". The third(*) such event was held in Mombasa (Kenya) in June. It brought together 13 companies active in the fishing industry from four countries bordering the Indian Ocean (Kenya, Madagascar, Mozambique and Tanzania), along with 18 European firms specialising in importing sea products. The central topics of discussion was the new conditions of access to the Single Market and the changes ACP producers will be required to make if they are to increase their share of a market which offers excellent opportunities for quality products.

Europe is consuming increasing quantities of fish and is in need of outside suppliers. This is of course of the greatest interest to the ACP countries, which have substantial fish stocks. Yet winning a share of this demanding market is far from simple. With the completion of the Single Market, the EC has introduced common legislation which obliges foreign suppliers to conform to new quality standards (on freshness, grading, packaging and conditions of transport) and obtain approval for their processing facilities. This development has the undoubted merit of establishing a single body of regulations for all Member States, thereby making access to the market more transparent. Nevertheless, economic conditions in this market remain extremely complex and diverse. From the Mediterranean to the Baltic and from the Atlantic seaboard to Central Europe, consumption of sea products varies enormously and many highly specialised niches are to be found, ranging from frozen fish for the mass retailing sector to high quality products for restaurants.

Mr Gary Aylmer, CDI Geographical Officer for East Africa, at the opening of the Mombasa meetings.
"If the essential bond of trust is formed between customer and supplier, then further cooperation can develop."

Anxiety

"From the very first day, which was devoted to examining the new EC directives on opening up the Community market to imports of sea products, we realised that there was real anxiety on the part of local ACP businesses", explains Mr Gary Aylmer, CDI Geographical Officer for East Africa. "People are worried that the new regulations will simply pull up the drawbridge of the so-called "Fortress Europe", leaving them outside..." Many questions were therefore raised during the first day's discussions. ACP businesses have three years to comply with the new standards and the CDI can, if necessary, provide them with technical assistance.

The second key concern of these meetings was market potential. Most of the producer-processors in the four countries represented already successfully export shellfish to Europe. But the main aim of the meetings was to assess, together with the European importers present, whether there are any existing or potential market niches for quality tropical fish, which are still fairly or entirely unfamiliar to European consumers.

This is where these meetings between professionals are most useful to both parties. On the one hand, the ACP producers were able to benefit from first-hand information from the specialists: European importers. On the other hand, the latter had an opportunity to discover the producers' potential on the spot. (The fourth day was spent visiting key Kenyan firms, where the European importers were able to see the local facilities and produce for themselves.)

(*) After those in Mauritania (fishing industry - November 92) and the Caribbean (non-metal minerals - April 93)

Ms Mary-Jane Caudron, Geographical Joint Officer for East Africa, together with other participants, during a visit to the processing plant of the Kenyan company Wainanchi Marine Products.

Finally, the third issue discussed at these meetings was product transport and packaging, which are crucial for increasing exports of fresh, non-frozen products - by far the most promising market niche. Given the distance which separates the Indian Ocean fishing grounds from the European market, the future of exports to the EC quite obviously hinges on the capacity of specialised air transport to Europe. All forms of cooperation between producers from the same country or geographical area must therefore be encouraged, so that consignments can be grouped together.

New forms of partnership

It would be impossible to summarise here the extremely varied - and often highly specialised - technical information which participants gleaned from their visit to Mombasa. But the benefits of this meeting between businesses were evidently not limited to the technical information and ideas exchanged during the group discussions. Throughout these four working days, fruitful "bilateral" business contacts were made and a number of transactions have already been concluded as a result.

"These meetings in the Indian Ocean deliberately focused on the specifically commercial aspects of import-export", stresses Gary Aylmer. "For the CDI, this is a field in which new and lasting forms of partnership can be established: if the essential bond of trust is formed between customer and supplier, then further cooperation can develop as the partners seek to enhance the mutual benefits of their transactions. The Centre is also prepared to provide assistance at a later stage in all areas where ACP firms may present requests, for instance to upgrade their facilities, raise funds, improve their management, train their staff, explore new markets, and more."

The person to contact at the CDI for further information is:
Mr Gary Aylmer, Geographical Officer for East Africa, Projects and ACP Network Division.

The fishing industry in the four participating countries

Kenya

The 900-km Kenyan coast is fished mainly for shrimps, which account for 85% of the officially recorded annual production of 7,600 tonnes. However, the importance of small-scale fishing (3/4 of the total catch) is probably considerably under-estimated. These figures should be compared with the 150,000 tonnes Lake Victoria yields each year. Most of this produce is sold locally and exports are limited to shrimps, tuna and, to a lesser degree, lobsters. Since the shrimp resources are already exploited to a substantial degree, lobster and demersal fish with high added value offer the greatest export potential.

Tanzania

Further south, the situation in Tanzania, with its 800-km coastline, is similar to that of its northern neighbour although exports (again dominated by shrimps) amount to no more than 2,000 tonnes. A particular feature of Tanzanian legislation is that it prohibits the export of whole fish; all fish must be filleted prior to export.

Madagascar

Madagascar has a coastline of 5,000 km with fish stocks concentrated on the west side of the island, bordering the Mozambique Channel, where the estimated potential is close to 200,000 tonnes a year. Exports amount to almost 7,000 tonnes (13% of Madagascan exports), with shrimps accounting for 85%. The fishing industry's potential is regarded as substantial, in particular for pelagic and demersal species.

Mozambique

Located across the Mozambique Channel from Madagascar, this country has a coastline of 2,500 km along the channel which bears its name. The potential resources are estimated at 200,000 tonnes a year, or double the present catch (most of which is caught by some 60,000 fishermen using traditional methods). 8,000 tonnes of frozen fish (including 90% shrimps) and 8,000 tonnes of fresh fish are exported each year, mainly to Spain and Japan.

Meeting Profile

The CDI commissioned the British firm MacAlister Elliot & Partners, which specialises in fishing affairs, to take care of the technical preparations for the meeting and select the businesses invited to attend.
13 private businesses were selected to represent the four ACP countries. These firms had local industrial processing plants for sea products, some experience in exporting their products and good prospects of increasing their sales to Europe. On the European side, the CDI's initiative met with great interest among importers and was attended by 18 firms:

ACP country	No. of part.	EC country	No. of part.
Kenya	4	Belgium	2
Madagascar	3	Denmark	1
Mozambique	4	France	2
Tanzania	2	Greece	1
		Italy	1
		Portugal	4
		Spain	4
		UK	3

STRENGTHENING THE CDI'S ACP ANTENNAE FOR BETTER INDUSTRIAL PROMOTION

By Dr Hamed SOW,
CDI Geographical Officer for West Africa

Although improving the macro-economic environment of businesses is the responsibility of the individual States and the major development cooperation agencies, a technical organisation such as the CDI is (or should be) expected to deal with problems directly linked to setting up and developing industrial firms.

If the CDI is to make a decisive contribution to removing obstacles to the emergence of small and medium-sized industries, it must first of all set up efficient local antennae. Industrial promotion cannot be carried out by remote control from Brussels. The CDI needs efficient antennae in the ACP countries, which can develop into effective local business service companies.

Until quite recently, the CDI was content to work with representatives in the field; most of these were local public-sector institutions whose heads sometimes tended to view the CDI's work as a matter of secondary importance. In recent years, the Centre has endeavoured to increase the dynamism and commitment of these antennae. Their role has been more precisely defined: they must act as the Centre's permanent representatives in the field, inform ACP businesses and promoters of the opportunities available and identify and support projects. This has provided the basis for a more penetrating assessment of the work of the antennae. Those whose performance has been unsatisfactory have not had their contracts renewed. In most cases, they have been replaced by private antennae, which are usually closer to industry. The private-sector antenna is not of course a cure for all ills. Some of them have proved disappointing and have been replaced (in some cases by public-sector antennae). The conclusion is that there is no universal answer; the most effective solution must be sought on a case-by-case basis.

The current efforts will be continued. The CDI's present objective is to set up an expanded network of contacts, at least in the most active countries. At the heart of this network will be the local antenna, whose job it is to establish close links with the various assistance bodies: development banks, international agencies, local consultants, etc. In West Africa, to take one example, the active members of this network might be European Commission delegations, local CFD agencies (for French-speaking countries), local CDC agencies (for English-speaking countries), local ICEP offices (for Portuguese-speaking countries), the ABD, the BOAD and the APDF. Experience has shown that the existence of a network of this kind contributes to the identification and implementation of projects.

Some fifteen ACP countries are benefiting from special CDI measures aimed at setting up or strengthening local networks. Benin and Mauritania are two examples. The newly selected antenna in Benin is the promotion body CePEPE, and in Mauritania the consulting firm BEGA-Consultant. They have made an encouraging start: since the two antennae started operating last January, there has been an impressive increase in the number of eligible applications (about twenty for Mauritania and ten for Benin). There has also been an improvement in the processing of applications on both sides, and the response from Brussels has been faster. These are all positive developments which are bound to improve the results achieved by the two countries in 1993.

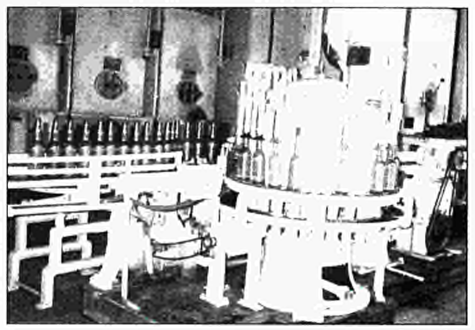
We are therefore pleased to present reports from these two new antennae on the page opposite.

Benin:
A SHARP RISE IN THE NUMBER OF APPROVED APPLICATIONS

by Mr Théophile Capo Chichi,
CePEPE,
CDI antenna in Benin.

For a long time, the CDI was little-known in industrial circles in Benin, and assistance take-up rates were correspondingly low. Since Mr Paul Frix, Director of the CDI, visited the country in 1991, the situation has improved, making it possible to inject new dynamism into the Centre's activities in Benin.

Since the last structural adjustment programme was introduced in 1989, the State's desire to withdraw from industry and promote the private sector has gradually become more evident. This is reflected in the action programme initiated by the Ministry of Industry and Small and Medium-Sized Enterprises, which is concentrating on improving the business environment as well as organising a round table on the revival of the private sector at the end of this year, to be attended by financiers and development institutions. It is in this context and within the framework of it's new policy, based on decentralising (by reinforcing the local antennae) and concentrating assistance (in countries where the conditions are favourable for private enterprise), that the CDI has decided to draw on the services of the Centre for the Promotion of Employment and Small and Medium-sized Enterprises (CePEPE) in order to expand its activities in Benin.



The Overseas distillery and beverage company of Benin, which benefited from CDI assistance

The CePEPE is a non-profit, privately-managed organisation, and as such provides the CDI with a suitable framework for the development of this policy. The CePEPE's main objective is to assist in the rehabilitation, promotion and development of existing private businesses and to help set up new companies. The direct and pragmatic assistance it provides is designed to eliminate any unnecessary formalities. Since the CePEPE became a CDI correspondent and then, in early 1993, an official CDI antenna, its activity has sharply increased in two areas:

1. In terms of direct support for projects, 11 applications have been submitted to the CDI headquarters since the beginning of the year, including:
   - three for which assistance is planned before the end of the year (prepared meat products, paper, cashew nuts); and
   - two which have already received assistance totalling 20,000 ECU.
2. In terms of "horizontal" action, two applications have been submitted:
   - a request for assistance to strengthen the CePEPE's technical capabilities and financial resources, with a view to converting it into a service company. The CDI management has just approved a 35,000 ECU grant for a feasibility study and preparatory investigations for the establishment of such a company; and
   - a request for assistance to organise a professional meeting between Benin fruit and vegetable growers and European businesses in the sector.

All these developments are indicative of an upsurge in CDI activity in Benin. If this momentum is maintained, CDI assistance is set to give a strong impetus to the revival and development of industry in the country.

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Mauritania:
LOCAL NETWORK OF ACTIVE CORRESPONDENTS

by Mr Chebib Cheikh Melainine,
BEGA-Consultant,
CDI antenna
in Mauritania.

It is now one year since BEGA-Consultant first established links with the CDI, initially as consultants and subsequently, since January 1993, as an official antenna. As manager of the consulting firm, I had not been overly impressed by the CDI at first. I could not clearly see its practical purpose, despite its generous intentions.

Following the visit made to Mauritania in April 1992 by Mr Frix, the CDI Director, and his meeting with the President of the Republic, the Mauritanian authorities asked the Centre to concentrate its efforts on supporting the fishing sector. The CDI commissioned a study and, in December 1992, organised a meeting in Nouadhibou for Mauritanian and European professionals active in this area, at which opportunities were identified for investment and partnership (see 'Partnership' No. 6). The local authorities greeted this innovative meeting - universally hailed as an unqualified success - with considerable interest. It gave fishing professionals an opportunity to express their views, and came to conclusions which ran counter to the sometimes mechanical stance of official organisations. A CDI team, assisted by three specialised consultants, has followed up the seminar's activities; to date, 21 applications for partner searches have been submitted by Mauritanian promoters, and four of the approved requests will receive CDI support before the end of the year. In addition, eight Mauritanian managers have been selected to take part in the SEABEX trade fair in Lorient (France) and a working visit to Barcelona (Spain) in September 1993. The trip will give participants an indication of how European markets operate and allow them to establish business contacts with EC professionals in the sector.

The European and Mauritanian participants at the professional meeting on the fishing sector, organised by the CDI in Mauritania in December 1992, during a visit of a local company, SIPECO

It is therefore no wonder that the CDI has become credible in the eyes of Mauritanian operators in general; for my part, a two-week visit to the Centre's headquarters in Brussels removed all remaining doubts regarding the organisation's effectiveness.

The CDI's antenna in Mauritania, BEGA-Consultant, has set itself the task of forming a network of correspondents and contacts in all sectors of industrial and craft activities likely to provide the Centre with useful information: Benefic, Mauritanie 2000, cabinet Haiba & Co, cabinet Mohamed Vall, Prestar, the Fédération des industries et armements de pêche, FIAP pêche (traditional fishing), etc. This network will provide the CDI antenna with a valuable data bank on the country's economic activities. Since it is a major activity, fishing has become a relative priority, and by the end of the year the CDI will be funding a series of assistance or study schemes. In this way, the Centre will continue to fulfil its role as a lever for development.

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A NEW CDI NATIONAL EXPERT IN GERMANY

By Mr. Fernando Matos Rosa, CDI Officer for European Institutional Relations

The CDI's European network currently consists of over 30 regional, national and other development cooperation organisations which work with the Centre on a regular basis. Clearly, the CDI cannot make the most of these resources if it operates solely from its headquarters in Brussels. Certain problems relating to the coordination of the efforts and objectives of the partner organisations - which all have their own structures and tasks - have arisen in countries where there are several network partners, such as Germany.

Last May, the CDI programmes monitoring committee appointed a full-time national expert whose post will be financed by the Federal Ministry for Economic Cooperation and Development (BMZ). The role of this expert, Mr Horst Nuffer, is to coordinate the Centre's cooperation agreements in Germany. This will permit in-depth work with German businesses, standardised preparation of files by the various institutions and greater awareness of the CDI's methods of assistance and of the various regional and national procedures for co-financing assistance measures. This will permit more efficient use of the co-financing budgets. The national expert will also have better contacts at regional level and will help local entrepreneurs and bodies gain access to CDI assistance. One of his responsibilities is to distribute CDI assistance throughout the Länder, particularly in East Germany, in cooperation with the German institutions. An initial partnership project for the fishing sector in Guinea-Bissau, proposed by Mr Nuffer, has been granted financial assistance jointly by the Centre and BMZ.

Mr Horst Nuffer, whom we have interviewed (see below), is an economic science and engineering graduate. He has held financial and administrative positions in a number of German and French companies. From 1985 onwards, he was project manager with the DEG, where he was responsible for the West African countries in particular. In his new post he will be based in the DEG offices in Cologne.

Another CDI national expert, Mr F. Aceña, has been appointed for Spain. He will be featured in a future issue of Partnership, as will Ms Christina Almeida, who carries out the same duties in Portugal within the framework of the Programme for the Internationalisation of the Portuguese Economy (PAIEP).

H. NUFFER: "WE NOW OFFER COMPANIES A GLOBAL SERVICE"

Partnership: Mr Nuffer, your task as national CDI expert in Germany is to strengthen collaboration between the various CDI partner institutions in the country in order to promote the development of industrial cooperation between German companies and ACP promoters. What are the areas in which you expect to make substantial progress?

Horst Nuffer: First of all, it is unfortunate that, for a variety of reasons, the number of acceptable requests for assistance for partnerships between German and ACP promoters has failed to reach the desired level in the past. This is why it was decided that the "Committee for the Guidance and Monitoring of Intervention Programmes" should be set up, in order to make better use of the potential of the various participating institutions, exchange experience and information, define strategies and coordinate joint measures. For example, German entrepreneurs active in ACP countries are not yet sufficiently aware of the CDI and its instruments. Together with their representative organisation, Afrika Verein, we therefore decided to approach these German firms in order to introduce them to the CDI and also identify any specific partnership projects likely to benefit from our assistance. Generally speaking, the CDI will be stepping up its information activities. Another interesting prospect for the Centre is the possibility of identifying new projects which could benefit from its assistance, among the many supported by the 44 development banks in which the DEG is a partner in the ACP countries. In future we will also be able to provide a "global service" for the projects we support: for example, the CDI can co-finance a feasibility study, then the DEG directly invest capital in the approved project, which could then still benefit from the Centre's technical assistance during the start-up and consolidation phases.

Mr Horst Nuffer: "We asked 3,000 German firms about their projects in the ACP countries".

◆ **In practice, what are the first initiatives you are going to take?**

◆ In 1992, the DEG, with the support of the CDI, launched an ambitious operation aimed at identifying the German companies likely to benefit from assistance for the development of an ACP partnership project. The first step was to interview 3,000 firms in certain well-targeted sectors (fishing, tropical fruit processing, textile and leather, etc.). This enabled us to identify and assess specific projects and the needs of the promoters.

The second stage, which is set to begin, consists of seeking suitable potential partners in the ACP countries. The third stage will consist of supporting the finalisation of concrete partnership agreements between the entrepreneurs. I also intend to visit the ACP countries myself to identify new projects and give them the opportunity to benefit from the cooperation between the CDI and German institutions.

Preparing fish on the fishing boat "Rubane", belonging to the Navipesca fishing company in Guinea-Bissau. This is the first of four vessels co-financed by the DEG. The DEG and the CDI have also recently decided to finance a diagnostic study of Navipesca.

could possibly be sold off. But don't forget that these Länder are at present in a very precarious position and the process of economic conversion is going to take some time.

◆ **Who can contact you directly with a request for a partner search or CDI assistance?**

◆ In Germany, all SMEs seeking to invest in an ACP country can get in touch with me. I also hope to establish cooperation with a number of foundations, chambers of commerce and employers' organisations which have special relations with the ACP countries. Also, of course, any ACP firm seeking a possible partner in Germany is more than welcome.

The former GDR: a technology more suited to the ACP countries

◆ **In Germany, which fields do you believe offer the greatest potential for the development of industrial partnership with the ACP countries?**

◆ Fishing and textiles are without doubt among the most promising sectors. I also believe that the privatisation of ACP businesses is opening up excellent opportunities.

◆ **Is the opening-up of the Central and Eastern European markets to western capital not hindering investment by German firms in ACP countries?**

◆ The opening-up of these markets has certainly aroused a great deal of interest among German companies, which tend to be more inclined to turn to their eastern neighbours than to the southern countries. Nevertheless, we should bear in mind that the DEG's financial commitments for Africa accounted for 29% of total investment in 1992.

◆ **Do you consider that companies in the Länder of the former East Germany have a significant role to play?**

◆ I believe they have significant potential: generally speaking, their technology is less sophisticated but more sturdy, and is therefore better suited to the developing countries. Many of them also have second-hand equipment which

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The CDI network in Germany

BMZ: Federal Ministry for Economic Cooperation and Development; the 1987 cooperation agreement between the BMZ and the CDI was renewed in January 1993.
DEG: German consultancy and finance organisation (see below).
Afrika Verein: association representing German companies operating in Africa and member of the "Group of 7", which brings together similar associations from eight EC countries.
GTZ-PROTRADE: GTZ is the institution responsible for German technical cooperation; GTZ-PROTRADE is the department more specifically responsible for promoting imports of products from developing countries.
UNIDO-IPS: German promotion service of the United Nations Industrial Development Organisation.

The DEG: direct investment and assistance in 73 countries.

The DEG (Deutsche Investitions- und Entwicklungsgesellschaft mbH) encourages cooperation between companies in Germany or any other industrialised country and companies in developing countries or countries undergoing economic conversion (Central and Eastern Europe). It also supports South-South projects. The DEG finances joint ventures in any branch of the private sector: its assistance can take the form of long-term loans, participation in venture capital or the granting of guarantees. The DEG also provides promoters with consultancy services at all stages of project creation or expansion. Its expertise is drawn from experience acquired in financing 562 companies and projects in 92 countries. In 1992, DEG investments amounted to DM 2.052 billion for 306 projects in 73 countries.

CDI NEWS

Board of Directors

Changes have been made to the CDI's Board of Directors for 1993. Mr Alberto Leitao (Portugal) is to be Chairman and Mr John P. N. Simba (Kenya) Vice-Chairman. They and the other members of the Board, Mr Richardson Andrews (Trinidad and Tobago), Mr Zama Banhoro (Burkina Faso) and Mr Yves Salmon (France), will be joined by Mr Wilhelm A. de Jonge (Netherlands).

Italy

A CDI delegation comprising Mr Frix, Director, Mr Armani, Secretary of the Board of Directors, and Mr Baldan, of the European Institutional Relations Department, met with various people and institutions during a working visit to Italy on 24 and 25 June. They had a meeting with Mr Enrico De Maio, Minister for Development Cooperation, in order to assess prospects for Italian co-financing of CDI assistance for projects in the ACP countries and develop promotion of the CDI among Italian industrialists. They also met representatives of SIMEST, an Italian organisation specialised in financing joint ventures, and the ICE (National Foreign Trade Institute) which is the CDI's partner institution in Italy. Together with Mondimpresa (the federation of Italian chambers of commerce), they looked at the possibility of the CDI gaining access to the CERVED data bank, which contains all the information available from Italian chambers of commerce. They also considered organising a joint mission of business people to Ethiopia and Eritrea. Finally, they participated in the meeting of the "Group of 7", which brings together eight national associations of EC entrepreneurs active in the ACP countries.

Belgium

Mr Erik Derycke, Belgian Secretary of State for Cooperation and Development (in the centre right of the photograph, with his colleagues), visited the CDI headquarters in Brussels on 26 June 1993. He was welcomed by Mr Frix, Director, and Mr Sharma, Deputy Director. Belgium is to hold the EC Presidency from 1 July until the end of the year, and the meeting was an opportunity to exchange opinions on possibilities for cooperation with the ACP countries and on future prospects under the Lomé IV convention. In 1991, the CDI signed an agreement at national level with the AGCD (General Administration for Development Cooperation) which provided for the setting-up of a co-financing fund for joint assistance with the CDI. An open discussion was held with the Secretary of State on ways of improving the promotion of the CDI among Belgian firms, the criteria for awarding co-financing and the AGCD's participation in the Centre's decentralised initiatives. The addition of a clause to the 1991 agreement is under discussion.

West Africa

The BOAD (West African Development Bank) has submitted a request for assistance to the CDI for its project to set up a regional investment and venture capital company targeted mainly at SMEs. There is a clear need for such an organisation in the private sector in West African countries. It would be managed along strictly professional lines in order to be viable and profitable for its shareholders. The initial equity capital would be 2,500 million CFA francs, or about 25 million ECU. 51% of the shares would be subscribed by the BOAD and the remaining 49% would be offered to the main international financial organisations involved in investment in West African countries.

FICAC 93

The 5th EC-Central Africa Industrial Forum (FICAC 93 - Forum industriel CE - Afrique centrale), a biannual event, will be held from 22 to 26 November 1993 at the Palais des Congrès in Yaoundé (Cameroon). The forum will give European and Central African business people an opportunity to get together to examine various aspects of EC-ACP industrial cooperation and establish contacts aimed at setting up and developing partnership projects. This year, the Forum will be concentrating on the agro-industrial sector (food, leather, sawn timber), textiles and clothing and building materials, while not excluding projects in other sectors as well.

The FICAC is organised under the aegis of UDEAC - Union douanière et économique des Etats d'Afrique centrale (the Central African States Customs and Economic Union) and the Commission of the European Communities, with support from the CDI, ECCAS and UNIDO.

For registration or further information on the FICAC , please contact the local CDI antennae or the Centre's headquarters in Brussels.

France

The "Maison d'Afrique", an offshoot of the Paris Chamber of Commerce and Industry, organised two information days on 15 and 16 June 1993 on the various sources of aid available for partnerships in Africa (BOAD, EIB, IBRD, CFD, European Commission, CDI, etc.), which are still too little-known in the business community. Mr Paul Frix presented the CDI to the entrepreneurs present and Mr F. Matos Rosa met individually with more than fifteen participants from very different backgrounds, who were seeking information on the possibility of assistance from the CDI. This resulted in several very fruitful contacts.

Partnership is a publication by the Centre for the Development of Industry (CDI), created under the ACP-EEC Lomé Convention.

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Operational Summary
No. 76 — September 1993

(position as at 7 September 1993)

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), Lomé III (8 December 1984) and Lomé IV (15 December 1989), 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 since 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::

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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**

ATTENTION : The PABLI Service is temporarily suspended for technical reasons on the production side.

The reactivation of the Pabli Service will be indicated in due course.

PABLI — Blue page informatics

Direct access to the blue pages via on-line terminal or telex.

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

Rehabilitation national roads in the South-West region: Namibe-Serra da Leba section. Resp. Auth.: Ministry of Construction. 18.5 mECU. Road rehabilitation by int. tender (conditional). Supply of equipment and T.A. Project on appraisal. 6th and 7th EDF.
EDF ANG A2d

ANTIGUA AND BARBUDA

Livestock development. Phase II. Resp. Auth.: Ministry of Agriculture. 0.130 mECU. Supply of equipment. Project on appraisal. 7th EDF.
EDF AB 5003 (7001) A3a

BAHAMAS

Queens Highway, Long Island. Rehabilitation of the road. Estimated cost 4.800 mECU. EDF part 3.860 mECU. Works by acc. tender. Project on appraisal. Date foreseen for financing September 93. 7thEDF.
EDF BM 7001 A2d

BARBADOS

Hospitality Studies Project. Resp. Auth.: Ministry of Education and Culture. 2.75 mECU. Construction of Tourism Training Centre-cum-Hotel and T.A. Project in execution.6th EDF.
EDF BAR 6006 A5c

BELIZE

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

Fish breeding. Applied research and popularization actions. Resp. Auth.: MDRAC. Estimated cost 2 mECU. Project on appraisal. 6th EDF.
EDF BEN 6009 A3d

Support programme to the health policy. Resp. Auth.: Ministère de la Santé. 11.846 mECU. Rehabilitation of the health infrastructure, supply of equipment, medicines and T.A. Project in execution. 7th EDF.
EDF BEN 7002 A7a

Structural Adjustment Programme — General Import Programme — II 1993-1994. Estimated cost 15.700 mECU. Project on appraisal. Date foreseen for financing September 93. 7th EDF.
EDF BEN 7200 A1c

| ***Construction works, Lot 1b Parakou-Djougou road. Km 65.000 – Km 136.634.*** *Resp. Auth.: Ministère des Travaux Publics et des Transports. Estimated cost 16 mECU. Works, supervision, geotechnical control, follow-up and evaluation. Works by int. tender. Project on appraisal. Date foreseen for financing October 93. 7th EDF.*
| *EDF BEN A2d*

BOTSWANA

Wildlife Conservation in Northern Botswana. Resp. Auth.: Department of Wildlife and National Parks. (DWNP). 6.800 mECU. New tracks, construction of administrative office quarters and accommodation. Supply of equipment (earthmoving — tractors — 4×4 pick-ups). T.A. and training. Project on appraisal. 6th EDF.
EDF BT 6026 A3e, A5i

BURKINA FASO

Water resources development programme in the South-West. Resp. Auth.: Ministère de l'Eau, Estimated total cost 15 mECU. Drillings, water supplies, water points, hand pumps, vehicles, various equipments, T.A. for works supervision and programme implementation. Training. Project in execution. 5th and 7th EDF
EDF BK 6020 A2b, A3c

Douna Plain development. Resp. Auth.: Ministère de l'Agriculture et de l'Elevage. 2.050 mECU. EDF 2 mECU, local 0.050 mECU. Works, supplies, T.A. Project on appraisal. 7th EDF.
EDF BK 6005/7002 A3a

Electrification of 3 secondary urban centres. Resp. Auth.: SONABEL — Soc. Nat. d'Electr. 7.100 mECU. Power centre and distribution network in Diébougou, Kongussi, Nouna. Works, supplies and T.A. ★ for supervision and control. ***Project in execution.*** 7th EDF.
EDF BK 7001 A2ai

Tougan — Ouahigouya — Mali border road. Resp. Auth.: Ministère des Travaux Publics. Modern earthroad. Supervision: short-list to be done. Estimated cost 18.5 m ECU. Project on appraisal. 6th and 7th EDF.
EDF BK 7004 A2d

Support programme to S.M.E's. Resp. Auth.: Ministère de l'Industrie, du Commerce et des Mines. Estimated cost 10.520 mECU. Investments, agencies, T.A. and training, line of credit. Project on appraisal. 7th EDF.
EDF BK 7006 A4,A5

★ **Support to the Structural Adjustment Programme. General Import Programme. 93-95.** Hard currency allowance to import ACP and EC goods, with negative list. 38 mECU. T.A. for starting and follow-up. Project on appraisal. Date foreseen for financing ***2nd half 93.*** 7th EDF.
EDF BK 7200 A1c

Sectoral Adjustment Programme — Agricultural — Livestock. Estimated cost 10 mECU. Works for production, supply of ★ equipments, T.A., training. ***Date foreseen for financing October 93.*** 7th EDF.
EDF BK 7008 A3a

Sectoral Adjustment Programme — Agricultural — Cereals. Estimated cost 12.500 mECU. Support for institutional reform, works, supply of equipments, T.A., lines of credit. Project on appraisal. 7th EDF.
EDF BK 7009 A3a

Sectoral Adjustment Programme — Agricultural — Environment. Estimated cost 1.950 mECU. Soil map and inventory, soil management and T.A. Project on appraisal. 7th EDF.
EDF BK 7010 A3a

Project to place solar equipments in the Provinces of Sourou, Yatenga and Passoré. Resp. Auth.: Ministère de l'Eau. 2 mECU. Water supplies, works, wells, T.A. ★ ***Project in execution.*** 7th EDF.
EDF BK 6001 A3a

Institutional Support to develop the Bagré region (610 ha). EDF part 2 mECU for T.A. Project on appraisal. 7th EDF.
EDF BK 7011 A3a

| ***Setting up cartographical schemes to manage the environment.*** *Resp. Auth.: Ministère de l'Environnement et du Tourisme (MET). Direction Générale de l'Environnement (DGE). 1.950 mECU. This task will be carried out by local organisations. T.A. and evaluation by direct agreement after restr. tender. Project on appraisal. 7th EDF.*
| *EDF BK 7010 A1g*

BURUNDI

Ruvubu Game Development. Resp. Auth.: Ministère de l'Aménagement, du Tourisme et de l'Environnement. 4 mECU. Supervision and management. Elimination of conflictual sources between the game and population. Make the game accessible to the tourism. Works, supplies, T.A., training and awareness-raising. Project on appraisal. 7th EDF.
EDF BU 6029 A5i

Support project for micro-entreprises. 10 m ECU. Support to prepare technical dossiers, management follow-up. T.A., training. Project on appraisal. 7th EDF.
EDF BU 7004 A4, A5

CAMEROON

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: Saantui, 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. Project on appraisal. 6th EDF.
EDF CM 6012 A3a

Support to the Structural Adjustment Programme. General Import Programme. Hard currency allowance to import ACP and EC goods. There is a negative list. 29.5 mECU. T.A. for starting and follow-up. Project in execution. 7th EDF.
EDF CM 7200 A1c

Support to the health services. Resp. Auth.: Ministère de la Santé Publique. 8.5 mECU. Works, supplies of medicines by int. tender, T.A. by restr. tender after prequalification. Project in execution. 6th and

7th EDF.
EDF CM 6030 (7004) A7e

Road maintenance programme. Resp. Auth.: Ministère des Travaux Publics. 22.5 mECU. Maintenance in 3 regions: Tikar plain, Ayos-Bertona, Yaundé. Project in execution. 7th EDF.
EDF CM 6031 (7005) A2d

CENTRAL AFRICAN REPUBLIC

North Region development programme. Phase II. Resp. Auth.: Ministère de l'Economie, du Plan, des Statistiques et de la Coopération Internationale — Ministère des Eaux, Forêts, Chasse, Pêche et Tourisme (M.E.F.C.P.T.). 16 mECU. Works, supplies and T.A. Works by direct labour, supplies by int. tender, T.A. by restr. tender after prequalification. Project on appraisal. ★ Date foreseen for financing ***2nd half 93.*** 7th EDF.
EDF CA 6002/7002 A3a

COMOROS

Seed, support and market-garden development. Resp. Auth.: Ministère de l'Agriculture. Total estimated cost 5.650 mECU. EDF 5.5 mECU, local 0.150 mECU. Production of improved vegetable material. Rural development actions, infrastructures, training teams. Works, supplies and T.A. Project on appraisal. 7th EDF.
EDF COM 5002(7001) A3a

Line of credit for SMEs. Resp. Auth.: Banque de Développement des Comores, 1 mECU. Small loans for farmers. Project on appraisal. 7th EDF.
EDF COM 7002 A5b

Micro-projects. Estimated total cost 3.4 mECU, EDF 2.5 mECU, local 0.4 mECU, local communities 0.5 mECU. Warehouses, rural hydraulic and electrification, health, education, works, supplies, T.A. Project on appraisal. 7th EDF.
EDF COM 7102 A3a

Support to the Structural Adjustment Programme. General Import Programme. 93-95. Hard currency allowance to import ACP and EC goods, with negative list. 5.500 mECU. T.A. for starting and follow-up. Project on appraisal. Date foreseen for financing ***2nd half 93.*** 7th EDF. ★
EDF COM 7200 A1c

Sea-access to the Moheli island. Resp. Auth.: Ministère de l'Equipement — Direction Générale des Travaux Publics. 3.250 mECU. Works, by int. tender. T.A. for further investigations, tender dossier and works supervision. Project on appraisal. 7th EDF.
EDF COM 6006/7003 A2d

CHAD

Support programme to revitalize primary education. Resp. Auth.: Ministère de l'Education Nationale. 10 mECU. Works by acc. tender or direct labour. Building materials, equipment, and educational equipment, by int. tender. Training programmes and support infrastructures. Project in execution. 7th EDF.
EDF CD 7001 A6a

Environmental conservation in the South-East. Resp. Auth.: Ministère du Tourisme et de l'Environnement. 3,5 mECU. Flora and fauna reconstitution in the Zakouma region. Integration, growing public awareness and participation of population for conservation of natural resources. Project in execution. 7th EDF.
EDF CD 7002 (4017) A8f

Support programme to improve maintenance and road infrastructure. Resp. Auth.: Ministère des T.P. 15 mECU. Works, bridges, Moundou-Touboro road study, institutional support to the Ministère des T.P. Training. Road study: short-list done. Project in execution. 7th EDF
EDF CD 6001 (7003) A2d

Cotton rural roads maintenance. Resp. Auth.: Ministère des Travaux Publics. Estimated cost 7 mECU. Rehabilitation works and supervision. Project on appraisal. 7th EDF.
EDF CD 7004 A2d

Rural hydraulics programme in the concentration zone. Resp. Auth.: Ministère des Mines, Energie, Ressources en Eau. Estimated total cost 8.509 mECU. EDF part 8.300 mECU. Drillings, wells, hand-pumps, solar pump, T.A. Works, supplies and T.A., follow-up, works supervision. Project on ★ appraisal. ***Date foreseen for financing October 93.*** 7th EDF.
EDF CD 7003 A2b

CONGO

Support to the private sector and S.M.E.'s promotion. Resp. Auth.: National Authorizing officer, Ministère for SME, EEC delegation, Associations. 10 mECU. Lines of credit, development, promotion, viability of micro — small and medium entreprises. T.A., supplies and line of credit. Project in execution. 6th and 7th EDF.
EDF COB 6005/7001 A4, A5

Support to the anticipated general elections. 0.200 mECU. Contribution for the printing of ballot papers. Imprimerie Nationale and Imprimerie des Armées. Project on appraisal. 7th EDF.
EDF COB 7004 A1c

Support to the Health Development National Programme. *Resp. Auth.: Ministère de la Santé. Estimated cost 10 mECU. Construction and rehabilitation works, T.A., training, supply of equipments and medicines. Project on appraisal. Date foreseen for financing October 93. 7th EDF.*
EDF COB 7005 A7

COTE D'IVOIRE

Central Region 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. 6th EDF.
EDF IVC 6009 A3a

Health sector support programme. 11.2 mECU. Strengthening basic care, correcting balances between regions and support to decentralization. Project in execution. 7th EDF.
EDF IVC 6011 (7001) A7

Support programme to coastal cities. 28.5 mECU. Social and economic infrastructure, planning and management of municipalities. Project on appraisal. 7th EDF.
EDF IVC 7002 A8a, b

Research — development programme for market gardening, agro-forestry and fruit-trees sectors. Resp. Auth.: Ministère de l'Enseignement Supérieur et de la Recherche Scientifique and IDESSA-IDEFOR/DFO and IDEFOR/DFA. Ministère de l'Agriculture. 8.760 mECU. Supplies and T.A. Project on appraisal. 7th EDF.
EDF IVC 7003 A6f, A6c, i

Support to cooperatives. Resp. Auth.: G.V.C. Groupement villageois de commercialisation. 1.275 mECU. T.A. for 3 years, evaluation and training, supply of equipment and line of credit. Project in execution. 7th EDF.
EDF IVC 6101/7 A5f

Forest settlement programme in the Urumbo-Boka sector. Estimated cost 9 mECU. Rehabilitation and conservation of 7 forests. Project on appraisal. 7th EDF.
EDF IVC 7006 A3c, A8f

Wholesale market in Bouake. Estimated cost 10 mECU. Market construction and installation and starting. Works and T.A. Project on appraisal. 7th EDF.
EDF IVC 6009(7) A5c

DJIBOUTI

Fight against desertification and development of livestock husbandry in Western-Djibouti. Resp. Auth.: Ministère de l'Agriculture et du Développement Rural. 1.665 mECU. Supply of equipment, studies, T.A. Project on appraisal. 7th EDF.
EDF DI 6008 A3a

Health training programme. Resp. Auth.: Ministère de la Santé Publique et des Affaires Sociales. 0.750 mECU. T.A., scholar-ships, seminars, training. Project on appraisal. 7th EDF.
EDF DI 7101/002 A7e

DOMINICA

Structural Adjustment Support Programme. Resp. Auth.: Ministry of Finance and Development — Economic Development Unit. 2 mECU. General Import Programme. Project in execution. 7th EDF.
EDF DOM 7200 A1c

DOMINICAN REPUBLIC

Integrated rural development project in the NOROESTE (PROLINO). Resp. Auth.: Ministry of Agriculture. EDF 23.61 mECU. Building of earth-dams, infrastructure, supply of equipment, T.A. and lines of credit. Project in execution. 7th EDF.
EDF DO 7006 A3a

Integrated programme to develop primary education at local level. Resp. Auth.: Secretaría de Estado de Educación, Bellas Artes y Cultos (SEEBAC). Total cost 8 mECU. EDF 7 mECU, local 1 mECU. Buildings, equipment, T.A. Works by direct labour or acc. proc., the equipment will be purchased locally. T.A.; short-list done. Project in execution. 7th EDF.
EDF DO 7007 A6a

Integrated health programme in the south-east. Resp. Auth.: Secretaría de Estado de Salud Pública y Asistencia Social (SESPAS). Total cost 9.8 mECU. EDF 8.8 mECU, local 1 mECU. Physical health infrastructure by direct labour or acc. proc., health materials and equipment by int. tender, training, health education, T.A. Project in execution. 7th EDF.
EDF DO 7008 A7a,b,c,e

Sectoral Import Programme for petroleum products. Phase II. Resp. Auth.: Refineria Dominicana de Petroleo S.A. Estimated cost 9.500 mECU. Purchase of petroleum products, T.A. for follow-up and evaluation. Project on appraisal. 7th EDF.
EDF DO 7200/001 A4ai

EQUATORIAL GUINEA

Essential goods import programme. Resp. Auth.: Presidency of the Republic. Estimated cost 1.5 mECU. Hard currency allowance to import essential goods. Project on appraisal. 5th and 6th EDF.
EDF EG 0000 A1c

Conservation and rational utilisation of the forest ecosystems. Resp. Auth.: Ministry of Agriculture, Livestock farming, Fisheries and Forests. Directorate General for Forests. 5.070 mECU. Land Classification and Use Master Plan — National System of Conservation Units — Forest Training and Research Centre. T.A. and supply of equipment. Project on appraisal. 6th EDF.
EDF EG 6001 A3c, e, i

Rural development programme in the South-East. Resp. Auth.: Ministère de l'Agriculture. 4.500 mECU. Works, supplies and T.A. Project in execution. 7th EDF.
EDF EG 6005 (7001) A3a

ETHIOPIA

Short-term support programme for the reconstruction and development of Eritrea. 19.800 mECU. Dams for irrigation, rural hydraulics, road rehabilitation. Works by direct labour, supplies by int. tenders, T.A. Project in execution. 7th EDF.
EDF ET 7001 A96

Small Scale irrigation in the Western Lowlands of Eritrea. Resp. Auth.: Department of Agriculture. Estimated cost 1.690 mECU. Rehabilitation works, supply of drinking water, agricultural inputs, T.A. ★ *Project in execution.* 7th EDF.
EDF ET 7255 A3a

AFAR Rural Development. To improve living conditions. Human health facilities, better animal disease control programmes, ★ microprojects programmes. T.A. *Date financing August 93.* 7th EDF.
EDF ET 7004 A3a

Structural Adjustment Support Programme. General Import Programme. *Hard currency allowance to the Central Bank. 75 mECU. T.A. for counterpart funds, social policy and G.I.P. follow-up. Project on appraisal. Date foreseen for financing October 93. 7th EDF.*
EDF ET A1c

FIJI

Construction of 2 bridges (Sigatoka, Ba). Resp. Auth.: Public Works Dept. Estimated total cost 11.060 mECU. EDF 9 mECU, local 2.060 mECU. Bridge reconstruction after cyclone Kina. Study to revise drawings: short-list to be done. Project on appraisal. 7th EDF.
EDF FIJ 7002 A2d

Vunidawa and Korovou bridges construction. Resp. Auth.: Public Works Dept. 0.950 mECU. Drawings and construction of Korovou bridge, deck construction for Vunidawa bridge. Project on appraisal. 7th EDF.
EDF FIJ 7002 A2d

GAMBIA

Rural Development Programme. Resp. Auth.: Ministry of Finance and Economic Affairs. 14.5 mECU. Rehabilitation of water schemes, supply of road equipment and materials, T.A. and supervision. Project in execution. 6th EDF
EDF GM 6004 A3a

Tourism promotion. Resp. Auth.: Ministry of Information and Tourism. 0.960 mECU. Tour operator promotion. Management Agency by restr. tender. Project in execution. 7th EDF.
EDF GM 6016-7008 A5c

Structural Adjustment Support Programme – General Import Programme 1993. *4.200 mECU. Hard currency allowance. Project on appraisal. 7th EDF.*
EDF GM 7200/001 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 A3a

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

Second microprojects programme. (Lomé III). Total cost 9 mECU, Ministry of Finance and Economic Planning 2 mECU. District assemblies – communities 1 mECU. Construction of schools, clinics, wells, sanitation facilities, markets. Local T.A. Project on appraisal. 6th EDF.
EDF GH 6102 A6, A7, A8

Structural Adjustment Programme. General Import Programme. 1993. Hard currency allowance to import ACP and EEC goods. There is a negative list of items not eligible (military-luxury and environmentally hazardous products). 29 mECU. Project on ★ appraisal. Date foreseen for financing ***2nd half 93.*** 7th EDF.
EDF GH 7200 A1c

GRENADA

Microprojects programme. Resp. Auth.: Ministry of Labour, Social Service, Community Development. 0.220 mECU. Water supply, road improvements, repairs and extension of schools, medical and community centre and sports grounds. Project on appraisal. 7th EDF.
EDF GRD 7102

General Import Programme. Hard currency allowance to purchase EEC or ACP goods with negative list. 2 mECU. Provision of T.A. in the fields of legislative and/or fiscal expertise. Project in execution. 7th EDF.
EDF GRD 7200 A1c

GUINEA

Improvement of living conditions in backward areas. Resp. Auth.: Ministères de Santé de l'Enseignement et de l'Agriculture. 20 mECU. Building, rehabilitation and equipping of health infrastructures (regional hospitals and health centres) education (teachers national schools, primary schools). Water points. Work, supervision. Project in execution. 7th EDF
EDF GUI 6022 (7002) A6, A7, A8

Road Infrastructure Programme. Resp. Auth.: Ministère des Transports. Ministère des T.P. Building, reconstruction of national and secondary roads 50 mECU. Works, supervision, several T.A. Project in execution. 7th EDF
EDF GUI 6021 (7003) A2d

Rural Development Programme — Western Upper Guinea. Resp. Auth.: Ministère de l'Agriculture et des Ressources Animales. 15 mECU. Cotton, crop, stockfarming, rice-growing, bee-keeping, draught farming, market-garden, rural credit, processing, feederroads, Works, supplies, line of credit. Project in execution. 7th EDF
EDF GUI 6002 (7004) A3a

Agricultural Programme in «Guinée Maritime» (PAGM). Resp: Auth.: Ministère de l'Agriculture et des Ressources Animales. Estimated cost 20 mECU. Infrastructural works, supply of agricultural inputs, equipments, T.A. and training. Project on appraisal. 7th EDF.
EDF GUI 6001(7) A3a

Development of the secondary towns. Resp. Auth.: Ministère de l'Aménagement du Territoire. Estimated cost 7 mECU. Buildings, market, railway stations, roads, T.A. and training, management, work supervision, supply of equipments. Project on appraisal. 7th EDF.
EDF GUI 7008 A8a,b

GUINEA BISSAU

Rural development programme. 23.8 mECU. Improvement of food and fisheries production, line of credit, microprojects, T.A. and training. Project in execution. 6th EDF.
EDF GUB 6001 A3a

Project for the rehabilitation of social and economic infrastructures. Resp. Auth.: Ministry of Public Works. 11 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 in execution. 6th and 7th EDF.
EDF GUB 6013 (PRI) A7, A8

Farim bridge construction. *Resp. Auth.: Ministère des Travaux Publics. Estimated cost 11 mECU. Bridge over Cacheu river. Works and supervision. Project on appraisal. 7th EDF.*
EDF GUB 7006 A2d

Cultural actions promotion programme. *Resp. Auth.: Secrétariat d'Etat à la Culture et à l'Information and EEC Delegation in Bissau. Estimated cost 1.650 mECU. Safeguard of the cultural heritage, training, manifestations, studies. Project on appraisal. 7th EDF.*
EDF GUB 7008 A5g,i

General Import Programme. *8 mECU. Hard currency allowance. T.A. foreseen. Project on appraisal. 7th EDF.*
EDF GUB 7200 A1c

GUYANA

Sea defence programme. Resp. Auth.: Hydraulic Division. 12 mECU. Rehabili-

tation of 11 km of sea defences, procurement of materials and equipment. T.A. and training. Project on appraisal. 7th EDF.
EDF GUA 6003 (7001) A8g

Immediate action programme for the Demerara Harbour Bridge. Resp. Auth.: Ministry of Finance. 3 mECU. Works, supplies, T.A. and training. Project on appraisal. 7th EDF.
EDF GUA 6011 (7002) A2d

New Amsterdam water supply. Resp. Auth.: Ministry of Finance. 4.5 mECU. Construction of the ring main system, reservoir, supplies T.A. and training. Project on appraisal. ★ *Date foreseen for financing October 93.* 7th EDF.
EDF GUA 6012 (7003) A2b

Credit development to S.M.E.'s. 0.250 m ECU. Line of credit, T.A. and training. Project in execution. 7th EDF
EDF GUA 7001 A4, A5

JAMAICA

Target Europe Programme. Resp. Auth.: 'Jamaican Promotion Corporation' (JAMPRO). 3 m ECU. Trade and investments promotion. Marketing, T.A., training. Project in execution. 7th EDF
EDF JM 5021/7004 A5c,d,e,

Credit scheme for micro and small enterprises. Resp. Auth.: Planning Institute of Jamaica. Implementation by Apex Institution and Coordination and Monitoring Unit. 7 mECU. Line of credit, T.A. and evaluation. Project on appraisal. Date foreseen for financing **2nd half 93.** 5th, 6th and 7th EDF.
EDF JM 5020 A4,A5

Water Supply, sewerage, institutional strenghtening programme. Resp. Auth.: National Water Commission (NWC). Estimated cost 18 mECU. Works, supplies and T.A. Project on appraisal. 7th EDF.
EDF JM 7005 A8a,b,c

KENYA

Elephant and Community Wildlife Programme. Resp. Auth.: Kenya Wildlife Service (KWS). EDF part 4 mECU. Erection of wildlife proof barriers to protect neighbouring communities. Supplies, T.A. and training. Project in execution. 7th EDF.
EDF KE 6024(7002) A3a, A5i, A8f

Revival and Development of the Swahili Culture. Resp. Auth.: Ministry of Home Affairs and National Heritage. National Museums of Kenya (N.M.K.). 1.990 mECU. Safeguarding, acquisition and restoration, supply of equipment, T.A. Project in execution. 7th EDF.
EDF KE 7004 A5i

St-Austin-Kabete Road. 1 970 mECU Strengthening of 7.5 Km of dual carriageway road. Works will be carried out under variation orders to the existing EDF financed contract for the Kabete-Limuru and West-★ lands-St-Austin roads. *Project in execution.* 7th EDF.
EDF KE 6303/001 A2d

MADAGASCAR

Kamolandy bridge reconstruction. Resp. Auth.: Ministère des Travaux Publics. 1.540 mECU. Submersible-type bridge. Project on appraisal. 6th EDF.
EDF MAG 6027 A2d

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

Aid for refugees. Resp. Auth.: Food Aid Coordination Unit in the Office of the President and Cabinet (OPC). 5.224 mECU. The programme concerns basic needs for refugees from Mozambique. Roads, wells, drinking water, health, education. Management by UNHCR, Red Cross, MSF, Concern Universal. First part for 1st half: 1.998 mECU. Project in execution. 7th EDF.
EDF MAI 7255 A6, 7, 8

AIDS prevention programme Phase II. Resp. Auth.: Ministry of Health. 1.200 m ECU. Supply of information material, laboratory equipment, T.A. and training. Project on appraisal. 7th EDF
EDF MAI 7001 A7

Support of Referendum Process. Training, stationery, publicity, National Referendum Commission, Construction of polling booths. 1.200 mECU. T.A. by UN ★ Team. *Project in execution.* 7th EDF.
EDF MAI 7002 A1c

MALI

Health programme and population. Resp. Auth.: Ministère de la Santé Publique. Estimated total cost 51.7 mECU. EDF 12 mECU, F.R. Germany and France 6.4, World Bank 21.6 mECU, local 3.5 mECU, USAID 8.2 mECU. Rehabilitation of health centres. T.A. for pharmaceutical sector, supply of medicines (with anticonceptionals and condoms). Project on appraisal. 7th EDF.
EDF MLI 7002 A7

Support to the Structural Adjustment Programme. General Import Programme. 93-94. Hard currency allowance to import ACP and EC goods, with negative list. 26.250 mECU. T.A. to improve efficacity ★ of the taxes and incomes department. *Project in execution.* 6th and 7th EDF.
EDF MLI 7200 A1c

Fight against erosion around the road Bandiagara-Dourou. Dogon region. Estimated cost 0.900 mECU. Resp. Auth.: Commandant de Cercle de Bandiagara. Works by direct labour, T.A. by Association Française des Volontaires du Progrès (AFVP). Project on appraisal. 7th EDF.
EDF MLI 6001/003/7 A3i

Support to develop rural credit. Resp. Auth.: Banque Nationale de Développement Agricole. BNDA. EDF part 1.910 mECU. T.A. and line of credit, training. Project on appraisal. 7th EDF.
EDF MLI 6001/002 A5a

***Fight against silting up and development of forest resources in the Northern regions.** Resp. Auth.: Ministère de l'Environnement – Direction Nationale des Eaux et Forêts. Estimated cost 6.810 mECU. Infrastructural works, forest and trees, supplies, follow-up and training. Project on appraisal. Date foreseen for financing October 93. 7th EDF.*
EDF MLI 6001/001 A3a

MAURITANIA

Rehabilitation of the Nouakchott Wharf. Resp. Auth.: Ministère de l'Equipement et des Transports. 3.6 mECU. Works, ★ supervision, follow-up and evaluation. *Project in execution.* 7th EDF.
EDF MAU 5002(7003) A2d

Support for the structural adjustment programmes. General Import Programme. Hard currencies allowance to purchase EEC and ACP goods with negative list. 18 mECU. T.A. foreseen for implementation of the G.I.P. Project in execution. 7th EDF.
EDF MAU 7200 A1c

Second Road Programme. Resp. Auth.: Ministère des Travaux Publics. 7.350 mECU. Supply of equipment and materials by int. tender. Studies, auditing, T.A. and ★ training. Date foreseen for financing *2nd half 93.* 7th EDF.
EDF MAU 6004-7004 A2d

MOZAMBIQUE

Structural Adjustment Support Programme. General Import Programme. Resp. Auth.: Ministères du Commerce et des Finances. 54.7 mECU. hard currency allowance to import ACP and EEC goods. There is a negative list of items not eligible (military-luxury and environmentally hazardous products). T.A. for management, follow up and evaluation. Project in execution. 7th EDF.
EDF MOZ 7200 A1c

Training for railway staff. Phase II. T.A. for the regional School at Inhambane and the provincial centres of railway training. 20 mECU. T.A. and supply of equipment. Project on appraisal. 7th EDF.
EDF MOZ-REG 6409 A2d, A6d

Support for the rural health sector. 15.390 m ECU. Assistance to populations, assistance for mutilated and disabled war victimes. Management by existing N.G.O.'s. Project in execution. 7th EDF
EDF MOZ 7255 A7

Support for road rehabilitation and water supply. Resp. Auth.: Ministère de la Construction et de l'Eau. Direction Nationale des Routes et des Ponts (DNEP) and Direction Nationale de l'Eau (DNA). 10 m ECU. Works and supplies. T.A. Project in execution. 7th EDF
EDF MOZ 7005 A2d

Reinstatement of displaced, refugee and demobilized people. 11 m ECU. For about 108,000 families. Supply of T.A., workshops, tools, building materials and equipments, 'Kits' for S.M.E's, agricultural tools, seeds. Project in execution. 7th EDF
EDF MOZ 7006 A3a

NAMIBIA

Support programme for the mining sector. Resp. Auth.: Ministry of Mines and Energy. Day-to-day administration by the Industrial Development Corporation. 40 mECU. Mine development, expansion, drillings, tiling plant, recuperations, small scale mining. Works and supplies by int. tender. T.A. and training. Project in execution. 7th EDF.
EDF NAM SYS 9999 A4a

Institutional support for the Ministry of Agriculture, Water and Rural Development. Resp. Auth.: Ministry of Agriculture, Water and Rural Development. 1.3 mECU. T.A. for agricultural planning and marketing and production economics. Project on appraisal. 7th EDF.
EDF NAM 7003 A1c

Abacus Educational Supplement. Circulation of this educational supplement to the general population. 0.500 mECU. Project in execution. 7th EDF.
EDF NAM 7006 A6a

Namibia Integrated Health Programme. Resp. Auth.: Ministry of Health and Social Services. 13.500 mECU. Infrastructures, equipment, training and T.A. Project on appraisal. Date foreseen for financing 2nd half 93. 7th EDF.
EDF NAM 7007 A7

Upgrading and rehabilitation of primary school physical facilities in rural areas. Resp. Auth.: Ministry of Education and Culture. 1.800 mECU. Construction, equipements, T.A. for supervision, evaluation. Project in execution. 7th EDF.
EDF NAM 7008 A6a

NIGER

Sectoral Import Programme for medical supplies and inputs for the productive system. Resp. Auth.: Ministère de Finances et du Plan. 23 m ECU. Hard currency allowance to finance imports. T.A. Project in execution. 7th EDF
EDF NIR 7002 A1c

Small-scale Irrigation in the Tarka Lower Valley (Phase II). Resp. Auth.: Ministère de l'Agriculture et de l'Elevage. 16 m ECU. Irrigation works, infrastructure, environment, supply of equipment and T.A. Project in execution. 7th EDF
EDF 6002/7001 A3a

Sanitation of the Agadez Town. *Estimated cost 1.600 mECU. Sanitation works, interception and drainage canals, supervision works by acc. tender. Supervision by a local consultant. Project on appraisal. 7th EDF.*
EDF NIR A8b

NIGERIA

Export Development Programme. Resp. Auth.: Nigerian Export Promotion Council. 37 mECU. To transfer export know how to ±250 Nigerian firms. Components: sectors, market, human resources and institutional development. Others: T.A. for management and supervision. Project on appraisal. 7th EDF.
EDF UNI 6011 A5d

General Import Programme. 55 mECU, Hard currency facility to import goods and equipment not specifically excluded via a negative list. T.A. foreseen. Project on appraisal. 7th EDF.
EDF UNI 7200 A1c

Oban Hills Programme. EDF 16.5 mECU, Germany (KFW) 11 mECU. Park management and conservation, support zone development, park research and monitoring. To give the local people an incentive to protect – support the park. Buildings-peripheral facilities, supply of equipment and vehicules, T.A. and research studies. Villages Development Funds and recurrent costs. Project in execution. 7th EDF.
EDF UNI 7001 A3c, e-A8f

Rubber Research Institute of Nigeria (RRIN). Resp. Auth.: R.R.I.N. 8 mECU. Works, infrastructures, rehabilitation of building, repair of roads, water supply. Supply of vehicles, tractors, laboratory and comp. equipment. T.A. and training. Project on appraisal. 7th EDF
EDF UNI 6012 (7002) A3a

University Libraries Project. Resp. Auth.: National Universities Commission. 11.500 mECU. Small repair work, supply of book, and scientific journals, equipment, T.A. and training. Project in execution. 7th EDF
EDF UNI 7004 A6b

Katsina Arid Zone Programme. Resp. Auth.: Governor of Katsina State. 25 mECU. Soils and forests protection, livestock, increase agricultural productivity, irrigation, rural and social infrastructure, management and coordination, training. T.A.: restr. tender after prequalification. Project in execution. 7th EDF
EDF UNI 7005 A3a

Urgent assistance for the News Agency of Nigeria (N.A.N.) Resp. Auth.: N.A.N. 1.300 mECU. Repair-reconstruction of N.A.N. communication building, procurement — installation of new telecommunication equipments. Works, supplies and T.A. Project in execution. 7th EDF.
EDF UNI 7007 A5g

NITEL Maintenance training programme. Resp. Auth.: Nigerian Telecommunications. 10.5 mECU. Rehabilitation works, supply of equipment, T.A. and training. ★ ***Project in execution.*** 7th EDF.
EDF UNI 7008 (6004) A2c

PAPUA NEW GUINEA

Third Structural Adjustment Programme. General Import Programme. 8.5 m ECU. Same as 2nd programme. Project in execution. 7th EDF
EDF PNG 7201 A1c

Human resources development programme. Resp. Auth.: National Dept. of Education (NDOE) and Commission for Higher Education (CHE). 15 mECU. Works: building renovation, university construction, rehabilitation works, works supervision, scholarships, training. Works for the university by int. tender. ★ ***Project on appraisal. Date foreseen for financing 2nd half 93.*** 7th EDF.
EDF PNG 6008/7001 A6a,b

Ramu road improvement. *Resp. Auth.: Department of works. Estimated cost 17 mECU. Upgrading of 73 Km of the Ramu highway (Pompuquato bridge to Usino junction) from the present gravel pavement to a bituminous sealed pavement and associated bridge works. Works and supervision. Design study: short-list to be done. Project on appraisal. 6th EDF.*
EDF PNG 6017 A2d

RWANDA

Institutional Support. Resp. Auth.: Ministère du Plan. 3.5 mECU. T.A. by 4 experts for 4 years to strengthen administration capacities to implement Lomé IV. Project in execution. 7th EDF.
EDF RW 7001 A1f

Drinking water supply in the Bugesera East. Resp. Auth.: Ministère de Travaux Publics. 9.920 mECU. Pumps, treatment, tanks, renovation existing network. Works, supplies and supervision. Works: int. tender already launched. Project on appraisal. Date foreseen for financing 2nd half 93. 7th EDF.
EDF RW 6007 (7002) A2b

ST. KITTS AND NEVIS

Development of Social Infrastructure – Phase II. Resp. Auth.: Ministry of Education and Ministry of Works, Communications and Public Utilities. 0.872 mECU. Construction and supply of furnitures for primary schools, supply of equipments, T.A. for supervision of works. Project on appraisal. 5th and 6th EDF.
EDF SCN 6001 A6a

ST. VINCENT AND THE GRENADINES

Mount Wynne — Peter's Hope Land Resettlement Project. Resp. Auth.: A.R.D.P. — Agricultural Rehabilitation — Diversification Programme. Total estimated cost 3.329 mECU, EDF 3.2 mECU, local 0.129 mECU. Road realignement, cadastral surveys, allocation of small holdings on leasehold bases, works, supplies and T.A. for supervision. Project in execution. 7th EDF.
EDF SVG 7001 A36, A84

SAO TOME & PRINCIPE

Sectoral Import Programme for Structural Adjustment Support. Resp. auth.: Secrétariat d'Etat à la Coopération — Délégation de la Commission à Libreville et Antenne de la Commission à Sao Tomé. 1.5 mECU. Medical supplies, school equipment, foods and T.A. Project in execution. 7th EDF.
EDF STP 7200 A1c

SENEGAL

St-Louis regional development programme. 22.5 mECU. Jobs creation, lines of credit, T.A. to the S.M.E's, training, studies. Health centres, clinics, medical equipments and consumables, training, information. T.A. to the Direction Régionale in St-Louis and to the Service des Grandes Endémies in Podor. Drainage network, sanitation. Environmental protection with wind-breaks. T.A. Study of a water-engineering scheme in Podor. Works by acc. tender. Supplies by int. tender. T.A. by restr. tender. Project on appraisal. Date foreseen for financing 2nd half 93. 7th EDF.
EDF SE 6002/7002 A3a

Support to the national programme to fight AIDS. Phase II. Resp. Auth.: Comité National de Lutte contre le sida. CNLS. 1.700 mECU. Works, rehabilitation, supply of equipment, T.A., management, ★ training. ***Project in execution.*** 7th EDF.
EDF SE 7003 A7

SEYCHELLES

Assistance to small industry. Resp. Auth.: Ministère de l'Industrie. 1 mECU. T.A. ★ et formation. ***Project in execution.*** 7th EDF.
EDF SEY 6003/7001 A4d

Line of credit. Resp. Auth.: Department of Industry. 0.250 mECU. For handicraft and small industry projects. Project in execution. 7th EDF.
EDF SEY 6003/7002 A4d

SIERRA LEONE

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

Agricultural Sector Support Programme. Resp. Auth.: Ministry of Agriculture. 14.3 mECU. Construction of stores, rehabilitation of feeder roads, vehicles, agricultural inputs, materials, T.A. for project management, training. Project in execution. 7th EDF.
EDF SL 7001 A3a

Electricity Sector rehabilitation project. Resp. Auth.: National Power Authority. Estimated total cost 52 mECU. EDF 10 mECU. E.I.B. 15.5 mECU, World Bank 17.5 mECU, local 3 mECU, Japan 6 mECU. EDF part: rehabilitation of the distribution network. Works, supply of equipments and T.A. for supervision. Project on appraisal. 6th EDF.
EDF SL 6005 A2ai

Support to the Accountant General's Department. Ministry of Finance. 1.900 mECU. Supply of computing and office equipment. Training. T.A.: contract ★ awarded. ***Project in execution.*** 7th EDF.
EDF SC 6011/7002 A1c

Rural water supply and sanitation. *Estimated cost 7 mECU. Wells rehabilitation, water points, equipments and T.A. Project on appraisal. Date foreseen for financing October 93. 7th EDF.*
EDF SL 5001/7 A2b, A8c

SURINAME

Rehabilitation Road Section Jenny – Ingikondre. Resp. Auth.: Ministry of Public Works. 4.5 mECU. New asphalt surfacing on 37 km and ancillary works. T.A. for supervision and tender dossier preparation. Works: acc. tender (conditional) launched. Opening 27.1.93. Date foreseen for financing 2nd half 93. 5th EDF.
EDF SUR 5011 A2d

SWAZILAND

Technical Cooperation programme. Resp. Auth.: Government of Swaziland (N.A.O.) 1.860 mECU. T.A. 12 person-years to selected agencies in the public and parastatal sectors. Project on appraisal. 7th EDF.
EDF SW 7001 A1f

Institutional Strengthening of Government's Central Agencies. 5 mECU. To achieve an appropriate level of institutional planning and management capacity in the central ministeries. Three T.A. for 4 years under 'link' arrangement with a European Public Administration training ★ institution. Fellowships. ***Project in execution.*** 7th EDF.
EDF SW 5019/7003 A6c

TANZANIA

Port development, Zanzibar and Pemba ports, phase II. Resp. Auth.: Ministry of Works. Zanzibar. Estimated total cost 13.4 mECU. EDF 10 mECU, Italy 3.4 mECU. Procurement and rehabilitation of cargo handling equipment. Rehabilitation of transit sheds, construction of passenger terminal with RO-RO facilities. Study: design of passenger terminal with RO-RO facilities for Zanzibar port. Short-list done. Project on appraisal. 7th EDF.
EDF TA 6009 A2d

Structural Adjustment Support Programme – General Import Programme. Phase II. Resp. Auth.: Central Bank of Tanzania. 55 mECU. Import of goods in the context of Tanzania's open general licence system, subject to a negative list. T.A. ★ ***Project in execution.*** 7th EDF.
EDF TA 7200 A1c

Support for Aids Control in Tanzania. Resp. Auth.: Ministry of Health. 3 mECU. To strengthen health and other support services. Supply of equipment and T.A. Project on appraisal. 7th EDF.
EDF TA 08000/000 (7001) A7c

Serengeti Conservation and Development project. Resp. Auth.: Ministry of Tourism, Nat. Resources and Envir. 9 mECU. Road and water supply rehabilitation, supply of equipments, studies and T.A. Project on appraisal. 7th EDF.
EDF TA 7002 A3a

Mwanza-Nyanguge Road Rehabilitation. Resp. Auth.: Ministry of Transports and Communications. Estimated cost 35 mECU. Rehabilitation of 62 Km of trunk roads (Nyanguge-Mwanza and Mwanza airport) and rehabilitation of Mwanza sewerage system (main works). Design study ongoing. Project on appraisal. 7th EDF.
EDF TA 6021 A2d

Training and Training Institutions support project. Training materials, equipments, training, University Twinning. T.A. Project on appraisal. Estimated cost 5 mECU. 7th EDF.
EDF TA 6001 A6b

Support to Ministry of Finance, Zanzibar. Estimated cost 1.300 mECU. Equipments and T.A. Project on appraisal. 7th EDF.
EDF TA 7007 A1c

Support Unit to N.A.O. Estimated cost 2 mECU. Equipments and T.A. Project on appraisal. 7th EDF.
EDF TA 7008 A1c

Mwanza Water Supply. Phase II. Resp. Auth.: Ministry of Water energy and minerals. Estimated cost 11.100 mECU. Works, pumping equipments, studies and supervision. Short-list done. Project on appraisal. 7th EDF.
EDF TA 5005(7) A2b

Iringa Water Supply. Resp. Auth.: Ministry of water, energy and minerals. Estimated cost 9.100 mECU. Pumping, Treatment, storage and distribution. Works, equipments, design and supervision. Short-list done. Project on appraisal. 7th EDF.
EDF TA 7009 A2

TOGO

General Import Programme. Hard currency allowance to import ACP and E.C. goods. T.A. for management and implementation. 17 mECU. Project in execution. 7th EDF.
EDF TO 7200 A1c

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

TRINIDAD AND TOBAGO

Support to the Structural Adjustment Programme. General Import Programme. Hard currency allowance to purchase EEC and ACP goods with negative list. T.A. for six months for GIP implementation and the use of counterpart funds. 9.7 mECU. Project on appraisal. Date foreseen for financing 2nd half 93. 6th and 7th EDF.
EDF TR 7200 A1c

UGANDA

Structural Adjustment Support Programme General Import Programme. Phase II. 30,250 mECU. Hard currency allowance to import ACP and EC goods. There is negative list of items not eligible (military-luxury items). Project on appraisal. Identification study: short list done. 7th EDF.
EDF UG 7200 A1c

Human resources development programme. Resp. Auth.: Ministry of Finance and Economic Department. 12.8 mECU. Infrastructural rehabilitation, equipments, T.A. and training. Project in execution. 7th EDF.
EDF UG 7001 A6b, c, d

Smallholder Tea Development Programme. (STDP). Resp. Auth.: Uganda Tea Growers Corporation (UTGC). 20 mECU. Increase in the production and quality, management improvements, infrastructure development, institutional and financial sustainability, environment conservation and regional development. Works, supply of equipments, T.A. and training. ★ ***Project on appraisal. Date foreseen for financing 2nd half 93.*** 7th EDF.
EDF UG 6002/7002 A3a

Uganda health project. Phase III of the Rural health Programme, West Nile Health Programme and the Uganda Blood Transfusion Service Project Phase II. Infrastructure rehabilitation equipment (vehicles, furnishings, offices), medical supplies and tests, in service training and T.A. and management. ★ 20 mECU. ***Project in execution.*** 7th EDF.
EDF UG 6012/7003 A7

Institutional Support. Resp. Auth.: National Authorizing Officer. 2 mECU. Reinforce the capacity of the NAO office. T.A., training and supply of equipments. Project on appraisal. 7th EDF.
EDF UG 6023/7004 A1c

ZAMBIA

General Import Programme. Phase II. Resp. Auth.: Bank of Zambia. 41 mECU. Hard currency allowance to import ACP and EC good. T.A. already financed on previous funds still on the spot. Project on appraisal. 7th EDF.
EDF ZA A1c

SYSMIN III – General import. Resp. Auth.: Bank of Zambia. 60 mECU. Project in execution. 7th EDF.
EDF ZA 9999 - SYS A1c

Zambian Centre for accountancy studies. Phase II. Estimated total cost 5.200 m ECU. EDF 4.400 m ECU, local 0.500 m ECU, Centre itself 0.300 m ECU. T.A., supplies and Works Project on appraisal. 7th EDF.
EDF ZA 6001/7001 A6a

Social Sector Support Programme. Resp. Auth.: Ministries of Health, Education, Water Affairs and Local Governments. 12 mECU. Rehabilitation works and health infrastructures, water supply, education. Supply of drugs and equipments, and T.A. ★ ***Project on appraisal. Date foreseen for financing 2nd half 93.*** 7th EDF.
EDF ZA 7003 A7,A8

Support Services Programme to Zambian administration. Estimated cost 1.850 mECU. Institutional support to the office of the N.A.O., budget office and Central Statistics office. T.A., consultancy and operational support costs. Short-list, ★ done. ***Project in execution.*** 7th EDF.
EDF ZA 7200 A1b

Reorganisation and restructuring of the Department of National Parks and Wildlife Services. *Resp. Auth.: Department of National Parks and Wildlife services. Estimated cost 5 mECU. Works, supplies and T.A. Project on appraisal. 7th EDF.*
EDF ZA 7002 A3c,d

ZIMBABWE

OMAY Kanyati and Gatshe Gatshe land use and health programme. Resp. Auth.: A.D.A. 4.6 mECU. Raising the standard of living of rural populations. Conservation and improved utilisation of the Wild Life resource, support to agriculture and improvement of social infrastructure. Road network, water, sanitation, building of a district hospital, equipment and supplies. Project on appraisal. 7th EDF.
EDF ZIM 6004/7002 A3a

Structural Adjustment Programme. Resp. Auth.: Ministry of Finance, Economic Planning and Development. 28 mECU. General Import Programme and T.A. Project in execution. 7th EDF.
EDF ZIM 7200 A1c

Support to the Faculty of Veterinary Science of the University of Zimbabwe. Resp. Auth.: Faculty of Veterinary. Estimated cost 5 mECU. Supply of vehicles and equipments. T.A., University link, fellow-scholarships. For Zimbabwe and SADC region. Project on appraisal. 7th EDF.
EDF ZIM 5004/7001 A6b

Mashonoland East Fruit and Vegetable Project. Phase II. Resp. Auth.: Agricultural Development Authority. 3.300 mECU. Provision of transport, construction of houses and assembly markets. Supply of ★ equipments and T.A. ***Project in execution.*** 7th EDF.
EDF ZIM 5012/7003 A3a

Overseas Countries and Territories (OCT)

NETHERLANDS ANTILLES

Curaçao – Business Development Scheme, phase 2. *Estimated total cost 5.366 mECU. EDF 4 mECU. Development of international competitiveness in the export sector. Management training strategy. Project on appraisal. 7th EDF.*
EDF NEA 6013/001 A5d,e

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 12.5 mECU. EDF 6.25 mECU, The Netherlands ± 6,25 mECU. Works, supplies and T.A. (final design, tender dossier, supervision). Int. tender ★ (conditional) already launched. ***Project in execution.*** 6th EDF.
EDF ARU 6003 A2d

NEW CALEDONIA

Improvement of Magenta airport. Construction of Crash, Fire and Rescue Services (SSIS) building. Resp. Auth.: Civil Aviation Department. 0.700 mECU. Special loan. Building, parking area and slip roads, furnishing and technical equipment. Works by acc. proc. Project in execution. 5th EDF.
EDF NC 6006 A2d

Educational buildings in the Loyauté Islands. 2.375 mECU. Works by acc. proc. ★ (conditional). ***Project in execution.*** 7th EDF.
EDF NC 7001 A6d

Construction of a vocational training centre for apprentices. Estimated total cost 2.95 mECU. EDF part 0.830 mECU. Works by acc. tender. Project on appraisal. 7th EDF.
EDF NC 7002 A6d

FRENCH POLYNESIA

Development of fishing-boats fleet. Phase II. Resp. Auth.: Etablissement pour la Valorisation des Activités Aquacoles et Maritimes (EVAAM). Estimated cost 7.125 mECU. EDF part 3.160 mECU, local 3.965 mECU. Construction of 5 tuna-vessels (24-25 m). Int. tender (conditional) no. 3665 launched. Date submission and opening in Papeete 30.9.93. Project on appraisal. Date foreseen for financing September 93. 7th EDF.
EDF FP 0000 A3d

FRENCH SOUTHERN AND ANTARCTIC TERRITORIES

Rehabilitation of the «Vie commune» building in the Kerguelen Islands. *Lasting improvement of the daily life quality for scientists, researchers, technicians, meteorologists on duty. Works, supplies. Estimated total cost 0.900 mECU. EDF 0.600 mECU, France 0.300 mECU. Project on appraisal. Date foreseen for financing October 93. 6th and 7th EDF.*
EDF TAA/6001/001 A6f

Regional Projects

BENIN — BURKINA — NIGER

Regional project for the management of the 'W' national park and adjoining game reserves. Estimated total cost 10 200 mECU. To establish three 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

TANZANIA — BURUNDI — RWANDA — UGANDA — ZAIRE

Tanzania Railways Corporation. Railway Restructuring Project. Resp. Auth.: Ministry of Communication and Transport. T.R.C. 33 mECU. Flood prevention works, quarry development, procurement of track maintenance and accident relief equipment, fuel tank wagons and trolleys. T.A. for supervision of works, tender dossier and training. T.A. short-list done. Project in execution. 7th EDF
EDF REG 7003 A2d

EAST AFRICAN COUNTRIES

Statistical training centre for Eastern Africa in Tanzania. Resp. Auth.: Secretariat of the centre. 2.0. mECU, Widening of 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

Strenghtening Economic and Policy Research in NARS in Eastern Africa (NARS: National Agricultural Systems). Technical and logistic support for building-up strong socio-economic programmes in NARS in Eastern Africa. Estimated cost 1.200 mECU. Project on appraisal. 7th EDF.
EDF REG 7306 A3c

PALOP COUNTRIES – ANGOLA – MOZAMBIQUE – GUINEA BISSAU – SAO TOMÉ & PRINCIPE – CAPE VERDE

Support to improve educational systems. 4.450 mECU. Trainers training, production of pedagogical equipment, T.A. ★ ***Project in execution.*** 7th EDF.
EDF REG 7901-001 A6b

Regional training for Middle Staff Statisticians. 3.5 mECU. Training of 900 middle staff statisticians in the five countries. Building-up a modular training system, training for trainees, workshops-newsletter. T.A. Project on appraisal. Date foreseen for financing 2nd half 93. 7th EDF.
EDF REG 7901-002 A6b,j

Regional Centre for Health Development. Strenghtening of public health systems in the 5 countries and better management of 385 sanitary districts. Training programmes, trainers training, T.A. for starting. Project on appraisal. 7th EDF.
EDF REG 7901-003 A6bi

COTE D'IVOIRE – ETHOPIA – MALI

PAN African Rinder – Pest Campaign. Phase III. To improve financial autonomy of the livestock services, improving the vaccination programmes, supporting farmers associations and privatisation of certain profession in the livestock sectors. estimated cost 15.600 mECU. Project on appraisal. 7th EDF.
EDF REG 5007/003 A3a

MEMBER COUNTRIES OF C.O.I. – INDIAN OCEAN COMMISSION COMORES – MADAGASCAR – MAURITIUS – SEYCHELLES

Support for environmental programmes in C.O.I. countries. Resp. Auth.: Mauritius Regional Authorising Officer. 11 mECU. T.A. for the regional coordinating unit – for national coordinating units – for surveys on the coastal area and on the protection of plant biodiversity. Supply of equipment by int. tender, training. Project in execution. 7th EDF.
EDF REG 6511/7 A8f

Regional programme to develop tourism in C.O.I. countries. Resp. Auth.: C.O.I. – Comité Permanent du Tourisme – C.P.T. 6.239 mECU. T.A. for setting-up the training programmes, sale, promotion and marketing, back-up operations to assist management, transfer of know-how and intra-regional solidarity, specific studies. Supplies and training. Project in execution. 6th and 7th EDF.
EDF REG 6944/7 A5c

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. 6th EDF.
EDF REG 6310 (RW....) A2d

MEMBER COUNTRIES OF ECOWAS

Improvement of postharvest utilisation of artisanal fish catches. Resp. Auth.: Sierra Leone National Authorizing Officer as Regional Auth. Off. Technical Secretariat in Abidjan. 8 mECU. Interventions in 16 countries. Project in execution. 7th EDF.
EDF REG 6126 (001) A3a

PACIFIC ACP STATES

Human resources development in energy sector. 4.400 mECU. T.A. to improve management, technical performance and regulation of conventional power ★ supplies and petroleum import. *Date financing Agust 93.* 6th EDF.
EDF REG 5705/001 A2a,i

Pacific Tourism Development programme. Phase III. To assist Pacific ACP countries and OCT to develop their tourism sector. Estimated cost 11.500 mECU. Tourism marketing and promotion of the Pacific destination. Planning and policy capacities, research and statistics, manpower. Project on appraisal. Date foreseen for financing September 93. 7th EDF.
EDF REG 7701 A5c

ANGOLA — MOZAMBIQUE

Training in the port and maritime fields. Training by experts and consultants. T.A., training and equipment. 0.950 m ECU. Project in execution. 7th EDF
EDF REG 7403 A6b

SADCC

International Baccalaureate Studies. Resp. Auth.: SADCC Regional Training Council. 1.695 mECU. Supply of scholarship programme for selected secondary school graduates from Angola and Mozambique to study for the International Baccalaureate Diploma in Swaziland. T.A. and evaluation. Project in execution. 7th EDF.
EDF REG 6440 (7016) A6a

Senior Managers' Training in Road Traffic and Transport. Resp. Auth.: SATCC. 2 mECU. Supply of equipment, T.A. ★ evaluation. Fellowships. *Date financing August 93.* 7th EDF.
EDF REG 6426 A6d

Collaborative effort for a maize and wheat improvement network. Resp. Auth.: SACCAR — CIMMYT. 3.970 m ECU. ★ T.A., training, supply of equipment. *Project in execution.* 7th EDF
EDF REG 7402 A3a

SADC Regional Customs Training Programme. Long-term. T.A. to the Botswana, Lesotho, Namibian and Swaziland customs services. Training and equipment. 1.9 mECU. Project on appraisal. 7th EDF.
EDF REG 5412/7 A1b

SADC Language Training Programme. Resp. Auth.: Institute of Languages in Maputo as Regional Project Coordinator (RPC). 2 mECU. English language training and Portuguese language training. Monitoring-evaluation. Project on appraisal. 7th EDF.
EDF REG 6415/6430/6433/7 A6

Regional training programme for food security. Resp. Auth.: Food Security Technical and Administrative Unit (FSTAU) in Harare. 5 mECU. Training and T.A. Supply of equipment by int. tender. Project on appraisal. 7th EDF.
EDF REG 6420/7 A6ci

S.I.M.S.E.C. – Sadc initiative for Mathematics and Science Education Cooperation. To establish a professional unit, called SIMSEC Unit for information exchange, teacher training curriculum development, staff development, research cooperation and support for teachers' organisations. Project on appraisal. Estimated cost 5 mECU. Date foreseen for financing September 93. 7th EDF.
EDF REG 6428 A6b

SADCC — MOZAMBIQUE

Beira port dredging contract. Resp. Auth.: Ministry of Construction and Water. 15 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. Date foreseen for financing 2nd half 93. 7th EDF.
EDF REG 7401 A2d

BENIN — COTE D'IVOIRE — GHANA — GUINEA — GUINEA BISSAU — TOGO

Regional programme to increase awareness in western coastal African countries of natural resources protection. Resp. Auth.: Ministère de l'Environnement-Togo. Estimated cost 10 mECU. Priorities: fight against bush fires and deforestation and for soil protection. Project on appraisal. 6th EDF
EDF REG 6113 A3e

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

EASTERN AND SOUTHERN AFRICAN COUNTRIES

Support to the Eastern and Southern African Mineral Resources Development Centre (ESAMRDC). *Resp. Auth.: ESAMRDC – Dar es Salaam – Tanzania 4.950 mECU. T.A., consultancies – databases, training, supply of equipment. Project on appraisal. Date foreseen for financing October 93. 7th EDF.*
EDF REG 7407 A4-A7

ACP COUNTRIES

Programme for fighting AIDS. Funding of regional actions. 20 mECU. Support for regional structures, improvement of information, funding of research and training actions. Supplies, T.A. and training. Project in execution. 7th EDF.
EDF REG 8000 A7

MEDITERRANEAN COUNTRIES

ALGERIA

Structural Adjustment Support Programme. Sectoral Import Programme for building materials to finish 100,000 social houses. 70 mECU. hard currency allowance to cover CIF imports. Management by Crédit Populaire d'Algérie (C.P.A.). Special accounts in the Central Bank. Banque d'Algérie (B.A.). Purchase by a positive list (electrical equipment — spare parts). Project on appraisal. Date foreseen for financing 2nd half 93.
SEM AL 688-92 A1c

EGYPT

Oil pollution combating emergency centre at the entrance of the Gulf of Aqaba. 4.300 mECU. Project in execution.
SEM EGT 771/91 A8f

Channel Maintenance Project (CMP). Resp. Auth.: Ministry of Public Works and Water Resources (MPWR). 40 mECU. Integrated weed control, irrigation, biological control, institutional support, training, T.A. for general management, procurement and contracting, planning, monitoring and supervision, works, supplies and training. Project in execution.
SEM EGT 881/92 A3c

Public Enterprise Reform and Privatisation Programme. Privatisations, restructuring operations, addressing policy and managerial issues (employment and labour issues, public sector indebtedness, financing of the restructuring operations, use of privatisation proceeds). Training action programme, Project Management. ★ Estimated EEC contribution 43 mECU. *Date financing July 93.*
SEM EGT 506/93 A1b

JORDAN

Ground water investigation in the Hammad and Sirhan basins. Resp. Auth.: Ministry of Water and Irrigation, Water Authority. 4 mECU. Initial studies, drilling exploration, surveys and analysis. Project on appraisal.
SEM JO 589/90 A2a, A9a

Structural adjustment. Support programme. Hard currency allowance with negative list. 50 mECU. T.A. for follow-up and evaluation. Project in execution.
SEM JO 440/92 A1e

LEBANON

T.A. to prepare reconstruction works. 2nd phase. Resp. Auth.: Conseil pour le Développement et la Reconstruction (CDR). EEC contribution 3.4 mECU. War damages evaluation, preparation tender documents, T.A. to establish execution programme. Project in execution.
SEM LEB 702.92 A8a

T.A. to the Administration. Resp. Auth.: Conseil pour le Développement et la Reconstruction. C.D.R. EEC contribution 30 m ECU. Establishment of consultant teams for CDR and various Ministries and Public Offices. Management Units and Implementation Units. Sectors: Water, electricity, sanitation, public works, finance, economic affairs. Studies. Project in execution.
SEM LEB 1044/92 A1,A2

T.A. to prepare reconstruction works. 3rd phase. Resp. Auth.: C.D.R. EEC Contribution 1.500 m ECU. Sectors: oil and gas, agriculture, industry and non financial services. Project in execution.
DEM LEB A8a

MALTA

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. Int. tender launched. Opening 14.9.93
SEM MAT A8f

Strengthening educational and economic relations with the Community. 1.7 mECU. Scholarships and traineeships, establishment of a Euro-Information Centre, integrated marketing programmes and tourism promotion. Different T.A. and purchase of equipment. Project in execution.
SEM MAT 91/431 A5c, d

MOROCCO

Structural Adjustment Programme Support. General Import Programme. Hard currency allowance to the Central Bank – Bank AL-Maghrib, to import EC goods. ★ With negative list. 80 mECU. ***Project in execution.***
SEM MOR 334/93 A1c

SYRIAN ARAB REPUBLIC

Water Supply Bseira and Hama Rural Regions. Resp. Auth.: Ministry of Local Administration. Governments of Deir Ez Zor and Hama. EEC contribution. 7.5 mECU. Drinking water supply. Supply of pipes and fittings and electrical-medical equipment. T.A. Project in execution.
SEM SYR 662/91 A2b

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 equipment— Italy. Electrical equipment: Italy. Irrigation equipment: int. tender. T.A. Italy Project in execution.
SEM TUN A3a

Support for the Structural Adjustment Programme. General Import Programme. Hard currency allowance. T.A. for follow-up and evaluation. EEC contribution 40 mECU. Project in execution.
SEM TUN 000/92 A1v

Water and soil conservation. Resp. Auth.: Ministère de l'Agriculture — Direction de la Conservation des Eaux et des Sols, EEC contribution 45 mECU. Works by acc. tenders or direct labour. Supplies by int. tender. T.A.: ORSTOM (F) funded by France. Project in execution.
SEM TUN 000/92 A3c

TURKEY

Vocational training programmes 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 broaden relations between EEC and Turkey. EEC contribution 3.6 mECU. Scholarships, supply of equipment for the Universities of Ankara and Marmara. Training centre and language laboratory in Marmara. Establishment of a Euro-Turkish 'Business Council'. Project in execution.
SEM TU A6b

WEST BANK AND GAZA OCCUPIED TERRITORIES

Exceptional Aid for the benefit of the Palestinian population of the Occupied Territories. 60 mECU. To counteract the negative consequences of the Gulf war. Grants to extend credit and to create revolving funds, supplies of equipment and other materials and contributions to operating costs, technical assistance and training. Project in execution.
SEM OT 91 E A5e, A8a, b. c

Assistance to the Palestinian population of the West Bank of the Jordan and of the Gaza strip. EEC contribution 15 mECU. Health, education, production, ★ environment, water, research and T.A. ***Project in execution.***
SEM OT 93 A3,A6,A7,A8

EURO-MAGHREB COMMUNICATIONS S.A.R.L. PARIS

Euro-Maghreb training programme in communications. EEC contribution 1.400 mECU. Seminars, scholarships for young professionals from Maghreb countries. Project on appraisal.
SEM REG 687.92 A5g

MED-CAMPUS

Support programme for development cooperation actions among Universities and High Schools from Europe and Mediterranean third countries. EEC contribution 6.500 mECU. Teacher training and continuing training. 62 networks already selected. Project in execution.
SEM REG 729-92 A6b, f

MED — INVEST

Programme to support cooperation in SME development. EEC contribution 10 m ECU. Project in execution.
SEM REG A5e

MED — MEDIA

Programme to support co-operation between media institution, organisations and companies in the Community and in the Mediterranean countries. EEC contribution 5 mECU. Project already selected for this 1st phase. ★ ***Project in execution.***
SEM REG 149/93 A5g

A.L.A. developing countries ASIA and LATIN AMERICA

BANGLADESH

Import and Internal Resources Support Project. Resp. Auth.: Bangladesh Bank. EEC contribution 16 mECU. The foreign exchange will be made available in ECU to and through the Central Bank for the import by private importers vegetable oils, seeds and cement. T.A. for monitoring evaluation and audit. Project in execution.
ALA BD 9117 A1c

Cyclone Protection. Project II. Resp. Auth.: Bangladesh Water Development Board. Estimated total cost 78 mECU. EEC contribution 3.2 mECU. The EC will finance the existing T.A. provided by Kampsax International – BCEOM and the Danish Hydraulic Institute. The investment costs of the project will be financed by: Bangladesh (2.4 mECU), I.D.A. (19.6 mECU), Japan (17 mECU), Saudi Fund for Development (11.3 mECU). Project in execution.
ALA BD 9118 A8g

Jamuna-Dhaleswari Left Bank Studies (J.D.L.B.S.). Cofinancing with France. EEC contribution 4 mECU, France 4 mECU. Short-lists done. Date foreseen for ★ financing ***2nd half 93.***
ALA BD 9305 A8g

Coastal Embankment Rehabilitation Project (CERP). EEC contribution 15 mECU. Flood protection, forestry, agricultural development. Works, supplies and T.A. Project on appraisal. Date foreseen for ★ financing ***2nd halft 93.***
ALA BD 9320 A3a

BHUTAN

Integrated Pest Management Development. Resp. Auth.: Ministry of Agriculture-Dept. of Agriculture (D.O.A.) EEC contribution 2.6 mECU. Works by acc. tender. Supplies by int. tender. T.A. short and long term. Project in execution.
ALA BHU 9212 A3a

Cultivation of Medicinal Plants for Traditional Medecine. Resp. Auth.: Ministry of Agriculture (MOA) – Dept. of Agriculture (DOA) – EEC Contribution 3.5 mECU. Short-term and long-term T.A.: coordination, agronomist, economist, pharmacology, processing. Supply of equipment by int. tender. Project in execution.
ALA BHU 9222 A3a

BOLIVIA

Flood protection for the town of Montero. Resp. Auth.: CORDECRUZ and SEARPI. Total estimated cost 15.670 mECU. EEC contribution 12.500 mECU, SEARPI 0.674 mECU, CORDECRUZ 2.5 mECU. (SEARPI: personnel, logistics, ancillary services, maintenance of works – CORDECRUZ: works - direct labour, logistics, operating costs). Studies, monitoring, training programmes, defence works. Works by acc. proc. supplies by int. tender. Project in execution.
BO 9235 A8g

Consolidation — Rural auto-development. Rural programme in Oruro and Potosi. EEC contribution 12 mECU. Works, supplies and T.A. Line of credit. Int. tenders for works and supplies to be launched. T.A.: contract awarded. Project in execution.
ALA BO 9248 A3a

CHILE

Integrated development programme for the northern regions. EEC contribution 10 m ECU. Works, supplies and T.A. Project in execution.
ALA CHI 92/33 A3a

CHINA (P.R.)

Gansu provincial irrigation experiment and training centre. Resp. Auth.: Water and Electricity Bureau of Lanzhou Municipality. EEC contribution 1.700 mECU. Supply of sprinkler irrigation systems by int. tender. Specialized T.A.: agronomist
★ and engineers, training specialists. ***Project in execution.***
ALA CHN 9313 A3a

COLOMBIA

Fondo Amazonico. Cofinancing of project with private or public institutions in different sectors: mining, forestry, agricultural, environmental, institutional development, information, educational, health, tourism. T.A. line of credit: EEC contribution 5 mECU. Project in execution.
ALA CO 9213 A3a

Drinking water – Sanitation – Pacific Coast. 7.5 mECU. Water conduits and sewers in 57 villages. Supplies: int. tender to be launched. Project in execution.
ALA CO 9239 A7c

COSTA RICA

Rural Integrated Development Programme in OSA-GOLFITO (Consolidation). EEC contribution 5.500 mECU. Supply of equipments, infrastructures, line
★ of credit and T.A. ***Project in execution.***.
ALA COS 93/19 A3a

ECUADOR

Rural development in the Bolivar region. FODERUMA 2nd phase. Resp. Auth.: FODERUMA – Fondo de Desarrollo Rural Marginal. Central Bank and co-directors (Ecuadorian and European). EEC contribution 8.7 mECU. Supply of T.A. (director-expert in integrated rural development programmes, civil works engineer and administrative expert), equipment for road maintenance, medical supplies, transport, infrastructure, line of credit. Supplies by int. tender, works by acc. tender. Project on appraisal.
ALA EQ 9126 A3a

EL SALVADOR

Basic health and hygiene programme in the paracentral region. EEC contribution 10 mECU. Improvement of hygienic and sanitary conditions. Supply of equipment and T.A. Works by direct labour. Project in execution.
ALA SAL 9217 A7e

Urgent programme for productive reinstatement of demobilized people in agricultural activities. EEC contribution 15 mECU. For about 3,000 families of demobilized people from army and from FMLN, in the Usulutan department. Rural credits via Banco de Tierras, supply of equipment and expatriate T.A. Project in execution.
ALA SAL 9218 A8h

Rural development programme in the Chalatenango Department. EEC contribution 7 mECU. Cofinancing with IFAD. T.A. for monitoring, coordination, commercialisation, soil protection, reafforestation, dynamisation of associations, specific action for women. Project in execution.
ALA SAL 9245 A3a

Health and basic health programme in the western region. *EEC participation 10 mECU. Drinking water, sanitation, health centres, infrastructures, training, T.A. Project on appraisal. Date foreseen for financing October 93.*
ALA SAL 9330 A7c

Sonsonate Hospital Rehabilitation. *EEC participation 7 mECU. Infrastructures, supply of equipment, T.A. and training. Project on appraisal. Date foreseen for financing October 93.*
ALA SAL 9331 A7a

GUATEMALA

Support for agricultural reform in the Pacific Region (Coatepeque). Resp. Auth.: Ministero de Desarrollo (MINDES). EEC contribution 9 mECU. supply of equipments, line of credit, T.A. Project in execution.
ALA GUA 9228 A3a

Rural development programme in the Quiche Department. Resp. Auth.: Ministero de Desarollo (MINDES). Support to the agricultural production and environment production. Support to the micro-industry. Works, supply of equipment, line of credit, T.A. Project on appraisal. Date fore-
★ seen for financing ***September 93.***
ALA GUA 9322 A3a

INDIA

Sector Support for Primary Education. Resp. Auth.: Ministry of Human Resources Development. EEC contribution 150 mECU. Support to the sectoral programme and T.A. for follow-up and edu-
★ cation. ***Project in execution.***
ALA IN 9314 A6a

MERCO SUR

EC-Merco Sur (Argentina, Brazil, Paraguay and Uruguay). Cooperation programme and T.A. for technical standards. EEC contribution 3.950 mECU. Specialized T.A. and supply of equipments.
★ ***Project in execution.***
ALA REG 9315 A1c

EC-Merco Sur cooperation programme and T.A. for the agricultural sector. *EEC participation 11.200 mECU. Institutional and technical support in the phyto-pharmaceutical and veterinary sectors. T.A., supplies, training and popularisation. Project on appraisal. Date foreseen for financing November 93.*
ALA REG 9316 A3a

MONGOLIA

Strengthening of the Veterinary Services. Resp. Auth.: Ministry of Agriculture. Dept. of veterinary medicine. EEC contribution 2.3 mECU. Purchase of equipment by int. tender. T.A. and training. Project in execution.
ALA MNG 9209 A3a

PAKISTAN

Rural roads in the Buner Area. Resp. Auth.: Provisional Government's Construction and Work Dept. (C & W) and District Council. 5 mECU. Construction of new sections of rural roads, upgrading of existing roads. Works by acc. tender. Supervision by European Consultant. Project on appraisal.
AIA PK 9106 A2d

Rural Electrification in Punjab. Resp. Auth.: WAPDA Project Management Unit. EEC contribution 21 mECU. Electrification of 540 villages. Equipment by int. tenders, T.A. and training. Project in execution.
ALA PK 9211 A2ai

Institute for Educational Development (IED). EEC contribution 5.4 mECU. Training and university cooperation. Management by Aga Khan Foundation-Karachi and Aga Khan University. Project in execution.
ALA PK 9208 A6a, b

PANAMA — COSTA RICA — NICARAGUA — HONDURAS — EL SALVADOR — GUATEMALA

Regional programme for the collection and treatment of the hospital waste. Resp. Auth.: Ministry of Public Health in each country. EEC contribution 4.900 mECU. This programme covers the hospitals in the various capitals. Supply of equipment, incinerators, vehicles and tools. Training and European T.A. Supplies by int. tender. Project on appraisal.
ALA REG 9133 A7a

Regional support programme for plant health. Resp. Auth.: O.I.R.S.A.- Organismo Internacional Regional de Sanidad Agropecuarias in San Salvador. EEC contribution 6.4 mECU. Supply of equipment, vehicles, tools by int. tender. Works by direct labour or acc. tender. T.A. long and short term. Training. T.A.: contract awarded. Project in execution.
ALA REG 9137 A3a

Regional programme for T.A. and development of the telecommunications sector in Central America. EEC contribution 13.800 mECU. T.A. to COMTELCA and centro-americans operators. Rural telephone networks and improvement of transmissions capacities. T.A.: contract awarded. Supplies by int. tender. Project in execution.
ALA REG 9123 A2c

PERU

Support for disadvantaged rural populations in the RENOM and INKA regions. EEC contribution 10 mECU. Microprojects, reafforestation, road infrastructure rehabilitation, improvement of production and marketing, educational and health programmes. T.A. and training. Project in execution.
ALA PE 9244 A3a

Majes II Programme. Resp. Auth.: The Regional Government of the Arequipa Department. EEC contribution 11 mECU. Support for production (milk, fruit, vegetables), livestock, infrastructural works. T.A., line of credit. Supply of equipment by int. tender. Project in execution.
ALA PE 9302 A3a

PHILIPPINES

Western Samar – Agricultural Resources Development Programme (WS-ARDI). Resp. Auth.: Department of Agriculture (DA). Department of Environment and Natural Resources (DENR). Department of Public Works and Highways (DPWH). EEC contribution 15 mECU. Works, supply of equipment, agricultural inputs, vehicles, long term T.A., training, evaluation. Project in execution.
ALA PHI 9215 A3a

Agricultural Support Services for Small Islands (ASSSI). EEC contribution 20 mECU. To support local community oriented micro-projects, in agriculture, fisheries, livestock, marketing, training, T.A. and line of credit. Project in execution.
ALA PHI 9232 A3a

SINGAPORE

EC — Singapore Regional Institute of Environmental Technology. EEC contribution 2.7 mECU. T.A. and Staff: Director, 1 Head of Division, part-time expatriate services. Project in execution.
ALA SIN 9202 A8f

COSTA RICA — HONDURAS — NICARAGUA

Action programme for adolescent women and young unmarried mothers. 4 mECU. T.A., coordination, management, follow-up. Supply of equipment. Project in execution.
ALA REG 9246 A8e

VENEZUELA — EQUATOR — COLOMBIA — PERU

Fishing programme VECEP. EEC contribution 20 mECU. Artisanal fishing, resources evaluation and training. Project in execution.
ALA REG 9243 A3a

SRI LANKA

Moneragala Irrigation and Community Development. Resp. Auth.: Project Management Unit (PMU) — Project Steering Committee (PSC) — Ministry of Agriculture. Total cost 7.03 mECU — EEC contribution 5.76 mECU, Government and local 1.27 mECU. Rehabilitation and improvement of 8 irrigation schemes, water management development, forestry, feeder roads, health services, small business, training, institutional support. T.A. transport and ★ equipment. Supplies by int. tender. ***Project in execution.***
ALA SRL 9210 A3a

VENEZUELA

Rural development pilot project in the Cojedes State. *EEC participation 5.275 mECU. Improvement of the agricultural products and farmer's organisations. T.A., supply of equipments, line of credits. Project on appraisal. Date foreseen for financing November 93.*
ALA VE 9346 A3a

VIETNAM

Reintegration programme for vietnamese refugees. EEC contribution ★ 12.500 mECU. ***Project in execution.***
ALA VIE 9303 A1c

ASEAN

EC-ASEAN Radar Remote Sensing, ER S-1 Project. Resp. Auth.: European Space Agency (ESA). EEC contribution 3.9 mECU. To improve radar data acquisition for receiving stations. Supply of equipment by int. tender. T.A. for training and management. Project on appraisal.
ALA/ASN/REG 9128 A1g, A8f

EG-ASEAN patents and trademarks programme. Resp. Auth.: EPO — European Patent Office. EEC contribution 6.5 mECU. T.A. and training. Project in execution.
ALA/ASN/REG 9223 A4g

AL-INVEST

Framework programme for industrial cooperation and investment promotion. To facilitate trade and the transfer of technology, know-how and european financing for the benefit of both sides. EEC ★ contribution 9.100 mECU. ***Project in execution.***
ALA REG 9309 A1e,f,A5

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Susan George – L'effet boomerang: choc en retour de la dette du Tiers monde (The debt boomerang: how Third World debt affects us all) – Translated from the English by Thierry Piélat – Editions de la découverte, 1 place Paul Painlevé, 75005 Paris – FF 135, BFrs 918 – 1992

This is a project of the Transnational Institute in Amsterdam, run in conjunction with the Institute for Policy Studies in Washington. Susan George, an American resident in France, is associate director of the Transnational Institute and a member of the board of Greenpeace International. Over the past 15 years, she has written several books on hunger in the world.

She and the team which worked with her on the research and documentation are very harsh on the structural adjustment policies which the IMF and the World Bank force on the countries of the South. These policies are one of the major causes of debt and poverty, she maintains. Her most important point, however, is that there is a boomerang effect to debt in the Third World which has dangerous consequences for the countries of the North.

There are six boomerang effects, she says. The environment is the first to be hit, more particularly through deforestation in the South, which is one of the main causes of global warming and the famous greenhouse effect. Second comes the problem of drugs, especially cocaine, which is the main source of income for some people in South America and Asia and is sold by drug traffickers in the industrialised countries of the North, with the disastrous social consequences we are all familiar with. The third boomerang effect hits the tax-payer in the North, who, unawares, has been supplying trading banks with financial support without any lightening of the burden on the debtors, whose debts went up by 61% between 1982 and 1991. Fourth are the jobs and markets which farms and industrial firms in the North lose when debtors can no longer afford to buy their output. Fifth is mounting immigration, when debt and all that goes with it spur large numbers of people to leave home and look for work abroad. Sixth is the greater risk of war and conflict attendant on Third World debt. So solidarity with the people of the South is more vital than ever it was, Susan George maintains in this slightly oversystematic but worthwhile book. ○ A.L.

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In memory of the late Lorenzo Natali, who was Vice-President of the Commission of the European Communities with special responsibility for development cooperation, the Commission is offering the Lorenzo Natali Prize for Journalism.

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