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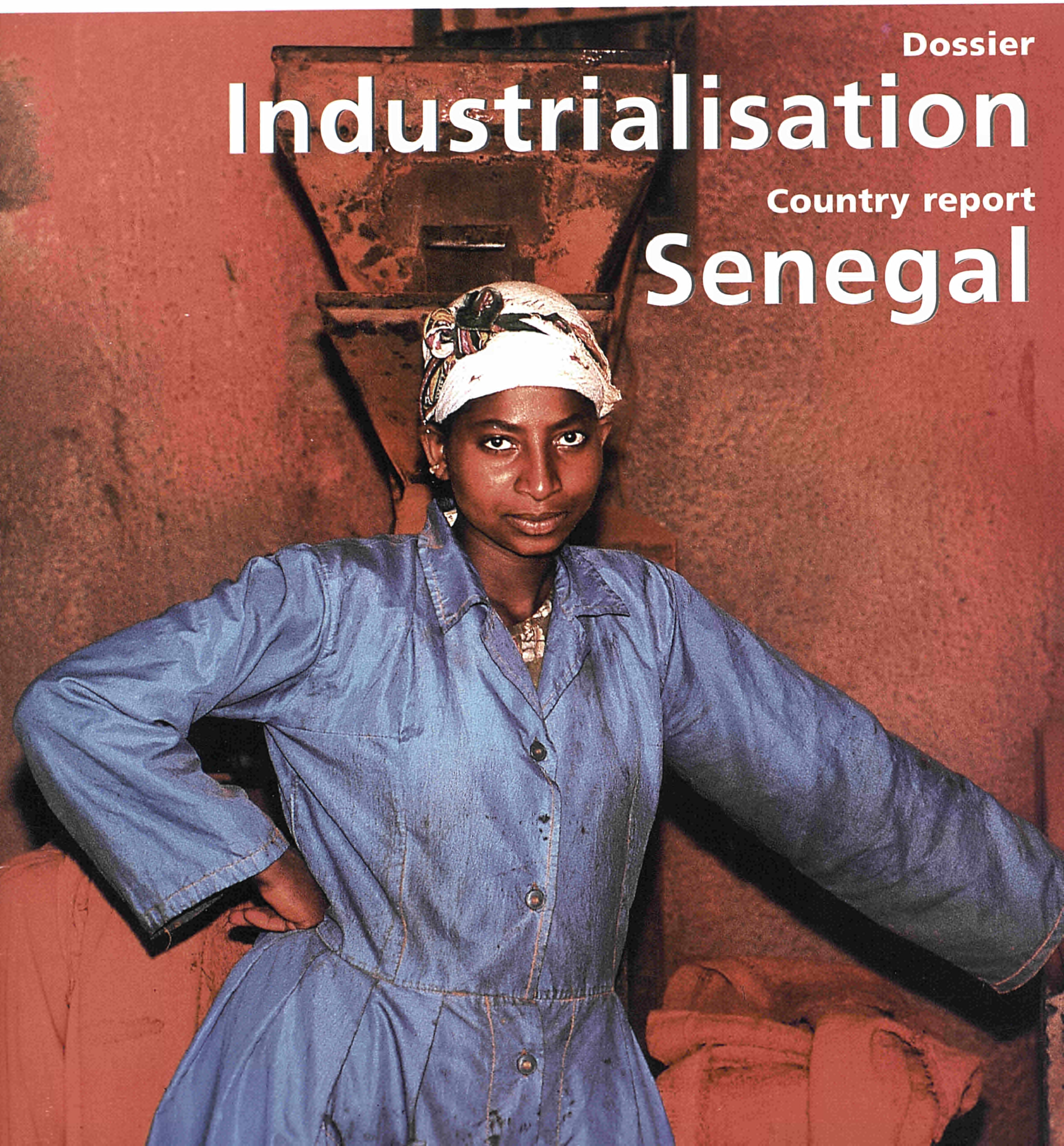
Dossier
Industrialisation

Country report
Senegal



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

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12 rue de Genève
1140 Brussels
Belgium
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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

Contributor
Maurizio Carbone
maurizio.carbone@cec.eu.int
tel: +32.2.298.54.11

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

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The ACP-EU Courier is the voice of the ACP-EU partnership in political, economic and social cooperation. This relationship can be traced back 45 years to the Treaty of Rome. The two sides have set up joint institutions and are involved in an ongoing political dialogue.
The partnership was last renewed on 23 June 2000 with the signing of the Cotonou Partnership Agreement, covering a 20-year period.
As well as the political dimension, this agreement provides for intense cooperation in the trade area as the EU seeks to ensure that the ACP countries do not suffer marginalisation in the current multilateral trade negotiations (Doha Round).
The partnership has always focused on development assistance which targets the twin objectives of poverty reduction and sustainable development.
Giving voice to men and women from ninety-three EU and ACP countries across the globe facing the future in a spirit of partnership: that is our mission.

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Sustainable industrial development: alleviating poverty by fostering productivity growth

Industrialisation is a key element in the promotion of sustainable development by creating productive employment and generating value added income and hence making a significant contribution to the eradication of poverty. As part of the United Nations (UN) system, the United Nations Industrial Development Organisation (UNIDO) has responsibility for promoting industrialisation throughout the developing world in cooperation with its 169 Member States. In this interview, UNIDO's Director General Carlos Magariños answers *the Courier's* questions on how to forge a stronger consensus on the role of industrialisation within the general development paradigm.

Maurizio Carbone

In the past two years the international community has made concrete progress towards achieving the Millennium Development Goals. Doha, Monterrey and Johannesburg show that the developed world is committed to eradicating world poverty. What was UNIDO's role in these major conferences? Is there a common, coherent strategy within the UN system on how to promote industrial development?

In a nutshell, the outcome of the three major conferences can be summarised as follows: Doha recognises that international trade cooperation has to heed better the needs of the developing countries; Monterrey celebrates a consensus on how development is to be financed; and Johannesburg strengthens the international resolve to achieve development in ways that are sustainable. From UNIDO's perspective it was of paramount importance to see the role of the productive sector properly highlighted in these processes. While there is general agreement now that trade has to supplement aid in promoting the greater well-being of all people, trade liberalisation can only benefit the developing countries if they have sufficient productive capacities to generate tradable goods and if their products satisfy international norms and standards. In this sense, the UN system could do more. In particular, increased efforts are needed to promote technology cooperation, innovation and competitiveness. For instance, UNIDO is participating actively in the task force on technology established under the Millennium Project directed by Jeffrey Sachs. Furthermore, I intend to initiate consultations with the Executive Heads of several other UN agencies to identify avenues for increased cooperation within the UN system in this area. It is also important to note that the UN Secretary General has been mandated by the General Assembly to include the topic of industrialisation in his yearly report on the implementation of the New Partnership for Africa's Development. UNIDO will cooperate very closely with the Secretary General in this area.


UNIDO

Thinking about industrialisation and industrial policy has undergone many shifts in the post-war period. What lessons have we learned since the 1960s?

With respect to industrialisation, the part played by 'industry in development' – if it was ever seriously questioned – is fully recognised again. In particular, the key role of manufacturing industry for growth – based mainly on technology-driven increase of productivity and some essential 'co-factors', like human skills or appropriate institutions – is undisputed. As regards

It is the role of governments to formulate a national vision, to achieve consensus and unite the key stakeholders of society behind such a vision, as well as, eventually, to create the conditions for unleashing the dynamism of the private sector in achieving that vision

policy, the new lessons take into account, in particular, the question marks about the role of industrial policy in the success stories of Japan and the East Asian Tigers. The core of the new thinking is that functioning markets and private agents acting in these markets matter most, also for the development of industry and its contribution to growth. However, they must not be left to themselves completely, if the goal is to promote and accelerate industrialisation and growth effectively. In areas where markets fail predictably, public policy has to step in. Prominent among such areas, where public intervention is expected to enhance welfare, are those to do with the creation as well as the diffusion of knowledge and information. It is the public-goods characteristics of all kinds of knowledge that are at the roots of market failure and thus provide a rationale for policies to correct it. Another broad field for policy-making is that of building institutions required for and conducive to sustaining and accelerating the development of industry. Economic theorising and recently empirical results too point to the pivotal role of institutions for sustained growth (also of and through industry) and to the fact that policies are at the core of establishing fruitful institutional settings, which can vary widely between countries.

With the exception of some East Asian countries and to a lesser extent China, almost all developing countries have experienced a process of industrial regression or de-industrialisation. Can the industrial sector still play a role in the fight against poverty and marginalisation?

By addressing the economic and social causes of poverty, industry can play a major role in helping to overcome it. The indirect contribution of industry through its promotion of economic growth, which is a necessary condition for a sustainable reduction of poverty, is undisputed. The direct contribution of industry to poverty reduction, though more narrowly defined and thus limited, is nevertheless significant, and includes the creation of jobs for clearly disadvantaged groups like unskilled workers. For most developing countries, the greatest benefits can be derived through a pattern of industrial specialisation in accordance with the principle of comparative advantage. In addition, an industrialisation strategy meeting the needs of rural development can also be expected to have positive effects with respect to poverty reduction in the affected areas.

By contrast, the topic of marginalisation reflects broader issues of how developing countries can take full advantage of the potential benefits of the rapidly advancing process of globalisation. In this context it may be noted that industry can act as a key agent for securing developmental benefits from rapid international integration, with respect to trade, investment and technology transfer. In the case of trade, for example, manufacturing industry is a sector producing tradable goods only. If this production meets the standards of international competitiveness, it forges a most important link to world markets. Similar global integration effects occur in industry with respect to investment and the transmission of knowledge. A prudent industrialisation strategy may thus be seen as an indispensable element in fighting economic marginalisation.

What can we expect in the near future for Africa?

Expectations for Africa in the not too distant future are built around this renewed view of what industrialisation can do for development at large and of the attendant 'economically correct' policies. Given what we know today about the multi-faceted development problems of African countries, it seems reasonable to expect that in the near future, the decline of industry – as reflected, for instance in decreasing per capita manufacturing output of African Least Developed Countries – will be arrested, stagnation lifted and turned into increase before long. Based on this scenario, industry can be expected to make its much-needed contribution (through growth) to a substantial reduction of poverty by 2015, as stated in the first of the Millennium Development Goals.

UNIDO

In development thinking, the part played by 'industry in development' – if it was ever seriously questioned – is fully recognised again

Are there different paths to industrialisation? Or do you think that greater export-orientation is the only "game in town"?

Although export-oriented industrialisation may not be the only path, it seems to be the most promising one by far for most developing countries. There are a number of reasons for this. The first one goes back to Adam Smith's dictum about the division of labour being limited by the extent of the market. Only very few developing countries have domestic markets large enough to induce a pattern of specialisation leading to an efficient allocation of resources. In addition to allowing for an optimal pattern of specialisation, world markets provide the chance for the smaller economies to exploit scale effects in their production. Furthermore, exposure to international competition as a rule leads to increases in technical efficiency with the ensuing gains for growth. Further increases in productivity come from knowledge acquisition associated with export activities, or simply from "learning by exporting".

The experience of leading industrialised economies shows that innovation and technological change are key elements of the industrialisation process. Do you think that applying and adapting imported technologies is the only option for developing countries?

The adoption of imported technology is clearly not the only feasible path to industrial development, although it may often be the most appropriate one. Empirical studies of economic growth – including some carried out by UNIDO – have shown that technological progress is the achievement of a relatively small number of industrialised countries, and that the remaining industrialised and virtually all developing economies can realise large productivity gains from the adoption of this technology. A prerequisite for the successful use of foreign technology, and the learning processes associated with it, is some own effort in research and development, which, however, does not have to result in a large volume of world-class innovations. One of the reasons why it is prudent for "technological followers" to concentrate on the adoption, adaptation and utilisation of industrial-technological knowledge transmitted from abroad is that this type of knowledge displays clear traits of an international public good. It offers a foundation on which developing countries can base their technological advances without foregoing the possibility of their own, albeit limited, innovative activity.

What can the international community do to close this technological divide?

In addition to promoting the international integration of the industrial sectors of developing countries, more direct support to building industrial capacities in the less industrialised countries can be offered through technical cooperation between these countries and the international community. In the field of industry, such cooperation can take many forms, covering areas ranging from investment and technology promotion to business support services and further to energy-efficiency and cleaner production methods. In this context, the provision of direct support for the building of institutions tailored to certain aspects of industrial development and to the specific conditions prevailing in a given developing country is particularly important. This may be complemented by the provision of appropriate policy advice for the simple reason that good institutions result – in a cumulative fashion – from good policies.

UNIDO

Trade liberalisation can only benefit the developing countries if they have sufficient productive capacities to generate tradable goods and if their products satisfy international norms and standards

The basis for any industrial strategy is a national vision of industrial development. Governments play a key role in allowing heavy foreign involvement in industrialisation, through foreign direct investment (FDI) by multinational corporations. What are the risks of a too "dependent" industrial policy?

First of all, it is important to underline the premise of your question: yes, it is indeed the role of governments to formulate a national vision, to achieve consensus and unite the key stakeholders of society behind such a vision, as well as, eventually, to create the conditions for unleashing the dynamism of the private sector in achieving that vision. This is fundamentally different from previous times when governments prepared so-called industrial master plans pretty much in a top-down manner. The role of FDI needs to be considered in this context. In the past, there was often a black-and-white perspective on FDI. It was either considered a devil in disguise or counted on as the panacea for development. In reality, the challenge is to utilise FDI as a mechanism to benefit the entire economy. This, by the way, also implies working with those transnational corporations that look beyond a crude short-term profit maximisation strategy. What comes into play here is corporate social responsibility – an issue that is also high on the agenda of the EU. Also, let us not forget that, for successful industrialisation to take place, heavy reliance on FDI is not the only option. For instance, the Republic of Korea – during its take-off phase in the 1970s and 1980s – relied mostly on other forms of technology acquisition such as licensing agreements. At the same time, it is true that most developing countries have assigned a prominent role to attracting FDI flows and the technological and managerial know-how that comes with it. While the benefits can be tremendous, there are some risks which need to be carefully monitored. These include a possibly negative impact on the balance of payments when the levels of imported technology, raw materials and components are high and the outflow of profits and dividends puts a burden on the current account. Other risk factors relate to a possible "race to the bottom" in terms of competing with generous investment incentives, and to the danger of creating a dual economy with a modern enclave-type foreign sector co-existing with traditional domestic firms. Clearly, therefore, the key policy challenge is one of linking the two areas. This starts with attracting FDI into the most appropriate sectors, and requires building up the physical and institutional infrastructure that would allow and foster business linkages between foreign-invested and domestic firms. We at UNIDO are supporting developing countries in creating such linkages.

The small-scale industry sector is often seen as an alternative to big firms. Small and medium sized enterprises (SMEs) play a leading role in creating employment in low-income countries, especially in Africa and Asia. But there is also evidence that, while only a very small percentage of SMEs graduate, the majority of them remain small or disappear.

I would not consider small enterprises as an alternative to large ones, be they domestic or foreign-owned. Rather, they are a complement to big businesses. It is essential to build up an industrial sector that effectively combines large, medium and small enterprises. Many researchers see the key weakness of poor developing countries exactly in having a myriad of informal micro enterprises on the one hand and just a few large enterprises on the other. These economies are lacking the so-called "missing middle" of dynamic small and medium companies that are so impor-

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tant for a resilient and flexible economic structure. Also, just relying on small enterprises with low-productivity would not be a viable strategy under an international trade regime in which the most competitive firms worldwide will prevail. In the long run, the artificial protection of inefficient enterprises is likely to be socially expensive and would only increase adjustment pressure in the future. The task at hand is to make micro and small enterprises more productive, to increase their efficient use of resources and to move them towards more consistent output patterns and higher quality products. A lot can be done in this direction: from supporting technology and management upgrading to fostering cooperation such as in sectoral clusters and, most importantly, facilitating their participation in regional and international trade through helping them to comply with increasingly demanding technical and environmental standards. The goal must not be to relegate poor developing countries to low productivity activities but to promote a gradual process of productivity enhancement and innovation. Micro and small enterprises are a starting point in this direction, a breeding ground for domestic entrepreneurship – and not an end in themselves.

You discussed some of the constraints that small firms face. You did not mention access to credit…

In my view, the key issue here is not access to credit. No doubt, finance is important – be it micro-credit, conventional loans or equity capital. But equally, if not more important, are business development services that help new entrepreneurs to identify potential markets, to improve product quality, to select and acquire new technologies, to apply clean production approaches efficiently, to exchange experience and to cooperate, such as in industrial clusters. In other words, injecting finance alone, without ensuring the technological and managerial upgrading required, will not do the trick.

You referred to industrial clusters. Can the "industrial district model" guarantee Africa the necessary flexibility for international competitiveness?

Whereas 15 years ago, SME cluster development seemed to be a prerogative of OECD economies, the last decade witnessed successful cluster experiences in Latin America (for instance Chile, Brazil and Mexico) and in South Asia (most notably in the Indian sub-continent). In Africa, SME clustering has been under-researched. The limited evidence available suggests a large number of under-performing clusters with hundreds and even thousands of micro-scaled enterprises, often in the metalworking and repair sector. The degree of specialisation and collaboration of these enterprises is low. Moreover these clusters face very severe infrastructure problems both in terms of utilities (e.g. roads, electricity, information technology) and institutions (e.g. contract enforcing, law and order). These features limit the capacity of enterprises to reach global markets and improve quality and technology. However, these clusters offer an environment conducive for the development of entrepreneurship and skills. Provided infrastructure is developed, it is likely that "collective efficiency" might emerge.

Finally, the relationship between industrial performance and pollution. The last UNIDO report shows that it is not necessarily the most advanced countries that pollute most. It is generally believed that industrial development compromises the environment: is that a misperception then?

Yes indeed. Progressing industrialisation does – rather would – compromise the environment, if nothing were done about it. The danger comes from the sheer volume of pollution and resource depletion associated with increasing world industrial output, and here the advanced countries still figure prominently. However, it is also clear that the more advanced a country is, the less it tends to pollute in relative – for some pollutants even in absolute – terms. All this underlines the importance of strong efforts to make industrial production cleaner, in view of the inexorable rise of world levels of industrial production in the context of overall development. The major instruments for achieving such goals are technological. Hence it must be seen as a primary objective to transfer environmentally sound technology to the developing countries in large measure and at the fastest pace possible. Leveraging the complementarities of developmental and environmental efforts has the potential to maximize the contribution of industrial expansion to fairer and more environmentally responsible sustainable development. ■

EU-Cuban relations

Taking further steps towards Cotonou membership

The year 2003 marks a decisive step in strengthening the relations between the European Union and Cuba. On 8 January Mr Perez Roque, Minister of Foreign Affairs of Cuba, sent a formal request for accession to the Cotonou Agreement. In February, a European Commission Delegation opened in Havana.

Maurizio Carbone

Over the past 18 months much progress has been achieved in relations between the European Union and Cuba. Two meetings at high political level took place (in Havana in December 2001 and in Copenhagen in November 2002) and a further meeting is planned for the end of 2003. However, although Cuba is now a full member of CARIFORUM and has recently signed a partial free trade agreement with CARICOM, it is the only country in Latin America and the Caribbean that has not yet signed a cooperation agreement with the European Union.

Nevertheless, the EU is Cuba's most important partner in terms of trade and foreign direct investment (FDI), as well as a major tourist provider. In 2001, EU exports to Cuba, which have doubled over the past ten years, stood at €1.43 billion, while imports from Cuba reached €581 million. As for FDI, the EU's share exceeds 50 per cent of total foreign investment in Cuba.

Strengthening political dialogue

The basis of the EU policy towards Cuba is the Common Position (CP) adopted in 1996. In the first paragraph, the CP states that "the objective of the European Union in its relations with Cuba is to encourage a process of peaceful transition to pluralist democracy and respect for human rights and freedoms". On the basis of this position, the European Commission has been able to provide, since 1993, close to €145 million in assistance programmes to Cuba (see table). The CP has been confirmed every six months.

However, following the 12th evaluation of the CP, on 10 December 2002 in the conclusions of the General Affairs and External Relations Council, the Council introduced two important modifications while reconfirming the CP principles. Firstly, there will no longer be limitations on development cooperation measures provided they meet the main objectives of the CP. Secondly, the periodic reviews of the CP are extended from six to 12 months.

The opening of the new Delegation in February 2003 represents a further step in this process of rapprochement between the EU and Cuba. "Cuba and the EU are tied together in an important strategic partnership. A partnership based on our historical ties but also on the fact that the EU today is Cuba's main trading partner, major source of foreign investment, first provider of tourists and its principal partner in development cooperation. I am convinced that from now on we will travel together some way towards the goal of fostering a democratic and prosperous Cuba," stated Poul Nielson, EU Commissioner for Development and Humanitarian Aid.

Application for membership

Another event will allow Cuba and the EU to turn a page in their relations. Following an announcement made on 8 December 2002 by President Castro Ruiz in Havana before a meeting of all CARICOM Heads of Government, Cuba formally applied for accession to the ACP-EC Partnership Agreement (the Cotonou agreement) on 8 January 2003.

CISP/Giuseppe Ventagli

"The expression of this desire takes into account the historical bonds forged by the Republic of Cuba with the ACP States and the EU Member States, the similarities of its economic-productive structure with that of the rest of the ACP States and the active participation that the Republic of Cuba has been undertaking since its accession to the ACP Group in December 2000", stated Mr Felipe Perez Roque.

This application for accession follows the granting of informal observer status for the Economic Partnership Agreement (EPA) negotiation process. As formal status could only be granted to candidate countries of or signatories to the Cotonou agreement, Cuba was admitted as an informal observer during the "all-ACP" phase of the EPA negotiations. The first "all-ACP" phase is intended to be used for clarification and explanation on a certain number of salient issues that concern the ACP as a group. The regional phase, due to be launched in September 2003, will involve negotiating key issues such as market access, regional market building, and economic integration.

Cuba's request for Cotonou membership will be assessed on the basis of Article 94 of the Cotonou agreement. This article states that any "independent State whose structural characteristics and economic and social situation are comparable to those in the ACP States" is eligible for membership. It should be remembered that Cuba joined the ACP Group on 14 December 2000, thus placing the EU in a position of having a partnership agreement with the ACP Group from which Cuba is the only country not benefiting.

However, if Cuba is accepted by the ACP-EU Council of Ministers as a new member (which is subject to the conclusion of the ratification process in the Member States), it could not receive funds under the 9th EDF provision, as allocation has already been made. Article 94 establishes that any accession "may not infringe on the benefits enjoyed by the ACP States signatory to this Agreement under the provisions on development co-operation financing." This does not prevent the EU, as was the case for South Africa, from adding a specific budget line to finance cooperation projects under the Agreement. Financial and commercial benefits under Cotonou, some Member States point out, is subject to fully respecting the stipulations of Article 9 (which refers to democracy, human rights, and rule of law). The two phases, however, must be kept distinct. Whether it meets the democracy and human rights criterion is to be decided once Cuba becomes a full member of the Agreement and not at the moment of the application. ■

EU-Cuba development cooperation

Poor relations with the US are a major handicap for Cuba's participation in many multilateral institutions, such as the International Monetary Fund (IMF), the World Bank, and the Inter-American Development Bank (IDB). Cuba, therefore, enjoys little multilateral development assistance. Its main donors are the UN agencies, such as the World Food Programme (WFP), the UN development Programme (UNDP), and UNICEF.

As for the European Union, Cuba receives aid bilaterally from the Member States and from the European Community (EC). The bulk of assistance provided by the Member States goes into economic support measures targeting in particular the furthering of trade and investment opportunities for European companies, vocational training, small-scale agricultural support and local infrastructure.

Since 1993, the EC has financed close to €145 million in assistance measures: most of this money (about €90 million) is in the field of humanitarian affairs through ECHO, the EC Humanitarian Office. The food security programme has also been a major provider of funds, with a total of some €20 million. Since 1998, the budget lines 'co-financing of NGOs' and 'economic co-operation with Latin America countries' have become increasingly used for projects in Cuba, with funding reaching €18.8 million and €14.8 million respectively in the period 1998-2001. The Commission decided in 2000 to phase out humanitarian aid on a programmable basis, since Cuba was no longer in a state of generalised emergency, and instead to mobilise financing for projects that promote economic reform and the development of civil society.

EC cooperation with Cuba 1997-2001 (commitments in M€)

Sector	1997	1998	1999	2000	2001
Humanitarian aid	10.3	9.8	11.4	2	8.5
Disaster prevention					0.9
Food security	0.2	0.2	0.7	1	0
NGO co-financing	0.6	2.4	2.8	8.2	5.4
Economic co-operation with LA countries	1.1	2	2.1	5.8	4.9
EIDHR	0	0	0	0	0.5
Total	**12.2**	**14.4**	**17**	**17**	**20.2**

Source: European Commission

Stop FGM

Female genital mutilation:
women step up the campaign at international level

At the initiative of three associations (Associazione Italiana Donne per lo Sviluppo [AIDOS], No Peace Without Justice [NPWJ] and Tanzania Media Women's Association [TAMWA]), and supported by a number of Members of the European Parliament (MEPs), dozens of women's associations from all over the world met on 10 and 11 December 2002 on the occasion of World Human Rights Day at the European Parliament in Brussels, for the "STOP FGM; international campaign" conference, launching an international campaign to eradicate female genital mutilation.

Moussa Sawadogo

"Yes to respect for other cultures, but only if they respect human rights": this was the gist of the proposals presented by Mrs Anna Karamanou, MEP and President of the Committee on Women's Rights and Equal Opportunities.

Female genital mutilation is a traditional practice that is particularly common in Africa and the Middle East, and it consists of the partial or total ablation of a woman's external genital organs. It may involve the partial cutting of the external genital organs and a reduction in the size of the vulval opening. The most radical form of genital mutilation is known as 'infibulation'. FGM is generally carried out on young girls of between four and twelve years of age as a rite of passage from childhood to adulthood. Sometimes it is carried out just after a woman gives birth to her first child.

According to the WHO (World Health Organization), some 130 million women and children, principally in Africa, have suffered FGM. The phenomenon continues, with an average of two million instances per

UN/DPI photo

Maake women in Lesotho participating in a female circumcision ceremony

Stop FGM!

Female Genital Mutilation
Mutilations Génitales Féminines
Mutilazioni Genitali Femminili
بتر الأعضاء التناسل المراة

Stop Excision
The World Health Organization estimates that two million girls undergo FGM or female circumcision every year

year. In Somalia, for example, 98 per cent of women are victims of this practice.

Gaining ground throughout the world

Nowadays, FGM can be found throughout the world, and owing to population migration the phenomenon is now observed in Europe, the United States, Australia and elsewhere. According to Mrs Isabelle Gillette-Faye, a sociologist and Director of GAMS (Women's group for the abolition of sexual mutilation), it now exists on the territory of the European Union – 180,000 women and young girls have either been mutilated or are under threat of mutilation. There are approximately 43,000 in France, 40,000 in Italy, 37,000 in Germany and 33,000 in the United Kingdom.

In the developing countries, particularly in a village environment, female genital mutilation poses serious hygiene and health problems. The instruments that are used – kitchen knives, pieces of glass or razor blades – are often not sterile, and may be used on several young girls in succession. This situation promotes the spread of blood-transmissible diseases, such as HIV/AIDS. In the case of infibulation, there are frequent obstetric complications.

In some countries, in order to prevent female genital mutilation giving rise to disease and illness, the practice is carried out by medical staff. Such is the case, for example, in Egypt, where 50 per cent of the 'operations' are carried out by doctors. Campaigners believe that this in no way alters the fact that mutilation is still a violation of a woman's physical integrity. According to the present campaign's initiators, "even though parents who arrange for the practice to be carried out on their daughters do not intend to cause them harm, this is still a violation of the acknowledged fundamental rights of young girls and women: the right to physical integrity, to health, to dignity and to equality, irrespective of the degree of excision".

The "STOP Female Genital Mutilation" campaign, financed by the European Initiative for Democracy and Human Rights, aims to increase public awareness of this phenomenon in Africa and also internationally. A formal appeal has been launched, aimed at collecting the maximum possible number of signatures. In addition, the campaign intends to gather and circulate information on FGM, and an internet website has been created for this purpose (www.stopfgm.org).

Syfia/M.-A. Leplaideur

A genuinely democratic state – the prerequisite for abolition of the practice

At international level, female genital mutilation is punishable under the law. The Convention on the Rights of the Child, ratified by all African countries, the UN Convention on the Elimination of Violence against Women, the African Children's Charter and many other texts condemn FGM. In several African countries, the practice is now regarded as a crime punishable by imprisonment. Women, nevertheless, have to monitor application of these various texts.

It is in this connection that female MEPs have come up with a number of ideas: MEP Mary Banotti, from Ireland, is keen to see the conclusions of the meeting's work better publicized both in her own country and within the European Parliament. Her colleague, MEP Kathalijne Buitenweg, a member of the Green party from the Netherlands, is calling for judicial cooperation on the subject at global level, and MEP Elena Valenciano, a member of the Spanish Socialist Workers' Party, is seeking to set up an international organisation along the lines of UNAIDS.

MEP Emma Bonino, from Italy, a pioneer in the fight against FGM, is proposing to take the campaign into the political arena. According to her, "the subject has to be brought to politicians' attention, because African, Arab and Asian women will never experience freedom without the advent of political democracy in their countries". For many researchers, female genital mutilation is a means whereby men, in the traditional environment, continue to dominate women, which amounts to saying that this practice will cease only if women can use every means available in order to assert their rights.

A genuinely democratic state therefore seems to be a prerequisite. ■

ACP-EU Joint Parliamentary Assembly: cancellation of the 5th session

The fifth session of the ACP-EU Joint Parliamentary Assembly (JPA), which was due to take place in Brussels on 25-28 November 2002, was cancelled over a disagreement on the participation of two parliamentary delegates from Zimbabwe who are on an EU travel ban list. The next session of the JPA is scheduled to take place in the Spring of 2003 in Congo-Brazzaville.

Anne-Marie Mouradian

The cancellation of the fifth session of the Joint Parliamentary Assembly came after the decision of the Conference of Presidents of the European Parliament[1] not to allow access to the European Parliament premises to two Zimbabwean delegates. Paul Mangwana, Minister of State for State Enterprises and Parastatals, and Christopher Kuruneri, Deputy Minister of Finance and Economic Development, both members of the Zimbabwe African National Union Patriotic Front (ZANU-PF), are included on the EU travel ban list as a consequence of sanctions imposed on the Zimbabwean regime by the European Union. These sanctions, imposed in February 2002 due to lack of respect for human rights, included banning President Mugabe and other senior officials from travelling to EU countries and froze their assets in Europe. However, the two ministers were sent by the Zimbabwean government as part of its delegation to the the fifth JPA session, despite being on the EU list.

Photo European Parliament

Glenys Kinnock, JPA Co-President

After the cancellation, the ACP secretariat issued a statement which said that it had been informed only on Friday 22 November of the European Parliament's decision to ban the two delegates. The ACP Group insisted that it was not up to the EU to decide on whom to exclude from ACP countries' delegations. In its view, the issue should have been dealt with by the Bureau of the Joint Parliamentary Assembly, which is the only body with the authority to decide who participates in the workings of the JPA. Pursuant to article 17 of the Cotonou Agreement, representatives to the ACP-EU Assembly shall be designated by the Parliaments of the countries concerned. Furthermore, the ACP members stressed not only that the Cotonou Agreement confers privileges and immunities on members of the JPA but also that the EU Council Common Position of 18 February 2002 stated that exemptions to the ban on visas to Zimbabwean ministers may be granted where travel is justified on grounds of attending meetings of international bodies. Thus, the ACP group maintained that the Zimbabwean delegates came under this category and so were exempted from the travel ban by the Belgian authorities.

For members of the European Parliament, however, the issue was more of a political nature than legal. The fact that the Zimbabwean government had sent two delegates on the EU travel ban list when they could have chosen any of a number of other Members of Parliament was considered a provocation. According to Mrs Kinnock, Co-President of the JPA and Member of the European Parliament (MEP), the decision to send those two delegates was provocative, and cancellation could have been avoided if other delegates had been sent. In addition, derogating from a European Parliament resolution of 5 September would have amounted to displaying serious inconsistency towards the European electorate. Quoting European Parliament President Pat Cox, Mrs Kinnock furthermore maintained that the two delegates were parties to serious violations of human rights, and the travel ban was to be rigorously enforced.

According to Adrien Houngbedji, JPA Co-President and leader of Benin's National Assembly, "we and our European partners are committed to the same values: liberty, democracy, good governance and respect of human rights. Many members of the ACP Parliamentary Assembly have devoted their lives to fighting for these values. We would therefore take exception to the accusation that we are supporting human rights violations. We have taken this stance simply to comply with the rules that we, Europe and the ACP countries, have drawn up together".

Suggestions aimed at reconciling the two parties included plans to move the Assembly to a different venue, or holding the meeting without the listed Zimbabweans and thus dropping the question of Zimbabwe from the agenda. Despite a weekend of intense negotiations, all attempts to reach a compromise ended in failure. The joint session was thus cancelled. The two parties went their separate ways on polite terms, reaffirming their commitment to the Joint Parliamentary Assembly. Without doubt, the cancellation of the fifth session of the Joint Parliamentary Assembly represents a difficult moment in Euro-ACP parliamentary relations even if the problem should not, in theory, resurface for the next session, scheduled to take place in Brazzaville (Republic of the Congo) 31 March-3 April this year. ■

1. The Conference of Presidents is made up of the leaders of political groups and the President of the European Parliament.

Adrien Houngbedji, JPA Co-President

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The Joint Parliamentary Assembly: seeking a way forward

The fifth session of the African, Caribbean, Pacific - European Union Joint Parliamentary Assembly (JPA) was due to have met in Brussels from 25 to 28 November 2002. Its failure to convene has without doubt created something of a crisis for the institution. Here **Rob Davies***, who has participated in JPA sessions since 1994, reflects on how the Assembly can make a distinctive contribution. He argues that the present crisis offers an opportunity to reflect on the broader issues and real challenges facing the institution.

The immediate issue underlying the dispute that made the convening of the fifth session impossible was a decision by the European Parliament to refuse access to its premises to two Zimbabwean delegates on the EU travel ban list, who were nevertheless issued with visas and admitted into Belgium on the grounds that the travel ban rules exempted persons attending bona fide international meetings.

Underlying this were sharp differences of principle between the EU and ACP components on issues of democracy and good governance. For the majority of European parliamentarians the issue was one of the consistency and coherence of the European Parliament's repeated calls for a tightening of the travel ban regulations. Their leaders felt that these were incompatible with hosting persons on the travel ban list in the parliamentary precincts. For the ACP, and for the Greens and the United Left Group in the European Parliament, the principle at stake reached beyond the Zimbabwe travel ban and was fundamentally about respect for joint decision-making. The JPA as a joint body operates according to joint rules, which are binding on both the strong and the weak. Developing countries are struggling for principles of good governance in multilateral institutions, which require stronger parties to submit to a rules-based approach and not resort to the unilateral exercise of power when decisions based on the rules do not suit them.

Identifying priorities

The crisis this dispute has created for the JPA need not be all negative. It can also become an opportunity for broader reflection and introspection on the functioning of the JPA, with a view to finding ways to make it more effective. This article represents a modest contribution to such a reflection, written in an individual capacity by someone who has participated in JPA sessions since 1994.

During the course of the exchanges preceding the impasse of 25 November, the EU Co-President, Glenys Kinnock MEP, issued a statement appealing to ACP participants to recognise that the JPA's priority was to address items on the agenda that "deserve urgent attention – in particular the trade negotiations between the 77 African, Caribbean and Pacific countries and the European Union which have just been launched... [as well as] other economic, political and environmental issues – including the food shortages in Africa". One can only say ,"hear, hear" to that. But have issues like these really been the priorities in JPA sessions?

> **Issues of democracy and good governance are "essential elements" of the Cotonou partnership and need therefore to be debated in the JPA**

In my experience only a minority of MEPs, and an even smaller minority of ACP parliamentarians, come prepared seriously to engage on such issues. On the agenda for the abortive fifth session, the item on "Development cooperation between the European Union and the ACP states in the framework of the Cotonou Agreement" was followed by sub-themes on the International Criminal Court, the New Partnership for Africa's Development (NEPAD) and the follow-up to the Johannesburg summit. Relevant though all these sub-themes undoubtedly are, they do not deal directly with the Economic Partnership negotiations between the ACP and EU. This matter, as far as I am able to discern, would have been dealt with at the fifth session largely in the question time sessions, where discussion would have been limited to follow-up by those who submitted questions in advance.

The usual suspects

In this context, I am reminded of the third session held in Brussels in November 2001, where the only substantive discussion on the Cotonou negotiations took place in a fringe meeting held during a lunch break. The fifth session, like most previous sessions, was, in short, destined yet again to be dominated by a highly uneven and unequal debate on the political situation in particular ACP countries.

Most of the motions for resolution due to have been tabled at the fifth session once again dealt with the usual list of suspect countries – with the usual few new additions. These once again were mainly drawn up by European parliamentary groups enjoying access to research support that ACP delegations simply do not have. Although the Joint Bureau has taken steps to restrict

Photo European Parliament

resolutions on specific countries to a limited number identified by the Bureau in advance, a glance at the resolutions on ACP regions indicates that many of these were not really about the region as such but were rather compendiums of comments about aspects of the political situation in a number of individual countries in that region. Many of the ACP delegations, led as they are by the majorities in the parliaments concerned, came with a mission to seek support for their own position in relation to these motions. The fifth session, like all other JPA sessions, was thus destined de facto to have most of its attention focused on these issues.

Absence of European issues

Another feature of the uneven and unequal dialogue is that the region that has consistently received scantest attention is Europe. Perhaps in recognition of this, a motion for resolution on the EU was due to have been tabled at the fifth session. This was drawn up by a European group, and the only other discussion I can recall on a European issue – on the rise of the far right in Austria – saw only European parliamentarians participating. What did the draft resolution on the EU deal with? Floods in central and eastern Europe, linking this to hazardous chemicals and human-induced climate change. These are important issues, parallelling similar concerns about drought, famine and the threat to small island states expressed in various resolutions on ACP regions. Missing once again, however, was any resolution on issues of politics and governance in Europe.

Are there no such issues that impact on the ACP-EU partnership? What about apathy towards, and alienation from, established political parties by significant sections of the electorates and the associated rise of rightist, populist forces in several EU countries? What about the fact that the ideological basis of many of these rightist, populist groupings is often xenophobic and racist attitudes towards the immigration question? What about the fact that such attitudes can fuel negative perceptions towards the ACP? These issues are not likely to be taken up by ACP delegations, which generally lack the research resources and therefore the capacity to comment on them in any detail.

For the Europeans they raise "sensitive" issues. The evolution of the wording of one of the themes due to have been dealt with in the workshop session of the fifth JPA is highly indicative in this regard. At the Joint Bureau meeting in Rarotonga it had been proposed to hold a workshop on "The rise of the extreme right in Europe and its impact on migrant workers and the EU immigration policy due to enter into force in 2003". The draft programme for the fifth session presented the theme in a sanitised form as "Migrations: reasons and problems".

Losing sight of the "core business"

A fundamental question that the JPA needs to reflect on is what has been the impact of the many, many resolutions on the political situations in particular ACP countries it has passed over the years? There can be no doubt that particular "problem states" and opposing forces have focused considerable diplomatic and lobbying effort on JPA sessions. But I venture to suggest that by and large the impact of the resolutions has been negligible. Where there are sharp differences between the ACP and EU sides, there is often no resolution. Other resolutions are usually little more than comments that fail even to attract much press coverage. The JPA frankly does not have a comparative advantage in this area.

Focusing so much time and effort at JPA sessions on these resolutions comes at considerable cost in terms of diverting attention away from what ought to be its main business: providing a forum for joint parliamentary oversight of, and engagement with, the multilateral issues of the EU-ACP partnership provided for by the Cotonou Agreement. The desire of ACP parliamentarians to engage at this level was underscored by the fact that it was the Committee on Economic Development, Finance and Trade that was seriously oversubscribed when ACP members had to indicate their preferences for participation in one of the three new standing committees.

Adding value

In seeking to respond to the current crisis in ways that can take the JPA forward, we need to re-focus the JPA to concentrate on areas where it has capacity to add value. One area where the JPA is unique is in providing a forum for joint parliamentary oversight of, and engagement with, the ongoing Economic Partnership Agreement negotiations, and linked to these the WTO Doha Round negotiations. Both processes are now at the point of detailed engagement at official level. Both could benefit from drawing key issues from the technocratic sphere back into the political arena – a task that the JPA is admirably equipped to perform. With the constitution of the Standing Committee on Economic Development, Finance and Trade, new possibilities have been created to enhance this work, including embarking on a programme of hearings and receiving of reports that can feed into informed debates in plenary sessions of the JPA. This surely must become the "core business" of the JPA.

Focusing so much time and effort at JPA sessions on these resolutions comes at considerable cost in terms of diverting attention away from what ought to be its main business: providing a forum for joint parliamentary oversight of, and engagement with, the multilateral issues of the EU-ACP partnership provided for by the Cotonou Agreement

Issues of democracy and good governance are "essential elements" of the Cotonou partnership and need therefore to be debated in the JPA. What has been missing, however, has been a generic debate on how to promote democracy and good governance (although this issue might have been touched on in the General Rapporteur's Report that was scheduled to have been presented at the fifth session). We all agree that democracy and good governance are essential to promote growth and development, but different paradigms on the approach to these issues are discernible in our debates.

At the risk of oversimplification, one such paradigm evident in certain EU circles, might be described as a variation of a "democracy and good governance first" or "conditionality" approach. This sets up norms and standards of democracy and good governance, usually based on an idealised vision of European practice, and insists that until these are in place no partnership to address developmental issues can be effective. Any country seen as departing from these norms may, therefore, find itself excluded from the benefits of development cooperation. Against this is a paradigm, often implicit in ACP positions, of democracy and good governance as "processes". This would argue that democratisation is not something that can be achieved in one fell swoop, and that the process of building democracy and good governance in ACP countries is inextricably linked to the struggle against poverty and underdevelopment.

A fresh approach

The debate over the NEPAD/African Union's African Peer Review Mechanism (APRM) has also surfaced some of these issues. While the African Union does impose a pre-condition for recognition – governments must have been elected to power – the emphasis of the APRM is on voluntary and non-exclusionary principles. Members will decide to submit to the APRM because they see it yielding benefits, including receiving advice from their peers. Those that do not will not be sanctioned as such, but will not receive the benefits of the APRM, including in their relations with potential investors and donors.

These different approaches need, in my view, to be brought to the surface and frankly debated in the JPA. The Committee on Political Affairs could play a major role in preparing the ground for such an engagement. Discussions on the situation in particular countries or regions will still need to have a place in JPA proceedings, but a much smaller place than in the past. Perhaps an appropriate principle would be that any proposal for a resolution on the political situation in any country or region should first be processed in the Political Affairs Committee and agreed by the Joint Bureau before being placed on the agenda of a JPA plenary.

None of this will resolve the matter of participation by certain members of the Zimbabwean delegation in any future sessions of the JPA that may be held in the European Parliament. The Joint Bureau will need to find a way through this particular impasse. I am, nevertheless, convinced that the JPA needs to find ways to become more effective, and that the present crisis offers an opportunity to reflect on the broader issues and real challenges facing the organisation. ■

* Rob Davies is an ANC member of the South African Parliament, who has led several South African Parliamentary delegations to sessions of the ACP-EU Joint Parliamentary Assembly. This piece is intended as a contribution to debate and reflects only his personal views.

ACP-EU Joint Parliamentary Assembly

Looking through the prism of history

The Joint Parliamentary Assembly is the only institution of its kind in the world. It is an international assembly in which the representatives of the ACP states that, under the Cotonou Agreement, must be members of Parliament, meet their European Parliament counterparts in plenary session for one week twice a year.

In this article, **Karin Junker**, Vice President of the Joint Parliamentary Assembly, Member of the European Parliament (MEP) and of the Party of European Socialists (PES), reflects on the uniqueness of the assembly and its evolution over time. The impasse of the 5th session must be viewed in the context of this history. She argues that there is no alternative to dialogue.

The ACP-EU Joint Assembly, which has its origins in the Lomé Convention and has in the meantime been upgraded in the framework of the Cotonou Agreement to a Parliamentary Assembly, is a model for the international community. Nowhere else is development cooperation associated with parliamentary accompaniment, especially not in the case of activities which span continents, as is the case of ACP-EU cooperation.

Over the years, the Assembly has experienced a kind of emancipation. While the European participants were always organised along party lines, it was not unusual in the early days for the ACP side to send government representatives or sometimes even European advisers to the meetings as delegates. Later on, more and more of the Europe-based ambassadors of the ACP countries achieved recognition as delegates. Not least as a result of pressure from the members of the European Parliament, the number of elected representatives from the ACP countries gradually increased. This laid the foundations for a genuine Parliamentary Assembly that has since created its own accreditation procedure.

Assembly reflects political evolutions

This evolution was reinforced through the processes of political transformation that, following the fall of the Iron Curtain, also brought lasting changes to the political landscape of the countries of the South. In many cases, as we know, these changes did not pass off without conflict, and still continue to give rise to the type of unrest, which nowadays also regularly occupies the attention of the Joint Parliamentary Assembly. The result sometimes is repeated disappointment on both sides: the resolutions do not go far enough for some, but go much too far for others. Every now and then someone will feel misunderstood, or perhaps even mistreated.

In order to be able to assess the failure of the November 2002 meeting in Brussels, we must recall the history of the ACP-EU Assembly. It has developed, more and more, into an open discussion forum. Within the forum the discussion of topics previously considered taboo became possible; democratic values, the rule of law, human and women's rights, birth control and also more and more often the issue of HIV and AIDS in all its different aspects – not always to the delight of one side or the other. Many proposed resolutions have failed, but we have always succeeded in keeping open the channels of communication. This has been my experience as a member of the Parliamentary Group of the Party of European Socialists (PES) in the European Parliament for a dozen years.

It is damaging when the dialogue grinds to a halt after an Agreement signed by all sides has been reached which, even though it contains provisions for the interruption of development cooperation in cases of non-respect of the essential elements of the Agreement, but also expressly encompasses political dialogue as an instrument. It seems to me to be a matter of urgency to return to such dialogue at the level of the Joint Parliamentary Assembly. It will not be easy to rebuild an atmosphere of trust and a willingness to cooperate.

Impasse

It is not necessary to explain here why the Brussels meeting failed. Despite hours and even days of excruciating meetings of the ACP committee, both jointly and separately, attitudes had hardened; the European side referred to the resolution by the Conference of Presidents of the European Parliament to refuse access to the Parliament to the Zimbabwean delegates on the banned list. They referred to the massive human rights violations perpetrated by the Mugabe regime, which led the Council to impose sanctions. For its part, the ACP side insisted that the Zimbabwean delegates had entered Europe legally, since Belgium had granted them a visa, based on the provisions of the Cotonou Agreement. They asserted that the Conference of Presidents had not been lawfully entitled to make a resolution banning them, because the Joint Parliamentary Assembly is ultimately not an organ of the European Parliament, but an independent institution. Only the Bureau of the Joint Parliamentary Assembly is authorised to make such resolutions. This is all true, but not helpful in finding a way out of the impasse.

March 1999 Joint Parliamentary Assembly.
The Assembly has evolved over the years and has laid the foundations for a genuine Parliamentary Assembly. The Cotonou Agreement specifies that "the members of the Joint Parliamentary Assembly shall be, on the one hand, members of the European Parliament, and, on the other hand, members of parliament or, failing this, representatives designated by the parliament of each ACP State" (Article 17)

Photo European Parliament

The most serious accusation is the one made by the ACP side. They stated that refusing to grant entry to the two followers of Mugabe not only postponed the debate, but an opportunity was missed to publicly expose the Mugabe regime. This was corroborated by many European observers from the spheres of politics and the media, who support cooperation with the ACP Group of states. Their repeated comment that over the years Europeans sat down at the negotiating table with all kinds of dictators and their loyal helpers is unfortunately also accurate.

Business as usual?

At the next meeting in Brazzaville in the Republic of the Congo, it will be impossible to avoid encountering Mugabe's associates unless the Europeans opt to leave the room, and it would be ill-advised to do so. So should it be business as usual? That could scarcely be advised. The missed debate will of course take place there – but is that enough? Furthermore the next meeting on EU territory is bound to happen sooner or later. What happens then if Mugabe's chosen delegates are again granted visas because the issuing country regards the ACP Joint Parliamentary Assembly as justification for making an exception? As this article went to press the Council had not yet taken a formal decision regarding the prolongation of the sanctions after February 18. However, it is already clear that there will be exceptions to the travel ban in the future which will be a cause for disputes.

At the time of the 5th session in November, most of the European delegates believed the ACP position to be one of false solidarity, and in principle they are right. Anyone who is not turning a blind eye knows that human rights violations are the order of the day in Zimbabwe, that dozens of opposition politicians have lost their lives and that millions are at risk of death through starvation. So why are delegates from Africa in particular under pressure to demonstrate solidarity?

There are a variety of regional interconnections; political, ethnic, economic, ecological and so on. Conflicts in Africa today are not wars between states, but an expression of regional instability: the Great Lakes provides a particularly striking example of this. The example of Côte D'Ivoire provides proof that neighbouring states in West Africa are also heavily involved.

As an African minister who is making serious efforts to implement democratic principles reproachfully asked me, how much solidarity are the EU Member States demonstrating? Do they not also always protect their respective spheres of interest, even, if required, against neighbouring states belonging to another sphere of interest? And don't the EU Members States also pursue economic and geo-strategic interests? We have to acknowledge the truth of this. The quarrels within the European Council about a possible participation of Mugabe at the summit in Paris and the EU-Africa summit in Lisbon cast a gloomy light on Europe.

Nonetheless, no matter how understanding we are of sensitive questions and expectations of tolerance, some approaches are unlikely to ease the situation. It does not set a conciliatory mood when Mugabe is acclaimed at the ANC party conference as "our ally" and his actions are defined as a "struggle for emancipation". Even the ACP states must understand this. Self-criticism must not be a one-way street.

Despite this, or perhaps because of it, there is no alternative to dialogue. We must return to it, and not just in Congo-Brazzaville. ■

Niue – the smallest ACP state

Premier Young Vivian pays a first visit to Brussels

One of the newcomers to the ACP Group – joining along with five other Pacific states in 2000 – Niue faces development constraints similar to those in other small island states. These include geographic isolation, limited natural resources, vulnerability to droughts and hurricanes and a shortage of skilled labour. Young Vivian, who became the new Premier in April 2002, took time during his first trip to Brussels to talk to the *Courier*.

Dorothy Morrissey

Niue's population is just 2,000 people, making it the smallest ACP State. Mr Vivian sees the population drift to New Zealand as a major problem for his country. "You could say our first problem is isolation, then population. But we can manage the isolation. For instance, we recently managed to have a reasonable airline come to Niue [1]. This will encourage tourism, and we are now able to bring back our own people from New Zealand. So our main problem now is population". One of his government's key goals is to stem the flow of migrants, and "repopulate" the country, by encouraging Niueans to return. " If we can't do that, we can bring people from other countries", he says, adding that Niue already has people from Tuvalu and Tonga. He is confident that the country can easily reach a population of 3,000. The optimum number, he says, would be 5,000 on the 260 square kilometre island. In the 1960s, the country's population was about 6,000, but, because of limited employment prospects at home many migrated, principally to New Zealand. Niue is a self-governing country in free association with New Zealand, a status similar to that of the Cook Islands. Under this arrangement, Niueans are New Zealand citizens, and have free access to New Zealand.

Increasing self-reliance

The standard of living in Niue is generally better than in many developing countries. Life expectancy is relatively high at 67 years, with low infant mortality rates and universal access to education and health services. GDP per capita

South Pacific Tourism Organisation (SPTO)

Tourism offers good prospects for economic development, but depends on improved air services.
Niue's pristine environment and excellent diving opportunities have potential to attract tourists

was €4,650 in 2000. A major objective for the government is to provide employment opportunities for its people and increase financial self-reliance. The Premier sees a future in tourism. "We already have the infrastructure in terms of accommodation and the products that go with it. I think we can support 100 tourists a week".

He also sees possibilities in small, niche products. "Organically-grown products, honey, vanilla, and small, exotic products... these are niche areas in which we could trade with Europe. But if you think in bigger terms – in volume etc, we can't compete on that scale. In Europe the standards are very high. A small country can't trade with a large country, the requirements are very strict. Standards are very demanding".

The Premier also sees potential in fishing. Niue has significant marine resources with an Exclusive Economic Zone (EEZ) extending to 390,000 km². The government plans to make better economic use of the zone to start a fishing industry. "We could envisage a fisheries arrangement with the EU", he says, adding that the EU is aware of the importance of sustaining marine resources. "Europe has overfished most of its own fishing areas, and has now learned a lesson about the importance of sustainability." The country played a significant role in negotiations on the Tuna Convention [2], which is now signed and in the process of ratification. Niue is currently participating in negotiations for the setting up of a Commission to implement the Convention.

Niue had been on the OECD Financial Action Task Force (FATF) list of non-cooperative countries in the area of money-laundering. The country is now taking measures to follow the international recommendations and, at the end of 2002, was removed from the list. "We have put in place the legislation as a starting point, and we are going to make more efforts to fulfil the requirements. But we need resources, human, financial and institutional, which are difficult for a small island country to meet. For instance, one of the requirements is to make available the information that is required, when it is required. But for this we need technical assistance. We have a small public service, which is already overstretched."

Environmental model

Like many developing countries, Niue is heavily dependent on diesel fuel for its energy. To reduce the financial burden (about 6% of the budget) and the negative environmental consequences, the government is looking for alternative sources of power. "We hope to become a fossil-free country, using solar, wind and wave energy. We have taken that on as a major project with the European Community. It's the way a small island nation should go. We can't afford to pay high costs for fuel, and it's not good environmentally, so fossil-free for us is the ideal. We are also looking into organically-grown products – and doing away with fertilisers and chemicals. Our forefathers managed to do without chemicals and pesticides, and I believe we can too. We have a small educated population, who are supportive. They know how much a bag of fertiliser costs: $40 for a 20-kilo bag is expensive and you don't know what it does to the soil".

Focusing on civil society

There are 14 villages on the island, and the village councils play an important role in ensuring that all members of the community have an opportunity to participate in society. The Premier recognises the role of non-state actors in the economic and political life of the country. "We are giving a strong focus to civil society. They are the natural forces, they have the freedom to do things, whereas the government has to keep to a mandate. We need to open our doors to them and formalise the dialogue wih civil society and the private sector. The less you govern your people, and understand that they are contributing to developing their country, the better. It's not right if the government tries to keep all the power". But he says that great care must be taken in setting up the relationship with civil society: "If you try to create something artificial this can create difficulties. They will then just want money from the government. Once you start giving handouts it may encourage certain parts of civil society to form associations or organisations for the wrong reasons".

Niue – EC cooperation

The Country Strategy Paper outlining the strategies the parties have agreed upon for cooperation from 2003 to 2008, was approved by the Commission in January. Under the 9th EDF, an amount of €2 million is available under the 'A' envelope which covers long-term development operations. A further €0,6 can be mobilised under the 'B' envelope, to provide additional support if necessary as a result of unforeseen needs, such as natural disasters. The Country Strategy focuses on the energy sector, in particular the identification and use of new and renewable sources of energy. Approximately 10% of the 'A' allocation of €2 million is earmarked for non-state actors. Premier Vivian spoke of the importance of the Niue-EC relationship for his country. "One of the key things is the concept of reward for performance. That is great motivation for us. Another aspect is the focus on good governance, accountability and transparency. Being part of the ACP-EC relationship also raises the issues and problems of small island countries on the international agenda. It conveys to me also that big nations do care for us, the smallest island nation in the world, and they are taking us aboard. There's hope for us for the future, to work together in solidarity." ■


South Pacific Tourism Organisation (SPTO)

1. The Samoan flagship Polynesian Airlines, with flights twice a week from Samoa-Niue-Auckland and return.
2. Convention on the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean.

Towards more effective development cooperation: the EU's coordination and harmonisation initiative

At an international level there has been significant movement towards making aid more effective through enhanced coordination. In this article **Marc Claret de Fleurieu*** looks at what has been done and in particular at the work of the European Union in this field.

Coordination and harmonisation have become buzzwords that resonate through the corridors and meeting rooms of any gathering related to development cooperation. Coordination broadly refers to any activity between donors to mobilise aid resources or to harmonise their policies, programmes, procedures and practices so as to use those resources most effectively. Coordination is not a new concept in development. The Pearson Commission addressed the issue over thirty years ago in its report, "Partners in Development" (1970). While the present context is more encouraging, in the past the sometimes conflicting twin objectives of foreign aid worked against its effectiveness. After World War II, donors' underlying motivation was a combination of altruism and a more self-interested concern that, in the long term, the growth of poor countries would be to the benefit of their own economic and political security. Aid went to the political allies of major powers. So the strategic and developmental objectives were potentially, though not necessarily, at odds.

Why does coordination matter?

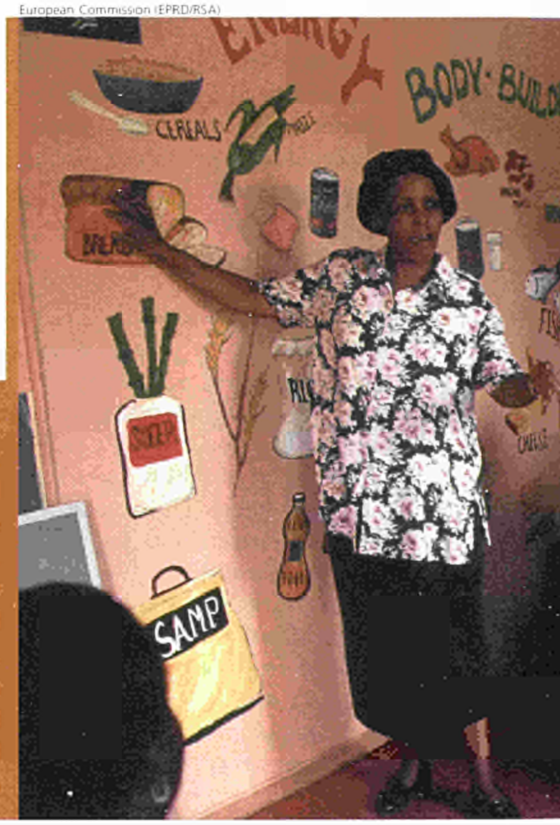
Today, support for aid coordination stems from eagerness to increase aid's effectiveness, which is one of the overwhelming priorities of the international community. The change of era, the increased number of donors, and the decreasing flows of official development assistance (ODA) constitute a more favourable context for increased policy coordination.

First, the end of the Cold War opened up new possibilities for more effective aid. With aid no longer constrained by strategic objectives, there is now more emphasis on meeting its primary objectives of long-term growth and the reduction of poverty. More "political space" is available for enhancing policy coordination.

The number of aid donors and the extent of their activities has, however, increased significantly. The number involved in development increased from seven in 1960 to more than fifty in the 1990s. Each donor has its own policies, priorities, procedures and processes to which recipients must conform. The cost of all this is measured in time and in excessive demands on the scarce management capacities of governments in the developing countries. For example, in a recipient country with about 25 donors, the absence of coordination and harmonisation implies that almost half the working time of five key local officials is dedicated to bilateral contacts.

Because of budgetary constraints, the value of foreign assistance has not kept up with political commitments. ODA has fallen since 1991 from $61.6 billion (0.33 per cent of donors' gross national income [GNI]) to $54 billion in 2000 (0.22 per cent of GNI). In order to compensate for the shrinking volume of aid, new ways must be found to coordinate it more effectively.

European Commission (EPRD/RSA)



Most Member States invest their bilateral aid in the same sectors, especially health and education. Duplication can only be reduced via improved coordination

In this context of decreasing ODA and increasing number of donors, donor groupings have voiced concerns about the effectiveness of aid. They agree that it can be improved by coordinating policies, harmonising procedures, making multilateral and bilateral programmes complementary, and untying aid. The same point was made in the debate about aid effectiveness[1] that preceded the Monterrey Conference[2], when major donors made commitments to increase their ODA significantly. Confidence in its effectiveness was a key element in advocating more aid.

What is coordination and harmonisation all about?

Coordination and harmonisation involve reducing the administrative burden on partner countries, ensuring that the input of donors is coherent, and avoiding unnecessary duplication. Coordination entails a variety of activities such as exchange of information, informal and formal meetings, specialisation by donors, harmonising procedures, making policies complementary, pooling resources and implementing programmes jointly.

There are three levels of content and three degrees of intensity in coordination. The content levels are (a) policies, principles and priorities, (b) procedures and (c) practices. The first is about harmonising goals and activities. The second is about formal institutional rules and regulations (including financial controls for disbursement, accounting and auditing). The third is less formal than procedures.

The three degrees of intensity of coordination are consultation, cooperation and collaboration. Consultation is about sharing information between parties. Cooperation involves discussing policies, priorities and principles in order to identify areas in which harmonisation is possible. Collaboration means agreeing procedures and practices in an effort to ensure smooth, shared implementation of agreed policies in line with agreed principles and priorities. Joint action is probably the highest form of collaboration.

Coordination at the most basic level entails awareness of what others involved in a particular sector, country or region are doing. The EU has encouraged information exchanges so that it can have a general overview of the activities planned and instruments used. These include monthly meetings between representatives of Member States and the European Commission, to see what they can do together. Coordination means keeping each other informed about policies, evaluations, missions, studies, and ongoing as well as planned aid activities. In this way the programmes of the Commission and of Member States can be adapted to avoid duplication and to highlight opportunities for reinforcement.

Policy coordination

Coordination in the field should go hand in hand with policy coordination back home. There has been a determined effort at international level to improve policy coordination since the late 1980s. This effort has taken the form of a series of UN conferences on children, food, social development, housing, population, gender, AIDS, sustainable development, and finance for development. With the Millennium Development Goals (MDGs), the international community has laid the groundwork for a new, coherent and practical attack on global poverty.

At the European level, the European Commission organises regular high-level meetings with Member States. These meetings provide a forum to exchange views on best practice, common concerns, current difficulties and new approaches to development. Agreeing common negotiating mandates is also important. The Commission stressed the value of coordinating the positions of EU Member States for the recent UN conferences in Monterrey and Johannesburg. The mandate given to the Commission by the Member States, to prepare a report for Monterrey, was a sign of their growing confidence[3]. In Johannesburg Member States committed themselves to cooperation in the field of water and energy.

Harmonising practices and procedures

Harmonising donor procedures is a key element in improving efficiency and "ownership" by recipient countries. The major players in this field are the OECD's Development Assistance Committee (DAC) and the World Bank. The DAC Task Force on Donor Practices has been very active and the EU has made important contributions to its discussions. The Good Practice Reference Papers[4] set effective benchmarking for improving harmonisation among donors and have been used as a reference framework for the EC pilot initiative started in October last year.

The World Bank has worked on harmonising donor practices through online partnerships. Twenty-four multilateral and bilateral donor agencies have launched a joint website to share information about analytical work on developing countries. Based in the World Bank, "Country Analytical World Partnerships" will help donor institutions and their clients to use development resources more efficiently, avoid duplication, and build capacity. It also will provide information on development challenges in a particular country or region.

The EU is also looking into harmonising procedures in order to promote collaboration between Member States. According to the 2001 guidelines[5], the European Community (EC) and the Member States will try wherever possible to harmonise procedures (formats of financing proposals, agreements and programme implementation procedures). Making progress in harmonising practices and procedures is difficult – it is one of the oldest and most intractable of aid problems. But the long experience of the EU could provide a basis for agreement on mutually acceptable standards and practices.

Complementarity

Complementarity goes further than coordination. It implies that actors focus their assistance where they can add most value. Donors each have their areas of expertise and the EC and the Member States must work to ensure that these differing strengths are used to maximum effect. Complementarity calls for the best division of labour, given the comparative advantages of all players involved. So building on its experience, the European Union now has to move ahead and establish a division of labour between individual Member States and the Community.

More specifically, specialisation by donors would help coordination. Several Member States[6] have said they would act as coordinators in different sectors in a number of developing countries. So there is a definite willingness to exploit potentially powerful complementarities between the EU donors.

Complementarity could also involve the pooling of resources. As part of its follow-up to the Barcelona summit, the EC expressed willingness to facilitate this, especially in the health and education sectors. The 2001 guidelines suggest that where several Member States and the Community are active, joint studies, analyses and evaluations could also be carried out.

The role of partner countries

Coordination also involves a leading role for partner countries, strengthening their involvement and their capacity to shoulder their responsibilities. The EU has emphasised the overall coordinating role of partner countries from the start[7]. So the Commission has tried to strengthen their ability to perform this role, at the service of the development strategies they themselves have defined.

Country Strategy Papers (CSPs) place the developing country in the driver's seat, so that it both "owns" and directs the development agenda, with aid donors defining the support they will provide in their respective business plans. The EC also backs initiatives such as the Comprehensive Development Framework (CDF) where the partner country coordinates the collective efforts of all the donors.

Coordination at the top of the international donor community's agenda

Since the mid-1990s, international donors have worked to coordinate policies and harmonise procedures, while strengthening recipients' leadership. In 1996, the Development Assistance Committee of the OECD clearly stated that its members were "committed to better coordinate aid efforts in line with the strategies of our partner countries, so as to maximise the development effectiveness of aid resources."[8]

In 1997, the United Nations launched the first stage of its reform with the implementation of the UN Development Assistance Framework (UNDAF) and the Common Country Analysis (CCA). In 1999 a World Bank evaluation examined the track record of aid coordination. In the same year, the World Bank launched the Comprehensive Development Framework (CDF)[9] and the Poverty Reduction Strategy Papers (PRSP) in the context of the enhanced Highly Indebted Poor Country (HIPC) initiative (1999). The EC firmly supports the PRSP process, which is designed to promote coordination and complementarity among donors in low-income countries.

In 2001, the European Union introduced its Country Strategy Papers (CSP), as part of the reform of external aid. The use of CSPs is also an important mechanism in ensuring greater coordination and complementarity. In the future, CSPs will as far as possible be developed at a local level by the Commission, together with the missions of Member States and partner governments. The core principles of all these instruments are strong partnerships with public, private and civil society players.

The European Union's commitment to coordination traces back to the ratification of the Maastricht Treaty (1992). Article 130x[10] provides that the Community and the Member States shall coordinate their development cooperation policies and consult each other on their aid programmes, including in international organisations and during international conferences. The possibility of joint action and of a contribution by Member States towards implementing the Community aid programme are also mentioned.

Article 180 of the Amsterdam Treaty vests the Commission with a right of initiative in promoting coordination. The Community should not consent to being merely a sixteenth EU donor in the area of development cooperation, but should promote and facilitate the search for new forms of European cooperation and governance.

Guidelines

To implement the provisions of the Treaty, the Development Council adopted in 1998 a set of "Guidelines for strengthening operational co-ordination between the Community and the Member States in the field of development co-operation". But despite improvements since then, Member States considered operational coordination within the EU to be only moderately satisfactory. New draft guidelines were produced in January 2001[11]. Their aim was to reduce the burden on the partner country, avoid unnecessary duplication, and so to increase the EU's visibility to a level consistent with its contribution[12].

Because most Member States invest their bilateral aid in the same sectors, especially health and education, duplication can only be reduced via improved coordination. Since 2000, the Commission has developed sector guidelines for coordination between Member States. They have already been adopted in these areas: transport, agriculture, fisheries, forestry, education, health, aids and population. The EU Council in Barcelona[13] agreed to take further steps before 2004. This commitment was reinforced through the insertion of a similar element into the "Monterrey consensus". Member States decided in June 2002 to launch a joint pilot initiative[14] with the Commission, which analysed four country cases: Morocco, Nicaragua, Mozambique and Vietnam.

The purpose of this exercise was to identify pragmatic approaches and methods that could help fully implement the guidelines mentioned above and further develop operational improvements at EU level. There was a specific focus on health and education. In the first half of 2003 the European Union will define a plan of action outlining the next steps.

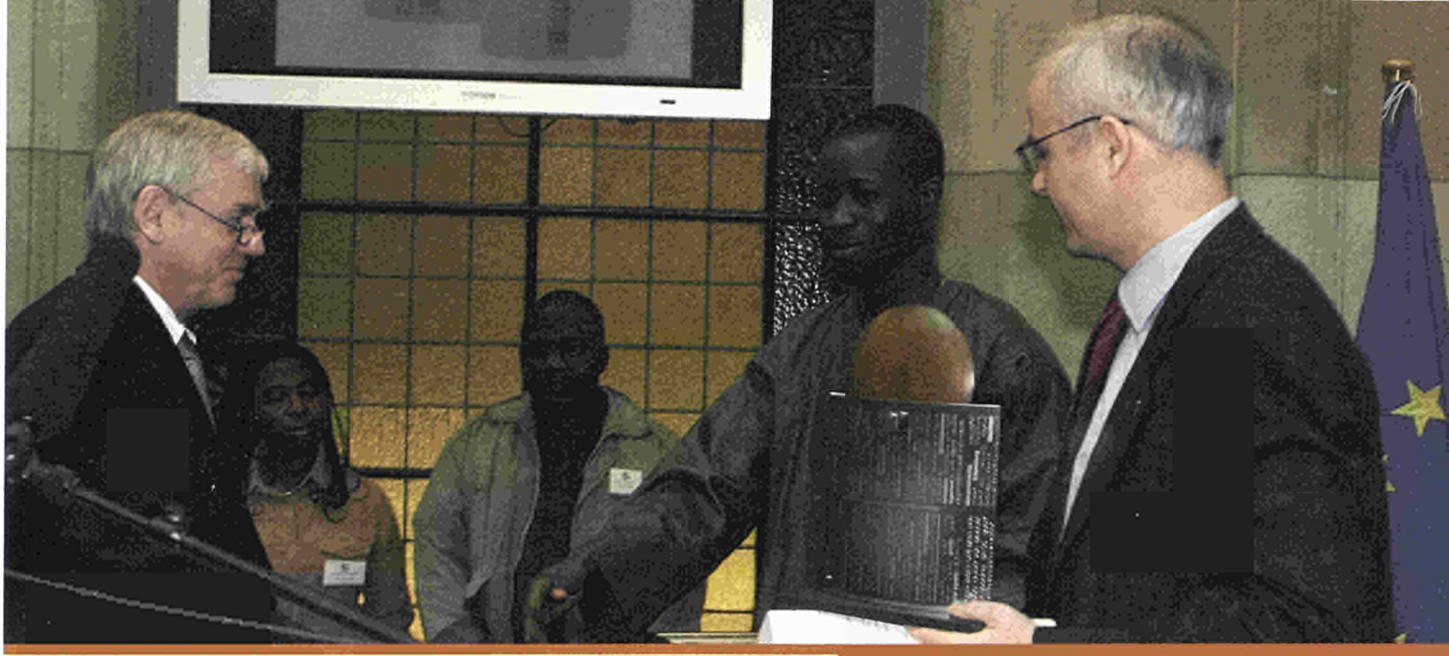
Increased visibility

Increased coordination, harmonisation and complementarity within the Union offer many possibilities for increasing the impact of aid, as well as the visibility of the European effort.

Enhancing the ability of the EU to present common positions in international bodies will also increase its own impact. It is not a question of flag-waving, but of strengthening the capacity of the Union to influence events and make a visible contribution to the achievement of the common objective: to reach the Millennium Development Goals and ultimately to eradicate poverty in the world. ■

* Trainee, European Commission, Directorate-General for Development, Unit "Relations with the UN system, Member States and other OECD donors"

1. See World Bank Report.
2. International Conference on Financing for Development, Monterrey, Mexico, March 2002.
3. At its meeting in November 2001, the Development Council asked the Commission to clarify a number of issues and explore, through a dialogue with the Member States, potential initiatives to be implemented by them.
4. The six Good Practice Reference Papers concern all the phases of the project and include: Analytic Work and Framework on Donor Co-ordination, Reporting on Financial Aspects and Auditing, Public Financial Management Diagnostic Work, Developing Performance Measures for Public Financial Management, Delegated Co-operation, as well as Reporting and Monitoring.
5. Guidelines for strengthening operational co-ordination between the Community, represented by the Commission, and the Member States in the field of External assistance, January 2001, General Affairs Council.
6. COM (2000) 108: Report from the Commission, Operational co-ordination between the Community and the Member States of the European Union in the field of development co-operation, March 2000.
7. May 1999 Council Conclusions.
8. Shaping the 21st Century: the Contribution of Development Co-operation, 1996, OECD-DAC.
9. Partnerships for Development: from Vision to Action, 1998, WB.
10. Now Article 180 of the Amsterdam treaty (1999)
11. The Council and Commission guidelines for improved operational coordination between the EC and Member States covering all countries receiving external assistance from the Union were agreed during the 2001 Council orientation debate.
12. Member States' bilateral aid and aid provided by the Community make the European Union the largest donor of public assistance in the world.
13. The European Council in Barcelona affirmed its willingness to "take concrete steps on co-ordination of policies and harmonisation procedures before 2004, both at EC and Member States level, in line with internationally agreed best practices including implementing recommendations from the OECD Development Assistance Committee Task Force on donor practice".
14. October 2002, Pilot Initiative on Co-ordination of Policies and Harmonisation of Procedures. The report presents the outcomes of the pilot exercise. It is based on the results of four field visits (Morocco, Mozambique, Nicaragua, Vietnam) and takes into account the work being done at the European as well as at the international level.



Poul Nielson, European Commissioner for Development and humanitarian Aid, congratulates Raymond Archer (Ghan on winning the 2002 Lorenzo Natali Prize

Lorenzo Natali Prize for journalism

Recognising truth, perseverance and courage

Investigation, verification, disclosure: the formula is familiar and taught in every school of journalism. The Lorenzo Natali Prize is awarded to journalists who have best applied these principles in articles denouncing breaches of human rights and democracy. Raymond Archer is one such journalist. Overall winner of the Natali Prize 2002, this young Ghanaian won the gold medal in the 2002 Lorenzo Natali Prize – one of the world's leading awards for journalists. He is also the winner of the regional prize for Africa.

Isabelle Saussez

There is not a continent in the world in which human rights and democracy escape violation. Day after day, innocent people suffer all kinds of injustices and infringements against democratic values which are a stumbling block in the development process. For 10 years now the European Commission has awarded the Lorenzo Natali Prize for Journalism to print journalists for articles on the subject of human rights and development. This year, the Commission decided to expand the programme to award journalists working in each of five regions around the world. The prize-giving ceremony, held in Brussels on 15 November 2002, was attended by the candidates and the winners in each category. Raymond Archer (Ghana-*The Ghanaian Chronicle*); Asha Krishnakumar (India-*Frontline*); Henrik Brun and Ulrikke Moustgaard (Denmark-*Information*); Julio César Benegas Vidallet (Paraguay-*ABC Color*) and Mauri König (Brazil-*O Estado Do Paraná*); and Maher Chmaytelli (the Lebanon-*Middle East Times, Daily Star of Beirut* and *Middle East Online*). Each received a trophy together with a cash prize of €10,000. The prizes were presented by the European Commissioner for Development and Humanitarian Aid, Poul Nielson. He drew attention to the risks incurred by investigative journalists in the harsh reality of the terrain; "reporting is not easy these days. Recent tragedies in places such as Afghanistan and the Middle East show that reporting is still fraught with dangers". According to Reporters Without Borders, 22 journalists have been killed since the beginning of 2002 and 111 are currently in prison.

Two strengths: youth and determination

Also for the first time this year, a special prize was awarded to one of the regional winners. The 2002 special gold medal award went to Raymond Archer. Obtaining this honour is the crowning glory for the young Ghanaian. It is also a sign of encouragement for him and all those who dream of a career as an investigative journalist. "In the future there will be more journalists than there are at present in the profession", he said. "Awarding such a prize to a member of the younger generation is a motivation for young journalists and for those of the future."

Raymond Archer is full of ambition. His special gold medal was bestowed in recognition of his three articles "Ex-Minister in deportation scam", "Tragedy of youth deported for cash" and "Swedish Minister resigns over Amarkai scam" published in *The Ghanaian Chronicle*. In this series of articles that so impressed the jury, he unveiled the shady dealings of a syndicate involved in the deportation of illegal immigrants from Sweden to Ghana. At just 26 years old, Raymond Archer does not have many years of experience behind him but he has already attracted attention, receiving commendation as first runner-up in the 2001 Natali Prize for West Africa. In that investigation, he uncovered and exposed a secret police station operating in the military barracks without the knowledge of the authorities in Ghana, and his resulting article, "Kangaroo police station inside Burma Camp", ultimately lead to its closure.

A burning desire for the truth

Now an investigative journalist working for the *Ghanaian Chronicle*, Raymond Archer fell into the job by chance. "After I had finished school and my military service, I wanted to go to university. Only the Ghana Institute for Journalism was still taking in students. My friends told me that I would make a very good journalist and I was persuaded". Shortly after completing his studies, Archer got a job at the *Ghanaian Chronicle* where he has been working and excelling ever since. With the steadfast belief that being a journalist must not mean acting as a mouthpiece for pro-government propaganda, he has a clear picture of the direction he would like his career to take: "I believe that quality journalism only comes from investigation. It means reading between the lines and seeing what may be hidden behind what the authorities say or do not say. I don't go to press conferences and things like that – I don't believe in them. I believe in searching for information, in long, in-depth investigations that reveal what people conceal. I believe in truth."

For Raymond Archer journalism is more than just a job: it has become a real passion. Truth, perseverance and courage are his watchwords. However, the conditions in which he has sometimes had to conduct his investigations might have put off a less determined individual. "The work I submitted to the jury for the Natali Prize for West Africa last year was the most difficult I have ever done. I was under political pressure and received threats. The Ghanaian government at that time did not respect the freedom of the press." In Ghana, the 2000 elections saw the main opposition party, the National Patriotic Party (NPP), come to power. The immediate effect as far as journalists were concerned was the abolition of the criminal libel law which up until then had acted as a gag on the media and hampered the work of reporters deemed to be 'dissidents'. Raymond Archer has every intention of making the most of this new situation. He now plans to set up a Ghana Centre for Public Integrity, using his prize money of €10,000 from the European Commission. His aim is to create an association for journalists, devoted entirely to investigative journalism addressing the issue of human rights. Any resulting investigations will be made freely available to the Ghanaian media. In years to come, he intends to work to protect the achievements of democracy in his country. "It is not easy to predict the future. But I am not afraid of anyone and I will continue to do my job as a journalist whatever the conditions imposed upon me". ■

The 2003 Natali Prize for Journalism is launched

Call for entries.

A Natali Prize worth €10,000 will be awarded to a journalist in each of the following five regions: Europe (EU Member and non Member States); Africa; the Arab World, Iran and Israel; Asia and the Pacific; Latin America and the Caribbean.

*Submitted articles must have been published between 1st January 2002 and 31st December 2002
*Entries close 31 May 2003
For more information visit:
http://www.ifj.org/hrights/lorenzo/inpr.html

Or contact: Ann-Christina Hansen
International Federation of Journalists
International Press Centre, Résidence Palace
155, rue de la Loi
B-1040 Brussels - Belgium
Phone: +32 2 235 22 07
Fax: +32 2 235 22 19
E-mail: projects@ifj.org

"Deported for money": Syndicate exposed

Published in November and December 2001 in *The Ghanaian Chronicle*, the three articles by Raymond Archer exposed the involvement of the Swedish government and the Swedish Consul in Accra in an illegal deportation syndicate. The affair brought the Swedish and Ghanaian governments under fire, leading to the resignation of the Swedish Minister for Migration and to the loss of power of several Ghanaian political figures.

Nigerians, Togolese, Liberians, Ivoirians, Ugandans, Sudanese... large numbers of African asylum seekers in Sweden, irrespective of their nationality, have been the unfortunate victims of an illegal deportation syndicate run between Sweden and Ghana. Investigating the matter, Raymond Archer uncovered how this syndicate worked. At the centre of the lucrative operation was Amarkai Amarteiflo, former minister and Swedish honorary Consul in Ghana. It was a clever operation: once the application for asylum had been received, the Swedish authorities would record the refugee's voice and take his photo. Amarkai Amarteiflo, a lawyer claiming to be a 'language specialist', then received these documents and confirmed that the person was indeed Ghanaian and that he should be repatriated to Ghana. "In most cases, Mr Amarkai's judgements were wrong", wrote Raymond Archer. Once Mr Amarkai had given the green light, the asylum seekers were expelled to Accra, where Mr Amarkai awaited them. For these services, Mr Amarkai's law firm was automatically paid by the Swedish government.

In his second article of the series, Raymond Archer focused on the case of Peter Ekwiri: On his arrival from Sweden at Accra airport, Mr Ekwiri was taken to the police station where he remained for nine months. Then he was transferred to James Fort Prison, after which he was brought back to the cells of Osu Police Station. In September 1996, Mr Amarkai acquired a Ghanaian travelling document for Mr Ekwiri, enabling him to travel to Uganda. However, he was refused entry at Entebbe airport and was flown back to Ghana. For months, Peter Ekwiri made appeal after appeal for help in the form of letters and petitions. His ultimate dream was to be repatriated to Sweden, his Utopia. "Six years after Peter Ekwiri was deported to Ghana, he is still in Ghana and depends on friends for survival", concluded Raymond Archer's article.

Both the Swedish government and Mr Amarkai Amarteiflo were strongly condemned by international human rights organisations and the Swedish parliament. Shockwaves that had their consequences. The Swedish parliament branded the deportations 'unethical and illegal'. The Swedish Minister for Migration, Maj-Inger Klingvall, was charged with ensuring that such practices did not continue and that the nationality of persons deported is established by the Swedish authorities before they are deported. Under pressure from many quarters, Maj-Inger Klingvall eventually resigned from her ministerial post. Immediately after the article was published, the illegal deportations stopped and the refugees who had been imprisoned illegally were released. The work begun by Raymond Archer is now being continued by NGOs. In Sweden in particular, human rights lawyers have taken up the cause to ensure that nothing like this ever happens again.

Sakharov Prize 2002

Human rights activist honoured

The 2002 Sakharov Prize for Freedom of Thought has been awarded to Cuban Oswaldo José Payá Sardiñas, founder of the Christian Liberation Movement for Peace in his country. The prize was presented by European Parliament President Pat Cox in an official ceremony during the December 2002 plenary session in Strasbourg.

Alexis Kela

Oswaldo Payá Sardiñas, founder of the Christian Liberation Movement for Peace, was the 15th recipient of the 2002 Sakharov Prize for freedom of thought

European Parliament

Born on 29 February 1952 in Havana, Oswaldo Payá is the 15th recipient of the Sakharov Prize, awarded each year by the European Parliament to an individual or association in recognition of their work to promote peace and democracy. An engineer by profession, he founded the Movimiento Cristiano Liberación (Christian Liberation Movement) in 1988, a non-violent opposition movement working for political and economic change in Cuba. The award is also a recognition of his courageous leadership of Proyecto Varela (Varela project), which uses a clause in Cuba's constitution allowing citizens to seek a national referendum if they can collect 10,000 signatures.

In his speech at the award ceremony, President Cox praised the winner for his tireless work for democracy by non-violent means: "You represent for many Cubans today what Andrei Sakharov represented in the 1980s for many Soviet citizens (...). We salute [your] decision to use the pen and not the sword, to use signatures and not bullets, to use peace and not terror, as the pathway to democracy in Cuba". To a standing ovation from the Assembly, Oswaldo Payá declared that his prize was really being awarded "to the Cuban people, because they are the ones who deserve it most".

The work of Oswaldo Payá has already been acknowledged outside his country. He was named winner of the W. Averell Harriman Award for Democracy in September 2002. On that occasion, however, he was not allowed to travel to the United States to receive the award. He told listeners in Strasbourg that, in Cuba, the veil of fear is being lifted, even though it still hangs over the heads of his close friends and family. Sentenced to hard labour in the 1960s, Mr Payá now heads a coalition of opposition groups under the manifesto "Todos Unidos" (All Together). Most notably, the coalition has drawn up the Varela project, which aims to gather the 10,000 signatures that the Cuban constitution requires for a bill of law to be tabled. This bill of law calls for a national referendum to bring democratic change in Cuba. ■

European Parliament

The award ceremony in Strasbourg, December 2002

The Andrei Sakharov Prize was created by the European Parliament in 1988 to honour individuals or organisations. The prize is named after Andrei Sakharov, the Soviet dissident, nuclear physicist and Nobel Peace Prize winner who gave his blessing to a European Parliament prize bearing his name in clandestine contacts with the Parliament in the 1980s. At that time, he was living in internal exile in Gorky. In his writings, he drew attention to the relationship between science and society and to the issue of peaceful coexistence and intellectual freedom. In the eyes of the world, he came to embody the crusade against the denial of fundamental rights.

Previous winners include former South African President Nelson Mandela. When he was awarded the prize in 1988, Mandela was still under house arrest by the apartheid regime.

Robert Knoth/Panos Pictures

Forgotten children of war

Mention the 'child soldier' and we immediately think of a small boy brandishing a rifle almost as big as he is. But what of the other children unwittingly caught up in armed conflicts? Girls in particular are largely overlooked and, consequently, reintegration and demobilisation programmes fail to address their specific needs and often exclude them altogether.

Mounia Lakhdar-Hamina

The number of children directly or indirectly affected by armed conflict is enormous. According to UNICEF, between 1990 and 2000, two million children were killed and six million maimed or seriously wounded; approximately 10 million are now living as refugees or have been displaced and 300,000 have enlisted as soldiers. But war has other, less visible consequences too. The ensuing violence sees basic services such as schools and health centres destroyed, hampers vaccination programmes and threatens food security. Moreover, such conflicts provide the perfect breeding ground for HIV/AIDS.

Despite the protests of the international community, children continue to suffer on the front line. For Yves Willemot, Director of Public Relations for UNICEF Belgium, increased awareness and lobbying in the West are just as important as efforts in the war-torn areas themselves. In his opinion, "we need to amass as much information as we possibly can to be able to inform public opinion, to incite political decision-makers to act and to raise the necessary capital for rehabilitation and demobilisation programmes. We also need to look into potential new ways of protecting and reintegrating children".

It was from this perspective that the international conference on "Children in war" [1], held in Brussels in October 2002, set out to scrutinise the current definition of child soldiers and to draw attention to the issue of gender in armed conflicts.

SIERRA LEONE Port Loko.
Doris Gbla (21) and Beatrice Shariff (22), ex-child soldiers.
Doris: "In 1998 I was caught by the AFRC. I was forced to fight, using drugs all the time. I didn't feel anything at all, wasn't afraid of anything. During the demobilisation of 1999 I was released."
Beatrice: "I had to marry a Liberian commander and received a military training from him. I was beaten constantly and forced to take drugs. When I got pregnant, he sent me to his mother in Liberia, but I escaped. I left the baby behind. The baby as well as my husband I never want to see again, never."

Child soldier or child victim of war?

The 1989 Convention on the Rights of the Child and its non-binding protocol of 2000 only take into consideration children actually fighting in wars and armed conflicts. Other children, just as much victims of war, are therefore excluded. So how are we to help children not covered by basic laws governing the protection of children in armed conflicts? How can we include them in specific reinsertion programmes or demobilisation operations?

Among the key instruments used to broaden the definition of the child soldier are the Graça Machel report, the "Impact of armed conflict on children" and the so-called Cape Town principles, which state that "any person under 18 years of age who is part of any kind of armed force or armed group is a child soldier…, including those accompanying such groups, other than purely as family members".[2]

According to Hélène Ryckmans from the Belgian NGO Le Monde selon les Femmes (The world according to women), these principles have broadened the definition of the child soldier so that "it now includes any child directly or indirectly involved in armed conflict. Whether porters, cooks or messengers, or girls who have been sexually abused, all are to be regarded as child soldiers". Others prefer the term "children in war", which they feel better conveys the multiplicity of roles that children can play in armed conflicts.

Girls, the most overlooked of the child soldiers

Little information[3] is available on the recruitment and role of young girls in war. However, as Christina Clark, Programme Officer for the activist group Coalition to Stop the Use of Child Soldiers, explains, their roles are many and varied. They are enlisted "as combatants, as spies or to do household chores, but many of them are used as sexual slaves".

"The girls in Ethiopia, Eritrea and Northern Uganda have largely been forcibly enlisted, whereas in Sri Lanka and Colombia, where ideological background and patriotism are strong, the majority are volunteers. Some are fleeing poverty or long for greater social recognition, which they feel they will get in combat, where men and women are equal. In Sri Lanka, for example, the girls that serve in separatist Tamil Tiger groups (LTTE) feel 'protected', as sexual relations between combatants are forbidden."

The country of recruitment is of huge importance, as this will form the basis for any demobilisation and reintegration programmes. Girls who have enlisted for purely economic reasons, for example, will be easier to demobilise than those fighting for a cause. In many cases, armed leaders have a huge psychological and physical hold over the girls and the only way to get them out is to demobilise them far away from the scene of the conflict.

To gain a clearer insight into the role of girls in war and to develop adequate reintegration programmes, it is vital to recognise the different experiences of girls and boys in order to determine their individual needs, taking into account their different social statuses and thus the different possibilities for them within their communities.

Specific needs

Aid programmes therefore need to address the psychological, physical and social consequences of the violence suffered by girls in times of war but also their specific reproductive health needs. These girls run a much greater risk of contracting HIV/AIDS and other more minor sexually-transmitted diseases (STDs), and many fall pregnant and suffer extreme nutritional deficiency.

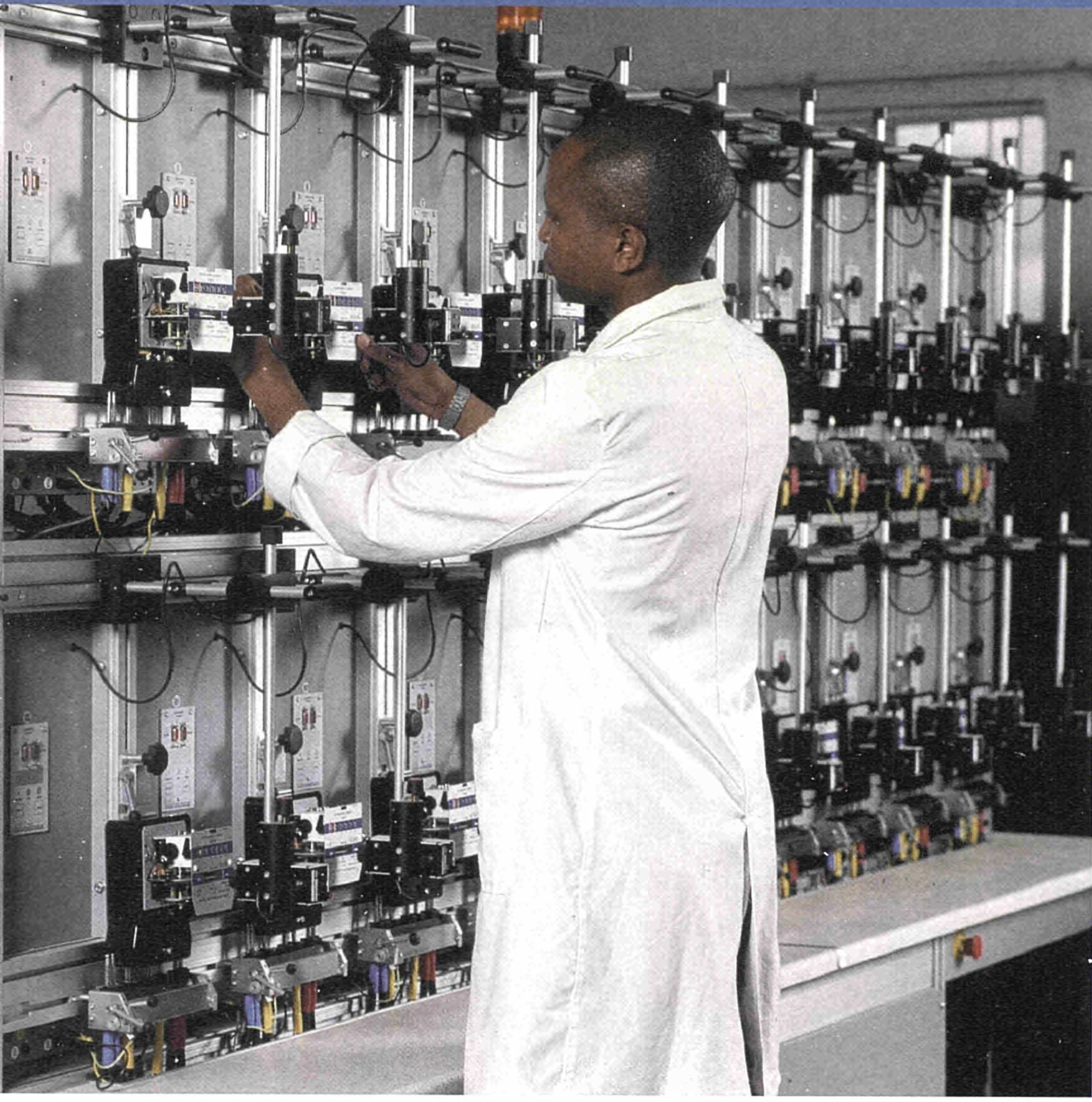
According to Hélène Ryckmans, specific health and reintegration programmes are vital: "These girls find themselves with a child to look after but are still only children themselves. How are they going to feed, take care of and protect this child in a time of war? How are they to come to terms with what they have been through without psychological help and moral support? Just how many girls are cast aside because they are no longer virgins, have children and therefore lose any chance they may have had of getting married." ■

For further information: www.child-soldiers.org / www.unicef.org

1. Conference held on the initiative of a number of Belgian organisations, including the Commission on Women and Development, the Directorate General for International Cooperation (DGIC) and the Nederlandstalige Vrouwenraad.
2. These non-binding principles were adopted at the International Conference on Child Soldiers held in Cape Town, South Africa, in 1996.
3. One source worthy of mention is the 'Voices of girl child soldiers' report commissioned by Quaker, an organisation attached to the International Coalition to Stop the Use of Child Soldiers, which documents the experiences of 23 girl combatants in Angola, Colombia, the Philippines and Sri Lanka.

Named and shamed

In December 2002, UN Secretary General, Kofi Annan submitted a report on Children and Armed Conflict, for consideration by the Security Council, listing parties to armed conflict that recruit or use child soldiers. The list comprises 23 such parties, governments and armed groups alike, from five countries on the Security Council's agenda, namely Afghanistan, Burundi, the Democratic Republic of Congo, Liberia and Somalia. This report offers a whole new approach to the problem. As Olara Otunnu, UN Special Representative for Children and Armed Conflict, explains, "for the first time in an official Security Council report, those who violate standards for the protection of children affected by war are being named and shamed". Through this report, the Security Council is sending a message to governments and armed groups to let them know that they can no longer act with impunity and that they will be held accountable for the welfare of children in conflict and post-conflict situations. Other parties to conflict that use child soldiers are cited in the report but are not included on the list because they do not feature on the Security Council's agenda. These are, most notably, Colombia, Myanmar, Nepal, the Philippines, Sudan, Northern Uganda and Sri Lanka.



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CDE

Industrialisation

The process of industrialisation in developing countries shows major variations; in some cases it has been impressive, but in most it is disappointing. In particular, the so-called newly industrialising countries (NICs) have increased their share of world industrial production, while the role of developing countries in total trade of manufactured goods is still marginal.

This dossier, which looks at alternative visions of industrialisation, is organised around the following key issues:

1) export-oriented versus import-substituting industrialisation;
2) dependent versus independent industrial policies, particularly in relation to foreign investment;
3) instruments introduced by the Cotonou Agreement to foster industrialisation in ACP countries.

As for the trade strategy a country adopts, there is a major distinction between those countries that pursue an export-oriented industrialisation strategy, based on the export of manufactured finished and semi-finished products, and those countries that orient their industrialisation towards the home market, through an import-substitution industrialisation strategy. For a long time, import substitution was considered the only way to industrialisation, but today export-oriented industrialisation seems to be the most promising path for developing countries. Michael Tribe argues that the types of industrial strategies that are relevant to most African countries are closer to the traditional import-substitution model than to the export-promotion model (page 28). Christopher Cramer argues that processing primary commodities could be a bridge from dependence on primary commodities to industrialisation and development (page 30). Another alternative is provided by Yves Amaïzo: the idea of a value chain. As a product passes through a series of chains in its move from conception to consumer, the final sale value can be decomposed into value created at the different points in the chain (page 39).

The second major theme of the dossier is the role of foreign direct investment and transnational corporations (TNCs) in the industrialisation process. The debate on TNCs is still too black and white. On the one hand, apologists argue that TNCs are developmental, providing developing countries with income, employment, and technology (see interview with UNIDO's Director General Carlos Magariños, page 2). On the other hand, critics argue that TNCs are agents of exploitation, and that they distort the development of nation states (see John Madeley's article, page 36). Yet, when large-scale production is not feasible, small-scale industry is likely to be more efficient and therefore more appropriate. However, while small and medium enterprises (SMEs) play a leading role in employment growth, in the long run only a few succeed, while the majority of them remain small or disappear (see case study on Angola, page 44). A variant on the SME model is the industrial district model, which is based on enterprise clusters. Dorothy McCormick, by focusing on six African clusters, argues that this approach can offer significant benefits in terms of collective efficiency gains, but success is not guaranteed if the wider institutional context is not favourable (page 33).

The third set of articles focuses on the innovations introduced by the Cotonou Agreement with a view to fostering industrialisation in ACP countries. The Cotonou Agreement contains a comprehensive new policy and a broad range of institutions and instruments to support private sector development in ACP countries (see article by Escipión Oliveira, page 21). In this sense, two institutions play a major role: the Centre for the Development of Enterprise (CDE) and the European Investment Bank (EIB). The CDE supports ACP private undertakings, mainly those focusing on agro-industry and fishing (see interview with its Director, Fernando Matos Rosa, page 25). The EIB lends money to industries in ACP countries (see article by Stephen McCarthy on page 50). Finally, due to the positive role of EU aid in investment in ACP countries, Susanna Wolf maintains that the reform and expansion of private sector support introduced by the Cotonou Agreement should continue (page 53).

Maurizio Carbone

Manufacturing development and de-industrialisation:

re-thinking the infant industry concept

This article reviews the development of the sub-Saharan African manufacturing sector and takes a much more positive view than that of some other studies. In particular, while questioning the idea that Africa is currently in a phase of de-industrialisation, it argues that the concept of infant industry still provides a valuable conceptual basis for industrial policy in sub-Saharan Africa.

Michael Tribe*

The current state of industrial development shows major variations in industrial performance throughout the world: some developing countries have done very well in recent years, while many others still lag behind. Manufacturing activity is heavily concentrated in industrialised countries, though developing countries are increasing their share. East Asia (including China) is the best industrial performer; it has the highest growth rates in manufacturing production and exports. Sub-Saharan Africa, excluding South Africa, ranks behind all other regions in almost all respects. The technological structure of its industrial production and exports is regressing. Accounting for only one per cent of the developing world's manufactured value added (MVA) in 1998, down from nearly three per cent in 1985, sub-Saharan Africa was the least industrialised region in terms of per capita values. Its small share of manufactured exports dropped by half. In per capita terms, exports from East Asia (excluding China) were 100 times those from sub-Saharan Africa (excluding South Africa).

The Southeast Asia miracle

Many African countries still have a comparatively undeveloped manufacturing sector based on a domestic market which is limited in size. A large proportion of manufacturing production is targeted at local domestic markets rather than for export, and much of it is likely to be economically viable because of natural protection (transport costs in particular). This includes beer and cigarette production, food processing as well as textile production and garment manufactures. However, manufactured exports may be constrained by product quality and by the undeveloped nature of international trading institutions rather than by productive efficiency and price. Neighbouring African countries, which could be potential export markets, have similar patterns of manufacturing production so that there is limited scope for trade. In addition, many of the economic institutions that would facilitate intra-regional trade are still in the early stages of development. Added to these factors are political instability and conflict, which make regional cooperation very difficult.

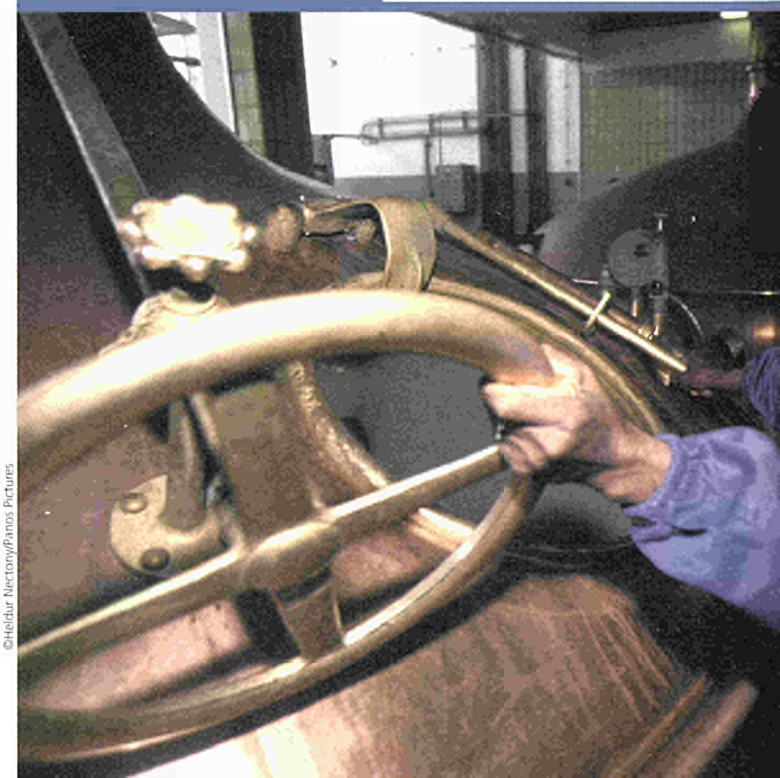
In this context, the debate about trade liberalisation as a basis for the development of manufactured exports is of limited relevance to much of sub-Saharan Africa. The fact that, in general, manufactured exports are only a very small proportion of total sub-Saharan African exports may be largely attributable to the low level of production of the types of manufactured products demanded by the principal international markets. On the other hand, such types of manufactured products are produced in great quantities in the newly industrialised countries of Southeast Asia.

It is evident that over the last three decades there has been a very considerable decline in manufacturing production in a number of African countries. Some countries have also experienced strong recovery, suggesting that many established industries are robust. The long-term issue is whether recovery and growth can be sustained in the longer period through the expansion of existing industries and the introduction of new ones. The types of industrial strategies that are relevant to most African countries are closer to the traditional import-substitution model than to the export-promotion model. Thus, it is far from clear that the experiences of the Southeast Asian 'miracle' countries are directly transferable to sub-Saharan African countries: such international comparisons may be less informative than careful analysis of development potential based on African conditions and experiences.

Effective means of promoting industry

The definition of infant industry might appear to be well settled and its application to policy discredited as most of the protected infant industries often proved to be "enfant terribles" – having persistently high production costs without 'growing up'.

Brewery in Asmara, Eritrea



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Therefore, the infant industry justification for a range of policies supportive of the industrialisation process in less developed countries has been little mentioned recently, and the thrust of 'approved' industrialisation strategy has shifted from import-substitution to export-promotion. Nevertheless, the precise economic definition of the term import-substitution is still open to question, particularly in relation to policy design within an industrialisation strategy in a post-trade-liberalisation world. It could in fact be possible that very-late industrialisers such as most sub-Saharan African countries might be seriously disadvantaged by the apparent international rejection of the infant industry/import substitution approach to their industrial development. The extent of this possible disadvantage might be a basis for the argument that these countries face the prospect of de-industrialisation, or at least stagnation of industrial growth, in the face of international competition. Without any form of infant industry promotion sub-Saharan countries might indeed suffer relative de-industrialisation due to inability to deal with the threshold or barrier problem at the point of establishment of new firms or plants.

This does not mean that trade protection and restrictions have an unquestioned place in contemporary policy and strategy in sub-Saharan Africa. Promotion or support of new industries can be provided by a wide range of policy measures apart from trade protection and conventional investment incentives. Protection of infant industries is simply one area of promotional measures within a range of alternatives, many of which are not related to trade restriction at all. Such measures include public sector support for the carrying out of pre-investment or market studies, the construction of advance factories and/or the provision of industrial sites, and the easing of administrative obstacles.

A focus only on trade liberalisation as a guideline for policy is likely to exclude a large number of options that are directly relevant to industrial-manufacturing development. Indeed it is likely that import tariffs and quotas are actually ineffective means of protecting or encouraging industry. One of the problems with tariffs and quotas is that they are more easily targeted on individual, or groups, of imported commodities than on the need for time-bound support of individual firms and plants in the infant industry context. If a trade protection approach were to be followed it would be necessary for the production conditions in new firms and plants to be closely monitored by government. This monitoring process would possibly be closer than many private sector firms (not least transnational corporations) would be prepared to accept. The whole concept of using tariffs and quotas for the protection of industries which are being set up for the first time is therefore highly suspect as an effective policy instrument. The preferred form of infant industry promotion or support might therefore be based on time-bound measures, which do not require such close monitoring of industrial plants. In this context, any request for continuing support due to the failure of the firm or plant to establish itself in the original period envisaged would have to be subject to a fresh application from the investor and would be subject to scrutiny on the same basis as the original application.

The suggestion is therefore that rather than abandoning the concepts of import substitution and infant industry, they should be defined more carefully that has possibly been the case in the past, and policy should be more imaginatively related to this broader definition of the concepts. ■

* Michael Tribe is a Visiting Senior Research Fellow at the Bradford Centre for International Development, University of Bradford. This article is largely based on work published by the author in "Industrial Development and Policy in Africa: Issues of de-industrialisation and development strategy", edited by Hossein Jalilian, Michael Tribe and John Weiss, Cheltenham, UK: Edward Elgar, 2000, and also draws on UNIDO sources.

Manufactured exports by income level and regions, 1998

Country group, income level or region	Value (billions of dollar)	World shares (per cent)	Developing economies' shares (per cent)	Per capita (dollars)	Growth rate 1985-1998 Total	Growth rate 1985-1998 Per capita
World	4,230.0	100	na	821.0	9.9	8.3
Industrialised economies	3,125.5	73.9	na	3,714.4	8.8	8.1
Developing economies	987.4	23.3	100	242.2	13.3	11.3
East Asia	686	16.0	65.9	409	14.5	12.9
East Asia (without China)	519	12.1	49.8	11,178	12.5	10.6
Sub-Saharan Africa	19	0.4	1.8	45	9.0	4.6
Sub-Saharan Africa (without South Africa)	5	0.1	0.5	14	7.3	4.4

Source: UNIDO, 2002

Should developing country industrialisation policies encourage processing of primary commodities?

Blighted by volatile prices and often by low prices for primary commodity exports, developing countries are drawn to diversification strategies. One strategy often proving successful and yielding a range of economic benefits has been vertical diversification, moving into processing of commodities. This article sets out the main domestic and international constraints on vertical diversification and argues that, while most of these can be overcome, ultimately the most pressing constraints may be political and institutional.

Christopher Cramer*

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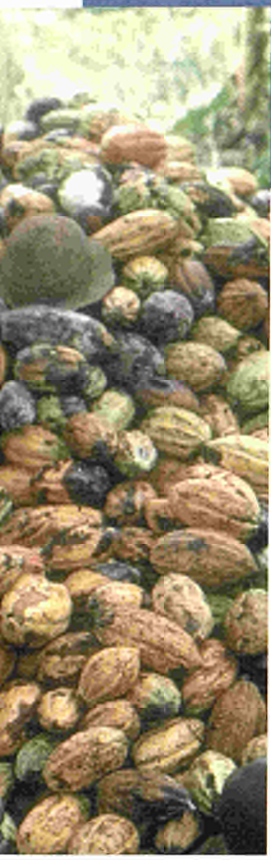
Processing of primary commodities has long been considered one of the bridges from dependence on primary commodities to industrialisation and development. The activities involved include shifting from exporting hides and skins to exports of leather shoes; exporting plywood, paper pulp or furniture instead of just logs; processing cashew nuts domestically rather than selling all raw output overseas; rising up the chain from basic iron mining or cocoa or coffee production, etc. The rationale and prospects for choosing "vertical diversification" are not, however, straightforward. This strategy can run into challenging external constraints, it can come up against internal obstacles, and it can also provoke political contests that affect the outcome. Policies to promote resource-based industrialisation must, then, be weighed against "horizontal diversification" (into new primary commodity exports, e.g. horticultural products) and industrialisation that turns its back completely on primary commodities [1].

Encouraging diversification

There are certainly good reasons to encourage diversification into processing primary commodities. One of the strongest is that it would help overcome developing countries' vulnerability to debilitating volatility in commodity prices. For there is evidence over the long run that the prices of processed commodities are more stable than those of unprocessed commodities [2]. Beyond this, the usual benefits of industrialisation (greater linkages through the economy, greater employment prospects, productivity dynamics, etc.) might be captured by building on readily available commodity inputs and some degree of knowledge of international markets for products based on these commodities. Some of the most successful late industrialising countries have incorporated in their strategies the processing of primary products imported from elsewhere, given market prospects and available skills. And not only late industrialising countries: if there is any one activity associated with the take-off of the industrial revolution in the UK it was cotton processing and textiles production in the factories of Manchester.

Nonetheless, the obstacles in the way of vertical diversification might be too great. Commodity processing is not always light on capital intensity and may, therefore, compromise the efficient allocation of a country's resources. Overall, there are two kinds of reason why it might be best not to commit to processing: external market conditions and internal economic structure. External constraints take the forms of, first, protective walls around OECD markets and, second, the presence and power of

Processing of primary commodities has long been considered one of the bridges from dependence on primary commodities to industrialisation and development



vertically integrated firms or tightly controlled "commodity chains" dominated by multinational corporations.

International market constraints

It is often argued that one of the main obstacles to developing country export success is the range of tariff and non-tariff barriers erected by, especially, the EU, the USA, and Japan and that the height of these barriers rises along with the steps up the processing chain. On top of this there are in developed country markets increasingly demanding quality and phyto-sanitary standards that can be forbidding to the prospective new market entrant.

Then there is the deterrent of the way markets are structured. Large, vertically integrated multinational corporations can dominate the supply of retail-driven markets to the extent that they effectively close out developing country efforts at entering these markets. Examples might include the commodity chain for prawns working to limit domestic efforts in Tanzania, say, to add greater value before export. Such companies can use internal transfer prices, first mover advantages, market information and intricate links to retailers to control the chain.

Internal market constraints

If international market structures make successful diversification into commodity processing a formidable challenge, there are often equally challenging internal problems. Unstable supplies of power or other inputs, perhaps thanks to stormy macroeconomic conditions, undermine efforts to reach production targets and to establish a reputation in overseas markets for reliability and quality. For example, in Cameroon 60 per cent of logs must be processed locally but by 1991/92 only about 50 per cent of logs underwent any domestic processing – largely due to obsolete machinery and the exorbitant cost of imported inputs during a period of exchange rate overvaluation[3]. There are other, process-related constraints. Technological requirements can be sophisticated and often determined by very local specifics; classic externalities associated with investing in labour training may put off individual private sector entrepreneurs, as may the risks involved in producing sufficient output to reap economies of scale; and many of the raw material inputs to undergo processing suffer from rapid perishability, increasing the risk of taking on industrial scale production.

Arguably, a large home market for processed commodities helps provide a base for launching into export markets. One example would be the Indian market for cashew nuts as a basis for the Indian export industry, whose factories are supplied by both local production and imported raw nuts from, for example, Tanzania. Lacking a large home market can be a constraint on successful export-oriented processing. At a more formal level, there are arguments that success in commodity processing is likely to be determined by relative factor endowments: not simply labour and capital but, in a recent version of factor endowment theory, skilled labour per worker and land per worker. According to this line of reasoning, regions like sub-Saharan Africa should not run before they can walk, but rather should simply put in place an "enabling environment" to allow for the gradual increase in "human capital" formation[4].

Mixed record

The record of developing country efforts to diversify vertically into commodity processing is, not surprisingly, highly mixed. Certainly, many developing countries have successfully diversified vertically, sometimes dramatically. Indeed, even in regions such as sub-Saharan Africa, where the experience with commodity processing has been less encouraging, there are some successes, including Côte d'Ivoire (fisheries and wood) and Senegal (fisheries). What is perhaps more important than the overall fact of developing country processing is that the successes seem to have a lot to do with effective policies to promote such processing. First, although the constraints already mentioned are genuine, successful countries have broken into commodity processing in spite of these constraints – they are not insuperable. Indeed, less successful countries, including many sub-Saharan African countries, have for example faced preferential access to European markets compared with other developing countries, and the degree of trading advantage rises with additional processing. Second, the historical record does not quite match the idea that success or failure are simply determined by "human capital" levels.

For example, a comparison of experiences with vertical diversification in East Asian and Latin American countries shows pronounced differences in the export structure of the two groups in spite of their comparable human resources. Thus, timber-related exports from Chile and Brazil have historically been concentrated on the lower rungs of the processing ladder (pulp and pulpwood), while Malaysian and Taiwanese exports to OECD countries have been concentrated in plywood and furniture (in Taiwan's case based on imported timber). A similar story can be told for iron-related industries. Thus, Chilean and Brazilian exports have been mainly of iron ore, while Taiwan and South Korea have over time built up competitive advantage in iron and steel and metalworking machinery exports[5]. What accounts for the differences in export structure (and hence in associated export earnings, productivity growth opportunities and market prospects) is selective and effective government policy.

Alexis Fossi

Senegal.
Even in regions such as sub-Saharan Africa, where the experience with commodity processing has been less encouraging, there are some successes, including Côte d'Ivoire (fisheries and wood) and Senegal (fisheries)

Promoting the right policies

There is no single, universally applicable set of policies to bring about successful vertical diversification. However, it is possible to highlight some of the main policies that have been associated with such success. Research and development (R&D) needs prioritising and must be tailored to local producers' particular needs. Enterprise level training is necessary. And technology transfers through joint ventures with multinational corporations (MNCs) may play a role, complementary at least, in such efforts. But all these initiatives typically require selective government intervention. In Malaysia, which scored big successes in producing palm oil for export (as well as other commodity processing ventures), R&D investments were often financed by specific taxes or duties on production and/or exports, and by close public-private cooperation. One of the most common, and often effective, policies (though by no means likely to work as a stand-alone policy measure) is the protective boost to processing exports given by limits on exports of unprocessed commodities (high duties or legal restrictions). Brazil's limits on shipments of hides and skins, for example, were an important part of the massively successful shift into exports of leather goods (particularly shoes) between the mid-1960s and the late 1980s. Thailand's agro-processing success offers another example of the range of policy options. Promotional privileges and support for export-oriented agro-processing have included import duty reduction on machinery imports; three year income tax exemption; export tax exemption; exemption from VAT on exports and locally produced inputs; lower electricity and transport charges conditional on location in selected industrial estates; subsidised credit to farmers participating in outgrowing schemes; quality enhancement programmes; and bilateral inter-governmental negotiations to bring down tariffs on imports of processed agricultural imports from Thailand[6].

Political constraints

Effective policies can help developing countries overcome internal supply weaknesses and the competitive challenges of international markets. However, there is more to success or failure than purely economic calculations, or even than the abstract identification of workable policies. The lesson of experiences from Malaysia to Mozambique is that the question – whether to prioritise support for commodity processing as an industrialisation strategy – cannot be answered at the general, abstract level. This is partly for product and context specific reasons, and partly for reasons of political economy. Policies have to be enforceable, and this is likely to depend on the particular configuration of interest groups around a given sector. Why in Malaysia the government managed effective interventions in palm oil production for export but has been less successful in promoting timber processing; why the Mozambican government could not muster a coherent policy for the post-war revival and development of the cashew processing export sector: these are ultimately political questions. And it may well be that the political constraints in some developing countries are the most pressing.

The attraction of short-term profit from log exports, and the organisation of logging around large private concerns, has often made it difficult (e.g. in Malaysia and Indonesia) to develop and enforce effective vertical diversification strategies. The more general constraint for successful processing, a constraint with a variety of dimensions including the political, is the problem of securing an assured throughput of raw commodities into processing factories (both in terms of quantity and quality). Particularly in agro-processing, climatic and infrastructural factors can frustrate throughput targets. But there is also typically a tension between producers and processors over relative economic returns, in turn affected by fluctuating world prices. Whether through vertical integration of activities, through joint representation of exporting processors and producers on industry boards (which seemed to work well, for example, in the heyday of the Kenya Tea Development Authority), or through other mechanisms, particular countries, industries, and governments will have to find specific institutional solutions to this problem.

Nonetheless, where political interests in favour of export processing development (even if this entails short-run welfare losses) are strong enough, the historical record shows that it is not difficult to identify government policies capable of pushing such development and achieving successful industrial upgrading through primary commodity processing. ■

* Christopher Cramer is a lecturer in economics and convenor of the MSc in Violence, Conflict and Development at the School of Oriental and African Studies (SOAS), London.

1. These debates have been dramatised in the cause celèbre of the Mozambican cashew production and processing sector, the subject of an intense policy debate since the mid-1990s. See Christopher Cramer (1999), "*Can Africa Industrialise by Processing Primary Commodities? The Case of Mozambican Cashew Nuts*", World Development, Vol. 27, No. 7, pp. 1247-1266.
2. Alexander Yeats (1991), "*Do Natural Resource-Based Industrialisation Strategies Convey Important (Unrecognised) Price Benefits for Commodity-Exporting Developing Countries?*", World Bank Working Papers Series 580, World Bank Washington.
3. UNCTAD (1995), *Recent Developments in the Diversification of Developing Countries' Commodity Exports*, Report by the UNCTAD secretariat: Geneva.
4. Trudy Owens and Adrian Wood (1997), "*Export-Oriented Industrialisation Through Primary Processing?*", World Development, Vol.25, No.9, pp.1453-1470.
5. See Annex to Chapter II in UNCTAD (1996), *Trade and Development Report*, 1996, pp.139-142, Unctad: Geneva.
6. Jomo K.S. and Michael Rock (1998), "*Economic Diversification and Primary Commodity Processing in the Second-Tier South-East Asian Newly Industrialising Countries*", UNCTAD Discussion Paper No.136: Geneva.

Can Africa industrialise through enterprise clusters?

African countries need to industrialise if they are to improve the quality of life of their people. Yet most African countries can best be described as "weakly industrialised"[1]. Large-scale industry is in disarray as a result of rapid market liberalisation and, at the same time, the micro and small-scale sector continues to make products that have difficulty competing with the now widely available imports. Such countries need new strategies for making industrialisation happen.
One such strategy is to foster enterprise clusters. This article takes a close look at the theoretical and actual benefits of enterprise clusters, using the example of six African clusters.

Dorothy McCormick*

Economists use the term "industrial" or "enterprise cluster" in various ways. In this discussion, a cluster is a group of enterprises involved in the same or related activities that are located near one another. It is, in other words, a geographical and sectoral agglomeration of enterprises[2].

When similar firms locate near each other, both the firms and their environment change. Clustering seems to foster information sharing. It also creates opportunities for firms to learn from each other. In time, it may promote specialisation in some aspect of production or encourage some firms to shift from production into related trade or services. The environment also changes. The presence of many firms in the same location attracts customers, traders, workers with related skills, suppliers of inputs and services, and additional producers trying to benefit from the market being created. The interactions of the firms may also change existing institutions and promote the creation of new ones.

Studies of clusters in various parts of the world have revealed a set of advantages that seem to accompany clustering[3]. Compared to dispersed firms, clustered firms appear to have better access to markets, skilled labour, intermediate inputs, and useful technologies. They also have more opportunities for many types of joint action. Taken together these advantages are called "collective efficiency"[4].

Six typical clusters

A study of six typical African enterprise clusters showed that only some of these potential benefits were actually present[5].

The six clusters were taken from three African countries and represent four types of activities (see box below). They vary in size from 500 to 8,000 firms. The firms themselves also vary considerably. Four clusters consist almost entirely of small enterprises, with firm sizes averaging between 1.5 and 6 workers. Two clusters have a mix of firm sizes. In the Lake Victoria fish cluster, firms range from one-person trading enterprises up to industrial fish processors with 300 workers. The Western Cape clothing cluster has both the widest range of firm sizes (5 to over 1,000 workers) and the largest mean size (126 workers).

The three countries in which the clusters are located also differ from one another. Kenya and Ghana are very poor and in the early stages of industrialisation. South Africa is more developed overall, but continues to suffer from the legacies of apartheid.

Cluster facilities vary greatly. The three vehicle repair and metalwork clusters – Suame, Ziwani, and Kamukunji – are large open-air workshops with minimal infrastructure. The Lake Victoria fish cluster actually has two parts: the fishing beach and the industrial processing facilities. The beach portion has no electricity. Recent improvements have provided a tank for chlorinating the water used for washing fish prior to shipping to factories, but general sanitation remains a problem. The industrial fish processors, on the other hand, operate from factory premises. All have the water and electricity required for processing and storing fish. South African's Western Cape clothing cluster includes large, modern factories and home-based operations. Nevertheless, South Africa's higher level of development means that even the small firms generally have the electricity required to use industrial sewing machines.

Collective efficiency gains

Categorising the clusters into groups helps to make clear their varying contributions to the industrialisation process. We found

Six African clusters

Eastlands: A grouping of approximately 600 garment-producing firms in two large Nairobi City Council markets. All firms are small. Markets are mainly domestic, including both Nairobi and distant towns. Recent research shows some (limited) export to neighbouring countries.

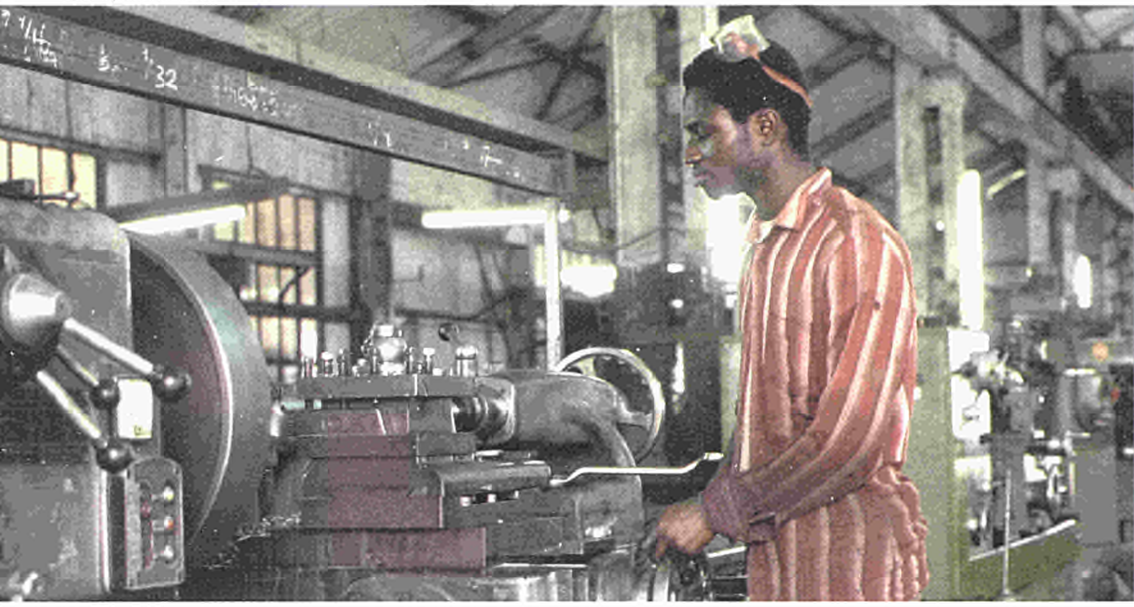
Kamukunji: An agglomeration of 2,000 metalworking firms on the edge of Nairobi. Products include consumer goods such as charcoal cooking stoves, buckets, pans, kitchen utensils, and products for agriculture and industry, such as wheelbarrows, watering cans, and small tools.

Ziwani: A vehicle-repair cluster with some limited production of spare parts such as silencers, auto upholstery, and rubber bushes. Contains approximately 500 firms, six per cent of which are manufacturing. The market consists mainly of individuals based in Nairobi, especially owners of commercial vehicles.

Lake Victoria: A geographically spread-out cluster that includes 15 industrial fish processors in Kisumu, a small lakeside city, and fisher folk and traders located at various beaches around the lake shore. For the latter, our research focused on a single fishing beach with more than 500 fishing and fish trading firms. The industrial processors produce frozen fish fillets and chilled whole fish, mainly for the export market.

Suame: A vehicle-repair and metal-work cluster of over 8,000 firms. The market is similar to that of Ziwani, except that Suame also benefits from passive exports, i.e., customers coming to the cluster from across the border.

Western Cape: A large clothing cluster consisting of over 500 clothing producing firms of varying sizes together with suppliers and distributors. The main market for the firms' products is domestic retail chains, though a minority of firms export.



Kumasi, Ghana.
Small bolt-making firm

three main types. The first category consisted of clusters with few signs of collective efficiency. We called these Groundwork clusters because they appear to be laying a foundation (or groundwork) for future industrialisation. The Eastlands garment and Kamukunji clusters fell into this group. The second category consists of clusters that are Industrialising, in the sense that they have begun the process of industrialisation and show clear signs of collective efficiency. The two clusters in this group – Suame and Ziwani – in some ways resemble the two groundwork clusters, but their firms are more specialised and differentiated than those in Eastlands and Kamukunji. The third category has been named Complex industrial clusters, because these clusters include a mix of firm sizes and types, and are fully part of the industrial sector of their countries. Two clusters fall into this category: the Western Cape garment cluster and the Lake Victoria fish cluster.

As expected, the research found different levels of collective efficiency in the three types of clusters. Groundwork clusters benefited greatly from market access, but only weakly from improved access to intermediate inputs. Locating within the cluster gave these micro and small firms access to visiting traders as well as individual retail customers. This boosted their sales and enabled them to produce in larger quantities. On the other hand, the expected benefit from intermediate input effects hardly materialised in these clusters. There were some efforts to make supplies available within the clusters, but many producers still did most of their purchasing outside where they could get more variety and better prices. Furthermore, there was little or no attempt to produce inputs in these clusters. Joint action took the form of scattered individual collaboration – borrowing and lending of machinery or inputs – but very little general cooperation. Kamukunji has an association, but it seems unable to move the cluster forward. Other potential benefits were either missing or negative (disabling).

The existence of a cluster makes it possible for government, donors, associations, and even the financial sector to deliver needed services more easily than they could to a similar number of dispersed firms

Like the groundwork clusters, the two industrialising clusters have benefited from better access to markets and intermediate inputs. But they show much clearer signs of collective efficiency than do groundwork clusters. The firms are more specialised and the cluster more diversified. Consequently, firms are more likely to sub-contract or work together. The result is greater efficiency. One cluster – Ziwani – had also taken important steps towards creating new institutions to compensate for weaknesses in Kenya's institutional framework. The legal and judicial systems are cumbersome and unfriendly to small business, so the Ziwani association developed its own mechanisms for resolving disputes that might arise either between firms in the cluster or with customers.

The two complex industrial clusters share two important characteristics. Their small firms use simple technology and tend to depend on large firms for their markets. Perhaps more importantly, both clusters have been able to expand their market reach from local to national or global. They are, however, in other respects, very different from one another. The Western Cape cluster has reached a high level of collective efficiency. It has clear benefits from access to markets and skilled labour. The cluster produces its own fabric, buttons, trim, and many other intermediate inputs. The cluster also has good potential for technological spillovers. Not only are some firms using the latest technology, but they are also willing to allow their less sophisticated counterparts to see it in operation. Joint action is also fairly strong. Firms cooperate with other firms in production and marketing, and the cluster has several associations and organisations to promote common interests.

Despite its complexity, the Lake Victoria cluster has experienced few collective efficiency gains. Benefits of market access mainly accrue to fisher folk and traders. Industrial processors gain from being close to their source of supply, but their market access, which depends more on telecommunications, is not improved by being located in the cluster. The technologies used in fishing and fish processing are very simple, so there is little to be gained from spillovers. The cluster has little joint action of any type. The dealings of industrial processors with one another are marked by caution and mistrust. The fishermen have several organisations, including a cooperative, a beach organisation, and welfare associations, but none of these horizontal groupings appears to be effective in improving their livelihoods. The strongest linkage and most effective joint action seems to be vertical, between the beach's largest trader and one of the industrial processors. This resulted in the development of new facilities and procedures to satisfy European Union (EU) requirements for fish handling.

Can clusters help Africa industrialise?

Analysing these clusters in terms of collective efficiency has highlighted important benefits of clustering. It shows that clusters can help the industrialisation process, first of all, by giving firms improved access to markets. Clustering also creates opportunities for firms to learn from one another. Clustering sometimes improves access to skilled labour and occasionally results in improved technology.

Clustering also brings with it opportunities for firms to work together. In this way, it can help them to make good use of relatively small amounts of resources. The sort of borrowing and lending that characterise many small-enterprise clusters allows resources to be stretched and big purchases postponed until they are really needed. Production linkages can improve firms' efficiency. Joint marketing makes it possible to tap new and better markets. Associational activity provides a forum for sharing ideas and a means of advocating for improved services. It can also offer opportunities to create new institutions to make business work more smoothly.

Finally, the existence of a cluster makes it possible for government, donors, associations, and even the financial sector to deliver needed services more easily than they could to a similar number of dispersed firms. This is an important benefit in poor countries where service delivery is costly and hard choices must often be made.

The collective efficiency analysis, however, failed to answer a number of key questions about this set of clusters.

- Why do some clusters fail to advance?
- Why do some potential benefits turn out to be less helpful than anticipated or actually negative?
- Why do some clusters experience significant joint action, while in others, firms remain isolated from one another?

Satisfactory answers to such questions cannot be found in the clusters' internal structures. We must look instead at the context for clustering. Why do some clusters fail to advance? The stagnation of clusters like Kamukunji may have as much to do with quality of infrastructure as it does with cluster operations. A metalwork cluster without electricity can use only the most basic technology, making it very difficult for the cluster to develop. Furthermore, groundwork clusters' failure to advance is due also to their concentration on low-profit, low quality goods. Collective efficiency does not explain this choice. Rather the internal workings of the cluster have to be viewed against the backdrop of the market. Producers can improve product quality only when there is demand for higher quality goods. Producers in poor countries like Kenya or Ghana recognise that their customers must of necessity choose price over quality, so they continue to make what they know can be sold.

The fact that clusters attract labour should help by giving firms access to the best skills. In clusters like Kamukunji and Suame, however, it only adds to the already intense competitive pressures. Poverty and lack of access to education force many African young people into the labour market at an early age. They often get apprenticeships, but few can find employment when they finish. So they set up their own businesses in direct competition with their trainers.

Finally, although it is not entirely clear why some clusters are able to act jointly while others are not, the experience of the Lake Victoria cluster suggests that trust and the institutions that guard firms against predatory activities by others may be part of the explanation. When the institutions of the state are weak, business people sometimes choose to protect their interests by secrecy and isolation.

Can African countries industrialise by promoting enterprise clusters? This analysis suggests that there are important benefits to this approach, but that success is not guaranteed. For the strategy to work, it must be two-pronged, addressing both the clusters and the wider institutional context. ■

* The author is Associate Research Professor and Director of the Institute for Development Studies, University of Nairobi. She is grateful to colleagues, especially Hubert Schmitz, Winnie Mitullah, and Mary Kinyanjui, for their input into the research reported in this article, and to the Department for International Development, London, for financial support.

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Kenya, Kisumu, Lake Victoria

Transnational corporations and developing countries: big business, poor peoples

Transnational corporations (TNCs) are one of the most important actors in the global economy, occupying a more powerful position than ever before. In their persistent battle to increase profits, they have increasingly turned to the developing world, a world that holds many attractions for them. In this article, **John Madeley*** analyses the economic, social, and cultural effects of TNCs on the world's poor. He argues that transnational corporations have used their money, size and power to influence international negotiations and taken full advantage of the move towards privatisation to influence the policies of governments. The most serious charge, however, is that they have especially used their power to effectively cause hardship for millions of the poor in developing countries.

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Fifty years ago, only a few hundred transnational corporations existed. Today there are some 65,000 of them, with about 850,000 foreign affiliates across the globe. Sometimes called multinational organisations, they operate "across national boundaries in a context of nation states" and are engaged in almost every economic activity, most notably in agriculture, foodstuffs, fishing, forestry, pharmaceuticals, mining, manufacturing, energy, tourism, transport, and financial and other services.

Mostly based in Western economies, TNCs now occupy a powerful position in the global economy, accounting for around two-thirds of international trade. While most are comparatively small, some are huge. In 1999, 51 of the world's 100 largest economies were corporations, 49 were governments. One of the largest companies, General Electric, had revenues of $126 billion in 2001, more than the combined national incomes of sub-Saharan African countries, except the Republic of South Africa.

Foreign direct investment (FDI) is dominated by transnational corporations. With TNCs boosting their investment, FDI in developing countries has increased dramatically in recent years. But FDI is highly concentrated: about 80 per cent has gone to only ten developing countries, while the smallest 100 recipients have received only one per cent. Almost two-thirds of the FDI to developing countries went to Asia, only five per cent to Africa.

Size matters

The size and nature of the corporations, the jobs they offer to create, and the taxes they might pay make for an unequal relationship between TNCs and the governments of developing countries and their peoples. When a government negotiates with a TNC that is thinking of investing in its country, the negotiations are skewed in favour of the corporation. This raises questions about whether corporate power enables them to effectively subvert democracy.

TNCs tend also not to consult local people about their plans. Even the affiliate of a TNC that operates in a developing country may have little say over how its company is run. Most decisions, the outcome of which affects the behaviour of foreign affiliates, are taken by their parent companies on the basis of information and expectations known only to them. David Korten describes TNCs as "instruments of a market tyranny that is extending its reach across the planet like a cancer, colonising ever more of the planet's living spaces, destroying livelihoods, displacing people, rendering democratic institutions impotent, and feeding on life in an insatiable quest for money'[1].

The case for TNCs rests on the theory of comparative advantage – that everyone gains when countries specialise and that TNCs help in their specialisation. But the theory of comparative advantage has lost its credibility; countries have specialised economically but people have not gained. Furthermore, when TNCs invest in the economies of other countries, they do so because they believe that a profitable operation is possible. The money invested by a corporation is often not its own – it may have been borrowed from banks in developing countries, reducing the amount of money that the banks have available to lend to smaller business in their country.

Most of the jobs in TNCs tend to be low-skilled, low-paid, and geared to a particular company operation.... A worker will perform a small, specialised task of a large operation. Such tasks are likely to turn workers into little more than the arm of a machine and not necessarily equip them with skills they can use elsewhere, in domestic enterprises for example

Neither can TNCs be relied on to stay in a country, as they tend to be less interested in the long-term sustainable operations in any one country. They are more concerned about their own profit than with the welfare of a host country. Corporate efficiency is good for profits but it can drive small-scale companies in developing countries out of business. A new TNC-owned factory may create jobs but at the cost of existing jobs in locally-owned factories. A net gain of jobs may not result. While foreign direct investment has created more than 12 million jobs in developing countries, many of the newly created jobs have often displaced workers in competing domestic industries. According to an International Labour Organisation (ILO) report, the role of TNCs in job creation is "at best marginal". ILO points out that if TNC employment is growing at all, it is "due to acquisitions and mergers rather than to new employment opportunities"[2].

Changing the life of the poor

TNCs have been powerful enough to lead industrialisation in some countries. But there is evidence that such TNC led industrialisation in several Asian countries has been achieved at a severe cost to agriculture and rural development. Governments have tended to keep farm-gate prices low, both to save money for industrialisation and to enable workers in the new export-oriented factories to have cheap food and not demand high wages.

Of particular significance is that the presence of TNCs in poorer countries has widened internal inequalities. Almost all the studies that have been done on the effects of FDI have concluded that it has led to an uneven income distribution in developing countries. TNCs produce goods and services for those who have purchasing power; they cannot meet the basic needs of people who do not have the money to express their needs in the market place. The corporations apply their knowledge to make comparatively luxury goods and services. The nature of their products and knowledge may create biases against the poor, very few of whom are its direct customers, employees or sources of supply.

Governments of developing countries may seek to attract TNCs because the corporations can provide the capital that a country lacks to invest, for example, in activities such as manufacturing and prospecting for mineral deposits. Attracting TNCs demands that governments allocate resources for the purpose; this means there is less for other sectors of the economy, such as agriculture, education and health care. Exporting processing zones have been set up with the aim of creating jobs and increasing export earnings. Five, even ten-year tax-free arrangements have been offered to TNCs to attract them into these zones, plus the promise of cheap, non-unionised casual labour.

Most of the jobs in such enterprises tend to be low-skilled, low-paid, and geared to a particular company operation. "Advanced" technology is used on mass production lines. A worker will perform a small, specialised task of a large operation. Such tasks are likely to turn workers into little more than the arm of a machine and not necessarily equip them with skills they can use elsewhere, in domestic enterprises for example.

Impacting the WTO agenda

Transnational corporations are powerful enough to exert considerable influence on the agenda and rules of the World Trade Organisation. While it is corporations rather than countries that trade, the WTO is made up of countries. WTO decisions are usually in line with corporate expectations. Government ministers and their officials conduct business at WTO meetings under the gaze of representatives from major corporations who may even be part of the official delegation.

The company people expect to be heard when they lobby for decisions that help their business. "The role that TNCs can play in a nation's economy can make their host government a very accommodating and attentive audience; the corporations have much more access to WTO decision-makers than citizens groups and NGOs", says Myriam Vander Stichele of the Transnational Institute.

The WTO's Trade-related Intellectual Property Rights (TRIPs) agreement was largely written by a consortium of corporations. It gives TNCs the right to protect their patents in WTO member countries. But the consequences of this for developing countries are serious. It can hinder the development of a local drugs industry, for example, and farmers who plant crops that have been patented will have to pay royalties to the patent holder, even though farmers and their ancestors may have grown and helped to develop those crops for centuries.

WTO rules are based on the principle of non-discrimination-countries are not allowed to discriminate in favour of domestic companies, to the detriment of foreign companies. Under the WTO's Trade-Related Investment Measures (TRIMS) agreement, any support, any special treatment that governments offer to their domestic companies they have to offer to TNCs. This agreement elevates trade policy over development policy, hindering the development of local industry. The rules also mean that TNCs are under no obligation to use local labour or materials – they can shop around for the cheapest possible source.

Responsibility, accountability, codes and regulation

To improve their image, TNCs now talk more about corporate responsibility. The phrase is common in company reports. But especially when there are no changes in company policy on the ground, "corporate responsibility" may be nothing more than public relations. Thus, the debate "should shift its focus away from corporate responsibility towards corporate public accountability", argues Judith Richter, author of a recent paper 'Dialogue or Engineering of Consent'; "it should move away from relying on corporate statements of intent towards creating legal and political institutions to monitor and sanction socially- and environmentally-harmful corporate practices".

Corporations should be accountable to society if they expect to win the respect of society, but there is no international regulation of TNCs. Corporations often plead that they can regulate themselves, that they can be trusted. But industry self-regulation is not possible when it interferes with maximisation of profit.

Some TNCs – manufacturers of toys and shoes, for example – have drawn up codes of conduct. They have done so, however, without any system of independent monitoring, making them of limited value. Codes of conduct are insufficient. TNCs are "too important and too dominant a part of the global economy for voluntary codes to be enough... they need to be brought within a framework of global governance, not just a patchwork of national laws, rules and regulations", says the UNDP Human Development Report 1999. Corporations need to be regulated at the international level if their power is to be harnessed.

"A new global body is needed to oversee the regulation of multinational business, to ensure that its activities safeguard people's basic rights and contribute to the eradication of poverty globally", recommends the UK-based aid agency, Christian Aid. "The regulation of transnational business is perhaps the most pressing problem of globalization… never in human history has a comparatively small number of private corporations wielded so much power. The power of the TNCs needs to be brought under democratic control". ■

* John Madeley is the author of "Big Business, Poor Peoples: The Impact of Transnational Corporations on the World's Poor", published by Zed Books.

Mining the poor

Mining is the world's fifth largest industry. It is also, by its very nature, one of the most environmentally destructive activities. In recent years, TNCs have increasingly moved to the Southern hemisphere where the opportunities are larger and the mining industries are less regulated; the environmental standards that are expected of the companies in the North do not apply in most of the South.

In the wake of liberalisation and privatisation, governments of developing countries, which were once suspicious of mining TNCs, are now changing their laws, easing their regulations and offering tax concessions to attract them. Since the beginning of the 1990s, 70 countries, including 31 in Africa, have opened their doors to international mining companies, and governments are selling state-owned mines at a rapid pace.

Most mining is high-tech, open-cast and short-lived, and dependent on volatile markets. Large-scale mining can create havoc with the lives and cultures of people in mining areas. During the last hundred years, mining has meant that probably 100 million people, most of them in developing countries, have been removed from land where they lived and farmed. In many cases the land was forest, which again had to be removed. Mines produce huge waste dumps, which are often health and safety hazards, threatening, for example, to slip down hillsides. They can contaminate water sources, both near the mine and far away, sometimes very far away from the immediate area of a mining activity.

Sustainability is not high on the agenda of mining TNCs, and the world is hardly awash with mining companies with good records. Responsible mining is needed in which the corporations seek the consent of local people before mining begins. The World Bank and International Monetary Fund could help by not giving loans for a mining operation unless local people have been consulted. International regulation of the industry is necessary to ensure labour and land rights and strict environmental standards. The world may need the materials that mining produces, but the people in mining areas should not be expected to pay for them with their livelihoods and cultures.

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Mining in Zambia.
Some countries see the privatisation of mines as a central plank in their economic strategies.
In 1998, Zambia was pinning hopes of economic recovery on privatising its state-owned copper mines.

From industry to productive capacity: promoting local value chains

For the past decade, the international community's asymmetric concentration on "trade" over "industry" has unfortunately led to the belief that it was sufficient to organise rules on the basis of a degree of free trade if nations' wealth were to be given a sound foundation. That poor countries should not gradually process their raw materials and exploit their energy sources for the benefit of their populations is not, however, humanly conceivable, nor is it desirable for long-term peace.

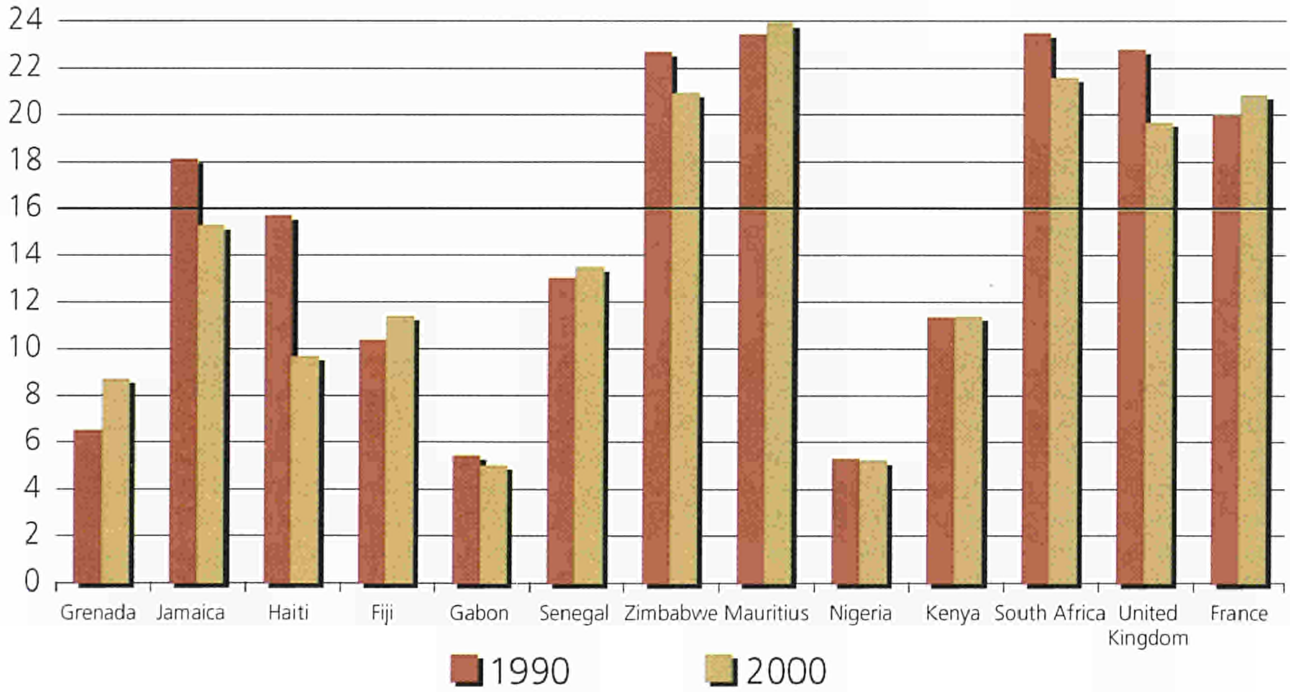
Yves Ekoué Amaïzo*

It has to be admitted nowadays that the weakly industrialised countries (WICs)[1] that have adhered to the rules promoted by the World Trade Organisation (WTO) are not the principal beneficiaries of world trade. Quite simply, the reverse is often the case, and this could explain the developing countries' reluctance to opt for new post-Doha trade negotiations whilst the previous negotiations have not produced truly tangible results for poor countries. The continent of Africa has seen its gross domestic product (GDP) per capita fall between 1990 and 2000 (US$755 to US$673). East Africa, with US$241 per capita in 2000, exists on the margins of the global system when compared with North Africa, which, as a region, achieves US$1385 per capita[2]. Meanwhile, the share of manufacturing value added (MVA) in the GDP of most countries in Africa, the Caribbean and the Pacific (the ACP countries) remains below the minimum of the 16 per cent required on an ongoing basis if sustainable development can reliably be expected (see graph).

No industry = no trade!

One of the missing links is industry, and without it "trade" cannot guarantee sustainable development. In 2001, Africa's share in world trade was 2.4 per cent for exports and 2.1 per cent for imports[3]. All WICs are in a similar situation, particularly since the manufacturing value added share in the global share is insignificant; on average, 0.9 per cent for Africa between 1980 and 2001[4]. It is therefore not enough to advocate the creation of equitable conditions to enable the poor countries – those in Africa, the Caribbean and the Pacific, in particular – to play an effective role in the global economy. Such countries play a full part, but passively, and without a convincing return in terms of improvement of their productive capacity. Indeed, the acceleration of market liberalisation and the resulting increased competitiveness have gradually altered the deal. The "import substitution" or even "industrialising industry" approach is now obsolete except as part of the process that has helped convert credit's potential lever effect into mass indebtedness, with no reducing effects on the productive capacity of the indebted countries. Conversely, creditor

Share of manufacturing value added (MVA) in GDP of some ACP and EU countries, 1990 and 2000 (as %, 1990 prices)*



*16% of the share of MVA in GDP is equivalent to the minimum required for sustainable development

Source: UNIDO, International Yearbook of Industrial Statistics, 2002, UNIDO Vienna Austria, pp. 39-43.

©Mark Edwards/Wildlife Pictures

Burkina Faso: panning for gold. Poor countries should be able to process their raw materials for the benefit of their populations: to do otherwise is not humanly conceivable, nor desirable for long term peace

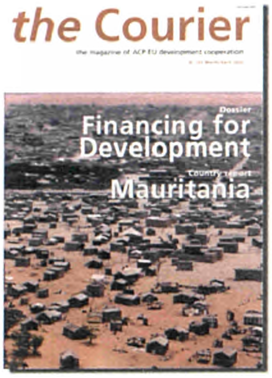
countries appear to use the debt trap as a new weapon with which to organise poor countries' productive capacity to their own strategic advantage. In fact, "effectiveness" in the production process is no longer restricted to the productive entity taken in isolation, but is measured by the yardstick of industrial solutions incorporated into local and global value chains operating not only regionally but also sectorally. Clusters – geographic conglomerations – arise as solutions, based on proximity. Other forms of conglomerations, particularly on a sectoral basis, extend beyond geographical frontiers, emerging in the wake of the new information and communication technologies (NICTs) and, to all intents and purposes, the virtual disappearance of distances. Unfortunately, this powerful tool for disseminating technological and industrial know-how is in conflict with the concept of the accumulation of capital; power and the capacity to influence concentrated principally at the level of transnational companies and the governments of industrialised countries. It is possible to neutralise "free trade" by organising delays, and these may include a ban not only on the production of certain goods but also on the transfer of technologies capable of promoting the emergence of industries. Naturally, the capacity to absorb "industrial and technological" know-how in the weakly industrialised countries is sometimes lacking, but the existence of certain business practices cannot be denied. Therefore, identifying the requirements of a weakly industrialised country in terms of productive capacity in no way signifies, in the absence of suitable local conditions, that a factory will be built or that a transfer of technology will take place. Often, given local constraints and an unpredictable institutional environment, this information is used to increase the export of goods from the industrialised countries to the weakly industrialised countries.

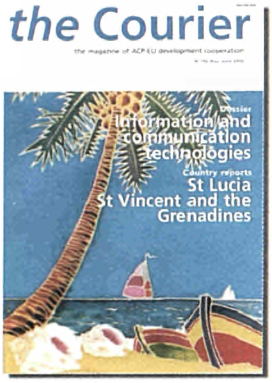
Exporting processed goods

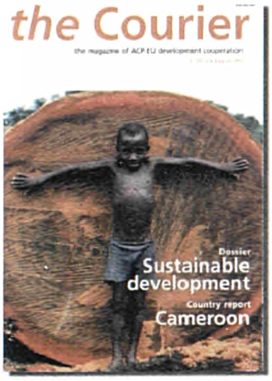
The effect of the EU agricultural policy in terms of the neutralisation of entire sectors of embryonic, but sometimes emergent, local industries needs no further demonstration. Conversely, the exports of weakly industrialised countries may be "controlled" under initiatives involving concessional arrangements that are limited over time, such as the AGOA (African Growth and Opportunity Act) in the case of the US, chapters of the Cotonou Agreement or "Everything but arms" in the case of the EU, a unilateral system dependent on the EU. In recent years, in fact, the global volume of exports from the ACP countries to the industrialised countries has begun to improve thanks to such initiatives. However, most exported products are generally unprocessed and, when they are processed, it is often by industries with a low level of technology, that are polluting and consume a great deal of energy. The non-diversity of the products exported and rules of origin are further factors with a neutralising effect locally on improvement of productive capacity and access to international markets under minimum acceptable conditions of competitiveness, particularly in terms of the quality of the products and delivery deadlines. Lastly, on the basis of an excellent analysis of WIC productive systems, the concessional arrangements mentioned above and those signed on bilateral terms lead to a situation in which the WICs export globally, and according to terms of trade that are far from equitable, only unprocessed goods that often involve packaging costs that are greater than those of the contents themselves.

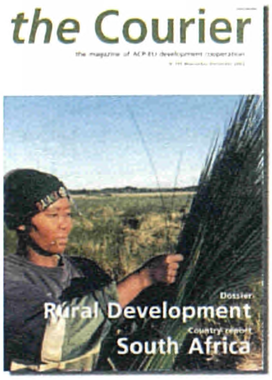
Disseminating technologies and know-how in the public domain

Processing of such goods locally would help to satisfy the local and regional market in the ACP countries, but would interfere with North-South exports. Thus, insidiously, the reality of trade negotiations and the quarantining of "the industrialisation of the poor countries" focuses on diplomacy for neutralising trade if the latter is to contribute to increasing the poor countries' productive capacity with regard to products already being exported from North to South. The priority accorded to demonstrating multiple and multi-form aid to the poorest people in the WICs should not be misunderstood – sometimes, it is a new way in which to thinly spread humanitarian action usefully and thereby "overlook" the urgency of disseminating the technology and know-how that should accompany it. The essential part of the technologies required for processing agricultural produce into finished products for export and for reducing post-harvest losses in the WICs has already come into the public domain. What, then, is preventing the EU (which is closer than others to the concerns of the ACP countries) in association with UN institutions, from setting up a technological and industrial database and making it available to people in the ACP countries through suitable training? This request has been formulated on many occasions by the industry ministers of the Least Developed Countries (LDCs) at most major conferences on development, but it has not been followed up. This worrying silence is also the result of a strategy aimed at neutralising actions that promote productive capacities, such actions being the only real way in which to reduce systemic poverty.









Appeal to readers

Dear reader

*In this issue we are asking for your help.
The ACP-EU Courier has been distributed free of charge to subscribers for over thirty years.
Over these 200 issues, the magazine has evolved continually. There is always room for improvement.
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We have drawn up a questionnaire which we ask you to complete.*

Please remove it and send it, completed, to this address:
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ACP-EU Courier
DG Development (G12, 5/73)
European Commission
B-1049, Brussels, Belgium
Please mark the envelope "Questionnaire".

*You can also fax it to: +32. 2. 299 30 02
or reply to the questionnaire on-line:
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Thank you for helping us to improve your magazine.

The Courier team

Part 1: How does the Courier reach you?

Please tick ✓ the appropriate box

1.1 Are you a subscriber to the Courier?

a. Yes ❑ 1 101 b. No ❑ 1 102

1.2 If you are not a subscriber, how do you get the magazine?

a. Through the EU Delegation in your country ❑ 1 201
b. Direct mail ❑ 1 202
c. In a library ❑ 1 203
d. From a friend or colleague ❑ 1 204
e. Via internet ❑ 1 205
f. In a government office ❑ 1 206
g. In a private company ❑ 1 207
h. Through an association ❑ 1 208
i. Through a school ❑ 1 209
j. Through a university ❑ 1 210
k. Other (please indicate) ❑ 1 211 ....

1.3 Do you read the Courier

a. Never ❑ 1 301 b. Rarely ❑ 1 302 c. Often ❑ 1 303 d. Each issue ❑ 1 304 (i.e. six times a year)

1.4 Including yourself, how many people read the copy you see?

(Put an estimated number)

....

1.5 Which year did you first see or receive the Courier

....

1.6 Have you visited the Courier website?

a. Yes ❑ 601 b. No ❑ 1 602

1.7 Do you read the Courier (several answers are possible)

a. To be informed about ACP-EU cooperation ❑ 1 701
b. As a source of information about ACP countries ❑ 1 702
c. To be informed about development issues ❑ 1 703
d. Research or policy analysis ❑ 1 704
e. As part of your studies ❑ 1 705
f. As a teaching tool ❑ 1 706
g. Other (please specify) ....

Part 2: Your opinion of the Courier

2.1 I consider the Courier to be

a. Never useful ❑ 2 101 b. Rarely useful ❑ 2 102 c. Often useful ❑ 2 103 d. Essential reading ❑ 2 104

2.2 How do you judge the following elements?

	Insufficient	Average	Good	Very good
a. Cover	❑ 2 201	❑ 2 202	❑ 2 203	❑ 2 204
b. Layout	❑ 2 205	❑ 2 206	❑ 2 207	❑ 2 208
c. Variety of sections (News, Focus, Country Report, Dossier, Culture etc)	❑ 2 209	❑ 2 210	❑ 2 211	❑ 2 212
d. Clarity of articles	❑ 2 213	❑ 2 214	❑ 2 215	❑ 2 216
e. Length of articles	❑ 2 217	❑ 2 218	❑ 2 219	❑ 2 220
f. Relevance of the information	❑ 2 221	❑ 2 222	❑ 2 223	❑ 2 224
g. Objectivity of the information	❑ 2 225	❑ 2 226	❑ 2 227	❑ 2 228
h. Style of writing	❑ 2 229	❑ 2 230	❑ 2 231	❑ 2 232
i. Subject matter	❑ 2 233	❑ 2 234	❑ 2 235	❑ 2 236
j. Number of pages	❑ 2 237	❑ 2 238	❑ 2 239	❑ 2 240

2.3 Do you read the following sections?

	never	sometimes	often	always
a. Meeting Point	❑ 2 301	❑ 2 302	❑ 2 303	❑ 2 304
b. News	❑ 2 305	❑ 2 306	❑ 2 307	❑ 2 308
c. Focus	❑ 2 309	❑ 2 310	❑ 2 311	❑ 2 312
d. Trade	❑ 2 313	❑ 2 314	❑ 2 315	❑ 2 316
e. Book reviews	❑ 2 317	❑ 2 318	❑ 2 319	❑ 2 320
f. Dossier	❑ 2 321	❑ 2 322	❑ 2 323	❑ 2 324
g. Country report	❑ 2 325	❑ 2 326	❑ 2 327	❑ 2 328
h. Readers' letters	❑ 2 329	❑ 2 330	❑ 2 331	❑ 2 332
i. Culture	❑ 2 333	❑ 2 334	❑ 2 335	❑ 2 336
j. Children	❑ 2 337	❑ 2 338	❑ 2 339	❑ 2 340
k. Education	❑ 2 341	❑ 2 342	❑ 2 343	❑ 2 344
l. Women	❑ 2 345	❑ 2 346	❑ 2 347	❑ 2 348

2.4 Does the Courier

a. Raise awareness about ACP countries	yes ❑ 2 401	no ❑ 2 402
b. Raise awareness about EU-ACP cooperation	yes ❑ 2 403	no ❑ 2 404
c. Raise awareness about development issues	yes ❑ 2 405	no ❑ 2 406
d. Raise awareness about the EU	yes ❑ 2 407	no ❑ 2 408
e. Promote, through information, more effective communication between developing and developed nations?	yes ❑ 2 409	no ❑ 2 410

2.5 Do you think the Courier sufficiently reflects the diverse views and concerns of developing countries?

a. Yes, successful in most areas ❑ 2 501 b. No, seriously limited ❑ 2 502

If no, which aspects do you feel are neglected? ....

....

2.6 As regards information on relations between the EU and the ACP countries, the Courier is

a. Your only source of information ❑ 2 601 b. Your main source ❑ 2 602

c. An important source among others ❑ 2 603 d. Insignificant as a source of information ❑ 2 604

2.7 Are there subjects you would like to see covered in the Courier ? If so, please name them

....

....

If you have any other comments, please use this space

....

....

....

....

Part 3: Who are you?

3.1 Country of residence

....

3.2 Town

....

3.3 Nationality

....

3.4 Age

a. Less than 20 years ❑
b. Between 20 and 30 years ❑
c. Between 30 and 40 years ❑
d. Between 40 and 50 years ❑
e. Between 50 and 60 years ❑
f. More than 60 years ❑

3.5 Sex

a. Female ❑
b. Male ❑

3.6 Level of education

a. Primary ❑
b. Secondary ❑
c. Studies after secondary school ❑
d. University ❑
e. Post-graduate ❑
f. Higher studies equivalent to university ❑

3.7 Professional activity

a. Agricultural worker ❑
b. Librarian ❑
c. Researcher ❑
d. Unemployed ❑
e. Consultant ❑
f. Diplomat ❑
g. Schoolgoer ❑
h. University student ❑
i. Teacher/lecturer ❑
j. Government official ❑
k. Politician ❑
l. Journalist ❑
m. Donor organisation ❑
n. Liberal profession ❑
o. Non-governmental organisation ❑
p. Retired ❑
q. Other (please specify) ....

Thank you for the time you have taken to complete this survey.

The Courier team

Reducing the industrial gap or indirectly favouring extremism

The improvement in productivity for enhancing production involves an entire process of apprenticeship and innovation that the United Nations Industrial Development Organisation (UNIDO) highlighted in its Industrial Development Report 2002-2003[5]. It is important simultaneously to ensure constant progress in terms of local industrial capacity, strategically organising industrial upgrading and the complexity-increasing process. "Managing" one's industrialisation requires regular comparison – with the objective of continuous upgrading – with the other parties involved, not only at sectoral, national and regional level, but also at global level. Nowadays, therefore, the industrial gap can be summed up as follows: a day's work in the industrialised countries (taking into account the level of productive efficiency achieved) can on average be equivalent to more than one and a half months' work (a comparison between France and Kenya) and sometimes more in the WICs. From 1980-84 and 1995-99, annual average manufacturing value added per worker changed, in Kenya, from US$2345 to US$1489, in Mauritius from US$2969 to US$4217, and in Zambia from US$11753 to US$16615, whereas in France it went up from US$26751 to US$61019, in Germany from US$34945 to US$79616, in the US from US$47276 to US$81353 and, in Japan, from US$34456 to US$92582[6]. It is worth noting the progress achieved by Iran, where the figure increased from US$17679 to US$89787, double that of Iraq (US$13599 to US$34316). There can therefore be no serious and effective aid policy if no effort is made to improve productive capacities, focusing on the type of productivity that it is easiest to obtain by influencing the considerable level of interdependence that exists between agriculture and industry in the ACP countries. To make no effort to, together, find solutions aimed at bridging the industrial gap is to promote the dissemination of technologies and know-how by means of undemocratic circuits, far from the concept of human, women's and children's rights and controlled by financial oligarchies. The use of fire power or neutralisation, by refusing to cancel the ACP countries' debt, cannot dispense with a more-in depth action consisting of a review of the terms of access to productive capacity and the consequences of that on growth, employment and therefore immigration, peace and the geo-economic equilibrium of the planet.

Identifying the requirements of a weakly industrialised country in terms of productive capacity in no way signifies, in the absence of suitable local conditions, that a factory will be built or that a transfer of technology will take place

Re-evaluating initiatives aimed at strengthening productive capacities

Signatories to the agreements of the WTO, the WICs – whether or not they belong to the ACP group – can neither benefit from the dismantling of trade barriers nor increase their market share by taking advantage of the transition period, that is set to end in 2007, without a review of their position. Indeed, the negotiations which began in September 2002 on the Economic Partnership Agreements must place the strengthening of productive capacity at the centre of the debate. There will be no sustainable gains for the ACP countries if their common position as a group or as subregions is restricted solely to seeking tariff or trade concessions. The initiative of the East Africa Chapter (EAC) of the Conference of African Ministers of Industry that proposes integrating the private sector into a regional initiative aimed at strengthening productive capacities in priority sectors such as agri-foodstuffs, textiles and leather is deserving of financial support, particularly as this is the first operational proposal promoting local value chains at sectoral level to have been made under the aegis of the New Partnership for Africa's Development (NEPAD). The other African subregions are to take up this innovative approach during 2003.

Value chains: an essential rethink of donors' budgets'

The concept of "industry" is progressively disappearing, to be replaced by that of "value chains". This is a systemic approach applied to the creation of added value, but structured around healthy competition based on a high level of sharing of know-how and knowledge, whose aim is to promote the emergence of an economy "drawn along" by training and innovation. The real challenge is largely unchanged: to make several multilateral institutions, such as UNIDO, the EAC, UNCTAD, the ILO and the WTO, alongside the EU's institutional partners, the African subregional institutions, representatives of the private sector and, naturally, bilateral representatives, collaborate in order to genuinely ensure the strengthening of productive capacities within the framework of a regional economic partnership. Should the institutions be reformed? Should there be a review of the objective-based approach, consisting of making institutions specialise to the point of neutralising collective synergies instead of promoting these same positive levels of interdependence between "trade" and "industry"? The anticipated advantages of the liberalisation of trade and massive inward investment in the ACP countries cannot come to fruition without a gradual upgrading of private-sector support structures. Such structures will rapidly have to come under the control of the private sector itself. Large budget allocations aimed at supporting sustainable development must therefore be revised and there must be some guarantee that the majority of financial support is not concentrated solely on macro-economic adjustments or infrastructures. Cooperation budgets must henceforth incorporate upgrading of productive structures whilst offering new opportunities for access to capital for small- and medium-sized businesses, thereby "democratising" access to credit and training and improving the business environment. It is also important to strengthen local entrepreneurial networks in order to incorporate global value chains into industrial sectors, the only way to profit from the fruits of world growth and the opportunities offered by the global economy. ■

* Economist with UNIDO (which assumes no responsibility for this article), joint-author of: *L'Afrique est-elle incapable de s'unir? Lever l'intangibilité des frontières et opter pour un passeport commun*, [*Is Africa incapable of unity? The intangible borders must be lifted, a single passport introduced*], 2002, published by L'Harmattan, Paris, 664 pp., with a preface by Professor Joseph Ki Zerbo.

1. Yves Ekoué Amaïzo, "*LDCs or WICs*", the *Courier ACP-EU*, May-June 2001, page 27.
2. African Development Bank, *Annual Report 2001*, Abidjan.
3. WTO, *International Trade Statistics*, 2002, Geneva.
4. UNIDO, *International Yearbook of Industrial Statistics 2002*, Vienna, Austria.
5. UNIDO, *Industrial Development Report 2002/-2003, Competing through innovation and learning*, see www.unido.org/idr.
6. World Bank, *World Development Indicators 2002*, pp. 64-66.

Promoting small and medium sized enterprises (SMEs)

in ACP countries in the context of industrial development

In order to facilitate the achievement of the economic development goals of the ACP countries, the Cotonou Agreement contains a comprehensive new policy and a broad range of institutions and instruments to support private sector development. The SME sector contributes substantially to combating poverty by improving income distribution and reducing social exclusion while promoting the industrial development of the ACP states.

Escipión Oliveira*

Globalisation has affected the way people live and do business around the world. Innovations in telecommunications and transport have shrunk the dimensions of time and space and expanded the notion of markets. Competition has become fiercer, putting a supplementary strain on the competitiveness of private enterprises in ACP countries. The SME sector faces many additional obstacles, "with small companies often struggling to compete in difficult local business environments that favour larger firms [1]".

A four pillar strategy

The Cotonou Agreement emphasises the role played by the private sector in the sustainable development of the ACP countries. For the first time in the history of the relationship between the EU and the ACP Group, a new chapter sets out not only the specific goals for private sector development, but foresees institutions, instruments, and structures linking principles with implementation. In particular, article 74 states that "cooperation shall, through financial and technical assistance, support the policies and strategies for investment and private sector development"; article 75 recognises the role of investment promotion in any process of economic development; articles 76 to 78 set out a broad range of steps to be adopted for investment finance and support, investment guarantees and investment protection.

Consequently, the ACP States and the European Union have conceived and are implementing a four pillar private sector support strategy that will contribute to the fulfilment of the main objective of the Agreement; that is, "reducing and eventually eradicating poverty consistent with the objectives of sustainable development and the gradual integration of the ACP countries into the world economy" (Article 1) [2]. A series of initiatives have been and will continue to be implemented to tackle the main challenges faced by the ACP private sector. "Private sector development in many ACP countries is held back by low business confidence associated with shortcomings in public policies and institutions and public infrastructure and by the weakness of private sector organisations, in financial and non financial services for enterprises and in the management capacities of enterprises themselves." [3]

Creating an enabling environment for business

The first pillar of the ACP-EU private sector development strategy seeks the enhancement of the legislative, regulatory and institutional environment in which ACP enterprises operate. The promotion of a participative approach favouring public-private sector dialogue at the national, regional, and ACP-EU level is one of the key priorities of the new Partnership Agreement.

Structural adjustment programmes, the promotion of regional markets and the realisation of in-depth studies to identify the constraints of the business environment climate are the main instruments used to enhance the economic and institutional framework of the ACP States. In this context, DIAGNOS [4] was a facility that helped to foster dialogue, undertake studies with the involvement of both governments and the private sector, organise workshops, and propose priorities for action.

Furthermore, through their national and regional indicative programmes (NIP-RIP), several ACP countries are engaged in the promotion of their entrepreneurial culture, taking into consideration the specificities of each community while encouraging informal operators to gradually incorporate the formal sector so as to guarantee the safety of employees and consumers and contribute to the financing of the State.

Modernising the economic infrastructure

The second pillar concerns the modernisation of the economic infrastructure of the ACP States and the participation of the private sector in the realisation and financing of public works. As unreliable infrastructure undermines competitiveness and discourages investment, a stable supply and competitive prices for raw materials such as electricity, gas and water as well as an efficient transportation network are essential for industrial development. Furthermore, decisions are made to ensure the establishment of transparent public procurement mechanisms with a view to favouring competition.

The new Investment Facility (IF), introduced for the first time in the Cotonou Agreement and managed by the European Investment Bank (EIB), seeks to act as a catalyst in the expansion, modernisation and privatisation of ACP infrastructure. In addition, the launching of major infrastructural works is accompanied by support for SMEs in the construction and service sectors. This aid is channelled through the Centre for the Development of Enterprise (CDE), PROINVEST, and the EU-ACP Business Assistance Scheme (EBAS).

Strengthening support institutions

The third pillar deals with assistance to national and regional professional and financial institutions servicing SMEs, by providing capacity building and financial support. Support institutions play a key role in the process of innovation, in particular, in helping SMEs and clusters to link with foreign markets and partners and to upgrade their technological and managerial capabilities. Therefore, the ACP Group and the EU promote the grouping of enterprises through professional associations with a view to facilitating aid channelling while ensuring a coherent voice for their specific needs. A wide range of opportunities in this area is provided in the Cotonou Agreement: technology centres, investment and export promotion agencies, standards and metrology institutions, productivity centres, certification agencies, business development services, chambers of commerce; financial institutions, clusters, training institutes.

As for financial support, one of the major constraints faced by SMEs in ACP countries is limited access to credit. The Investment

Escipión Oliveira

Escipión Oliveira

Companies in the Dominican Republic: Dominican Pottery (left); ALCE aluminium window frames (right)

Facility with a total budget of €2.2 billion seeks to improve the lending conditions in ACP markets by channelling loans through local financial institutions. This also allows SMEs to have access to loans that are longer-term than the ones generally available to them, which in turn will result in a positive impact on their liquidity and financial stability. PROINVEST's Interpower Facility has been specially designed to support, on a regional basis, the improvement of intermediary organisations servicing SMEs, whilst CDE and EBAS play an important role in the support of regional and national private sector support institutions.

Moreover, with a view to fulfilling the objectives of the Cotonou Agreement regarding the participation of non-state actors in the framework of the ACP-EU partnership, the ACP Secretariat, with the support of the European Commission, organised the first ACP and ACP-EU meeting on the operationalisation of the Cotonou Agreement in May 2002. This meeting led to the recognition of the ACP Business Forum as an adequate platform for uniting the ACP private sector with a view to participating in the implementation of the Cotonou Agreement.

In the process of bringing together the ACP private sector, the Association of ACP National Chambers of Commerce, Industry and Other Economic Operators also plays a leading role, while the European Economic and Social Committee (ECOSOC) acts as a bridge between ACP civil society and the EU institutions with a view to ensuring a greater understanding of EU policies.

Granting direct assistance to enterprises

The fourth pillar entails direct technical and commercial assistance to SMEs. Large enterprises can afford staff with specific knowledge in strategic functions and, when in need, often hire top consultants to advise them on important decisions. By delegating and/or outsourcing such expertise, the top management of these companies can acquire a clear view of their opportunities and challenges and focus on the development of their company. On the contrary, SMEs have by definition a reduced management structure in which top executives usually assure several day-to-day responsibilities, which prevents them from concentrating on strategic decisions. Moreover, relatively few SME entrepreneurs in ACP States have built their technical and business skills through formal training. Instead they generally rely on informal apprenticeships, which are ideal for passing on traditional manufacturing skills but are not adapted to preparing such entrepreneurs for competition in a globalised world.

Consequently, and with a view to upgrading the technical capacities of SMEs, the development partners have concentrated their efforts on promoting the business development services available in the ACP countries as well as providing support to firms in the identification, appraisal, preparation and implementation of specific projects. Furthermore, considerable efforts have been made with the aim of fostering relations between ACP and EU companies as a way of ensuring investment and technology flows to ACP States.

With regard to commercial assistance, initiatives seeking to create new markets, upgrade the competitiveness of ACP products and adapt ACP agricultural and industrial exports to the ever-evolving international quality and phytosanitary standards are being implemented. This assistance is channelled through various all-ACP institutions and programmes such as the ACP-EU Technical Centre for Agricultural and Rural Cooperation (CTA), CDE, EBAS, PROINVEST and the ACP Pesticides Initiative Programme (PIP), RIP-funded institutions and programmes such as the Caribbean Export Development Agency (CEDA) and the Regional Integrated Development Exchange Programme (PRIDE) in the Indian Ocean as well as NIP-funded programmes such as PROEMPRESA in the Dominican Republic and the Private Sector Support Programme in Zambia. ■

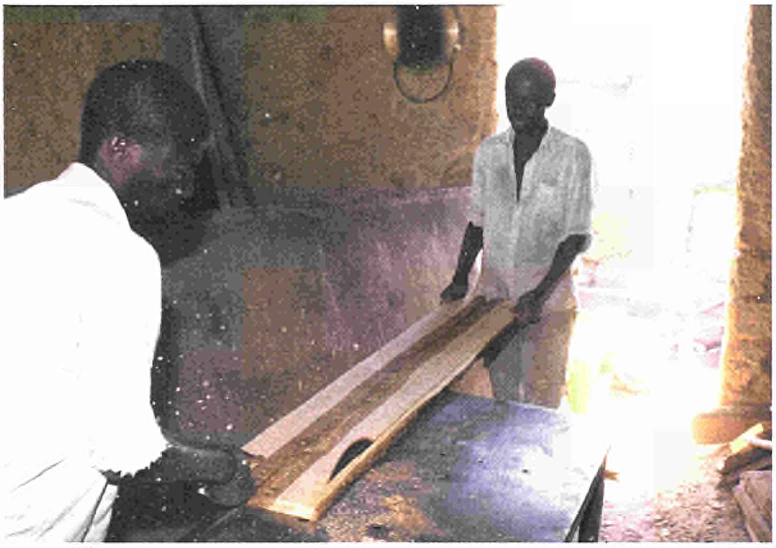
* Expert, Private Sector, General Secretariat of the African, Caribbean and Pacific Group of States. E-mail: oliveira@acpsec.org

1. SME Facts, *News about World Bank Group Small and Medium Enterprise Initiatives*, Volume 1, N° 1, July 2000, page 1
2. Along the same lines, the Compendium of Cooperation Strategies states: "both Parties recognise the need to support, through integrated and coherent initiatives, business development in the ACP countries with a view to improving substantially the macro as well as the micro-foundations of competitiveness."
3. Communication from the Commission to the Council and the European Parliament, COM (1998) 667, A European Community strategy for private sector development in ACP countries, p. 3.
4. Some of the instruments mentioned in this article such as DIAGNOS, EBAS and PRIDE have either been finalised or are in the winding down phase. However, the principles on which they were based will continue to guide the ACP-EU private-sector support strategy. DIAGNOS closed down on April 8, 2002.

Moving from small-scale trade to production:

the missing link in Angola

Small and medium enterprises (SMEs) can be a major force for economic development but they often lack a tailor-made support system and a favourable business environment. Focusing on Angola, **Bram Posthumus** discusses some of the major obstacles that SMEs face in developing countries.



Wilco van Herpen

Paulo Luis has a problem. He owns a reasonably successful furniture company in the São Antonio area, a poor neighbourhood in Angola's largest southern city Lubango. He would like to expand and make better furniture. "But our machines are very, very old. It's a miracle they still work at all. We must get new machines and upgrade our people's skills. Now we get by on our knowledge and our capacity for improvisation." Across town, Henriquet Correia runs a small sausage-making company tucked away behind a garage. "We actually make rather simple things," she says. "Black pudding, sausage and smoked sausage. I'd love to do more. I know how to make paté de foie for instance. But I don't have the equipment. I would love to turn this into a little production factory, out of town with room to expand."

Wilco van Herpen

All of Lubango's poor areas resound with economic activity. The picture is the same across the country. The civil war, which just ended, chased millions of people into *bairros* (poor neighbourhoods) that are glued to every city centre in the country. Their inhabitants have to survive one way or another. Biggest problem: finding work. Most have turned to trading in the huge markets that sell absolutely anything under the sun. But others, like Paulo Luis and Henriquet Correia, have turned to production. Between them, they employ 20 people. In a way, they are out of the ordinary because they harbour ambitions to make their business grow.

In spite of their energy and stamina, the Lubango enterprises have not been expanding significantly since they were started two or more years ago. Salomão Silvestre Davide Chipeio, working for one of the NGOs that is helping the SMEs in the city, explains why. "Management is weak, both in general terms and in terms of controlling capital flows. Performance and returns are below potential." Four reasons for this were given in an in-depth study of the SME sector in Lubango: lack of vision about the direction of the enterprise; very limited and obsolete production methods; limited technical skills; and finally, not well developed management and marketing skills. Going to a bank for credit will – by itself – not necessarily help. This is also the opinion of Jan van Montfort, who heads the local branch of SNV, a Dutch development organisation that provides support services to the Angolan NGOs. "People who run small enterprises will all tell you that they need credit to solve their problems. But that is not the real question. The real question is: why don't you produce your own capital so you can use that money to expand? That's when you find out that people have no idea how much money enters and leaves the company and that they don't really know what the customer wants."

Nevertheless, once a company is set for expansion, credit should be available. But traditional banks are not keen on opening credit facilities for SMEs. One way around this is to set up credit associations that can rotate fairly large amounts of money. Another major obstacle to overcome is governments, which can be a hindrance to enterprise development. Red tape, corruption, political patronage, failure to provide decent infrastructures, are some of the major problems that need to be addressed urgently.

Money generated locally will be the engine of the economic resurrection of post-war Angola and a growing productive sector that is connected to the local market can only be good for the economy. Donor contributions to this sector should therefore be seen as an investment that will bring generous returns if productive SMEs are allowed to flourish. Van Montfort says something about the Lubango situation that is equally true elsewhere. "Sometimes donors don't see that you already have a population that is economically very active. There is an enormous entrepreneurial drive here. It's true, most people are still in trade. But if they are provided with the necessary means they will definitely move into production." ■

African cashew nuts

in a harsh world

Over 90 per cent of Africa's cashew-nut production is exported unprocessed, mainly to India. After shelling, the nuts go on to the United States and Europe, generating a significant financial lost to African countries.

Fernand Dansi Nouwligbèto
InfoSud-Syfia

Africa's cashew-nut processing industries are merely ticking over. Out of 18 plants in Mozambique, Africa's fourth largest producer of cashew nuts, only seven are still operating, and the continent's main producer, Tanzania, has refurbished only one plant out of the ten set up in the 1980s, the remainder having had to close within five years. In West Africa, the situation is scarcely any better: Guinea-Bissau, Africa's second largest producer, has still not got its single large cashew-nut processing plant up and running, Guinea-Conakry has no plants at all, and, in Côte d'Ivoire, the Sodiro cashew-nut processing plant is operating below capacity.

Local processing

As a result, African countries – which export, on average, 90 per cent of their annual production of unprocessed nuts (slightly more than 350,000 tonnes, almost one third of world production), essentially to India – have an enormous deficit to make up, amounting to over $50 million (approximately €51 million). According to Dr B.M. Quenum, formerly responsible for agro-industrial development of the ACP states at the Centre for the Development of Enterprise (CDE) in Brussels, "depending on their origin, cashew nuts fetch a sale price of between $300 to €700 per tonne, as compared with an overall price of $856 for processed products as a whole". This discrepancy gap would, in his view constitute an argument for processing cashew nuts to produce cashew kernels, in particular for African producers.

However, all is not plain sailing for the industry in Africa, particularly given the high economic stakes. The first concern involves supply: in Benin, for example, just like the former Sonafel cashew-nut plant (a public undertaking bought out without great success by a private operator), Sept, a private company, is now facing the same eternal problem. Company director Loukman Sani Agatha sadly admits that "the plant will not be able to operate this season", although his company would need only 1,500 tonnes of nuts of the 30,000 to 35,000 tonnes that Benin exports each year.

For Moudjaïdou Soumanou, domestic trade director, such difficulties stem from a "problem of financing that faces industrialists in Benin. At the start of the marketing campaign, purchase prices for nuts are low, so they could quickly fill a market slot before higher bids come in. This is particularly the case since regulations in the sector allow them to contact planters direct without going through intermediaries. That's one advantage they have over exporters".

Indian competition

The supply issue is, however, more complicated than that out in the field. The African cashew-nut market is dominated by Indian exporting companies who generally offer planters better prices. "Industrialists [from Benin] who approach us offer prices that are too low – between CFAF 225 and 250 per kilo [0,34 - 0,38]. Understandably, we prefer to wait for prices to rise, and then sell our nuts at CFAF 300 or even 375 per kilo [0,46 - 0,57] to intermediaries acting for Indians," Emmanuel Odjo, chairman of a producers' association, confirms. Without batting an eyelid, he continues: "What would you do in our position?".

According to André Tandjiekpon, a researcher at Benin's Agricultural Research Institute, just back from a trip studying cashew-nut trees in Tanzania, the supply problem could be overcome if industrialists were able to control their production costs, prices on the international market and the volume of orders received from their clients: "Unfortunately, this isn't the case. Control would mean that local industrialists would know which price scale was competitive when approaching planters and could at the same time build in a certain profit margin".

In terms of cashew-nut problems, competition from India and Pakistan is not the end of the story: there is reluctance on the part of banks to extend loans to the sector; there are too many intermediaries in the marketing chain; and too few markets where the processed or semi-processed products could be sold quickly, owing to a poor marketing policy. ■

Africa, India and the cashew nut

India's supremacy in the cashew-nut sector is overwhelming: it is at once the world's premier producer (375,000 tonnes in 2001-2002), the largest cashew-nut processor (600,000t/year) and the biggest exporter (100,000t/year).

World cashew-nut production stood at 1.178 million tonnes in 2001-2002. India's share in that production was 32%, with Africa some way behind at 28%. The continent's main producers are Tanzania (8% of world production), Guinea-Bissau (8%), Côte d'Ivoire (6%), Mozambique (3%) and Benin (3%). Over the last few decades, Africa's share has diminished. Between 1950 and 1970, the continent as a whole supplied 70% of world cashew-nut production. This fall has been due firstly to Tanzania and Mozambique's problems in the 1970s and 1980s, and also to problems that currently affect African cashew nuts: lack of high-performance plant material, attacks by parasites, bush fires, poor management, the commanding position of oligopolies formed for the most part of Indian companies that dictate the law to local producers, etc.

The USA and Europe account for 75% of world imports of shelled cashew nuts, which are essentially nibbled with aperitifs.

Jérôme Adjakou Badou/InfoSud-Syfia

Burkina Faso:

a missed opportunity for shea butter producers

Advocates of 100 per cent chocolate have nothing to fear from shea butter producers in Burkina-Faso. A lack of suitable equipment and strict EU quality standards mean current production is at seriously low levels.

Boukari Ouangraoua
InfoSud-Syfia

January 2003 saw the adoption of the European directive of 28 October 1999, sanctioning the inclusion in chocolate of up to five per cent vegetable fats (palm oil, mango kernel, shea and other tropical products). The directive is sure to have a positive impact on sales of shea butter, a substance derived from the nut of the shea tree which is found growing wild in the savannahs of Africa. Traditionally exported and best known for its use in the pharmaceutical and cosmetic industries, shea butter represents an attractive proposition for chocolate manufacturers. It is widely available, inexpensive and, in combination with cocoa butter, prolongs the shelf life of chocolate.

Economic sense dictates that shea butter producers in Burkina Faso ought to be rejoicing at this opening in an otherwise depressed market. Not so, however. On the contrary, as the January 2003 deadline approached, there were evident signs of mounting frustration. Burkina may hold the monopoly on shea butter production and sales but it is far from equipped to seize such an opportunity.

Rudimentary technology

In the Gounghin area of the capital Ougadougou, women producers of shea butter, members of an organisation known as the Union Faso kaité (Ufk), struggle, their clothes drenched in sweat, to extract the butter with antiquated and often manual techniques. Churning by hand is far from conducive to mass production. Even with the use of a nut crusher and mill, this exhausting procedure limits the Ufk's production capacity to 30 tonnes a month and it is constantly forced to seek outside help to honour its large orders. For Madeleine Ouédraogo, coordinator for the Ufk, "churning may provide good quality butter but it is too much of a struggle for the women. We need to find alternative techniques".

The melting down of butter for export, a necessary requirement of international standards (one to two per cent acidity, and impurity levels and a moisture content of one per cent), increases production costs, thereby reducing profit margins. As a result of poor technology, Burkina exports only 650 tonnes of butter a year for a revenue of just CFAF 250 million (€381,000), compared with 18,000 tonnes a year of unprocessed almonds, which bring in CFAF 1.2 billion (€1,830.000 million). The shea butter industry provides a livelihood for hundreds of families, requiring gatherers, collectors, processors, transporters and exporters.

Over the last ten years or so, the government, through the implementation of its national shea project, has made a conscious effort to equip these women with the presses and mills that they need. But a number of these mills, fitted with iron grinding wheels and therefore largely unsuitable for grinding fats, have since been abandoned. Despite a number of serious setbacks, however (the continued need for churning by hand, problems with packaging and the unavailability of parts for semi-industrial presses, etc), the activity of these women of the Ufk is considered an overall success in Burkina.

A number of institutions have criticised the absence of any real policy granting communal access to available technology and the inefficiency of support structures. According to Seydou Fofana, president of the Table filière karité, a group specialising in the production, transportation and export of shea butter, "support does not begin and end with training. Production means are also needed to accompany the process".

More male involvement

The productivity slowdown is even more pronounced in the villages. Low storage capacity means a shortage of raw materials. Few women have access to formal credit. The nuts have to be crushed one by one and water is often in short supply.

This endless run of problems deters the men of Burkina, who prefer to content themselves with exporting the unprocessed nuts. The president of the Ufk would like to see men more involved in the processing of the shea butter to increase its added value. He believes that "processing, a traditionally female activity, could become a male domain, provided modern production technology is made available".

To turn this dream into reality, all eyes are on national research institutes. Having invented a machine for crushing the nuts, they now need to devise a churning machine to alleviate the women's suffering and enable mass production. And if no such steps are taken? "The European directive will benefit no one if producers lack the necessary technology to increase their production capacity and create added value", predicts Mr Fofana. ■

Centre for the Development of Enterprise (CDE):

an institution on the front line. Interview with Fernando Matos Rosa

The CDE was set up in 1977 under the Lomé Convention system, as the Centre for the Development of Industry (CDI), to support the development of small and medium-sized industrial undertakings in the ACP countries. Under the Cotonou Agreement it became the Centre for the Development of Enterprise (CDE). Although its mandate is now more wide-ranging, covering all private enterprise activities, it still aims to support the ACP industrialisation process through its many programmes.
Its Director for the past three years is a native of Portugal, Fernando Matos Rosa. In this interview with **Kenneth Karl,** he explains the crucial role of the centre in developing private undertakings, including those focusing on processing.

Source: CDE

Under the Cotonou Agreement, the CDE's remit was expanded. How much of its activities now focus on industry?

The CDE's current mandate covers enterprise in general, and a number of activities have indeed been added to what we did previously, particularly service-oriented activities and those aimed at institutional capacity building. Nevertheless, industrial processing as a business is still a significant part of our work and represents about two thirds of our current activity. Overall, our activities focus on a fairly large and diverse range of sectors that are important for the ACP countries, such as agro-industry and fishing. We are involved in services, such as tourism and transport, and we are also present in the field of health, where we help set up the small healthcare units that the ACP countries badly need.

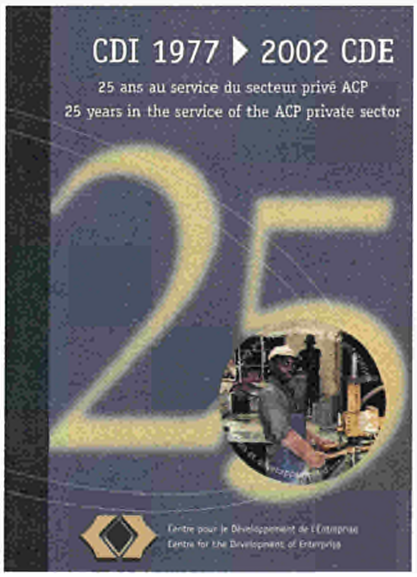
Without investment in the ACP countries, industrialisation will be difficult. The centre is currently running the new PRO€INVEST initiative. What is the added value of this programme compared with your traditional activities?

I like to think of the PRO€INVEST programme as a genuine boost to our activities. As you know, the centre has a five-year budget, but given the increasing importance accorded to the private sector it must be given more resources if it is to become more active in the ACP countries. This is what we have done through the PRO€INVEST programme – it has a budget of €110 million spread over seven years. September 2002 was the official start of the programme, and there is already a whole series of meetings and activities scheduled for 2003.

The activities of the centre and those of the PRO€INVEST programme complement one another perfectly. The centre focuses on dealing with wider aspects relating to the private sector overall, whereas PRO€INVEST is more geared towards promoting investment and technology flows to the ACP countries. Primarily, through its several components, PRO€INVEST concentrates on developing different sectors. One of our first initiatives was in the agro-industrial field, which is a dominant sector in our activities, with the organisation of the recent agro-industrial forum in West Africa. A number of targeted workshops were organised with PRO€INVEST help, and the whole experience was extremely positive. We are now in the follow-up stage.

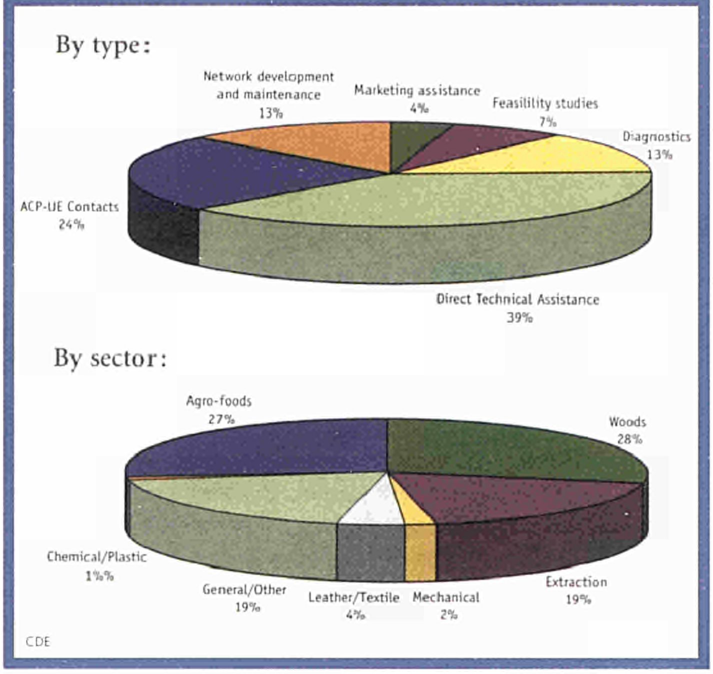
Industrialisation has made only moderate progress in most ACP countries. What, in the CDE's experience, are the main factors preventing the ACP countries from industrialising more quickly?

Obviously, there are many constraints slowing down the ACP industrialisation process, but the business climate is, in our opinion, an extremely important element. In the absence of political, economic or monetary stability, it is difficult for a country or a region to attract inward investment, capital and, therefore, new technologies. Investors need a motivating and stable business environment that offers ongoing guarantees of security, and one component of the PRO€INVEST programme addresses just such aspects. It consists, for example, of helping groups of enterprises or associa-



CDE

Main sectors and type of assistance 1995-2000:



tions of professionals to formulate applications and proposals for submission to the authorities and to strengthen their capacity for dialogue with governments with a view to enhancing the context for investment. A company on its own could not manage this.

Through its enterprise-support activities, the CDE is an essential link in integrating ACP countries into the global economy. To what extent are you involved in the current EU-ACP trade negotiations?

The centre is not directly involved in the negotiations, but we are prepared to monitor what goes on in case our opinion is required, and we will make proposals when we think the time is right. The negotiations have just started and on the ACP side we are monitoring the meetings. On the European Union side, we are also in contact with the relevant Directorates-General. Naturally, our thoughts turn to the implications of any future Economic Partnership Agreements, because without an improvement in operating conditions in ACP enterprises their competitiveness and ability to integrate into world markets will be problematic. The manufacture of good quality products – something we support through our interventions – enhances the position of ACP enterprises not only in international markets but also in local markets.

The ground has been prepared for decentralising CDE activities, primarily with the opening of regional offices. What do you expect of this?

For us, this is an essential process, as we were no longer able to continue, on a year-by-year basis, to deal with over a thousand business interventions from our headquarters. We simply lack the human resources. We have therefore chosen to decentralise part of our activities, especially preparing projects and everything connected with the analysis and formulation of proposals. Our new decentralised management units have taken on this work. We give them the training they need to carry out an initial evaluation of dossiers submitted to them, and help them become better advisers to entrepreneurs in the field. In the near future, we are hopeful that these units will be able to take on the actual setting up of assistance. With these new units, we are closer to private enterprise in the ACP countries, which enables us to target their needs and their problems better, and to contribute more easily to capacity building.

Processing of sea products so that they comply with European norms is one of the programmes supported by the CDE

Source: CDE

Under the Cotonou Agreement, new programmes are provided for in support of the private sector. Do you feel that coordination between these various instruments is working properly?

The centre is accustomed to working in a completely complementary way with other initiatives and mechanisms relating to our activities, even outside the European Union system. However, it is always possible to improve coordination and the consistency of action between a number of initiatives. The PRO€INVEST programme is, for example, managed by us under the supervision and with the collaboration of the European Commission. For instance, just a few days ago at our offices, we also took on a fisheries programme, to assist with harmonisation of health standards. Management of this programme is not directly within our remit, but is covered by the centre's objectives, and thus complements what we ourselves do. Also, within the context of the Investment Facility – also introduced in the Cotonou Agreement – we have an excellent working relationship with our colleagues at the European Investment Bank (EIB) who manage that instrument. We will probably be one of the first agencies, after the EIB itself, to inform and train enterprises in the many opportunities offered by this facility. We work in close collaboration with the EIB and a number of other institutions, and it is also as part of this desire for coordination that we bring training programmes to the attention of local financial institutions. In addition, we seek to enhance local skills networks in the three ACP regions.

Do you think there are any further ways in which the centre could improve its operational efficiency?

We do not possess inexhaustible financial or human resources, but in our case we have to begin by rationalising the decision-making process within the centre. Next, to be more efficient, we would have to target and programme our interventions better in each country, region and sector. As things stand, 60 to 70 per cent of our activities for 2003 are already programmed, and we also intend, by the end of 2003, to become one of the first institutions in this partnership to be ISO-certified [1] – we're currently working on this, and it is an additional source of motivation for our staff. All these changes are aimed at enhancing various CDE activities for supporting ACP business development. ■

1. The International Organization for Standardization is the "globally recognized quality standard covering design, manufacturing, distribution and all relative operational responsibilities that can affect product or service consistency in adhering to a business's quality benchmark".

The CDE and the Cape Verde fisheries sector

The fisheries sector is essential to Cape Verde's economy because of the export income it generates. For this small country in the ACP Group, a signatory to the Cotonou Agreement, the sale of fisheries produce is its principal budget resource, and the sector is a significant local employer. In 1998 more than 900 tonnes of fish were exported to the EU, which is Cape Verde's main outlet.

In 1999, however, following an inspection mission by the EU veterinary service, Cape Verde was removed from the list of countries provisionally authorised to export their fisheries produce to the European market. The EU mission had detected serious shortfalls in compliance with health standards by the sector's private businesses. Shortcomings were also revealed in the operation of the national body certifying that export companies were complying with legislation and requirements for monitoring their products. This exclusion from the European market could have had a significant impact on the survival of the sector and on the nation's economy, so the authorities and the main private fishing companies in Cape Verde applied for CDE support.

After a fact finding mission to assess the precise nature of the situation, the CDE devised a programme costing €97,000, financed jointly with the Luxembourg Foreign Ministry. It was launched in September 2001 (to run until June 2002) and was implemented in Cape Verde by the CDE. Its objective was a rapid return to the previous situation through actions targeting not only the competent authorities, but also private businesses in the sector and analytical laboratories.

The four main focus areas were:

– supporting improved management of fisheries at government level;
– training official laboratory staff, responsible for monitoring the quality of fisheries produce;
– providing technical assistance for the country's principal fishing companies; and
– rehabilitating associated infrastructures.

A further inspection by the EU veterinary service in 2002 year noted that progress had been made. The ban was therefore lifted, but a series of recommendations was issued, aimed at consolidating this progress. A new programme to monitor these recommendations was started in September 2002 and will be financed equally by the CDE and the Luxembourg Foreign Ministry. Its purpose is to guarantee that the actions undertaken within the framework of the first programme are followed up.

Through its technical assistance, the CDE is helping to build the capacities of private businesses in the processing sector. As this case shows, it is also using its expertise to help entreprises to reach compliance with the technical requirements of European legislation for access to Community markets.

Industrialisation,

the Financial Sector, Diasporas and the European Investment Bank (EIB)

The European Investment Bank (EIB) has been financing ACP industrialisation for more than twenty-five years, initially in francophone African countries, and, since the signing of the first Lomé Convention, throughout the ACP. During this period there has been a great deal of evolution in the process of industrialisation and in its financing, such that the discourse on industrialisation in the ACPs is now fundamentally different from what it was just two decades ago. The purpose of this article is to distil in a qualitative way some of that evolution, at least as it has been experienced through the activities of the EIB, and then to look tentatively and speculatively towards the future.

Stephen McCarthy*

In the early days in most ACPs, development planning drove industrialisation. The planners would assess where the supposed comparative advantage of an economy lay, or what strategic industries needed to be established, and then set about creating them – often, but not always through the public sector. Out of this process emerged cement plants, textile factories, metallurgical plants and many agro-processing facilities. The EIB participated in this wave of industrialisation, offering significant loans for the establishment of these factories.

But it was industrialisation in isolation and many of these plants have since fallen into disuse and decay. We now know that the process is much more complicated than that. There has to be a whole tissue of small supporting industries, not least service industries, to sustain such large set-piece industrial plants, as well as an extensive skill base. Moreover, it has become apparent that only the private sector has the flexibility, the discipline and the capacity to innovate which industrialisation needs.

The Financial Sector and the EIB

With these changes has come an evolution in the EIB's own support to ACP industrialisation. Initially, most of the ACPs, particularly the anglophone ones, had established state owned national development banks, or similar development finance institutions (DFIs) whose purpose was to finance and support smaller-scale manufacturing and services enterprises (SMEs). In common with most other international finance institutions, the Bank, from the late 1970s onwards, began to make lines of credit available to these local publicly owned DFIs in the countries concerned. Indeed, the DFIs could be seen as creatures of the international financial institutions (IFIs). They adopted the same approach to project appraisal and financing, which mostly consisted of long term fixed interest lending. Almost invariably the loans were subsidised, since the prevailing view was that SMEs could never survive without subsidised loans. Moreover, the DFIs were almost entirely dependent on external sources of finance from development agencies, from which they borrowed loans that were usually denominated in forex and also at sub-market rates of interest. They had no formal links with the domestic financial sector.

Nevertheless, there were (and are) considerable merits in financing industrialisation through lines of credit to the DFIs. This approach draws on the local knowledge of the DFI and enables much smaller enterprises to be financed than is possible from the EIB's headquarters in Luxembourg. Overall it represents an efficient way of distributing development funds, particularly for such a lightly staffed organisation as is the EIB, and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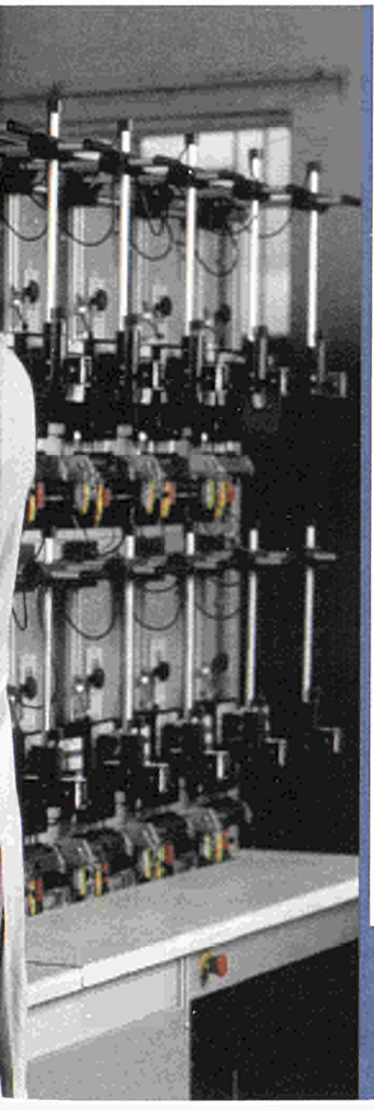
it encourages genuine local ownership of the development process.

But the focus, particularly in the early years, remained distinctly on the enterprises that were being financed. This reflected the conventional thinking of the time with its concern to create productive, usually manufacturing, investments. The intermediate institution, although it was required to take the commercial risk on the loans being made, was seen as no more than a financial conduit for the line of credit.

By the early 1980s, however, it was clear that matters were going badly wrong. The DFIs were publicly owned institutions. They had always been subject to political interference, some more so than others, though the financing agencies, including the EIB, tended to overlook this except in blatant cases. But in all cases the DFIs remained small, financially fragile and completely isolated from other financial institutions in the economy concerned. So when most ACP economies started to stall and then decline, the DFIs themselves got into serious financial difficulties and many collapsed.

Clearly the financial intermediary institution also mattered and could no longer be regarded as a simple financial transmission mechanism. One consequence was a new interest, on the part of the EIB and the other IFIs, in financing industrialisation with and through the local commercial banks. Most of the commercial banks were financially stronger than the DFIs and less subject to political pressures, particularly when they were foreign owned. Moreover they had close client relations with the whole SME sector (though not unbanked micro-enterprises). So by lending through the commercial banks the range of potential borrowers which might access EIB finance was increased.

Of course, this type of long term fixed interest finance was new to most commercial banks, which had usually limited their activities to operating payments systems and very short term loans or overdrafts to their best clients. Initially at least they were often not keen to offer medium and long term loans, particularly when the external source of finance appeared to be considerably more expensive than their marginal cost of funds in the domestic market – the local deposit rate. In addition many of the commercial banks were, and still are, extremely risk averse.



Production of electricity in Kenya. The EIB has been financing industrialisation throughout the ACP for more than twenty-five years

By now, however, the practice of passing EIB funds through the commercial banks is well established in many ACP countries. Moreover other types of financial institutions supporting the process of industrialisation, such as venture capital funds, have also emerged as partners to the EIB and the other IFIs. So it is now well recognised that it is the financial sector as a whole that is engaged in this process of financial intermediation. The old national development banks, where they still survive, can still play a role but they are increasingly in competition with other more commercially driven financial institutions and can no longer rely solely on a flow of funds from the external agencies.

Industrialisation and the Financial Sector

Thus over the years perceptions have evolved. The focus of attention shifted firstly from the industrial plant being established to the intermediate financial institution and then to the financial sector as a whole, together with the broader political and business environment. If the financial sector is functioning well, then appropriate investment finance should flow to those individual industrial entrepreneurs who have viable businesses and investment propositions. Hence the Cotonou Agreement, as part of its support for the private sector, specifically recognises the importance of financial sector development as one of its specific objectives.

Nevertheless, in most ACPs the financial sector does not function well, remaining undeveloped and both shallow and narrow [1].

One point is clear. However many resources the external IFIs, such as the EIB, dispose of for industrialisation in the ACPs, it can never be sufficient for the need, particularly if economic growth rates of five per cent a year or more are to be achieved. So the financial sector has to tap other potential sources of finance, notably the mobilisation of domestic savings and foreign private investment. In both cases the ACPs will need deeper and broader financial sectors than they now have.

First, on the mobilisation of domestic savings, ACPs do indeed have savings instruments, but these are usually limited to short term deposits with the commercial banks. Only a small proportion of such deposits can be safely passed on as medium or long term loans, hence the tendency for the banks to lend mostly through overdraft facilities. What is needed is a way of securing savings over the medium and long term. That primarily means creating a market in bonds, and eventually equities.

There are perhaps two principal obstacles to doing so:

- First, a bond market will only emerge in a stable institutional and financial environment, with low rates of inflation. If savers do not have confidence in the medium term financial outlook, or feel there is a danger of their savings being eroded by infla-

tion, they will not be interested in medium term savings instruments.
- Second, there has to be a secondary market for such bonds; savers will not buy them if they have no possibility of selling again before maturity. To this end a number of ACP countries have indeed established stock markets in recent years. But the usual pattern is for these exchanges to be very illiquid and inactive with few listed stocks and little active trading.

In the right circumstances, the Cotonou Investment Facility[2], managed by the EIB, may be able to play a role in encouraging the emergence and deepening of such markets. For example, rather than lending to a particular enterprise, the Investment Facility could offer a partial guarantee for a bond issue by that enterprise on the local market. Such an action would not only finance the particular project but also contribute to the liquidity of the local stock exchange and thus to a deepening of the financial sector in the country concerned.

Industrialisation and Diasporas

The second possible source of industrial investment is foreign investment. It is well known that ACPs have captured only a very small share of international flows of foreign investment and this often just for petroleum or mineral projects in a small number of countries. Generally the risks and uncertainties of private sector investment in the ACPs still seem very high and discourage potential foreign investors. There are also market failures; international markets are not well informed of the investment opportunities and risks and the cost of acquiring such information is high. Moreover, even where risks have actually diminished, as a result of an improved domestic policy environment or greater economic and financial stability, the perception of risk frequently remains strong and declines only slowly.

Over the years perceptions have evolved. The focus of attention shifted from the industrial plant being established to the intermediate financial institution and then to the financial sector as a whole, together with the broader political and business environment

It is easy to paint this familiar gloomy picture. Yet there are also positive elements. One is the emergence of a middle-class, a bourgeoisie, often people with professional skills and qualifications. This is a social group that scarcely existed in many ACPs at the time of independence less that two generations ago. Unfortunately, many of this growing class of educated and professional ACP citizens have left their home countries to join the expanding middle-class diasporas abroad. These diasporas, particularly from the island countries of the Pacific and Caribbean, are very large. Yet they remit considerable income back home, and they increasingly invest back home as well.

Although there are so far few systematic studies of diaspora investment, there is plenty of anecdotal evidence. The investments made do not usually grab major headlines but are rather for SMEs and often in the service sectors. Thus, several ACPs – for example Fiji and Samoa – now boast small private hospitals set up by doctors and surgeons who have trained and worked abroad before subsequently returning and investing their own money and skills. Both the Caribbean and West Africa have a number of banks and financial companies established by nationals who have previously worked on Wall Street or in the Square Mile of London. And we have all come across ACP citizens who, having spent a life working abroad, have then returned home to invest their retirement savings in, say, a small hotel or guest house.

The characteristic of these diaspora investors is that they straddle two worlds. With their professional qualifications and their years of experience working in Europe or the US they are thoroughly familiar with the functioning of modern economies. But they also know how things work back home, where the opportunities are and where the real risks lie, in a way that is often very difficult for a foreign investor to ever fully understand. So their assessment and perception of risk is consequently more sophisticated and their willingness, and indeed ability, to invest successfully is much greater. For them foreign investment is home investment.

So, however much one may regret the growth of the ACP diasporas, as an indication of skills leaking abroad, they exist. And this trend towards diaspora investment will continue to grow, perhaps particularly as the first highly educated generation approaches the age of retirement. So a development agency which is seriously interested in encouraging "industrial" (in the widest sense of the word) investment in the ACPs, should consider what measures it could take to nurture and support this trend. What are the key social and economic characteristics of potential diaspora investors? What constraints do they face and what might be done to overcome them? Can they be targeted through their own support networks and organisations? And could the home countries devise specific financial instruments marketed at diaspora savings, even the savings of those who have no intention of returning home or of starting their own businesses? In short, support for the process and financing of ACP industrialisation continues to throw up new questions, challenges and opportunities. ■

* Head of Division, European Investment Bank.
The views expressed in this paper are personal and do not necessarily express those of the EIB.

1. For example, South Africa is the only country in sub-Saharan Africa with a ratio of M2 to GDP greater than 50 per cent. In most cases the commercial banks dominate the sector with more than 90 per cent of financial assets. They generally have intermediation margins over five per cent and in some countries more than 15 per cent, reflecting either oligopoly or inefficiency or both.
These data are drawn from an internal EIB paper by Gustaaf Heim.
2. The Investment Facility, introduced in the Cotonou Agreement, aims to strengthen private sector activities in ACP countries and attract greater foreign direct investment. See article 'The European Investment Bank and the Cotonou Investment Facility', in *The Courier ACP-EU n° 191* (March-April 2002) page 32.

European aid to ACP States:

Does it increase investment?

In recent years, the discussion on the effectiveness of development aid in promoting growth has deepened. As the impact of aid on growth is generally assumed to work via investment, aid can be effective only if complementary investment conditions are favourable. In this article, **Susanna Wolf** *, focusing on the EU-ACP partnership, maintains that a positive relationship between European Union aid and investment in the African, Caribbean and Pacific (ACP) countries can be expected. Against this background, direct support for the private sector and investment promotion is now a key element of the Cotonou Agreement.

The European Community (EC) became the world's fifth largest donor of development aid – and therefore one of the most important – in the 1990s. The ACP countries receive relatively more EC aid than other developing countries after controlling for size and GDP of a country. Together with aid from its Member States, the EU provides more than 50 per cent of all aid going to ACP countries. At the same time international trade and investment flows seem to have bypassed the ACP countries to a large extent in the past decades. Less than two per cent of worldwide foreign direct investment (FDI) was directed towards the ACP countries in 2001. Domestic investment in the majority of the ACP countries is also lower than the world average because of low savings rates and in some cases high capital flight. The low level of investment corresponds with the low level of GDP per capita in most ACP countries.

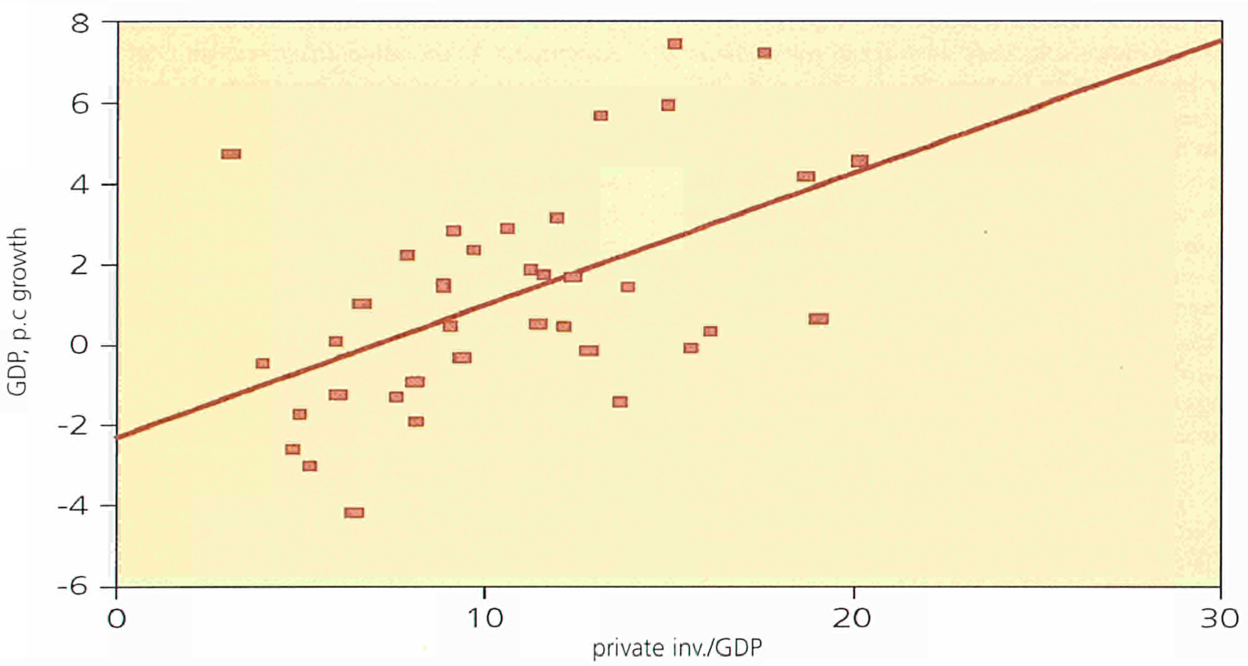
These developments create severe obstacles for the long-term growth perspectives of the ACP countries as new investment is needed to improve productivity.

Increasing the share of private investment in GDP is important for ACP countries for several reasons. At the moment the investment rate is hardly high enough to maintain the existing capital stock. In some African countries investment has fallen to less than 10 per cent of GDP whereas the minimum investment needed to replace depreciated capital in Africa is estimated at 13 per cent of GDP. As private investment is expected to be more productive than public investment, it thus contributes significantly to economic growth. Furthermore, new investment is needed for structural changes and a diversification of the economies.

Support for private sector development

To overcome the low private investment ratios that prevail in the majority of the ACP countries, investment support has

Figure 1: Investment-growth relationship in the ACP States, 1975-1999 five year averages



Source: own calculations from World Bank, World Bank Development Indicators, 2001.

been further improved in the Cotonou Agreement. The special private sector chapter makes it visible that private sector support is a primary objective (Article 1), and brings the existing provisions into a more coherent and refined framework. One of the main areas of support is therefore "Investment and private sector development" (Article 21). Economic and institutional reforms are recognised as a precondition for growth and should create a favourable environment for private investment. In addition support in various areas is foreseen (for more details, see issue n° 181 of the *ACP-EU Courier*).

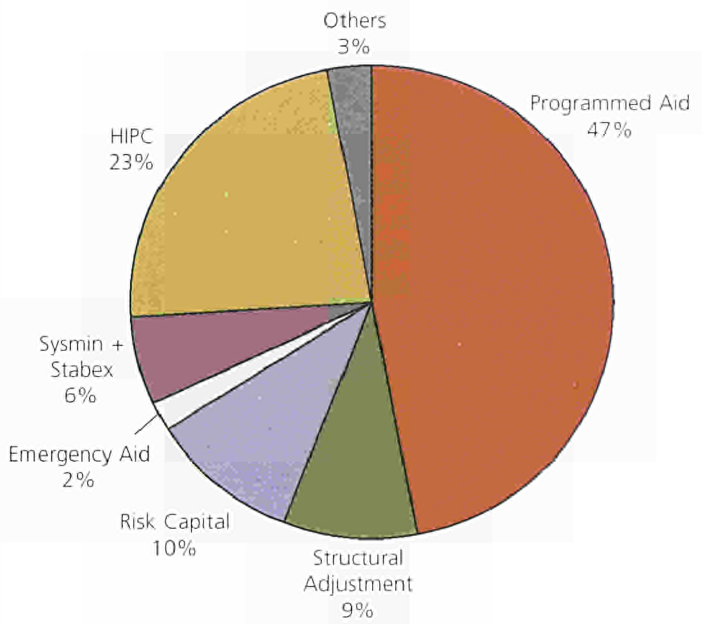
A new instrument compared to Lomé IV is the availability of investment guarantees. Through reinsurance schemes, foreign investors should be protected "against legal uncertainties and the major risks of expropriation, currency transfer restriction, war and civil disturbance, and breach of contract" (Article 77).

In principle, direct investment support by the EU was already provided under the Lomé Conventions. However, despite a large number of possible measures, only a small fraction of EDF finance was spent for productive sector support and nothing was explicitly provided for investment promotion. The additional risk capital provided by the EIB amounted to 10 per cent of the total. To reach the goal of increased private investment, not only has the share of resources allocated for this purpose been increased but, especially, the participation of the private sector in formulating priorities and implementing programmes will help to better focus aid resources. As high risk is seen as a major obstacle by foreign investors, the new investment guarantees are a step in the right direction.

However, the facilities to reduce risks for entrepreneurs should not only be directed towards foreign firms or firms in the EU Member States. Local investors might be hit even harder by unforeseeable risks as they have fewer possibilities to diversify. For local investors, the provisions that are aimed at facilitating access to capital, training personnel to improve productivity and management, and upgrading essential infrastructure like electricity, transport and communication are well designed to meet the needs of the private sector. Because export promotion is of crucial importance for various reasons, special emphasis of the support programme should thus be given to local investors. As there is asymmetric information about investment opportunities and investors tend to stick to the countries where they are already operating, an active marketing of the advantages a country has and the provision of information for potential investors is crucial to attract FDI.

Interestingly, in the New Partnership for Africa's Development (NEPAD), private sector development also has a high priority. The need to diversify the economies on the basis of natural resources is stressed. Support for private enterprises should be directed mainly towards micro-enterprises and small and medium enterprises as these are the main contributors to value added and employment in most African countries (NEPAD, Article 156). As NEPAD acknowledges, the development of the continent is the prime responsibility of African governments. This could complement the Cotonou Agreement in the sense that ownership of the development strategies is increased as the creation of "the necessary political, social and economic conditions in Africa that would serve as incentives to curb the brain drain and attract much needed investment" (NEPAD, Article 125). Yet, it is primarily the responsibility of the ACP states to simplify administrative procedures and improve the legal system. The G8 Summit in Kananaskis made a commitment to help Africa to attract foreign and domestic investment in the context of its support for NEPAD, for example through the increased use of development finance institutions.

Figure 2: Use of EC aid in ACP countries, percentage of payments by instrument in 2000



Source: European Commission: Annual Report on the implementation of the European Commission's external assistance 2001, Brussels, 2002.

The aid-investment relationship

There are various channels through which aid can impact on investment in a developing country. Often only the direct channel of using aid resources for investment is considered. Traditionally this means that aid inflows are spent for infrastructure investment. More recently, private sector support programmes aim at increasing private investment. On average 40 per cent of aid is spent on investment projects; therefore investment should increase at least by this amount.

However, it is not realistic to assume that all aid is spent for investment, but other forms of aid could increase investment indirectly. At least part of aid will be spent for consumption because of urgent needs such as drought or after a violent conflict. This additional consumption will be partly realised through imports but also partly through a rise in demand for domestic goods. Savings and investment will also increase through employment and income generation. Aid that is spent for technical cooperation and technology transfer (e.g. through agricultural extension schemes) can help to accelerate technical change and therefore increase productivity. Support for health and education programmes could also increase productivity and hence contribute to an increase in investment opportunities. Aid could indirectly increase private investment if it contributes to the improvement of policies. If aid can be used for government consumption or as budget support high tax rates could be lowered and thereby the investment climate improved.

In general, there are various reasons why larger amounts of aid do not necessarily mean better results with respect to investment and growth. On the political level, "soft budget constraint" describes the phenomenon of aid flows allowing governments to put off necessary reforms – such as reforming the tax system – and continue with unprofitable policies. Aid can help bad governments to keep their legitimacy in the view of other states or their own people. Aid dependence is considered to be a negative consequence of large aid flows over an extended period of time as a country's need for aid grows while the actual effect fails to show. Countries depending on aid tend to be quite vulnerable to sudden changes of donor policies.

Foreign aid could lead to crowding out private investment as it might raise the wages of skilled personnel or the prices of other scarce resources. Especially if the recipient government starts to increase its expenditures by borrowing money from the bank, raising taxes or creating credits to raise counterpart funds that are often required by donors, a crowding out of private investment is likely to occur. In addition, high levels of aid in general imply that a large number of donors are involved – which can amount to more than 40 for larger countries like Kenya and Zambia. Negotiations with many donors are a burden on the limited capacity of recipient governments, and furthermore, the lack of aid coordination on the side of donor and/or recipient can affect the success of programmes.

A series of highly debated papers that served as input to the World Bank's "Assessing Aid" report in 1998 was published in recent years. They stress the positive effect of aid in "sound policy" surroundings. In contrast, aid to countries with poor policies will lead to crowding out private investment, because it supports public investments. Therefore foreign aid will be most effective in countries that decide to carry out reforms on their own initiative. However, other researchers came to the conclusion that aid has the same positive effect on growth in every policy regime. In sum, theoretical and empirical findings suggest that there is a positive but declining impact of aid on investment.

The effect of EC aid on ACP investments

Although the overall success of the Lomé Conventions in terms of eradicating poverty in the ACP countries and increasing the export and investment performance is limited, it cannot be said that it was a waste of money given the limited availability of funds and the adverse external circumstances. To get more insight into whether the effect of EC aid on investment is different from the effects of total aid used in previous studies, total aid to each ACP country can be divided into aid from the European Commission (EC aid) and aid from other sources.

In an empirical analysis it was confirmed that aid has a significant positive but declining effect on investments in developing countries regardless of their location. This result is robust for different sets of control variables. However, aid from the European Commission was found to have a positive effect on investment only after controlling for ACP membership. Then however, a significant positive relationship between EC aid squared and investment was found. EC aid therefore also increases total investment although its effect seems to be weaker than that of total aid. This limited positive impact of EC aid on investment might have several explanations. One of them is the limited share of resources that were spent for private sector development and risk capital. Only in recent years has spending in this area increased and therefore effects might not be observable yet. Another factor might be the fact that EC aid is disproportionately directed towards ACP countries. They generally have more difficulties in attracting investment, which is indicated by a significant negative coefficient for the ACP dummy in the investment regressions. Therefore relatively higher amounts of aid might be necessary to overcome the obstacles to investment.

As a consequence, the reform and expansion of private sector support under the Cotonou Agreement should continue. The support for productive investment in manufacturing as well as in services and agriculture should focus on the creation of an enabling environment – through the creation of finance institutions and indirectly through a favourable macroeconomic climate. A direct involvement of donors in production activities is less desirable as this is not likely to lead to competitive enterprises. Facilities to reduce risks for entrepreneurs should not only be directed towards foreign firms in the donor countries. Local investors also need protection against unforeseeable risks. More generally, on the country level, aid could be seen as an insurance against external risks and could be used by recipient governments for the continuation of reform programmes. In this respect the Cotonou Agreement provides some flexibility, with the possibility of balance of payment support and the review of programming that might increase available resources for governments that face external shocks and stick to reforms. EC aid will therefore contribute to improving the overall investment climate. If the reforms in the Cotonou Agreement are implemented, it is likely that EC aid will contribute to increasing investment in the ACP countries. ■

* Center for Development Research (ZEF Bonn), University of Bonn, D-53113 Bonn, Germany. Email: s.wolf@uni-bonn.de

Nha Fala
("My Voice" in Portuguese Creole)

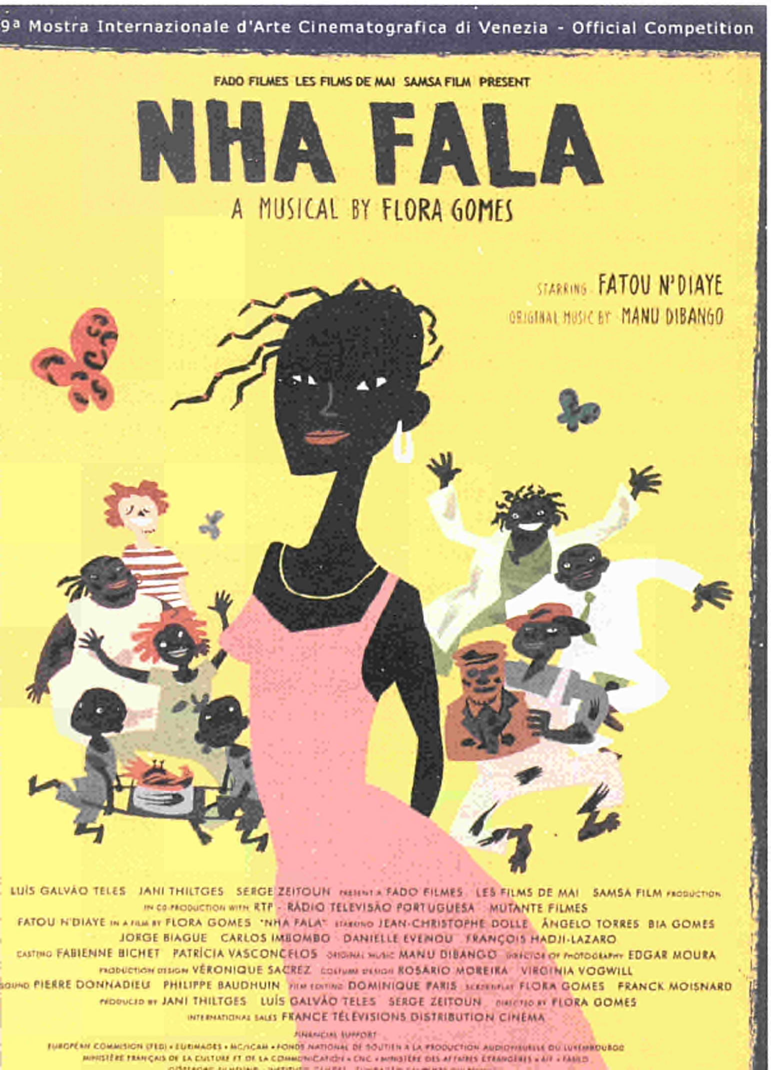
Nha Fala, a lively musical comedy directed by Flora Gomes, was one of the films nominated at the 59th Venice International Film Festival. Nha Fala, which received European funding, is centred metaphorically around the theme of freedom. With an original score by Manu Dibango, it tells the story of Vita, a beautiful young girl from Guinea-Bissau who leaves her native village for France. Vita's family is afflicted by an ancestral curse according to which any woman in her family who sings will die. However, once in Paris she falls in love with a young musician…

A native of Guinea-Bissau, Flora Gomes studied in Cuba and Senegal. A multi-award winner who cites his country's legendary revolutionary leader Amilcar Cabral as a strong influence, the veteran film-maker wants to show another side of Africa.

Dorothy Morrisey

What made you get involved in cinema when it has such a small following in Guinea-Bissau?

It's an adventure. I am very forward-looking. When I was young I did not really know what I wanted to be and I just fell into film-making. Now I am glad that I did because I think it is very important to let the world see images of our land, images that tell the story of our history. My colleague, Sana (Na N'hada), and I do not regret our chosen path, even though it is not easy.

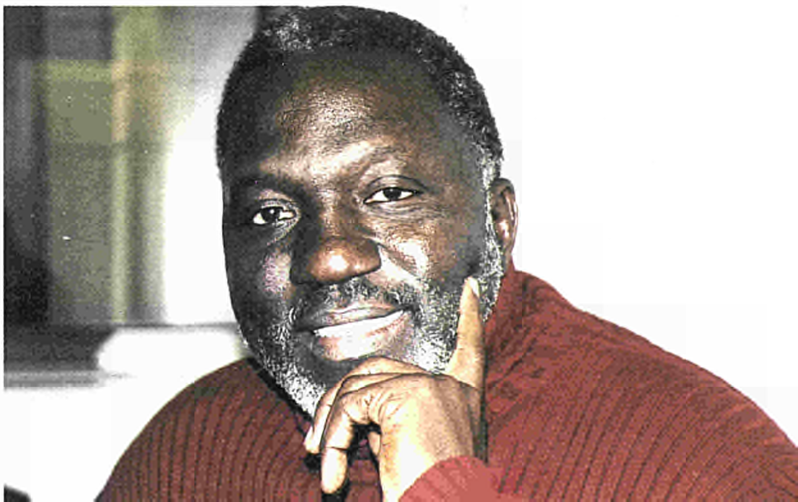


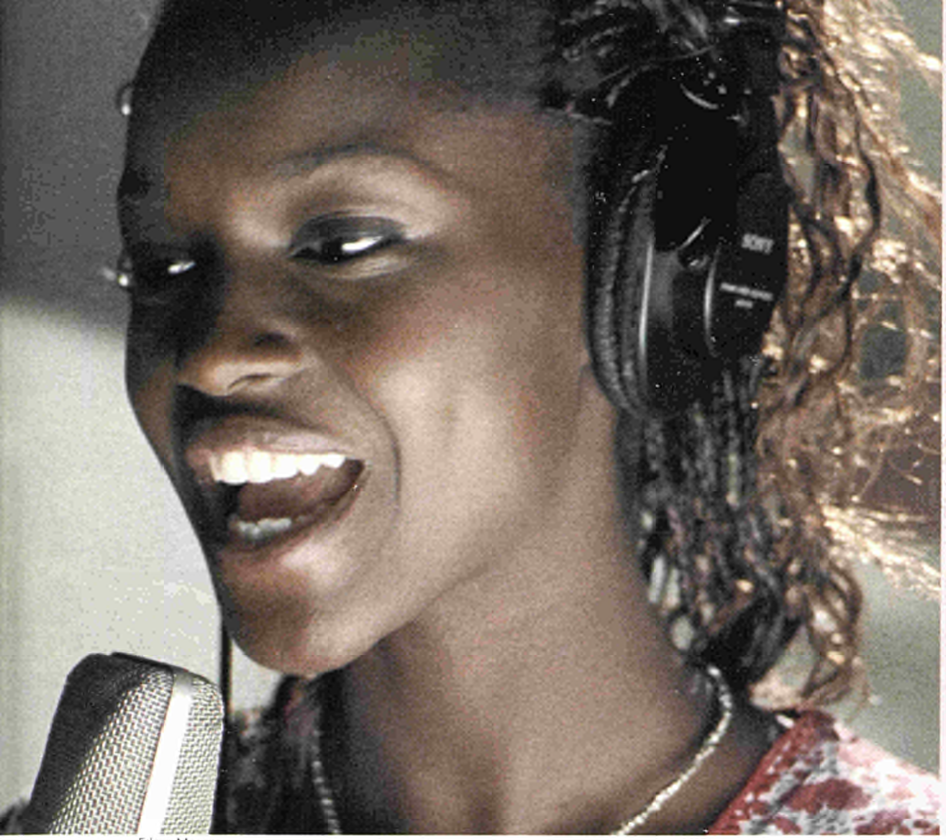
Nha Fala is full of dance and music, and slightly surreal scenes; starting with the funeral of a parrot and ending with a huge, colourful "fake" funeral. What inspired you?

I wanted people to see our Africa, the Africa of my dreams, the Africa that I love and that I would like my children to know one day. It is a happy Africa, where people dance, where people can speak freely. It is my take on the future for a new generation. I am a dreamer. Whenever Africa is spoken about or depicted, it is always in terms of the aid we receive, war, people dying of starvation, sick people… These things do of course exist in Africa: Africans kill other Africans, and nobody knows why we go to war yet it still goes on. But there is another side to Africa, and that is what I wanted to show. It is a side you never see on your television screens in the West. That is why I made this film.

You have created a very modern film that nonetheless incorporates age-old traditions. Would you say it is an accurate reflection of Africa today?

While it is true that many Africans set great store by tradition and magic, the continent is definitely changing. I know that in every civilisation in the world, and every country in the world, there are always two cultures and a point at which they meet. I share the belief that the future





Edgar Moura

choreography, because it would not fit in with the film. I wanted it to identify with the real Africa. I wanted to make a film, a musical, from our point of view, a million miles from the very 'controlled' American style.

Is the film based on a true story or is it something you have invented?

The story is a figment of my imagination, but it is based on truth. People have told me that this sort of thing did go on at the time. Take Salik, the Malian singer, for example. Apparently, he wasn't allowed to sing because he belonged to a very high caste in Mali, who are not supposed to sing.

Why did you decide to break the taboo in your film?

For me, singing is an expression of freedom. If we are silenced, we are disadvantaged. Music has always been extremely important in our lives. It is so often said that in Africa nothing has worked since independence. But music is the exception. Look at Cesaria Evora, Youssou N'Dour or Manu Dibango, who did the soundtrack for the film. This is my way of paying homage to all those people who, one way or another, in Africa, Europe or elsewhere, have done something for African music.

A recurring image through the film is of two men transporting a statue, looking for a place to put it. Is this a statue of Amilcar Cabral?

Yes. Amilcar Cabral was an extraordinary man, a visionary, who did much for his country. But you don't see it because the people didn't follow what he said. Those young people who are going around with the statue – they are looking for a place to put it, but nobody wants it because it bothers them. Cabral is still waiting to see those things for which he gave his life. He should have his place. I will not stop making films until I have made a film about him. ■

of this world lies in the intermixing of cultures. It is inevitable. Your culture mixed with our culture can give rise to an identity, and this identity will define our country. This is why I made this film, thinking all the while of the generations to come: those who have not experienced colonisation, who want to go abroad to study but return to their own country to work, to build it up. Because I believe that the future of mankind is Africa.

Why?

Because we have so much to offer, particularly on a cultural level. I believe that when all the ethnic, cultural and religious conflicts have ended, Africa will find itself. It will truly be a place where we can live in peace and harmony.

Why did you decide to film in Cape Verde?

My aim was to make this film in an anonymous setting. It is not meant to be Cape Verde, it is just some unidentified place.

As for the cast, are all the actors from Guinea-Bissau?

Many are, although the actress who plays the lead role, Vita, is French, of Senegalese origin. She learnt Creole (the language of the film) in two months for the part.

Some are experienced actors: Bia Gomes, who plays Vita's mother, is the only actress who has appeared in all my films. I have also worked with the young actress who plays Vita's friend, Tina, as well as Georges and Amélia, all of whom are professionals.

The dance and crowd scenes in the film must have been choreographed. How did you manage this?

I did this my own way. We had a choreographer, Clara, a Portuguese woman, and a West Indian woman. I did not want American-style

Edgar Moura

Alexis Fossi

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Senegal

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Two and a half years after democratic elections, Senegal now has a fourth government. Drawing its strength from the ruling coalition, the task of the new team is to deliver what the people want, changes heralded in 2000 when President Wade came to power, marking a peaceful end to forty years of socialist rule. On the down side, Senegal's growth rate is slowing. But the campaign to alleviate poverty, unemployment and corruption is a major priority for the government, in a nation included in the list of LDCs (Least Developed Countries). On the positive side, new development strategies have been drawn up, the country's overall debt looks set to diminish, regional integration is continuing, and discussions aimed at ending the conflict in Casamance are ongoing. Just like the Lions, its national football team, Senegal is winning away and hoping to score a home victory.

Report and photographs (unless otherwise indicated): François Lefèbvre

Political changeover: the challenges ahead

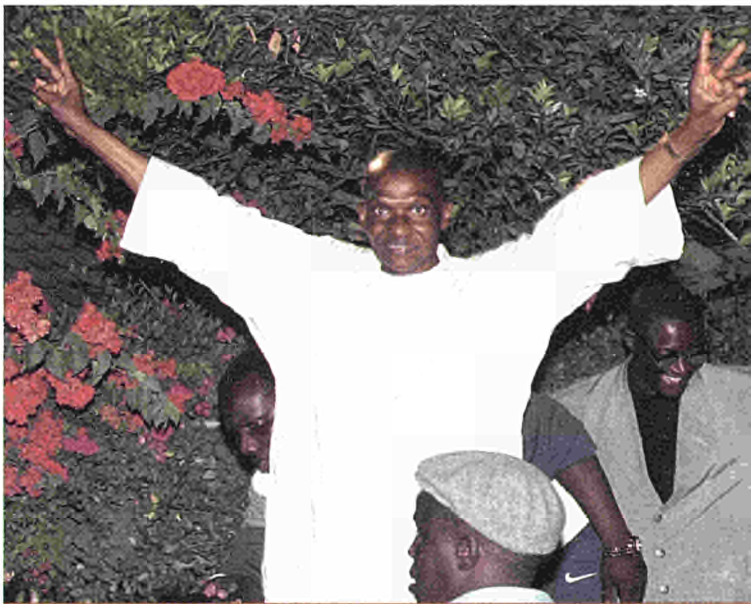
In November 2002, a new government took the helm in Senegal, the fourth since the country's political changeover of March 2000. President Abdoulaye Wade, whose election put an end to forty years of socialist rule, has surrounded himself with a loyal team made up of members of the PDS (Senegalese Democratic Party) and the Sopi[1] coalition that brought him to power. Led by Idrissa Seck, the new team now must turn its attention to a very heavy agenda. Two-and-a-half years after the changeover, people are still waiting for the political changes to make a difference to their daily lives. Poverty, unemployment and corruption are priority targets for a state that now ranks among the world's Least Developed Countries (LDCs).

In November last year the topic of conversation in the streets centred on the imminent appearance of the moon that would signify the beginning of the Islamic holy month of Ramadan. Meanwhile, discussions of a more sombre nature were being held in the carpeted corridors of power. The dissolution of the government, which had been announced some time previously, had now taken place. After two days of consultations and press speculation, Idrissa Seck, one of the President's close aides, was named prime minister of the new, enlarged government (31 ministries against the previous 24). He replaced Madior Boye, the first woman to have held such a post in Senegal. Although the change of team had been expected since the local elections in May, events were hastened by the sinking on 26 September of the Ziguinchor-Dakar ferry, the Joola. After the tragedy, in which up to 1500 people lost their lives, many called for a radical change.

Liberalisation

Idrissa Seck is Senegal's third prime minister since 2000, the year of the changeover. This game of political musical chairs is part of the process of democratic consolidation in a country that enjoys a reputation for stability. At least relative stability – a separatist movement has disrupted life in the south of the country (Casamance) for over 20 years. Nonetheless, the reins of power have passed smoothly between the three presidents that have headed the Senegalese state since independence. The first, Léopold Sédar Senghor (1960-1980), was replaced after his retirement by his heir apparent, Abdou Diouf (1981-2000). He in turn was succeeded by the leader of the PDS, Abdoulaye Wade.

Well before the other countries of French-speaking black Africa, Senegal set to work on the liberalisation of its political system, a process that has been consolidated as the years have passed. After a hesitant and somewhat limited start[2] under President Senghor, a true multiparty system was established in 1981 with Abdou Diouf. This liberalisation encouraged many political formations to come out of hiding, and the development of a press that offers analysis and commentary and even criticism, as well as the emergence of political and trades union movements. The country now has at least 65 political parties.



Senegal's President Abdoulaye Wade raises his arms in a sign of victory in March 2000, after results of the presidential elections put him well ahead. Contrary to alarmist predictions, these elections went without a hitch.

The presidential elections in 2000 and Abdoulaye Wade's accession to power marked a turning point in the history of Senegal. With the support of the Front for Change (FAL), the eponymous coalition (Sopi) finally put an end to forty years of socialist government. Contrary to the alarmist predictions and despite some disputes over the preparations for the ballot, these presidential elections went without a hitch. In the first round the outgoing President, Abdou Diouf (now the secretary-general of the International Organisation of the Francophonie), received only 41 per cent of the votes and was thus forced to face his rival, Abdoulaye Wade, in a second round. By rallying almost all the other candidates to his cause, Wade was elected President of Senegal with 58 per cent of the votes. This was the first time since the country's independence that there had been such a democratic change of government. To the great relief of the Senegalese people and of observers, who feared there would be a violent backlash and that the process would be blocked, Abdou Diouf quickly acknowledged his defeat and accepted the changeover.

Sopi

Created in 1974, the PDS took advantage of the deteriorating economic and social situation in the 1990s as the Socialist Party (PS) took most of the blame for the crisis. Under pressure from the structural adjustment programmes, the Socialists had opted for a liberal economy while social welfare suffered from a serious lack of investment. Thus, on the eve of the presidential elections in 2000, the PDS and the Sopi represented the country's only real hope. The native Wolof word has gradually come to be the slogan of a broad spectrum of the discontented.

In 2001, President Wade organised a constitutional referendum to give himself the institutional means of bringing about the change he had promised the people. The legislative and local elections that followed went in favour of the ruling alliance. Although the changeover has indeed taken place, it must be said that there was often little to differentiate between the policies of the two major parties during the coalition periods. Now, with the constraints of globalisation, their political agendas are growing increasingly similar once more.

Senegal's foreign policy, however, has taken on a new shape since the election of President Wade. With the South African President, Thabo Mbeki, he is working to change the image of Africa and increase the power of African heads of state beyond their national borders. The promotion of democracy and development of the African continent are two top priorities. In two years the President has increased the number of Senegalese diplomatic missions and has also sent soldiers to join the UN troops in the Congo.

Together with Thabo Mbeki and Nigerian President Olusegun Obasanjo, he founded the New Partnership for Africa's Development (NEPAD). Now, as President of the Economic Community of West African States (ECOWAS), he is dedicated to the search for a negotiated solution to the Côte d'Ivoire crisis. Some of his views have met with disapproval from other African leaders. For example, during the last Organisation of African Unity (OAU, now African Union) summit, Mr Wade staunchly advocated recognition of Marc Ravalomanana as elected President of Madagascar whereas the OUA had already expressed its support for the organisation of new elections.

Turning words into action

In Senegal the political changeover has raised hopes to another level. The President's statements on corruption, the inquiry into corruption within the previous government, the creation of a human rights office attached to the presidency, the partial staff overhaul of the armed forces and the announcement of large-scale infrastructural works have all come in response to this wave of expectation. However, two-and-a-half years down the line there is growing criticism from certain sections of the media, from young people, women, people in rural areas and the opposition parties. They are denouncing the growing insecurity and calling on the government to make good its promises.

The new Wade administration faces sizeable challenges: the continuing of institutional reforms deemed necessary to improve management of public affairs; the search for a lasting solution to the Casamance problem; the fight against poverty and corruption; improvements to public health; the education of young people and the accessibility of employment. It must also provide proof that international aid is being used effectively and transparently. People's social expectations are growing ever more apparent. In 2000 the country slipped into the ranks of the Least Developed Countries (LDCs). In the capital, poverty is everywhere and beggars are on every street corner. The gravity of the situation can be summed up by a single figure: 67.8 per cent of the Senegalese population survives on less than US$2 per day.

Although the 2000 elections and Abdoulaye Wade's victory allowed the country to breathe a collective sigh of relief, expectations run high. The new leaders must see this victory not just as an electoral battle won, but as an ultimatum from their people to reinstate public morality and initiate real changes. With the next presidential elections scheduled for 2007, the president and his new prime minister have the time they need to make a reality of the Sopi, on which people have pinned all their hopes. ■

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Senegal's capital, Dakar
In Senegal the political changeover has raised hopes to another level, but the new administration faces sizeable challenges

1. Sopi means 'change' in Wolof, Senegal's national language.
2. In an Africa where the single party system was the rule, Senghor embarked on a controlled experiment with political pluralism: Law 76-26 created a limited multiparty system restricted, at first, to just three parties then, from 1978, to four parties, representing the main ideologies of that time: socialist democratic (Socialist Party, PS), liberal democratic (Senegalese Democratic Party, PDS), Marxist-Leninist (African Independence Party, PAI) and conservative (Senegalese Republican Movement).

A brighter economic future?

Senegal's fortunes have taken a turn for the better since 1994 as the country has enjoyed positive if precarious growth. But the forecast for 2003 is less optimistic in the context of a downturn in the global economy.
For the Senegalese government, which has made alleviating poverty one of its top priorities, this slow-down means even less room for manoeuvre over policy. The weight of expectation bears heavily on a country that is still struggling to raise the standard of living of its people and close the ever-widening gap between the haves and the have-nots.

Senegal has been classified as one of the world's Least Developed Countries (LDCs) since 2001 and the social and economic benefits of the political transition have yet to be felt. However, new development strategies have just been drawn up, the burden of debt should soon be alleviated and regional integration continues. It is time, in collaboration with the country's partners, to "convert the tries".

Following the dramatic devaluation of the CFA franc in 1994, the Senegalese economy took its first steps on the road to recovery. From 1995 to 2000, the growth rate averaged 5%, peaking at 5.7% in 2001, despite inflation. This spurt was essentially fuelled by the revival of the tertiary sector, in particular transport, telecommunications, trade and administration. The tertiary sector dominates the country's economy and accounts for 60% of gross domestic product (GDP).

Slow-down

But in 2002 it all began to go wrong. Growth estimates were lowered: to 2.4% according to the West African Economic Monetary Union (WAEMU)[1]. The root of the problem was the slow-down in activity of the primary sector (agriculture, fishing and stock rearing), which employs more than half the working population but represents just 20% of GDP. An underachieving groundnut sector and the generally poor performance of agriculture (production and trade) could lead to a fall of 7-8% in the primary sector. Fishing, the country's primary source of income, has not been spared. It suffers from dilapidated equipment and a lack of investment. This is a worrying situation, particularly as Senegal's exports are concentrated in four areas of activity: groundnuts, fishing, tourism and phosphates. In addition, inflation is on the rise at 3% whereas it stood at 1% until 2002.

This has been a hard blow for Senegal, all the more so since its performance has always been markedly below par, in particular when taken in the context of its population growth (2.4%). Senegal has now been relegated to the LDC division, despite substantial aid from donors (10% of GDP). Senegal has borne the brunt of the fall in exchange rates caused by the drop in the price of raw material exports. Unlike some of its Central African neighbours, the country does not have a wealth of natural resources. In addition, overpopulation and drought have placed a strain on the environment and exacerbated desertification.

Buying power and savings levels in Senegal are alarmingly low. The story is the same for internal and external investment, both public and private. Indeed, investment has pretty much dried up as a result of red tape and corruption. While the latter is difficult to measure, the latest report by the NGO, Transparency International, ranks Senegal in 65th place out of 95 countries[2]. In the same vein, the instability of the legal and justice system is a deterrent to many investors.

Another problem: public finances do not add up. Spending increased as a result of the subsidies granted to state companies in difficulty, but tax income remains insufficient[3]. This is mainly because of the size of the informal sector, which represents 60% of GDP and employs almost 90% of the workforce.

Fishing, the country's primary source of income, has not been spared from the slow-down in growth. It suffers from dilapidated equipment and a lack of investment

The informal sector represents 60% of GDP and employs almost 90% of the workforce

Sylla/M.-A. Lepladeur

However, the public deficit should be reduced with the introduction of a single VAT rate of 18% (something that is not unrelated to the increase in inflation). Another significant thorn in Senegal's flesh is its debt, which hovered at around 73% of GDP in 2001. Here at least help is at hand. Senegal should soon reach the Highly Indebted Poor Countries (HIPC) Initiative's completion point[4]. If it is to obtain a reduction of 18% in its global debt, Senegal must gain IMF and World Bank approval of its Poverty Reduction Strategy Paper and of the privatisation of two state companies (Senelec and Sonacos), as well as reforms in other sectors.

Low achievement but high expectations

Within Senegal, the economic and institutional frailty is palpable. With little hope of experiencing the benefits of growth, people at least expect something to come of the political changeover. The country has a per capita GDP of $459, a life expectancy rate at birth of 53 years and a literacy rate of 37.3%, ranking 154th out of 173 countries in the 2002 UNDP human development index. The prevalence and perception of poverty is keenly felt by the population. According to recent surveys, 65% of households consider themselves poor and 64% believe that impoverishment has become worse in recent years. Poverty, already manifest in rural areas, is creeping into the towns in step with runaway urbanisation. The rate of illiteracy is 72% for women and 52% for men.

Health figures are equally poor. A quarter of the population suffers from malnutrition, infant mortality rates have reached 80 in 1,000 births, and every year 56 women in 10,000 die in childbirth. By contrast, the government's voluntarist policy is paying off in the fight against AIDS, for which the country has the best record in Africa. Just 0.5% of the adult population is infected with HIV. The social sectors have on the whole suffered from under-investment for many years, partly because of structural adjustment programmes that focused on the production sector in the early 1980s.

A new course and grounds for hope

In the light of the grim situation the government decided to steer a new course. The country committed itself to investing in areas such as good governance, infrastructures and regional integration. This was in line with the objectives of the New Partnership for Africa's Development (NEPAD), the WAEMU, the Poverty Reduction Strategy Paper linked to the HIPC Initiative, and the "Tenth plan for economic and social development (2000-2007) in Senegal".

These new targets are also contained in the Strategy Paper which provides guidelines for use of the 9th European Development Fund (EDF) for the next five years. In April 2001, the EU allocated to Senegal an envelope of €282 million. All that remained was to decide how this money was to be used.

As a result, non-state actors, representatives of the EU and of the state, worked together to define the country's development priorities. During the five years from 2002 to 2007, the sector that will receive most attention, if not in financial terms at least in terms of political importance, will be good governance, followed by road infrastructure, sanitation, health and education programmes and support for the economic integration process under way within the WAEMU and the Economic Community of West African States (ECOWAS)[5]. In addition, Senegal can make use of funds available under the new Investment Facility managed by the the European Investment Bank (EIB), and under the EIB's own resources.

From a commercial point of view, Senegal and the EU, after nine rounds of negotiations, have also renewed the fishing protocol under which European boats can catch fish in Senegal's maritime zone in return for payment of €16 million a year[6]. Moreover, in view of its LDC status, Senegal can try to take advantage of the European "Everything but arms" initiative that would grant the country almost total access to EU markets except for arms and munitions. The EU and Senegal will also negotiate, on a regional basis, new Economic Partnership Agreements (EPAs[7]) in line with WTO rules, with the potential of reinforcing regional integration.

The 9th EDF has also provided for aid to help Senegal negotiate and finance impact studies. But Senegal must make its products competitive, create an environment favourable to investment and reach a level of growth that can support sustainable development if it is to benefit substantially from access to European markets. The means, the opportunities, the plans, the strategies are all in place. But time is short and social issues are becoming ever more pressing. Regardless of the demands of globalisation, most Senegalese have no wish to be left behind. ■

1. The WAEMU was created by a treaty signed in Dakar on 10 January 1994 by the heads of state and government of the seven West African countries who shared a common currency, the CFA franc. These were: Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal and Togo. The Treaty took effect on 1 August that year following ratification by the member states. On 2 May 1997, Guinea-Bissau became the eighth member state of the union.
2. See interview with Alioune Tine, Chairman of Forum Civil on page 66.
3. According to the WAEMU, tax income did not exceed 20% of GDP between 1992 and 2001.
4. The HIPC Initiative comprises two main phases. First, the countries must adopt a number of measures before they can be eligible for special aid (decision point). Once accepted, they are granted a special reduction formula and must implement certain measures and fulfil certain criteria in order to qualify for total relief (completion point). The process is very flexible as there is no specific timetable attached to the two phases.
5. The ECOWAS was created as the result of a treaty signed on 28 May 1975 in Lagos (Nigeria). Its members are Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone and Togo.
6. Compared with the previous protocol, the financial compensation has risen from CFAF 31,485,936,000 to CFAF 41,981,248,000. Fishing possibilities on coastal demersal species have been reduced from 2,131 Gross Tonnes (GT) to 1,500 GT, with fishing possibilities on deep demersal fisheries reduced from 7,869 GT to 6,500 GT. The number of EU pole-and-line tuna boats was increased from 12 to 16 vessels. The number of surface lining vessels remained unchanged while the 22 licences granted to pelagic trawlers under the previous agreement were revoked. By revoking these licences to fish sardinella, Senegal aims to preserve one of the most important species for food for its poorest people.
7. The trade aspect of the Cotonou Agreement provides for the implementation, from 2008, of Economic Partnership Agreements (EPAs) between Europe on one hand and the ACP countries grouped into regional blocks on the other (agreements with individual countries are also possible). They involve the creation of zones for free trade between the EU and its ACP partners. The Cotonou Agreement merely states the objectives and the general framework for future negotiations. Negotiations on the EPAs, which began in September 2002, are set to run until 2008, and the agreements will be implemented over a twelve-year period between 2008 and 2020. The geographic areas covered, goods concerned, liberalisation process and accompanying measures will be defined in regional or bilateral EPAs per se. These are essential elements of the negotiations.

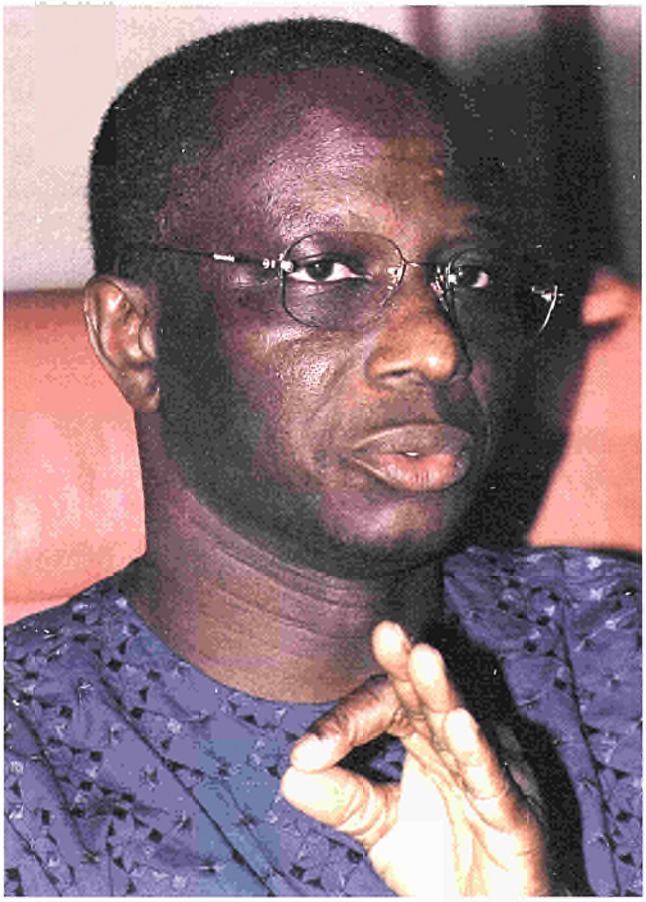
EU-Senegal Cooperation

A new basis

Senegal and the European Commission will soon sign a strategy document outlining cooperation between the two partners for the period 2002-2007. This framework, prepared in collaboration with civil society, covers all aspects of cooperation and aims to support poverty alleviation efforts. Top priorities are good governance, road transport and sanitation. Budget support has also been provided for. Under the 9th European Development Fund (EDF), €282 million has been allocated to Senegal. Mr Abdoulaye Diop, Economy and Finance Minister and also EDF National Authorising Officer (NAO), answers the *Courier*'s questions.

Non-state actors have been involved in preparing the 9th EDF cooperation strategy document. How have their concerns been taken into account?

Non-state actors participated in the work of the various subject-specific groups. In this way, their concerns have been largely taken into account in the final strategy document under the 9th EDF, as have other players who have contributed to the work. Moreover, certain subject-specific groups have been chaired by members of civil society. This has been the case, for example, of the technical group on governance.



Good governance is a priority sector in the cooperation strategy with the EU, albeit perhaps not in financial terms. Why is that? And how can the targets set be achieved?

Good governance is a primary target area for government action in that it enables us to respond to the need for participation, transparency, accountability, efficiency and the pre-eminence of the law. The objectives targeted by the national good-governance programme that was drafted in 2002 focus particularly on improving the civil service, most notably in those sectors where social demand is very high in terms of people's improved standard of living and fulfilment. These objectives will have to be achieved by carrying through in-depth administrative reform that will include streamlining the organisational and institutional structure on the one hand and setting up a top-quality civil service on the other. We are also devising development policies that target the private sector, that are are capable of meeting social demand and that are based on the widest possible dialogue. We would also like to promote local management of problems by increasing local governance and improving the legal environment, so as to confirm the pre-eminence of the law. This means promoting an equitable justice system at grassroots level, under which we can also promote economic development. Lastly, we are seeking to reinforce the capacities of Parliament so that it can fulfil its role as the monitor of public policy.

To go back to the issue of justice for a moment, how can efficiency be improved?

This comes under the national good-governance programme. In addition, at the time of the 2001 update of the private-sector support strategy, it was recommended that a programme be set up to modernise the justice system. That recommendation reflects the President of the Republic's guidelines; he has emphasised, on several occasions, the need to modernise Senegal's courts in order to strengthen the rule of law, improve the business environment and to improve material and physical security. In accordance with those recommendations, the government has initiated a study to look into the setting-up and implementation of a sectoral programme for the justice system. Reform of the legal system – including financial transparency – is something that not only the country's citizens but also, and in particular, Senegalese and foreign companies and our partner organisations in the world of economics hold very dear. The aim of the justice system sectoral programme (PSJ), which is currently being drafted, is to improve the performance of those working in the justice system, so that they can better meet the expectations of those who have to deal with it (citizens, governments, business circles, investors, etc). Substantial efforts on the part of the government and cooperation agencies in this field can therefore be pursued and developed under a global programme that takes into account the degree of priority to be given to the legal system and the judiciary from now on.

Each donor involved in Senegal should set aside a specific priority-intervention financing programme to benefit Casamance

How do you envisage speeding up the release of aid funds, both from the EU and other donors?

Plans for the 2003-2005 period aimed at improving the rate of release of foreign funding can be summarized as follows: improving the programming of public investment; enhancing capabilities for identifying and preparing projects and programmes; building project and programme monitoring capacities through modern management and planning techniques (thanks, in particular, to the new information and communication technologies), and, lastly, by creating a timetable – that we shall adhere to – for periodic project-portfolio review meetings.

A new fisheries agreement has recently been signed with the EU. What measures are in the pipeline for protecting resources and non-industrial fishing?

Fifty per cent of resources under the fisheries agreement – approximately CFA5 billion a year [€7.6 million] – has been allocated by Senegal's government to financing development projects in the fisheries sector under the consolidated investment budget (BCI). A significant part of this amount has been earmarked for protecting fisheries resources. Let me give you an example. Under the 2003 BCI, a number of projects will be implemented in order to protect resources: fisheries surveillance equipment and infrastructures will be set up; six launches will be purchased; a fisheries remote surveillance radar system will be installed; the fisheries zone surveillance aircraft will be overhauled; the Fouta patrol boat will be repaired; information will be gathered on inland fisheries and surveillance of these will be set up; and fisheries statistics will be improved.

What importance is attached to rural development in terms of EU-Senegal cooperation?

Rural development is a major priority. Stabex[1] interventions are helping to promote rural development, particularly in rejuvenating the peanut production sector. Under Stabex, and within the context of the 8th EDF, €15 million will be allocated to financing priority action programmes in this area. The strengthening of such cooperation is dependent on the production of a policy document for the farming sector. This document is now being finalised. Our partners have been examining it and their views have been taken into account. Furthermore, a number of planned interventions in decentralisation and education and health infrastructures directly relate to the rural sector.

Can cooperation instruments help promote a peaceful solution to the Casamance crisis?

The relaunching of investment in the south, for instance the creation of basic social infrastructures, the completion of hydro-agricultural development projects, job creation, etc, is an important way in which to boost economic activity and therefore to help peace return to the region. Given the government's limited means, it would be desirable for international cooperation resources and instruments to be used in achieving that investment. Just like USAID, the World Bank and German Cooperation, each donor involved in Senegal should set aside a specific priority-intervention financing programme to benefit Casamance. ■

1. In the 1970s, new EDF instruments were introduced to cope with the commodity crisis. The stabilisation of export receipts for agricultural products (Stabex) gave funds to offset losses on a wide number of agricultural products; cocoa, coffee, groundnuts, tea and others, as a result of crop failures and price falls.

Alexis Fossi

Fifty per cent of resources under the recently signed EU-Senegal fisheries agreement – approximately CFA5 billion a year [EUR7.6 million] – has been allocated by Senegal's government to financing development projects in the fisheries sector

Forum Civil:
ten years an advocate for transparency

Created in January 1993, Forum Civil is a voluntary body committed to the promotion of democracy, good governance and genuine citizenship in Senegal. Forum Civil is also the Senegalese national chapter of Transparency International, the international NGO devoted to combating corruption. The group's other main concern is the emergence of a genuine form of citizenship.

Forum Civil's volunteer-members all have a characteristic in common: they do not belong to any political party (the association's prerequisite for membership). Lawyers, technocrats, teachers, administrators and high-ranking civil servants have come together to campaign for their understanding of democracy to become a reality in Senegal. For nearly ten years, Forum Civil has promoted an all-encompassing democracy with political, economic, social and cultural dimensions. It is also committed to the difficult tasks of upholding good governance and transparency and of combating corruption.

Forum Civil is not just a talking shop that carries out studies or lobbies the authorities. It is more than that. Among other things, the Forum has set up an organisation to provide assistance to the victims of the MV Le Joola ferry disaster [1], offering them free legal aid. It has created two legal and administrative assistance centres, to help the Senegalese people cope with the administrative maze. The Forum also plans to establish institutes to act as "governance watchdogs" in the provinces and to develop a method for managing local community associations. They will provide access, after investigations, to a good governance "seal of approval" in order to promote decentralised cooperation. All these are initiatives born of civil society, demonstrating its organisation, dynamism and vigour within Senegal.

Forum Civil's president, Maître Mame Adama Gueye, a Dakar Appeal Court lawyer gave this interview to *the Courier*.

One of the Forum's objectives is the creation of a genuine form of citizenship. Is citizenship currently less than genuine?

Working for a new citizenship means attempting to re-establish the order of things, and citizens have to be aware that they are the principals; that the government is only an official representative that has to carry out a task and be accountable. Although citizenship exists on paper, we believe that it could become even more genuine if decision-makers really wanted to make their citizens true citizens. An interesting change is taking place, however, thanks to the combined work of civil society's organisations and the emergence of radio stations that highlight the importance of national languages.

In 2000, we did a great deal of work to increase the level of electoral registration, which had an interesting result. Because there was a potential very, very serious political conflict between the opposition and the government, alongside our electoral register work we acted as mediators between the two sides. At the time, foreign embassies had even made arrangements to evacuate their citizens. Our mediation led to both sides accepting an audit of the electoral register, supervised by experts from civil society. Both sides also accepted the results of that audit. Our next mediation task was to persuade the candidates to accept the results of the elections, which they did between the two rounds.

And good governance, your other commitment...?

Yes, we've also done a great deal of work in connection with corruption and transparency. Forum Civil has been instrumental in breaking taboos. Up until 1999, when the first seminar on transparency in public revenue management was organised, this issue had not been addressed. But nowadays corruption and transparency are recurrent topics on the national agenda. That's quite a major step forward. At the beginning of this year, we published the first survey on the perception of corruption in Senegal and, I must say, it caused quite a fuss. We're also founder members of an international coalition campaigning for transparency and against corruption: in all, the coalition consists of about 20 organisations from all walks of life.

Does this involvement in promoting good governance lead you to address issues of cooperation with donors?

Indeed it does. For example, we were involved in an interesting exercise with the EU regarding the drafting of the 9th European Development Fund (EDF) cooperation strategy, done as a tripartite meeting of non-state actors, the government and the EU. Generally speaking, it all went very well. The government played the game. In actual fact, we believe that all three parties should have the same level of involvement, but all that is under review. The State now recognises civil society and makes sure it is involved. For the time being, the Forum is also involved in reviewing the texts of contracts being signed between the Finance Ministry and the World Bank. That's just one more example.

Going back to corruption, do you not regard it as generating, to some extent, a redistribution of wealth, thereby contributing to social stability?

No, I don't think that the money generated by corruption constitutes a redistribution. Here, redistribution proceeds from the very essence of our society: one does not have to be corrupt in order to distribute. Everyone who receives a salary, who works, who does business, or who is in the informal sector, redistributes. That is what maintains the social balance. The other factor in that balance is the money that comes in from the diaspora. Senegalese people can be found throughout the world and they contribute to the survival of a great many other people. If we had only the product of our domestic economic activity, terrible instances of disequilibrium would be created. Also, if any money generated by corruption were to be redistributed, it would be absolutely marginal in its effect on the balance of our society.

Yes, but it is understandable that a poorly paid or unpaid customs officer should resort to corruption in order to live.

In Senegal, all customs officers are paid – that at least is a fact. To my mind, a low wage is no justification for resorting to corruption, and I refuse to accept this kind of explanation even if, admittedly, one might think that a higher wage would reduce the likelihood of corruption. No, I refuse to allow corruption to be explained by low wages, because there are people who are poorly paid or who have no means of subsistence but are not corrupt. I would add that major corruption is not the fault of low wage earners.

How, then, do you explain this phenomenon?

There are any number of explanations. Impunity, for example. You might call it "state practice". Usually in the past, people caught with their fingers in the till, who were guilty of misappropriation of public funds, were not prosecuted. They would be transferred and sometimes offered a promotion. This reinforced the idea that one could be corrupt or be tempted to misappropriate public funds without having cause for concern. Also, there is political vote-buying. If one embezzles money while in power, one need have absolutely no fear of the consequences. In that connection, we had a major divergence of view with the current government – just as we did with the former government – regarding a central monitoring structure within the government, whose monitoring was worthless in practice. By this I mean the General State Inspection Board. Since such a structure can be mobilised only by the president of the republic, who is the sole recipient of any reports and who has discretionary power over how to process any reports (political processing, inevitably), the result is a foregone conclusion. We practically never saw any high-ranking civil servants prosecuted on the basis of the General State Inspection Board's reports.

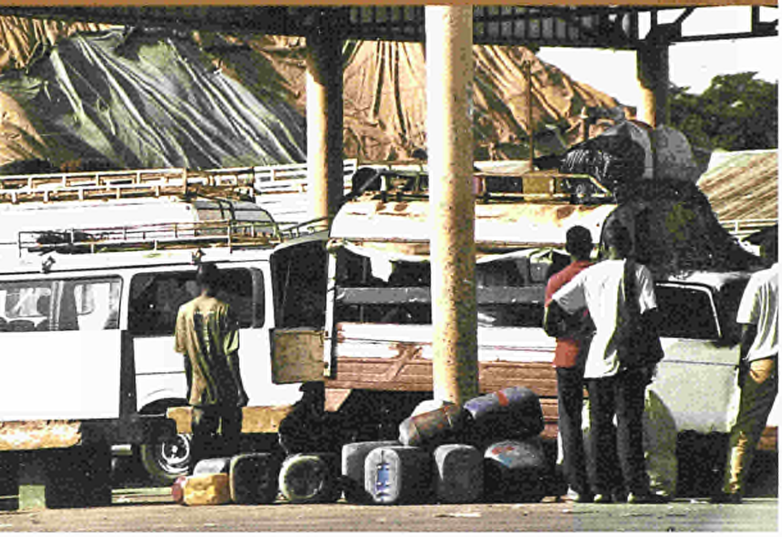
I take it this applies also to the audits currently being conducted?

Certainly. We proposed that the General State Inspection Board should be disestablished; that there should be an independent body with the authority to take up issues for itself, and whose reports should be sent to the president for the party in government. If, however, irregularities were observed, the matter should be referred to the courts. This is the sort of thing that is helping corruption to take root in our society. In the end, values are also corrupted. These days, money can buy credibility – that is what has encouraged the proliferation of these illegal practices.

Do you not feel that this is a universal phenomenon? Although corruption at the lowest level is less visible in Europe, it does exist higher up.

Certainly, it does. And, as you can see, the same causes produce the same effects. In Europe there is also a kind of impunity. But things are nevertheless changing. Take France, for example. A few years ago it would have been inconceivable for an examining magistrate to refer to a

"I refuse to allow corruption to be explained by low wages, because there are people who are poorly paid or who have no means of subsistence but are not corrupt. I would add that major corruption is not the fault of low wage earners"



president's position. There has been an evolution. Bosses of large companies have been imprisoned. In Senegal, corruption is still infinitely more widespread and has a greater influence than in Europe, that is obvious. There is a form of citizenship and a notion of public service that prevents junior civil servants from getting involved in corruption. Here, this notion has disappeared to the point that if one comes across a civil servant who has done his job well, one feels almost obliged to reward him.

Does that not suggest that there is a lack of knowledge about rights and therefore a lack of education?

Education is a good investment and, overall, the government has not done badly in terms of education and channels significant sums into it. Yet, is this money well spent? I'm no expert, but traditionally education has been a priority, even if the results have been unsatisfactory.

Is there as much investment in the legal system?

No, not enough is invested in it. Aside from a few courts here in Dakar, the rest of the system has completely broken down. Our justice system lacks human resources and equipment, and is eaten away by corruption.

Do you think that will change?

I am not certain, and I am not a little discouraged. What is more, I learned that the State had not spent much of the money (CFA[2] 7 billion – about €10,7 million) allocated to the legal system. It is terribly frustrating when one sees just how much the legal system needs. I myself have verified this, because I chair the good governance technical group (within the framework of the involvement of non-state actors) in defining the strategy document that will serve as a guideline for interventions under the 9th EDF. Even today, the Justice Ministry is rarely represented when there is an opportunity to propose programmes or projects that could be financed. The money is there! That's the problem.

So far, there is no sectoral policy relating to the legal system, but an appeal for a demonstration of interest in a justice sector project has been launched. One more example: some time ago I worked as a consultant with other legal firms on modernising and computerising the legal registry, using World Bank funding. When the funding ended, we had just finished our project, but only because of the enormous effort we had put in – certain parties had underestimated the cost of this work. Well, we finished the work at our own expense. Next we had a meeting with the then minister. His conclusion was concise and to the point: the funding had run out, so everything had to stop. Since then, all our work has been mothballed.

One might think that there is a desire in political circles not to promote issues connected with the legal system?

There are several things: a lack of political will, certainly. There is also the issue of comprehension, by which I mean a difficulty at Justice Ministry level to formulate projects. Lastly I might mention a lack of vision. Incoming ministers have to have a project, so perhaps with the new Prime Minister, who has a fairly rational outlook, we might be able to make progress. The legal system is absolutely fundamental, and essential if we are to attract investment.

Does the newly formed government look like one that favours transparency and good governance?

I'm waiting for proof. The formulation of political will is one thing, as you know, but mere formulation does not get things moving. That will has to be given concrete form, and measures have to be taken, acts committed and reforms implemented. That same political will also has to be transferred to a level where implementation takes place, as far as the lowest echelons. So you see that where political will is concerned there is a gap between formulation and implementation. We have seen this in connection with corruption issues. The political will is very clear. In his first speech, President Wade called for transparency and a campaign against corruption, but two-and-a-half years later everyone has realised that there has been no real movement – not publicly, at least. And the information we get simply shows us that the same practices are continuing. I'm therefore waiting for proof. ■

1. On 26 September last year, 1,200 people are believed to have lost their lives when the overcrowded ferry sank in a storm on its way from Ziguinchor in the south to the capital, Dakar.
2. Communaute Financiere Africaine francs.

Senegal's mangrove forests:
problems and prospects

A lush ecosystem threatened by man and climate, Senegal's mangrove forests are in sore need of help. In the Saloum delta, a project supporting community management of the natural resources of the mangrove forests is attempting to reverse the forest's degradation and embark on a reforestation programme, while taking into account the interests of the local population.

The delta where the seasonal Sine and Saloum rivers meet the tidal waters of the Atlantic is a maze of tributaries. From the water's edge, the mangrove stretches for 65,000 hectares. Dense vegetation on a deep bed of silt, its roots provide a home for vast colonies of oysters. It is an extraordinary world, this amphibious forest whose best-known resident is the mangrove tree, perched on its stilt-like roots. In the midst of these long-legged trees, where access is only possible by canoe, pink flamingos dwell, as well as herons, otters and the (very) odd manatee.

At first glance, an idyllic environment.

Mangroves in danger

But the Saloum delta region is under threat from coastal erosion and from the salinity of the soil. The mangrove forest is vital to this area; it prevents the soil from being washed away, supplies the essential nutrients for young fish and shelters the oyster colonies. The mangrove tree also provides a stock of medicinal plants used by locals and a significant source of income for the women who farm the shellfish. However, ever-lower rainfall levels and chaotic exploitation of the forests have accelerated the decline of the tree population, with the resulting deterioration of the environment and dwindling resources. Together with the plants and animals, the local communities are the primary victims of the degradation of the mangrove ecosystems. However, because they themselves remove a substantial part of the resources, local people also play a role in this degradation. Mangrove forests are cut down for firewood and as lumber for construction. In addition, for many years local people have cut down the mangrove trees at the roots in order to harvest oysters. The trees are being felled faster than the forest can regenerate itself, hence the diminishing wood resources and ensuing damage to the ecosystem. The link between the disappearance of the mangrove and the fall in income which results, is not yet fully appreciated.

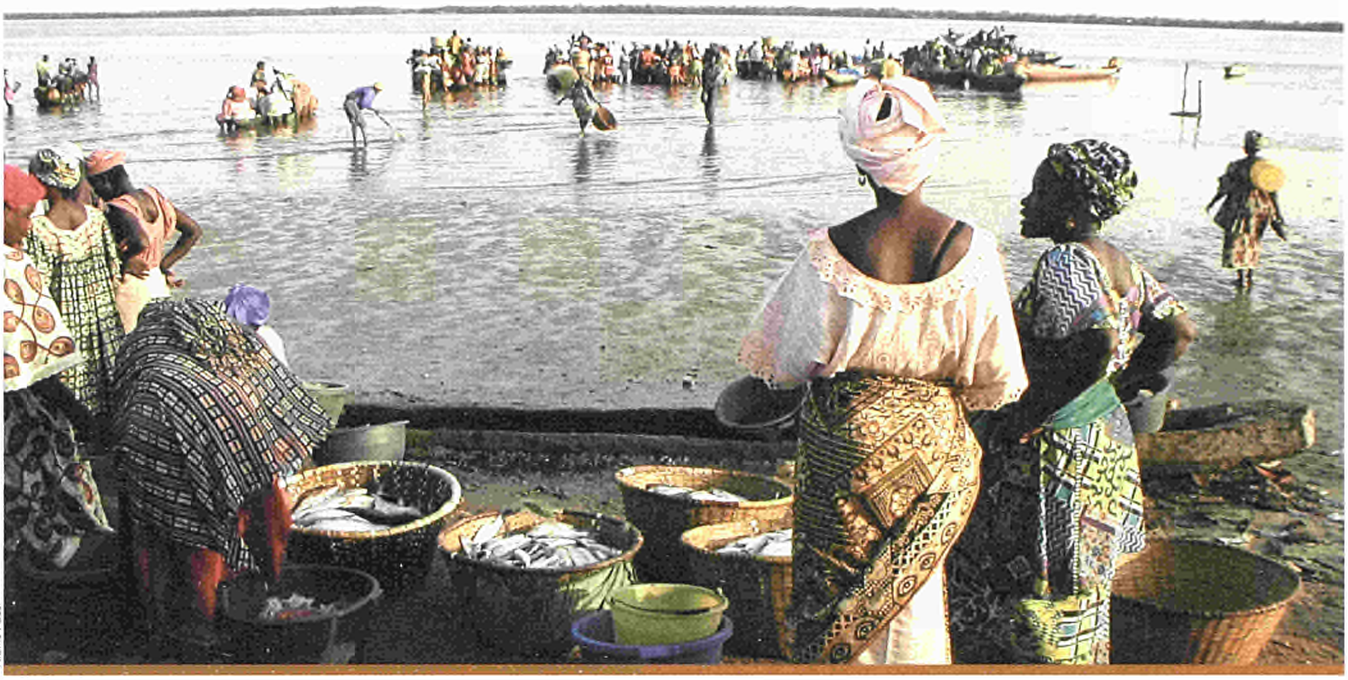
The challenge is obvious but formidable: to protect the mangrove forests while allowing local people to benefit from the resources. In an attempt to balance these different needs, Waamé, a Senegalese NGO and its Belgian counterpart, ADG (Development agency of Gembloux), have launched a wide-ranging biodiversity conservation project in the Saloum delta. Under the supervision of the Senegalese National Parks Authority, which manages this protected area, and in collaboration with the rural communities, the programme will target 35 villages over three years at a total cost of €1.54 million – €1.23 million of which is allocated by the European Union.

Mangrove forests are one of the most productive and biodiverse ecosystems on earth, but they are under threat

Village management

Specifically, the "mangrove project" will draw up management and development plans with local communities to promote sustainable exploitation of this great resource. The project managers will either be able to collaborate with existing management committees or will help to set them up. These committees will then define the rules that govern the individual and collective use of the mangrove forests. A mangrove reforestation programme will be implemented, planting the Rhizophora variety of mangrove, and tree nurseries for other species of tree will be set up in the villages to encourage plant diversification. Another important aspect of the project is training and education. The programme provides for environmental awareness campaigns in schools and villages; for reforestation teams, teaching of nursery and forestry management skills; and technical manuals and training tools will be prepared and translated into Sereer, Wolof and Manding. The scope of the programme goes beyond the mangrove forests: provision is also made for training in more profitable bee-keeping and oyster-farming techniques, as well as the improvement of networks for marketing local produce.

A wide-ranging programme indeed. Perhaps even a tad "ambitious", as was the view taken by several participants at the launch seminar in Dakar in November 2001. In any event, the promoters have faith in it, as well as the communities. However, as Bineta Basse, a resident of Mbam and vice-chairwoman of the community volunteers' association for the regeneration and conservation of the environment, points out: "We are expecting a lot from this project. We didn't wait for it before going into action ourselves. But now we can go no further without co-ordination between the many partners who come to visit us here and, above all, without the real involvement of the communities. Isn't that what ownership of development programmes by the people primarily concerned is all about?" ■



Alexis Fossi

PAPA-SUD:
increased support for artisanal fishing

In Senegal, the fisheries sector is marked by the importance of artisanal or semi-industrial fishing. This sector accounts for almost 80 per cent of catches. Gradually, more and more fish is being caught for export, sometimes at the expense of domestic consumers. In Casamance, artisanal fishing is an important activity, all the more so as many farmers are turning to it as a way of escaping the insecurity of living off the land. While the ocean and the rivers are brimming with fish, catching them is very hard work. Improving working conditions, hygiene and the management of resources is not only vital for the sector but for the entire region.

It is early morning in Ziguinchor, capital of Lower Casamance, and the street leading to the pier is already busy with vehicles of all kinds and pedestrians. They are all headed in the same direction: the artisanal port, where the multicoloured pirogues are beginning to unload their bounty.

"The huge volumes of fish that arrive in Ziguinchor are caught at sea. Fishermen can travel as far as Guinea Bissau or even Guinea Conakry, staying at sea for over a week," explains Isidor Biagui, head of the Regional Sea Fisheries Department. Smaller catches are unloaded at the pier while the bigger ones go straight to the port of trade. On the whole, the fish is sold right on the pier or sent to markets in Dakar and elsewhere.

"Hygiene conditions have greatly improved since the river bank was rebuilt in 2001. Now the fish is placed on canvas sheets, awaiting wholesalers or local fishmongers. Before, it used to be tipped onto the ground, and the women worked in the mud. But fishing is still a difficult profession – the price of fuel, the demise of some species, the dangers of the sea, and hygiene standards that are not yet fully complied with", says Mr Biagui, pointing to a vague area just behind the pier where vultures feast on the waste.

Getting the sector back on its feet

Close on the heels of the Programme for Support of Artisanal Fishing in Casamance (PROPAC) and the experience gained on the country's Grande Côte (the strip of coastline between Dakar and Saint Louis), a new Programme for Support of Artisanal Fishing (PAPA-SUD) was launched in 2000. PAPA-SUD is financed jointly by the EU (64 per cent), the French Development Agency, and the government, to the tune of €8,63 million, and focuses on Senegal's south coast. The aim is to invest in infrastructure with a view to improving access to unloading areas, improving working conditions across the whole sector (catching the fish, processing and distribution), strengthening quality and hygiene controls on fresh and processed products, improving distribution and artisanal processing methods, and, finally, increasing safety at sea.

"The purpose of PAPA-SUD is not to increase the size of catches but to improve the management of resources and the profitability of the work at different points in the chain," Isidor Biagui emphasises. In Ziguinchor, the effects of the programme will be to develop 60,000 square metres of river bank area, providing unloading sites and processing areas. The pier is due to be completely connected to the electricity network and will house a community building, garages for the motors of the canoes, a warehouse, sanitation blocks and premises for the carpenters who build the boats. In the future, the site will also offer cold chain installations and an ice factory. "We will not limit ourselves to infrastructure work," adds Mr Biagui. "We are also planning a major information campaign on safety at sea. The men don't like wearing lifejackets, but many are lost at sea each year. Training is also important and will concentrate in particular on new techniques of processing and smoking the fish, for example."

An interprofessional consortium of fishermen, wholesalers, processors and porters will manage the quay and collect income. The money made will be used to cover operating costs, development work and the installation of new infrastructures. "PAPA-SUD is getting the ball rolling for the users and beneficiaries to take over," sums up Mr Biagui. ■

From top to bottom

In 1996, Senegal stepped up its decentralisation programme. Rural communities, with their three levels of responsibility – region, commune, and rural community – have had their powers reinforced. They are now themselves responsible for determining their own local development policies. A difficult exercise, which is supported by PSIDEL (support programme for local development initiatives). This programme makes direct financial contributions to the budgets of rural communities to enable them to finance development activities and to help local representatives take ownership of planning, and thus supporting the decentralisation process.

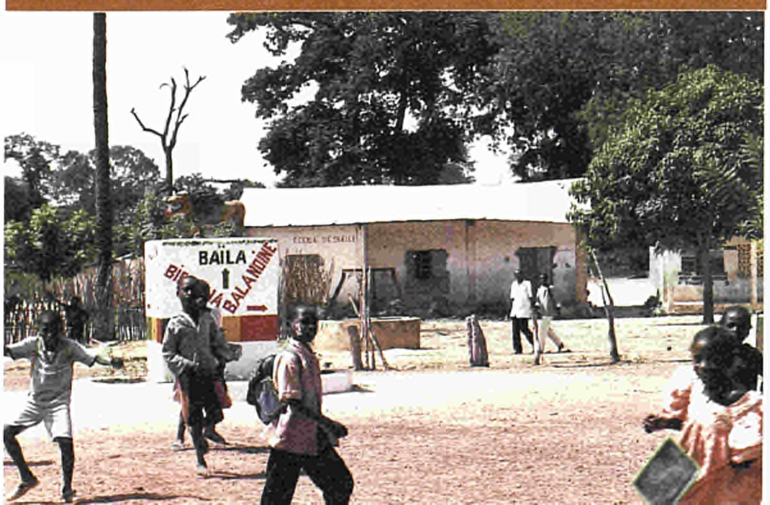
Little light filters through the shutters into the dark room where community representatives are holding a meeting in Suel, Casamance, a stone's throw from the Gambian border. A special ceremony, at odds with the makeshift tables and chairs, is taking place with the utmost solemnity. Envelopes are carefully opened. It is the second stage of examination of the bids submitted in response to the rural community's invitation to tender. Under the supervision of a member of the ARD (regional development agency) and the tax collector of the department of Bignona, the representatives of the Suel rural council study the bids. A few days earlier they had carried out a technical selection of potential partners. The stakes are high: it is time to select the contractor that will help the rural community draw up its local development plan and spending schedule. In short, the successful bidder will help identify priorities and how these should be financed. It is a complex planning exercise, which is allocated to the rural communities.

Progressive decentralisation

Like numerous African countries, Senegal inherited a strongly centralised state. Since independence, the country has put in place a decentralisation process, which is one of the most advanced in Africa. Since 1996, decentralisation has been regulated by a law on the transfer of power to the three levels of local responsibility: regions, towns and rural communities. Nine areas of competence have been transferred to these levels from the central to local level; environment, health, population and social activities, youth, sports and leisure, culture, education, the promotion of national languages and vocational training, regional and town planning and housing.

Like the PADELU (urban local development support) and the PAR programmes (regional support), PSIDEL bases itself on the structures of the State, aiming to strengthen them and enable them to implement the decentralisation process. With €12 million in EDF funding (European Development Fund), PSIDEL directly supports the rural community budget by financing their planning, while contributing 80% of their investment needs. The

Rural community, Suel, Casamance



Building of wells is the kind of infrastructure project that is likely to be financed

One of the sectors which could benefit from a local development plan is the renovation of health centres

programme thus aims to fight poverty at local level by improving basic services and increasing access to community services. PSIDEL is being implemented in an area where the majority of the rural communities do not have yet local development plans.

However, according to Pierre Tendeng, manager of the regional agency in Ziguinchor, "the level of training in the local authorities is so poor that it is imperative that they receive guidance. That is part of our work with the PSIDEL programme. We try to help them make important, informed decisions but without taking over, for example as regards procedures to be followed for invitations to tender and the signing of contracts. We also want to ensure that local representatives fully understand the constraints of legal texts. We will not be here forever, and rural councillors will in the future have to manage on their own. The same goes for works. The rural communities have to be able to gauge the quality of the projects, so we provide them with technical advice. For example, we help them to assess the quality of works before paying. The PSIDEL is a groundbreaking project in all these aspects. After all, before it came along it was the sub-prefect who used to take care of everything".

Once they have prepared their local development plan and finance plans, the communities can approach the PSIDEL. The programme provides for 80% of the annual investment plan, the rest being raised by the rural community. However, the priorities identified (roads, bridges, clinics, etc.) are first submitted to a local monitoring committee which analyses their technical feasibility. This committee is composed of the presidents of the rural communities and the representatives of the administrative authorities concerned, the technical services and the development partners.

Safeguards

Several safeguards have been put in place to prevent money being wasted. To qualify for funding, projects must fulfil a number of criteria: they must meet the real, identified needs of the population; they must help fight poverty in a significant manner; they must relate to sectors such as health, education, the environment, improving access to the regions, access to water and transport, building or rehabilitation of infrastructures, or the campaign against desertification. Contracts for the work are awarded following a tendering process. "Although it's not a foolproof guarantee that the sub-contractor chosen has not received favours from certain quarters, the fact that the representatives are present when the bids are opened and, above all, the fact that everyone knows the rules means the community itself has some degree of control," explains David Diatta, PSIDEL/ARD specialist. In addition, the money allocated by the PSIDEL to the rural communities is actually paid by the Treasury. The State gives a guarantee and advances the funding for the operation. The EU does not reimburse the Treasury until after the checks and audits to verify the validity of the investment authorised.

PSIDEL coordinators also stress the responsibility of the local representatives, encouraged, through the programme, to manage their resources in close cooperation with the people concerned. "In a certain manner", says Pierre Tendeng, "the whole population participates in the development of the rural community. On the ground, the less the means available to the rural communities, the more they welcome the PSIDEL. A contribution fund and a decentralised appropriation fund were indeed installed but, as certain members of the Suel rural community point out, a gap in the law remains. The transfer of power has not yet been accompanied by an increase in the financial resources in line with the increase of the authorities' local responsibilities".

Decentralisation, by transferring power down to local communities, encourages them to take decisions in order to implement a development policy which is responsive to local needs. It also has the potential to consolidate the foundations of local democracy. Since 2001, PSIDEL has been implemented through targeted budgetary support in the departments of Podor, Kolda, Sedhiou, and Bignona. Fifty-nine rural communities, comprising 900,000 people, currently benefit from the programme. In the future, it is expected that the experiment will be extended to cover the whole of the country, with assistance from other donors. ■

The Regional Vocational Training Centre (CRFP)

Ziguinchor's student-apprentices

The informal sector – the mainstay in many developing countries – is the most important source of employment in Senegal. Most Senegalese are dependent on this parallel economy for their survival. In Casamance, disruption resulting from the conflict means that the sector is becoming increasingly crucial in terms of jobs, as people turn to the informal sector to fill the void left by companies that have fled the country's instability. The informal sector is also an essential ally in the reconstruction of the socio-economic fabric in the region. Indeed, there is a need for a credible alternative to "war trades" if there is to be a return to peace. In such a context, matching training to current and future employment is indispensible, and this is one of the objectives of the CRFP in Ziguinchor, capital of Lower Casamance.

The informal sector, the mainstay in many developing countries, is the most important source of employment in Senegal

The time is 5 p.m., and 16-year-old Abou is working away at a bed headboard. His "workshop" is by the side of the road connecting the airport to central Ziguinchor, the capital of one of the two Casamance regions. His employer's workshop – banco walls, sheet-metal roof – sits a few metres back from the roadside. Two orders for beds have come in, the first some time ago. Tomorrow morning, however, Abou will not be at the workshop, but at the Regional Vocational Training Centre, where he attends block-release courses. Set up in Ziguinchor's industrial area, this school was created in 1991 using European Development Fund (EDF) financing. Its aim is to match the supply of and demand for work by offering a syllabus that promotes immediate integration into the productive sector.

Initially, the school offered training in four areas: carpentry, car mechanics, bricklaying and metalwork. As time went on, the CRFP expanded, offering additional training courses in electricity and general mechanics.

"In the beginning, the aim of the Centre was to develop the skills of young apprentices", explains Bacary Sané, the Centre's director. "We realised that an apprentice could spend between six and 15 years in a workshop with no opportunity to improve his skills or become self-employed. After having trained all the apprentices, we naturally went on to offer initial training to non-apprentices also". This development enabled many young people, who would not otherwise have had the opportunity to continue their general education, to be accepted. What the Centre offers now goes beyond the conventional services provided by traditional educational establishments. Apart from the initial training and development of apprentices, the CRFP also offers modules that are open to established artisans, and tailor-made courses in response to the specific needs of certain companies.

School, work, sleep...

Initial training is currently the CRFP's main activity. Based on a block-release arrangement, it combines courses at the Centre and apprenticeships in a sponsor-workshop. "We refuse to shut our pupils up within four walls," Bacary Sané jokingly remarks. "Seriously, we think that block-release training offers several advantages. First, we have more sophisticated equipment than the artisans, even if what we do have is obsolete in Western terms. Therefore young people can learn new techniques and transfer them to the sponsor-workshop. At the same time, the pupils learn how bosses manage with the means they have available. Students are also able to take back to the workshop their knowledge about work organisation, schedules for carrying out work, etc. So they are trained and also train others at the same time".

Mamadou Kalifa Sonko, the Centre's work leader, adds: "Everything evolves very quickly in car mechanics and even in the building industry, so this transfer of knowledge is essential. Nowadays, it's all cut-price construction. For someone who has always built in the same way, it can be an advantage to learn that here we make stabilised bricks that need significantly less cement than traditional breeze-blocks, although the bricks are just as robust".

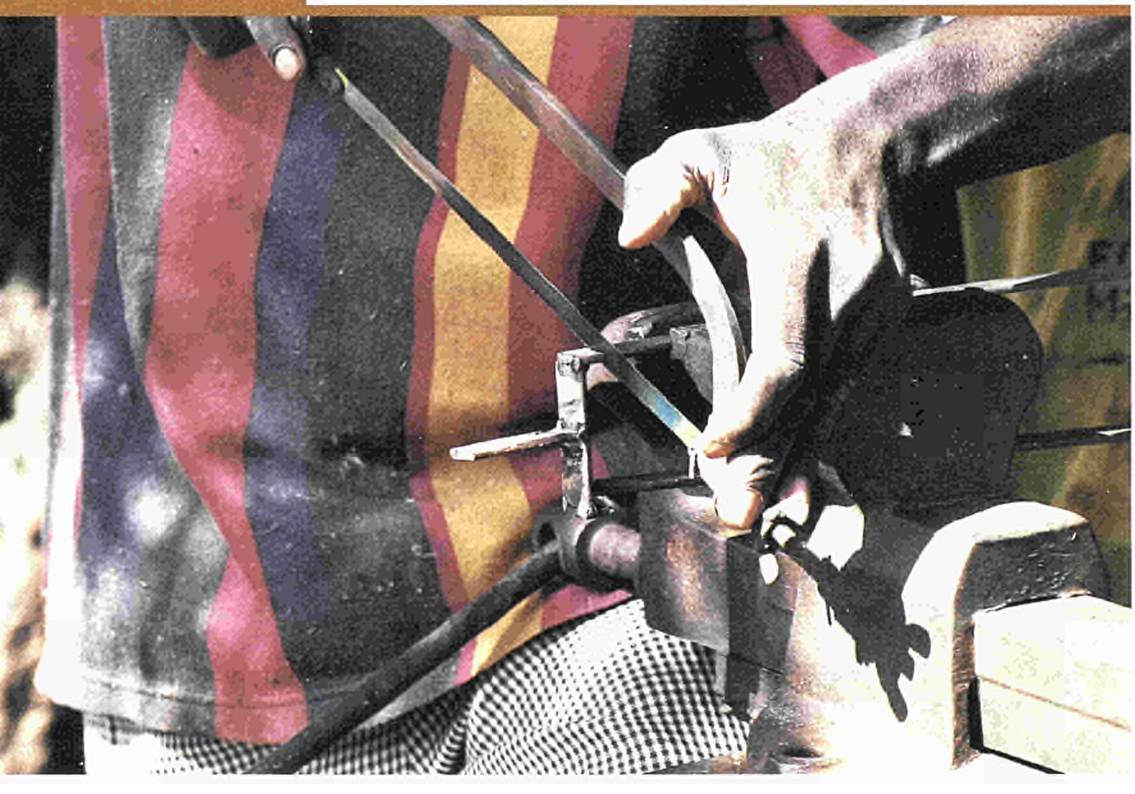
Leaning on a 20-year-old lathe, Abou nods in agreement. Later, he admits to having a very busy schedule: "When I'm not at the Centre, I'm at the workshop – Saturdays too, and sometimes Sundays as well. At our sponsor-workshops, we're apprentices and we do everything, sometimes things that have nothing to do with the job. That leaves only the nights to do homework. So, sometimes we skip class to go and play football". In addition to the workshop and his training at the CRFP, Abou is also studying French and mathematics at the Alliance Française. A link has been created between the two establishments, benefiting a number of pupils. It is yet another opportunity for Abou, but an additional expense, too. He has to pay the Centre CFA 15,000 (about €22) in registration fees and the same sum to the Alliance Française. Nevertheless, he considers himself to be privileged: "I'm from Ziguinchor. Those who come here from the surrounding villages first have to find a guardian in town for board and lodging. Mind you, some of them don't pay the CFA 15,000". In fact, the CRFP takes into account the situation of the most deprived students, such as those who arrive from the villages, displaced on account of the conflict. "One third of our students are social cases, and we cover all their expenses", explains Papa Oumar Sow, the Centre's administrator.

The Centre offers courses in areas such as carpentry, car mechanics, bricklaying and metalwork, as well as in electricity and general mechanics

Invention and innovation

The Centre has a few teachers, a director, an administrator, a work leader and a secretary. The shortage of staff is all too obvious. "We have no supervisors, no teaching mediator, and as far as the teachers are concerned we have to fund half of them ourselves", the director explains. Funding for the Centre has progressively gone down, whereas demand has increased. "Fortunately, the State allows us to generate our own resources in order to pay staff, to buy equipment and to maintain machinery", Papa Oumar Sow adds. So, the school has to innovate, offering its services to companies, responding to open invitations to tender, selling what the students have produced, and also inventing; for instance, a tilting cart for making unloading easier, a nut crusher, a new type of oil press, stronger tables and benches for a school in the region, or even public waste bins, based on recycled material, for the local authorities.

The CRFP does not award diplomas, but gives pupils a course-completion certificate. The results speak for themselves, and levels of integration of pupils into the world of work are high: 99 per cent in construction, 99 per cent in carpentry, 77 per cent in car mechanics. Only electricity stands out, with its comparatively low 23 per cent, but this can be explained by the low level of demand. Outside the Centre, apprentices can be found in workshops in Ziguinchor and elsewhere, wherever they feel their dreams can be better fulfilled. The block-release training system is still an informal arrangement, and although the pupil – the link between school and workshop – is actually registered at the establishment, no contract binds him to his "employer-sponsor". Nevertheless, the CRFP is currently working on a framework and rules of conduct essential to placing its teaching on a more formal basis (defining objectives and the role of the partners, drafting of model contracts, preparation for integration into the world of work, etc). Structuring of this type is increasingly essential given that the CRFP, despite the difficulties it encounters, is undoubtedly a lever for development in the region. ■



Democracy under close surveillance

Senegal is considered as West Africa's showcase, as far as democracy and participation are concerned. The country can pride itself on having instituted the subcontinent's first multiparty system and carrying out peaceful transfers of power. Its politics are not subject to major crises, and violations of human rights are rare. The southern Casamance region, however, has seen a fair share of abuses over the last 20 years, associated with the conflict between the Senegalese army and pro-independence rebels of the Movement of Democratic Forces (MFDC). The Senegalese human rights organisation RADDHO (African Meeting for the Defense of Human Rights) monitors a democracy in the process of consolidation, and campaigns to preserve the acquis and point the way towards the rule of law.

In its most recent report on the human rights situation in Senegal, Amnesty International is particularly critical of some cases of police violence committed within the context of the conflict in Casamance, that are attributable not only to the rebels but also to the army and to uncontrolled or uncontrollable gangs. Amnesty also condemns the indiscriminate use of antipersonnel landmines by the belligerents and denounces the reluctance to bring those responsible to justice that prevails in the combat zones. The organisation acknowledges, however, that the number of instances of torture, extrajudicial executions and disappearances has substantially fallen.

While not claiming credit for what are undoubtedly steps in the right direction, RADDHO, like other human rights organisations, has undoubtedly contributed to the consolidation of democracy in Senegal. Nevertheless, as RADDHO's executive secretary Alioune Tine points out: "Democracy has yet to be fully accomplished, and there is still a lot to do in terms of justice, good governance and the creation of new radio and TV stations – there's only one TV station, and that belongs to the State!"

For the Senegalese, peaceful transfers of power are not new: Leopold Senghor, the country's first president, handed over power to his successor Abdou Diouf in 1980. In the presidential elections of March 2000, Diouf was defeated by opposition candidate Abdoulaye Wade, Senegal's current president

On all fronts

RADDHO practically owes its existence to an unfortunate episode of history. In the early 1990s, African political refugees from Benin, Mali, Mauritania, Cameroon, Burundi, Rwanda, among others, launched a petition and sent it to the Mauritanian authorities. Its subject was the wave of bloody executions and instances of torture involving Negro Mauritanian citizens between 1990 and 1992. The organisation which formed out of this action later turned its attention to respect for rights in Senegal, and more particularly to the Casamance conflict and its long list of atrocities. The NGO's partners include Amnesty International, the International Federation of Human Rights Leagues (FIDH), Human Rights Watch, the World Organisation Against Torture – SOS Torture, and the European Union. From 1998, RADDHO has run a secretariat responsible for monitoring human rights, implementing the early-warning systems and overseeing legal matters. It conducts enquiries into cases of torture, harassment, abduction, disappearances and extrajudicial executions, and offers legal help to victims, calling upon the assistance of lawyers and doctors. RADDHO is also involved in transnational conflicts, and campaigns in favour of the International Criminal Court and for countries to sign up to the Mine Ban Treaty.

"We did a lot of work on the Hissène Habré case, in collaboration with the FIDH, of which we are members", points out Alioune Tine. This affair was a source of much talk and criticism in Dakar. In February 2000, a Senegalese judge found Hissène Habré, the former dictator of Chad exiled in Dakar, guilty of complicity in crimes against humanity, and acts of torture and barbarism and placed him under house arrest. For the first time, a former head of state had been prosecuted by the legal system in the country where he had taken refuge. In March 2001, however, in an unexpected reversal, Senegal's Court of Appeal ruled that Hissène Habré could not be tried in Senegal for crimes committed in Chad. Nevertheless, his victims fight on and are now seeking to have Hissène Habré tried in a third country. "The government has promised to extradite him, but we're still waiting", says Mr Tine.

With European Union funding, RADDHO has also set up some ten human rights monitoring bodies throughout Senegal. Responsible for gathering information on the human rights situation, these observatories also provide assistance to victims and draft monthly reports.

A change of government

"In 1998, 2000 and 2001, we focused our attention on the elections", explains Mr Tine. "Our aim was to achieve a free, transparent vote, acceptable to all, so that any transition of power would pass off peacefully". To monitor the various elections, RADDHO trained more than 1,000 observers and monitored preparations for the poll. "Drafting the lists, distributing voting cards and appointing the chairman of the National Election Monitoring Body had in the past been highly contentious issues. We also monitored the electoral campaign because the most recent presidential elections had been marked by a great deal of social unrest", he added. On polling days, RADDHO deployed its observers at polling stations: "During the presidential elections, we acted as mediator to persuade the two candidates – Abdou Diouf and Abdoulaye Wade – to accept the results of the ballot, which they finally did".

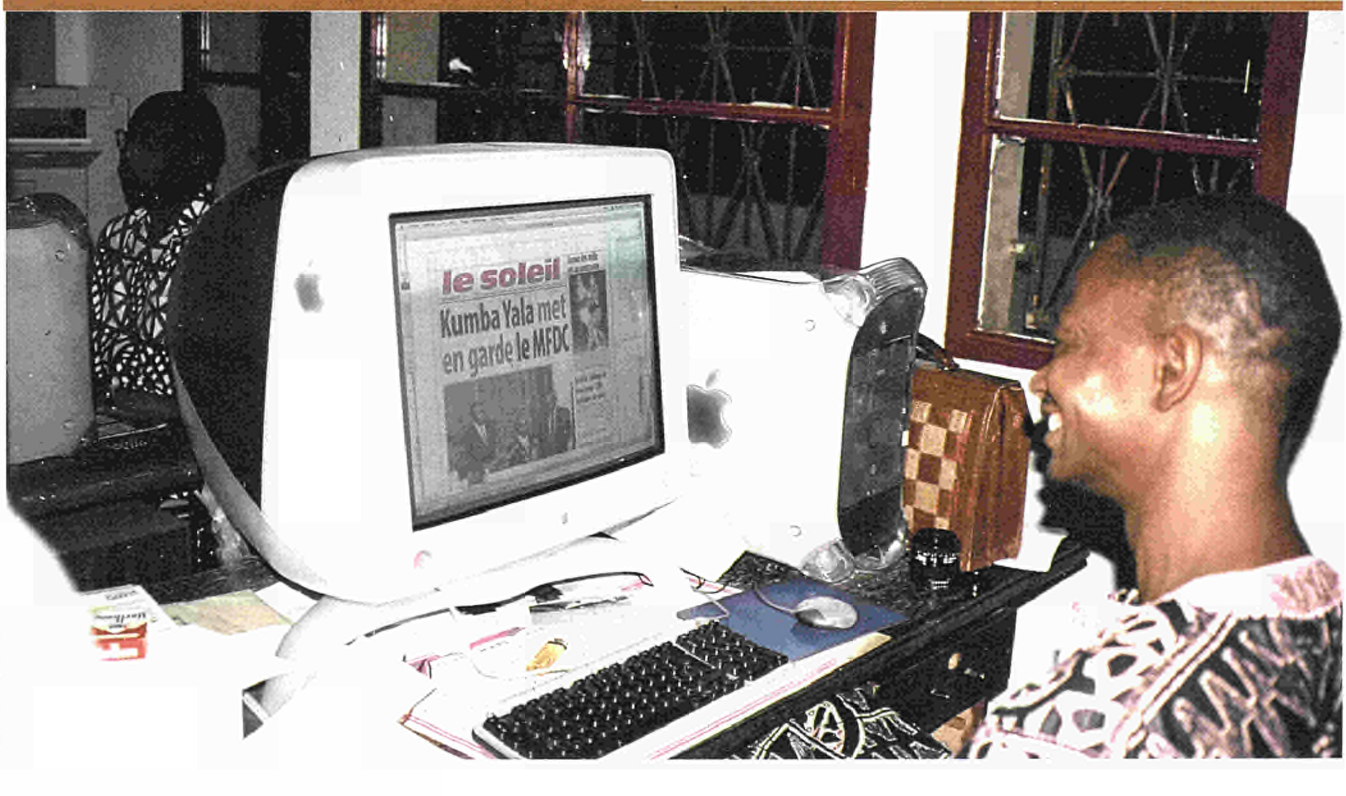
Women, children and refugees

In a period of armed conflict, women and children are usually the first to suffer. RADDHO initiated an enquiry into violence suffered by those most vulnerable in the Senegal/Mauritania conflict and in Casamance. In addition, a special commission has been set up to deal with women's rights issues. Apart from managing the various studies being conducted, this commission offers training courses and is active throughout Senegal in increasing women's involvement in decision-making bodies. Similar research, awareness-raising and information work is done on behalf of refugees and displaced persons, particularly those fleeing to the Gambia and Guinea-Bissau to escape the Casamance crisis.

It is this latter conflict that is currently the most important case for RADDHO's and its Casamance watchdogs. The NGO has decided to become party to the peace negotiations. On 22 July, not without some difficulty, it succeeded in reconciling the opposing points of view of the two principal leaders of the Movement of Democratic Forces in Casamance (see article on page 77). This undoubtedly led to the process being revised. "We try to mobilise everyone, and if possible in the same direction. We held talks with the rebel movement's leaders in order to persuade them to speak with one voice, and we explained to them that if they did not they would not have the ear of the government. Not only that, we went to see the government, which demonstrated its desire to find a rapid solution to the conflict. We advised them to give that desire concrete form by immediately setting up a governmental negotiating group. It might have its shortcomings, but at least it is now in existence", comments Alioune Tine with some satisfaction.

Over the last ten years, RADDHO has made itself indispensable, criticising some but not sparing others. To avoid any criticism from political circles, the NGO's charter excludes from its board of management any member of the government, political parties or trades unions. Its intransigence has won it a fair number of critics and cuts it off from certain types of public funding. But this is undeniably a price worth paying if it is to maintain the credibility it has won for itself in Senegal and beyond. ■

Journalist from the newspaper "Le Soleil".
Senegal enjoys one of the most unrestricted media climates in the region



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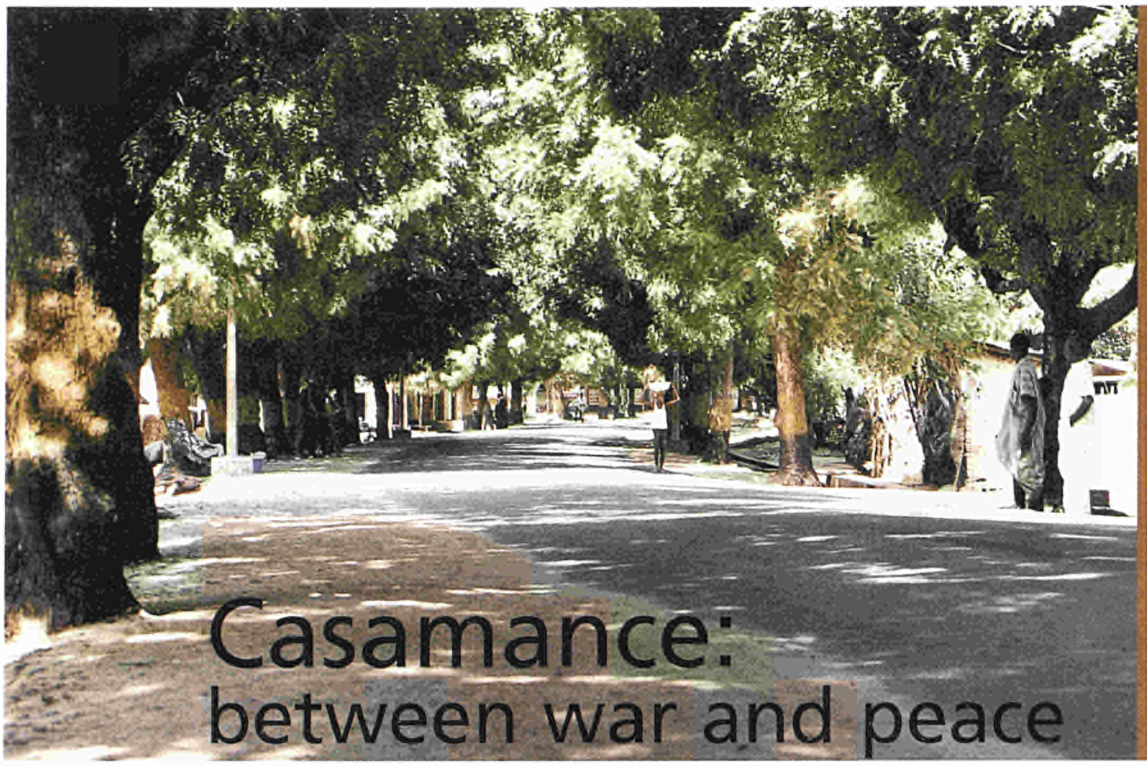


Ziguinchor, capital of Lower Casamance, is secure, but the conflict continues just a few kilometres away

Casamance: between war and peace

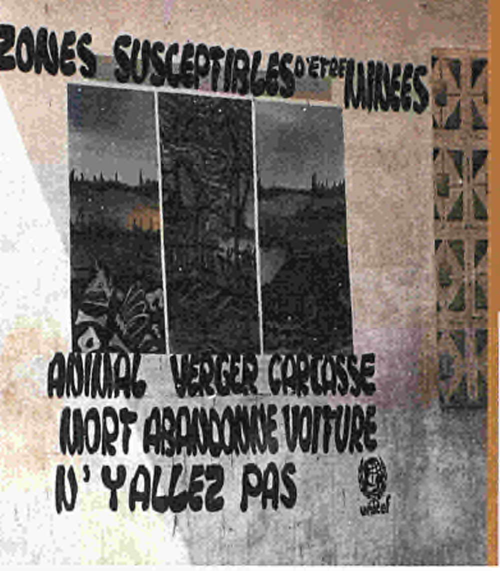
Casamance is largely cut off from the rest of Senegal by The Gambia. For more than 20 years a secessionist movement has asserted the area's historical independence. But successful negotiations between civil society and the administrative and military authorities have recently given hope to those who long for peace.

Observers from RADDHO (the Senegalese human rights organisation) in Ziguinchor, the capital of Lower Casamance, are keeping a close eye on the conflict. The NGO's role is wide-ranging – from observer and negotiator to critic. RADDHO is also pressing for the return of displaced nationals and members of the resistance, and the rehabilitation of war-torn areas. The dialogue which RADDHO has established with the administrative and military authorities has led to an improvement in security for the population – a step on the long road to peace.

During the 1970s, resentment against the government began to grow in Casamance, fuelled by increasing intervention in the economic development of the area and the despoilment of vast areas of land. The Casamançais believed the State was more interested in the area's wealth than in its inhabitants. The majority of Casamançais are Muslim though the rebel movement is often linked to the Diola tribe, a predominantly Catholic group. But regardless of religion the majority of the population backed the denunciation of the "northern domination" and "Senegalese neo-colonialism". The situation was compounded by the region's isolation, cut off from the North by The Gambia.

The situation came to a head in 1982. An impromptu demonstration was forcibly suppressed by the authorities in Ziguinchor. The Movement of Democratic Forces in Casamance (the MFDC) saw an opportunity to put themselves forward [1]. They took advantage of the crowds to distribute leaflets demanding independence. Following riots, people reassembled in the 'bois sacrés' [2] (the sacred woods) and resolved to launch an armed struggle to secure their independence. According to Abbé Augustin Diamacoune Senghor, the movement's leader, this was justified, as "legally, Casamance had never formed an integral part of the colony of Senegal" (this claim has subsequently been disputed by a French expert [3]). This struggle for independence has continued for the past 21 years, despite several bids for peace and a cease-fire in 2001.

A census in 2000, conducted by the NGO Caritas, counted more than 60,000 displaced or exiled people. The majority were women and children from the Ziguinchor region, the principal scene of hostilities. Another outcome of the conflict has been that rice and groundnut production in Casamance have plummeted. Tourists are avoiding the area, with the exception of the secure beaches of Cap Skirring. Consequently unemployment has reached record levels. Farmers have abandoned their fields, which are strewn with landmines, children are deprived of schooling and migrants are marginalised. There have of course been the usual atrocities that war brings in its wake: rape, torture and the loss of innocent lives. A few have profited from the conflict. It has proved a source of income for those in the arms, timber, car, cashew nut and Indian hemp (marijuana) trades. Alioune Tine, secretary-general of RADDHO asserts that "there are a number of more or less liberated areas in northern Casamance dedicated exclusively to the cultivation of Yamba [marijuana]. If lasting peace is to be achieved, this 'mafia' has to be taken into account". According to some observers, the ramifications of this war economy even go as far as government. Moreover, the conflict has placed little financial burden on the state. The Senegalese army has enjoyed financial backing from the West – increasingly with Senegalese involvement in Africa's peacekeeping operations.



Many areas close to villages are infested with landmines

Forces against peace

The spoils of illegal trade do not fully explain the parties' inability to find a peaceful solution to the conflict. But one complicating factor is that for the past ten years or so, the MFDC has been operating as two separate factions. Loyalty is divided between the Abbé Augustin Diamacoune Senghor, the honorary president, and Sidi Badji, interim secretary-general and founder of the Attika armed wing. In geographical terms, this split has meant the creation of the 'Front Nord' (from the Gambia to the Casamance river), loyal to Sidi Badji, and the 'Front Sud' (from the river to Guinée Bissau), supporting Abbé Diamacoune. This polarisation dates back to the early 1990s, when Sidi Badji agreed to launch negotiations with the government against the express wishes of Abbé Diamacoune.

Today the two factions are keen to establish a common position but observers would agree with Sidi Badji's spokesman when he says: "Neither the Abbé nor Sidi Badji have complete control over the resistance in the current climate". According to Adolphe Minkilane, member of the RADDHO programme in Ziguinchor: "Those brandishing the weapons are today's decision-makers and power within the Movement is split between numerous rebel leaders, all of whom command their own individual strongholds". RADDHO's secretary-general Alioune Tine points out a further difficulty: "The President, Abdoulaye Wade, whose presidential campaign promised to deliver a solution to the problem within 100 days, has also played on and intensified the lack of unity within the MFDC… by assigning different negotiators to the two wings and seeking to deal directly with the rebels. He was slow to grasp that 'divide and rule' left the government without a credible negotiator".

Furthermore, until recently the two leaders, both getting on in years, were receiving official funding from the State. As Adolphe Minkilane points out, "the conflict is a political money spinner. On the one hand, political leaders use it to get themselves elected to power, whilst, down the line, each and every player claims an indispensable role in resolving the conflict to justify holding onto their position of power."

To make matters worse splinters groups have emerged, most notably the external wing abroad, the 'Cadre Casamançais' in Dakar and the 'Socio-cultures' with close links to Abbé Diamacoune. Furthermore, as Mr Tine notes, "the State delegation prepares a course of action, then hesitates and consequently leaves itself open to manipulation. The negotiators do not always consult the appropriate sources and are often ill-informed. To add to this, the world of the MFDC is an extremely complex one. Some are involved in valuable work, others less so. If we are honest, it is political incompetence that is holding up the peace process."

Finally, the religious aspect of the conflict renders the definition of a peaceful solution even more difficult. The 'bois sacrés' are the exclusive religious and political domain of tribe elders, accessible only to initiated members. The secrecy surrounding the complex MFDC hierarchy indirectly reflects the traditional governance of the villages from the forests by Diola elders. It was here that the vow was taken to free Casamance. In the eyes of a great many members of the resistance, it would be tantamount to betrayal to break this vow.

Bertrand Diamacoune, brother of Abbé Diamacoune, reflects the view of many when he says, "the situation has gone on long enough. Everyone has had enough, members of the resistance and the Senegalese army included". Women, exasperated by the conflict and demoralised by the huge loss of life when the Ziguinchor-Dakar ferry sank last year [4], have resorted to mystical practices to exorcise the demons of war, seeking to undo the vows taken in the bois sacrés. As Fatou Cissé, head of a women's group in the region of Ziguinchor, explains: "It is their way of seeking a solution to the crisis and people listen to them. In any case, their involvement in the restoration of peace is imperative."

Caught up in all of this, the politicians are appealing to NGOs to act as facilitators. RADDHO, for its part, has launched a new initiative entitled 'Peace Now', enlisting the help of all those keen to see an end to the deadlock. It is also urging rebel leaders to combine their ideas and speak with one voice in their negotiations with the government. So far, politicians have failed to lay any foundations for sustainable development in Casamance. Civil society may well represent a realistic alternative, capable of silencing arms and bringing sterile negotiations to life. ■

The NGO Caritas estimates that more than 600,000 people have been displaced or exiled by the conflict

1. On 26 December 1982, the Movement of Democratic Forces in Casamance (MFDC), at the instigation of Abbé Augustin Diamacoune Senghor, re-emerged, taking the name of the former regional party created in 1947.
2. A place of ceremony and initiatory rites.
3. In 1993 the two parties consented to a French expert, Jacques Charpy, conducting historical research to determine whether Casamance had formed an integral part of Senegal in the colonial past. The French expert's report, published in November 1993, found Casamance to be "Senegalese". These conclusions were disputed by Abbé Diamacoune in a counter-report published in early 1995.
4. The sinking in a storm of the Senegalese ferry, the Joola, on 26 September last year, left 1,340 dead from the region of Ziguinchor alone, according to one claim. In early November, a government-appointed panel of enquiry had put the death toll at an estimated 1,200 with just 64 survivors. The ferry had a capacity of just 550 passengers plus about forty crew.

Senegal

General Information

Area:	196 190 km²
Population:	10 589 571
Capital:	Dakar
Other main towns:	Thiès, Diourbel, Louga, Fatick, Kaolack, Saint-Louis, Tambacounda, Kolda and Ziguinchor
Languages:	French (official language). Other languages: Wolof, Pular, Serer, Jola, Malinke and Soninke
Religions:	Muslim (94%), Christian (5%), animist and other traditional beliefs (1%)

Political structure

Official name:	Republic of Senegal
President:	Abdoulaye Wade. Succeeded Abdou Diouf in 2000.
New Constitution:	Adopted on 7 January 2001
Legal system:	Based on French civil law system
Legislative branch:	Unicameral National Assembly composed of 120 members elected for 5 years. Next elections: 2006 (legislative) and 2007 (presidential)

Economy

Currency:	CFA Franc (1 euro = CFAF 655.957)
GDP per capita (PPP):	US$1510 (2000)
GDP growth:	5.7% (2001)
Inflation:	3.3% (2001)
Unemployment:	48% (2001)
Main economic sectors:	Trade, banking, transport, chemicals, fisheries, tourism

Social Indicators

Human development index rating:	0.431695 (154th out of 173)
Gini index:	41.3
Life expectancy at birth:	52.3 years
Under-5 mortality rate:	139 per thousand (2000)
Adult literacy rate:	37.3
Population with improved water sources:	78%
Population growth rate:	2.4%

Sources: UNDP: *Human Development Report 2002; CIA: The World Fact Book*

Commerce, Propriété intellectuelle et Développement durable vus de l'Afrique
(Trade, intellectual property and sustainable development as seen from Africa)

This reference work gathers together number of analyses and opinions on the thorny issue of intellectual property rights (IPR). This topic is central to the question of access to medicines, protection of traditional knowledge, patenting of living material and genetically modified organisms. The originality of this publication is that it gives a voice to Africa, a continent which is particularly concerned by the future of IPR – as regards food security, public health and education.

The authors include officials, World Trade Organisation (WTO) negotiators, academics and representatives of civil society. The purpose of the work is not so much to bring a scientific complement to the controversial debate on IPR, but to create, in Africa, a critical mass of sufficiently informed actors to define and defend their own interests.

Commerce, Propriété intellectuelle et Développement durable vus de l'Afrique
Under the direction of Ricardo Meléndez Ortiz, Christophe Bellmann, Anne Chetaille, Taoufik Ben Abdallah, ICTSD, ENDA, SOLAGRAL, 2002 (in French only).

Cuba and the European Union

The year 2003 marks a decisive step in strengthening the relations between the European Union and Cuba. Cuba formally applied for accession to the ACP-EC Partnership Agreement (Cotonou Agreement) on 8 January 2003. This brochure describes EU-Cuba relations, and covers political, commercial, and development cooperation, including humanitarian aid.

Published by the Commission's Directorate-General for Development.
The brochure is available in English and Spanish at the following address:
Directorate-General for Development
Information and Communication Unit
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e-mail: development@cec.eu.int
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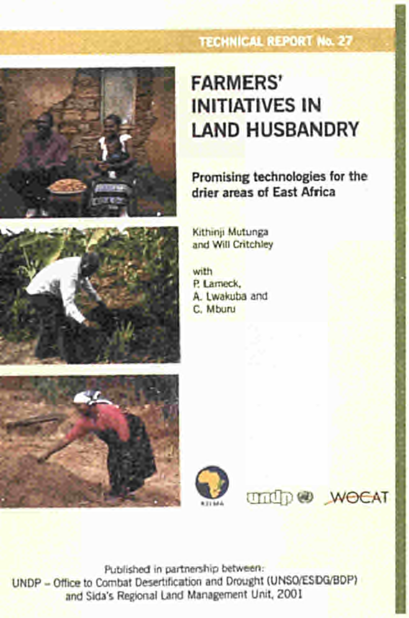
Farmers' Initiatives in Land Husbandry;
promising technologies for the drier areas of East Africa



In the semi-arid areas of East Africa, there are farmers who are innovating in all sorts of ways, combining conservation with production. These farmers have proved to be excellent sources of learning, getting their message across to their fellow farmers better than outsiders can. The problems of land degradation and poverty in those areas are acute, and the wealth of human resourcefulness found there needs to be tapped into and actively supported.

"Farmers' Initiatives in Land Husbandry" documents and describes a series of technologies which have been developed – or at least adapted to their own requirements – by farmers themselves in Kenya, Tanzania and Uganda. Its primary aim is to document and analyse specific land husbandry initiatives on the basis of data collected, measurements taken, and estimates made. It's purpose is to help technicians and managers of projects, as well as literate farmers, to review a range of alternative practices for the drier areas in the region.

Promoting Farmer Innovation is a programme in East Africa which seeks to stimulate farmer innovation. This book shows how the programme has enlisted the help of WOCAT (World Overview of Conservation Approaches and Technologies), to evaluate and document some of the most interesting innovative technologies that it has uncovered.

"Farmers' Initiatives in Land Husbandry" does not dwell on methodology, but concentrates on documenting specific innovators and their initiatives. Above all it is impressive that local men and women using their own resources have devised the systems described in these pages. The technologies may not be technically perfect, but they work.

The 18 technical initiatives described in the book have been chosen on the basis of their potential for improving conservation through production, and their potential (already being fulfilled in many cases) for rapid spread to other farmers. These span a broad range of interventions, from gully harnessing to organic matter management to local forest management practices. Some have been developed by men, some by women.

It is not a technical cookbook recommending validated and well proven practices. However, enough technical information is given for the concepts to be understood, and in most cases for these technologies to be tried out and adapted to different environments, through a farmer/extension/researcher partnership.

Details: Farmers' Initiatives in Land Husbandry; Promising technologies for the drier areas of East Africa, written/edited by: Kithinji Mutunga and Will Critchley, Nairobi, published by: Regional Land Management Unit, RELMA/Swedish International Development Cooperation Agency (Sida), 2001. (RELMA Technical Report Series no. 27. Available at the following email addresses: RELMA/Sida: relma@cgiar.org*, WOCAT:* wocat@giub.unibe.ch*, CDCS/Vrije Universiteit Amsterdam:* cdcs@vu.nl*. For more information contact: CDCS/Vrije Universiteit Amsterdam, De Boelelaan 1105, 1081 HV Amsterdam, The Netherlands, tel. (0)20-444 90 90, fax (0)20-444 90 95, email:* wam.tuyp@dienst.vu.nl

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France

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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

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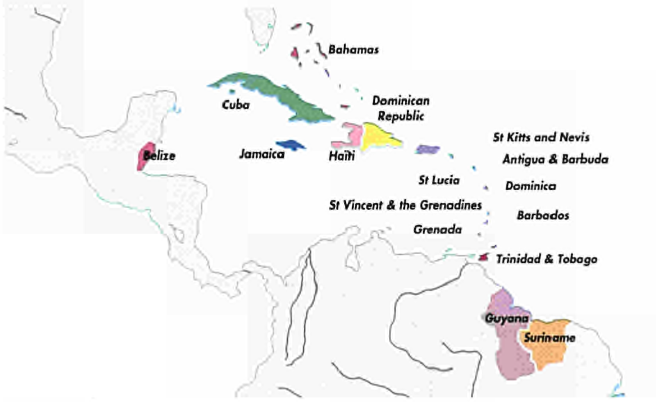
St Helena and dependencies

Turks and Caicos Islands



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* 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.

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