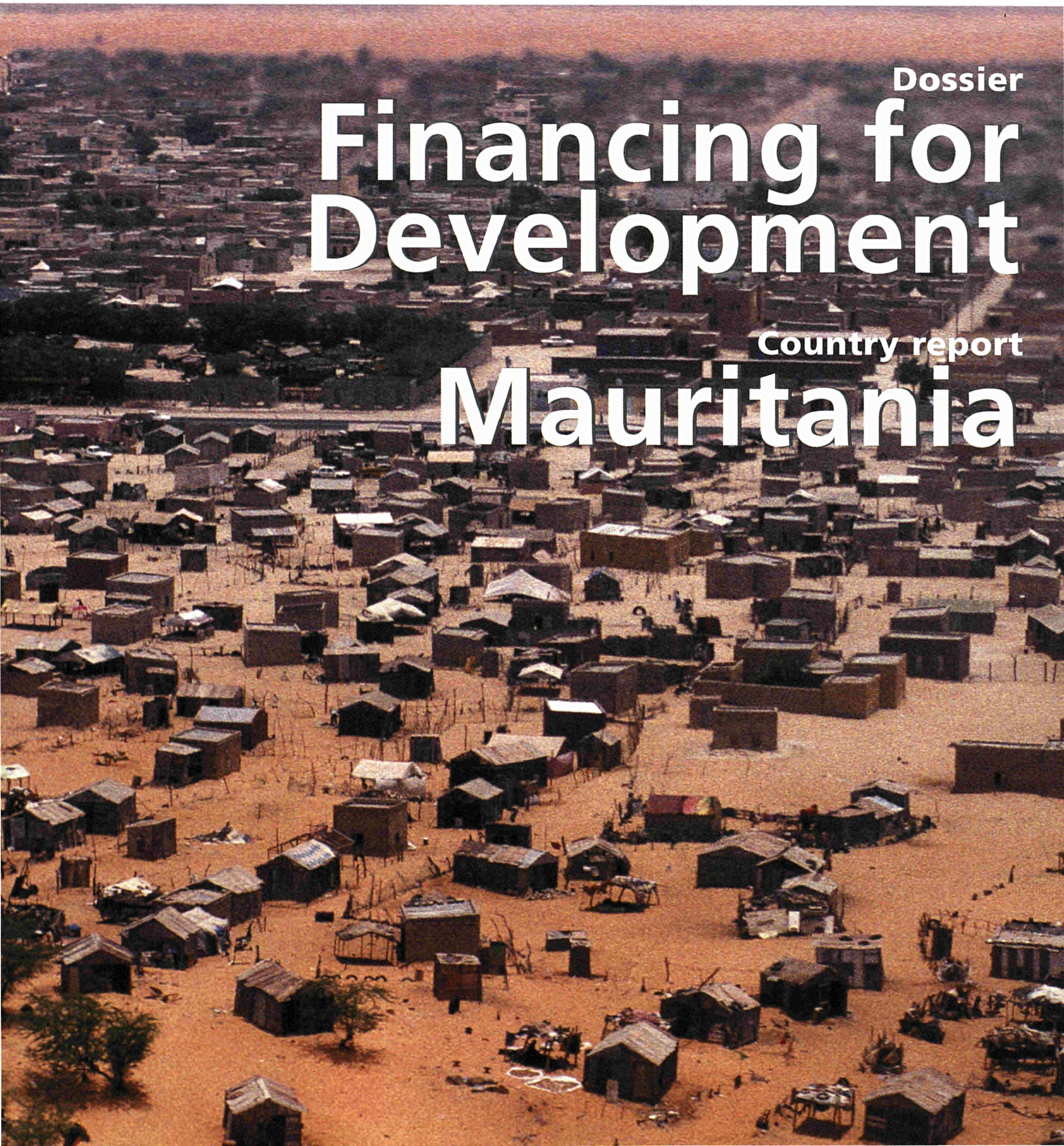
ISSN 1606-2000

the Courier

the magazine of ACP-EU development cooperation

N° 191 March-April 2002



Dossier

Financing for Development

Country report

Mauritania

Contents

Postal Address
The ACP-EU Courier
European Commission (G12, 5/45)
B-1049 Belgium

Address for visitors
12 rue de Genève
1140 Brussels
Belgium
http://europa.eu.int/comm
/development/publicat/courier

ACP General Secretariat
451 avenue Georges Henri
1200 Brussels
info@acpsec.org
http://www.acpsec.org

Publisher
Koos Richelle

Director of Publications
Leonidas Antonakopoulos

Editor
Dorothy Morrissey
dorothy.morrissey@cec.eu.int
tel: +32.2.296.83.30

Journalist
François Lefèbvre
françois.lefebvre@cec.eu.int
tel: +32.2.295.50.33

Production
Mounia Lakhdar-Hamina
mounia.lakhdar-hamina@cec.eu.int
tel: +32.2.299.48.58

Documentation
Constance Lusinde Zainati
development@cec.eu.int
tel: +32.2.296.35.53

Subscriptions
fax: +32.2.299.3002

Cover: Mauritania's capital city, Nouakchott: the "desert city"
©Clive Shirley/Panos Pictures

Published in English and French every two months.

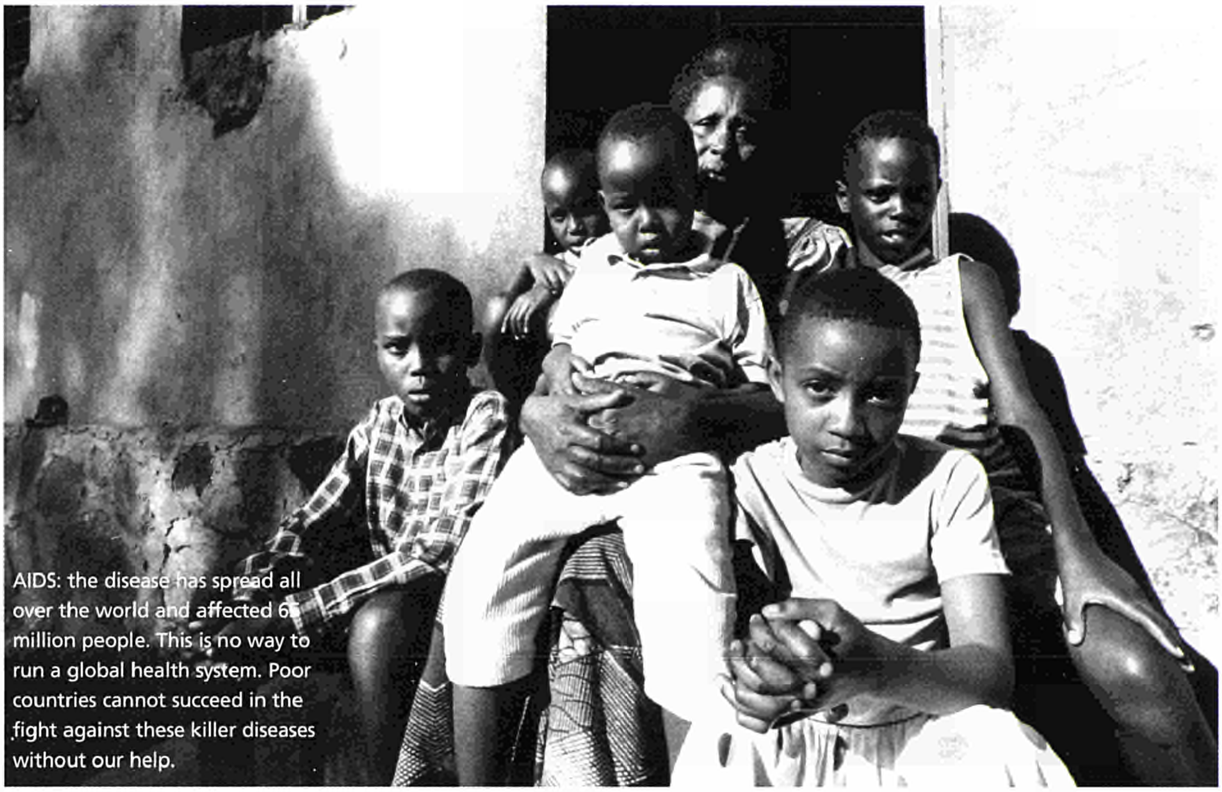
issue n°191 – March-April 2002

17 Financing for Development _Dossier

Culture

48 Mauritania _Country report

The ACP-EU Courier
is the main publication of the African, Caribbean and Pacific countries and the European Union. The EU provides ACP countries with preferential access to EC markets and substantial development assistance (some two to three billion Euros a year).
The ACP and EU cooperate at a political level and engage in a continuous political dialogue: in trade, to promote the integration of the ACP countries into the world economy and in development assistance, with the clear objective of promoting sustainable development and reducing poverty.



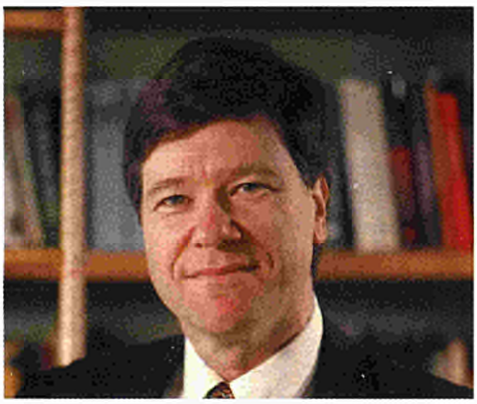
AIDS: the disease has spread all over the world and affected 65 million people. This is no way to run a global health system. Poor countries cannot succeed in the fight against these killer diseases without our help.

©Caroline Penn/Panos pictures

Health is a key to development

A report, *Macroeconomics and Health: investing in health for economic development*, commissioned by the World Health Organization (WHO) challenges the traditional argument that health will automatically improve as a result of economic growth. Rather, the opposite is true: improved health is critical to economic development in poor countries. Partnerships struck between rich and poor countries could offer the "gift of life itself to millions of the world's dispossessed and prove to all doubters that globalisation can indeed work to the benefit of humankind."
The Courier interviews **Professor Jeffrey Sachs**, Director of Harvard University's Center for International Development, who headed the commission responsible for the report. He passionately argues that the state of public health in the world's poorest countries is more than a human tragedy. It is an economic catastrophe. On February 1, UN Secretary General Kofi Annan appointed Professor Sachs as special adviser to meet the targets of the Millennium Development goals.

Dianna Rienstra



The Report's argues that investing more in health could lead to economic growth of US$360 billion annually by 2010-2020. Is this economic argument strong enough to motivate rich countries to invest in global health care?

One could make a perfectly sound, airtight argument for investing in health purely on ethical or political grounds in that disease-ridden societies are much more prone to the social ills of state collapse, dislocated populations and internal violence. But the third reason is that disease traps economies in poverty.

Any one of these arguments alone should suffice, but to date they have not been powerful enough to move political will. We hope this will be changed by our economic argument supported by a demonstration that disease is burdensome but can be addressed in a systematic way. We provide a road map. This return on investment is so powerful that I'm sure it is going to happen.

The US contributes just 0,1 percent of its national income to overseas development and only five countries have reached the UN aid-spending target of 0,7 percent of national wealth. How do you expect to mobilise the necessary political will to move this initiative forward?

I believe times are changing. The period from 1980 to 2000 was a type of grim experiment where rich countries, led by the US, turned their backs on development assistance. The US managed the Structural Adjustment Process as if assistance was some sort of dark and dubious idea. The results are in from that period and they are disastrous. The poorest of the poor fell even further behind. The AIDS pandemic is running rampant, while TB and malaria have resurged.

The US must do much more. Without a stronger US role in Official Development Assistance, I fear for our world.

There is a new consensus building in the world that we must do things differently. We need a realistic dual-track strategy. One side is investing in human beings and the other is a good business strategy to help create economic growth. We need to forgive the debts of poor countries and create better partnerships. The idea that poor countries could get back in shape through liberalisation, privatisation and stabilisation was proved incorrect. They needed – and still need – significant financial assistance, particularly when battling disease.

The US must do much more. Without a stronger US role in Official Development Assistance, I fear for our world.

Why should taxpayers in North America and Europe care about AIDS, TB and malaria in poor countries?

On September 10th you might have asked why the average citizen should care about what is happening in Kabul, Afghanistan. The reality is there are no remote places in our world. AIDS is a disease that came from Africa in 1930 or 1940. It wasn't detected because of the weakness of the health systems and lack of world attention - until it surfaced in New York and San Francisco. Now the disease has spread all over the world and affected 65 million people. This is no way to run a global health system.

We live in an inter-connected world where our security, physical health and economic well-being tomorrow depend on how we act today. Pathogens don't need a passport to cross the border. Millions of people cross borders everyday. In a disease-ridden world, this affects all of us.

What is the relationship between the Report's recommendations and the recently announced Global Fund to Fight AIDS, Tuberculosis and Malaria?

The CMH foresees a major role for the Global Fund and proposes the establishment of a new Global Health Research Fund to ensure research is carried out for new medicines and vaccines for diseases that disproportionately affect the poor.

The Global Fund was advocated for the same reasons our Report was commissioned. There is an urgent need for scaling up public health care and a need for new and creative ways to do this. The Global Fund is perhaps the single most important channel dispersing donor assistance.

We see the Fund as a highly visible, single address where creative proposals from NGOs and governments can be vetted on a scientifically sound, transparent and independent basis. This is similar to the US National Science Foundation to which individual scientists apply. It stimulates a decentralised effort. In this way, the proposals are not dictated from Washington, Brussels or Geneva. They are designed from the ground up. They take into account local needs based on epidemiological evidence and conform to local cultural or social patterns.

What we have now in the international system is a lot of rhetoric about how important such projects are, but an organisation operating on the ground doesn't usually have a chance of getting funding at all.

Our vision is that the real energy needs to come from the ground up but the real financial support needs to come from the top down.

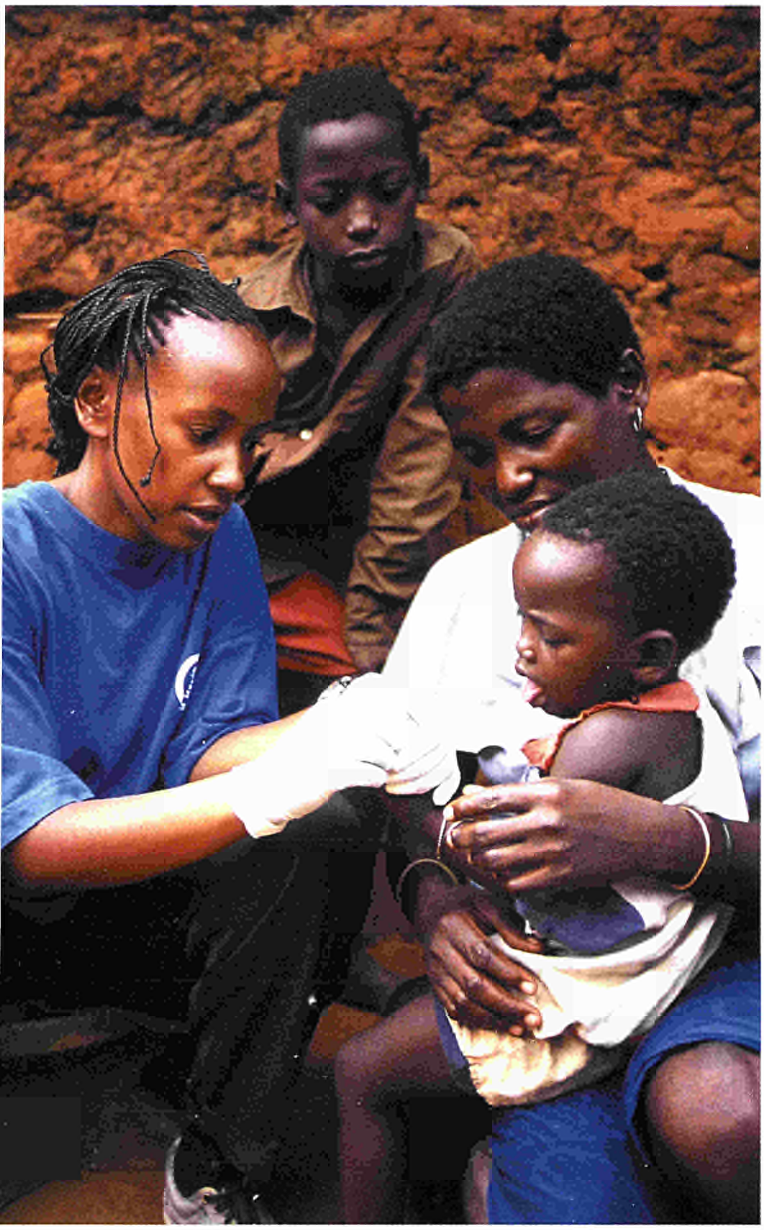
Why is the Global Fund being set up as a separate 20-to-25-person secretariat rather than being delivered through the WHO?

We need the WHO to be healthy and vibrant. Fortunately, it is an organisation with tremendous strengths. However, the donors wanted something outside the UN system that is not subject to the rules and the inflexibilities of certain UN processes. I envisage the WHO taking on a real leadership role in the Fund.

The Report says that the highest priority for scaling up is at community level where services are delivered. However, critics point to inadequate delivery systems for health care in poor countries. Is this a major obstacle to better public health care?

The CMH recommends a close-to-client (CTC) part of the health system, which will need more staffing, an adequate supply of drugs and increased capacity for transport. But improving public health is not just a matter of drug supply, infrastructure or toxicity. It is fundamentally a matter of money. People have always maintained that money isn't everything, but it is a critical part of the story. We might hope, implore, beg, argue and insist that they get serious about AIDS, malaria or TB, but as a macroeconomist, I can tell you unambiguously that poor countries cannot succeed in the fight against these killer diseases without our help.

I recently visited a hospital in Malawi where 70 percent of the medical ward was filled with people dying of AIDS-related complications. The local doctors know how to treat the disease. The proof is that across the



© Giacomo Pirozzi/ Panos Pictures

The AIDS pandemic is running rampant, while TB and malaria have resurged.

hall at the outpatient clinic patients who can afford to pay for the anti-retro virals are being treated. The people dying in the wards by the thousands are the ones who cannot afford US$1 to stay alive.

We in the rich countries are letting millions of people die because of an absence of tiny amounts of money.

Are there mechanisms to ensure that money isn't wasted? Who will monitor the proposed "health pacts" between donor and recipient countries?

We should go into this with the philosophy of combining much more generous help with tough-mindedness. We must be accountable to the taxpayers and ensure the funds are effectively used.

The CMH advocates mechanisms for community involvement and accountability. We see a strong role for community groups and NGOs in the monitoring process. This is similar to the World Bank driven Poverty Reduction Strategy process for debt relief, which is monitored by the grassroots. The Global Fund will have very effective monitoring and needs assessment capacities with independent evaluation and audit processes.

Waste means death for poor people and we don't want to lose the chance to help keep them alive. If the money is being diverted, we will hear about it.

Critics of your Report maintain that the CMH is protecting the drug companies over generic drug producers. Where does the CMH stand on the patent issue?

This is a mistaken perception of our recommendations. Our position is a serious and appropriate balancing of two interests. One is to maintain the system of research and development and to continue market-based development of new drugs. Two, it is a public health imperative that poor people have access. The drug companies, with the help of the public sector, must put billions of dollars of research into a new round of anti-retroviral drugs because over time we are losing these life saving miracle drugs to resistance.

We say very clearly that the system of intellectual property rights for rich country markets be maintained as well as a market based incentive system for research and development. At the same time, drugs should be made available at production cost to poor countries. We recommend that the industry agree to license its technologies to producers of high quality generic pharmaceuticals under certain conditions. Many drug company are already doing this. This is very much in the spirit of decisions taken at the World Trade Organization's Ministerial Conference in Doha last November.

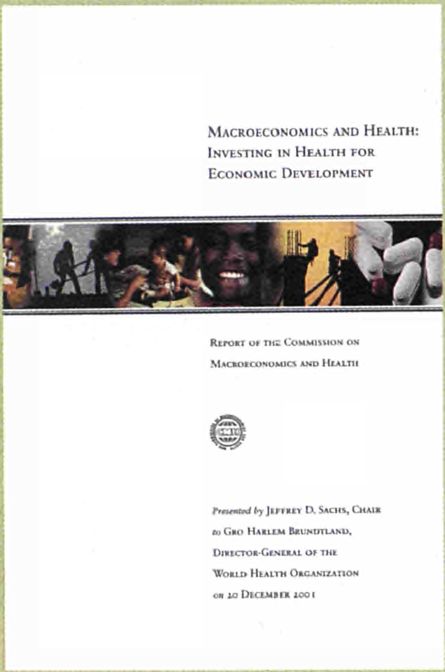
At the recent World Economic Forum held in New York, UN Secretary General Kofi Annan told delegates that globalisation must work for the poor. Is this achievable?

Absolutely. That is what our recommendations are striving to achieve. The health sector is just one part of the investment in human beings. Our call for increased spending on health is not meant to be invidious to calls for help in education and other areas. Our target date is 2015 and we are going to make it.

The international community at the Millennium Summit of the UN in September 2000 agreed to the Millennium Development Goals for health. At the same time, the world committed to quantified, quantifiable goals for poverty reduction. This includes halving the number of people living in poverty, reducing by half the number of people who are hungry, reducing infant mortality levels by two-thirds and maternity mortality levels by three-quarters.

What if these Millennium Development goals suffer the same fate as the Kyoto Protocol, whereby countries renege on their commitment to global goals?

Quite simply, we will not let that happen. We are living in a world of such scientific advance and wealth that for the first time in history, it is possible to end absolute poverty. We're going to do it. Watch us. ■



Macroeconomics and Health: investing in health for economic development

Report of the Commission on Macroeconomics and Health, chaired by Professor Jeffrey D. Sachs.

In this December 2001 report drawn up at the request of to the World Health Organization (WHO), economists and health experts maintain that improved health is a critical requirement for economic development. A drastic scaling up of investments in health for the world's poor will not only save millions of lives but will also produce enormous economic gains.

For a very small fraction of rich countries' gross national product – roughly one penny for every US$10 of income – it would be possible to scale up health interventions enough to save 8 million lives a year, assuming that donor support is combined with realistic efforts by the poor countries themselves.

The 18-member Commission on Macroeconomics and Health (CMH), headed by Professor Jeffrey Sachs, concluded that with bold decisions in 2002, partnerships struck between rich and poor countries could offer the "gift of life itself to millions of the world's dispossessed and prove to all doubters that globalisation can indeed work to the benefit of humankind".

The report says that by 2015-2020, increased health investments of US$66 billion per year above current spending will generate at least US$360 billion annually – a healthy six-fold return on investment. The official development assistance for health stands at about US$6 billion per year. This donor support should be increased to US$27 billion per year by 2007.

The mathematics is straightforward. There are two big economic gains from improved health. First, people live longer and have higher lifetime incomes. About half of the US$360 billion gain is the assessment of the economic value of that increased lifespan, reduced morbidity and significantly higher wages. Second, an estimated 0,5 percent annual economic growth for healthy societies would accumulate over a 15 to 20 year period to produce a baseline of income 10 percent higher than it would otherwise be. The economies would have an annual combined GNP of about US$1.8 trillion dollars; a 10 percent increase would result in a US$180 billion gain.

Professor Sachs says the extent of the neglect of public health is "shocking". There are perfectly sound arguments for investing in health purely on ethical and social/political grounds. Disease ridden societies are more likely to suffer social ills such as state collapse, political failure, dislocated populations and internal violence. But the third powerful reason is that disease traps economies in poverty. "The state of public health in the "poorest of the poor" countries is both a human tragedy and an economic catastrophe," says Professor Sachs. "The bottom line is that these countries need money to overcome disease."

The report proposes a programme to develop basic healthcare infrastructure involving donor and recipient governments, local communities and NGOs. "Health pacts" would redefine the donor/recipient relationship whereby international financing of health would evolve to include debt relief and increased mobilisation of tax revenues.

The Commission outlines a new global framework for access to life-saving medicines that includes rich countries bearing the costs of research and development, poor countries paying the baseline costs of production and an agreement from industry to license their technologies to producers of high quality generic pharmaceuticals for supply to low income countries.

The Commission outlines a major role for the recently announced Global Fund to fight AIDS tuberculosis and malaria. The Fund will ensure that recent international and political attention is translated into real commitments to help improve access to the information, goods and services that people so urgently need. UN Secretary General Kofi Annan says the Fund will need US$7-10 billion to operate, but has so far received promises of US$1.7 billion. The European Commission has pledged $US105.7 million.

A full copy of the report may be downloaded at: http://www.cmhealth.org

Goma: a new disaster

After two rebellions in less than five years involving six other countries and killing more than three million people, and having to take in a million Rwandan refugees in 1994, the population of Goma is faced with a new castrophe: the volcanic eruption of Mount Nyiragongo. A vision of hell.

Djo Tunda Wa Munga

Goma, an economic crossroads coveted by the countries in the region and attracting international interest, but the people who live there have not always been the centre of attention. Little assistance came their way before the disastrous eruption of Mount Nyiragongo. Nor is it sure that anything lasting will be put in place after the commotion of the first few days, which prompted the media and the international community into action.

The drama

17 January. 9.30 am local time. Mount Nyiragongo volcano erupts. Rivers of lava almost two metres high and 30 metres wide in places spilled over Goma, moving at a rate of two to three metres per minute. Enormous damage was done. The town centre engulfed along with some of its neighbourhoods; the airport covered with a 500-metre stretch of lava, was totally unusable; most health centres, and the main roads, were destroyed. With the town cut in two, the air unbreathable, hot and smoke-filled, 300,000 Congolese took refuge in neighbouring Rwanda.

The European Community Humanitarian Office (ECHO) and several UN agencies including the World Health Organisation (WHO), the High Commissioner for Refugees (HCR) and the Food and Agriculture Organisation (FAO) saw their offices swallowed up by the lava.

But some took advantage of the disaster, and looted vacated buildings. The NGOs and humanitarian organisations in general were ideal targets: the Office of the Coordinator for Humanitarian Assistance (OCHA) and the World Food Programme (WFP) offices were plundered and Doctors Without Borders–Belgium was stripped of its supplies before being swallowed up by lava. Events came to a head when a group of people decided to help themselves to fuel from a petrol station. A massive explosion killed between 60 and 100 people, more than the volcanic eruption itself. In a few places across town, looters were gunned down by the army, without warning.

Hell opens under our feet…

After the initial panic of the volcano abated, 300,000 people headed for Gisenyi, just across the Rwandan border. But they refused to join the refugee camps set up by the Rwandan government. The war between the rebel Congolese Rally for Democracy (RCD), supported by Rwanda, and the Congolese government in Kinshasa has created such a climate of tension and exacerbated hatred that people prefer to risk death at home rather than in "enemy" territory.

Before the eruption

Before the eruption, when Goma was mentioned, its magnificant lake, splendid mountains, somptuous villas, and luxurious hotels along Lake Kivu, struck the imagination. But, face to face with reality, a different picture

Michel GADOULLET/Commission européenne

Michel GADOULLET/Commission européenne

emerged. The centre of town consisted of two tarmac roundabouts and a small network of tarred roads. The domestic electricity supply was a shambles, with installations that were perfunctory and unsafe. Moving a little outwards from Goma, some villages did not have access to drinking water and drew their supplies directly from the lake. Most of the houses in the populated districts were built of wood. In the event of fire, they would easily go up in smoke. Goma was an embryonic town, marked by haphazard, unfinished development, which was dangerous for its inhabitants and unhealthy in many aspects. The people of Goma were living in a disastrous situation.

Generosity?

The international community reacted quickly to the disaster: financial, material and human aid arrived without delay. On top of the €32 million already allocated to the Democratic Republic of Congo for the year 2002, ECHO released €5 million in emergency aid for Goma.

Like in many emergencies, aid swings unto action, and the food, blankets and survival kits are distributed to attend to the most urgent needs first. But after three, six or nine months, when the emergency situation is deemed to be over and the budgets allocated have been exhausted, what will the people be left with? Will a medical structure be developed, some form of economic and educational structure be put in place, or some form of local autonomy established? The real problem is the long-term one. The limits within which the humanitarian resources are concentrated are so great, both in terms of time and of the type of aid provided, that the regions are incapable of transforming them into a concrete base on which they can build. Within a very short time, the people will find themselves in the same disastrous situation they were in before. By its very transitory nature, humanitarian aid does not provide people with long-term solutions.

Goma is an area known to be at high risk of such a catastrophe. How can such a community, fragilised by years of tragedy and turmoil, put the structures in place to enable it to be better prepared?

Perhaps the only positive aspect to emerge from this tragedy is that the international community will realise the importance of helping the local community to develop some coping mechanisms.

If not, just as the eye of the media strays from the eruption of Mount Nyiragongo, so international opinion will banish Goma back into oblivion. The people will return to their misery, and Mount Nyiragongo will be just one more disaster to be added to the ongoing catalogue.

Michel GADOULLET/Commission européenne

Michel GADOULLET/Commission européenne

Catholic Archbishop recognised for his peace work in Angola

All international attempts to find a solution to the conflict in Angola have so far failed. Hope rests on internal mediation aimed at genuine national reconciliation. For his efforts at bringing the two warring parties together Dom Zacarias Kamwenho, Archbishop of Lubanga, has been awarded the Andrei Sakharov Prize for Freedom of Thought by the European Parliament – a prize first won by Nelson Mandela in 1988.

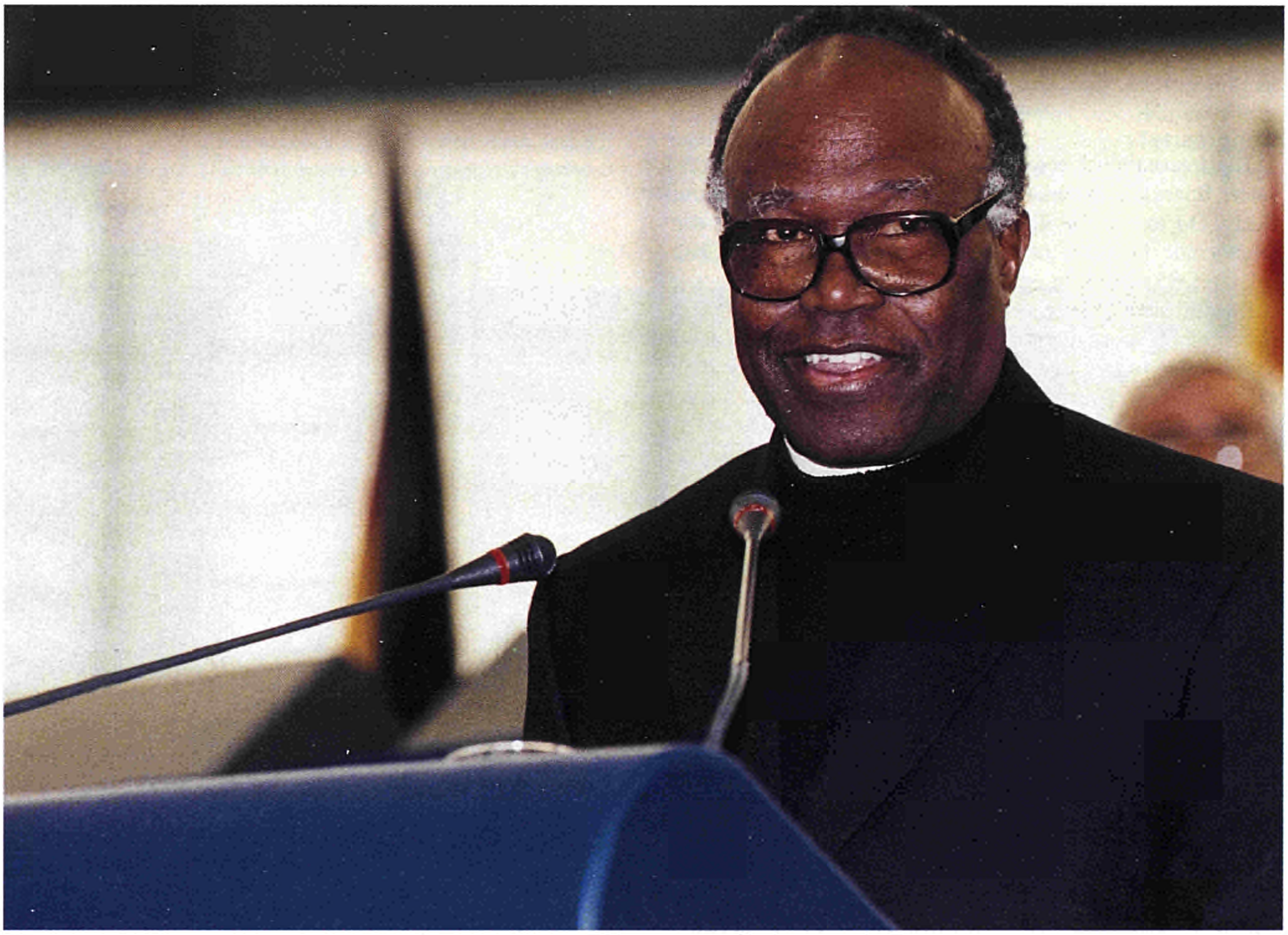
By Alexis Kela

The Archbishop of Lubango has been the driving force behind a package of initiatives uniting the churches and civil society in moves towards mediation between the MPLA, which is in power, and UNITA, the Angolan rebel army. At a ceremony in Strasbourg on 12 December last year, Mrs Nicole Fontaine, President of the European Parliament, awarded the prize in recognition of the Archbishop's work for peace.

The Andrei Sakharov Prize was set up in 1988 by the European Parliament [1] to reward the efforts of individuals or organisations who have stamped their mark on the campaign for human rights and freedom in their own countries. It is worth €50,000. At the same ceremony two other laureates, Mrs Nurit Peled-Elhanan, from Israel, and Mr Izzat Ghazzawi, from Palestine, were honoured with the same prize for their work in promoting the peace process in the Middle East conflict.

A symbol of hope in an interminable war

Mrs Nicole Fontaine described the Archbishop as the advocate of fundamental rights and peace, a symbol of the hopes of the Angolan people and their desire for peace, liberty and justice. The President deplored the current situation in Angola, a country that has experienced war for the past 25 years – 40 years if one counts the struggle for independence that began in 1961.



Two generations of Angolans have no idea what the word "peace" means. Casualty figures for this interminable war are damning, Mrs Fontaine went on to say, amounting to one million dead, nearly four million persons displaced, hundreds of thousands of orphaned children and disabled, an under-nourished population and a territory in which millions of anti-personnel mines are buried. She said the European Parliament had always been committed to promoting a political solution to the conflict in Angola. It regularly emphasised the need for all parties to embark urgently on a global dialogue aimed at a sustainable peace to promote and protect human rights: "I am committed to continuing to advocate a spirit of tolerance".

Signs of consensus

In response, Archbishop Kamwenho thanked the President on behalf of the Angolan people for the gesture he described as a great honour. He went on to say that he saw the prize as a special show of support for him to continue his efforts to achieve national reconciliation in Angola and to advocate a spirit of tolerance on all sides. He made special mention of the two principal parties: the MPLA (Popular Movement for the Liberation of Angola) – the party in power – and UNITA (National Union for the Total Independence of Angola) – the Angolan armed rebels.

The Archbishop of Lubango said that he had noticed signs of a change in outlook in his country, and that a consensus seemed to be forming between the Angolan government, the churches and civil society for a national dialogue involving all parties. The laureate indicated that the prize money would be channelled entirely to the Ecumenical Committee for Peace in Angola (COIEPA), of which he is chairman.

A driving force in the vanguard of the campaign for peace

Archbishop Kamwenho's voice is respected and heeded by all the parties to the conflict in Angola. He never shies away from criticising them, expressing the views of ordinary citizens, championing the fundamental rights of the Angolan people and articulating their instinctive desire to build a lasting peace in Angola. He is the most powerful symbol of the campaign for peace, freedom and justice in a country that is home to one of the contemporary world's most serious and prolonged humanitarian disasters. He is the driving force behind a vast umbrella movement that includes church leaders, lay members and various civil society bodies, whose ultimate aim is inclusive national reconciliation.

Archbishop Zacarias Kamwenho was born in 1934 in Chimbundu, in Huambo province in Central Angola. He was ordained in 1961, made a bishop in 1974 and Archbishop of Lubango in 1995, before being elected chairman of the Episcopal Conference of Angola and São Tomé (CEAST). He chairs the Ecumenical Committee for Peace in Angola (COIEPA) which brings together the Catholic CEAST, the Angolan Evangelical Alliance (AEA) and the Council of Christian Churches in Angola (CICA). His persistent efforts have placed him in the vanguard of a wide-ranging campaign to mobilise the population to bring about peace in Angola.[2]

The first laureate

The first person to be awarded the Andrei Sakharov Prize for Freedom of Thought was the former South African President, Mr Nelson Mandela. It was awarded by the European Parliament in 1988, when the ANC (African National Congress) leader was under house arrest in South Africa, where he had spent a total of 27 years behind bars. The parliament decided to award him the prize for his role as hero of the South African black population's resistance against the apartheid regime.

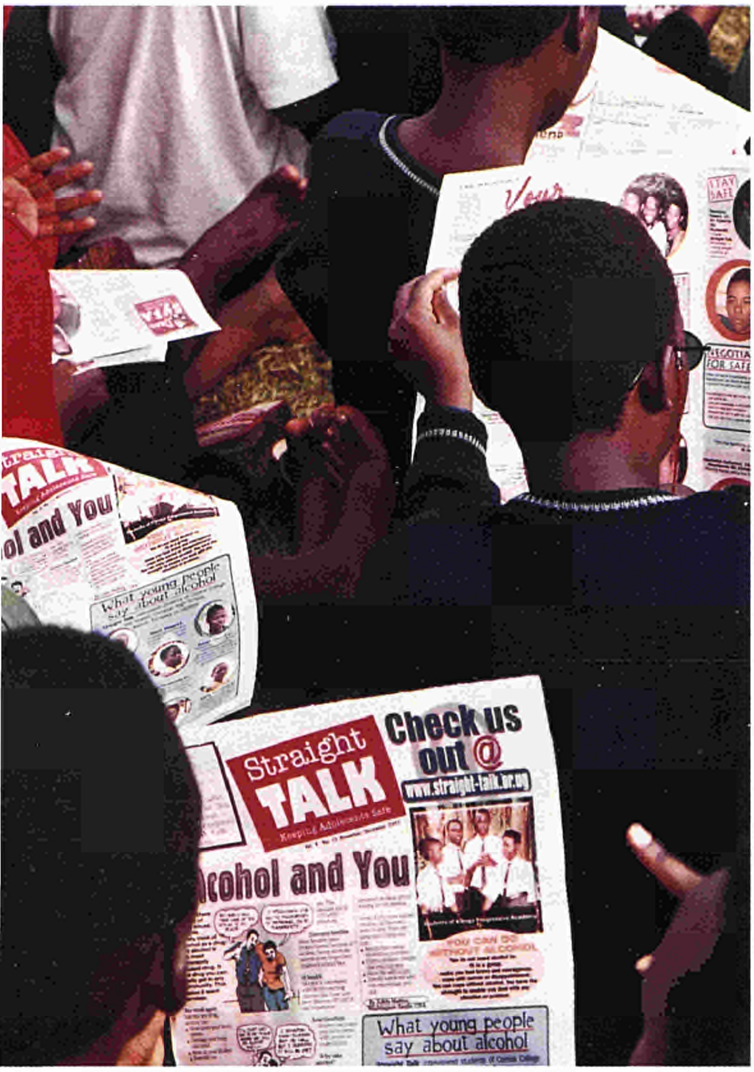
Above, Archbishop Kamwenho holding the prize with president Nicole Fontaine
Below, the three laureates.

The inspiration behind the prize

Andrei Sakharov (1921-1989), a renowned physicist and member of the Academy of Sciences of the USSR, won the Nobel Peace Prize in 1975. As a dissident, he was exiled to Gorky. From there in 1988 he sent a message to the European Parliament saying how moved he was that a prize for freedom of thought would bear his name. In awarding the Sakharov Prize, the European Parliament intended to draw attention to the ideas of the famous Soviet dissident on the problematical relationship between science and society on the one hand, and to the issues of peaceful coexistence and intellectual freedom on the other. Andrei Sakharov came to embody the crusade against the denial of fundamental rights. The Andrei Sakharov Prize for Freedom of Thought is awarded each year by the European Parliament to individuals or bodies on around 10 December, the day on which the United Nations Universal Declaration of Human Rights was signed in 1948. ■

1. The mandate of Mrs Nicole Fontaine, who was elected for 2 years, ended on 31 December 2001. Her successor is Mr Pat Cox, an Irish liberal, who was elected President of the European Parliament on 15 January 2002.

2. The key stages in this groundswell movement include, in 1999, the episcopal message "The Calvary of the Angolan People", the document "Peace through dialogue", the formation of the "Pro Pace Movement" and the "Manifesto for Peace in Angola"; in 2000, the establishment of the Ecumenical Committee for Peace in Angola and the Pro Pace Congress; and, in 2001, the "Forum on the Many Consequences of War", the launch of the "Broad-based Citizens' Movement" and the "Workshop for Peace". Since 29 September 2001 the "Campaign for an Angola without War" has been unfolding, the "Network for Peace" has been established and the "Season for Peace" has been announced.



Pupils reading the the hugely popular "Straight Talk" magazine

Straight Talking about AIDS in Uganda

In the fight against AIDS, Uganda is one of the very few unequivocal success stories. Over the past decade, HIV infection rates have fallen from almost a quarter to less than 10 percent of the population. The most marked decline has been among 15-25 year-olds, with prevalence tumbling from 18 percent in 1993 to 4 percent in 1998.
Strong government backing has helped, as has support from international donors such as the EU and the UN. But the main reason the country has become a model for Sub-Saharan countries tackling the epidemic is that Ugandans have not shied away from the problem but have confronted it head on.

Gareth Harding

At the vanguard of this drive has been a Kampala-based NGO called the Straight Talk Foundation. Set up in 1993, the organisation publishes the hugely popular "Straight Talk" and "Young Talk" magazines, which aim to give young people and adolescents clear information about the perils of unprotected sex.

Australian editorial director Cathy Watson, who helped set up Straight Talk, says the paper faced a lot of opposition in its early days. "People thought it was rude to show pictures of private parts and Catholics accused us of promoting a 'condom culture'", says the 45 year-old former journalist.

But even after almost a decade in the awareness-raising business, ignorance, prejudice and misinformation are still rife. Says programme director Anne Akia Fiedler: "If you go to a pharmacy to buy a condom, they look at you as if you're from the devil's own backyard".

A no-nonsense approach

A flick through the letters page of Straight Talk magazine also shows the uphill struggle the NGO faces in educating young people about safe sex. "My penis is too small to fit in a condom. What can I do to make it bigger?" asks one boy. Other letters enquire if virginity kills sperm or if a girl can get pregnant if she is on top during sex.

Straight Talk magazine and its sister publication Young Talk, answer questions like this in a short, no-nonsense way using language adolescents can understand. "If the condom does not fit you it is likely that you are still very young. You can abstain from sex until your body is mature enough. Then you will be able to use the condom comfortably," is the blunt reply to the boy's question.

The two magazines have huge coverage in Uganda. 160,000 copies of Straight Talk are distributed every month, while Young Talk has a print run of 280,000. The Foundation estimates that over 90 percent of secondary school children read Straight Talk, which is distributed by schools, health centres and NGOs and is inserted into Uganda's biggest daily paper New Vision.

Straight Talk tries to educate adolescents about the changes they are going through and teach them the dangers of unsafe sex. It also aims to change traditional attitudes towards relationships. Says Fiedler: "We tell the boys that safer sex is about respect for their girlfriends and themselves. We have to drum the message of assertiveness into girls so that they say what they mean and mean what they say".

"Young Talk" is aimed at 10-14 year olds and promotes key messages such as abstinence, children's rights and the importance of staying on in school. The EU will fund the magazine to the tune of €1.3 million over the next five years.

Creating a rapport

Straight Talk radio presenter Sanyu Inkinze Kagua says that the key is to speak in the language of young people. "We are offering advice, information, education and entertainment. With adolescents you can't just offer one of these ingredients – you have to have all four together". Sanyu also says that it's important not to be too preachy. "Our message is different from the propaganda you get from governments and religious leaders. We don't lecture, we try and create a rapport between the adolescents and us".

Sanyu presents a weekly 25-minute radio show aimed at adolescents. This week, she is at Lakeside school on the outskirts of Kampala. She is there to record a programme on "staying safe during the holidays".

Over 300 pupils are waiting in the assembly hall when we arrive. An organist is playing a medley of cheesy tunes, kids are clapping and the sound of laughter is deafening. Sanyu warms up the crowd with a couple of radio catchphrases. She is treated like a pop star.

Next up is 26-year old HIV patient Edward Kibwiika who delivers a moving testimony about living with the virus. "For those of you who can't abstain from sex, try to practice safer sex," says Edward to roars of approval. Deputy headmaster James Nyende hugs Edward and thanks him for sharing his experience. "You can't get AIDS by hugging, can you?" he asks the pupils. "No", they shout in unison. "So let us live with them and make this country a better place," intones Nyende.

Speeches are followed by a series of songs, poems and skits acted out by members of the Straight Talk Club. This groups together pupils who are keen to educate their peers about sexual health matters.

Sanyu gets out her microphone and asks a gaggle of guys what they understand by safe sex. The answers are of variable quality but the openness with which pupils are prepared to talk about intimate issues is refreshing. Later, one of the Straight Talk Club members shows some of the younger pupils how to put a condom on a wooden penis. The teachers in this devoutly religious school are happy for Straight Talk to run the show.

Back in the recording studios, Sanyu pieces together her interviews and talks about the importance of her work. "I'm passionate about this because I've lost a lot of friends along the way – I've lost family members, neighbours, classmates and I feel that by doing what I'm doing I'm contributing to the fight against AIDS. I feel very happy at the end of every day; I think that I might save one life today, maybe two tomorrow".

Given Straight Talk's success in educating young Ugandans, it is little wonder that other Sub-Saharan countries are taking note. There are now Straight Talks in Zimbabwe, Kenya, Namibia and a handful of other African countries – although nowhere is the political climate as favourable as in Kampala.

AIDS is still a major problem in Uganda. Almost a million people have already died of the disease, leaving behind two million AIDS orphans. But by focusing on prevention and targeting young people, the country has shown that the virus can be curbed given the right amount of persistence and prioritising. ■

www.straight-talk.or.ug

Above, Straight Talk radio presenter Sanyu Inkinze Kagua
Below, HIV patient Edward Kibwiika standing between two AIDS quilts

Windup radio in Madagascar

Bringing information to local communities

In southern Madagascar, radio is being used in an innovative way to respond to local information needs. Working in partnership with local villagers, NGOs and in collaboration with community FM stations, the Andrew Lees Trust uses a participatory community approach to produce radio programmes that provide an important educational and information resource in an area where there is precious little of either. The project, which is partly funded by the EC, aims to help improve the self-reliance of local populations in southern Madagascar, to develop food security and teach them about resource management.
Ruth Evans reports…

Memene is a busy mother of nine children who also runs a small shop selling basic provisions in the village of Ifotaka.

Amongst Memene's prized possessions – prominently displayed on the shop counter – is a windup Freeplay radio that she recently received from The Andrew Lees Trust, a local NGO working with other local partners, such as WWF, to improve people's education and information in southern Madagascar.

"The WWF gave us the radio so that we can have the information we need about protecting the forest, "she says. "The programmes help us to know about the threats to the forest. We shouldn't cut down the trees because it jeopardises the life of lemurs. We also listen to news on the radio."

The radio programmes are made by the Andrew Lees Trust, a local NGO that was set up a few years ago in memory of a British conservationist who died in the forest. Yvonne Orengo, the project's director, says that most village communities in southern Madagascar are so poor that they can't afford the batteries for radios and have little technology beyond a hoe. They had no access to radio or information so were delighted when they were given the windup radios.

Sometimes, however, it was hard for villagers to understand how the radios worked, says Yvonne. "Some were suspicious and wanted to know how does this radio work? Is there a cockroach inside?"

The project has now been going on for two years and the villagers of Ifotaka are used to the radios and the educational programmes the trust produces.

Need for information

It's hard to emphasise how deprived of information they were before the radio arrived. The children hardly go to school and there's no electricity, and certainly no TV or newspapers.

The programmes are made in the local languages of Antandroy and Antanosy, and aim to be as relevant as possible to local concerns and to offer solutions to people's problems. There's a direct input and feedback from village level to the programme-makers and programmes have been about management of cattle disease, raising and selling livestock, farming practices, food storage, health and family welfare.

The production team is totally Malagasy apart from Yvonne, so they understand local cultural nuances. "But I wouldn't pretend there are no problems, " says Yvonne. "We are working with people who are not trained journalists. They are field workers who have had some training in radio production. We concentrate on simple messages contained in simple formats."

The project has set up a small studio where the programmes can be made with local input and use the existing community FM network in the region. Yvonne estimates that programmes can reach between 40-60,000 people, depending on the areas and subjects being targeted at any given time.

Distributing free radios in the villages isn't always as straightforward as it sounds and many issues have had to be addressed along the way. "One of the first things we discovered when we started the work was that everyone wanted a radio for themselves," says Yvonne. "They didn't want to share. We have tried to set up listening groups but this can also be quite problematic due to the hierarchies and male dominance in villages." Addressing these issues requires patience and sensitivity to the way things are done in the region, and are often not understood by donors who are sometimes impatient for faster results.

Working with local partners

The Andrew Lees Trust works with and through several local partners, such as WWF and WFP, because they don't want to send out information into a void where there are no services or back-up to respond to listener's questions. Yvonne cites as an example the locust infestation that plagued the area a couple of years ago. This was a new problem for a lot of the people, so although chemical products were available to spray the locusts, people didn't know where to get them or how to use them. The radio programmes gave them the information that they needed. Similarly, when Rotary International introduced a polio vaccination scheme in the area, 92 percent of women interviewed by the Trust said they had taken their children to be vaccinated after they had heard the radio campaigns.

In particular, the broadcasts encourage people to take more active control over their resource management and to look after the unique forest in which they live.

Local stoves use less firewood

The Trust also runs a sister project that teaches women to build fuel-efficient stoves from local clay. "Where women used ten sticks of wood before, they now use only two," says Yvonne. "So these stoves have greatly reduced fuel wood consumption. It has also drastically reduced the time women spend collecting fuel and frees them up to do other things."

Memene is one of the women who took up the idea of the stove two months ago with great enthusiasm. Just outside her small, wooden house, there's a clay stove and in no time at all Memene cooks a delicious meal of chicken and rice on it.

"The first time I heard about the stove I was really happy because it doesn't use much firewood and it's quick to cook, rice and meat… I really like it." Now she says, she has more time to concentrate on other things such as running a small shop. Other people have more time to work in their rice fields.

The project has built about 2,500 stoves so far and now the women are enthusiastically sharing the technology with each other and training others. They are given an incentive – a one-off handout of WFP food to compensate them for the time they spend building the stoves. But once they start using them, says Memene, the benefits are obvious: "Having the radio and the stove help us to understand the problem because we get information from the radio… the radio teaches us everything about the environment." ■

Critical consciousness, credit and productive assets

Key to sustainable livelihood

"Meeting regularly for saving gave us an opportunity to talk to each other as women. We made time for each other and supported each other. Availability of credit during crisis created a bond among us. We came to know each other as women."
(Group leader Nagamma, Erukalavaripalli Village in Kadri Mandal, Anantapur District)

In this article Vimala Ramachandran describes an experience in India which demonstrates that savings and credit schemes must be underpinned by education and empowerment.

Way back in 1991 the Government of India launched a Total Literacy Campaign in many districts across the country – including Nellore District of Andhra Pradesh. This populist movement attracted the poor – those who have been denied education and literacy for generations. Interestingly, for the first time in independent India we had a programme that was only meant for the poorest of the poor – those who were bypassed by the educational process. Women participated in very large numbers. While the classes were in progress in Dubagunta Village, one learner, Ramanamma, like thousands of other women, was inspired by a lesson on alcoholism. This was just a small spark that ignited the minds of rural women. The anti-liquor movement (1992) spread like wildfire, and the rest is history. Government declared a ban on arrack in April 1993 (which was subsequently revoked in 1996). This understandably generated a lot of euphoria. At this point, in one village, Leguntapadu, local officials were invited to attend a meeting to discuss the havoc local country liquor wreaked on the lives of the poor. One of the officials asked if it would be possible for women to save one rupee a day. One woman walked up to him and placed a rupee coin in his hands. Many more followed. He asked why the money was being placed in his hands. Can women form themselves in groups and pool their savings and manage it themselves?



The Savings movement was born in Leguntapadu village in Kovur Mandal. Over 200,000 women joined together in small thrift groups! They were able to harness their collective savings and trigger a process of change that was unprecedented. Gradually, they were able to access institutional credit and acquire productive assets. It looked as if sustainable livelihood was within their grasp.

Rural women leaders of Nellore and Anantapur Districts of Andhra Pradesh (India) demonstrated how literacy, empowering organization building and credit go hand in hand. Here was a group of women who started their journey with a literacy movement and then moved on to an anti-alcohol (anti-arrack) movement and then got together in groups of 15 to 20 to start a savings movement (*Podupulakshmi*). Their journey taught many of us in India a valuable lesson – people's access to funds for income generating activities or to credit would be meaningless without awareness and self-confidence. But so many years later, in the year 2002, donor agencies and government programmes continue to push self-help groups and credit programmes without the necessary investment in education and consciousness raising. Why does the larger development community opt for magic formulae and quick-fix solutions – even when evidence from across the world has repeatedly demonstrated the contrary?

Empowerment does not "happen" automatically. Credit, productive assets and skills cannot be used to benefit the poor unless they are aware, confident and powerful as a collective to resist the landlords, moneylenders, unscrupulous middlemen and even development functionaries! On the flip side it is also true that a state of heightened consciousness in the absence of means to access productive resources could lead to social unrest and frustration. Awareness, education and a strong sense of self-worth enable the poor, especially women, to articulate their needs and negotiate this unequal world from a position of strength. Each aspect of development is inextricably linked to the other. Magic formulae that promote savings and credit in the absence of empowering processes and education are incomplete.

Loss of dignity

We all know that poor women's access to institutional credit is almost negligible. When they do have access, transaction costs (including bribes, repeated trips to the bank, documentation, collateral etc.) is very high. The smaller the loan, the greater the transaction costs -thus making institutional credit unviable for poor households and women who seek small loans. Most poor people's interaction with banks and other financial institutions is known to be disempowering – and grassroots workers remind us that even an apprehension of loss of dignity keeps the poor (especially women) away from formal institutions. It is evident that collective strength, self-confidence, awareness and ability to negotiate formal institutions are necessary pre-conditions for the poor to access institutional credit. Without that they will become victims of middlemen.

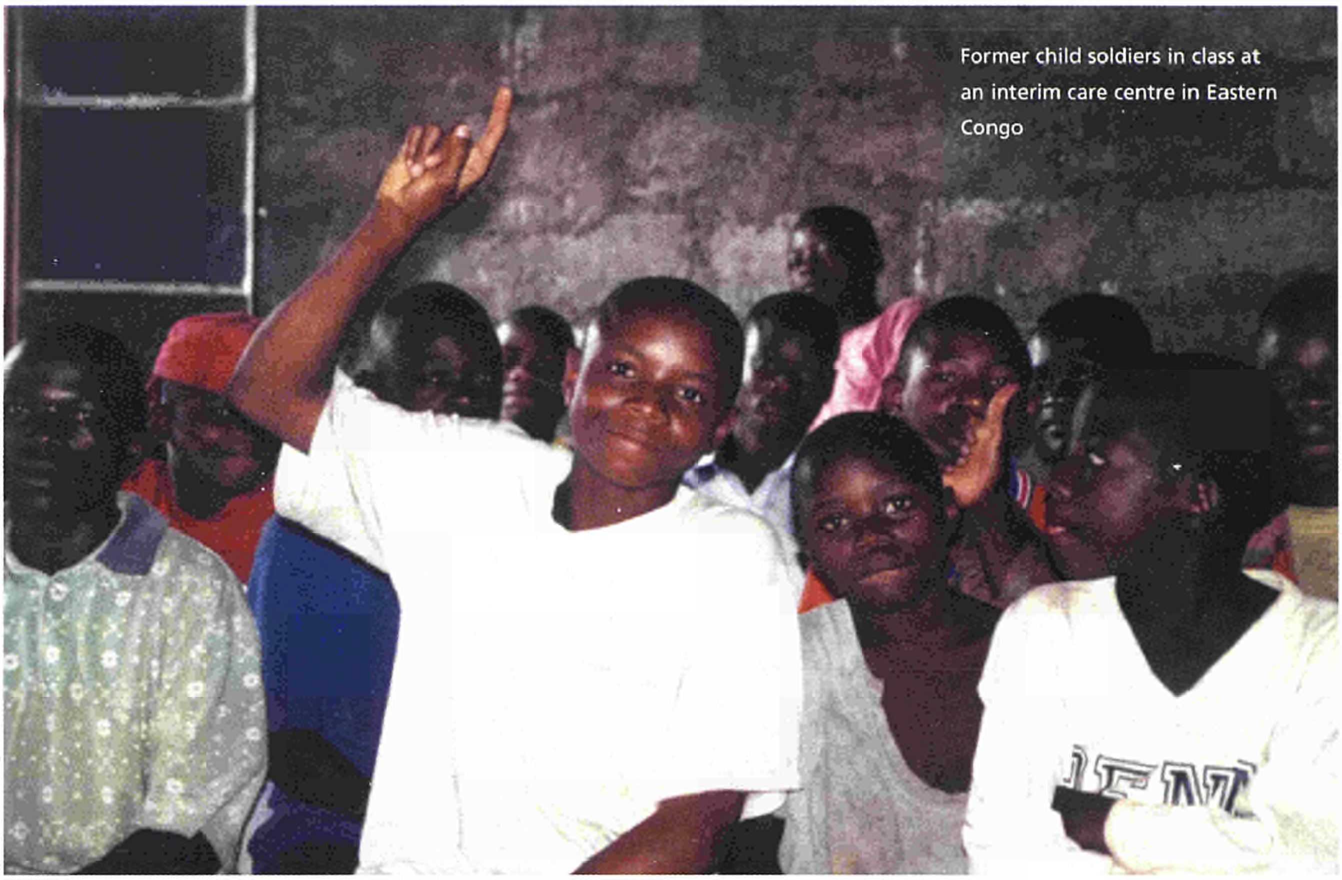
In the last ten years governments and donors alike are busy propagating savings and credit as the magic formula – leading to a big rush to fund women's self help groups in India. Andhra Pradesh is the leader in this movement – at least in India. We are told that over 600,000 groups have been formed across the state and that this movement is growing in leaps and bounds. The government of India recently launched a larger programme called *Swashakti* (Inner strength) to promote women's self-help groups. Similarly, government poverty alleviation programmes increasingly focus on making credit available to women.

Collective strength

While appreciating the good intentions of the government and the donor community – it is time we took a long and hard look at this strategy. The experience of NGOs like the Cooperative Development Federation of Andhra Pradesh, Working Women's Forum of Tamil Nadu and Self Employed Women's Association, Gujarat have shown that it takes a long time and a lot of hard work to build the capacities of women members and their leaders to be able to make it a profitable and worthwhile exercise. Sustained awareness-generating activities and an effective backstopping system are vital for any sustainable impact. The women of Mahila Milan of Mumbai (associated with SPARC, Mumbai) and Kutch Mahila Vikas Sangathan Gujarat initiated savings groups and income generation activities as a strategy to strengthen their struggle for equality and justice. Experience has also shown that scattered self-help groups or savings groups here and there have little chance of success. Coming together as a federation or forging a larger identity as a movement that links several hundreds of groups – gives a much greater chance of success. A larger identity; economies of scale and clear long-term vision are necessary for the success of microcredit programmes. Most importantly, locating an economic activity within a framework of empowerment is critical for success.

Unfortunately the valuable lessons of successful programmes and the equally important lessons of failures have been put aside in our search for quick-fix solutions and magic formulae. Yes, women need credit and productive assets – but we also know that as long as gender relations are unequal and as long as women do not have access to empowering education and collective strength, the cycle of oppression and exploitation cannot be broken. ■

"Literacy campaign made us aware,
Anti-arrack movement gave us confidence; and Podupulakshmi empowered us."
(Saving group members, Atmakur Mandal, Nellore District, India August 1995)
Photographs from Andhra Pradesh courtesy Mahila Samakhya Programme, Andhra Pradesh.



Former child soldiers in class at an interim care centre in Eastern Congo

Djo Tunda wa Munga

Democratic Republic of the Congo (DRC)

Children in the frontline

According to UNICEF, more than 300,000 children (many not more than eight years old) in 44 countries participate directly in wars, as soldiers, runners, guards, sex slaves, cooks or spies. Some have learned to kill or torture. A protocol prohibiting the use of child soldiers came into force on 12 February; the Optional Protocol on the Involvement of Children in Armed Conflict. It outlaws compulsory recruitment of children under the age of 18 by both government and non-government armed forces. It also obliges States to ensure that members of their armed forces under the age of 18 do not take direct part in combat.

Since August 1998, DRC has been immersed in a complex war, resulting in one of the world's most serious humanitarian crises. Many armed factions in the conflict recruit children, usually by coercion, into combat or support roles and it is estimated that more than 10,000 are currently involved. The young people are deprived of education and medical care, subject to brutal punishment regimes, and immersed in a culture of hatred designed to make them "better soldiers". Children are also recruited to fight in many of the world's other conflict zones.

Save the Children, one of ECHO's NGO partners, runs programmes in DRC for the demobilisation of child soldiers and their reintegration into their home communities, wherever possible. It also seeks to influence policy in this area, with advocacy work in favour of a more effective ban on the use of children in armed conflict.

In October, ECHO and VOICE (the Voluntary Organisation in Cooperation in Emergencies) organised a conference on child soldiers in Brussels, in collaboration with Save the Children. The event attracted a wide cross-section of participants including representatives of agencies directly involved in assisting children affected by war. The focus was on raising awareness of the issue, exchanging experience and promoting common guidelines and best practice. ■

Financing **for Development**

"Unless we succeed in mobilising far greater amounts of resources – both public and market-led investment – our plans to eradicate poverty and to accelerate development will be thwarted."
Kofi Annan, UN Secretary-General, May 2001

The international community committed itself, in the Millennium Declaration, to halving world poverty by 2015. If this goal is to be achieved a doubling of aid is necessary, according to World Bank calculations. An estimated extra $50 billion is needed yearly. But aid is just one part of the picture.
In March 2002, an international conference on Financing for Development (FfD) will take place in Monterrey, Mexico to discuss new approaches to domestic and international finance to generate the necessary means for more equitable global development.
The FfD process was characterised by a flow of preparatory committees and documents, among which the most important are: the Report prepared by the UN Secretary General (January 2001) and the Report of the Zedillo High-Level Panel (June 2001). In January 2002, the IV Preparatory Committee finalised the draft document that will be submitted for adoption at the Monterrey Conference.
This document, which has already been called "the Monterrey Consensus", addresses the following issues:

- Mobilising domestic financial resources
- Mobilising international resources for development
- International trade as an engine for development
- Increasing international financial and technical cooperation
- External debt
- Systemic issues
- Staying engaged.

A new "deal" for development is in the making. The agreement reached at last November's 4th WTO Ministerial in Doha provides the framework for maximising the contribution of trade to development. The Monterrey Conference in March, and the World Summit on Sustainable Development planned for September in Johannesburg, provide further opportunities to take concrete steps to achieve the goal of a more equitable world.

The European Union

calls for signals of serious intent in the fight against poverty

The Conference on Financing for Development represents a key opportunity for the international community to enter into a new global deal. A safer world for all will only be possible if there is concrete progress in the renewed commitment to the fight against poverty. As a first signal, the European Commission has issued a communcation that calls on EU Member States to substantially increase their financial aid to developing countries and to enhance its quality and effectiveness.

Hugo-Maria Schally*

Half a century ago, the international community agreed that rich countries had a responsibility to help poor countries. International assistance in the late 1940s and the early 1950s concentrated on rebuilding after the Second World War. By the second half of the 1950s, the Marshall Plan had helped Europe and Japan return to prosperity. During the period of decolonisation, the focus shifted to the newly independent states.

A major turning point in development assistance is represented by the Pearson Commission, which, in its 1969 report recommended an aid target of 0,7 percent of donors' GNP. The target was adopted by the United Nations in 1970, and has since remained an influential goal. Over the years all member countries of the OECD's Development Assistance Committee (DAC), except Switzerland and the United States, have accepted this target. But by 2000 only four EU member states (Denmark, Luxembourg, the Netherlands and Sweden) and one other OECD member state (Norway) had actually achieved it.

> **"We urge member states to increase aid so as to have a chance of reaching the Millennium Development Goals"**
> **Poul Nielson, Commissioner for Development and Humanitarian aid**

Aid - a critical but declining resource

While total long-term capital flows to developing countries have increased, official development aid (ODA) has fallen dramatically over the past decade. ODA peaked in the 1990s and has not since then followed the rapid growth of GNPs in industrialized countries. In 2000, it fell to its lowest level ever. This happened despite the optimism at the beginning of the 1990s that development cooperation could reap a post-cold war "peace dividend" from reduced military expenditures. The reduction in aid might have been linked to the recession of 1992-93 or to donors' efforts to bring their own budgets back into balance. But it also reflected the fact that, with the end of the cold war, aid was no longer being used for such obvious geopolitical reasons. The fact that a number of developing countries made impressive gains during that decade led many to claim that aid was ineffective and wasn't essential to development efforts.

As ODA remains a critical resource for developing countries, the decline in its level over the past decade is a matter of serious concern. The late nineties gave a new impetus to the discussion on the role of aid in development. The World Bank, taking as a starting point the Millennium Declaration, estimates that the additional annual cost of achieving the 2015 Millennium Development Goals is $50 billion. In other words, only a doubling of the current level of ODA flows would reach this objective, and pay for additional debt relief to deserving "heavily indebted poor countries" (HIPCs).

An enabling environment

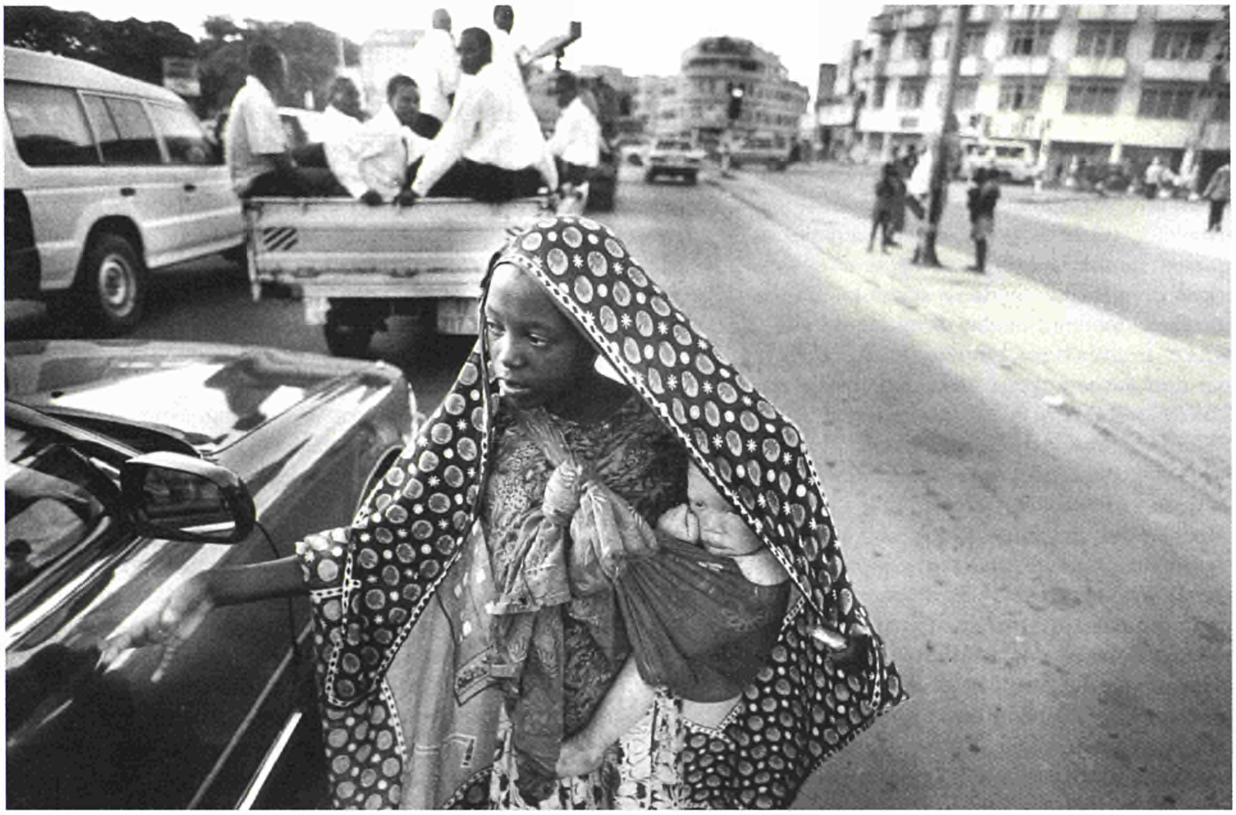
Targeted and well-coordinated development cooperation can reinforce efforts in the recipient countries to create an enabling environment for private sector activity. It can encourage domestic and foreign investment, promote economic and social policies and develop effective, transparent and accountable economic and judicial institutions. It has also a crucial role to play in helping developing countries to address their capacity constraints and to benefit fully from trade opportunities.

The integration of developing countries into the global economy is the necessary condition for their economic and social development. But sometimes countries cannot benefit from trade opportunities because of capacity constraints in government, infrastructure or human resources. Aid can help developing countries to adopt the necessary reforms for new growth models and to build their human and institutional capacities. This is especially true for the least developed countries (LDCs). They have difficulty in meeting the many development finance requirements with their own domestic resources because of sluggish growth or economic stagnation, widespread poverty and weak domestic corporate sectors.

The risk of further marginalisation

Over the past 40 years, it is clear that only a few countries have managed to reduce the gap between themselves and the more advanced countries. Many more countries have seen that gap grow and poverty levels increase. East Asia and the Pacific have made sustained progress in most areas, but large parts of South Asia and Sub-Saharan Africa lag far behind other regions.

Globalisation, through a steady rise in trade and private investment flows, offers many opportunities but also entails an increased risk of marginalisation. One of the major challenges for the global economy is to improve the living standards and the economic situations of people who are less integrated into it, and who continue to be largely excluded from the benefits of the globalisation process. The key issue is not globalisation itself nor how much the poor gain from it, but whether they get a fair



©Dieter Telemans/Panos Pictures

Half a century ago the international community agreed that rich countries had a responsibility to help poor countries. The World Bank estimates that the additional annual cost of achieving the 2015 Millennium Development Goal (of reducing poverty by half by 2005) is $50 billion. In other words, only a doubling of the current level of ODA flows would allow this objective to be reached

share and fair opportunities.

This year two important high-level global meetings will take place. One is on financing for development and the other on sustainable development. Among other things, both events need to address the role, impact and effectiveness of international assistance in a changing international environment. The international community should strive to move towards more focused, effective, coordinated and result-orientated development cooperation. These two events should be used to explore new and innovative ways of mobilising domestic and international revenues for development.

Preparing for Monterrey

On November 8 2001, the EU Development Council asked the Commission to draft a report in preparation for the International Conference on Financing for Development in Monterrey. This report is based on a series of bilateral and multilateral high-level meetings held between 29 November and 9 January 2002. Discussions focused in particular on the issues identified by the Council as deserving further consideration: the volume of ODA, global public goods (GPGs), innovative sources of financing, and untying of aid. These talks laid the foundation for the "Communication on the International Conference on Financing for Development", adopted by the Commission on 13 February 2002. This Communication suggests five concrete proposals for increasing the quality and quantity of aid:

- A sizeable increase in the volume of ODA from EU member states. If those below the 0,7 percent target reached (by 2006 at the latest) at least the current EU average (0,33 percent), the EU average itself would rise to about 0,39 percent. This can be an intermediate step towards reaching the 0,7 percent target.
- Improving the quality of aid by strengthening and harmonising operational policies in and between bilateral and multilateral agencies. This should eventually decrease the transaction costs of international ODA and increase its impact;
- Make further efforts to implement effectively the DAC recommendation on untying aid to LDCs. The EU member states should work also on the possibility of extending untied aid to areas not covered by the recommendation itself;
- Increasing ODA allocation for trade related technical assistance, for capacity building and for measures addressing supply-side constraints;
- Promoting an agenda on global public goods (GPGs), with a view of mobilising new sources of financing for the provision of GPGs. This should be based on the principle of additionality, in order to avoid the diversion of existing ODA flows away from traditional modes of development assistance.

For this shared vision to be effective in guiding our work, and in order to have an impact, it is important to share it with others, including the USA and Japan, which must commit themselves to politically challenging choices. Unless the rich countries take real steps towards eradicating poverty, they will lack the credibility to ask developing countries to engage in policies that contribute to a new balance between the global economic, social and environmental development.

Towards a global deal

The conference in Monterey is a crucial component in a process that started with the WTO Ministerial Meeting in Doha in November last year and will lead to the World Summit on Sustainable Development in Johannesburg in September this year. The international community made a commitment in Doha to maximise the development benefits of trade and globalisation. This will make an important contribution to the discussions in Monterrey and Johannesburg. Doha set an agenda for a vision of globalisation to benefit the poor. But the EU clearly recognises that a free world market would not by itself lead to equitable and sustainable development. With a view to Monterrey, the EU has also, as outlined above, called among other things for an increase in the volume of aid.

In turn, progress in Monterrey would pave the way for a positive outcome in Johannesburg. These three events show that the international community is ready to launch a new "global deal", recognising that a safer world for all will only be possible if there is a renewed commitment to the fight against poverty. This global partnership is based on the recognition that commitments on the donor side have to be matched by commitments on the recipient side.

On 13 February, the Commission also adopted a Communication "Towards a Global Partnership for Sustainable Development". This sets objectives and proposes actions with a view to the World Summit in Johannesburg. It states that the EU must lead by example in the following five areas:

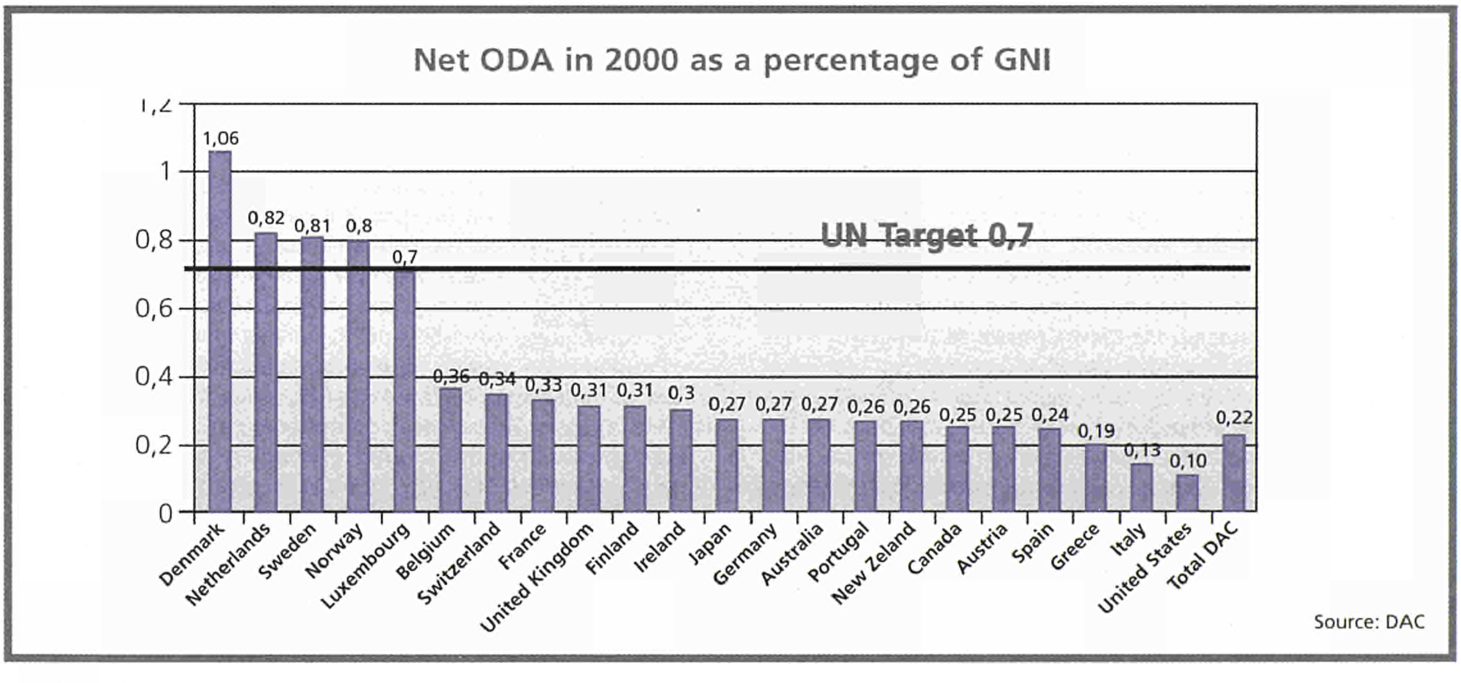
- Strengthening the coherence of EU policies; we will strive to assure that all EU policies – notably the Common Agricultural Policy, the Common Fisheries Policy, regulation of arms exports and immigration policies – are conducive to global sustainable development,
- Making globalisation sustainable by assuring that Doha will become a true development round,
- Fighting poverty by assuring that Monterrey brings meaningful and measurable financial results,
- Stopping environmental degradation by, among other things, implementing multilateral environmental agreements, ratifying Kyoto, intensifying the struggle against illegal logging, and launching an EU water initiative.
- Improving global governance by making its structures more inclusive.

Strengthening multilateralism

This set of concrete measures is a strong expression of the Community's commitment to multilateralism. The EU is convinced that financial solidarity with developing countries must be increased, and that the mobilisation of every possible kind of international resource must be considered. New efforts are necessary. The EU has shown its willingness to take concrete positive initiatives for the success of the Monterrey Conference. The world needs more international cooperation, more effective and accountable governance at all levels, more equity, and greater solidarity between the winners and the losers of globalisation.

Commitments at world conferences provide us with a vision. The fight against poverty is not only a financial matter, but also a political, cultural and ethical one. The poor do not ask only for additional financial resources. Above all they want us to listen to what they have to say. The European Union is ready to take up this challenge and do what needs to be done. ■

* DG Development, European Commission. Head of Unit "Relations with the UN system, member states and other OECD donors".



Financing development without interference: Towards a global conference

In the light of the tragic events of 11 September last year and the unequal war that followed, it is no longer possible to speak of development finance without also looking at geopolitics and geo-economics. Development is financed in the interests of powerful countries. Inequality and interference undermine genuine solidarity. Paradoxically this puts at risk security and peace in the 21st century.

Yves Ekoué Amaïzo*[1]

Clarifying misunderstandings

Development is defined here as the ability to create wealth for the benefit of the entire population. However, the development of industrialised countries in isolation presupposes that the creation of wealth for some can be achieved at the expense of others. It necessarily postpones the creation of wealth in third countries. This narrow approach puts a premium on satisfying the needs of those who control industrialisation and knowledge.

During periods of high growth in industrialised countries, the less industrialised countries allowed themselves to be convinced that their development required easy financing. Policies were based on developing import substitution, negating the role of the private sector, and on indirect subsidies to industry in wealthy countries through the low-cost supply of raw materials. This made credit into a means of rapidly enriching a powerful minority. It took place at the expense of a population poorly informed about the extent and importance of the delegation of power transferred to their representatives, and its influence on their well-being. The debt trap, vote-catching and corruption perpetuated and accentuated inequalities. It is therefore not possible to discuss development finance without raising these problems[2].

Financing inequality

Unequal power relationships among human being generate injustice. Therefore, we have to question again the "capacity to influence" in development finance. Inequality is the result of a desire to preserve or to increase relationships based on power, where there is almost no separation of powers between the state and a globalised private sector. The need for people to organise themselves into decentralised power networks, with allegiance to a centre, generally expresses itself as violence, whether moral, cultural, economic or political. The end result for the less industrialised countries can be summed up as interference and dependence.

Nor does development finance escape. It has its own set of rules and those who devise them are keen to impose them unilaterally. It would be nice to have faith in the integrity of the rules proposed. However, recent events no longer allow one to believe that the world's problems are the sole responsibility of the beneficiary countries. One could site the recent financial crisis in south-east Asia, the increase in debt, the growing number of the least developed and poor countries in the world and Argentina's so-called economic crisis. This is a systemic crisis inherent in the asymmetric creation of wealth for the benefit of minorities that look after their own interests.

So it is no longer a question of wondering whether development should be financed, or even which methods of finance allow the system to perpetuate itself. The question is about the conditions that will allow the labour of some – often in the Southern Hemisphere – to be converted into wealth in an equitable global market. How can income, and wealth-generating activities, be financed so as to limit the natural propensity of those offering solutions to enrich themselves on the back of others, who build up debts? Those who are excluded from the system are not yet aware that their salvation depends firstly on their home-grown capacity for organisation and collective resistance and, secondly, on a struggle against corruption and arbitrary decisions.

When development finance creates only indebtedness, without, in return, producing wealth because of ineffective and non-transparent management, no one should then be surprised at the harshness of the macro-economic adjustment formulae advocated. Generally, these take the form of privatisations, which are the basis for property transfer, leaving the door wide open to pure and simple annexation of potentially productive sectors in countries with weak influence.

Solidarity denied

Why limit wealth creation merely to the transfer of financial resources? What about know-how, non-polluting and easily mastered technologies and human resources? These can be supplied through exchanges based on a mutual respect that should avoid the clash of culture. Development finance should not depend exclusively on public bodies that do not always observe ethical values. Funds can easily be misappropriated by light-fingered governments adept at managing "rent incomes" that is not shared out amongst the general population.

Exclusive relationships between public development partners, institutionalised in the Lomé Conventions and now in the Cotonou Agreement, are proving to be ineffective, despite the importance given to civil society. There are numerous safeguards, slowing down

Unequal power relationships among human being generate injustice

project implementation. Even so, the channelling of aid through political friends[3] and their general impunity make development finance a system that enriches a minority that you don't only find in the Southern Hemisphere. It is the culture of development financing as a form of interference that has to change. As former American President Bill Clinton said, everyone has to change if interdependence is to be an asset for humanity; and this cannot be achieved if the rich are led by those who feed short-term egoism and perpetuate the illusion that we can for ever claim for ourselves what we deny to others[4].

Development aid: a Western priority?

Under the new international arrangements[5], the poor, particularly in Africa, are being excluded from the debate on financing global economic stability. We can no longer speak of growth without speaking of solidarity, as if the desire of poor countries to industrialise and to create wealth could only clash with the interests of the industrialised countries.

Development finance's principal objective should not be to intervene in the government of the recipient countries. A new architecture of development finance cannot be constructed exclusively with representatives from the industrialised countries acting as occasional advocates. Unfortunately, these advocates do not often seem to win their case, to judge by the low levels of debt cancellation and the level of overseas development aid (ODA). This has been falling since 1994 and is far from the 0.7 percent of GDP suggested by the United Nations to serve as the basis for a genuine policy of solidarity. Some countries without a colonial past, such as Sweden, manage to fulfil their obligation: 0.7 percent of GDP for ODA in 1999. In the same year France had problems reaching 0.39 percent, Japan 0.35 percent, Germany 0.26 percent, the United Kingdom 0.23 percent and the US 0.1 percent of GDP. It has to be admitted that ODA has, in the end, never been a genuine priority for western countries. Nowadays, in the face of international corruption, aid, the other face of financing and debt, appears to be increasingly under fire. Despite all the talk, most of it does not seem to be reaching those in greatest need.

NO to the New African Initiative, Yes to NEPAD

Development finance means rethinking the interdependence that exists between humans and their desire to live together without marginalising the majority. In Africa, a collective effort, summarised in the form of the New Partnership for Africa's Development (NEPAD[6]), was prepared by all heads of state and government under the direction of Thabo Mbeki (South Africa), Abdelaziz Bouteflika (Algeria), Olusegun Obasanjo (Nigeria) and Abdoulaye Wade (Senegal). The response from the international donor community was a NO, watered down in the tragic events at the social forum organised in parallel at the G8 Summit in Genoa from 19 to 22 July last year. Modifying the title of the New African Initiative (NAI) by introducing the word "partnership" was not a purely semantic change. It helps to delay the financing of the NAI as well as paving the way for a joint African/G8 document in support to the NEPAD where additional conditionalities will be introduced. Interferences in the NEPAD are now the new deal to get support as well as possible funding from the G8. Unfortunately, the real conditionalities are less publicised and may direct financing to issues that are primarily of importance to the G8 rather than to the Africans. Kind words from the G8 members in support of NEPAD cannot replace real commitment to finance concrete projects.

Discussions about financing the NEPAD are going ahead with the new African Union (former OAU) and selected heads of States, but without concrete results. Today, development finance and aid are restricted to emergency and short-term aid. They serve more to impress voters in the west than to assist poor countries. The logic underlying the drop in public development aid and the preference of donors and their network of lobbyists for bilateral financing, rather than multilateral or community financing, is becoming more apparent. Could the support to NEPAD be limited only to talks with no funding for infrastructure projects?

Poor financing reinforces poverty

Wealth-creating activities should be financed principally by the fruits of global growth. The resources used should not lead to indebtedness and interference. This is the challenge to be taken up internationally by the private sector and by governments. So-called concessional credits, with lengthy periods of grace, only lead to dependence and sometimes to irresponsibility. Such credits ought once again to become grants within the context of global solidarity.

In the ACP countries, two options ought to be considered in order to guarantee development financing:

- an increase in capital flows, particularly resources that do not generate indebtedness, including direct and portfolio-type investments, income linked to exports, fund transfers made by the Diaspora and donations; and
- improving access to markets, diversifying production and commercial services, promoting the private sector and exports, and abolishing non-tariff barriers.

The second relates to the state's ability to offer greater transparency and respect for its undertakings. The first falls within the monetary field and relates specifically to:

- increase in the mobilisation of local resources (savings and expertise);
- cancellation of debt and modification of the system used for calculating interest for development activities;
- allocation to non-governmental structures of 50 percent of the 0.7 percent of GDP of the rich countries for development finance; there should be an increase from countries currently paying reparation for "crimes against humanity"[7] and having to pay their dues for abusive exploitation during the colonial period (this was referred to during the World Conference Against Racism in Durban in September last year).

Any development finance not measured by the yardstick of its capacity to accentuate the beneficiary's dependence, while enriching the recipient, carries within it the seeds of unpredictable and, in the long term, unavoidable violence. To finance development under such conditions is equivalent to simply seizing another's assets, and in the case of Africa, annexing (from the economic viewpoint) a productive part of the country. Inequalities in the terms of trade as well as in the terms of production, and also the gap between technology's haves and have-nots, are indicators of the legitimisation of poverty. The ambiguity of the partnerships contained in the Cotonu Agreement and the NEPAD encourage a dialogue of the deaf, contenting themselves with "window-dressing" democracy. What donors want to finance is not necessarily what the "representatives" of people in non-industrialised countries want to see financed.

We have to put an end to systems which aim to organise repayment of debt that has often been largely repaid already and is sometimes seen as illegal because it was incurred by irresponsible leaders with little interest in converting the credit into wealth for the benefit of their people. In fact, credit and debt have served to shore up governments that accept outside dependence. Certain donors encourage such a system, being content with superficial democracy in countries with little influence, except when funds are directed against their own interests. It is not development finance that is called into question, but the strategies of concentrating the funds involved on non-productive activities and a system that neutralises local and international initiatives to promote efficiency, simplicity, transparency and productivity.

When development finance creates only indebtedness, without, in return, producing wealth because of ineffective and non-transparent management, no one should then be surprised at the harshness of the macro-economic adjustment formulae advocated. Generally, these take the form of privatisations, which are the basis for property transfer, leaving the door wide open to pure and simple annexation of potentially productive sectors in countries with weak influence.

Promoting ethics and infrastructure

With willing leaders, it should be possible to re-classify countries and institutions promoting development finance in ways that do not generate indebtedness, the poor relations of development finance (see graph). Despite a lack of courage, sustainable development must, nevertheless, not be allowed to translate into "commonplace" and sustainable poverty. Increased inequality cannot be forgotten in discussions on a new financial architecture which, for the time being, exclusively concerns the industrialized countries. The Monterrey conference could really contribute to the launching of a new global development facility if world leaders are sincere. Financial flows for creating wealth in the non-industrialised countries must no longer be based on historical links of the colonial type or on the geostrategic interests of the industrialised countries. We should not believe that the introduction of competition into the allocation of development-finance could help increase global solidarity, even less rehumanise economics.

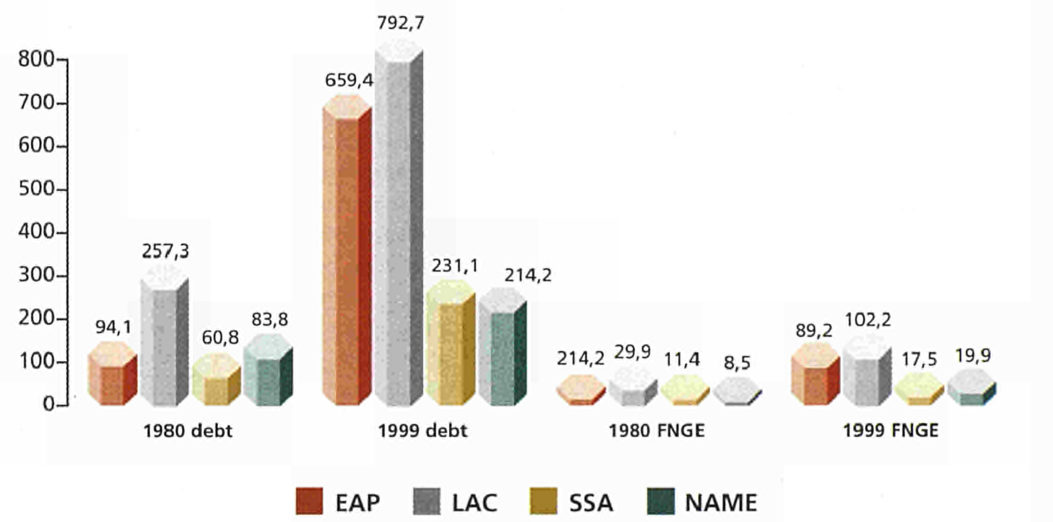
The introduction of ethics into development economics is unavoidable if the objective remains a reduction in inequality. Is it possible to speak of solidarity when the United States, the European Union and Japan spend billions of Euro on subsidising their agriculture?

The introduction of ethics into development economics is unavoidable if the objective remains a reduction in inequality. Is it possible to speak of solidarity when the United States, the European Union and Japan spend billions of Euro on subsidising their agriculture? Just half of this protectionist effort would have a far greater impact in countries without food security and would form the basis of wealth creation for all within the context of an interdependent and complementary global economy. At the beginning of the 21st century, interdependence, regarded as a common system for the greater security of humanity, must be promoted within the framework of a world conference on solidarity and financed partly by a universal tax and solidarity contributions. ■

* Economist at the UN Industrial Development Organisation, which assumes no responsibility for the content of this article.

1. The author is editing a joint work: L'Afrique est-elle incapable de s'unir? Lever l'intangibilité des frontières et opter pour un passeport commun, [Is Africa incapable of uniting? Removing the intangibility of frontiers and opting for a common passport], 664 pp., for publication in April 2002, L'Harmattan. See review page 67.
2. Yves Ekoué Amaïzo, De la dépendance à l'interdépendance. Mondialisation et marginalisation : une chance pour l'Afrique? [From dependence to interdependence. Globalisation and marginalisation – a chance for Africa?], L'Harmattan, Paris, 1998, pp. 25 et seq.
3. Yves Ekoué Amaïzo, "L''aide' de la France : priorité aux amis politiques" [French aid: priority to political friends], in Afrique Education, 2-30 January 2002.
4. Bill Clinton, 'Donner une âme au XXIe siècle' ['Giving a soul to the 21st century'], in Le Monde, 15 January 2002, pp. 1, 21 and 22.
5. Françoise Le Gall and Saleh M. Nsouli, "The New International Financial Architecture and Africa", in IMF Working Paper, 01/130, Washington, DC
6. www.nepad.com
7. French law No. 2001-434, of 21 May 2001, known as the 'Taubira Delanon Law'.

Debt and financing that does not generate indebtedness, 1980-1999, in billions of US$



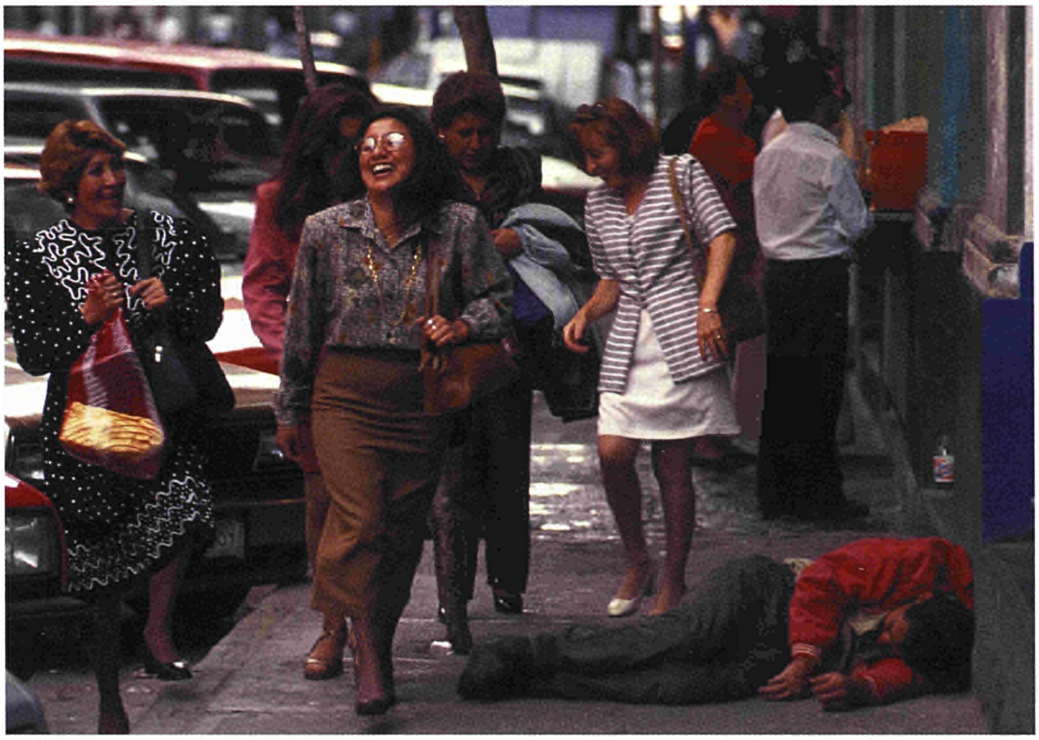
EAP = East Asia and Pacific; LAC = Latin American and Caribbean; SSA = Sub-Sahar and Africa; NAME = North Africa and Middle East
Source: Word Bank, *Global Development Finance, 230, 240, 244, 246, 250*

Aid:

new challenges to traditional modes of development assistance Paul Collier speaks to *the Courier*

Paul Collier is a senior World Bank expert on development economics research, specialised in African economies and finance and the economic causes of conflict and violence. He joined the World Bank Group in 1998 as director of development economics research. We met Mr Collier in Brussels at a presentation of the recent World Bank report on *Globalization, growth and poverty*, which he co-wrote with David Dollar.

Maurizio Carbone*



©Mark Henley/Panos Pictures

Globalization is a powerful force for poverty reduction, but billions of people in the world are still being left out of this process

The volume of Official Development Assistance has decreased dramatically in the past decade. Does it still make sense to talk about the 0.7 percent target? Shouldn't we look for new ways to assess development needs?

In 2000 foreign aid fell to 0,22 percent of donors' GDP. It is the smallest proportion since aid was institutionalised with the Marshall Plan in 1947. I find this ironic. Aid as a proportion of GDP has been reduced during the 1990s precisely when a sort of international consensus on the effectiveness of aid had developed. The World Bank has made rough calculations which suggest that doubling of aid is the cost for meeting the Millennium Goals. But that must be interpreted consciously. There is no mechanistic relationship between aid and poverty reduction. Doubling aid should be seen as part of a more general approach, which entails more aid, more trade, better governance and better policies. If you put all that in place, aid becomes very effective. I know that different countries are doing different things in terms of aid volume, but it is important for the EU to keep its strong commitment to the 0,7 percent target.

Global poverty reduction is indeed an important goal for the EU and for its development policy. Increasing volume of aid is vital, but this must be seen in a broader context of halving poverty. Aid cannot do it alone, but in the context of other things it becomes very useful.

If aid had started to work better, why did international donors cut their aid budgets?

The usual reasons you hear are the economic crisis and the continuous efforts that donors made to bring budgets back into balance. There are also misconceptions about aid dependency undermining the needed expansion of aid programmes. But the most important element is that large volumes of aid going to a poor policy environment produces little in terms of economic growth, poverty reduction and social outcomes. For this reason, aid should be shifted from countries with poor policy environments (and from middle-income countries that can attract private capital) towards countries with good policy environments. A better allocation of aid could make a substantial dent in poverty in Africa.

The level of poverty is another important element in allocating aid: the very poor should get aid regardless of the policy environment. I am convinced that there is a great need for aid in Africa. But Africa needs a few spectacularly successful examples so that countries can learn from their neighbours. For example, large countries like Ethiopia and Nigeria could make aid very effective by adopting the necessary policy reforms.

Besides policy reform and level of poverty are there other way to improve the effectiveness of aid?

A major element to be considered is aid co-ordination: aid is more effective where and when it is delivered through a few channels. Both the EU and the World Bank are institutions for coordinating aid flows. The EU can make it much more effective by being more coordinated with the single agencies.

Let me give two examples where aid can be made smarter. One is in cushioning adverse trade shocks. If we could get aid to flow in synchronisation with declines in terms of trade, then aid becomes super-effective. The EU STABEX scheme had the right intentions but it never delivered. It never managed to bring aid in a timely fashion during terms of trade decline.

Well, the STABEX system is no longer part of the ACP-EU framework…

Yes, it was quite right for the EU to abandon it. The EU abandoned a mechanism that was not working. The time-lag between a shock and the STABEX money coming in was so long that STABEX was useless as a cushion. That does not mean that the problem has gone away. Quite the contrary. It means that we need a mechanism for much more timely delivery of aid.

There are two ways to do this. The first is programmatic lending. We cannot do it through projects, because projects take time. But we know programmatic lending is feasible as a strategy only where the government has a reasonable budget process and a reasonable policy process. The second approach is to defer debt repayments during negative shocks. This is the quickest and most automatic way of increasing net aid flows in times of negative shocks.

And the other example where aid can be made smart?

In cases of post-conflict. It has been shown that aid is approximately twice as effective in poverty reduction in post-conflict economies than in other economies. As you can see, it is not just targeting aid towards countries with sound policies and institutions, but also targeting aid in cases of negative shocks and post-conflict situations. These are not alternatives, but different ways to make aid more effective. Aid is a very scarce resource so we'd better put it where it works most effectively.

Another aspect of development assistance is debt relief. Too many countries are burdened with heavy external debts.

Debt relief is very effective when combined with policy reform. Developing countries should make progress to improve their investment climate and social services. The HIPC initiative is an important strategy that aims at relieving the debt burden. It is critical that further debt relief does not come from the existing ODA resources. Debt relief must be in addition to traditional foreign aid. If debt is forgiven and at the same time aid volumes are reduced, then nothing would really change. Only the combination of debt relief with more aid could give developing countries more resources for education, health, and other social services.

There is an increasing interest in Global Public Goods. UNDP and the World Bank have been very active in spreading this concept.

Globalization offers substantial opportunities for developing countries, but it also generates problems. A clear example is climate change. Human activity is leading to disastrous global warming, and this can have a very negative impact on poor countries and poor people. Today more than ever the development field has many areas where there is a need for global collective action to face global challenges.

Poverty reduction is itself a form of global public good because, as no one wants to pay for it, we need a coordinated effort…

Yes, but this approach is risky. Everything can become a global public good…

I take your point, but you see the structure in which poverty reduction is a global public good. Everybody wants to reduce poverty, but nobody private wants to pay for it. There are things that are global public goods because of their intrinsic nature of global public bads, like environmental warming, pollution, financial instability. We need coordinated action, both at the regional level and at the global level. At the Bank, we are very concerned about this aspect of international cooperation, and we have put it at the heart of our agenda for the future.

One of the main issues for the Monterrey conference is the reform of the current global financial architecture. Some have proposed that the World Bank should abandon its task of moneylender and rather concentrate its efforts only on poverty reduction.

I think that would be crazy. The World Bank gets lot of its ability to effect change through two instruments: financial funds and knowledge funds. These two funds are complementary.

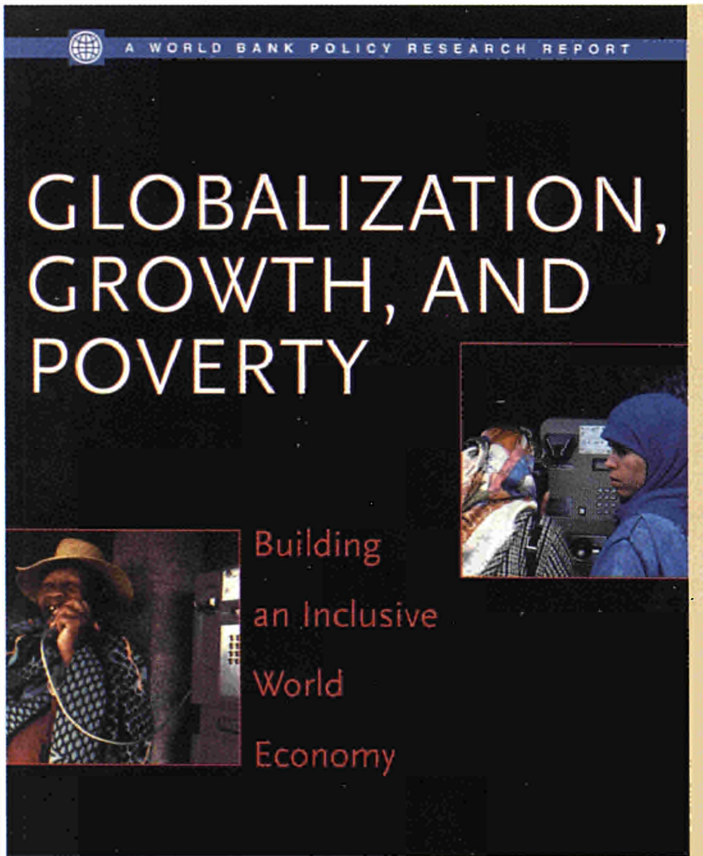
The financial funds enable the Bank to learn a lot. I can agree with the fact that the knowledge funds are more important. Let's take education as an example. Global education budgets in developing countries are about \$200 billion a year. The Bank lending on education is about \$1 billion. So, our lending on education is a drop in the ocean. However, this lending effort enables us to use this opportunity to be much more influential in our knowledge strategy than if we did not have any of that. That billion is an opportunity for influence over the whole \$200 billion of the budget. The two instruments clearly compliment each other.

The World Bank has been the object of several criticisms in the past. It has even been accused of perpetuating poverty.

Sometimes I believe things are dramatised into conflicts. Reality is not a package like that. The Bank has being concerned for a long time with the role of the investment climate in countries, and in trying to improve it. In the past years it has got a clearly articulated strategy, which is a twin pillar: improving the investment climate and empowering poor people. If we give poor people educational skills they would benefit more from the improved investment climate. To describe that as the Bank seeing the light is a caricature. If you ask me: Has the Bank changed? My answer is: Yes, definitely.

But that is different from saying that the Bank has finally seen the light. The World Bank, like any other institution, is a learning institution. This twin strategy was articulated about 18 months ago. Did people sit up and say: we are making a radical change in what we were doing? No, they did not. It was an evolution. Now, we clearly have a much more focused articulation. The Bank is evolving, and is now more ready to face new challenges and to play its role in the fight against world poverty. ■

* Ph.D candidate and member of the European Union Center at the University of Pittsburgh
He can be contacted at carbone@ucis.pitt.edu



Globalization is a powerful force for poverty reduction, but billions of people in the world are still being left out of this process. A recent report published by the World Bank, *Globalization, Growth and Poverty: Building an Inclusive World Economy*, shows that 24 developing countries that have become more open to the world economy have achieved income growth rates of 5 percent, compared to an average of 2 percent in rich countries. Furthermore, they have also achieved longer life expectancy and better schooling. In contrast, those countries that have not managed to become integrated in the world economy- particularly in Sub-Saharan Africa, the Middle East, and the former Soviet Union – experienced per capita income shrinking and more people living in poverty. The Bank estimates that 3 billion people reside in the "more globalised" countries while 2 billion live in the "less globalised" countries.

The report says that globalization has come in three major waves. The first phase lasted from 1870 to 1914 and saw global per capita incomes rising fast but not enough to prevent the numbers of poor people from increasing. The second wave, from 1950 to 1980, enabled rich countries to become much more integrated, but left poor countries dependent on primary commodities. The current wave of globalization started around 1980. For the first time, many poor countries succeeded in breaking into global markets for manufactured goods. At the same time, there has been a growing divergence between developing countries that are integrating into the world economy and those that are not.

The challenge for development is to reverse this marginalisation. The study puts forward a seven-point plan to help all developing countries take better advantage of the benefits of globalisation while managing the risks. It calls on poor countries to improve their investment climates and put in place better social protection to support poor people in adapting to and taking advantage of opportunities in a changing economic environment. It also calls upon rich countries to open their markets to exports from developing countries and to slash their large agricultural subsidies, which undercut poor country exports. The report argues for a substantial increase in development assistance, particularly to address problems in education and health.

A copy of the report can be downloaded at http://econ.worldbank.org

Is the financing for developm

An NGO perspective

Some international conferences end in binding agreements that extend the rights and responsibilities of states and peoples. Such is the case of the 1966 International Covenant on Civil and Political Rights. Other conferences are more action-oriented, focusing on targets, resources, and time frames, like the 1992 Climate Change Convention and its ensuing protocols. Perhaps a majority of international conferences do not go beyond a "declaration of intentions." Yet, even these non-binding declarations may generate positive outcomes if they foster innovative perspectives to address worldwide problems or if they are able to galvanize peoples' and governments' support for worthwhile causes. For instance the 1992 United Nations Conference on Environment and Development encompassed all three types, yet one of its most enduring outcomes was the popularization of the concept of sustainable development. Unfortunately, many international conferences go nowhere. Either through design limitations or systematic watering-down during negotiations, they produce neither new ideas nor new commitments. The Financing for Development Conference (FfD) is clearly going that way.

Pablo Gutman *

In the beginning

FfD's limitations were clear from inception. Designed as a "declaration of intentions" conference, it had to come to terms with the rich countries' lukewarm interest in the subject, and the developing countries' lack of alternative proposals. Despite these limitations some provocative and innovative ideas were initially tabled. Such as acknowledging and paying for global public goods (including global environmental services, the control of communicable diseases, education and others); exploring innovative sources of international finance for development (including a carbon tax and a Tobin tax surcharge on international financial transactions); workers rights in development (including the extension of pensions and unemployment insurance schemes); and reinforcing the rule of law, accountability and transparency among governments and businesses. Less innovative but equally important were initial calls for commitments and time frames to deliver on the Millennium Declaration goals; increasing rich countries' overseas development assistance (ODA) to 0,7 percent of their respective GDPs, opening markets to developing countries exports, expanding debt relief, and increasing developing countries' leverage in international agencies[1].

Then the negotiations began

In somewhat stylized, if not simplistic form, positions taken by main actors during two years of negotiations and four preparatory conferences were as follows:

The Group of 77[2]
(motto: "*Give us more money, and spare us your advice*").

The G-77's overarching interest was to accelerate developing countries' economic growth with no strings attached. To that end the Group sought more ODA, more access to developed countries markets, more direct investment, more debt relief and more clout at international financial institutions (IMF, WB, and WTO). The G-77 repeatedly affirmed developing countries' right to pursue their own development goals, although they never spelled out what those development goals were. Moreover, they usually depicted such development right as rights of governments, not rights of peoples including their avowed dislike for foreign aid going to non-governmental organization (NGOs). Lastly they were suspicious of any conditionality, be IMF-World Bank macroeconomic conditionalities, the recent bilateral donors' poverty focus, or NGOs' demands for social and environmental accountability.

The European Union
(motto: "*We are willing to give more money to those developing countries that follow our advice*")

The EU agenda for the FfD focused on fostering the poverty alleviation goals of the Millennium Declaration through a mix of increased ODA, and developing countries commitment to pro-market and good governance reforms. Among its pluses, the EU agenda was far ahead of other countries as regards calls for environmentally sustainable development, and it built upon some of the recent progressive European positions, including discussions of a new "Global Deal", and Gordon Brown, UK's chancellor of the exchequer, proposal to increase ODA and harness globalisation to benefit poor countries. Among its minuses, the EU proposals were mostly vague, they look patronising to the G-77, and the EU sided with the USA in its refusal to consider changes to the institutional arrangements at the international financial and trade institutions, its rejection of any meaningful FfD follow-up activity and its opposition to opening discussion on world taxes issues.

The United States
(motto: "*There is no new money, just follow our advice*")

From the very beginning the USA made clear its conviction that FfD should decide nothing. Its delegation worked hard to dilute virtually every proposal to no more than vague recommendations. It barred any reference to innovative approaches to development assistance from global public goods to international taxes. It likewise would hear nothing of increasing current ODA commitments[3]. Moreover, the USA made no reference to environmental issues and repeatedly played down the Millennium Development goals, arguing that they were not binding[4]. The core US message was simple and direct: "private business is the key to development, and implementing pro-market reforms is the key to attracting private business."[5]

The International Financial and Trade agencies
(**motto:** "*Don't mess with us*")

The World Trade Organization, World Bank, International Monetary Fund, and other international financial agencies kept a low profile at FfD sessions. Their main message was, in distilled form, "We are concerned, we are doing a good job, and inasmuch as we have bylaws and governing bodies, the FfD is no place to discuss our policies or institutional arrangements." Both the EU and the US endorsed this position.

The Business Caucus
(**motto:** "*Business as usual, mostly*")

The few businesses and business chambers representatives in attendance affirmed their "business as usual" perspective, calling for improvements in the national and international business environment. Among the exceptions was George Soros, international financier par excellence, who delivered a powerful address to the 4th PrepCom. In what appeared to be a word by word rebuke of the US delegation's views, Soros argued that private businesses alone could not achieve the poverty reduction goals of the Millennium Declaration; that an increase in ODA was in order; that he had his own proposal on how to do that (rich countries donating part of their Special Drawing Rights at the IMF) and that all that was needed was the US Congress approval of an increase in SDRs.[6]

Civil Society:
(**motto:** "*We the people*")

NGOs involvement in FfD preparatory process was modest. Several campaigns were launched in Europe and North America but many heavyweight NGOs and NGO networks decided early on not to invest in the FFD process assuming that their views would have little chance of influencing official proceedings, furthermore the usual lack of resources hampered southern NGOs' involvement. As a consequence NGO presence was scanty at FfD's PrepComs. Those groups that did make it to New York enjoyed significant access to the PrepComs' deliberations, as well as ample opportunities to take the floor, for which the FfD secretariat should be commended. NGOs challenged both how globalization trends work, and sectoral issues including social, gender, ethnic and environmental considerations in the FfD document. While some of the later were picked up in the final document, we know of no case were this was so a direct result of NGOs' interventions.

In view of the Conference, a group of more than 40 European NGOs from 13 countries have adopted a consensus paper that presents key proposals that need to be implemented to ensure a meaningful outcome of the FfD process. NGOs priorities are as follows:

1. Stabilisation of international financial markets
2. Increasing aid levels and agreeing a binding timetable for reaching the UN target of 0.7 percent GNP for ODA
3. Improving the quality and effectiveness of aid for poverty reduction
4. A human development approach in measuring external debt sustainability
5. A fair and transparent debt arbitration procedure.
6. Trade and foreign investment for sustainable development
7. International co-operation on tax matters

So, what is left?

Through two years and four preparatory conferences the FfD negotiators have managed to come up with a document that includes everyone's rhetoric and... nothing else[7]. Bowing to the US, the EU and some developing and transition countries calls for pro-market reforms, strengthening national financial sectors, the rule of law, fighting corruption, supporting the WTO and the like, are peppered throughout the text. Bowing to the EU, some developing and transition countries, there are calls to support the Millennium Development goals, poverty alleviation, equity, women rights, environment protection, labor rights, sustainable development and more. Bowing to the G77 and the EU a vague call to increase the level of development assistance also made it to the final document. Absent are any fresh ideas on how to do all this. Not a single creative initiative, not a single binding commitment, not single implementation time frame has survived the negotiation process. Actually it is this very lack of deliverables that keeps together what otherwise would be a contradictory list of demands.

After marathon negotiations extended two days beyond the indicated PrepCom4 closing date, there is little chance that any substantive discussion will be reopened at the final conference to be held next March 2002 in Monterrey, Mexico. There is little question that the "Monterrey Consensus Document" will stay as it now stands. Country delegations will sign on, and thereafter FfD's fast journey into oblivion will begin. Yet the problems that brought delegations and stakeholders alike to the FfD are still with us: We believe that many of the proposals tabled to address these issues and subsequently discarded during the two-year negotiation process leading to the FfD conference will have to be revisited in coming years. ■

* Pablo Gutman is Senior Policy Advisor at WWF - Macroeconomic Policy Office
pablo.gutman@wwfus.org

1. All these proposals and more can be found in the FfD documents including countries' and stakeholders' submissions, the report of the technical commission headed by E. Zedillo (former Mexico president) and the first draft prepared by the conference facilitator (see the FfD web-site)
2. Actually speaking for 103 developing countries plus China
3. Even a trivial initiative such as paragraph 35 of the former 7/12/01 draft that "asked the UN to launch a global information and advocacy campaign to increase world support for ODA" was killed by the US delegation claiming that it amounted to an unacceptable alien intrusion into US affairs.
4. The US supported a narrower wording of "internationally agreed targets".
5. Some US offers puzzled even their close allies. Like proposing that 50 percent of World Bank (IDA) loans to less developed countries should be turned into grants, but without saying who would replenish the World Bank funds after the first round of grants.
6. The US delegation didn't retort to Mr Soros and a watered-down version of his SDR proposal made it to the final document (paragraph 38).
7. We are quoting from the "Agreed draft text Final unedited version, January 27, 2002".

Enhancing trade for development

Today's challenge is to maximise trade's contribution to development in a way that supports sustainable development. It is important to ensure that all countries benefit from the opportunities created by trade liberalisation and trade related rule making.

Ditte Juul-Jørgensen*

Amsterdam, cocoa imported from Côte d'Ivoire

©Ron Gilling/Wildlife Pictures

Undoubtedly, trade is an important component of financing for development. Trade promotes economic growth, which generates income for development, while trade liberalisation helps attract increased levels of foreign and domestic direct investment, creates employment and enhances economic efficiencies.

A key to meeting the objectives is the multilateral trade agenda and the WTO's work programme. Equally important will be the complementary agenda: Trade and trade liberalisation are necessary but insufficient to promote growth, development and poverty eradication.

The new trade agenda

The successful outcome of the 4th WTO Ministerial in Doha, Qatar in November 2001 – the Doha Development Agenda – provides the framework for maximising the contribution of trade to development. Within this framework negotiations will take place to liberalise trade, focusing on the interests of developing countries, and WTO rules will be strengthened and expanded.

The WTO work programme, as adopted in Doha, constitutes a new approach to trade and sustainable development. It fully integrates development and the needs and interests of developing countries into all areas of work, including:

- market access negotiations;
- implementation related issues;
- negotiations on new rules;

by

- looking at sectors and issues of interest to developing countries, including the least developed countries;
- strengthening special and differential treatment; and
- providing for trade related technical assistance and capacity building in relation to negotiations and implementation of their results.

thus

- reflecting the importance of the strengthened participation of developing countries in the multilateral trading system.

Work under the new trade agenda is well underway. In parallel to implementing this work programme and bringing negotiations to a successful conclusion, we must identify elements in domestic policy frameworks and poverty reduction strategies and the international governance system that will enable trade to contribute fully to development. Among these elements, trade related technical assistance and capacity building are central.

Maximising the development potential

Trade is a necessary but by no means sufficient component of strategies for development and poverty eradication. Trade liberalisation and trade related rules should be complemented by efforts in other policy areas to help realise and maximise the development potential of trade.

The "complementary agenda" refers to these accompanying policies, actions and measures. Just like the trade agenda, the complementary agenda is the shared responsibility of all relevant stakeholders, including developing and developed country governments in their development strategies and policies, private actors (NGOs, the business communities, civil society) and the international community.

The agenda of complementary policies is complex and comprises a broad range of policies and measures. Some are directly related to trade and the capacity to make use of the opportunities offered by trade. Others are linked to the broader process of economic reform, international governance and the overall objective of sustainable development.

Technical assistance and capacity building

The responsibility for trade and growth-supporting policies lies primarily with developing countries themselves. However, the international community should support them in participating in international trade and in designing appropriate policies to maximise the opportunities for trade based growth.

At the WTO Ministerial Conference in Doha, members recognised the need for increased trade related technical assistance and capacity building to help developing countries participate effectively in the international trading system. To this end, they committed to a comprehensive trade related assistance programme.

It is clear, however, that the support and active cooperation of other donors is needed both as an integrated part of country strategies as well as by international donors and in multi-donor programmes.

In the immediate term, such assistance should help build countries' capacity to participate effectively in trade negotiations. This involves building negotiation skills and the ability to assess and identify interests in relation to complex negotiations. In this context, participation in day-to-day work at the WTO is essential. For this reason the EU has funded the creation of an ACP office in Geneva, which will allow ACP countries to be represented in meetings and to coordinate internally in relation to WTO questions.

The implementation of the results of the negotiations – similar to the implementation of existing agreements – will require administrative and regulatory capacity in the areas concerned. These include customs, intellectual property rights, standards, trade facilitation, competition, investment and government procurement.

Trade liberalisation to be negotiated in the WTO over the next three years will improve market access for developing country products, thus presenting opportunities for trade based growth. To make use of these market access opportunities countries must be able to produce and trade competitively, meeting the quality standards and demand in export markets. Many developing countries, particularly the poorest of the poor, will need support to build further productive and trade capacity.

To meet the challenges of the future, developing countries will need to build their administrative and regulatory capacity to implement, enforce and make use of the negotiated results. Capacity building in development and poverty reduction strategies should include assistance to negotiate, regulatory and administrative capacity for implementation, and productive and trade capacity.

These key aspects already form part of EU development assistance, including in the context of the EU-ACP Cotonou Agreement. The European Commission and Member States intend to increase trade related assistance activities over the coming years.

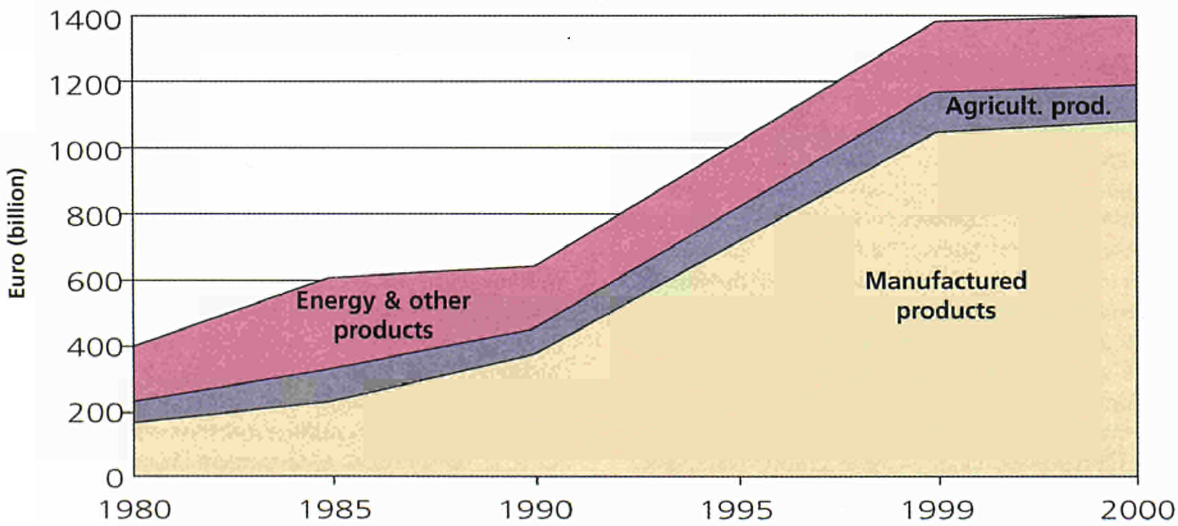
Creating favourable domestic environments

While international assistance is necessary, to a large extent the development impact of trade depends on the policies of developing countries themselves.

Only in a favourable economic environment, conducive to trade and investment, can countries meet their full potential. It is generally recognised that trade must be integrated into development and poverty reduction strategies to ensure a comprehensive and balanced approach to economic reform, addressing short-term costs and restructuring issues.

Good governance, transparency, rule of law and non-discrimination in trade related policies and beyond are fundamental elements of domestic policy frameworks. Administrative and institutional capacity building, with international support, are necessary building blocks towards the right domestic policy frameworks for trade based growth and development. ■

* European Commission, DG Trade
D.1: Coordination of WTO and OECD matters; GATT



Source: European Commission, Responses to the Challenges of Globalisation

In the past decade the share of developing countries in global non-energy exports rose by almost 7 percent, reaching 25 percent in 1999, while their share remained stable at around 39 percent in total exports including energy. This rise was mainly due to manufactured goods, whose share of developing-countries' exports increased from 25 percent in the early 80's to 70 percent in 1999. Developing countries are in particular exploiting their comparative advantage in labour intensive manufactures. Their share of world trade in these sectors rose over ten percentage points in the 1990's to 53 percent.

The European Investment and the Cotonou Investment Facility

Since its creation in 1958 under the Treaty of Rome, the European Investment Bank (EIB), which is based in Luxembourg, has concentrated its activities within the European Union (EU). But it also has global coverage, and following the Cotonou Agreement there have been changes in the way it functions in ACP countries. **Flavia Palanza and Jean-Philippe de Jong*** descibe the new investment facility – introduced under the Cotonou Agreement and managed by the EIB. This aims to strengthen private sector activities in ACP countries and attract greater foreign direct investment (FDI).

Central audiovisual library/European Commission

The EIB in Luxembourg

The EIB works in more than 120 countries (within the framework of the external co-operation and development policies of the EU). The ACP – African, Caribbean and Pacific – countries have established a special relationship with the EU through successive Lomé Conventions and now through the Cotonou Partnership Agreement. With 77 countries and a population of 600 million, they represent by far the largest group [1] within the EIB's sphere of operations. The EIB has been a development partner with most ACP countries for some 25 years, and with many for over 35 years.

EIB funding goes to support investment in all key sectors of the economy: production; transport; telecommunications; water supply and sewerage; power generation and transmission infrastructure; oil and gas development; tourism and services linked to these. It operates with both private and public partners. Now, under the Cotonou Agreement there will be increasing emphasis on private enterprise, in view of its potential to stimulate growth in ACP economies and to contribute to a competitive economic environment. The EIB is already supporting many divestment programmes and investments in ACP countries designed to modernise and re-equip privatised ventures. Its contributions to investment financing in ACP countries are substantial. The total volume of its operations has come close to two billion euro over the past five years.

The "Investment Facility"

The new Partnership Agreement between the EU and the ACP States was signed in Cotonou (Benin) in June 2000. It replaced 25 years of successive Lomé Conventions and introduced a different approach to development cooperation. Its central objective is to reduce poverty and this will permeate all development strategies. But a new feature is the recognition by both parties of the complementary role played by the private sector and civil society in all its forms, and of the contribution of market economy principles to the achievement of the Partnership's objectives.

The Cotonou Agreement has given a major role to the EIB in attaining these objectives. It will be expected, as under the preceding Lomé Conventions, to provide long-term finance to the private and public sectors in ACP countries. But it will have more resources at its disposal, and a larger range of financial instruments. As a result the parties to the agreement decided to set up a new entity, called the Investment Facility, which will be an autonomous unit within the EIB Group specifically oriented towards development.

Emphasis on the private sector

The Facility represents an important shift from previous risk capital operations, both in its size, its objectives and its mode of operation. This stems essentially from the greater focus on the private sector. Four key features highlight this:

- it "shall be managed as a revolving fund and aim at being financially sustainable";
- its "operations shall be on market-related terms";
- it will "endeavour to have a catalytic effect by encouraging the mobilisation of long-term local resources and attracting foreign private investors and lenders"; and
- it will "avoid [...] displacing private sources of finance".

Interest subsidies will only be available in specific cases, whereas under the previous Conventions all risk capital operations received an implicit subsidy since their interest rate was normally capped at three percent.

These features have a number of implications. Firstly, the operations of the Facility will in general be on harder terms than those for risk capital. Secondly, cooperation with other financial institutions is expected to be even closer than is currently the case. Thirdly, the sustainable development of local financial markets will be a major objective per se. Apart from resources provided under the Investment Facility, the EIB will also be able to make loans from its own resources for up to €1.7 billion during the first five years of the Cotonou Agreement. This means that EIB will be managing resources totalling up to €3.9 billion.

How it will work

The Investment Facility will be the only fund of its kind for long-term finance entirely dedicated to the private sector and the commercially-run public sector in the ACPs. It will offer a range of financial instruments including equity, quasi-equity, guarantees and various types of loans. Many of these instruments contain in one form or another some risk-sharing features. Their choice will be flexible and dictated by the needs of the projects to be financed.

It is expected that a good share of the Investment Facility resources will be made available in the form of loans. Lending terms will reflect the relevant cost of capital and the perceived level of risk. Investment Facility conditions, even on these market-related terms, will still be attractive compared with the terms that the market would demand for a long term loan, assuming it was prepared to make one at all.

Equity and quasi-equity will mainly be used to enhance the capital base of the project, thus reassuring other prospective investors and lenders. In particular, the Investment Facility will target projects that offer a substantial potential gain, but present a relatively high-risk profile. The Investment Facility will explicitly assume all or part of the project risk (including in some cases foreign exchange risk), but unlike Lomé, will expect an appropriate share of the rewards.

Guarantees will be a new instrument, aimed essentially at enhancing the credit of local borrowers, with a view to supporting the development of local financial markets. Guarantees could apply to local bond issues, or to loans extended by local banks. They might be used to allow strong local companies to issue medium or long-term debt instruments to local investors who might otherwise be reluctant to subscribe. They might also serve to induce local banks to offer loans with longer repayment periods. Guarantee operations are likely to be modest initially as the EIB gains experience in this new field of activity.

Where it will operate

Encouraging foreign direct investment and contributing to the enhancement of local enterprises will promote the development of the private sector in the ACP countries. A special effort will be made to improve the access of small and medium-sized enterprises to risk-sharing instruments and to finance. So emphasis will be put on the development of the local financial sector and capital markets. The Investment Facility will also fund viable public or private infrastructure projects, with the aim of developing a sound economic environment.

Its operations will need to be sound not only in financial but also in economic terms. Projects financed by it will be required to yield an adequate economic rate of return. They must contribute to economic growth, which is a necessary condition for alleviating poverty. Special efforts will be made to identify and fund investment geared to improving income distribution. Projects with a significant impact on employment, typically operations in favour of small and medium-sized enterprises, are perhaps the most obvious example.

Investment Facility operations will have to respond to market opportunities, and not all investment opportunities have an immediate and direct impact on poverty reduction. So a balance will need to be struck between alleviating poverty through improved income distribution, and the requirement for the Investment Facility to be managed as a revolving fund, operating on market terms and generating returns for re-investment in the ACP countries.

For all these reasons, the management of the Investment Facility represents a challenging opportunity for the EIB to continue, expand and improve its activities with the private sector in ACP countries. ■

* Flavia Palanza is Senior Economic Adviser at EIB. She has worked for many years as an Economist for EIB operations in ACPs and OCTs and is now responsible for the preparation of the Investment Facility.
Jean-Philippe de Jong is Senior Loan Officer at EIB where he has worked for the last 15 years within the ACP Department. He is presently responsible for EIB operations in the Pacific Region.

1. The Republic of South Africa became a member of the Lomé Convention in 1997 and is a signatory to the Cotonou Partnership Agreement. However, financing from the EIB to South Africa is provided under a separate bilateral agreement. Also, under parallel provisions, the EIB supports investment in 20 Overseas Countries and Territories (OCTs), mainly in the Caribbean and Pacific, which have constitutional links with certain EU Member States.

The burden of debt in Sub-Saharan Africa: are we up to the challenge?

"The debt burden is the biggest single barrier to development in the Third World, the most powerful tool that western nations use to keep whole countries in bondage". So says a web site dedicated to third world debt. One could find good arguments to challenge the first assertion. The second is more difficult as it introduces a strong value judgement. This article looks at the current state of affairs.

By Franco Conzato*

External debt has significantly affected, and continues to affect, efforts aimed at poverty-reduction and economic growth. A large proportion of the external debt of poor countries is currently considered unsustainable. So it makes sense to consider further significant reduction or to cancel completely such obligations.

In the past creditor governments and multilateral financial institutions were more inclined to pursue a gradualist approach (more generous rescheduling). But non-governmental organisations (NGOs) and a large section of public opinion in the rich countries favour full debt cancellation. The perception that the burden of debt is a major obstacle to lifting countries from poverty has led to strong demands, within developed and the developing countries, for radical action.

The response of the donor countries was to launch the Heavily Indebted Poor Countries (HIPC) initiative in 1996, at the the summit of the seven most industrialised countries (G7) in Lyon, France, following a proposal from the World Bank and the International Monetary Fund.

External debt represents a very high portion of poor countries' GDP and such a ratio has not shown a significant decline over the past years, reflecting poor performance in economic activity growth as well.

This recognised that external debt in poor countries was indeed unsustainable. Debt arising from multilateral institutions such as the World Bank and the IMF was also considered in the initiative. This was particularly significant, as unpaid debt service would normally block further disbursement and exclude the debtor from access to international credit.

The facts of debt

At the end of 1999, about 70 percent of the total long-term debt of low-income countries was due to governments or to multilateral institutions. In the case of Sub-Saharan countries the share was slightly more – reaching 78 percent. Low-income countries received in 1999 as much in grants as they re-paid in debt service. In the case of Sub-Saharan Africa the amount paid in servicing the debt was equivalent to a third of the amount received.

As a result of successive rescheduling, the level of debt stock in both Sub-Saharan and low-income countries has indeed declined. However, debt forgiveness in 1999 for the low-income countries group was about €5.8 billion, or 10 percent of the total debt service paid in the same year. Sub-Saharan countries had to pay a more substantial amount equivalent to 30 percent of their debt service.

External debt represents a very high portion of poor countries' GDP and such a ratio has not shown a significant decline over the past years, reflecting poor performance in economic activity growth as well. Following the tragic events of 11 September, growth prospects have further deteriorated in developing countries and Africa in particular, causing strong negative pressure on both the fiscal and the balance of payments side [1]. All these factors call for more, not less, action by the donor community.

The HIPC initiative

The HIPC initiative is the single most important action put in place by the donor community to handle the external debt of poor countries. Following its launch in 1996, it was further enhanced in 1999 following the G7 summit in Cologne, Germany. The rich countries committed themselves to write off about €113 billion ($100 billion) of poor countries' external debt. An important feature of the HIPC is that for the first time debt is dealt with in a co-ordinated and comprehensive manner involving all kinds of creditors.

About 45 low-income countries are currently eligible. Four of these have already reached the "completion point" and 24 "decision point" [2]. At decision point a country is eligible for interim relief and has received approval for its interim "Poverty Reduction Strategy Paper" (PRSP). At completion point a country is eligible for irrevocable relief and has completed a full PRPS.

The European Union has been fully involved. Its contribution, which is managed by the European Commission, is mostly directed towards Sub-Saharan Africa countries and aimed at relieving the debt incurred by ACP countries both with European institutions and with the African Development Bank. The EU contribution to the HIPC initia-

©Ron Giling/Wildlife Pictures

Zambia Copper miners. Prospects for growth in exports and government revenues remain at best uncertain, especially for Sub-Saharan Africa

tive amounts to €1.08 billion, of which €754 million have already been released.

The HIPC initiative acknowledges that debt rescheduling has exploited all possible formulas, particularly in the case of low-income countries. Its critics point out that despite Cologne (the so-called enhanced HIPC), the initiative is still going slowly. Its funding requirements are not fully met and there is a fear that debt will not be brought under control quickly enough to make a visible impact.

Critics argue that the HIPC initiative fails to recognise the part played by external shocks (such as the deterioration in terms of trade for primary commodities, and the differential between interest and growth rates) in building up unsustainable external financial obligations. Furthermore, structural adjustment programmes have failed in many instances to promote economic growth. Therefore, instead of keeping an unsustainable debt to run, it would make more sense to write it off. This is the option advocated by many NGOs [3] and civil society groups.

Is there a firm link between debt relief and "Poverty Reduction Strategy Papers"?

The HIPC initiative makes a direct link between debt relief and each country's Poverty Reduction Strategy Paper (PRSP) [4]. As outlined above, a country within the scheme will qualify for interim relief only after an interim PRSP has been approved by the World Bank and the IMF Boards (the decision point). In order to reach completion point, a full PRSP must be agreed, after which full debt relief can be given.

Funds available under the HIPC initiative will increase social spending [5]. The trend can, however, vary significantly between countries and this variability can affect funding. Methods and types of relief differ not only at the level of countries in the HIPC initiative, but also among creditors, especially multilateral institutions. In the case of private creditors, delivery of relief within the initiative may pose further problems [6].

One issue is how to make sure that HIPC funds are indeed making a difference in support of poverty-related programmes. In other words, can HIPC funds be tracked? The IMF and the World Bank suggest that tracking should apply to all government spending, not just HIPC funds. In some countries funds are locked in special accounts and budget coding is modified to reflect HIPC-funded expenditures. If not carefully planned and coordinated with other key donors, this practice may result in increasing administrative and technical burdens on the debtor administration or in funding activities unrelated to poverty reduction. Enhanced monitoring of public funds and good coordination with and between donors, rather than parallel systems, may be the best way to limit the risk of such occurrences.

The future: more aid and less delay?

Countries eligible for the HIPC initiative are committed to using their debt relief to support their poverty reduction strategy. As indicated above, the decline in debt service has to be matched by an increase in social spending. The problem is that debt service is not actually declining significantly in African countries. What is expected to decline substantially is the ratio of debt service to export and to government revenues. This makes the debt more easily sustainable, but it does not necessarily increase poverty-related spending. But even the prospects for growth in exports and government revenues remain at best uncertain, especially for Sub-Saharan countries [7].

Donors should respond to this risk by agreeing to fund any gap that might arise as a result of future HIPC needs. Many senior figures have suggested that HIPC resources should not lead to a reduction in current overseas development assistance. Some European governments and the European Parliament also support this view.

The HIPC initiative does need to be accelerated. At present only three sub-Saharan countries have reached "completion". 20 are at decision point, while a further 21 are eligible but not yet participating in the initiative. A mechanism to review each country's "debt sustainability analysis" (DSA) should be put in place to better assess external factor constraints. ■

* Directorate General for Development, European Commission

1. Growth in economic activity was estimated to have slowed down even before 11 September as a result of a downturn in the USA and in East Asia. Non-oil commodity prices remain highly volatile undermining prospects for debt sustainability. In the case of Zambia, for instance, deterioration in the trade balance has been equivalent to 35 per of GDP over the past three years.
2. Information on the countries can be obtained from either the European Union, World Bank or IMF websites (http://europa.eu.int/comm/development, www.worldbank.org or www.imf.org).'
3. World Bank and IMF staff argued against this option on the grounds that it might have negative implications for development financing. See: "100 Per cent Debt Cancellation? A response from the IMF and the World Bank", September 2000: available on the IMF Web site.
4. The PRSP – either in its interim or full format – is a document prepared by the country following national consultation. The document must contain a strategy and action plan to combat poverty. Debt relief is a key component in providing the total resource envelope of the PRSP.
5. The World Bank estimates that social expenditure in qualified countries will have increased by €2 billion ($1.8 billion) between 2001 and 2002. During this period social expenditure will have reached 40 per cent of total revenues, compared to 35 percent before debt relief.
6. Private creditors do not operate on consensus. There are cases where private creditors have successfully sued low-income countries, which have been forced to pay back debt.
7. Zambia again illustrates the point. The country's "debt sustainability analysis" (DSA) was predicated on base metal exports increasing sharply in volume and modestly in price. Evidence to date shows that output growth targets have been missed and prices have gone down.

External Public Debt of Developing Countries, in billion US$

	1970	1980	1990	1995	1996	1997	1998	1999	2000
Multilateral	8	61	242	356	345	353	420	424	410
Bilateral	26	127	397	566	543	529	527	533	512
Private	14	189	510	588	569	609	676	665	669
Total	48	377	1149	1510	1457	1490	1623	1621	1591

Source: World Bank, Global Development Finance

Mobilising domestic resources: defining the right priorities

The financial crisis in Asia, the decline of official development assistance, and the low level of foreign direct investment going to poor countries have put the emphasis back on the importance of domestic resources as the foundation for self-sustaining development. This means creating an "enabling environment" for which the key components are good governance, development of the private sector and regional integration. These issues will be discussed at the third African Development Forum (ADF) in Addis Ababa from 3-8 March.

Maurizio Carbone *

Unlike many previous undertakings, the Millennium Declaration pointed to mobilisation of domestic resources as a way to finance development in developing countries. Today, there is a broad consensus that the primary responsibility for achieving growth and equitable development lies with developing countries themselves. National governments are responsible for development at the country level, including the expansion of the national financial sector, the protection of social services, and the provision of the resources needed for human capital investment.

Good governance

The economic performance of some countries in Africa has raised hopes of a possible turnaround compared to the stagnation of the previous two decades. The critical pre-requisite for economic development and poverty reduction remains the creation of an "enabling" domestic environment aimed at attracting not only international investment and assistance, but also at mobilising domestic resources. The key component for this environment is good governance, which entails political representation of all social groups, effective institutions, good macroeconomic management and corporate governance. Recent positive trends in African economies – Ethiopia, Madagascar, Mozambique, and Uganda have experienced robust growth – are largely due to policy reforms adopted in these countries. On the other hand, countries in conflict or experiencing severe governance problems recorded the worst performance, growing at - 0.4 percent in 2001.

Private sector development

Projections for the year 2015 suggest that Africa will not meet the Millennium Development targets if structural transformations are not adopted. A healthy and well-educated population is essential for growth and poverty reduction. Expectations can be met only by a close partnership between government and business. Business and markets are the cornerstone of development, and the means of achieving a transition from ODA-dependence to sustainable growth. To reach the goal of halving poverty by 2015, UNCTAD estimates that these economies need to grow by 7-8 percent a year in real terms, which is well above the current performance. This requires increasing the level of investment from 16 percent of GDP to 22-25 percent over the next decade, complemented by increases in aid of $10 billion per year. As total global aid flows are declining, the requisite capital is unlikely to come from donors. Furthermore, foreign direct investment dropped by 13 percent last year, accounting in total for less than 1 per cent of total global flows. The domestic economy is thus the dominant source of savings for investments, but Africa's domestic savings are still too low to sustain the required investment and growth necessary to reduce poverty. To close the savings gap, a range of measures is needed, such as finding ways to stem capital flight and attracting savings held overseas back to Africa. Again, this is linked to the domestic climate and the reduction of risk.

Regional integration

The Third African Development Forum (ADF), to be held in Addis Ababa on 3-8 March, will reflect on the experience of Africa and other regions with regional integration, identify the priorities and policy options for accelerating regional integration in Africa, and elaborate the necessary steps for economic and monetary union in the African setting. ADF, an initiative led by the Economic Commission for Africa (ECA), will bring together a wide spectrum of stakeholders – governments, parliaments, business, civil society, international organisations and the Diaspora – to discuss these issues and to seek a consensus on the way ahead. Accelerating regional economic integration could allow African economies to overcome the handicaps of small and fragmented national markets, to obtain economies of scale in key infrastructural developments, and to maximise the efficient use of capital and labour in the context of globalisation. The imperative of accelerated regional economic integration is also reflected by the recent commitment by African Heads of State to create the African Union and in important initiatives for economic development such as the New Partnership for Africa's Development (NEPAD). African leaders are determined to chart a new political and economic course for the continent. This will also depend on the full engagement of a wide range of stakeholders, including the private sector and civil society. Today more than ever, Africa is a continent eager to take responsibility for its own destiny. ■

* Ph.D candidate and member of the European Union Center at the University of Pittsburgh
He can be contacted at: carbone@ucis.pitt.edu

Global Public Goods:

a new frontier in development policy?

Increasing international interdependence is changing the traditional boundaries between domestic and international policies and generating new challenges in both conventional (eg peace and security, environment) and new areas of international concern (public health, labour policies, fiscal matters, international terrorism etc). Many of these challenges have in common the fact that they are rooted in the under-provision of global public goods (GPGs). An adequate provision of GPGs is thus an essential element in a strategy aiming at maximising the benefits of globalisation and at minimising its negative effects.

Maurizio Carbone*

During the past few years, economic liberalisation, privatisation, outsourcing, and the diffusion of new technologies have allowed markets to expand dramatically and integrate across national borders. As globalization deepens, people's lives are affected to an increasing degree by forces originating outside their countries' borders. Many issues that were previously national or local have now acquired a broader scope. Thus, addressing these challenges requires international cooperation, and more specifically, requires the production of global public goods.

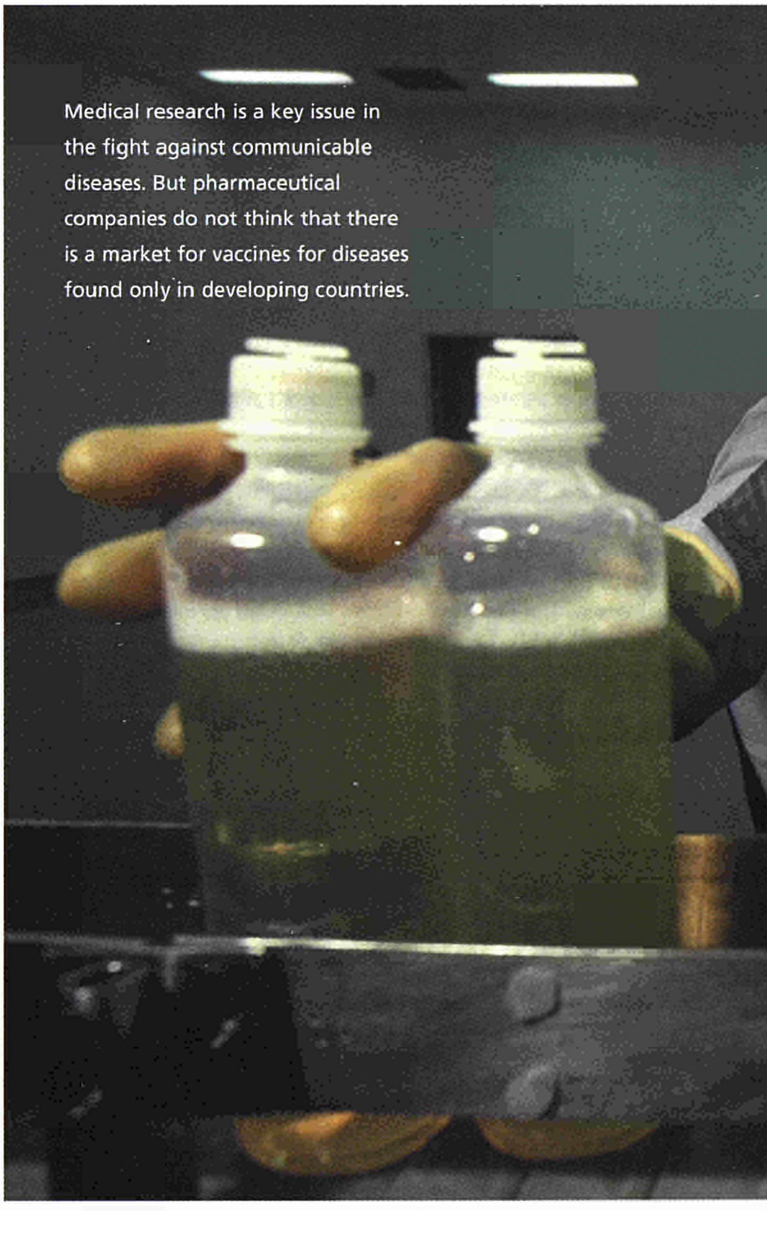
The concept of GPGs is not new, but has recently found renewed interest in the international cooperation debate. The traditional class of GPGs includes two types of goods: matters that are external to countries, such as the natural commons, and relations between countries, the so-called "at the border" issues, such as tariffs, capital control, and military security. Such goods continue to be important, but today's focus on GPGs is more pervasive and involves almost every aspect of the economic and human activity. The new class of GPGs cuts across borders and calls for behind-the-border policy convergence, and increasing harmonisation of national public policy. [1]

Public and private goods

Economic theory distinguishes between two main types of goods, private and public. Private goods are excludable (their consumption can be withheld from other individuals), and rival in consumption (one person's enjoyment may reduce the utility of others). For example, if a person drinks a glass of water, others can no longer enjoy it.

Public goods have the opposite properties. They are non-excludable and non-rival in consumption. Non-rivalry means that the consumption of a public good has no effects on the amount available to other people. Non-excludability means that, once the good is produced, its benefits accrue to all. Therefore, it would not be feasible (or it would be extremely costly) to exclude those who do not pay for the good from consuming it. An example is a traffic sign: the fact that one looks at it cannot prevent others from looking at it.

Public does not necessarily imply that a government must supply the good. These goods are called "public" because of the spill-over of their benefits, not because of those who produce them. Indeed, some public goods are provided by the state, while others may be provided by the private sector; some have even emerged against the wishes of a government (for instance, many aspects of environmental sustainability, gender equality, human rights regimes)



Medical research is a key issue in the fight against communicable diseases. But pharmaceutical companies do not think that there is a market for vaccines for diseases found only in developing countries.

©Hartmut Scharzbach/Wildlife Pictures

with civil society organisations critical to their promotion. Nevertheless, one of the main policy implications of public goods is that the state must play some role in their provision. Otherwise without some sort of collective-action mechanism they would be under-supplied.

The global dimension of public goods

In recent years, attention has focused on two new dimensions of public goods: space and time. Using the spatial range it is possible to distinguish between national, regional and global public goods. Using the time criterion, the question is whether a public good benefits only a select group of people or whether it benefits all. Global, thus, is not a geographic, but it is rather a multi-dimensional concept. To have a global dimension, a public good must extend its impact beyond a group of countries; otherwise it would be a regional public good. Furthermore, a public good must not discriminate against any population or any set of generations. For example, a poverty alleviation programme for Sub-Saharan Africa should be considered a global public good if, by helping the local population, it contributes to conflict prevention, reduces environmental degradation, or improves global health conditions.

Based on these considerations, a recent study sponsored by UNDP gives the following definition: a global public good is a public good with benefits that are strongly universal in terms of countries (covering more than one group of countries), people (accruing to several, preferably all, population groups), and generations (extending to both current and future generations, or at least meeting the needs of the current generation without foreclosing development options for future generations). [2]

Providing global public goods

The provision of GPGs consists of two main phases. The first phase is the political process necessary to decide which good should be given priority and how to produce it. There is as yet no mechanism to set political priorities among GPGs. However, a number of examples have been widely accepted as important. Some are largely associated with a benefit from reducing risk (environment, communicable diseases management, peace and security, and financial stability) while other ones are primarily associated with enhancing capacity (knowledge).

To ensure that all countries and groups participate in the decision-making process, the optimal provision of GPGs should be openly discussed. As many emerging actors are still excluded from the intergovernmental process, strengthening their involvement is an essential priority. A possible solution suggested to close this sort of "participation gap" is represented by the creation of a GPG entity (eg, a task force, a working group). For the supply of GPGs, it will also be necessary to close the "jurisdictional gap" between their provision and the main locus of policy making, which is the nation state. Traditional public policies are still too focused on the national dimension whereas externalities are becoming more international in their reach. States need to internationalize their public policies and to allocate more resources to international cooperation to make sure that their domestic priorities in areas such as employment, environment, and health are realised.

The second phase in the provision of GPGs is the production process itself.

Before the present era of privatisation and economic liberalisation, public goods were provided only by the state. Today, their production involves several different actors, with the states still playing a key role. Supply of a GPG requires both "core" activities (global regulations, international charges) and national "complementary" activities that enable countries to enjoy or deliver them (usually creating national public goods in the process). Drawing a line between these two concepts has crucial operational and financial implications. Taking the example of disease control, core activities would include vaccine research, while complementary activities would include improving health services to deliver vaccination effectively.

Finding the right incentive

As for national public goods, the incentives to produce GPGs are still weak. Their provision thus depends largely on the ability to create incentives for those countries that do not contribute enough, aimed at making them contribute more. Whether a country cooperates in producing a GPG might depend on a number of factors. It is likely to be influenced by its stage of development, geographic reach of the trans-national externalities to be engendered, cultural differences, regional considerations, or even a desire to be seen as a cooperative member of the global community.

Incentives to produce a good can also be affected by inequality in other ways. Some international problems are more devastating for poor countries than for rich ones. For example, communicable diseases affect developing nations the most. As poor countries do not have the necessary resources for research, the burden lies on developed nations. However, pharmaceutical companies do not think that there is a suitable market for vaccines for diseases found only in developing countries. The result is a lack of research on health problems which can have a global reach.

More generally, the manner in which individual contributions to the public good determine the total amount of the goods varies among different goods. In some cases, the total equals the sum of everyone's contribution, while in other cases the total may equal either the smallest or the largest contribution. When the supply level is determined by the largest individual contribution (best-shot goods), because of their technological advantages, usually developed countries produce these goods largely on their own. When the level of a good is determined by the smallest individual contribution (weakest-link goods), developing countries will not always be able to pay for these goods and will often require assistance.[3]

An adequate provision of GPGs should not be at the expense of traditional development assistance but should come from new innovative sources of financing. In the past, international co-operation has consisted mainly of financial transfers, notably aid. But aid is not enough. Global financing is about incentives to cooperate in order to enable actors to align their self-interest with global concerns and exigencies.

Looking for additional resources

One of the main concerns in the development field is that the increasing interest in GPGs could divert already scarce resources from more traditional forms of development assistance. According to recent World Bank estimates, the level of funding achieved for global public goods and supporting activities is about $16 billion a year. For all developing countries, it has been estimated that transfers of $5 billion a year finance programmes that generate multi-country benefits in the areas of health, environment, knowledge creation and dissemination, and safeguarding peace. In addition, official finance also provides funds to national capacity and infrastructure to the amount of about $11 billion a year, which is directed at facilitating the absorption of GPGs. This is still small in relation to the need, and although global funding may increase in coming years new innovative sources have to be founded.[4]

An adequate provision of GPGs should not be at the expense of traditional development assistance but should come from new innovative sources of financing. In the past, international cooperation consisted mainly of financial transfers, notably aid. But aid is not enough. Seeing problems through a GPG lens provides a new foundation for improving international cooperation and ignites a renewed interest in some kinds of development assistance activities at a time when development assistance is not among the top priorities of international donors. National actions will be still important, but today trans-national problems demand a multi-country, problem-oriented approach to development cooperation.

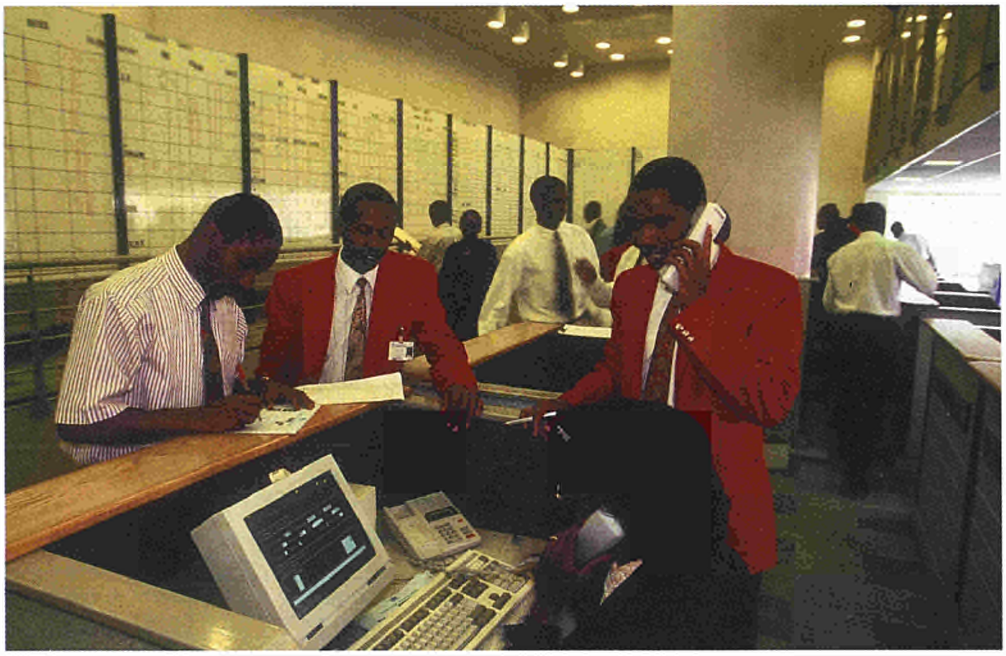
As GPGs benefit not only developing but also developed countries, the real level of ODA reaching the poor would be even lower than the already disappointing official figures if the resources for GPGs came from the ODA pot. Global financing is about incentives to cooperate in order to enable actors to align their self-interest with global concerns and exigencies. For industrial countries, the GPG approach lightens the financial burden they bear when international crises erupt. For developing nations addressing GPGs brings hope of a more equitable allocation of resources to address their development priorities. If adequately provided, GPGs contribute to lower incidence of diseases, increased economic opportunities, reduced vulnerability to environmental damage, prevention of conflicts, and enhanced financial stability. The need to finance the provision of GPGs and the acceptance of the principle of additionality will require new efforts to find innovative additional sources of financing for development. This indeed represents one of the greatest challenges for the international community in the next few years. ■

* Ph.D candidate and member of the European Union Center at the University of Pittsburgh
He can be contacted at: carbone@ucis.pitt.edu

1. Kanbur, R., T. Sandler, with K. Morrison, 1999, The Future of Development Assistance: Common Pools and International Public Goods, Policy Essay 25, Washington, D.C.: Overseas Development Council.
2. Kaul, I., I. Grunberg, and M. Stern, (eds.), 1999, Global Public Goods: International Cooperation in the 21st Century, New York and Oxford: Oxford University Press.
3. Sandler, T., 2000, On Financing Global and International Public Goods, World Bank, Washington, DC
4. World Bank, 2001, Global Development Finance, Chapter 5.

The Tobin Tax: a matter for careful thought

In the preparatory work for the Financing for Development Conference, a series of financing instruments have been proposed to complement official development assistance and for the provision of global public goods. Examples include a carbon tax as well as taxes on air transport fuel and arms. **Alessandro Schiavone** discusses one of the most controversial proposals, a tax on financial transactions.



©Hartmut Schwarzbach/Wildlife Pictures

Some believe that the Tobin Tax – a tax on international financial transactions – could generate significant resources for development

Economist and Nobel prizewinner James Tobin first explained his proposal for a tax ad valorem on cash transactions involving currency conversion at a conference at Princeton University in 1972. Such a tax would be levied on exchange transactions to discourage speculative movements of capital. According to Tobin, the benefits would be reflected in stabilised exchange rates and a consolidation of the autonomy of monetary authorities.

A liberal instrument of stabilisation?

His underlying reasoning was as follows: when the purpose of a transaction is long-term investment, the tax would actually represent a negligible extra cost to the investor in relation to the project as a whole. However, when the transaction's horizon is short-term, even very low levels of taxation would represent a very considerable burden, because its gross yield would be inversely proportionate to the duration of the investment.

Such a tax would work as a liberal instrument of stabilisation, not incompatible with the working of the market. However, some economists emphasise that the Tobin Tax would lead to the substitution of certain financial instruments for others, introducing distortions to the financial markets, which would be bound to influence investors' choices. Others believe that introducing such a tax might affect market liquidity by increasing non-fiscal costs, such as the spread between the rates charged by brokers for transacting their counter-deals on the foreign exchange markets.

Redistributing the fruits of globalisation?

The Tobin Tax is often the focus of political debate, especially in periods of volatility on the world financial markets. Thus, debate on his proposal has intensified in the wake of the Asian crises. One argument widely used in favour of the adoption of such a tax is that those who benefit most from globalisation should be made to pay for some of the negative effects. In this view, the tax would serve as a mechanism for redistributing resources at international level to benefit those who are excluded from globalisation or suffer negative consequences in the form of instability.

The current interest in the Tobin Tax cannot be explained without taking into account both its potential stabilising function and the international redistribution aspects. Some sources estimate the proceeds from the tax as $US200–300 billion per year, assuming it were introduced at world level. Other estimates – such as that of UNCTAD – are as high as US$600 billion, but use less sophisticated methods of calculation and ignore the flexibility of transactions in relation to brokerage costs. However, even the conservative estimate marks a considerable step forward in the transfer of resources, considering that official OECD expenditure on cooperation aid is less than US$50 billion a year.

There can be little objection to Tobin's theoretical goals. However, implementing the tax would raise a number of important questions of efficiency, feasibility and coordination among national and international institutions. For example, there is no current consensus on the efficiency of the Tobin Tax as a tool of stabilisation of the foreign exchange markets. Many economists consider that imposing the tax would not deter speculators sufficiently to avert the disastrous consequences of financial market bubbles.

Besides, the claim that the tax would discourage short-term financial transactions is not in itself a valid argument against it, quite apart from the need to reach an international agreement on the methods of its imposition, including basis of assessment, rate and exemptions. The tax might be easily avoided if it were only levied in some countries.

Other doubts arise with regard to the opportunities for evasion created by financial innovation. If the goal is to control the risks of exchange rate and interest rate fluctuations, investors can also use derivatives to disguise certain transactions and exploit the loopholes in fiscal legislation. Economists are unclear, nor is there consensus among the supporters of the Tobin Tax on the tax treatment of derivatives if they were included in assessments.

Alternative proposals under consideration

These difficulties have led many economists to consider alternative proposals such as those devised by Spahn and Schmidt. Spahn's proposal sets out to vary the application of the tax, especially its rate, to avoid noticeably affecting foreign-currency transactions in quiet periods, and to "throw sand in the foreign exchange market" when exchange-rate fluctuations exceed prudent limits. The key advantage of this proposal would be to ensure that sufficient resources for cooperation were collected, by means of the tax, while minimising the economic impact in terms of reduced transaction volumes in periods of stability.

Schmidt's proposal differs from Tobin's primarily in its method of taxation. The Schmidt proposal is to use the electronic systems already in place for the recording and regulation of cross-border payments. This approach would lead to the creation of an international foreign currency transaction monitoring network and would make the central banks the main players in imposing the tax.

The advantage of these proposals is that they answer certain criticisms of the Tobin Tax, particularly the tax avoidance and market liquidity issues. They are not, however, free from other questions concerning their efficiency. For example, they do not appear to resolve the technical complications arising from imposing the tax at international level.

A difficult debate… but one that must be continued

As a result, it is conceivable that the difficulties of accurately and effectively enforcing the Tobin Tax, which some believe insurmountable, outweigh the benefits claimed by its supporters. It is impossible to resolve this debate one way or another. The lack of experience with similar international taxes means it is not currently possible to reliably predict the tax's impact on financial centres and its possible benefits for developing countries.

However, it is also impossible to avoid considering what means could be devised to encourage a climate of stability and to counter the growing inequalities that underscore the current international socio-economic pattern.

Certainly, the economic context has changed greatly since the end of the Second World War, and particularly in the past 20 years. Clearly, a new institutional structure will have to be designed in response to the structural changes that have taken place and the resultant new requirements, so that a process of democratic, sustainable development can be guaranteed. ■

Alessandro Schiavone can be contacted at: alebo_sky@libero.it

International taxes

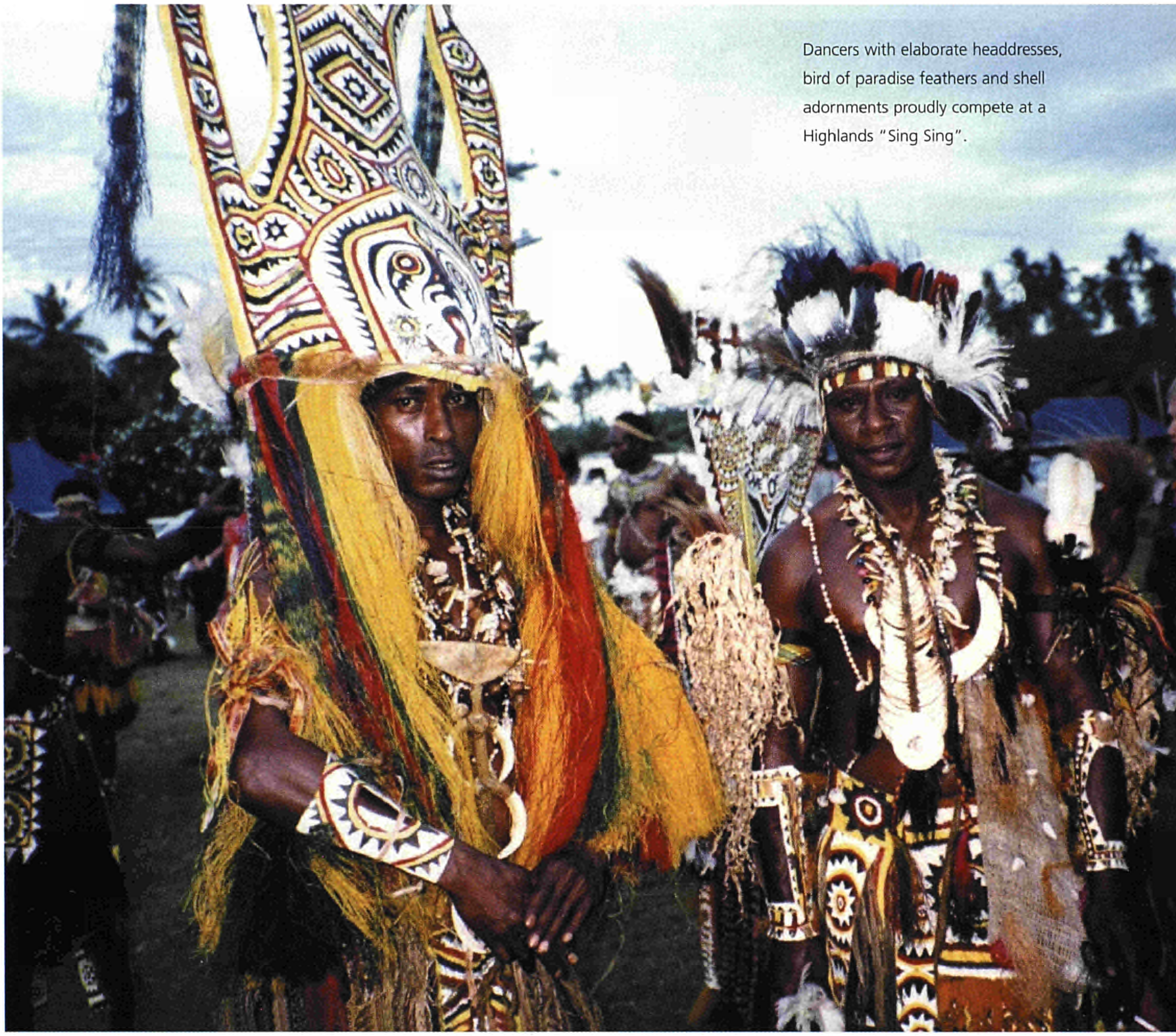
In addition to the Tobin Tax, several taxes have been proposed over the years. Each of these tax proposals plays a dual role: source of revenue and policy shaping device. To be effective and to win the necessary public support, these proposals must offer a low cost of administration, easy and effective enforcement, democratic oversight and control, progressive distribution (falling more heavily on the rich than on the poor), and minimum negative side-effects.

CARBON TAX. It is a tax on the consumption of fossil fuels, at rates for each type of fuel that reflect its contribution to global carbon emissions. According to the Zedillo report, industrialised countries should transfer a share of their carbon tax receipts to the international level, while developing countries would be allowed to recycle all their tax receipts into their own economies.

TAX ON AVIATION FUEL. This tax could be either based on emissions, such as carbon dioxide, energy content or fuel price. Like the carbon tax, this tax would internalise external costs by putting a price on aviation emissions.

TAX ON ARMS TRADE. It is a tax considered a legitimate contribution in the framework of conflict prevention initiatives and peacekeeping. Various possibilities have been put forward: a tax on production versus a tax on trade, and a tax encompassing all conventional arms or just limited to land mines.

SDR ALLOCATION. Since the creation of the Special Drawing Right (SDR) by the IMF, proposals have been made for using SDR allocations for purposes other than the original one, which is coping with a long-term global need for international liquidity. More recently the Zedillo Report and George Soros suggest the use of SDR for the provision of development finance.



Tricia Allen

Dancers with elaborate headdresses, bird of paradise feathers and shell adornments proudly compete at a Highlands "Sing Sing".

Art and culture thrive in Papua New Guinea

Papua New Guinea has long been a favourite haunt for anthropologists, artists, and photographers, drawn by its beauty, diversity, and most of all the wealth of its culture. In the world of traditional culture and primitive art, the country stands pre-eminent.

Text and photos by Caroline Yacoe, unless otherwise noted

Merging contemporary influences with old traditions

In the years since European contact, the West has had a profound religious, economic and political impact on the cultures of the Pacific islands. Yet today, Papua New Guinea, with about 800 languages and numerous ethnic groups, is a nation that has maintained most of its traditions and incorporated them into or alongside Western culture.

All art, to be truly meaningful, reflects both the past and the present. In this land, masks still dance for both old and new ceremonies. These examples of Papua New Guinean

Traditional Malangan house display showing their masks, friezes, and sculptures. The man in front wearing a blue lavalava is the "Ratu" or ceremonial leader for this Malangan clan

art represent just a few of the many traditional forms as well as new expressions that have evolved and incorporate contemporary influences and materials.

Rituals and ceremonies at the heart of local traditions

Along the Sepik River, men's houses (*haus tambarans*) remain central to daily and ceremonial village life. Drums, ancestral figures, masks, posts representing spirits of the bush and soaring gable roofs – some topped by a man with a bird on his shoulder representing the collective fighting spirit of the village – continue to play an integral role in rituals and ceremonies that are at the heart of local traditions.

In the Highlands, especially during the shows at Goroka and Mount Hagan, dancers compete and show off their extraordinary body decorations, tapa coverings and stylised hairdos.

Traditional trading continues

In the Trobriand Islands off the southwest coast of the mainland, a few elegantly decorated canoes still ply the Kula trade. But whether conducted via canoes or motorised boats, the trading between Kula partners of highly valued *baggi* (special necklaces) and armbands, continues with much bargaining and status readjustments. Together with these ceremonial items, foodstuffs and the beautiful clay pots from the Amphletts islands are dispersed through the archipelago.

Standing tall amidst the thatched huts of Trobriand villages, the Chiefs' distinctively decorated yam storage houses proclaim their gardening ability and magical powers that helped produce such a prolific harvest.

Old meets new in the power of the Tumbuan

Known as a very industrious and capable group, the Tolai people include many of the country's leaders. The Tolai's home area is in the Gazelle Peninsula on the outer island of New Britain and on the nearby tiny islands in the Duke of York group.

Central to Tolai culture is the Tumbuan society, personified by a large tapa mask with circular eyes painted on the front topped by a black and white feather. This sacred

Tolai Tumbuan masks arrive for a boy's initiation ceremony

Father Bernie Miller

Baining man wearing tapa cloth Night Fire Dance Mask

mask represents an important female spirit who can be called up at certain times by the village Big Men. This Tumbuan image, whose identity is completely hidden between the mask and a leaf skirt that covers the rest of the wearer's body, is a major force of social control. In the old days a Tumbuan had the power of life or death over anyone who transgressed society's rules. Even today when a Tumbuan appears it is a powerful inducement to make the person it confronts pay a debt or correct improper behaviour. Another major role of the Tumbuan is to preside over boys and young men during initiation rituals. Held in a secret place in the bush the initiates learn the practices of the society in which they will spend their lives.

On occasion the power of the Tumbuan can be passed on to signify acceptance of contemporary practices. A dramatic example was the presence of Tumbuan who escorted newly ordained Catholic priests as they prepared to conduct their first mass. After the priests entered the sanctuary area the Tumbuans jauntily walked off into the bush.

In another example of how past and present beliefs can merge, *Alor* (ancestor) masks presided over these ceremonies as well as a major memorial ceremony to honour clan members who had died after World War II. Not seen for many years except for old examples in museums, these Alor masks are as beautifully carved and ornamented as the older ones, although today some are decorated with commercial paint.

Traditional Men's Night Fire dances continue

Several years ago the more aggressive Tolai drove the Baining people back from the coast to the bush areas of the Gazelle Peninsula. Here, in lush remote valleys, the Baining continue to live and practice many of their traditional customs.

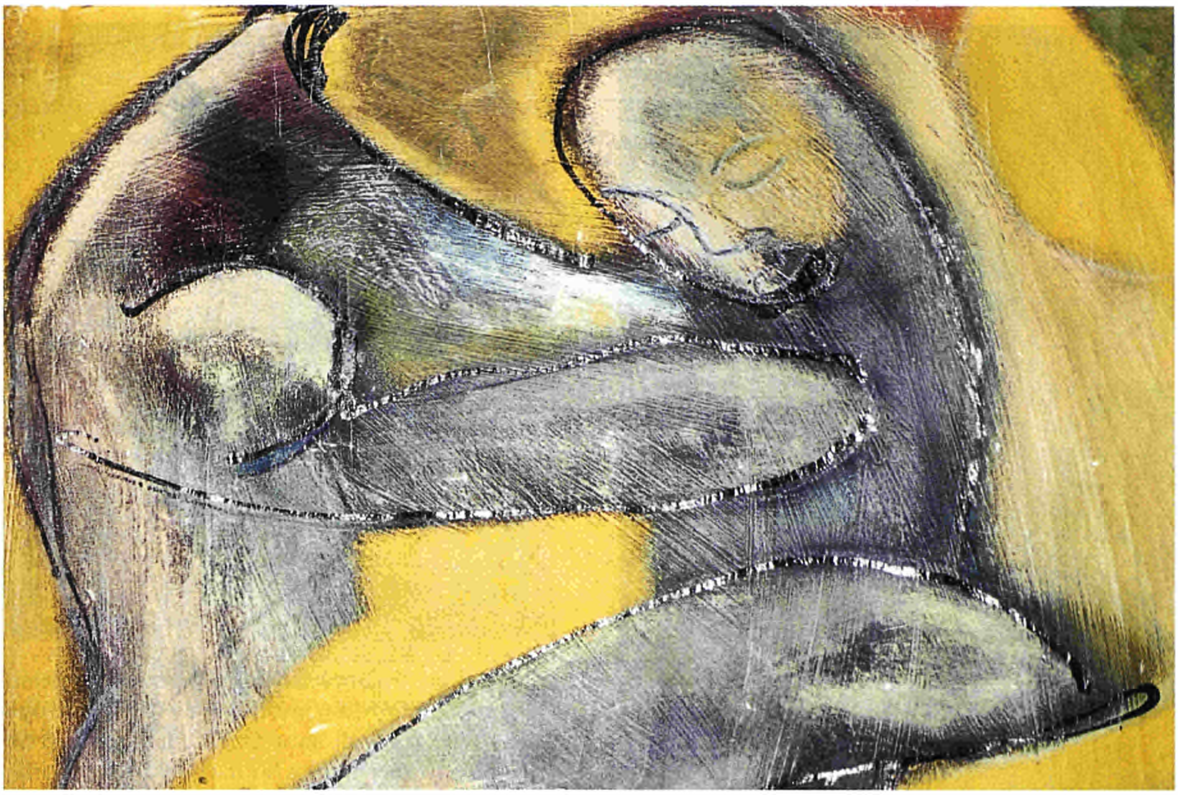
Among the most dramatic are the Men's Night Fire dances. Men rubbed with black soot and wearing only leaves and a tapa mushroom-shaped penis cover, dance around and through a huge bonfire, with fantastic tapa masks of various realistic and abstract shapes. Originally designed to honour the man's world of hunting and the spirits of the bush, this ceremony has now expanded to include celebrations to honour the dead, mark the anniversary of Papua New Guinea's independence and the initiation of young boys to manhood.

Rituals mark different stages of life

New Ireland and the tiny Tabar group of islands lie west of New Britain and the Duke of York group. This area is home to one of the most unique cultural practices and specialised art forms in all of Oceania. Malangan rituals and their accompanying arts continue to be essential in marking different stages of life (especially funerary and memorial functions), social status, validating land use transactions, establishing new sub clans, making rain and for celebrations.

The work of master carvers is widely acclaimed. Their complex three-dimensional colourful carvings in sculptural, mask and frieze forms with realistic opercula snail eyes are present at all of these occasions. ■

cyacoepp@aol.com, www.pacificpathways.net



On colour and abstract art

Crycío is a 25-year-old Mozambican artist who expresses himself through use of colour and abstract images. What is interesting about his approach is that he works with the simplest and purest of concepts, and yet, as a closer look reveals, the finished work is anything but simple - his colours a far cry from pure. Crycío talks to *The Courier* about the ideas that drive his artistic expression.

Djo Tunda Wa Munga

"Thema"

Before letting loose with the colour I must have clear in my mind the idea or "thema" I wish to express. Then comes the search for anything to do with the chosen subject. We are talking about image, message, colour, possible materials, memories - in fact, anything that might constitute an element of expression. With the brainstorming out of the way, work on the painting can begin.

Reality

Art represents people's experiences of life. The artist is a privileged medium, able to draw on sensitivity, technique and soul to interpret the various waves of energy that circulate through life. When the reality of a concept is perfectly captured, a mechanism comes into play, allowing information to be re-transcribed. The result can be anything from a faithful reproduction to complete abstraction.

The basis of my art is Mozambican reality. Whether I'm depicting suffering, beauty or prostitution, I draw my inspiration from what I see on our streets. Reality is the prime source of nourishment for the imagination.

Purity

I draw on my feelings. The most important thing is to find simplicity of colour, to really come to grips with the idea I wish to express and then get my idea down on canvas in its most natural form. These are my aims as I set about finding a form of purity in colour. I look for the simplicity that a particular shade or material can bring as I strive to express an emotion deep within me.

Some people say I use European colours. I don't think colours are governed by a particular geographical location. Colours can be found the world over. Admittedly, they can be interpreted differently according to where a person is, but they are by no means subject to geographical boundaries.

Thought

Between conceptualisation and actual painting comes thought; the point at which I know what I want to do and am starting to think about what it is I am going to paint. It is at this point that I stop to consider how I want to convey my emotions. This is a very delicate stage in the whole process. For me, a smooth transition of my thoughts onto canvas is essential.

Even when I have particularly strong or violent ideas – a bomb exploding perhaps – I still take care to express them as gently as I can. The main thing is that I get my message across. My thought process consolidates what I want to say and how I want to say it.

Inspiration

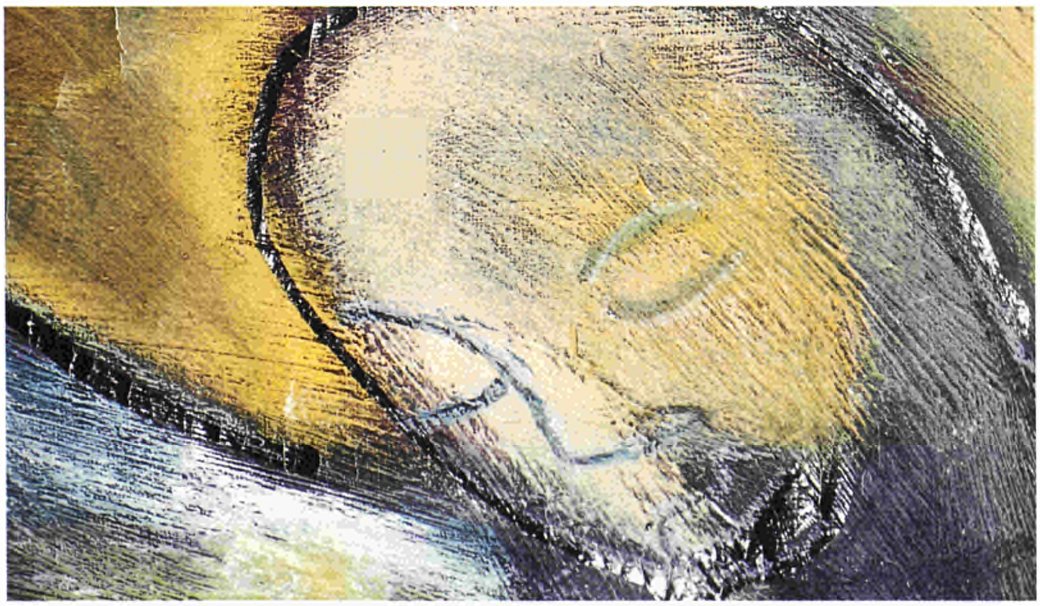
I have been painting for 10 years now. My art is my livelihood. I paint pictures, print T-shirts, do interior design. But it was the day I discovered Matisse that I really started to feel alive in my work. I discovered myself through him. Simplicity and purity of colour are techniques I acquired from him. He had this tremendous ability to further his art through his work, a practice he applied all his life. This is something that never ceases to amaze me. I look upon him as my mentor!

Detachment

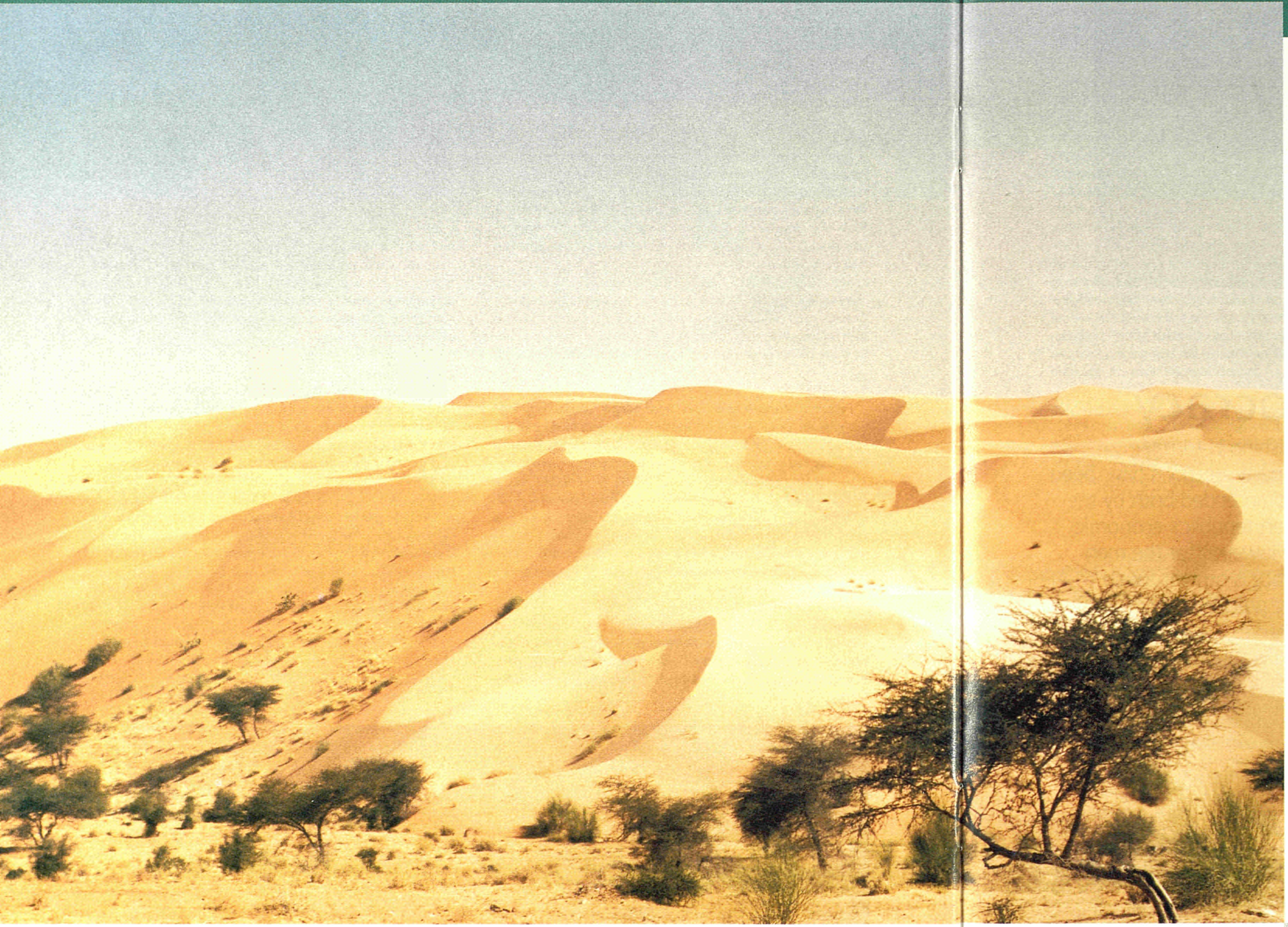
With the various stages complete, there's just one thing left to do: forget. I throw myself into my painting, drawing on whatever comes to mind and focusing on the creation at hand. Detaching myself in this way allows me to be freer and to arrive more easily at what it is I want to express.

Painting

With the work over, all I am left with are the brushstrokes on the canvas; the finished painting for all to see. The result is the culmination of the work I put in. My dream is that one day, people all over the world will be able to recognise a painting by Crycío. After all, when they look at one of my paintings they will be taking a good look at me! ■



Mauritania

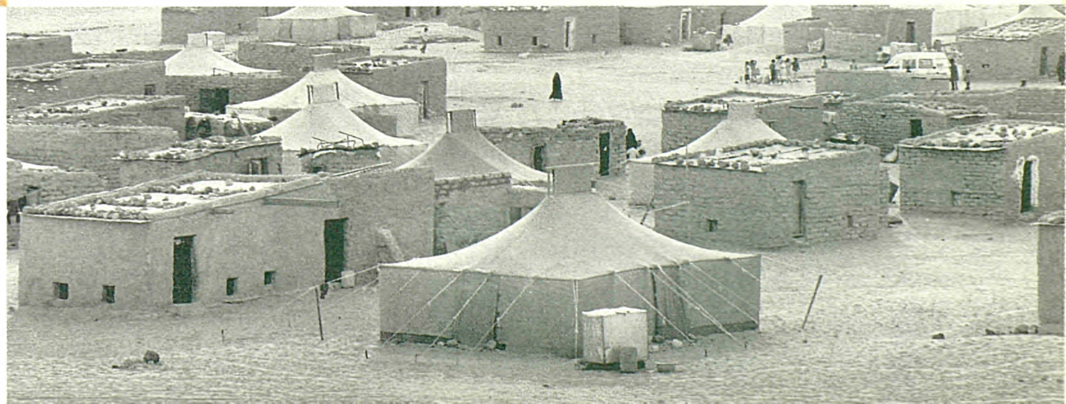


Crossroads between North Africa and Sub-Saharan Africa, between the Sahara and the Sahel deserts, the ocean and the desert, Mauritania is locked in a never-ending struggle against the sand. Its arid land means that human intervention is needed to mitigate the deficit in rainfall and to make agriculture possible.

Mauritanian waters abound in fish and beneath the sand lie abundant ore reserves. The country's economy comprises a traditional sector based on subsistence agriculture and livestock rearing and a modern expanding sector based on mining and fishing activities, its main exports. For more than 10 years, the desert republic has been implementing economic and democratic reforms. Some have succeeded, others less well.

Almost half the population is still living below the poverty line, hoping to be able, one day, to share in the fruits of the country's growth.

Report and photos: François Lefèbvre



Eric de Mildt

Islamic Republic of Mauritania: Where Africa meets the Arab world

The long road to democracy

During the last ten years Mauritania has performed an astonishing U-turn, transforming itself from a military regime to a republic. Multiparty elections have been organised, the most recent of which – last October – were commended both by the international community and the opposition parties. The desert republic's economic index makes it one of the IMF and World Bank's star pupils. However, for the men and women of one of the world's poorest countries, democracy is not yet totally effective. Despite undeniable economic and political progress, president Ould Taya has ruled the country with a rod of iron since 1984, opposition parties are dissolved, conflicts between ethnic groups are brewing and equality has yet to gain a foothold.

An immense desert lapped by the Atlantic Ocean, Mauritania has been battling on two fronts since the 1960s: against suffocation by sand and poverty. Artificially created by colonists, the country forms a link between the Maghreb of the north and Sub-Saharan Africa of the south and has inherited aspects of the two cultures. The Islamic Republic of Mauritania is managed by a strong presidential regime, and a dominant executive. In the early nineties the country began a democratic process controlled by the presidential regime. President Maaouya Ould Sid'Ahmed Taya has been the sole occupant of the highest office in the State since 1984. After fourteen years as head of the military junta, he announced that a referendum on the constitution and general elections would be held. International condemnation following the massacre of black Africans in Mauritania in 1989 and the isolation of the country because of its support for Iraq during the Gulf War were among the reasons which led Colonel Ould Taya to consider a change of political tack.

The president retained power in the multiparty elections of 1992 and 1997, despite opposition accusations of electoral fraud. Nevertheless, the ballot of October 2001 marked a new phase in the country's democratisation process: having boycotted the polls for several years, the Mauritanian opposition parties abandoned the "empty chair" policy and joined the battle for seats in the legislative and local elections. However, weak and divided, they did not manage to break the stranglehold of the existing government, despite bagging six of the capital's nine constituencies. Commended both at home and abroad, the ballot was not untouched by fraud and embezzlement. Pressure from donors in the run-up to the elections and the involvement of several political parties meant a markedly higher degree of impartiality and transparency was achieved than in previous elections.

No suspence in the presidential elections?

In terms of jurisdiction, the ruling party retained the vast majority of seats in the national assembly. The Democratic and Social Republican Party, the president's political party (PRDS), includes many white Maurs from the Adrar (native region of President Ould Taya) and Brakna regions, as well as the majority of the black Maur elite and leading black African ethnic figures. To obtain effective control over the democratisation of the country, the regime in power has often endeavoured to place its allies so as to obtain the support of their respective tribes and ethnic groups. In Mauritania, politics is the preserve of a relatively small number of Maur tribes. Bolstered by this support, the stability of the country, the poor organisation of the opposition, the inequality between candidates' prospects as regards their funding, the administrative machine on which he can rely, his young age and the unlimited terms in office guaranteed to him by the constitution, President Ould Taya can contemplate the 2003 presidential elections with relative calm.

The former colonel has also notched up points on the international scene. Relations with France, Senegal and Mali have improved considerably and Morocco is pledging him its weighty support. With Mauritania's decision to quit ECOWAS (Economic Community of West African States), refusing to join the single currency, it is drifting ever closer to the North African countries and the countries of the Mediterranean basin, and is an associate member of the Euro-Mediterranean Partnership. Moreover, Mauritania has close diplomatic relations with Israel, assuring the goodwill of the United States. But this support is controversial and divisive both within and outside the country, as well as within the UMA (Arab Maghreb Union) of which Mauritania is also a member. Finally, thanks to economic and political progess, the recipient country gets full marks from the Bretton Woods institutions and the main financial donors.

Democracy – reality or a mirage?

Probably both. Although the country has made genuine democratic progress, it is still ruled by an iron hand in a velvet glove. Indeed, barely two months after the popular elections, AC (Action for Change), which had become the country's leading opposition party, was dissolved. Nothing new in Mauritania. According to Human Rights Watch, in 2000, the authorities banned any activity by the Union of Democratic Forces (UFD) headed by Ahmed Ould Daddah and, one year previously, the political party Attaliaa suffered the same fate. Members of opposition parties are frequently under pressure, and even face imprisonment, as attested by the recent incarceration of Chbih Ould Cheikh Malainine, leader of the Popular Front.

In 1993 an amnesty was granted to the perpetrators of the many illegal executions, acts of torture and violence performed against members of the ethnic groups in the South between 1989 and 1991. During this period, inter-ethnic tensions came to a head, culminating in an unprecedented showdown between Mauritania and Senegal. The traditional clashes between shepherds and farmers along the banks of the Senegal River led to bloody exchanges between Mauritanians and Senegalese, Maurs (Arab-Berbers) and black Africans, on both sides of the border. Hostilities have now subsided but are still lurking beneath the surface. Latent racism persists and equality does not prevail, as proved moreover by the preponderance of Beidanes, (white Maurs) in political and economic life.

Despite several international agreements and its adherence to the Univeral Declaration on Human Rights (1948) and the African Charter on Human Rights of 1981, Mauritania still receives condemnation from human rights protection groups, notably the Mauritania Association of Human Rights (AMDH), SOS Slavery, and by the International Federation of Human Rights (FIDH), which notes a "decline of human rights" in the country. Although officially abolished, slavery and servitude are unfortunately still a deep-rooted part of everyday life. In March 1998, five militants of the AMDH were sentenced to 13 months in prison for condemning slavery, before being pardoned by the president.

The Constitution of 12 July 1991 recognises the freedom of expression of citizens and an order on the press was promulgated by the Military Committee for National Safety on 25 July 1991, close on the heels of the liberalisation measures. The National Independent Press Association called in vain for a review of press legislation, which it deems repressive. Censorship and the disappearance of newspapers follow one another in a country that, nevertheless, still has many independent publications.

Like its landscape, Mauritania is a country of contrasts. The reality and the significance of its democratic and economic progress place the spotlight ever more closely on its erring ways, and anachronisms. There is a long way to go before democracy is institutionalised and reflects the multicultural society which, paradoxically, is one of the country's riches. ■

Economic growth countered by extreme poverty

Mauritania's economic indicators have been given the thumbs up. Debt reduction is on track, oil prospecting is progressing and reforms are continuing. But these positive signals cannot hide the extreme poverty which, despite some progress, still afflicts nearly half of the population or the ever-widening gulf between the rich and the poor. The country's economy comprises a traditional sector based on agriculture and livestock rearing and, for the past few years, a modern expanding sector based on mining and fishing activities.
The *Courier* takes a look at the opportunities and the challenges facing this constantly evolving country.

The market economy and subsistence activities form the two pillars of goods and services production. Mauritania has one foot in a closed economy, where subsistence activities prevail, and the other in an expanding market economy, dominated by fishing and exploitation of the country's mineral resources, which has been controlled by SNIM (National Industrial and Mining Company) since the nationalisation of MIFERMA (Mauritanian Iron Mining Company) in 1974.

Heavily dependent on water

Highly dependent on the availability of water, agriculture is confined to the east and southeast of the country and along the Senegal River. Thirty years ago it was considered the country's granary, but the river valley has since suffered from deforestation and the encroaching sand. However, it is the successive droughts of the 1970s at times interspersed with mass migrations of locusts that put an end to any hope the Mauritanians had of self-sufficiency in terms of food.

In 1989, the country had a 200,000 tonne grain deficit, half of which was countered by humanitarian aid. There are also urban farming activities, where purified, or unpurified, waste water is used to create vegetable gardens, which both ensure food security and halt the relentless march of the desert.

Local development programmes exist in rural areas, however, to meet food requirements, Mali, Senegal and Mauritania are irrigating 405,000 hectares of cultivatable land under a wide-ranging project baptised the Organisation for the Development of the Senegal River (OMVS), which is supported by the European Union. In addition, the three OMVS partners have embarked upon the construction of an enormous electric power station in Manantali, Mali.

Livestock rearing is a traditional activity. However, its contribution to GDP (Gross Domestic Product) is declining due to the development of the modern sector, the growing numbers of nomads who are settling and the devastation of

A never-ending struggle for water and agriculture

livestock caused by the disastrous droughts. Together with livestock, dairy farming is of considerable importance both for the rural and nomadic populations and for those in urban areas. As well as the imports that weigh heavily on the balance of trade, there is a degree of national production, which is often consumed by the producers themselves but sometimes sold around the towns and cities.

Above: non-industrial fishing is confined to the river and along the north Atlantic coast
Below: artisanal fishing in Nouakchott, fish are prepared for sale

Grey gold from richly stocked waters

The fisheries sector is, together with mining, a major source of income for Mauritania. Its waters are among the most richly stocked in the world. In the mid-1980s, fish-related production became the country's number one export, bringing in 54 percent of all export revenue. However, the development of this sector is subject to major limitations, notably the age of the fleet and fishing equipment, poor port infrastructures, the under-utilisation of the refrigeration plants, and over-fishing, which endangers the stocks of certain species.

Non-industrial fishing is confined to the River and along the north Atlantic coast. It is gradually becoming a semi-industrial activity both in terms of the volumes caught and the organisation of the work. Currently, production is destined primarily for export, with Japan, Italy, Spain, Portugal and France as the main customers. Recently, the EU and Mauritania renewed their fishing agreement (see page 63).

Over the next five years, the EU's financial contribution will rise from €266.8 million to €430 million. Some of this will be invested in modernising the Mauritanian fishing sector. In return for the increase in financial compensation from Europe, Mauritania has agreed to grant greater access to its waters, except for pelagics (trawlers fishing mainly for pelagic fish such as mackerel, sprat and herring as well as cod, hake, and flat fish). Provisions are foreseen concerning the protection of species, the increase in duties payable by European vessels and the enlargement of the zone reserved for Mauritanian fishing boats.

Potential for Iron and black gold

Mauritania's main mineral wealth lies in the iron deposits at Zouérate and Fderick in the north. Initially, all investment came from abroad, with companies such as Usinor, British Steel Corporation and Italsider among the major shareholders and customers of Mauritania's iron mining company, MIFERMA, which, following nationalisation in 1974, became SNIM (National Industrial and Mining Company). All of SNIM's installations are located in the province of Tiris, a northern desert region.

The mining centre of Zouérate is linked to the ore tanker port of Nouadhibou on the Atlantic coast by 700 km of railway. In 1975, unable to cope with the fall in the price of iron, SNIM was converted into a mixed economy company, obtaining the injections of private capital it needed to exploit the new deposits known as "Guelbs". This direction was taken because of the gradual exhaustion of high-content reserves and the need to protect the future of the mining sector.

Today, the sector is working to overcome the problems of recent years, caused notably by the exhaustion of former deposits and the unfavourable conditions of the world market. At present, 95 percent of SNIM's production is destined for Europe, where it meets 8,2 percent of the old continent's iron requirements. The company has also had recourse to loans from the European Investment Bank and has benefited from European finance under Sysmin (the European Commission's stabilisation system in the minerals sector).

However, SNIM, which has an annual production of 12 million tonnes, must now face competition, since the State has allowed several Australian companies to begin prospecting. Nevertheless, for several years SNIM has maintained a policy of delegating activities not directly linked to extracting iron ore to subsidiaries. This subsidiary policy has been reinforced over the last three years through a policy of diversification, SNIM having obtained various permits for prospecting gold, diamonds and related metals.

Despite the disappointment officially expressed by some prospectors, it appears that oil prospecting could yield substantial profits. For example, a consortium made up of Australian, British and Italian companies estimates that the Chinguetti-1 deposit could contain some 180 million barrels. Geologists appear to agree that significant reserves exist, in particular in the natural reserve of the Arguen bed. The hive of activity surrounding this potential suggests that the Mauritanian oil fields will be developed in the near future.

Infrastructure investment and services hold promise

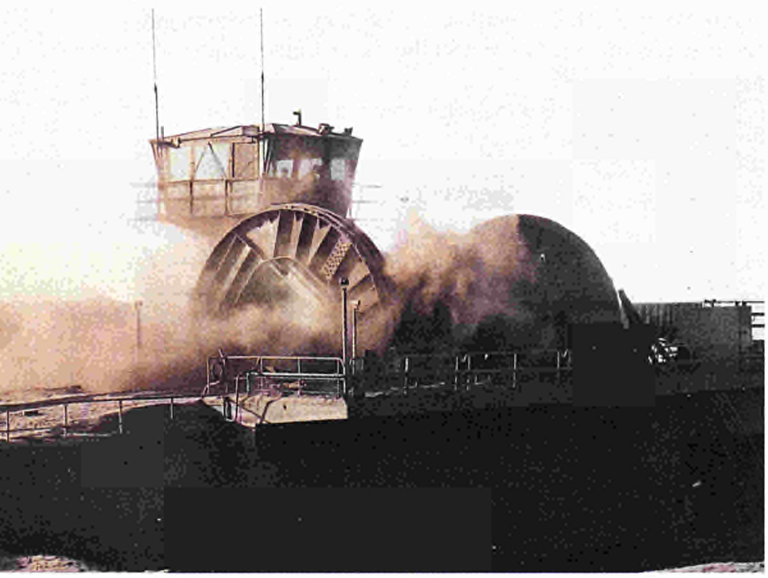
The modernisation of the economy has given birth to the services sector, with new services completely removed from traditional society, including transport, trade, restaurants, hotels and public services. It currently represents 48 percent of the GDP, compared to 27 percent for the secondary sector and 24,8 percent for the primary sector.

In addition, the government is pursuing large-scale privatisation programmes and reforms of the tax, financial and legal systems. In view of its good results, Mauritania should have no difficulty in obtaining a further debt reduction. With a growth rate of 5 percent in 2000, relatively optimistic forecasts as regards oil, the increased investment in the transport sector (which should boost the economy), the fishing agreement, aid from donors and debt reduction, Mauritania should maintain a level balance of payments, positive growth, as well as stable prices and exchange rate.

Poverty - the other side of the coin

Although its economic indicators give an understanding of the country, they do not paint a clear picture of just how poor the population is. Despite its many positive official figures, Mauritania ranks 139th (out of 162 countries) on the United Nations Development Programme's (UNDP) 2001 Human Development Index, which takes account of life expectancy, adult literacy rates, the average number of years of study and purchasing power, the latter being determined on the basis of the real per capita GDP weighted by the cost of living (purchasing power parity).

SNIM truck



By way of comparison, Norway, Australia and Canada are the top three countries, with Niger (161st) and Sierra Leone (162nd). As far as UNDP is concerned, Mauritania has a very poor level of human development. About half of its population (46,3 percent) lives in poverty, with 13 percent suffering from malnutrition and almost 60 percent of its adult population illiterate.

According to the 2001 UNDP report, despite the growth, the wealth generated is still very unequally distributed. A handful of families control the political and economic sphere (6,4 percent for the poorest 20 percent of the population as against 44 percent for the richest 20 percent). The people's living conditions are affected by a number of unfavourable factors such as drought and desertification, the poor degree of integration of socio-economic activities and the profound demographic and ecological changes which society has undergone.

Indeed, the nomads, who represented 77 percent of the population in the 1960s, today make up just 5 percent of Mauritania's 2.5 million people. (This trend is distorted by the "semi-nomadism" that does not show up in statistics.) The strong rural exodus and the resultant urban growth place huge pressure on social infrastructures and the labour market. However, the worst-off people live in rural areas (48,2 percent). The implementation of the structural adjustment programmes launched in 1978 also had disastrous effects on the quality of life. The freedom of prices and the flotation of the currency, two factors deemed necessary for re-establishing economic growth and restoring the overall balance, saw the cost of living soar while severe cutbacks were imposed in the health and education budgets.

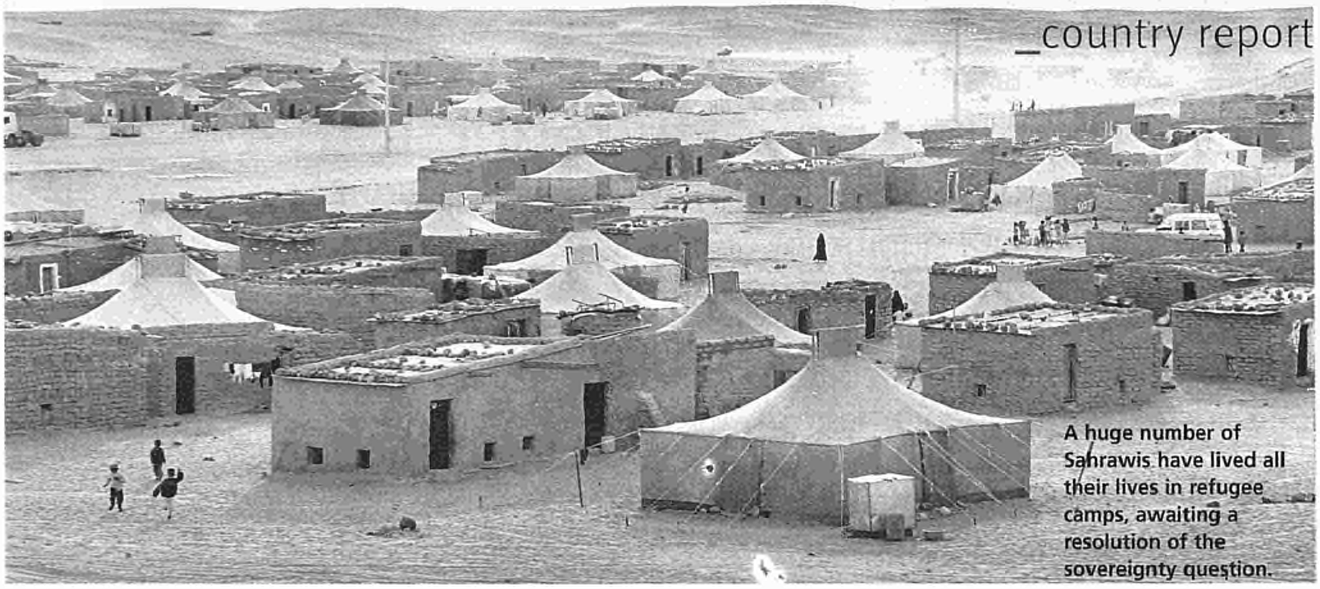
Unemployment is estimated at more than 20 percent. In the area of health, progress has recently been made judging by the results of vaccination campaigns and the raising of public awareness of health issues. However, life expectancy at birth barely exceeds 50 years and access to care remains wholly insufficient.

A perpetual struggle

Although declining, impoverishment and social inequality are the most visible effects of the social change of recent years. As regards the many improvements brought by several decades of development, poverty levels have clearly decreased in absolute terms. However, in relative terms, the rural component of society appears to be poorer and more vulnerable than before.

The wealth of some is now as real as poverty. The causes and effects of poverty in rural areas are largely intertwined. While the destruction of the environment and desertification are among the major causes of rural poverty, they are also partially an effect. Other important factors include climatic uncertainty, unequal access to production resources, the social and political exclusion of certain strata of the population and the increasing share of casual income.

Although development policies can undeniably have an effect on poverty, they are not enough to rectify the dysfunctional aspects that generate inequality. The government has devised a strategy for combating poverty. It remains to be seen whether the principal engineers and/or operators of this strategy will manage to reconcile growth with a fair distribution of the spoils. ■



Eric de Mildt

A huge number of Sahrawis have lived all their lives in refugee camps, awaiting a resolution of the sovereignty question.

Mauritania and Western Sahara: a qualified neutrality

North-west of Mauritania, on the Atlantic coast, lies Western Sahara, site of Africa's longest-running post-colonial conflict. As Western Sahara's neighbour, Mauritania officially holds a neutral position in the conflict between the Polisario Front and Algeria on the one hand and Morocco on the other. However, this position is strained because of implicit support for the Sahrawi brothers of the Sahrawi-Arab Democratic Republic (SADR) and the need to maintain favourable relations with Morocco.

Mauritania is undoubtedly the country with which Western Sahara has the closest historical and cultural links. The fact that Mauritania has in the past fallen prey to Moroccan imperialism led it to conclude an agreement on sharing Western Sahara with Morocco, in the hope of escaping from the Moroccan threat. After independence, Mokhtar Ould Daddah, Mauritania's first president, expressed a wish to make his country "a crossroads for Arab and black Africans".

He approached Morocco, his powerful neighbour to the north, about a policy aimed at recovering Spanish Sahara, regarding the frontier as an artificial border between ethnically and culturally close populations. This position immediately gave rise to the breaking-off of hitherto favourable diplomatic relations with Algeria and the launch of operations by the Polisario Front – seeking independence for the region – supported by Algiers.

Repeated attacks on the train carrying iron to the Mauritanian coast and the show of force against the Zouerat mining town demonstrated the Mauritanian army's weakness and lack of preparation. Moroccan troop reinforcements stationed on Mauritanian territory calmed fears of an attack by the Polisario Front, but were a cause of concern to those who had not forgotten the ambitions of the Shereef Kingdom.

The 1978 military coup d'état in Mauritania put an end to the conflict. Through the 1979 Algiers Accord, Nouakchott recognised the Polisario Front and withdrew from Tiris El Gharbia, which was immediately occupied by the Moroccan army. Of successive military regimes, that of Lieutenant Colonel Mohamed Khouna Ould Haïdallah (1980-1984) went so far as to recognise the Sahrawi-Arab Democratic Republic (SADR). This decision undermined relations with Morocco and precipitated the Colonel's fall.

Officially neutral position pays off

After taking power, Colonel Maaouya Ould Taya adopted a policy of strict neutrality in the fratricidal Western Sahara conflict. Although there was no question of again according recognition to the SADR, Nouakchott renewed diplomatic relations with Morocco.

In the 1990s, Mauritania often, in diplomatic terms, sided with the Sahrawi. Despite strong economic ties with Algeria and Morocco, Mauritania is today officially neutral and a supporter of the plan for settling the conflict. This neutrality is "relatively committed" in favour of the Sahrawi people. Despite the fact that Mauritanian forces confronted the Polisario Front in the 1970s, Nouakchott has not forgotten that Mauritania is an integral part of the "Greater Morocco" myth.

Mauritanian policies on this issue seem to be paying off in the current stability of its frontiers, the consolidation of relations with Morocco, confirmed by the recent official visit of King Mohamed VI to Mauritania, and ongoing cooperation with Algeria. ■

Finding a solution to the Western Sahara

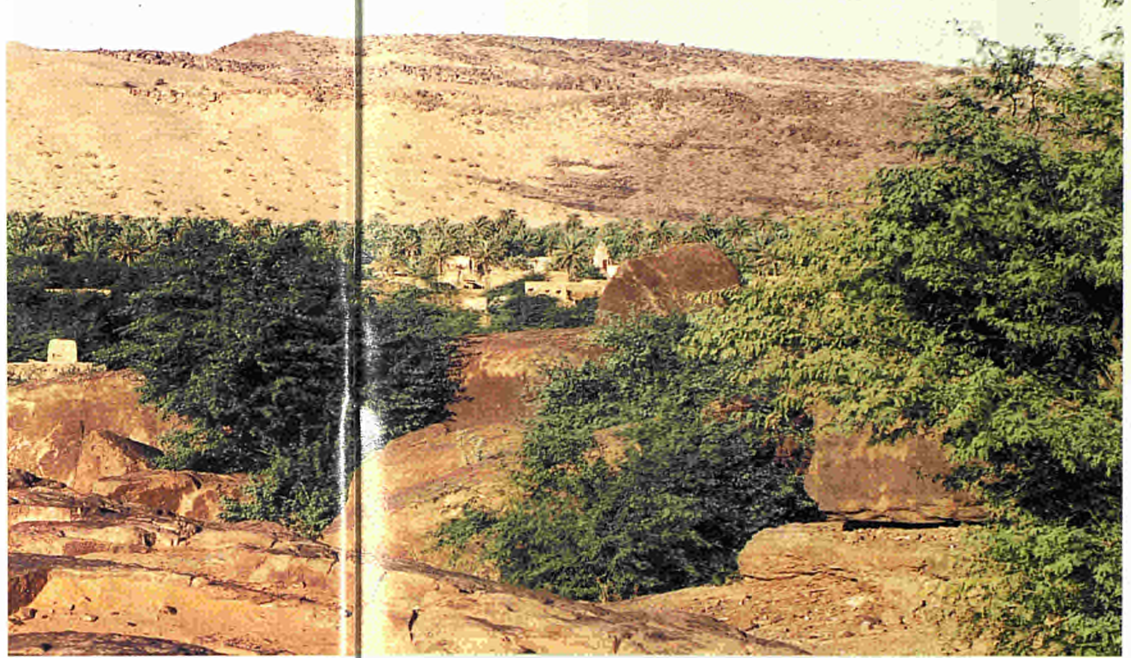
Initially set for July 2000, the UN-organised referendum on sovereignty in Western Sahara is now not expected to take place before the end of 2002. The official reason behind the postponement is the need to check the files of 79,000 people refused registration on the electoral rolls. However, this third postponement is undoubtedly intended to avoid the major crisis for the young Moroccan King, Mohammed IV, which would arise from a victory of pro-independence groups.

The UN Security Council gave Secretary-General Kofi Annan until the end of February 2002 to find a solution to the issue of Western Sahara. Once this deadline expires, the Council intends to return to its original plan for a referendum. Meanwhile, the fate of Western Sahara continues to crystallise frustrations and the Polisario Front does not exclude a return to arms.

Strategies for poverty reduction

Despite Mauritania's promising economic and social indicators, there is a significant gap between its traditional sector (stock-rearing, rain-fed agriculture, non-industrial fishing) and its modern, open sectors (industrial fishing, mining and irrigated agriculture). In addition, the economy remains extremely dependent on the vagaries of the climate. Mauritania's enormous potential has yet to be tapped. However, for the majority of its citizens the fruits of growth have to be more equitably shared, as has the country's immense wealth. Access to education and healthcare needs to be improved. The eradication or at least a significant reduction of poverty is still to come.
Mohamed Ould Nany, Minister for Economic Affairs and Development, speaks to the *Courier* about the government's strategy for combating poverty.

The dwellings are gathering around waterholes



In 2000, Mauritania drew up a strategic framework for combating poverty, a sort of reference framework for international aid. This document sets out ambitious targets: 7 percent growth by 2004; ensuring education for all and closing the educational gap between girls and boys, making access to health services and drinking water more widespread, and making society more familiar with information through more intensive use of new information and communication technologies. The strategic framework aims to bring the level of poverty down to under 39 percent by 2004, to 27 percent by 2010 and to 17 percent by 2015.

What are the main strategies you will use to achieve these targets?

The first is the creation of an environment that is favourable to more rapid and more sustainable economic growth, which will generate revenue and employment for the working population in Mauritania. The best way to fight poverty is to create jobs and improve the resources available to the State for increasing investment in the social sectors and in infrastructures.

The second strategy aims to anchor growth in the sectors that benefit the poor most, in particular agriculture, stock-rearing, non-industrial fishing and the small urban trades of the informal sector.

As regards the third strategy, this targets fostering human resources (education, health), and providing better access to drinking water and to basic infrastructures, as well as tackling illiteracy and social exclusion.

Finally, the fourth strategy is focused on promoting good governance based, in particular, on reinforcing the rule of law, on transparent management of State resources, on consolidating decentralisation and on the participation of all players in development and the implementation and follow-up of programmes and projects.

How can the fairest possible distribution of the fruits of growth be guaranteed?

As I said earlier, the government's aim is to achieve the strongest and most fairly distributed growth, a growth that will be driven by the dynamism of our country's private sector. As for the State, it has shifted the focus of its role to concentrate on regulation, the implementation of basic infrastructure services and the protection of vulnerable social groups. Anchoring growth in the economic sphere of the poor, developing their potential and improving their productivity are further ways in which we can ensure a more just distribution of the fruits of growth.

If the prospecting is successful and oil is discovered, how can this be best used to the benefit of the country?

If such discoveries are made – as we hope they will be – this will provide the State with increased resources and make it less dependent on external means. This means more finance for the fight against poverty. These resources complement what we are currently doing and do not compromise the strict policy that we have been applying for several years.

What do you intend to do in order to retain these profits?

Our profits, in other words the part that returns to the State, arise from the production-sharing contract concluded with the investors who put up the finance needed for prospecting and exploiting any reserves that might be discovered. These contracts specify what is returned to the State as sovereign authority and what the investor gets by way of its financial share in the search for and exploitation of possible deposits. These are relatively common procedures throughout the world and the government has drawn on best practices in this field to ensure maximum profits are collected.

Strict adherence to the budget and management of public spending make you a star pupil of the Bretton Woods institutions. Is it difficult to reconcile this with the urgent need for investment in vulnerable areas?

In recent years, the government has been concentrating its efforts on the implementation of a series of economic and social reforms which will allow the interior and exterior balance to be restored, the fluctuation in prices to be brought under control and the social indicators, as regards education and health services in particular, to be improved. The Strategic Framework for Combating Poverty (CLSP) that has been in place since January 2001 is part of this drive and places a strong emphasis on the social sectors, where expenditure in proportion to the State budget overall and to the GDP will see subsequent increases during years to come.

How can aid from various donors be effectively coordinated?

Coordinating aid from various donors is an ongoing concern for the government, with a view to creating greater synergy between the actions of development partners, avoiding duplication and ensuring optimum distribution between the sectors of the different kinds of financial assistance we receive from our partners. We have a permanent framework for dialogue with donors and the implementation of the CSLP has strengthened this orientation.

What is your definitive position vis-à-vis the various regional integration initiatives?

Mauritania takes a great interest in the integration process under way at sub-regional level in the Maghreb and West Africa. We are actually a founding member of the AMU (Arab Maghreb Union) and an associate member of the Euro-Mediterranean Partnership. We are also a founding member of the OMVS (Organisation for the Development of the Senegal River), the ICDCS (Interstate Permanent Committee for Drought Control in the Sahel) and other sectoral structures such as the Regional Sub-Commission for Fishing in West Africa.

Our country is thus a kind of crossroads between North Africa and Sub-Saharan Africa, in terms of relations and trade.

Although we have withdrawn from ECOWAS, we have maintained dynamic trade relations, in terms of both people and goods, with most of the member states and particularly with our neighbours. We are also linked with the countries of the AMU through an integration agreement, and we intend to work to strengthen this sub-regional integration movement.

In time, do you envisage the ouguiya becoming linked to the euro?

The exchange rate of our national currency is determined primarily as a function of the need to strengthen the competitiveness of our foreign trade sector. Its exchange rate takes account of the liberal context in which the national economy is developing, makes allowances for the structure of our trade exchanges and the respective weights of our partners. The value of our national currency takes into consideration the dominant role of the euro zone countries in the structure of Mauritania's foreign trade, just as it incorporates the importance of the dollar as the invoicing currency of our main export products, namely iron and fish. ■

Artisan fishing pirogues

Meeting the transport challenges

EU-Mauritania cooperation

A key to the development of Mauritania lies in increasing the communication routes, particularly the main roads.
The European Union, in collaboration with the national authorities and other donors, has decided to concentrate assistance on transport infrastructures.

In addition to the problems posed by climate, development in Mauritania also means tackling never-ending difficulties in terms of distance, overcoming the topography, and the management of water and food resources. An arid desert country, its *regs* (expanses of stony land) and *ergs* (huge areas of dunes) make it a reluctant host of road infrastructures.

As well as having to cope with an astounding range of temperatures and rare, but violent, rains, Mauritania is scoured by the Harmattan, the dry, dusty wind that constantly transforms the landscape.

A history of cooperation

Cooperation between Mauritania and the EU dates back to 1958. Between 1985 and 2000, the country received more than €335 million. As a universal recipient, it has received practically every form of finance available to ACP states. Between 1996-2000, the EU was the source of 18 percent of the country's assistance, second only to the World Bank, and first in the transport and mining sectors. EU support takes into account the actions of other donors, such as the World Bank, which is particularly active in rural issues.

The system of cooperation has evolved over the last 20 years. It was at first focused almost exclusively on rural development (particularly in the regions close to the Senegal River) but now tends to be increasingly concentrated in the transport sector. The development of transport infrastructure is a preliminary to the intervention of the state in areas such as health, education and water.

However, because assistance is concentrated does not mean that it is exclusive. Under the 8th European Development Fund, two-thirds of the projects financed relate to infrastructures and national and regional development. At the same time, funds are also allocated to following up activities in the areas of rural development, environmental protection, management and transparency of the State, health, fisheries and mining research.

Significant support in other sectors

Mauritania has also benefited from support for food security, the mining sector and for the State industrial and mining company. It is also the recipient partner in various programmes covering several countries in West Africa, including the campaign to prevent blindness, the reduction of morbidity and infant mortality by improving vaccination campaigns, AIDS prevention, anti-drug campaigns, controlling animal disease and using solar energy to pump water.

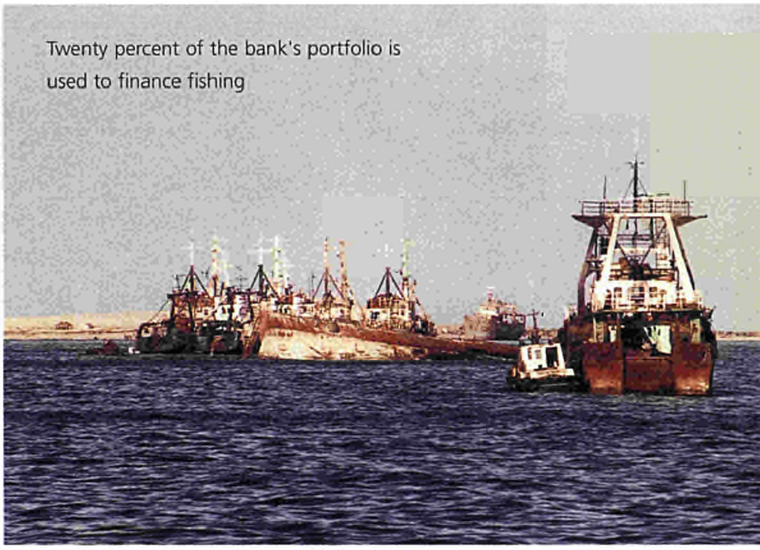
As well as traditional development assistance, the country has been able to and can still count on loans from the European Investment Bank (EIB) and on financial compensation provided through successive fishing agreements. For example, the latest agreement (2001-2006) provides for compensation of €86 million a year. In the coming five years, aid from the European Union will reach €149 million (an extra €42 million is available in the event of external shocks such as natural catastrophes, price variations in raw materials), exclusive of the fishing agreement, and will be concentrated mainly on transport as well as strengthening of democracy and the rule of law, while still supporting projects undertaken in the sectors of health, education and rural development. ■

Key programmes

- Support for the reform of the State records system and a population census, facilitating the organisation of the most recent elections and making it possible to offer a reliable base for socio-economic studies.
- The construction of well and drilling barrages, and improvements in access to social services in the Tagant and Brakna regions.
- Support for agricultural diversification in the river valley.
- The "Water of Hope" project, which has seen the installation of solar-powered pumps across several regions of the country, ensuring access to drinking water.
- Irrigation of the communes of Kaedi and Méderdra.
- Pioneering experiments in the decentralisation of power in the commune of Chinguetti.
- The Rosso-Boghé, Magtar Lahjar-Djouk and Aïoun-Hassi roads.
- Rural development of the oases in the Adrar region.

Banking sector at the vanguard of deregulation

After more than a decade of adjustment and structural reforms, the government has largely relinquished control of the productive sectors. Major public companies have been or are in the process of being privatised, and key sectors like trade, insurance and banking have been completely deregulated. The reform of the banking system aimed to develop financial and banking services. A new law on banking was passed and the foreign currency market deregulated. But there have been some negative effects in terms of the concentration of capital and the reinforcement of monopolies. However, the vibrancy of this sector is sometimes underestimated. The *Courier* spoke to Moulay Abbas; the twenty-five year old Managing Director of the BMCI (Mauritanian Bank for International Trade), the first bank to have been privatised in 1996. Its principle sector of investment is trade, but it also finances property and construction, particularly hotels.



Twenty percent of the bank's portfolio is used to finance fishing

A trading nation

In Mauritania, almost everyone is a trader, as a stroll through any street will show. This has not escaped the notice of the bank. "There are some very dynamic importers and traders who make up a large proportion of our turnover of around two and a half to three billion ouguiyas", (between €8 and €10 million) explains Mr Abbas. But this dynamism could be thwarted by the bank's lack of long-term resources. Because of the lack of resources they specialise in short-term loans at high interest rates. This is one of the reasons that led BMCI to have recourse to the European Investment Bank (EIB).

"At present we are one of the three banks selected by the EIB within the framework of the global loan to Mauritania. It is particularly important for us to have the resources of the EIB, which are in the form of 10-year loans. This allows us to make longer-term loans to our clients. The nominal EIB loan rate will probably be 9 percent, which would enable us to refinance our customers at around 11 percent."

In the opinion of Mr Abbas, the Mauritanian economy is not static. As far as raw materials are concerned, currently SNIM (National Industrial and Mining Company) has a monopoly in the iron market. For other raw materials, research is being carried out in the areas of copper, diamonds and oil.

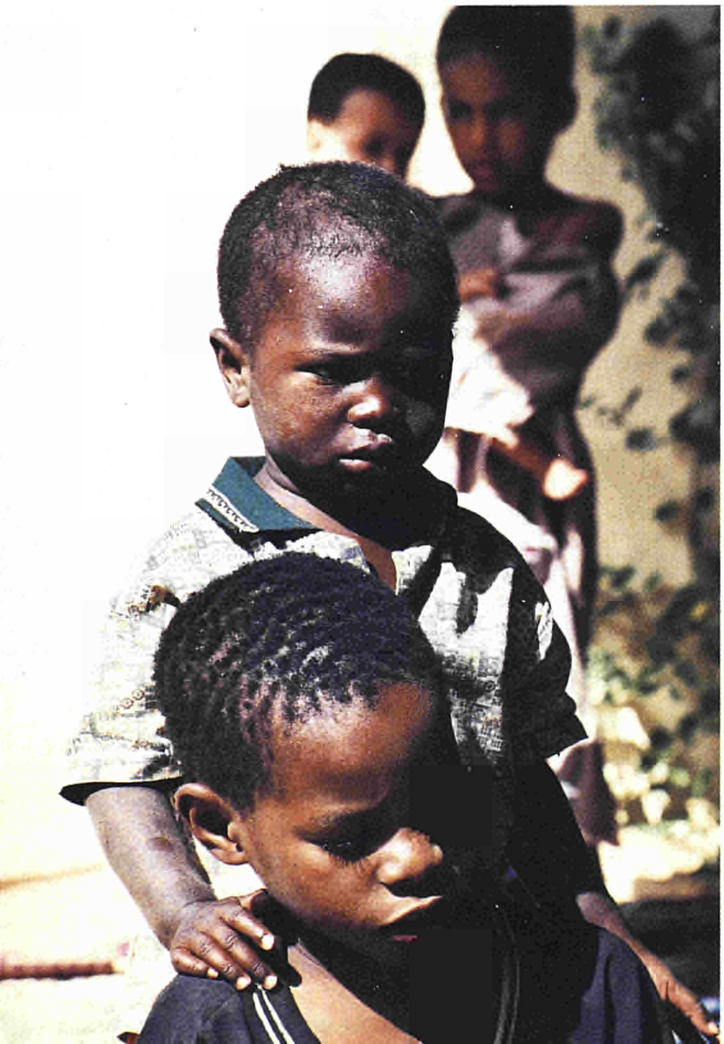
"Once the research has been successfully completed and work is about to begin, we will of course be ready to get involved", says Mr Abbas.

"On the other hand, it is important to support the small and medium-sized enterprises. This sector is still very limited in Mauritania, despite the fact that it is a sector which – through industries such as tourism – could help the country to develop."

Tourism is not Mauritania's only asset. Private initiatives are increasing. As an example, in the capital Nouakchott, the company Tiviski processes milk products and is looking into the possibility of exporting camel's milk and cheese. In Nouadhibou and Nouakchott fish-processing centres are beginning to emerge, producing value-added products like fish fillets and even prepared dishes. These activities are dependant upon health standards and the infrastructures available to them. The success of the cyber cafés in Nouakchott open up possibilities for other isolated regions to have access to distance learning and even medical expertise. Still, investment in infrastructure is a prerequisite. All these new initiatives need a favourable environment but they are creating new perspectives for the country. ■

Lost children: a growing phenomenon

Salvaged from the streets, found in a bin, picked up from a doorway: abandoned children are filling Nouakchott's meagre shelters to bursting point.



In the towns and cities, the numbers of children in "distress", those who live on and from the streets, are multiplying. The phenomenon of children who have been abandoned or left to fend for themselves is relatively recent in Mauritania and is developing in step with the urbanisation of the country. For now, few solutions have been provided to this increasingly worrying situation. In the middle of the urban desert, Madame Diallo's houses appear as oases of peace.

In the heart of Nouakchott, behind a low wall, shouts are interspersed with tears and laughter. Some thirty young children, the pride of Marième Diallo, have found refuge here. Thirty individual stories, each with a troubled past, trying to rebuild their lives. Marième Diallo founded the institution that bears her name in 1968. Orphaned herself, she lost her father at the age of eleven. "We went through a very difficult period and I told my grandmother that I wanted to grow up very quickly and have lots of money so that I could help abandoned children," she said,

her gaze riveted on her ***protégés***. Since then, she has not stopped taking them in. After following her husband all over Mauritania, she settled in Nouakchott. She scours the desert capital, trying to prise the children off the streets with the offer of a roof over their heads and an education. "Now the children even come knocking on my door, asking for shelter. But I cannot take them in until I have seen their parents, if they have any..." Once it has taken the children in, the association sees to it that ethnic intermixing is a part of their upbringing. It also tries to find them a host family.

Urbanisation, impoverishment, abandonment

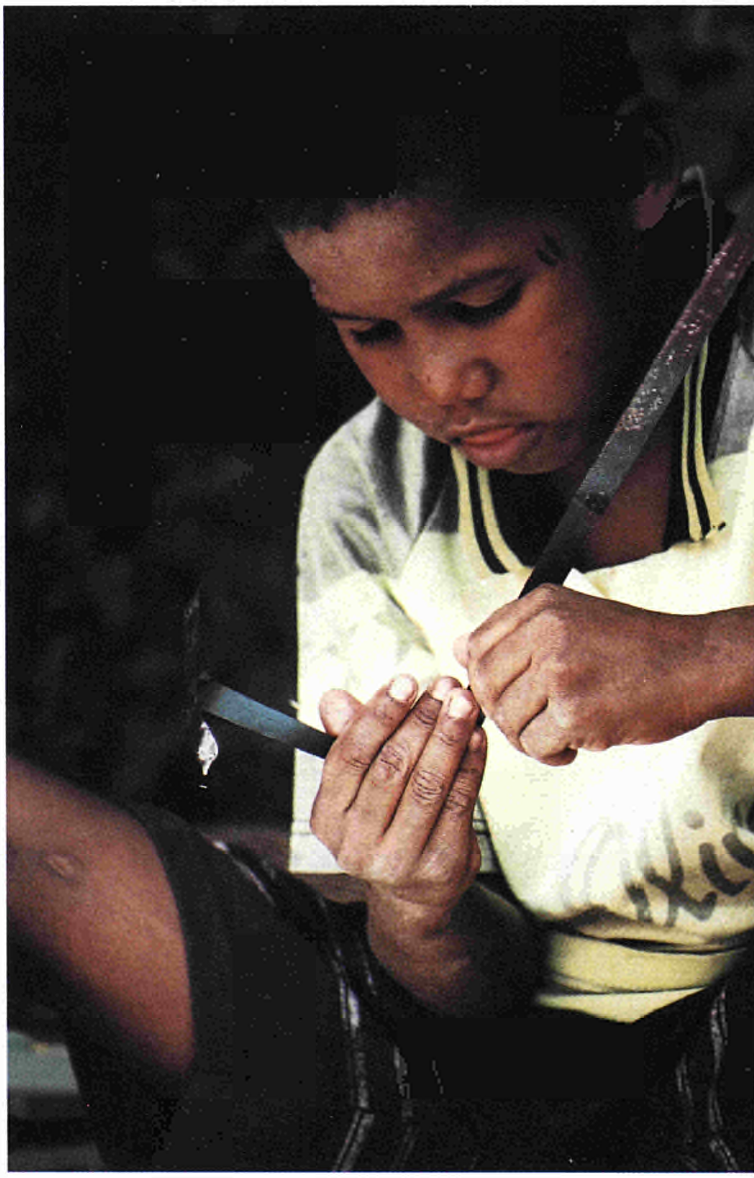
The appearance of children who have been abandoned or who live on the streets is a relatively recent phenomenon in Mauritania. As a result, initiatives and programmes to take care of these tormented souls are still thin on the ground. During the 1970s, the country suffered a drought that drastically modified its demographic distribution. Immediately following independence, a large part of the population was made up of nomads (77 percent in 1960). Then, with the climatic upheaval, many decided it was time to settle (79 percent in 1992). The towns and cities swelled and the infrastructures could not keep up. Now a large part of the urban population lives in very precarious conditions. In a way, the street children are the product of runaway urbanisation, the impoverishment of the people and substantial changes to the family structure. They can be found hanging around hotels, at crossroads, at the port... All minors, each one with a heartbreaking story to tell, they have been left to themselves and to life's realities. They have to meet their essential needs and for this all ways and means are acceptable. Some adults recognise this and use it to their advantage.

Marième Diallo runs five centres in Nouakchott, providing shelter for more than 400 children. 'We get a little help from the State and, for the babies, I approach families. I myself live with 32 children. We get a little food from the school canteens. And we also have the support of several international non-governmental organisations,' the 63-year-old explained. She has recently taken a number of steps towards building a special school. "It's not enough to offer shelter," she went on to say.

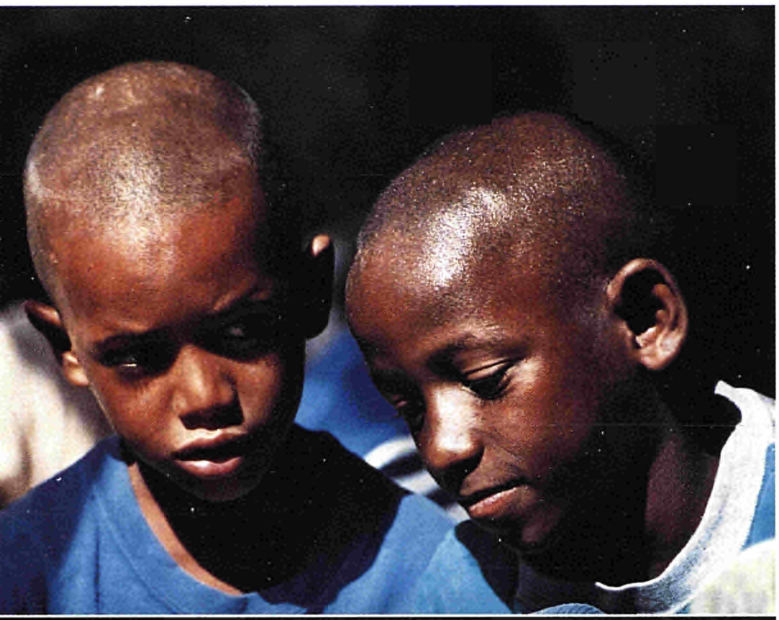
Indeed, by the age of twelve, and often earlier, pickpocketing, shady solliciting by tourists – both men and women – and the temptation of drugs cannot conceal terrible emotional distress. Many children abandoned to their fate, with no shelter, nothing to their name, fall under the threat of "guinze", the solvent glue that they inhale in a bid to forget. Overburdened, the police easily give in to violence. It is an admission of helplessness. They too acknowledge that there have never been so many children on the streets of the capital, cut off from their entire family and all the structures that could guide them in life.

From the street to the street

Several studies have tried to explain why these children find themselves on the streets and sometimes even turn to prostitution. Even if financial grounds are dominant, there are various reasons behind the explosion of this phenomenon. Many "street"' children are really only children "on



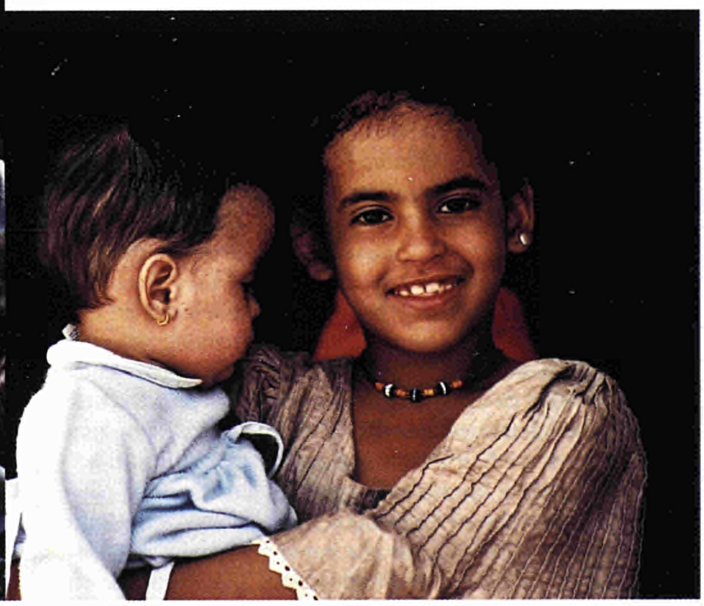
the street". They may later become street children, generally after travelling a road littered with dangers which lands them in the police station. Abused children, disabled children, children whose parents have divorced, children from poor families, but also children who have lost a parent, all are potential street children. Add to that unwanted pregnancies, rape within the family and illegitimate children who are the product of a union that has not or cannot be disclosed for reasons of race.



Another cause, which is specific to Mauritania and to other countries of the region, is the "talibés", children whose parents have entrusted them to the protection of marabouts who are supposed to provide them with an education based on the Koran. The pupils are often required to finance their education, in particular by begging in the city streets. Some of them become veritable slaves of the marabouts and sometimes even run away.

According to Marième Diallo, there is much work to be done with the families, who "must understand that the world is changing and that what was once taboo is no longer so. However, there are religious and racial obstacles to be overcome before we can truly broach the subject with families. We also have to rebuild, or maybe just build, a sense of solidarity within our country." Education, in particular of girls, can also serve as a driving force within these family units. In this area the health sector is profoundly lacking. To tackle the problem of children modestly labelled "deprived", family planning, the fight against disease, and prevention are essential.

Marième Diallo has been honoured by France with a knighthood of the Order of Merit. She looks to the future with a degree of uncertainty, although she can be proud of the success of many of her children. What does she believe the future holds? Will the drop of water turn into an ocean? She has many worries, both financial and political, but the biggest is human in nature. Within civil society, in the NGOs, in the ministries and in the international bodies, there are undoubtedly people who are sufficiently willing and able. All that has to be done is to make solidarity catch on. ■



A new EU-Mauritania fishing agreement is concluded

The fishing agreements drawn up between the EU and the African, Caribbean and Pacific countries (ACP), are not just trade agreements but are intended to contribute to development. These agreements are the subject of lively debate on both sides between those who do the frontline and background work. Issues under discussion include the use of the financial compensation, the threat of over-exploitation of natural resources and striking an economic balance with non-industrial fishing.

Mauritania's exclusive economic zone (EEZ), which borders its coast in the mid-eastern Atlantic Ocean between 16°10 and 20°50 North, is reputed to be among the richest fishing grounds in the world. Fishing has become a key sector in Mauritania. Mauritanians themselves consume relatively little fish, but the activity accounts for more than half of export income, one third of budget revenue and 36 percent of the jobs in the modern sector.

Mauritanian waters have always welcomed foreign boats, particularly those from Europe. Since the creation of exclusive economic zones, coastal countries have become masters of their more than 200 nautical miles (370 km) of ocean resources, but they are "invited" to negotiate the surplus that they do not manage to exploit themselves. It is against this backdrop that, after several months of intense negotiations, the European Commission and the Mauritanian government renewed the fishing agreement on 1 August 2001.

New actions aimed at modernisation

In comparison with the previous agreement, which ran from 1996 to 2001, the financial share provided by the EU has increased considerably from €266.8 to €430 million over the next five years. Mauritania also procured a substantial increase in the financial contribution paid by owners of the vessels covered by the new protocol. This grew by 25 percent for tuna vessels and pelagic trawlers, and 8 to 18 percent for other vessels.

The number of Mauritanian crew members who must be on board European boats was also raised. In addition, boats fishing for demersal fish must up the share of unloading that takes place at Mauritanian ports so as to increase activity and promote control over catches there.

The main added feature of the new agreement is that provision has been made for specific actions aimed at modernising the sector, in particular in the areas of scientific research and development of non-industrial fishing. However, funding for this has been reduced (€4 million per year) and is now deductible from the annual €86 million financial contribution paid to the State.

The agreement also provides for improved monitoring of resources and of vessel controls, the option of reviewing the authorised catch sizes and of imposing biological limitations in the light of scientific studies, together with distancing European fleets from the coast.

And in return...

The agreement offers European vessels increased fishing opportunities in Mauritanian waters. The opportunities for fishing certain species have expanded whereas tighter restrictions have been imposed in the case of others.

As a result, the admissible number of boats fishing for cephalopods, which was limited to an average of 42 by the 1996-2001 protocol, has risen to 55. Likewise, the number of tuna vessels accepted has climbed from 57 to 67. The tonnage for boats fishing whiting remains unchanged while that for vessels fishing crustaceans other than crawfish has risen by 10 percent.

However, fleets operating in pelagic waters have seen their numbers reduced by 22 vessels to 15, because the full quota of licences was not taken up in the previous agreement.

Mixed response

Although the agreement appears to be a win-win situation, negotiators have had to dodge fire from critics on both sides who still have plenty to say. For example, the increased fishing opportunities go hand-in-hand with an increase in limitations and in the financial burden.

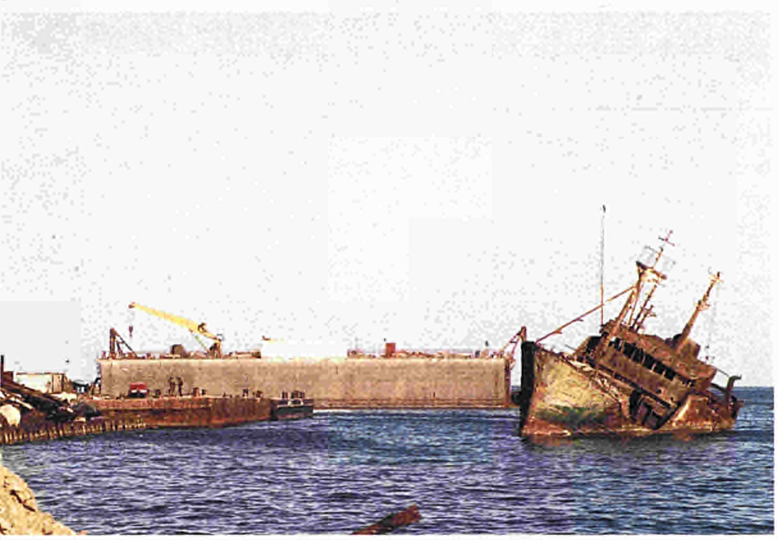
Spanish shipowners are reproaching the EU for not

The **pelagic** species are migratory fish that swim in shoals, living close to the surface of the water or between two bodies of water and include tuna, swordfish, clupeidae (sardines, anchovies, sprats, herring), mackerel and stickleback.

The demersal or benthic species live on the seabed or in deep waters and include primarily flat fish (sole, turbot, plaice), gadoid fish (hake, pollack, pout, cod, haddock, ling), turbot and skate.

Cephalopods, migratory species, are caught by fishermen in coastal waters and include cuttlefish, squid and octopus.

Crustaceans belong to the benthic species and live on the seabed, such as lobster, Dublin bay prawns, crab (common crab, spider crab, velvet swimming crab) and shrimp.



Above: artisanal fishermen leave whatever the climatic conditions are.
Below: shipwrecks in Mouadibou fishing port

defending their interests even though they are the main beneficiaries of the agreement because they have the highest share of the European vessels fishing in the area. In addition, the deal has provided an unexpected escape route for part of the Spanish fleet, which found itself stranded as a result of the failure to renegotiate a similar agreement with Morocco and Senegal.

A number of NGOs have criticised this partnership agreement. During the negotiations, the Coalition for Fair Fishing Agreements (CAPE), together with two Mauritanian organisations, signed an alarmist document relating in particular to the exploitation of octopus and cephalopods that according to the consortium, represents 89 percent of the turnover of Mauritanian boats.

CAPE also recalled that in 1998 various scientific institutes believed that the octopus was clearly the victim of over-fishing. Some Mauritanian shipowners went as far as to brand it the systematic looting of a national heritage.

So, what is the current situation? This is a question that has yet to be answered. It is certainly difficult to estimate current stock levels with precision. Octopus can breed very quickly, but it is extremely dependent on environmental conditions. To date, the Mauritanian National Centre for Oceanographic and Fishing Research has gone no further than to speak of the potential risk to the octopus and is awaiting finalisation of its studies before giving a definitive opinion. This caution is dictated both by its involvement in the agreement as an information provider and by its dependence on the State, as well as by its internationally-renowned sense of strict scientific precision. At the same time, while the pressure on the octopus and cephalopods is undeniable, it has yet to be decided who is to blame.

According to statistics, foreign fleets are responsible for a large part of catches made in the exclusive economic zone, but it is almost impossible to obtain precise figures as to the quantities caught by traditional fishing boats. Yet these are the boats that fish closest to the coast, the breeding ground of the octopus. To protect species, the effectiveness and efficiency of controls over both non-industrial fishing and industrial fishing are at least as important as scientific studies.

All of the provisions of the agreement concerning the preservation of fishing resources risk becoming insufficient if these controls are not increased and optimised.

Coherence

Another contentious issue concerns how the financial contribution is to be used. Although the support given to the Research Centre, to monitoring, and to development of the non-industrial sector is rarely challenged, the Mauritanian sector is claiming a bigger slice of the pie.

While the financial contribution could be used to compensate for the loss in turnover suffered by the Mauritanian fishing industry owing to competition from foreign vessels, the State still has to make the decision to invest in its own fishing sector. Moreover, the financial compensation could enable the government to tackle poverty more effectively.

Development organisations are critical of the symbolic sum (4,6 percent) reserved for specific actions and campaign for priority to be given to the development of local industry. However, the fishing agreement is not a development partnership – even if it is sometimes presented as such – but essentially a trade agreement drawn up between two responsible entities. This does not prevent increasing numbers of political figures and organisations, both in the North and the South, to aim for greater coherence between the fishing agreements and cooperation policy. ■

Water management

Tagant means "forest" in Berber. Once this region was covered by a vast expanse of savannah, and was home to hundreds of wild species. Nowadays, this seems inconceivable – the region is arid and its population has migrated to the towns and cities. The Rural Rainwater Planning Project, financed through European cooperation (€6.2 million), manages water through the construction of dams, to allow farming on flooded land. This will help combat the deterioration in living conditions of farmers and stock-breeders, and enable people to return to their region of origin, and populations to establish in the area. Accompanying this vast building site is a multitude of actions which are more sharply focused on the inhabitants.

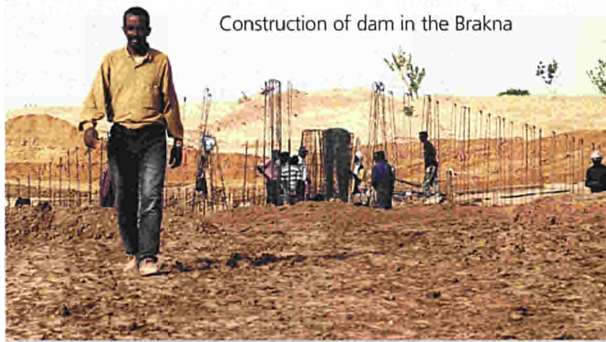
An explanation of the specific role of these dams is given by Mohamed Ould Abdellahi, head of the regional project unit.

A crossroads between the Sahara and the Sahel, this region, in southern Mauritania, is a network of oases. In the north, the desert imposes its presence with vast horizons of nothing but sand, engulfing the all too rare topographical features, such as reefs, that erosion will erase. In the south, the abundance of water is explained by the presence of numerous oases and the system of lakes. Whether a rare or abundant commodity, water in the Tagant has to be managed if local people are to have agricultural opportunities. "The Sellembou dam in Moudjéria commune has been almost completely rebuilt," Mohamed Ould Abdellahi explains. This dam had collapsed in several places, having suffered the dual onslaught of time and water. "Restoration is important for many reasons," says Mohamed. "The area it floods has great agricultural potential, but it is in a region inhabited by an extremely deprived population – the haratins, or ex-slaves."

A return to the soil

A dam like the one at Sellembou generally consists of an earth embankment consolidated with rubble, enabling rainwater to be collected and kept at a given height so that the desired surface area can be flooded. The dam is also provided with overflows in the form of small openings, which relieve the pressure exerted by the water and reduce overloads. The basin fills up with rainwater, which lies stagnant, regenerating the soil. To make way for crops, the water is progressively let out through larger openings (drainage works). By virtue of this technique, huge arid areas can be covered with water, and then later planted with beans, watermelons, sorghum and wheat.

"Another advantage of the dams managed by local communities is the improved water filtration to water tables," explains Mohamed. "As you can see in the case of the Igavane 2 dam, in Tensigh commune, wells have been sunk to provide several villages with water for the greater part of the year." There are numerous dams elsewhere in the Tagant, and also in other regions of Mauritania. They each have their own history and specific circumstances, but all have essentially the same purpose: to enable people to live and to stay on the land. As Mohamed points out, "Recently, we have noticed a slight reversal of the trend of people leaving their villages for the towns and cities. They're coming back because of the dams and the opportunities they offer".



Construction of dam in the Brakna

Around these dams, and to reinforce their effects, there are myriad micro-projects. These are not financed by the main irrigation project, but have sprung up in response to a desire for integration and complementarity, and include programmes for improving agricultural production in the basin, for the distribution of butane to replace fuel wood and coal, for supporting market-garden cooperatives by making technology more accessible or through the installation of irrigation infrastructures, for developing cereal banks, for installing solar panels for pumping water, for constructing mills and wells, for setting up educational classes, etc. Progressively, the combined effects of the dams and micro-projects are breathing new life into the country's rural areas, but all-out development has yet to get into its stride. The inhabitants are patiently awaiting the construction of roads, for which financing is scheduled. ■

Islamic Republic of Mauritania

Basic data

Land area:	1 030 700 km^2
Population:	2 548 147
Capital:	Nouakchott
Other main towns:	Nouadhibou, Kiffa, Rosso, Kaédi, Zouerate
Languages:	Arabic (official), French, Pular (6,4%), Soninké (1,3%), Wolof (0,4%)
Religion:	Islam (official)

Political structure

Government type:	Republic
President:	Maaouya Ould Sid'Ahmed Taya (01.1992) The president is elected by popular vote for a 6-year term
Constitution:	Adopted by referendum (1991)
Legal system:	Combination of Sharia (Islamic law) and French civil law
Legislative branch:	Bicameral legislature consists of the Senate (56 seats) and the National Assembly (81 seats)

Political forces and National Assembly election results:

	1996	2001
Parti républicain démocratique et social (PRDS)	70	64
Rassemblement pour la démocratie et l'unité (RDU)	1	4
Union pour la démocratie et le progrès (UDP)	-	2
Indépendants	7	-
Action pour le changement (AC)	1	4
Rassemblement des forces démocratiques (RFD)	-	3
Union des forces du progrès (UFP)	-	3
Front populaire (FP)	-	1
Total	79	81

Economy

Currency:	Ouguiya (UM) 1€ = 224.70 UM (2000)
GDP per capita :	$US348 (2000)
GDP growth:	5% (2000)
Inflation:	3.3% (2000)
Total external debt:	US$2,217 m
Main economic sectors:	Mining, fisheries, agriculture

Social Indicators

Human development index rating:	0,437 (139 out of 162)
Life expectancy at birth:	51,1 years
Infant mortality:	120°/oo (1999)
Adult literacy:	41,6%
Population using improved water sources:	37%
Population growth rate:	2,9%
Public health expenditure: (as % GDP 1998)	1,4%
Public education expenditure: (as % GDP 1995-1997)	5,1%

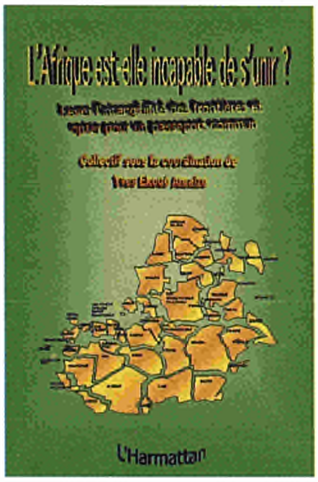
Sources: Human Development Report 2001, Economist Intelligence Unit

Is Africa unable to unite?

Removing the intangibility of frontiers and opting for a common passport

By Yves Ekoué Amaïzo

With a preface by Professor Joseph Ki-Zerbo, 664 pages, L'Harmattan, to be published in French in April 2002



Exploitation of the African continent, colonisation, repeated interference and the money-driven allegiance of some African leaders, have all endured unchecked because of the lack of unity. The continent is confronted with various problems such as the debt crisis, the absence of food and health security, patronage, the closing stages of the patrimonial State, the failed attempts at improving productivity, the unworkable task of industrialisation… A solution can only come from a real and profound willingness on the part of Africans to organise themselves collectively.

Is the removal of frontiers a prerequisite for interdependence? Yes is the answer from J. Rano, M. Mounikou, A. K. Agbobli, Ph. Lavodrama, R. Charvin, Ph. Engelhard, P. B. Dieng and Y. E. Amaïzo. They go as far as to recommend the introduction of a common passport. At last an alternative vision for Africa! The prevailing desire is a willingness to organise interdependence among both past and present Africans and the friends of Africa.

The inability to unite means organising collectively, and predictably, the collective suicide of this continent. On the other hand, collective organisation can pave the way for a new form of diplomacy, namely, influence without power. The New African Initiative, which has been renamed the New Partnership for Africa's Development, is just the first in a series of new initiatives for interdependence between North and South.

During the 21st century, will Africans be capable of working together to consolidate this emerging interdependence? That is the question! The answer will be negative if everyone confines himself or herself to the role of mere observer or of critic, even a well-informed one!

This collaboration by nine authors, true Africans-at-heart, with a preface by one of Africa's greatest sons, Joseph Ki-Zerbo, calls for vigilance on the part of each and everyone and for a change in behaviour. The struggle against defeatism – which is rapidly becoming fatalism, or even surrender which best suits those who take advantage of it – must be continued. It is against this background that the authors of this book took up the challenge set by Yves Ekoué Amaïzo, editor of the collection "African Interdependence", to answer the crucial question of whether Africans have the capacity to unite for their own well-being during the 21st century. ■

Annual Report

on the implementation of the European Commission's external assistance

Published by the European Commission ISBN: 92-894-0766-2

The European Union is one of the major actors in international cooperation and development assistance. In total the European Community and the Member States provide 55 percent of total international Overseas Development Assistance (ODA) and more than two-thirds of grant aid. Community external assistance has a global reach, and the Community is today financing projects in more than 140 countries.

Like other donors, the Community is faced with the challenge of increasing the quality and impact of its assistance; the volume of which has increased rapidly from €3.3 billion in 1990 to €9.3 billion in 2000.

In May 2000 the Commission launched a reform of its external assistance. This included concentrating on a limited number of priority areas with the overriding objective of poverty reduction and better integration of developing countries into the global economy.

This is the first Annual Report following the reform, and it can be seen as a first step in putting into place a system to enable future Reports to be more analytical. The Report covers Community assistance worldwide (South-Eastern Europe: the Balkans; The Partner States of Eastern Europe and Central Asia; South Mediterranean,Near and Middle East; Africa, Caribbean, Pacific; Asia; Latin America)

To the general reader, it is a useful guide for understanding the reach and content of EU development policy. For those involved in EU development, it is a useful management tool for planning and follow-up in implementation and development of EU policy. ■

_Letters to the editor

THE COURIER article on Sudan oil (November-December 2001) is misleading on two matters regarding US policy and legislation.
First, the US government continues economic sanctions against Sudan, so the issue is not "direct American involvement in oil operations." Rather, the debate has focused upon access by non-American oil companies seeking US capital markets to finance their operations in Sudan. This applies especially to Talisman in Canada.

Second, the US House of Representatives amended the Sudan Peace Act to move beyond "reporting requirements" for companies operating in Sudan and to prohibit access to US capital markets for any company engaged in oil operations. These "capital markets" sanctions were adopted by the House, which then passed the Sudan Peace Act.

The US Senate has also passed the Sudan Peace Act, but their version omits capital markets sanctions. The Bush administration has made its opposition to capital market sanctions clear, and the legislation has therefore languished, with no immediate plans to reconcile the two versions, the next step toward the bill becoming law.

Progressive advocacy groups in the US, such as ours, share the view of Christian Aid in the UK and the call of the European Coalition on Oil in Sudan, as cited in the Courier, but progress on this front in US circles seems now to be halted.

Yours sincerely,

Leon Spencer
Executive Director
Washington Office on Africa
212 East Capitol Street
Washington, DC 20003, USA
www.woaafrica.org

In memorium

MAURICE FOLEY has just left us. We share the pain of his loved ones and especially of his wife Kitty.
Those among you who were associated with the "Lomé" adventure from its beginning will remember Maurice Foley.
He joined the DG Development team as Deputy Director-General in 1973, with the first contingent of British colleagues who reinforced the Brussels services.
He brought with him his experience of the Commonwealth, in particular his profound knowledge of Africa and Africans.
If anybody on the European side played a decisive role in bringing together French-speaking Africans, rather possessive of their assets, and English-speaking Africans, both hesitating to embark in a common boat, it was Maurice Foley.
Bringing into play his confidence and his personal relations in the English-speaking world – he had easy access to everyone, up to Heads of State – Maurice helped facilitate the dialogue between those countries about to become ACP States, and to reduce their common mistrust.
If, to their own surprise, Europeans found themselves very quickly in the presence of a Group which assembled all the ACP States and which negotiated through a single spokesman, it is thanks to the efforts of people like Maurice.
I am not sure that the new generation understands the challenge, which had never before been experienced, that was presented in the 1970s by negotiations between the whole of Sub-Saharan Africa, together with the Caribbean, the Pacific and the Community of – at that time – Twelve.
Maurice brought to the Brussels offices a new spirit of human warmth. He was impatient with pointless formalities. Before, one had been called "Mr" or "Herr" between colleagues. Maurice called everyone by their first name and he was "Maurice" to everyone. It was a contagious initiative and the style of all the Directorate became much more personal, more "family-like". .

Thank you for all that,Maurice!
We won't forget you.

Dieter Frisch
Former European Commission Director General for Development

Austria
Belgium
Denmark
Finland
France
Germany
Greece
Ireland
Italy
Luxembourg
Netherlands
Portugal
Spain
Sweden
United Kingdom

France

Territorial collectivities

Mayotte
St Pierre and Miquelon

Overseas territories

New Caledonia and dependencies
French Polynesia
French Southern and Antarctic territories
Wallis and Futuna islands

Netherlands

Overseas countries

Netherlands Antilles:
Bonaire, Curaçao, St Martin, Saba, St Eustache
Aruba

Denmark

Country having special relations with Denmark

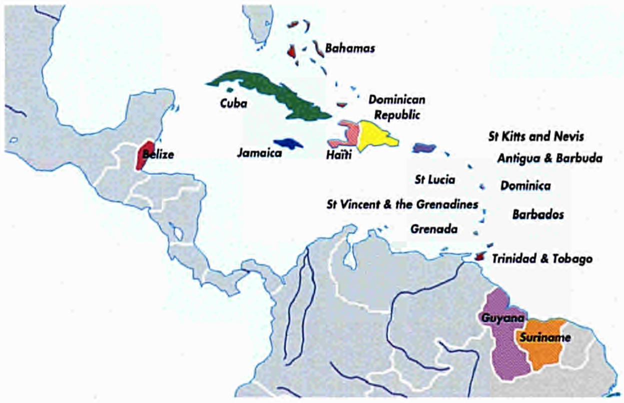
Greenland

United Kingdom

Overseas countries and territories

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

The European Union



The 78 ACP States*

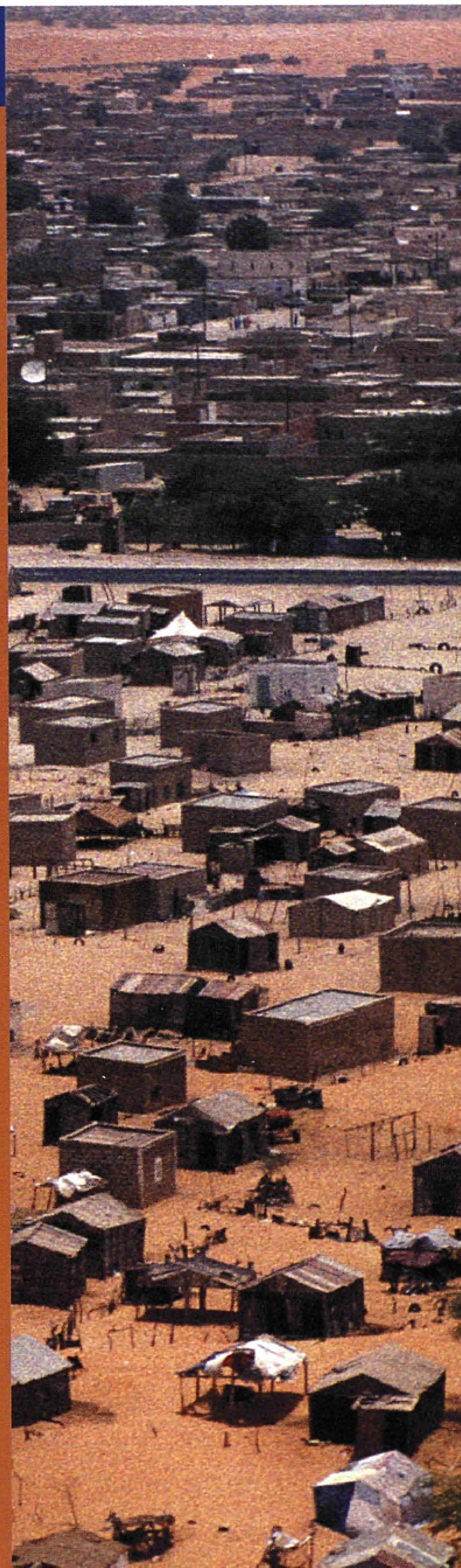
Angola
Antigua and Barbuda
Bahamas
Barbados
Belize
Benin
Botswana
Burkina Faso
Burundi
Cameroon
Cape Verde
Central African Republic
Chad
Comoros
Congo
Cook Islands
Cuba*
Democratic Republic of Congo
Djibouti
Dominica
Dominican Republic
Equatorial Guinea
Eritrea
Ethiopia
Fiji
Gabon
Gambia
Ghana
Grenada
Guinea
Guinea Bissau
Guyana
Haiti
Ivory Coast
Jamaica
Kenya
Kiribati
Lesotho
Liberia
Madagascar
Malawi
Mali
Marshall islands
Mauritania
Mauritius
Micronesia
Mozambique
Namibia
Nauru
Niger
Nigeria
Niue
Palau
Papua New Guinea
Rwanda
St Kitts and Nevis
St Lucia
St Vincent and the Grenadines
Samoa
São Tomé and Principe
Senegal
Seychelles
Sierra Leone
Solomon Islands
Somalia
South Africa
Sudan
Suriname
Swaziland
Tanzania
Togo
Tonga
Trinidad & Tobago
Tuvalu
Uganda
Vanuatu
Zambia
Zimbabwe

* Cuba was admitted as a new member of the ACP group in December 2000, but is not a signatory of the Cotonou Agreement.

General Secretariat of the ACP Group of States: Avenue Georges Henri 451, 1200 Brussels, Belgium. Telephone: +32 2 743 0600

This list does not prejudice the status of these countries and territories now or in the future. The Courier uses maps from a variety of sources. Their use does not imply recognition of any particular boundaries nor prejudice the status of any state or territory.

Published by the Directorate General for Development,
European Commission, B-1049 Bruxelles



NH AA 02 191 ENC

Printed on environmentally-friendly paper Printed in Belgium