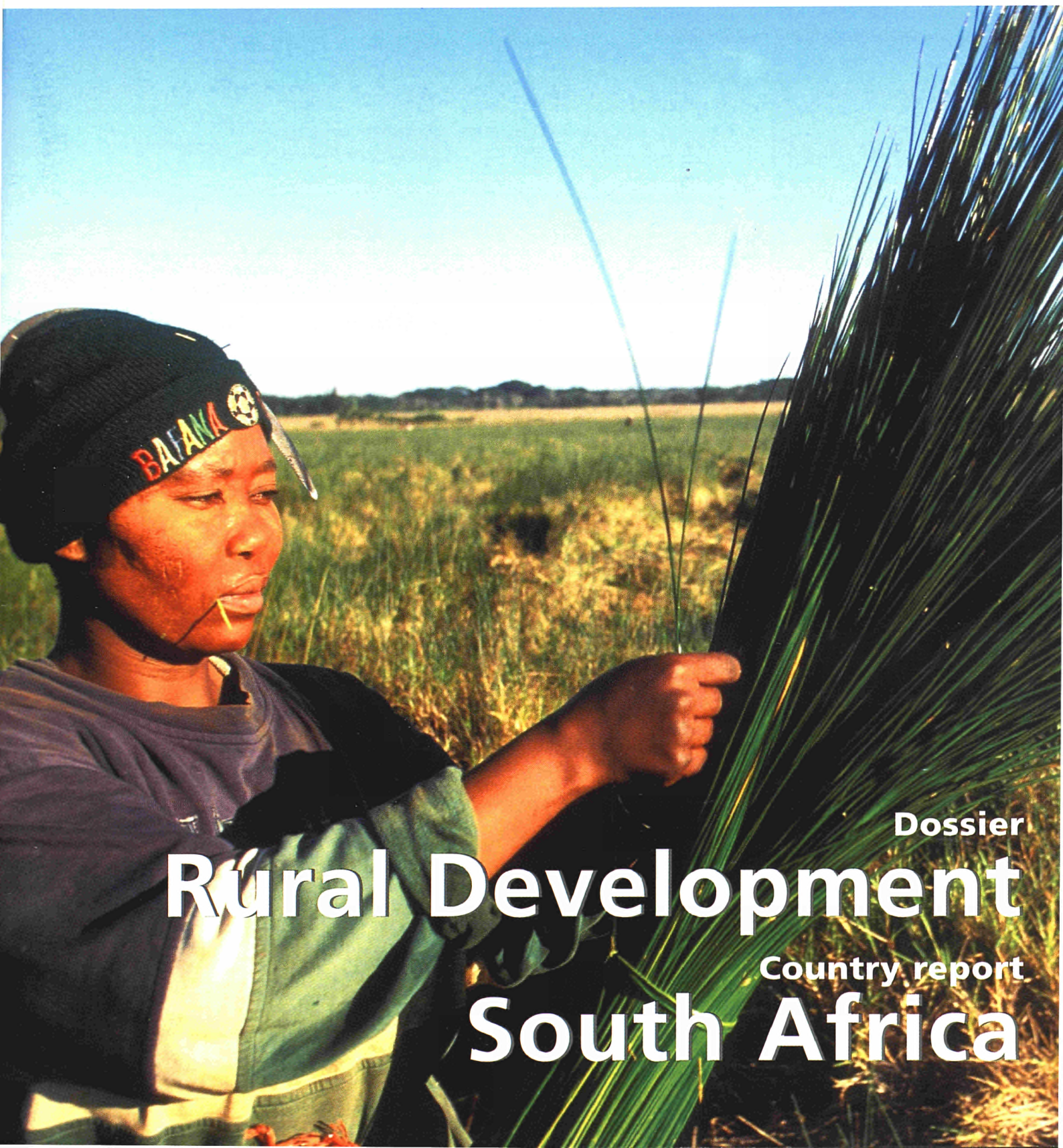


the Courier

the magazine of ACP-EU development cooperation

N° 195 November-December 2002



Dossier

Rural Development

Country report

South Africa

Contents

Postal Address

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

Address for visitors

12 rue de Genève
1140 Brussels
Belgium
http://europa.eu.int/comm/development/publicat/courier/index_en.htm

ACP General Secretariat

451 avenue Georges Henri
1200 Brussels
info@acpsec.org
<http://www.acpsec.org>

Publisher

Koos Richelle

Director of Publications

Leonidas Antonakopoulos

Editor

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

Journalist

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

Production

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

Documentation

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

Subscriptions

fax: +32.2.299.3002

Cover: Zulu woman cutting ncema grass (used for making traditional sleeping mats and weaving baskets) in the St Lucia Wetland Park, South Africa
© Roger de la Harpe/Wildlife Pictures

Published in English and French every two months.

Signed articles represent the opinions of their authors and do not necessarily reflect the views of the EU or the ACP Group. The boundaries on maps used in the magazine do not imply official endorsement or acceptance by the EU or the ACP Group. Articles and non-copyrighted photographs may be reprinted, provided the following credit is used "Reprinted from the ACP-EU Courier"



Meeting point

- 2 Lennart Båge, President of the International Fund for Agricultural Development (IFAD): a sharp and decisive increase is needed in rural and agricultural development

News

- 4 Food insecurity: a "painful reality" in several ACP countries
- 6 A "development cluster" in the new General Affairs and External Relations Council
- 8 Trade and development: a new Commission communication spells out the link
- 10 The OCT/EU Forum 2002: trade, aid and more

Focus

- 12 Meeting the challenges of the urban millennium: an interview with Anna Tibajuka, Under Secretary-General of the UN and Executive Director of UN-HABITAT
- 14 Biotech and the poor: a solution to the famine in Southern Africa?
- 16 The challenges of peace in Angola – humanitarian disaster and political uncertainties
- 18 Angola's economic recovery: the need for transparency
- 19 Bleak outlook for cotton: African producers point the finger at subsidies granted by the North

Trade

- 21 Economic Partnership Agreements – hopes, fears and challenges

Pacific

- 25 Commissioner Nielson visits the Pacific ACP countries

Infoguide

- 29 On-line guide to co-financing projects with NGOs and decentralised cooperation





30 Rural Development _Dossier



- 32 Forging the links between economic, social and environmental development
- 34 The challenge of information and communication in rural areas
- 36 Making rural development work: issues raised during the preparation of the World Bank's rural development strategy
- 40 Why invest in Less-Favoured Areas
- 42 Sustainable development of "rurban" areas is crucial
- 44 Reducing poverty – the link with good environmental management
- 46 New approaches to land reform
- 48 Community-based planning: a way forward for local governance?
- 50 Agricultural sector programmes from theory to practice: the experience of "Proagri" in Mozambique
- 52 The need for a fair and common policy on international agricultural trade
- 56 How can farmer's organisations be strengthened?
- 58 Partnership and aid coordination for reducing rural poverty
- 60 Funding extension services: new approaches and lessons from experience



62 South Africa _Country report



- 64 Between a turbulent past and a promising future
- 67 Soul City – genuine "reality" TV
- 69 Is South Africa a future economic tiger?
- 72 More than just trade: building on the cornerstone of EU-South Africa relations
- 76 Water for all
- 78 A city within a city: the story of Cato Manor
- 80 Constitution Hill
- 81 An uncertain future for Alexandra's health clinic
- 82 The Amadiba adventure
- 83 Profile
- 84 Books
- 84 Lorenzo Natali Prize for Journalism 2002
- 85 Maps

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 23rd 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.

Investment in rural and agricultural development – a sharp and decisive increase is needed

The majority of the world's poor live in rural areas and farming is the livelihood of most of these 900 million people. So for them the means to escape poverty has to be through more efficient agricultural production and rural development. Mr Lennart Båge, President of the International Fund for Agricultural Development (IFAD), explains to the *Courier* why he believes that although the challenges are enormous, there are grounds for optimism with a growing interest in funding agriculture and rural development. He believes the opportunity is unprecedented because of the vision of the Millennium Summit, the commitment of Monterrey, and recognition at Johannesburg that development and environment are inseparable. But success will require a sharp and decisive increase in investment in rural and agricultural development.

Moussa Sawadogo



At the World Food Summit in 1996 and the Millennium Summit in 2000, world leaders made a historic commitment: to halve poverty by 2015. Can this goal still be reached?

The current rate of poverty reduction is far below the rate required. We must focus on poverty where it really is, and this means the rural areas. One of the facts about global poverty is that three-quarters of the population earning less than \$1 a day live in the countryside and depend on agriculture for their living. It is clear then that one of the keys to halving poverty is to invest more in agriculture. This does not imply that education, health, and other social invest-

ments are not important issues. But investments in the social sector must be matched by intensive investments in the agricultural sector. A balance must be found between investment in the social sector and investment to support the productive capacities of the poor. If we want to halve poverty, investing in the agricultural sector must be a priority.

Rural development has for a long time been out of fashion in development thinking. Do you think the agricultural sector plays an important role in economic growth?

Without economic growth among poor people in rural areas there will be no significant reduction in world poverty. More investment in agriculture will certainly lead to economic growth, and eventually to a better standard of living among poor people. Historically, economic growth in most countries started with improved agricultural productivity and output. Increasing the incomes of the rural poor will result in broad-based development. Conversely, unless agricultural productivity and growth is enhanced, it is difficult to see how sustained economic growth can be fostered. Take as an example the half-century of development that has taken place in Asia. We can see that most of these Asian countries have grown over the past fifty years from a strong development in agriculture, which has raised incomes and productivity. This then enabled the industrial take-off.

In the light of this, how do you explain the fact that aid directed to rural development and agriculture has steadily declined in the past years?

There is a paradox there. World leaders stress the importance of agriculture and food safety, but at the same time

Halving poverty is a goal well within reach, but attention must be shifted to the rural areas where the bulk of the poor people live, and to the agricultural sector that is central to their survival

the proportion of foreign aid going to agriculture and the rural sector has steadily declined. Today, only eight per cent of total ODA from DAC countries goes to agriculture. However, there is now more of an interest in rural development and agriculture. This comes very much from the realisation that poverty is in most countries predominantly a rural phenomenon. And since poverty reduction is the main goal of the international community, this goal cannot be achieved without being involved in rural development. Putting rural development high on the agenda is not only an issue for dialogue with donors. It is also an issue that must be addressed in developing countries. For example, agriculture is one of the core priorities in the New Partnership for Africa's Development (NEPAD), where it is clearly stated that "improvement in agricultural performance is a pre-requisite of economic development".



IFAD/Alberto Cont

Rural women produce 60-80 per cent of the food in developing countries. If aid is to fight hunger effectively, it must reach them

In an entirely liberalised economy there would be no external influences on the laws of demand and supply. So, does helping the agriculture sector go against the liberalisation of markets advocated by the international financial institutions?

I do not think there is a conflict. Indeed, liberalisation can also benefit farmers in developing countries. But this needs to happen not just at the global level. In many countries in the developing world you still have strong barriers to trade within and between countries. If there is local, domestic and regional liberalisation, there will be more possibilities, and more opportunities for local small farmers. If liberalisation is designed by governments to benefit the poor and is very much monitored, it can benefit them.

A major problem faced by developing countries in finding markets for their agricultural products is the subsidies that industrialised countries give to their own agricultural produce.

This is certainly true. The current system blocks many avenues of economic development among poor people. But let me take this point a bit further. The important issue is the design of these subsidies. If you have export subsidies then clearly you will wipe out markets for developing countries. I have seen this. I have seen European onions in very remote areas of West Africa, competing with local produce. So clearly, if you have export subsidies, that is very detrimental. The object of the subsidies is to give an income guarantee or a payment for handling natural resources or for taking care of the environment. The goal is not to make life difficult for farmers in developing countries. But that is very often the effect, and it depends on how the subsidies have been designed. The question is not "subsidies or no subsidies" but rather their design. If they are designed poorly, they will hurt developing countries. If they are designed in a smarter way, they will be less harmful.

Shouldn't rural people be more involved so that their needs are better recognised?

In twenty-five years of focusing on rural poverty reduction, the experience of IFAD shows that rural people are capable, creative and committed actors. Rural people must be involved more and more in the policy-making process. Our role, as development partners, is to empower them so that their priorities are acted on. The more the rural poor are given a voice in various ways in democratic systems, the more they can influence their priorities. To establish sound policies for promoting development and poverty reduction, the responsibility must be shared between the recipient countries and the donors. Poverty reduction is not something that international organisations, governments, development institutions or NGOs can do for the poor. They themselves have to seize responsibility for their own development – but they have to be given the right type of support and opportunity.

Have the recent major international conferences gone some way towards endorsing this approach?

The Monterrey Conference on Financing for Development, held in Mexico in March this year, and the recent World Summit on Sustainable Development, held in Johannesburg in August, marked an important step forward in this direction. They recognised that a true partnership between the industrialised world and developing countries and a shared commitment were needed to reach the goals set. The Monterrey and the Johannesburg conferences made a very explicit commitment to poverty reduction and to development by both developing countries' governments and donors. Now we can talk of real partnership. It is not just for the donors to provide funding, it is also for developing country governments to focus more on poverty reduction and on raising resources domestically to achieve that. Halving poverty is a goal well within reach, but attention must be shifted to the rural areas where the bulk of the poor people live, and to the agricultural sector that is central to their survival. ■

Food insecurity: A “painful reality” in several ACP countries

Six years after the Rome World Food Summit, the issue of food insecurity is no less urgent. Around 790 million people in the developing world do not have enough to eat, and more than 22 million people in southern and eastern Africa are currently at risk of malnutrition or starvation because of famine.

A three-day symposium took place in the ACP Secretariat in Brussels, organised by the Coalition of African Organisations for Food Security and Sustainable Development (COASAD) and under the patronage of the ACP Group. The main topic of the symposium was the African Diaspora in the West and food security in Africa. The meeting brought together experts from North and South, NGO representatives and political figures from Africa and Europe interested in food security issues.

Eyoun Nguangé

“Food insecurity has become a more painful reality than before in several ACP regions”, said Vasdev Hassamal, ACP assistant Secretary-General in his opening address. While there are recurrent causes, there “are also new ones, some of them paradoxically being the fruits of what might be perceived as development or modernisation”. He cited one cause as the “disappearance of entire agricultural zones in poor countries unable to resist dumping by companies largely subsidised by rich countries”.

Participants cited other contributory factors; food aid had negative effects on local agriculture; the very poor had difficulty accessing food stocks and rich countries subsidised their agricultural industries. Other problems included drought, poverty, the drift to the towns and cities, archaic agricultural techniques, armed conflicts, deforestation, difficulties in

getting agricultural produce to the market and poor health in rural communities. The symposium also touched on issues of agrarian reform and of genetically modified organisms.

Contributions from those working in the field provided further insight. Mrs Mint Moctar Nech from the Mauritania 2000 association described the situation in her country: “51 per cent of urban households are poor; 60 per cent of pregnant women are anaemic and, despite the boom in fishing in the early 1980s, 90 per cent of fisheries’ production is exported”.

That was not all. According to America’s Famine Early Warning System Information Network (FEWS NET), Mauritania is facing a cereal deficit of 205,000 tonnes, the equivalent of five months’ cereal consumption. On 1 September this year the country declared a major food emergency, with one million people victims of food insecurity and 60,000 directly at risk from serious food shortages. Idriss Alfarouk, from Chad, Director-General of the Sahel Institute¹ in Bamako (Mali), went further. He described the elements of endemic drought in that region of Africa: “scant rainfall, high population growth rate, no water management, lack of industries processing basic products”, with the added factors of malnutrition, under-nourishment, and the effects of these on health.

Mrs Djakabe from Guinea-Conakry gave the following diagnosis: “Although 88 per cent of the working population in my country is involved in agriculture on 6.2 million hectares of cultivatable land, what strikes one is the lack of credit structures for rural communities, land-related legislation in which Koranic law exists uneasily with customary law and positive law, lack of access to new technologies, the poor quality of public services and conflicts between stock breeders and arable farmers”.

Madagascar’s ambassador to the EU, Mr Jean Beriziky, recalled the testimony of his compatriot Denise Fisher (from COASAD-Madagascar) on the issue of brush fires, asking those present how Malagasy peasant farmers could be mobilised to stop the island’s ancestral agricultural tradition of brush fires, which are “a cause of food insecurity”.

© 2002 WFP/Wagdi Othman



Shehet town, Ab’ Ala district. The Ethiopian Government’s Disaster Prevention and Preparedness Commission, together with WFP, have already dispatched food aid to Afar to prevent a deterioration of the local nutritional situation. But more food aid is needed to avert widespread hunger and starvation on

Tackling food shortage

Aurélien Atidegla from Benin spoke about the Community-based Food Security Project (PILSA), financed for five years by the World Bank and Denmark, in the regions of his country with poor food availability. He also referred to the rapid warning system set up by the National Food Security Office (ONASA) in Chad and the collaborative approach in progress in Benin based on cereal banks, infrastructures, the production of a food security map and the sinking of wells.

Belgian representatives described their involvement in a campaign for setting up cereal banks near Zinder after periods of plenty. The symposium heard how, with the backing of the Niger authorities, this was supported by the sale of produce at low prices, not by donations. In parallel, Belgium bought millet surpluses in Nigeria and sent them on to Niger, an example of South-South cooperation. In Burundi, Belgium focused on aid for agricultural recovery.

Mrs Moctar Nech described the experience of her NGO in promoting the consumption of fish in rural areas far from the coasts and where sea produce was an unfamiliar ingredient in traditional diets. As a response to breaking the cold chain during preservation of the fish, Mauritania 2000 relied on the local processing of produce, such as drying, salting and fermenting. She told the *Courier* that for eight years they had been developing cooperatives for drying fish and other activities for generating income for women. "Food for work" experiments in Mauritania, Cape Verde and Niger were also described, but the general preference was for "cash for work".

Boosting household income

The contribution by Philippe Lebailly from the Faculty of Agronomy at Gembloux in Belgium departed from the general theme of alarmist reports: "If agriculture is to be prosperous it must be protected... one has to go beyond the fairly simplistic split between cash-crop agriculture and agriculture based on food production. Food insecurity arises at the level of the household's overall income". In his opinion, it is households' ability to obtain income that will put an end to food insecurity, either through the marketing of the produce of the land or cottage industries, or through other forms of labour.

The Diaspora contribution

Continuing the seminar's main theme, Hegel Goutier, head of Press and Communication at the ACP Secretariat, referred to "the relative security of the Diaspora living in Europe compared with those in their country of origin who live with insecurity". What action could the Diaspora take to reduce food insecurity? Firstly, migrants should lobby institutions in the countries where they live and circulate information in their host country.

The Diaspora could also make a more direct contribution. Jean-Pierre Madjirangué, Permanent Secretary of the Africa-Europe Civil Society Forum, put forward the example of a citizen from the Central African Republic living in Lisbon, who had set up a community pharmacy in his village. Using the money from the medicines sold, the local people bought cereals during a period of plenty to sell at low prices. He also provided figures: "Ugandans abroad send home \$400 million, an amount greater than their country's coffee exports".

People from Haiti's Kayes region living in France provided another illustration. Grouped in dynamic associations, they pooled material resources and funds to improve the daily lot of their compatriots who had stayed at home, financing the

construction of schools, dispensaries, village water and irrigation systems and water supplies.

Towards food sovereignty

Despite the dynamism of certain sectors of the Diaspora, the fight against food insecurity is still one in which no contribution should be ignored. Since Rome, several hundred NGOs and NGO groupings have been created, working together or separately. The EU budget earmarked for food security is approximately €500 million, of which 50 per cent is distributed via governments, 25 per cent via the NGOs and the remainder via international programmes such as the World Food Programme.

All must assume their responsibilities. According to the agro-economist Pascal Bergeret, representing GRET² (technological research and exchanges group), "there is a downstream role for private investment in the alliance against hunger: transportation, processing, and the marketing of produce". He felt that robust food processing systems could be set up, provided they were not run by the multinationals.

He told the *Courier*: "Prices for agricultural produce must increase if peasant farmers are to have the resources they need to live, countries in the South must protect their agricultural traditions by customs barriers, and the practice must stop of dumping produce from the North, whereby the rich countries offload their agricultural surpluses on the poor countries". He believes it is essential to break the vicious circle born of colonisation, "for example, in Senegal, imported rice in return for exported groundnuts". This has led to a deterioration in the terms of trade and confirmed the impoverishment of peasant-farmer communities.

Mr Bergeret also outlined the three main thrusts of the work of the NGOs and international solidarity organisations (ISOs) in Europe, which are campaigning against food insecurity. Firstly, reform of the Common Agricultural Policy so that the CAP has a less destabilising effect on markets in the South. Secondly, the right to nutrition with the possibility in the long term of legal remedy. Finally, access to genetic resources and issues relating to patents on living tissue.

It would appear that the objectives set in Rome are far from being achieved. Countries where famine is rife have to make food security their central concern. But, says Reginald Moreels, some countries use "famine as a political weapon", and balk at installing infrastructures to assist the agricultural world, blocking access to resources by small-scale peasant farmers in the South, who make up 75 per cent of those without enough to eat.

In his pessimistic assessment, "The State of Food Security – 2001", Dr Jacques Diouf, Director General of the FAO, takes the view that this aim – halving the number of undernourished people in the world by 2015 at the latest – looks like taking 60 years to achieve at the rate things are going. Hence the need for all those fighting food insecurity to redouble their efforts and to collaborate. For their part, decision-makers must take into account the recommendations of meetings and symposia organised to address the issue. ■

1. Part of the CILSS structure – the Permanent Inter-States Committee for Drought Control in the Sahel.
2. Part of the French NGO platform within the Forum for Food Sovereignty

Bibliography

Achieving food security in Southern Africa – New Challenge, New opportunities; Edited by Lawrence Haddad – International Food Policy Research Institute (IFPRI 1997)
FAO 2000 and 2001 reports on food insecurity

A "development cluster"

in the new General Affairs and External Relations Council

Following the abolishment of the Development Council, the November meeting of the General Affairs and External Relations Council (GAERC) was the first to hold a session which included discussion on several development issues. On the agenda were the crisis in the international coffee market, the link between trade and development, untying of aid, follow up to major international conferences, and the EU response to the humanitarian crisis in Southern Africa. Furthermore, during the session the Council gave a generally favourable report on the 2001 Annual Report on the implementation of the European Community's external assistance.

Maurizio Carbone

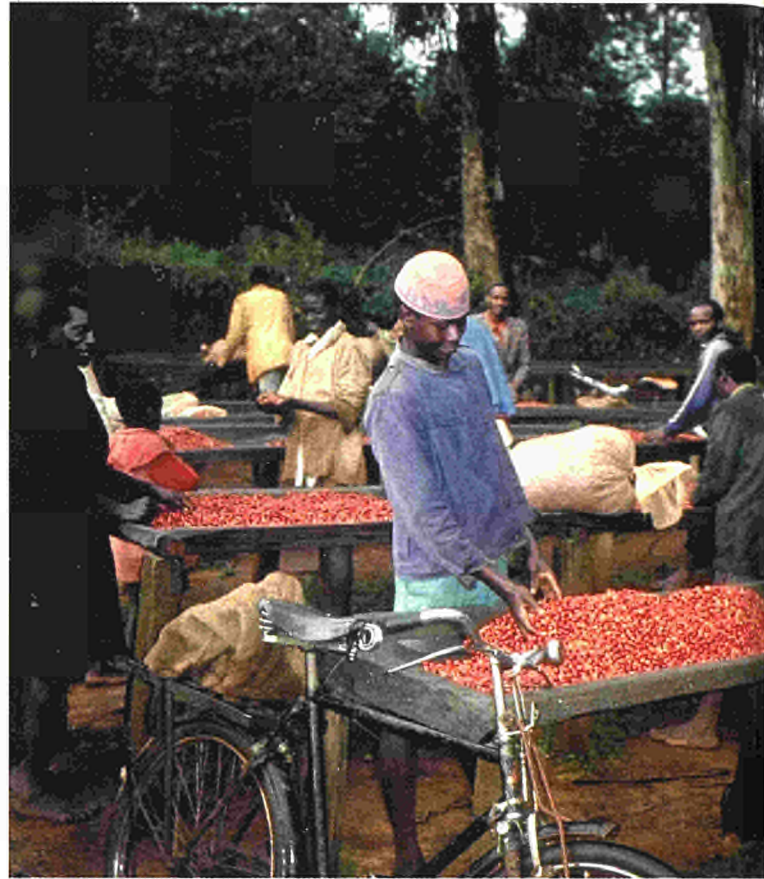
The decision made at the European Council in Seville (June 2002) to reform the workings of the Council of Ministers marked the abolishment of the Development Council, which for a long time had been the main forum for discussion and decision-making on European Union (EU) development policy. As a result of this decision, development and humanitarian issues are now to be discussed within the framework of the "External Relations" session of the new General Affairs and External Relations (GAERC) Council. The GAERC covers two areas of activities, holds two separate meetings and has two separate agendas:

- preparation for, and follow-up of the European Council; institutional and administrative questions; horizontal matters which affect several of the Union's policies;
- the Union's external actions, namely European foreign and security policy, European security and defense policy, foreign trade, development cooperation and humanitarian aid.

On 19 November, the GAERC had a "development cluster" on some important development issues. In addition, on 18 November, just before the overall session, the GAERC approved, without debate, its conclusions on the 2001 Annual Report on the European Community's implementation of external assistance. In the conclusions, the Council praised the efforts made by the Commission to link EC development assistance to the achievement of the Millennium Development Goals. The Council also called on the Commission to present proposals on a set of clear result indicators to measure impact in relation to poverty eradication and relating to the six priorities of the EC development policy.

The Council also adopted conclusions on indigenous people.

Syfia/M.-A. Leplaideur



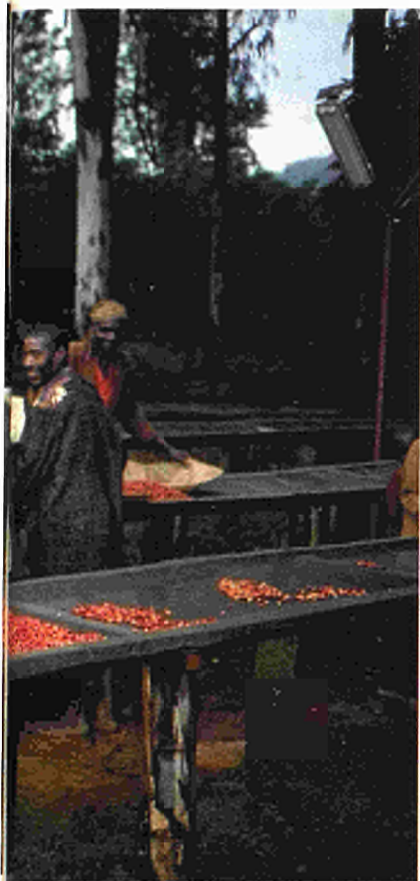
Trade and development

Under the External Relations framework, in a long and intense session, the Council debated thoroughly and adopted conclusions on the Communication on trade and development, which the Commission had approved early in September. The Council recognised that trade liberalisation in itself is not sufficient to combat poverty in developing countries. Instead, following on the commitments made at the international (Doha Development Agenda, Monterrey and Johannesburg), and EU level (Cotonou agreement, "Everything But Arms" initiative), trade reforms must be part of a wider, country-owned poverty reduction strategy.

For this reason, the Council made some key recommendations with a view to:

- integrating trade into development strategies (Poverty Reductions Strategy Papers, Country and Regional Strategy Papers);
- enhancing trade-related assistance within the WTO framework and for multilateral trade negotiations;
- integrating development into trade policies, so that trade policy is more responsive to the needs of the developing countries;
- improving coordination and complementarity between Commission and Member States.

Mr Per Stig Møller, Minister for Foreign Affairs of Denmark, which holds the Presidency of the Union for the July-December 2002 semester, stated: "Trade liberalisation will benefit us all, and not least the developing countries. However, we must ensure the effective integration of developing countries into the world economy. To do so we must



Coffee prices have fallen to their lowest in 30 years, provoking a crisis for up to 100 million small producers in developing countries, and economic difficulties in the exporting countries

improve access to our markets for products from developing countries. We must also use our development policy to help countries take full advantage of market access.”

International trade in coffee

The Council held an exchange of views on the crisis in the international coffee market. As a result of imbalances between an increased supply and a stable demand, prices are at their lowest level for thirty years, below production costs for farmers, without necessarily benefiting the consumers. The Council expressed serious concern about this situation. While

there are no quick solutions, initiatives need to be taken as a matter of urgency. Some Member States, though, pointed out that coffee should be seen in a broader context, in a context of sustainable development. For this reason, the Commission intends to come forward with ideas to address the situation of commodities in general. Along these lines, Commissioner Nielson stressed that “coffee alone is not enough. A genuine diversification reflecting the need to open up even broader access to our markets is the response. In the meantime, we have to do whatever is possible to reduce the negative impact of the coffee crisis. But the market economy is here to stay, and I would warn against illusions of an easy fix to the problems that we are facing in relation to coffee”.

Untying of aid

The Commission presented a Communication on untying of aid, entitled “Untying: Enhancing the effectiveness of aid”. The objective of this Communication is to break the link between the granting of aid and the purchase of goods or services with that aid in the donor country, with a view to a more effective delivery of development assistance.

The Communication is divided into four parts: in the first two, the Commission presents its approach and addresses the current state of play on untying of aid. The third part focuses on untying Member States’ bilateral aid. It recalls that the rules of the internal market apply to Member States’ official development assistance and clarifies where tied bilateral aid may be in breach of Community law, in particular with regard to competition law and public procurement and directives. The fourth part contains some policy recommendations, including the proposal to completely untie food aid and food

aid transport at international level, which are currently excluded from existing agreements. The Communication proposes to introduce these elements in the future re-negotiations of the Food Aid Convention.

The Commission proposes a full untying of all Community aid subject to two conditions: agreement of the recipient country and reciprocity between donors. The Commission’s proposal also includes elements in favour of regional integration and local capacity building. “This Communication is significant because we are proposing to Member States to go even further than the DAC recommendation on untying aid to Least Developed Countries. Following the decision made by the Barcelona European Council on this issue, we have now decided to propose a more radical, more dynamic solution, going for the full goal of untying aid. It is essential however that other donors follow this example and we expect them to do so”, stated Commissioner Nielson. As the Communication had just been approved by the Commission, the Council took note of some preliminary positive comments but asked the Permanent Representatives Committee to continue the examination of this issue.

Follow-up to international conferences

Similar to the role it played in the preparatory process, the European Union also intends to play a prominent role in the follow-up to the International Conference on Financing for Development (FfD), which was held in Monterrey in March 2002. The Commission announced its intention to circulate a questionnaire to Member States in order to monitor the financial commitments made by the EU at the Barcelona European Council. The Commission will report back to the Council on the results of this exercise by March 2003. During the discussion, several Member States announced how they plan to raise their Official Development Assistance (ODA) so that the EU average of (at least) 0.39 per cent of GNP is reached by 2006.

As for the other major conference in 2002, the World Summit on Sustainable Development (WSSD), held in Johannesburg in September, the Council adopted conclusions reviewing the work within the different Council settings. In addition, the Council welcomed the intention of the Commission to review progress and identify key measures to effectively transform into practical political action and proposals the internal and external commitments on sustainable development undertaken as a result of the WSSD.

Humanitarian crises in Africa

Finally, the Council reviewed the current humanitarian crisis affecting Southern Africa, and in particular the six countries that are hardest hit (Lesotho, Malawi, Mozambique, Swaziland, Zambia, and Zimbabwe). The Commission pointed out how short-term food aid and humanitarian interventions must be complemented by a medium and long-term strategy linking relief with development. Some Member States called for urgent action to respond to the famine that is also emerging in the Horn of Africa. Due to the seriousness of the situation, the Council urged the Commission and Member States to look into possibilities of further increasing aid in response to the World Food Programme appeals. ■

Trade and development: the European Commission spells out the link

The importance of the relationship between trade and development has been increasingly recognised at the international level in recent years. A consensus has gradually arisen regarding the decisive impact that trade can have on development. Although several countries, more particularly those in the North, have been able to use trade as a powerful lever in the expansion of their respective economies, the majority of the developing countries have in fact been unable to take advantage of the opportunities offered by the boom in global trade. How, then, is it possible to assist this group of countries to enable them to benefit fully from trade?

The European Union attempts to respond to this challenge in the recent communication from the Commission to the Council and the European Parliament on "Trade and Development: Assisting Developing countries to Benefit from Trade". This document highlights trade and development as a priority of Community development activity, and spells out the way the EU can support developing countries to better benefit from trade and investment.

Kenneth Karl

This new European Commission communication marks an important step in the way in which the EU intends to address development issues. Given the unstoppable march of globalisation, trade is increasingly becoming one of the cornerstones of EU development cooperation policy, particularly with the ACP countries within the Cotonou Agreement framework. Using trade to promote development has therefore now become an absolute priority in terms of EU strategy vis-à-vis the developing countries. The European Commission document clarifies the EU position regarding the links that must exist between trade and development if the developing countries are to be better integrated into the global economy. It describes concrete proposals for action envisaged by the EU when addressing the challenges and opportunities offered by trade in these countries, to enable them to benefit from the advantages of open trade.

The three major conferences held over the last year – Doha on trade, Monterrey on financing for development and Johannesburg on sustainable development – acknowledged the decisive role of trade in the development process and the need to further assist the developing countries to benefit from trade. On the basis of the many commitments entered into at these meetings, the EU is clearly spelling out the way it views the trade/development nexus, and how it can promote the development of these countries through linking trade and development policies. The communication states that its purpose is to spell out the way the EU can fulfil its global commitments in support of the efforts of developing countries to better reap the benefits of trade and investment.

Trade – an important catalyst for sustainable development

International trade flows have increased dramatically in the past three decades. An important feature of world trade over this period has been the growing participation of

developing countries. But with the exception of a few East Asian newly industrialised economies, the share of many developing countries in world trade has stagnated overall. In fact, many of them are not part of the process of integration into world trade, and the weakest have actually experienced a decline in their share in world trade. The export share of the 49 least-developed countries (LDCs) fell from three per cent in the 1950s to around 0.5 per cent in the early 1980s and has stayed around this very low rate over the last two decades. Although not the only factor likely to trigger a genuine development dynamic, trade is nonetheless a powerful catalyst. According to the Commission's communication, which cites a number of studies, increased participation in international trade should have a positive impact on development. The upshot of these various analyses is that those countries with a higher level of participation in international trade and investment tend to show higher growth rates and an improvement in many key social indicators.

In recognition of this, in 2000 the EU identified trade as one of the six priority areas for development policy¹. Although a number of aspects of the correlation between trade and economic growth are as yet not cut and dried, the communication confirms that no country has developed successfully in recent years by turning its back on international trade and long-term capital flows. On the other hand, countries that have combined openness in trade, growth, and development of human capital, and that have progressively liberalised their economies, have recorded the best results. The gradual removal of trade barriers combined with domestic reforms, aimed at building up sound macroeconomic policies, effective institutions and regulations, and investment in infrastructure and human capital, generally results in a "virtuous circle" of opening-up, greater competitiveness and higher growth.

But trade liberalisation in itself is not sufficient to combat poverty, according to the communication. For trade to have a positive impact on the economies of the developing countries and on poverty reduction, it must be part of a wider, country-owned sustainable-development strategy promoting an improved investment climate and addressing the concerns of the world's poorest people.

Moreover, the European Commission communication stresses the advantages of a rules-based multilateral trading system and the need for the developing countries to be part of this. The WTO negotiations are aimed at securing an overall balance of rights and obligations, with trade liberalisation being tailored to the needs and capacities of its members. Many developing countries have faced challenges in implementing existing WTO agreements. Indeed, certain WTO agreements include commitments to provide assistance to developing countries in order to improve their regulatory, administrative and institutional capacity. The Commission believes that the Doha Development Agenda (DDA) is the most ambitious attempt to date to move the issue of development to the core of the multilateral trading system. Together with certain bilateral and regional initiatives, and support for regional integration among developing countries, the DDA is seen by the EU as a vehicle whereby market access may be pursued and existing rules improved.

Assisting developing countries to benefit from free trade

To assist the developing countries to benefit from trade, the EU proposes better targeted and more highly integrated strategies, implemented through a series of concrete proposals for action. This calls for an approach that better integrates trade issues into development strategies, with a stronger emphasis on trade issues in the dialogue on Poverty Reduction Strategy Papers (PRSPs) or other national development strategies. This approach should fully exploit the linkages between trade and all other areas important for sustainable development. In the Commission's view, trade policy reform must be part of a country's own sustainable development strategy, and is a key requirement if developing countries are to reap the benefits of trade expansion. It is also vital to ensure that trade-related assistance is increased in order to raise trade capacity.

Donors should ensure that support for trade policy reforms features prominently in their development assistance strategies. The Commission thus intends to deepen the policy dialogue on trade issues with beneficiary countries and regional organisations, and to ensure that funding for trade-related assistance is adjusted as necessary in the mid-term review of the Country Strategy Papers (CSPs) and Regional Strategy Papers.

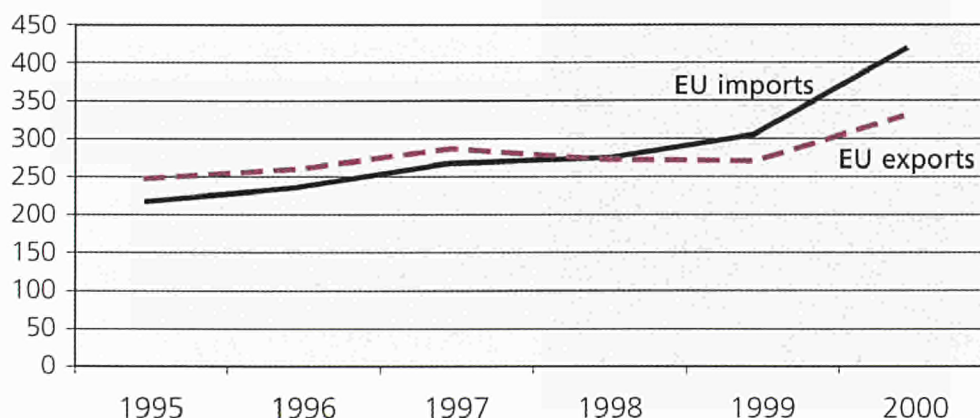
In addition, the EU envisages enhancing complementarity, coherence and coordination between its own programmes and those of other international and bilateral donors that have trade implications. The Commission also stresses the need for more attention to be paid to the coherence of different EU policies with an external dimension (agriculture, fisheries, environment, trade, energy, transport, etc).

Apart from aspects concerning strategy, the EU envisages increasing its support for genuine participation of the developing countries in the multilateral trading system. This assistance will focus on three areas: assistance for WTO accession and multilateral trade negotiations, mainly through training programmes and contributions to meet logistical costs; support for the implementation of existing and future WTO agreements implying a significant financial effort and/or which require the development of specific regulatory and institutional frameworks; and support for policy reforms and investments necessary to enhance both economic efficiency and greater participation in the multilateral trading system.

EU assistance for trade-related development policies should also enable the developing countries to draw up sound macroeconomic and tax policies, to support their business sector, to improve the investment climate and, lastly, to consolidate regional cooperation and integration processes. The Commission's communication proposes a programme of concrete actions aimed at improving delivery of assistance to the developing countries, involving an intensified dialogue with partner countries, enhanced effectiveness of EU support and a greater contribution to international effectiveness and coordination. ■

1. The joint Council-Commission Statement of November 2000 identifies six priorities for EC development aid: the links between trade and development; regional integration and cooperation; macroeconomic reform and the promotion of equitable access to social services; transport infrastructure and management; food security and sustainable rural development; and institutional capacity-building.

EU trade with developing countries 1995-2000 (billion €)



Source: European Commission

The OCT/EU Forum 2002: trade, aid and more

The total population of the Overseas Countries and Territories (OCTs) is only about one million, inhabiting islands spread across the oceans from the Arctic to the South Pacific. This little known group speaks at least four main languages, includes an island bigger than Western Europe and encompasses arctic, temperate and tropical climates. Even by ACP standards, OCT gatherings are a unique cultural experience.

Giorgio Cocchi*

Such a huge degree of diversity did not prevent a successful outcome to the first OCT/EU Forum that took place in Bonaire in the Netherlands Antilles in September. A "Decision of the European Council" in 2001 (the "Overseas" Decision) set out the framework for cooperation until 2011, and this Forum is intended to be the main annual meeting to discuss any issues of common interest between the OCTs, EU Member States and the European Commission.

The creation of "the association of the overseas countries and territories," dates back to 1957. The purpose of the association, according to Article 182 of the Treaty establishing the European Community, is "to promote the economic and social development of the countries and territories and to establish close economic relations between them and the Community as a whole."

The 20 OCTs¹ are all constitutionally dependent on one of four EU Member States. There are eleven United Kingdom territories – principally in the Caribbean, but also in the South Atlantic, the Indian Ocean, the Antarctic and even the Pacific (Pitcairn Island, the smallest of all the OCTs). France has six, also widely spread – in the Pacific, the North Atlantic, the Indian Ocean and the Antarctic. There are two Dutch "overseas countries": the five islands that make up the Netherlands Antilles and Aruba (geographically part of the same island chain but constitutionally separate). Finally, the vast autonomous territory of Greenland, a former colony, has a special relationship with Denmark.

Unlike other regions, such as the Canary Islands, the Azores, Madeira and the French *départements d'Outre-mer*, known collectively as the Community outermost regions, or *régions ultra-périphériques*, these territories are not an integral part of the Community territory, but have always benefited from a close association with it.

The arrangements were designed to achieve four objectives: promoting their economic and social development; developing their economic relations with the EU; taking greater account of their diversity and individual characteristics; and accessing financial help more effectively.

Development objectives reflect the European Community's policy aims for cooperation with the ACP states: poverty reduction, sustainable development and the gradual integration of the OCTs into the regional and world economies. The main fields of cooperation are related to trade, human and social development, regional integration and cultural and social matters. They support key areas such as agriculture, energy, transport, fisheries, rural development and communication.

"Frank and open" discussions

This Forum was preceded by a week of intensive preparatory meetings. Representatives from the Association of Caribbean States, including its Secretary-General Mr Girvan, the secretariat of the ACP Caribbean grouping, CARIFORUM, and the French "Département d'Outre Mer" (for Guadeloupe) contributed to exploring new ways of strengthening regional cooperation. A technical meeting examined in detail the European Investment Bank operations, the Overseas Decision and its implementing provisions related to trade and financial cooperation. Then the OCTs held their Ministerial Conference, which constituted the OCT Association (OCTA) and elected its office holders.

During the two-day Forum, the main debate focused on the introductory speech by Commissioner Nielson and the OCT Ministerial Declaration, adopted the previous day. All sides were pleased with the climate of cooperation that prevailed during the preparatory stages and at the Forum itself. Nevertheless the discussions were what diplomats call "frank and open" – in everyday language lively and animated. This is not surprising, given the wide range of sensitive issues.

Tackling shortcomings

Referring to the difficult negotiations leading to the adoption of the Overseas Decision, Mr Nielson thanked the OCTs for their essential role in making a successful conclusion possible. He described the content of that Decision as



OCT-EU FORUM 2002

Bonaire, Netherlands Antilles

September 2002



_news

innovative, explained the rationale for the Commission's proposals and outlined how they should be followed up.

He insisted on the need to improve not only the rate of commitment of financial resources – in some cases disappointingly slow – but above all its effectiveness, quality and impact. He felt that the most likely causes of the shortcomings were ill-adapted procedures, lack of absorption capacity and shortage of human resources. He explained how the Commission would support efforts to tackle them. New procedures were being prepared which should come into force by the end of the year, while a framework programme for technical assistance was also well under way.

The Ministerial Declaration drew attention to the OCT group's specific needs and problems relating to its legal status. Trade in goods and in services, the extent of and procedures for financial support, the right of establishment and sanitary rules provided abundant material for useful exchanges, although the Commission's answers were not always what the OCTs wanted to hear. Globalisation and worldwide competition were recurrent concerns, as were the arcane complexities of the European Union, its institutions and development.

While accepting that money laundering, bribery and corruption must be fought, the OCTs called for a non-discriminatory and proportionate initiative as far as harmful tax practices were concerned. They stressed the vital importance of the offshore financial sector for some of their economies, especially in the Caribbean. Commissioner Nielson acknowledged the progress made toward fulfilling the OECD guidelines in this sector and hoped that these problems could soon be completely resolved.

Aid and trade terms

Another important financial issue was support from the European Development Fund (EDF). The OCTs welcomed EU proposals for simpler and more decentralised procedures. However, they voiced strong regrets about the overall amount of funds made available (€175 million under the 9th EDF, plus €20 million from the European Investment Bank). They thought these amounts disproportionately low in comparison to support given to other regions (such as the EU outermost regions) and regretted that they could not yet be channelled via the EU budget.

Not surprisingly, trade was, once again, the other main theme of the discussions. The OCTs looked at how, in the long-term, they would relate to the future EU-ACP Economic Partnership Agreements (EPAs), currently in their initial stages of negotiation. They examined the question of granting reciprocal prefer-

ences, but it was clear that this subject would require more thought.

The OCTs reaffirmed their request to preserve the current unilateral preferential treatment, and if possible to improve it. Mr Nielson, on the other hand, said the question of reciprocity should be seriously considered if the OCTs were one day to be associated in some form with the future EPAs. Unilateral preferences do not play a part in the current, multilateral negotiations. Similarly, he strongly urged the OCTs not to expect too much from the exceptional procedure for transshipment of goods, which needed to remain subject to strict rules and transparent management. He recalled the generous derogations from rules of origin, recently granted to Greenland and the Falkland Islands, which could help their export objectives for several years.

Access to EU programmes

Finally, both the OCTs and the Commission recognised that the recently granted access to certain EU programmes, in particular for research and development, needed closer monitoring. This facility was, in principle, one of the main improvements introduced by the Overseas Decision. In practice, however, the first proposals submitted had not been successful. It was agreed that a follow-up mechanism should be put into place, with a view to ensuring that OCT projects were given a fair chance of success. The main elements of a working programme to be carried out by the next Forum, in Brussels in 2003, were presented.

Much of the credit for the success of the Forum should go to the hosts, the Antillean and Bonaire authorities and in particular to the local organising committee, for their warmth and efficiency. Almost everybody on the island seemed to be involved in the Forum or at least to know about it. Being recognised as a participant always ensured a special welcome around the capital, Kralendijk. ■

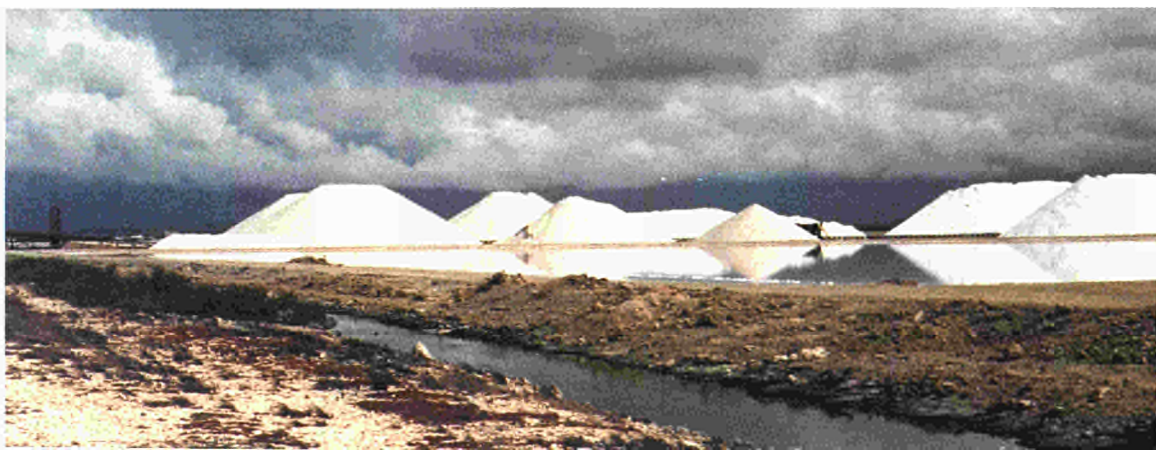
Additional information on the Forum can be found on the website:
http://europa.eu.int/comm/development/oct/ec_oct_forum_en.htm

* Regional Matters and OCTs
DG Development, European Commission

1. For a complete list of the OCTs, see inside back cover of the magazine.

Salt production was the first industry on Bonaire and the reason the first inhabitants settled there.

It is still an important economic activity, although in recent years tourism has developed considerably



Meeting the challenges of the urban millennium

Anna Tibaijuka, Under Secretary-General of the UN and Executive Director of UN-HABITAT

Over half the world's population now lives in urban areas. Urbanisation is growing rapidly in developing countries, which are ill-equipped and lack the resources to cope with the influx. In many cities in the developing world, 50 to 70 per cent of the population lives in spontaneous settlements, slums, kampungs and favelas, according to UN-HABITAT, the United Nations agency whose mission is to promote sustainable urbanisation and to monitor and improve the state of human settlements worldwide. It estimates that there is about one billion poor people living without adequate shelter or basic services in the slums and squatter settlements surrounding our cities and towns. Anna Tibaijuka, UN-HABITAT's Executive Director, spoke to the *Courier* about the problems of the urban poor. She was in Brussels to celebrate World Habitat Day, which was jointly hosted by the Ministry of Foreign Affairs of the Government of Belgium, the European Commission and UN-HABITAT.

Dorothy Morrissey



UN-HABITAT

The urban population in the developed world has stabilised at about 75 per cent whereas in the developing world it is much less than that. But you are predicting a major demographic shift. How do you envisage the pace of change in the next 20 years?

Urbanisation is – and always has – taken place because of structural transformation and economic development. Western societies, such as Europe, the US and Japan, are almost fully urbanised at about 80 per cent. In the last thirty years Latin America has moved from being rural to now being urbanised at about 75 per cent. Africa is at 37 per cent and Asia 36 per cent. In the case of Africa, urbanisation is too rapid. Cities are becoming bigger and bigger. People move because they have an expectation of a better life. Partly because of conflict, lack of stability, people search for security and come to cities.

Does this mean there has been an insufficient focus on rural development?

Rural development itself, if it is successful, pushes people out of the rural sector because agricultural productivity rises much faster than productivity in the secondary and tertiary sectors and the manufacturing industries, for instance. Historically, with economic development you have structural transformation. In Europe you have food subsidies and a lot of food production – more than the Europeans can consume, and the same in the US. Why? Agricultural productivity is very high. This requires understanding

that people will move to the urban areas as there is increased agricultural productivity. Once in the cities, they go into manufacturing, services and the secondary and tertiary sectors. That is what we call secular decline of agriculture in economic development. Other sectors pick up as society transforms itself. Now the crisis of our time, and the reason for much poverty, is what we can call premature urbanisation. People move to cities without being backed by the requisite complementary rise in agricultural productivity. This also means that food is expensive and not available when they come to urban areas. At the same time there is not enough employment in the cities. So you have hunger in cities and problems of housing. The economy is not big enough to absorb them, to provide the housing and services they need. So you have a situation where 50 or 60 per cent of the people are found in slums. The reality of economic development and structural transformation is that rural populations will decline in the developing world, as they have done in Europe, in the US and many other places, and those of us living in developing countries must not deny this reality.

The majority of the world's poor, those living in extreme poverty and food insecurity, live in rural areas. How do you see the rural/urban focus in development policy? Is there enough awareness about the problems of the urban poor?

Awareness is rather limited about this process. It is logical that we should have rural development programmes. As I said, when people move without being backed by agricultural pro-

ductivity, you will have increasing poverty both in the rural and urban areas. And what is worse is that our past efforts have not been very successful. People have moved into cities. They can't be ignored. That's why we are talking about adaptive strategies. This is not to say that rural development should not take place. We need rural development. The majority of Africans are still in rural areas, and so are the Asians. They are moving, and in a democracy you can't stop them moving. Therefore we need a two-pronged development strategy. On the one hand, we need to address rural development to reduce the pace at which people are leaving the countryside because of sheer poverty. This includes the regional development of small towns. But we also need adaptive strategies within urban areas where there are already large numbers of slum dwellers. This ranges from upgrading slums to improving the shelter conditions and health of those who have already come to cities. This is the kind of campaign we are carrying on.

It seems that this issue has moved up the political agenda recently. For instance, at the World Summit on Sustainable Development in Johannesburg you managed to get the concept of adequate shelter included in the final declaration.

Indeed. The Summit had concentrated on water, sanitation, energy, health, agriculture and biodiversity – what is commonly known as WEHAB. But in the political declaration – actually also in the plan of implementation – the issues of shelter and slum upgrading were included. The political declaration mainstreamed the notion of shelter and the reality of urbanisation by adding adequate shelter to the final political declaration. That was really an important step, because recognition by the international community is the basis of the work that we do in urban development.

What difference will this make in practice?

It will mean that the problems of urbanisation will now be part of the overall campaign that the UN is undertaking. This will help mobilise resources, both local and international, to deliver sustainable development. Urbanisation is inextricable from poverty eradication. The poor everywhere don't have enough to eat, a decent place to live, and many don't even have the requisite clothing. Poverty is closely linked to the lack of housing and shelter and this is our fundamental challenge. You need the requisite resources to invest in housing, the living environment, infrastructure, sewerage, sanitation. We are happy that shelter has become mainstreamed along with these other sectors as these are all basic needs. You cannot provide basic needs to homeless people. So the recognition of the notion of a decent, affordable place is something that we at UN-HABITAT are happy about.

Could you speak about one of the practical issues UN-HABITAT is involved in, the question of land tenure in cities. Why is this such an important issue?

We have a global advocacy campaign called the "Security of tenure" campaign. We are trying to encourage governments to partner with the poor to empower them to solve their problems. The poor require livelihoods, decent revenues to access decent shelter, adequate food etc. Therefore this campaign discourages governments from arbitrary and unlawful evictions, because that doesn't solve the problem. If you evict the poor from one area, they will move to another. The best thing is to start a dialogue with the poor, to create an environment in which they can also

solve their own problems. The reality is that the poor work very hard, harder than many of us. They save, they try to invest, and put up their shacks where they are trying to live. If they don't own their shacks they have to pay exorbitant rents for them. They buy water, sometimes at a price 20 times higher than we are paying. Few of them are connected to municipal supplies. The poor can contribute to the improvement of their own living environment, provided that they have some form of long-term security so that they can invest in their own homes. This is why we are promoting this campaign on security of tenure and good urban governance.

Is this where the concept of "sweat equity" comes in?

Yes. I am not sure where this phrase originated but I know that the South African Housing Programme is built on the contribution of sweat equity by the poor. When the poor have nothing else to give they can give their labour and their sweat. At the same time, one of our key partner organisations is the NGO (non-governmental organisation) Habitat for Humanity, which works worldwide and has been promoting this concept. I believe they started their work in inner cities in the US, in the context of upgrading. But now it is spreading to other areas such as building homes in developing countries. Its approach, which has proved very effective, includes the poor putting in hours of their own labour as "sweat equity". They are helped with planning, with techniques of putting up a decent home, but the poor put in the labour. That becomes the initial down payment they make to be able to get a decent house. It is working well in many places. There are many community-based slum upgrading initiatives, where the communities are empowered to do the work themselves.

Many of the projects we have encouraged as part of this year's World Habitat Day – whose theme is city-to-city cooperation – include the participation of the poor in the improvement of cities and towns. City-to-city cooperation offers an innovative way to overcome the shortfall in international resources for aid. It is a mechanism of linking community to community, and encouraging decentralised partnerships. Without more resources and more partnerships, it will not be possible to achieve the Millennium Development Goals and it will certainly not be possible to have sustainable cities. ■

For more information on UN-HABITAT:
www.unhabitat.org

Habitat Scroll of Honour – award winners 2002

C2C between Nakuru and Leuven: for their multifaceted City-to-City Cooperation on sustainable urban development.

Brazilian Institute of Municipal Administration (IBAM), Brazil: for its continuous support to local government development through training on municipal and urban issues.

BAOTOU Municipal Government, China: for outstanding improvements in shelter and the urban environment and successful cooperation with other Chinese cities.

CITYNET, based in Yokohama, Japan: For playing a key role in facilitating C2C and networking amongst local governments, NGOs and development agencies in Asia.

Dutch Habitat Platform, the Netherlands: for coordinating the Habitat Agenda and linking municipalities in the Netherlands with their partners in developing countries.

Mayor Joan Clos, Spain: for his outstanding commitment and contribution to global cooperation between local authorities and the United Nations.

ENDA Tiers Monde Dakar, Senegal: for promoting alternative development options at local level, reducing poverty and advocating housing rights, under the leadership of its founder, the late Jacques Bugnicourt.

René Frank, USA: for his dedication to low-cost housing as a leading member of the International Real Estate Federation (FIABCI).

John Hodges, United Kingdom: For his contribution to poverty elimination and sustainable urban development in South-Asia and sub-Saharan Africa

Biotech and the poor: a solution to the famine in Southern Africa?

Southern Africa is facing its worst food crisis since the devastating drought of 1992. A major international effort has been launched to provide both relief food and seeds in six countries before the next main planting season in the spring of 2003. However, caught up in a worldwide debate over the role of biotechnology in agriculture, some countries have expressed concerns about accepting genetically modified (GM) food aid

Maurizio Carbone*

In the past few months, the food crisis in Southern Africa has dramatically worsened. A report released by the United Nations (UN) Food and Agriculture Organisation (FAO) last June estimated that about 12.8 million people are at risk of starvation before next year's harvest. According to an inter-agency team led by James Morris, UN special envoy for humanitarian needs and head of the UN World Food Programme (WFP), the number of vulnerable people has now risen to 14.4 million: 6.7 million in Zimbabwe, 3.3 million in Malawi, 2.9 million in Zambia, 650,000 in Lesotho, 590,000 in Mozambique and 270,000 in Swaziland. Serious food shortages have also emerged in other sub-Saharan countries, including Eritrea, parts of Ethiopia, Kenya, and Angola, which has just emerged from a 27-year civil war.

Against this background, the WFP has launched a massive appeal for food aid: \$507 million is needed to save people from starvation. The United States, the largest donor to the food crisis in Southern Africa, is supplying more than half of the region's humanitarian food requirements. But while the EU and other countries have provided money to buy food on the open market, US food aid to southern Africa has been tied to genetically modified food produced in the US. Three of the six nations hit by the famine (Lesotho, Malawi and Swaziland) have accepted GM food without reservation, while the remaining three nations have expressed some concerns. Mozambique and Zimbabwe feared that GM maize could contaminate their own production. Nevertheless, despite

2002-©WFP/R. Lee



Some countries have expressed concern about accepting genetically modified (GM) food aid

some initial reluctance, both nations have decided to accept GM food aid on condition that it is milled before distribution in order to prevent people from planting it. As the US has refused to fund milling costs, WFP has accepted to do it for those countries that request it. Such costs, though, would be deducted from the overall amount of resources allocated to that country. Zambia has refused to accept any food containing GM corn.

Should poor countries accept GM food aid?

The debate over the risks posed by GM food is contentious. Leading environment and development non-governmental organisations (NGOs) such as Actionaid, Greenpeace, Friends of the Earth, have launched a strong campaign against it. They accuse the US of using the food crisis in Southern Africa to dump domestic surpluses that could not otherwise find a market. Instead of donating cash so that nations could buy the food they want, the US donates subsidized GM food produced in America. Despite the 1999 Food Aid Convention, which recognises that food aid should be bought from the most cost effective source, be culturally acceptable and, if possible, purchased locally so that regional markets do not suffer, most of the US food aid is provided as tied aid. "Africans should choose what they eat, not have someone else decide for them", says Nnimo Bassey, spokesman of Friends of the Earth. In addition, some recent data on food availability in the region show a large quantity of cereals is available in Kenya, Tanzania, Uganda, and South Africa. "This shows that

the alternative to rejecting GM food aid is not starvation”, says Alice Wynne Wilson of Actionaid.

Furthermore, the long-term impact of GM food cannot be ignored in countries where agriculture is still the most important way of life and the lifeblood of local economies.

Indeed, African governments are worried that accepting GM food will have an impact on their commercial export sales to Europe. Roughly half of the region's agricultural exports are sold to the European Union, where there is loud opposition to GM foods. Farmers are afraid that if they are no longer able to certify that their foods are GM free they will lose their share in the EU market.

Is GM food safe?

On several occasions, UN agencies have claimed that although any formal assessment of GM foods has not been yet undertaken at the UN level, GM food is not likely to present a human health risk. Therefore, Southern Africa countries should accept it in the light of the humanitarian crisis facing the region. Dr Diouf, Director-General of the FAO, recently stated: “the FAO, together with the WHO and WFP, takes the view, based on information from a variety of sources and current scientific knowledge, that the food being offered to Southern Africa countries is not likely to present a human health risk and may be eaten.”

Along the same lines, the United States has insisted that the food the US has donated to African countries is what Americans have been eating for the past seven years. Andrew Natsios, head of the US Agency for International Development (USAID), has been quoted as saying: “I have never seen such disinformation and intellectual dishonesty. I think it is appalling. It is frightening people into thinking that there is something wrong with the food, and the consequences is that it is slowing the famine relief effort down in a very disturbing way... It is very disturbing that some groups have chosen a famine to make a political point... The US is not going to sit there and let these groups kill million of poor people in Southern Africa through their ideological campaign.”

The EU, contrary to what appeared to be the case in the beginning, does not question the American GM corn, but only its environmental aspects. GM crops are indeed a serious threat to rural “biological safety” and, as European environmentalists argue, it could indirectly lead to the evolution of “superbugs” or “superweeds” resistant to genetic modifications. The European

Commission has repeatedly stated that, at present, there is no scientific evidence of any health risk associated with GM maize varieties. However, the Commission argues that, in line with international agreements, it is also legitimate for developing countries to adopt the regulation they deem appropriate for the introduction of GM food on their territory. As at the moment there is no clear evidence that genetically modified crops are dangerous, the EU invokes the so-called “precautionary principle”: new technologies should be kept under wraps until tested for unexpected or unknown risks.

Is GM food the right answer for Africa?

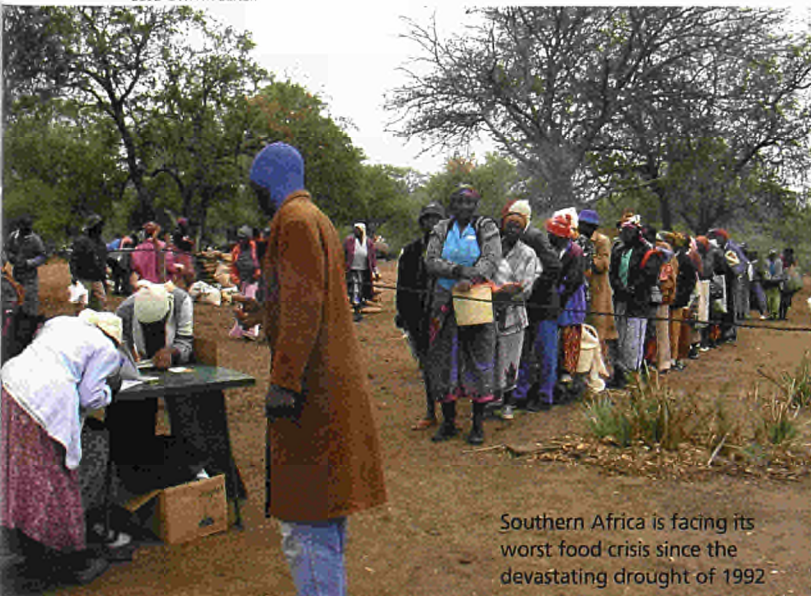
While the distribution of GM food aid is a highly controversial issue, Africa has been developing GM food of its own. “The impression that Africa opposes genetically modified food is false. Many farmers cannot read or write, but they know seeds. We could give them technology that is packaged in the seed”, says Dr Wambungu, who is one of the most respected advocates of biotechnology agriculture in Africa.

Several scientists in Kenya, South Africa, and Egypt believe that their laboratory work could provide a solution to Africa's food shortages. They claim that technology could increase African crop yields by up to 25 per cent and raise the productivity of African agriculture, which has declined steadily over the past two decades.

According to the FAO 2002 report on “The State of Food Insecurity in the World”, there are 840 million undernourished people in developing countries, with sub-Saharan Africa the area where the largest number of undernourished lives. Unless trends are sharply reversed, the world is very far from reaching the goal of the 1996 World Food Summit of halving the number of hungry people by 2015. Some countries are already strong supporters of agricultural biotechnology. South Africa, for example, is for now the only country among the 14 Southern Africa Development Community (SADC) nations to license the production of transgenic crops. However, the role and the effects of biotechnology need further discussion because developing countries, without any doubt, will benefit more than anyone else from technology advances in agricultural production. For the moment, the immediate goal is to save millions of people from starvation, waiting for the next harvest in the Spring of 2003. ■

*European Union Center, University of Pittsburgh, PA

2002-©WFP/P. Barton



Southern Africa is facing its worst food crisis since the devastating drought of 1992

The EU response to the famine in Southern Africa

In response to the humanitarian crisis in Southern Africa, and in line with the conclusions of the General Affairs Council of 22 July 2002, which called for further efforts to alleviate the situation, the European Union (EU) recently announced that its contribution has risen to €253 million. The overall EU response (the European Community + Member States) is €326. This amount is mostly destined for the hardest hit countries in the region: Zimbabwe, Malawi, and Zambia. The EU contribution covers 40 per cent of the total needs of the region.

€175 million of this is managed directly by the Commission. In line with the 1999 Food Aid Convention, the Commission has chosen to cover its in-kind food aid assistance by local and regional purchases so as not to disrupt local markets or local feeding habits. Over 90 per cent of food aid is being purchased this way.



Angola has been devastated in a 27-year long murderous civil war

The challenges of peace in Angola

Humanitarian disaster and political uncertainties

Angola is slowly settling into peace, following the accord concluded in April this year with the UNITA rebels, who finally surrendered to government forces after their leader Jonas Savimbi had been killed in combat in February. Mary Joannidis, back from a recent trip to the country, looks at the many challenges posed by peace in this vast, resource-rich country on the border between Southern and Central Africa.

Angola has an estimated 12 million inhabitants in an area twice as big as France. It has been devastated in a 27-year long murderous civil war that has seen the involvement, one way or another, of the United States, the Soviet Union before its collapse, then Russia, Cuba and South Africa. Inevitably arms traders, official or clandestine, joined in to pump out a large portion of Angola's riches.

Nearly four million people were displaced by the fighting. Perhaps as many as half a million have joined their ranks since April. They include the families of UNITA soldiers captured or demobilised after their surrender and civilians emerging from the combat zones or areas controlled by UNITA. The war has not only destroyed the infrastructure, including roads and railways mined by both sides, but also the social fabric of a country blessed – or cursed – with rich diamond and oil resources. Angola is sub-Saharan Africa's second biggest oil producer after Nigeria.

Mining and diamond smuggling financed UNITA for a long time. It also contributed, with oil money, to the corruption of a regime denounced both abroad and increasingly by its own people, who are beginning to hold their leaders accountable. The long-standing rivalry

between the ruling MPLA (which has officially renounced Marxism) and UNITA could test the democratic process that resumed last April – especially as both sides face internal divisions that could slow preparations for presidential elections in 2004. Meanwhile, bridges will have to be built between the population of the capital Luanda – which has benefited from the oil boom of recent years and escaped the direct impact of fighting since 1992 – and that of the inland provinces.

Another world

As soon as you leave Luanda with its traffic jams, big hotels, thousands of young street vendors, potholes and shanty towns, you enter a different world. Most inland cities have been without electricity and tap water for years, some even since Angola's independence in 1975. The war, decaying installations and a shortage of spares and fuel are among the main causes, along with the indifference of the authorities and corruption.

At Huambo, in the southern central region, most buildings are riddled with bullet holes left by the fighting in the 1990s. But peace has brought changes. Electric light comes on from nightfall until midnight, but there is still no tap water. Supply lorries now reach the city by

road, although many access roads remain mined and many bridges still need repairs. Angolan and Portuguese traders are coming to look for business in this densely populated highland region, once a UNITA fiefdom.

A few miles from here, you are taken aback by the extent of the human distress and of the task of reconstruction. Moving slowly by car towards Bailundo, the historical stronghold of the rebellion which fell to government forces in 1999, we cross bridges blown up by UNITA and provisionally mended with a few planks – hoping our 4x4 vehicle will not plunge into the river to join the rusty carcasses of burnt-out tanks visible below us.

Along the road we meet farmers who have been regrouped in villages by the Angolan Armed Forces (FAA), demobilised UNITA soldiers in their sand-coloured battledresses and groups of newly displaced people. These last are exhausted from lack of food. Their weakened children are suffering from diarrhoea or dying of fever. We find them again in the emergency centres set up in the region by the humanitarian organisation, Médecins Sans Frontiers (“Doctors without borders”), along with women and children from the transit camps where former UNITA soldiers have been regrouped.

Calls for emergency aid

Médecins Sans Frontiers (MSF), which was practically alone in the area in the spring, sounded the alarm in June, accusing United Nations agencies and the Angolan government of being too slow to send in emergency aid. The government was first to ship food and equipment into the camps, but its aid was insufficient and badly organised. Then donor institutions began to react, but they did not conceal their weariness in the face of a problem that had existed for years, despite the country’s substantial oil revenues.

The UN World Food Programme (WFP), which was already feeding nearly one million Angolan displaced persons, also issued an urgent appeal to donors for a \$241 million increase in food aid to meet the situation created by the end of the war, stressing that its stockpiles were running out just at the time when more food was needed for a growing number of hungry people.

Felicia Guandi is one of four million Angolans who have been uprooted by war

In early October 2002, MSF, citing evidence collected in the field after the ceasefire, accused both sides of using the civilian population as a weapon of war since 1998. Once more it denounced the inertia of national and international aid institutions which, it said, was making for an uncertain future for the displaced. For they were short not only of food, but also of seeds and implements to return to their home villages and work the land, which had remained fallow because of the war and the landmines.

Anti-personnel landmines constitute one of the major obstacles to the transport of humanitarian aid and the reactivation of the Angolan economy. The authorities estimate that four to five million landmines still remain hidden in the soil across Angola. In Luanda, in Huambo and in Luena in the east, wherever you go, you are bound to meet mutilated people, including many children.

Consolidating peace

President dos Santos, who announced a year ago, well before UNITA’s surrender, that he would not seek re-election, has said he would change his style of government. The MPLA’s secretary general, João Lourenço, says the formerly Marxist party is in “a continuous process of renewal.” But other MPLA leaders call for “more transparency” in government decision-making and recognise the need to “do more for the people.” Lourenço agrees that “the people expect much from us”. But he claims that charges of corruption are “unfounded” and argues that Angola had to spend money on arms purchases for its defence. “This time, we believe peace will be lasting,” he adds.

UNITA’s new chief Paulo Lukamba Gato, the former secretary general, in turn asserts that the war is over and that the struggle continues at the political level. The movement has been working to restore some semblance of unity among its different factions. It now eagerly awaits the definitive lifting of sanctions imposed on the movement by the UN. The international community blamed the resumption of the war in 1998 on UNITA and accused it of financing the war through diamond trafficking. However, the present UNITA leaders claim they have no knowledge of foreign bank accounts fed over the years by “conflict diamonds”. They say they now intend to play their full part in the Angolan economy as provided for in the Lusaka agreement.

In spite of the growing role of the Catholic Church, which has actively campaigned for peace, and the emergence of civil society as a force, the MPLA and UNITA stand out as the dominating forces among some 200 political parties and groups. “The government controls the economy and can no longer use the war as an excuse for not looking after the welfare of the people,” a political leader commented in private.

Angola is rich in natural resources and has oil revenues that could reach \$4 billion this year. Its oil and gas reserves have been rising steadily, and it is the second biggest exporter of crude to the United States, which is looking to diversify its sources of supply in order to reduce its dependence on the Gulf countries. But, for the time being at least, it belongs to the group of the world’s Least Developed Countries. ■

Montserrat Pantaleoin-Giralt (ECHO)

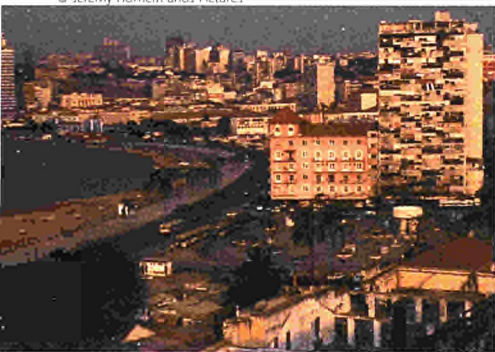


Angola's economic recovery: the need for transparency

Poul Nielson, the EU Commissioner for Cooperation and Humanitarian Aid, is optimistic about the outlook for the Angolan economy. Six months after the April peace accord between the Luanda government and the UNITA rebels, he believes the peace process has become irreversible and sees the country headed for a "normal, stable situation." In this interview with Jan Kristiansen, the Commissioner says that Angola, in its own interest, must increase "transparency" to meet internationally accepted standards for the management of public finances and economic policies.

Commissioner Nielson visited Angola during the civil war as Denmark's Minister for Cooperation and still takes a personal interest in the country. He stressed that despite the civil war the EU has been active in the country with food aid and humanitarian aid averaging around €12 million annually, and de-mining during periods of calm. The country is still in a post-conflict phase that requires further confidence-building efforts both internally and externally, he says.

© Jeremy Horner/Panos Pictures



The ceasefire in Angola, after so many decades of war, has the real possibility of bringing a lasting peace. But now the country needs to return to the international mainstream as regards governance, and there is "no alternative to normal, predictable public financial management"

EU aid

Current EU assistance "shows the government and people of Angola that they can rely upon us as a partner," he says. The EU has been able to mobilise €130 million in "immediate response aid" from unused "old" aid money. More long-term, a total of €147 million has been set aside for Angola over a five-year horizon under the 9th European Development Fund.

Key immediate projects include support for Angola's planned census, intended to establish a credible basis for organising elections tentatively set for 2004. "This is one big governance and democratisation element," he says, noting that the EU Commission expects to get Angola on the list of countries that will be given electoral support in 2003.

Foreign investment and transparency

Mr Nielson acknowledged that the civil war might explain – but should not be seen as an excuse for – the fact that Angola has remained outside the international mainstream as regards governance.

"We do agree with the International Monetary Fund (IMF) and the World Bank on the need for transparency – on the need for normal, predictable public financial management." The EU Commission sees "no alternative" to this.

Normalising the situation would be in Angola's own interest. It would be part of the required confidence building. Internally, he said, "opening the books" would be necessary to bridge the divisions stemming from the conflict.

Externally, "a new front is opening... the possibility of attracting foreign investment outside the oil industry." This is essential to eco-

nomical growth and diversification away from over-reliance on the oil sector. "Without more transparency, and normal handling of public finances, these investors will not come," Nielson insisted.

Privatisation not a must

However, in an oblique reference to Angola's so far inconclusive talks with the IMF, which have stumbled on transparency and other issues, the EU Commissioner rejected the Fund's insistence on privatisation. "I disagree with the IMF when they put it up as something that just has to happen, as if this is a solution to most of the problems on the surface of this earth," he said. He believes there can "be different ways of organising the ownership of business activities." In the situation facing Angola, it could even be "risky" to insist on the government shedding its assets.

Nielson urged "some sensibility" on this issue, including a case-by-case approach, adding that the final outcome must be the country's "sovereign decision". "I want it to be clear to the government of Angola that the European Commission has a different view on this point," he said.

Oil, diamonds and debt

"The real problem of creating growth in Africa is to attract decent, normal small and medium businesses," he pointed out. Oil and mining ventures and global groups like Coca Cola "are able to work everywhere... on their own terms." But a country like Angola should not rely only on "big, muscular oil companies".

Turning the country into what Nielson jokingly described as "a CFZ, a corruption-free zone" – "that's where normal money will go" – and achieving a credible plan for handling its debt arrears would enhance confidence abroad and help attract investors.

The Commissioner says he is optimistic about Angola's economic outlook for at least three reasons: First, the country's agricultural potential is "phenomenal". With appropriate action Angola "might soon become an exporter of farm products."

Second, the outlook for the oil sector is bright, and the diversity of the players – the foreign oil companies – "should make it possible for the host state to remain clearly in the driving seat" rather than acting as a passive partner.

Finally, ending the "cocaine economy" run by both sides in the civil war – with illicit diamond mining and oil financing their war effort – and "going legitimate" in the diamond-mining sector will make "an enormous difference" to the economy.

"Part of the peace dividend is precisely to go normal and to perform in a manner that corresponds to normal standards," the Commissioner emphasises. This is not a matter of "conditionality", but rather "a simple analysis of how we see economic realities." ■

Bleak outlook for cotton

African producers point the finger at subsidies granted by the North

International prices for cotton are at their lowest in forty years, and prospects look bleak in the face of a forecast record harvest for the 2001/2002 season: nearly 21 million tonnes of cotton fibre are expected on the world market – an increase of 7.5 per cent over the previous season. Cotton-producing countries in Africa are strongly criticising the subsidies granted to US and European growers. They claim that such subsidies are one of the causes of over-production and the exceptionally low price on world markets. They are taking their case to the World Trade Organisation (WTO).

André Linard /InfoSud-Syfia

Last June, countries in West and Central Africa decided to file a formal complaint to the WTO's arbitration body on the subsidies granted by the US and Europe to their own cotton producers. Their action comes in the wake of a catastrophic situation for "white-gold" producers in West and Central Africa. Prices for cotton fibre, which in December 2000 stood at €1525/tonne, fell to €697 in June 2002.

As early in the season as November, cotton producer organisations¹ in the three main cotton-producing countries in West Africa (Mali, Benin and Burkina Faso), together with a regional organisation from Madagascar, set the alarm bells ringing. "We questioned whether the rich countries genuinely wanted to alleviate poverty in the poor countries" – said their public appeal, taken up by their Agriculture Ministers. They added: "These subsidies have disastrous effects on the economies of our countries because they artificially stimulate world production and generate over-production, hence the drop in prices on the world market. The subsidies that EU and US farmers receive help them through these periods of low prices".

This claim was picked up in Europe in a petition from the Réseau Foi et Justice Afrique-Europe (Africa-Europe Faith and Justice Network)².

Against all logic

The increase in supplies of cotton results principally from the boost given to production by the world's three main producers: the US, China and India (see table). The US is also the world's main exporter (34.5 per cent), followed by Uzbekistan and Africa. As demand is falling at the same time, prices plummet.

In reality, market logic should generate an adjustment in the quantities supplied and demanded, but subsidies to European producers and, in particular, to US producers swell production and accentuate the fall in prices.

To guarantee US growers' income, each pound of cotton produced in the US is subsidised to the extent of US\$0.52. In the EU, the subsidy to cotton producers (principally in Greece and Spain) is US\$0.60/lb. Subsidies "guarantee Spanish or Greek producers a purchase price of US\$1.30/lb for fibre, whereas the CIF market price is currently 0.47 cts!", estimates François Béroud in the magazine

Marchés Tropicaux³. Greece ranks fifth in the world export table. In China, subsidies are thought to have been US\$1.5 billion in 1999/2000 (14 cts/lb).

Mr Dov Zerah, chairman of the French Dagrif⁴ cotton trading company concluded, in a presentation to WAEMU (West African Economic and Monetary Union) Agriculture Ministers on 21 November 2001: "African competitors as a whole can remain in the market only if their respective states subsidise them".

A living for 10 million people

No African country has the resources to subsidise its own producers at such levels. Besides, the IMF and World Bank prohibit them from doing so. The collapse in world prices risks causing an increase in the enormous cotton deficits of countries highly dependent on cotton: CFAF 28.6 billion (€43.6 million) in the case of Benin and CFAF 40 billion (€61 million) in the case of Burkina Faso.

African cotton is one of the most competitive in the world, but the future of up to 10 million people who make their living from it and the economies of several countries are under serious threat, according to the signatories of the appeal. The 10 countries in the CFA Franc zone have a total of two million small producers. According to a World Bank document⁵, "production has increased fourfold in the last two decades (...) Cotton is the main cash crop and the

Syfia/M.-A. Leplaideur



Up to 10 million people in West Africa depend on cotton for their livelihood



Sybil/A. Lohrey

Global cotton subsidies are imposing a huge financial burden on cotton producers in West and Central Africa. Faced with international competitors, governments of cotton producing countries are spending as much as \$60 million a year subsidising their own cotton farmers, according to the World Bank and ICAC (International Cotton Advisory Committee), money that would be better spent building schools, training doctors or immunising children

largest source of export receipts and government revenues in several countries of the region (...) and hence is a key factor for poverty reduction". The study confirms that "subsidies to cotton farmers in major cotton producing countries increase artificially the supply in international markets and depress export prices for West and Central African countries". But it questions "the current system of integrated national cotton monopsonies" (largely controlled by the French Dagrís company), which exhibits weaknesses, according to the authors. World Bank logic calls for greater liberalisation of the sector.

An open debate

Europe, put in the dock by Africa's exporting countries, has arguments in its defence. EU Trade Commissioner Pascal Lamy took the trouble to respond to the signatories of the above petition⁶. Subsidies to European producers are part of the WTO agricultural negotiation programme decided in Doha, he said. He pointed out that Europe produces only two per cent of the world's cotton, which scarcely makes it influential in terms of world price, and that the risk of overproduction is controlled by a mechanism for limiting subsidies. The Commissioner also pointed out that cotton from African LDCs (Least Developed Countries) enters the EU free of customs duties, and that Europe imports enormous amounts of textile products.

EU Commissioner Franz Fischler, responsible for agriculture, rural development and fisheries, spoke to Greek farmers in September, reassuring them of the EU's determination to continue to support agriculture, with no change in agricultural spending at European level⁷.

A distinctly sterner response came from seven European agricultural ministers, including France's Hervé Gaymard,

Luxembourg's Fernand Boden, and Wallonia's (Belgium) José Happort. In a statement entitled "A few simple ideas for European Agriculture" (23 September 2002), they assert that agriculture in a number of developing countries, particularly in Africa, is working towards food self-sufficiency. But this is seriously affected by the destruction of traditional agricultural practices, they say, leading to an increase in imports and therefore to the greater indebtedness of these countries. In the view of these ministers, the problem is not subsidies. But this doesn't take into account that agriculture in southern hemisphere countries has been oriented towards exports, often under pressure from the industrialised countries. In Africa, expansion in cotton farming owes much to the French Dagrís company, long known as the CFDT (French Company for the Development of Textile Fibres). Since the 1950s this company has controlled a significant number of private or joint-venture companies that market African cotton⁸.

On 19 September 2002, in Benin, the African Cotton Association was set up to deal with "dysfunctional aspects" and "unfair practices" on the world market. The debate is far from closed. ■

1. UNPCB (National Union of Burkina Faso Cotton Producers), FUPRO (Federation of Benin Producers' Unions) and SYCOV (Mali Cotton- and Food-Producers' Union).
2. <http://europa.eu.int/comm/trade/goods/textile/cotton.htm>
3. 27 July 2001.
4. Dagrís (ex-CFDT) is a French company with largely public capital, and a shareholder in a number of West-African cotton companies.
5. Ousmane Badiane, et al.: "Cotton sector strategies in West and Central Africa", July 2002 (cf. <http://www.worldbank.org>).
6. http://europa.eu.int/comm/trade/goods/textile_lamy.htm
7. Press release IP/02/1377, 26 September 2002.

Cf. also CDE: "The textile industries in WAEMU countries", EU-ACP Courier No. 174, March-April 1999, pp. 82 to 85.

The principal cotton-producing and -exporting countries

in millions of tonnes	2000-2001 (estimate)	2001-2002 (projected)	2002-2003 (projected)
World production	19.34	20.80	19.58
China	4.42 (22.8%)*	5.10 (25.51%)	4.50 (23%)
USA	3.74 (19.3%)	4.39 (21.1%)	3.81 (19.4%)
India	2.38	2.43	2.40
Pakistan	1.8	1.74	1.68
Uzbekistan	0.96	1.06	1.02
Turkey	0.88	0.90	0.92
Others, including French-speaking Africa	5.15 (26.6%)	5.17 (24.8%)	5.25 (26.81%)
World exports	5.739	6.17	6.27
USA	1.472 (25.64%)*	2.13 (34.5%)	1.96 (31.25%)
French-speaking Africa	0.67 (11.67%)	0.80 (13%)	0.93 (15%)
Uzbekistan	0.80 (13.93%)	0.73 (11.83%)	0.69 (11%)
Australia	0.84	0.62	0.69
Greece	0.23	0.26	0.27
Argentina	0.09	0.06	0.07
China	0.09	0.05	0.05

ICAC (International Cotton Advisory Committee) estimates as at 4 December 2001.

Percentages in brackets represent the country's share either relative to production or relative to world exports.

Economic Partnership Agreements

– hopes, fears and challenges

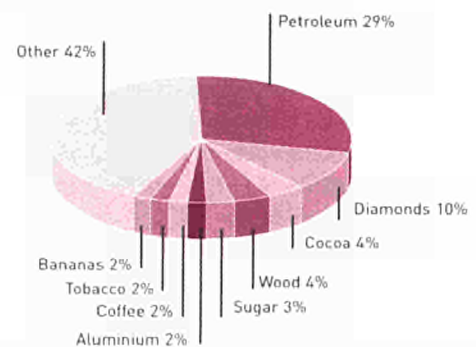
On 27 September 2002, the European Union and the ACP countries officially opened negotiations on Economic Partnership Agreements (EPAs) in Brussels. These negotiations, which are to take place over five years, are aimed at redefining the trade regime between the two groups of countries, replacing the system applicable since Lomé 1. The task facing the protagonists, who have been partners for several decades, looks likely to be difficult given the many issues and respective interests to be addressed. These negotiations will take place in an international context characterised by increased liberalisation. Some consider that EPAs have the potential to offer the ACP countries good opportunities. Others foresee much soul-searching when it comes to ensuring an improvement over the former system in terms of development prospects for the ACP countries.

Kenneth Karl

The Lomé non-reciprocal system of trade preferences set up with the benefit of a GATT (General Agreement on Tariffs and Trade) waiver, particularly as regards the Most-Favoured-Nation clause, was supposed to increase ACP competitiveness and promote the diversification of those countries' economies through privileged access for the majority of their products to the European market. After many years' experience of this system, the results have unfortunately not lived up to expectations. Only a handful of ACP countries – 10 at the most – have had the know-how or have been able to profit from these advantages. The overall share of the ACP countries in total EU imports has systematically fallen – from 6.7 per cent in 1976 to 2.8 per cent in 1999. Although they are at the top of the pyramid of advantages offered by the EU to its development partners, paradoxically, the ACP countries are bottom of the list when it comes to exports to European markets. Furthermore, a significant part of ACP exports to the EU, approximately 60 per cent, consists of only nine products. Already regarded as minimal, the ACP countries' share in world trade fell from 3.4 per cent to 1.1 per cent over the same period.

These figures, issued by the European Commission, suffice to illustrate the meagre results obtained. ACP under-performance in trade has already been the subject of much analysis, and the many reasons are now well known. The structural problems inherent in the ACP economies which limit their competitiveness, the lack of investment and under-industrialisation, combined with economic difficulties arising out of the international environment, and the existence of sophisticated mechanisms of disguised protectionism at the very gateways to the European market, are all factors that led to the failure of the old system. Moreover, multilateral lowering of customs tariffs has eroded the ACP countries' preferential margin over the Generalised System of Preferences (GSP). These days, this margin stands at barely two per cent. In the light of this far from illustrious

Main products imported from the ACP



Source: European Commission

situation, an alternative trading system was sought during the post-Lomé negotiations, and outlined by the Cotonou Agreement.

Why EPAs?

The EU and the ACP countries have five years in which to set up Economic Partnership Agreements (EPAs), according to the Cotonou Agreement. On 1 January 2008, the waiver obtained from the WTO at the Doha Ministerial Conference will end and be replaced by a new framework that must be compatible with WTO rules. In trade terms, the EPAs will almost certainly take the form of free-trade areas between the EU and the six ACP geographical regions, the aim being the progressive abolition of both tariff and non-tariff obstacles to trade. Special treatment will continue to be reserved for the poorest ACP countries (the Least Developed Countries-LDCs). The

LDCs already benefit from the EU's "Everything but Arms" initiative, adopted in 2001, which extends duty and quota free access to all products originating in LDCs, except arms and ammunition.

The new trade agreements will attempt to involve, on an almost reciprocal basis, trade in goods and services. However, other areas closely linked with trade could also be incorporated into this system (such as intellectual property, investment protection).

The objectives of economic and trade cooperation as defined in Article 34 of the Cotonou Agreement are to foster "the smooth and gradual integration of the ACP countries into the world economy... thereby promoting their sustainable development and contributing to poverty eradication". This involves enabling the ACP countries to manage the challenges of globalisation and to adapt progressively to new conditions of international trade, thereby facilitating their transition to the liberalised global economy. The EPAs are both based on and aimed at the process of integration and regional cooperation already embarked upon by the ACP countries, thus promoting intra-ACP trade with a view to stimulating their integration into the world economy.

Is it reasonable to expect that these objectives can be achieved? Will they be compatible with development needs in the ACP countries? Will the EPAs be sufficiently flexible in their design to enable the ACP countries to adapt? Are the countries themselves ready for such wide-ranging negotiations? Who will really benefit from the EPAs? In what way will the new trade framework offer better opportunities than the old system? What will be the downside of the EPAs for the ACP countries or regions? How will these negative effects be taken into account? What place will be reserved for the development dimension? How will the specific situation of ACP LDCs within a region be tackled? How will the links with the WTO rules be established? The list of questions that spring to mind is long and the search for credible, balanced answers looks difficult.

Impact studies on the of the future EPAs should continue, in order to provide a clear road-map for negotiators. However, it is not always easy to come up with a model for the whole range of interactions between trade and development and the potential negative effects induced by EPAs. The relevance of the approach can only be assessed when tested in reality. In the light of these uncertainties and the possible negative effects of globalisation on weak economies, the precautionary principle should apply at each stage of the negotiations.

Flexibility, progressivity, and transition periods – in accordance with WTO discipline

By negotiating, signing and ratifying the Cotonou Agreement, the ACP countries accepted the framework outlined in Title II on future trade cooperation with their European partners, although they can try to obtain special deals within that context in defence of their interests. In Article 34.4, this framework specifies that economic and trade cooperation be implemented "in full conformity with the provisions of the WTO, including special and differential treatment...". Articles 36.1 and 4 and 37.6 and 7 also refer to the requirement for WTO compatibility with respect to the procedures to be followed in creating the



© ADRIENNE GROSSMAN

EPAs. When negotiations began, European Trade Commissioner Pascal Lamy commented that the intention was to conclude new WTO-compatible trade agreements. But the ACP countries in particular and developing countries in general complain that the WTO "jacket" is too tight, thus limiting their movement and margin for manoeuvre in a trade system characterised by imperfect competition. These countries claim that since they cannot change the "tailor", they will demand made-to-measure arrangements that will take their specific features, problems and structural inequalities vis-à-vis other, more powerful trading actors into consideration.

WTO rules, already under GATT, provide for adjustments in favour of the weakest trading nations. But the ACP countries judge them insufficient, poorly defined and not rigorous enough, particularly in their application, and believe that they pay only lip service to development needs. Indeed, these countervailing arrangements were born of a desire to combat de facto inequalities between the different trading entities, by setting up a separate system of rules applying to these poorest countries. Nowadays, compensatory mechanisms are no longer fashionable, despite the persisting inequalities between trading partners, which are even exacerbated in some cases as a result of globalisation. From this point of view, strengthening these mechanisms seems less like adherence to dogma or basic anti-liberalism and more like good sense – and this is what the negotiations will need.

The challenge for the ACP countries, having accepted the need to submit to multilateral rules, will be the battle to shape these rules to meet their concerns. This battle will be one of the major issues in their bargaining, not only with the EU but also with the WTO within the context of the Doha Round which has to be completed in early 2005. The



EU has declared itself ready to help the ACP countries seek areas of consensus so that WTO rules better address development issues.

The Doha Ministerial Declaration in theory offers a good outlook for a revision of rules in the case of developing countries. For example, it stipulates a review of the provisions of Special and Differential Treatment (SDT) so that they can reflect the concerns of developing countries both within texts and from an operational point of view. Between now and 31 December 2002, proposals intended to reform the SDT will be formulated by the WTO Committee on Trade and Development, which has been instructed to examine this

question. The ACP countries hope to benefit to the maximum from the advantages offered by the new SDT that will emerge from the post-Doha negotiations, and they have every intention of influencing the process.

The ACP countries are also looking for longer transition periods and a reasonable rhythm of liberalisation to allow their economies to adapt to the changes which will be brought about by the EPAs. Article XXIV of the GATT, which lays down the conditions governing regional agreements, provides for a transition period of 10 years for full trade liberalisation, and more, if necessary. How many years will be necessary to enable the ACP countries to adapt? It should be recalled that, in the context of the free-trade area agreed between the EU and South Africa, a transition period of 12 years is foreseen. In the longer term, the EPAs are also aimed at removing trade asymmetry, and Article XXIV provides for the elimination of customs barriers for the bulk of trade. What percentage and what products will be covered by "residual asymmetry" in future ACP-EU trade? For the ACP countries, Article XXIV is too imprecise, and it requires further clarification during the post-Doha negotiations that will also tackle regional trade aspects linked to development. Nevertheless, it is important to note that the concerns of the developing countries that are members of the WTO are not always convergent; the recent attacks on Lomé preferences (bananas, tuna and, more recently, sugar) have also come from developing countries. Negotiations will therefore have to be conducted on several fronts.

Competitiveness or else...

The weak supply capacity of ACP countries on European markets has made the old preferential system something of an irrelevance. The recurrent issue of the

competitive nature of the ACP economies remains fundamental, whether in the case of a system based on privileged market access, or within a more elaborate and contractual framework of trade relations such as the one foreseen in the future EPAs. Unless the ACP become markedly more competitive, able to offer products which can face international competition, including on their own markets, and to surmount all kinds of non-tariff constraints, the EPAs may well turn out to be of little benefit to these countries. But competitiveness is itself largely dependent on the economic environment, the performance of the private sector, investments, production and marketing capacity aimed at high value-added products, the size of captive markets, etc. The future regional agreements must be based on all these interactions, but are at the same time supposed to stimulate them, according to the Cotonou Agreement. In combination with other trade performance vectors, the issue of competitiveness obviously raises the question of development, which will need to be integrated into these new trade agreements. Without this, the agreements will not deliver efficiently.

Although it is generally acknowledged that trade alone cannot solve all development problems, an ACP country cannot be sure of benefiting from the current global trade dynamic without a favourable macro- and micro-economic framework. To attain their aims, EPAs should therefore be designed as instruments in the service of development, the approach officially announced by the European Commission itself. According to the Commission, these agreements will be designed to strengthen the flexibility needed to take account of the economic, social and environmental constraints specific to the countries in question, as well as the capacity of their economies to adapt and adjust to the new international environment. The recent Commission communication to the Council and the European Parliament, intended to recognise the link between trade policy and development policy, fits into this approach. How great a margin for manoeuvre will negotiators have to address these aspects? How far will they be ready to go in terms of the flexibility to be introduced into the concept of the EPAs and in adapting WTO rules in order to meet devel-



© Ron Gilroy/Wildlife Pictures

opment and poverty-reduction objectives? This is difficult to establish, especially bearing in mind that the market pretends not to see development requirements, given that they are outside its natural concerns. Although trade might create wealth through an interplay of supply and demand, a more equitable distribution of this wealth, and control of any deviations from the path, must be tackled by means of more intelligent policies involving, in reasonable proportions, the accompanying and regulating hand of public decision-makers. That is a major point of the debate, relating to the real political will of the decision makers. The ACP countries themselves bear enormous responsibility to make these agreements work. It would be easy to believe that the elimination of external constraints would be sufficient to guarantee the success of the EPAs. Their success is very much dependent on the

Civil society in the negotiations

Civil society's involvement in the ACP-EU partnership is presented in the Cotonou Agreement as a major innovation and the trade negotiations just launched offer a chance to assess the genuine degree of support for this principle by the two parties. Irrespective of the various views held by individual countries, it is primarily civil society components that will benefit from the socio-economic impact of the trade agreements or who will suffer the cost. Their close involvement in these negotiations is essential, and should obviously include ongoing information regarding the progress of discussions and greater awareness of the various trade-linked topics, the technical nature of which can be a discouraging factor and can increase the impression of lack of transparency. Furthermore, consultation methods, and the level and type of representation of non-State actors who should be associated with the negotiations, and above all contribute to the design and implementation of the EPAs, are still to be defined. A number of ACP countries have already expressed reservations, which often arise from the disparate levels of evolution and structuring of civil societies in the various countries, and from different points of view on the way in which such an association should operate. There is also an unspoken lack of political will on the part of some governments. Reservations have also been expressed by European NGOs, who criticise the EU for sidelining them from the negotiations. The involvement of civil society in these trade negotiations in particular and in the partnership in general implies a steep learning curve for both parties, but learn they must. Given the experiences of the past, the qualitative added-value that civil society can today bring to the development debate needs no further illustration, and, despite difficulties, a participative-approach methodology must be devised to satisfy the greatest number.

adoption of voluntarist, sound, transparent and responsible policies on the part of the ACP governments, in close collaboration with their civil societies.

EPAs: winds of scepticism

As expected, there are already all kinds of concerns not only in the ACP countries but also in Europe concerning these trade negotiations. And, as frequently happens in the context of world trade, it is the strongest that is often subject to the severest criticism. Several associations and research centres, and even parliamentarians, have already expressed their scepticism. For the latter, the end of trade asymmetry will bring about many serious consequences, for which the ACP countries are ill-equipped (lowering of customs and budget revenue, competition with imported products, pressures on ACP competitiveness or on food security, etc). Adjustment costs will have to be measured accurately and be genuinely taken into account. Other observers accuse the EU of wanting to open up the ACP countries' markets further to European companies, and believe that uncontrolled liberalisation would be damaging to the ACP economies and have a far-reaching social impact. They recall that most developed countries have historically made use of trade safeguarding measures to help their economies take off, and that these countries still use concealed protectionism mechanisms that distort the free-competition system, as is the case in the agricultural sector.

Other analysts believe that the EPAs will inevitably give rise to the risk of division between the ACP countries. According to them, the unity of the Group risks collapsing in the long term and economic disparities could arise even within the ACP regions, because of the different trade regimes which would be set up. Moreover, this type of trade negotiation is still highly complex owing to the diversity and the technical nature of the topics under discussion, and requires negotiators of proven ability. According to certain experts, the ACP countries are quite simply not yet ready to meet this challenge, particularly since the timetable for the negotiations looks tight.

For others, alignment of the EPAs with WTO rules that are regarded as favourable to the most powerful, and adoption of which is not very democratic, is dangerous unless the rules are improved. The 29 sectoral agreements governed by the WTO, covering more than 160 activities, in their opinion place a heavy burden on the developing countries. The Doha Round, which should be decisive in the context of such trade negotiations, has left several observers feeling perplexed as to whether developing countries' concerns have genuinely been taken into account. Called the "Development Round", it has even been re-christened by some radical associations as "Everything but development".

In constructive terms, all such fears should enhance the debate rather than detract from it, at the same time raising the issue of genuine involvement in the negotiations on the part of civil society. ■



Photos: George Gwyer



Naidiri Bay, Khalsa, Fiji. Primary school

Commissioner Nielson visits the Pacific ACP countries

European Commissioner for Development and Humanitarian Aid, Poul Nielson, was on mission in the Pacific in the first half of October. A first-time visitor to the islands, the Commissioner recognised the increasing geopolitical significance of this zone. Concerned at the current instability in parts of the region, he was glad of the opportunity to get a first-hand account and view of progress made and challenges faced by the Pacific ACP countries. The Commissioner particularly welcomed the fact that the region and the EU had successfully defined regional development priorities for 2002-2007 in the 9th European Development Fund (EDF) Regional Strategy Paper, which he signed in the course of his mission. In his speech during the signing ceremony, he reaffirmed full Commission backing for the region's initiatives in the areas of trade and regional economic integration, human resource development and fisheries. During specific country visits to the Federated States of Micronesia, Fiji, Papua New Guinea, Samoa and Tonga, he saw, inter alia, examples of community-based development (microprojects); education from village school to university level, and the considerable progress being made towards peace consolidation on Bougainville. He was also the first Commissioner to visit the Federated States of Micronesia, one of the six new Pacific island states to have joined the ACP Group, when it signed the Cotonou Agreement on 23 June 2000.

Debbie Singh

Commissioner Nielson's feet hardly touched the ground during his Pacific tour, such was the intensity of his schedule. But he did manage at least one glass of champagne as the bubbly was broken open during what could be described as the main highlight of his tour. The signing of the €29 million Pacific Regional Strategy Paper (RSP) and Pacific Regional Indicative Programme (PRIP), outlining EU cooperation with the region between 2002-2007, is a welcome move, especially as the region prepares to step into the world trade arena. The Pacific is the first of the six ACP regions to have completed RSP negotiations.

It was the first time in a long while that the Pacific region had been paid such attention by a Development Commissioner: the last visit, by Commissioner Pinheiro, took place nearly five years ago. Timely too, given the launch of negotiations on Economic Partnership Agreements (EPAs) in Brussels on 27 September and the shift of ACP countries into a WTO-compatible trading system under the Cotonou Agreement.

Politics and economics formed the basis of Commissioner Nielson's discussions with his Pacific counterparts, particularly in terms of advancing the integration of the Pacific Islands among themselves and into the world economies.

Development cooperation, against the backdrop of the UN Financing for Development conference (Monterrey) and the Johannesburg World Summit on Sustainable Development, was covered, along with good governance, conflict prevention and the sustainable and equitable exploitation of natural resources such as fisheries and forests.

The unique, and often challenging geography and infrastructure of the Pacific Islands saw the Commissioner visit five of the 14 countries of the Pacific ACP grouping: the Federated States of Micronesia, Fiji, Papua New Guinea, Samoa and Tonga. These islands provide a good cross-section and respectively cover the Pacific's sub-regions of Polynesia, Melanesia and Micronesia.

Regional organisations and agencies such as the Pacific Islands Forum Secretariat, Secretariat of the Pacific Community, University of the South Pacific, South Pacific Geoscience Commission and South Pacific Regional Environment Programme received their fair share of attention when the Commissioner visited their facilities and inspected their regional development programmes in Fiji and Samoa.

Total EU assistance to the Pacific region has amounted to over €1.3 billion since the signing of the first



Burua District school, Fiji



Signing of the Regional Indicative Programme, Suva, Forum Secretariat, 5 October 2002

Lomé Convention in 1975 and is currently running at about €100 million a year. A further €350 million is planned for the next five years under the Cotonou Agreement.

Among the countries in the region, Samoa is regarded as a Pacific EU success story because of its political stability, economic progress and the effective use of EU funds. Fiji, in spite of the internal events of May 2000, has been able to consolidate its international standing as a political and diplomatic hub for the whole region by hosting, on behalf of the Pacific countries last summer, important events like the third summit of ACP Heads of State and Government in July and the Pacific Regional Forum in August.

Resuming cooperation

Referring to the pending case before the Fiji Supreme Court on the multi-party composition of the government, Commissioner Nielson expressed confidence that the Fiji Government will abide by the pending ruling of the Supreme Court.

“We have no reason to question this. We have made it very clear that this is what we expect and this is the basis on which we will sign and open up the 9th European Development Fund,” the Commissioner said. “We look at this nation as one country. We hope and expect that the different elements that make up this country can and will manage to live together. Without this attitude it becomes extremely difficult to be of any use as a donor and partner in the development of this country.”

Apart from meeting Fiji’s Prime Minister and current ACP Chair Laisenia Qarase, deposed Prime Minister Mahendra Chaudry, representatives of Fiji’s sugar industry and heads of regional organisations, the Commissioner also toured rural schools on the Western side of Viti Levu.

Prior to the sugar industry meeting on 6 October, Commissioner Nielson had indicated, in no uncertain terms, during a public lecture at the University of the South Pacific a day before, that current sugar prices were unsustainable for European countries and that Fiji’s sugar industry had better “fasten its seatbelt and prepare for an emergency landing”.

Sugar, despite being the country’s main export, remains the centre of debate and riddled by land and political issues. The majority of Fiji’s cane farmers are Indo-Fijians working Fijian-owned land. The government’s reform of Fiji’s sugar industry was endorsed by the Commissioner as the way to go, given competition for sugar on the world market, opening up of sugar markets and the phasing out of the EU’s Sugar Protocol with Fiji in 2007.

“Absence of change is not an option. This is true for everybody involved in this industry. To attain a viable level of competitiveness and efficiency every single element in the chain of the process must meet the challenge. It would be a disaster to nurse the illusion that some will not have to leave the industry. This happens everywhere and it is impossible to have had this kind of subsidy without it having some consequences.”

Under the preferential access agreement, the EU buys sugar from Fiji at two or three times the world market price. This has recently caused countries like Australia and Brazil to call for consultations with the EU under World Trade Organisation (WTO) rules on what they claim to be over and beyond the required level of export subsidies.

Pacific Regional Indicative Programme

Signing the 9th EDF Pacific Regional Strategy Paper and Regional Indicative Programme at the headquarters of the Pacific Islands Forum Secretariat in Suva, Commissioner Nielson said it “heralded a new era of comprehensive and intensive dialogue between the EU and the Pacific under the framework of the Cotonou Agreement”.

The RSP covers political cooperation, democracy, human rights, conflict resolution, trade, economic cooperation, social sectors and conservation. Its three main areas are Trade and Regional Economic Integration, human resource development and fisheries. It is the result of an 18-month effort and considerable work by the Pacific Islands Forum Secretariat, the Council of Regional Organisations of the Pacific, regional non-state actors and, of course, the European Commission.

Focusing on regional economic integration and development of the region’s human resources and fisheries, the PRIP is the key policy document that will guide EDF assistance at Pacific regional level over the next five years.

The joining of six more Pacific states to the ACP grouping has broadened EU cooperation with the Pacific to cover the full Forum membership. As Ratu Kubuabola, acting Prime Minister of Fiji signing on behalf of the Pacific ACP Group said: “In practical terms this means that EDF Regional Programmes can now be dealt with in the region as a whole – unlike before, when matching funds from other sources had to be found to include non-ACP States in programme activities. It also means that EU matters affecting the region, such as EPAs, can be considered by the entire Group – and not just a sub-set of Forum Island States”.

The €29 million allocated to the Pacific under the 9th EDF PRIP brings to €194 million the total EU grant funding to foster regional cooperation and assist Pacific Island integration.



Fiji School of Medicine

“This year’s Nasonini Declaration also opens up more scope for cooperation,” the Commissioner said referring to a declaration on regional security and combating transnational crime and terrorism. The Nasonini Declaration was adopted by Pacific Island Forum leaders at their 33rd meeting in August.

In welcoming the recently-launched Pacific islands Regional Oceans Policy, Commissioner Nielson recalled that €5 million (17 per cent) of the PRIP had been allocated to further EU support in the fisheries sector.

“Of course the overarching issue facing the Pacific ACP in the short and medium term is globalisation. I am delighted that the Pacific Island Countries Trade Agreement (PICTA) is so close to coming into force both for the benefits that it will bring to the region and because it is considered a stepping stone to wider liberalisation and integration into the

global economy, starting I hope with an EPA with the EU!”

“Regional economic integration is essential as it provides the best means of achieving successful integration into the global economy,” Secretary-General of the Pacific islands Forum Secretariat, Noel Levi pointed out.

Commissioner Nielson commended the preparedness of the Pacific ACP countries at recent EPA negotiations in Brussels saying: “The Pacific ACP have also decided to concentrate on human resource development... the Commission welcomes this and as a result we have jointly decided to set aside €8 million for this.” Resources allocated under the 9th EDF will be available when ratification of the Cotonou Agreement is completed, towards the end of this year.

University of the South Pacific Public Lecture

“Good governance is linked to peace, and peace is a precondition for prosperity. On the other hand, bad governance is a breeding ground for troubles and conflicts...this message has to be spread everywhere and the University of the South Pacific has the capacity to do so,” Commissioner Nielson told a packed auditorium at the USP on 5 October.

He commended the role of regional organisations working closely in the Pacific: “I am impressed by the number of regional organisations working closely together in many areas: environment, fisheries, trade, geoscience, agriculture, tourism, education and training. You have achieved a high degree of integration and the European Community is at your disposal to support this process.” ■

From micro to macro – revitalising rural areas

Commissioner Nielson visits projects on Savaii island, Samoa

The first visit to Samoa of an EU Commissioner was much welcomed and appreciated by the residents of Savaii island. Savaii is the largest of the two main islands of the small Independent State of Samoa and is home to about a quarter of the population of 176,000, whilst the remaining majority live on the smaller island of Upolu where the capital Apia is located. But behind the pristine beauty, lack of opportunity in the rural areas is a major challenge.

Stephen Rogers*

Savaii, with its traditional rural communities and pristine natural beauty, is a popular destination for tourists visiting the “treasured islands” of Polynesia. The white coral-sand beaches, turquoise lagoons and lush green vegetation cloaking the sloping volcanic hillsides provide an idyllic paradise attracting foreign visitors. But for the native Samoan, the population demographics tell a different, yet all too familiar story. The lure of potential employment opportunities, better education, health and basic services in the urban and peri-urban areas around the capital Apia have resulted in an out migration from the rural villages on Savaii. The youth, traditionally the main labour force in the semi-subsistence production systems still prevalent in Samoa, are increasingly displaying a lack of interest in agriculture and a desire for the “bright city lights”.



Meeting the Samoan Prime Minister



Savaii primary school, which the villagers helped to build

However, underemployment is already common in the capital, and the potential for a growing impoverished urban population is high. While there is no abject poverty in Samoa, UNDP recognises poverty of opportunity as a prime concern, as in other Pacific island nations. Poverty of opportunity embraces lack of education and access to health services, lack of economic assets and employment opportunities, social exclusion and political marginalisation.

A growing body of economically inactive and disenfranchised youth would certainly present increasing social and economic problems for Samoa. Recognising these unwelcome trends the Government of Samoa has given priority, in its mid-term development plans, to revitalising the village economy and improving the basic services and infrastructure for the rural areas. The EU, an important development partner for Samoa, is assisting in the achievement of these goals through a community led micro-projects programme focused on social and economic infrastructure in the rural areas and a major water supply project targeted at supplying potable water to an estimated 45,000 village people.

Community microprojects help Samoans to help themselves.

A multi-sectoral microprojects approach has been very successful in increasing opportunities in numerous small villages throughout both islands of Upolu and Savaii. Since the programme began in 1995 more than 250 projects have been completed, benefiting directly around a quarter of the Samoan population. Improvements in water supply, health, education, tourism, agriculture, fisheries and rural roads have all been achieved.

The design of the programme, which covers a wide range of eligible projects, has enabled the microprojects to address the needs of the rural poor. The simple procedures and flexible definition of community projects means that the rural population can more easily access the assistance available under the programme. The projects are small enough to ensure that the minimum contribution can be raised in a village. This amounts to 25 per cent of the cost of a social project (water, health, education) or 35 per cent cash in advance for income-generating projects in the agriculture, fisheries and tourism sectors (A typical project ranges between €1,500 and €7,500). This contribution principle helps to ensure from the outset community ownership of the project. This is further enhanced by the active participation of village groups in the implementation of projects. Recently another sector – youth and culture – has been intro-

duced to tackle directly the problems of young people who are unable to find regular employment.

The microprojects programme in Samoa emphasises a reduced role of central government whilst nurturing a more vibrant private sector and civil society to take the lead in village revitalisation

Water for all

The economic and social well-being of small island countries depend on the quality and quantity of fresh water. Trends such as climate variability, accelerating storm water runoff, increasing demand for water along with increased pollution of surface water and groundwater supplies, threaten the economic development and health of island populations. Therefore, in addition to the microprojects programme, the EU is supporting a rural water supply project that is now nearing completion. Following the commissioning of major new infrastructure, expected later this year, the project is poised to improve the lives and opportunities for Samoa's population living in the rural areas.

The Savai'i people were keen to show their gratitude to the EU delegation when they visited. An impromptu banner displayed at the roadside by the people of Safua village read "We welcome you. Faafetai mo le suavai" (thank you for the water). During a visit to the site of the new water treatment plant being constructed under the project, Commissioner Nielson commented on the good progress being made.

"Safe water is for the health and well-being of the people. It is good to see for myself that things are happening. It is a whole different thing signing papers and reading reports to actually witnessing progress in action."

A major challenge for the Water Authority in supplying potable water to the Samoan population has been the poor quality or lack of basic infrastructure, coupled with high water leakage and excessive consumer consumption. As part of the current project the introduction of water meters along with an information and education (awareness) programme aims to address these issues. Whilst water meters already established in the capital Apia have been successful in reducing consumption from an estimated 800 litres per capita per day to around the current 300 l/c/d, the rural population have yet to adjust to the concept of a metered supply.

The final stop for Commissioner Nielson on Savai'i was the village of Tafua where the new meter system is currently being introduced. The new system met with mixed responses from the village when they sat down to discuss the implications. "Our major woe is payment for usage. Before, we had free water and now the Government demands payment", commented one villager.

In contrast, the village major, Ulu Taufaaasisina said "I am personally happy about the meter. It now conserves water. Each family knows how much they are using and will work towards minimising wasting water, and as they are paying, that will ensure great water preservation."

The micro-economic challenges faced by the village in moving from a subsistence economy, largely of kind, to a more cash centered system are mirrored at the macro-level by the challenges faced by a small island nation integrating further into the global economy. But Samoa, with its stable political environment, inclusive social development strategies and reform-minded Government has achieved impressive growth rates in recent years (Real GDP growth 6.8 per cent in 2000 and 6.5 per cent in 2001) and the country is committed to accession to the WTO, an ambition they hope to realise in 2003. ■

* Programme adviser, European Commission Office, Samoa

On-line guide to co-financing projects with NGOs and decentralised cooperation



The European Commission's EuropeAid Co-operation Office has just set up a web guide (in English and French) for anyone involved in co-financing projects or programmes with NGOs and concerning decentralised cooperation. The initiative aims to make it easier for civil society to take "ownership" of projects, and to improve the management capacities of the Commission's own departments.

Pasquale Raimondo*

Sharing information

Sharing information with external partners is crucial in helping the Commission achieve sustainable social and economic development, and in combating marginalisation. The challenge is to make knowledge available and to ensure that it can be put to good use. Information rarely has the desired impact when it is sporadic and difficult to make sense of. Taking information out of its separate compartments and sharing what is relevant and "related" is essential if we are to increase its impact on development.

The EuropeAid InfoGuide

EuropeAid has prepared an "InfoGuide", in line with the Commission's decision in May 2000 to reform external aid. It aims:

- to provide an appropriate, useful reference framework to support the Commission's external partners (NGOs, other civil society stakeholders, local government authorities, national governments and consultants); and
- to optimise the management capacities of Delegations and of the departments at Head Office.

The two budget lines B7-6000 (co-financing NGOs) and B7-6002 (decentralised cooperation) were recently the subject of an evaluation. The recommendations resulting from this evaluation, made by the supervisory institutions (internal audit, Court of Auditors and European Parliament) stressed the importance of making available to external partners the relevant information and the tools they need to improve the quality of their projects and programmes. The InfoGuide is based on these recommendations.

With a few necessary adjustments this reference framework could prove useful for operators involved in other budget lines or in financing from the European Development Fund.

The InfoGuide provides information relating specifically to the preparation and implementation of projects and programmes co-financed with NGOs and involving decentralised cooperation. It is also a source of very useful information on subjects such as:

- strategic, political orientation and planning issues, especially in collaboration with the websites of the External Relations and Development directorate-generals; and
- legal, technical, financial, operational or procedural issues relating to co-financing on the EuropeAid website.

Finally, it offers access to European affairs, to the work of the Commission in general, and to the work of certain international organisations and associations more closely linked to development.

The InfoGuide has direct links to many websites dealing with NGO co-financing and decentralised cooperation, so users can keep up-to-date and gain access to the latest information on these procedures, saving much time, effort and money.

Website

The guide can be consulted on the Internet: in English at http://europa.eu.int/comm/europeaid/projects/ong_cd/index_en.htm and in French at http://europa.eu.int/comm/europeaid/projects/ong_cd/index_fr.htm

Regions without Internet access

A bilingual version of the InfoGuide, in English and French, will be available on CD-ROM early in 2003. The CD-ROM will incorporate the revision of the practical guide to allocating external aid contracts and the EuropeAid financial guide, following the reform of the Financial Regulation for the General Budget of the European Community.

Access to the Internet is limited in many developing countries, so the CD-ROM version of the InfoGuide contains the main elements on the website. It is designed to make it easier to share information with regions that are marginalised and/or do not have access to the Internet.

Feedback

The Commission's NGO co-financing unit will take on board feedback from users, and the InfoGuide will be improved and updated early in 2003. ■

For more information about the InfoGuide please email pasquale.raimondo@cec.eu.int

* EuropeAid Co-Operation Office, Co-financing with NGOs

Some comments

Congratulations on this new publication which is an excellent response to questions that NGOs were raising, and which is a constructive communication initiative from the Unit!

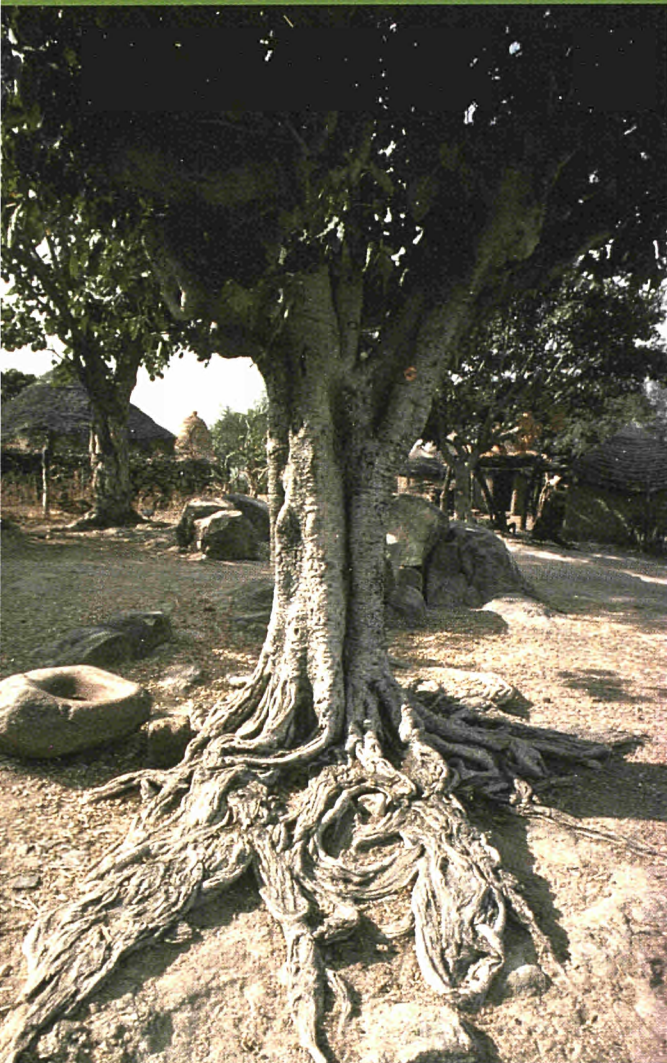
Alain Bachelart, Financial manager, C.C.F.D.

I would like to congratulate you on the InfoGuide "Co-financing NGOs and decentralised cooperation projects".

Methodologically it is very well constructed. Contrary to what one might think, it is neither long nor cumbersome, but very comprehensive. It gives an idea of development projects in a practical and pedagogical way, that could be applied to a whole host of other projects in other Directorates-General. The regularly updated internet site is a model, to be replicated in other DGs. The only possible criticism is that the guide only deals with decentralised cooperation.

Zulema Olivan Tomas, DG Enterprise





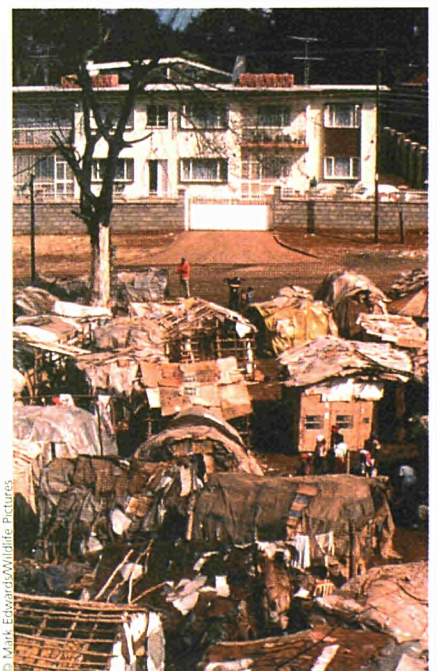
IFAD/G. Maurette



©Hens Pedersen/Wildlife Pictures



IFAD/Horst Wagner



© Mark Edwards/Wildlife Pictures

Rural Development



IFAD/Radhika Chakraborty



IFAD/Alberto Cont



© Sylla Ch. Nangon

The majority of the world's poor live in rural areas. It is therefore vital to maintain a strong focus on rural areas if hunger and poverty are to be tackled in a meaningful way. The Millennium Development Goal of halving world poverty by 2015 cannot be achieved without rapid progress in poverty reduction in rural areas.

Historically, agriculture has been the engine of economic growth, achieved through increased productivity, which in turn fuels non-agricultural growth in rural and urban areas. But the performance of the agricultural sector has not improved in most developing countries. In some it has actually deteriorated, notably in most of sub-Saharan Africa.

Rural poverty is a complex phenomenon, which includes low income, unequal access to the means of production, to health and education facilities, food insecurity and low nutrition status, natural resource degradation, and low empowerment. Strategies for rural poverty reduction must therefore simultaneously address a multitude of problems, and to be effective, must be tailored to the particular geographical and cultural situation, as well as to an evolving external context. Rural poverty can be a cause of instability. Rural crises are numerous and the reasons manifold; conflicts over land tenure, access to natural resources, drought and desertification, deteriorating terms of trade. There is a need to address rural development concerns in a more systematic and comprehensive manner. Environmental degradation – both a cause and a consequence of poverty – is becoming increasingly severe in rural areas, exacerbating poverty. The rural economy constitutes the basis for economic growth in many developing countries, and will underpin their integration into the world economy. Rural development can play a key role in reducing inequalities and therefore the root causes of conflict.

Of increasing importance is the interplay between urban planning and rural development, and the role that growing urbanisation plays in rural development, particularly in providing jobs and absorbing agricultural production. But in many developing countries, urbanisation has not been accompanied by increased production and productivity in rural areas, creating a vicious circle of poverty.

Rural development

Forging the links between economic, social and environmental development

Rural development is the key to forging the missing links between economic, social and environmental development. Rural areas are of critical importance in the struggle to achieve sustainable development, yet they tend to be neglected in the development strategies of both governments and donors.

Uwe Werblow*

At present, poverty and hunger are predominantly rural problems. Three quarters of the people living in extreme poverty and food insecurity live in rural areas. Although this figure will decline over time with growing urbanisation, the proportion of the poor living in rural areas is expected to remain as high as 60 per cent in 2025. It is therefore essential to maintain a strong focus on rural areas in order to tackle poverty and hunger effectively.

The environmental challenge

Environmental degradation threatens rural livelihoods and the economies of most developing countries that are based on natural resources. Over the past half-century more than a quarter of the world's 8.7 billion hectares of agricultural lands, pastures, forests and woodlands have been degraded. Shortage of fresh water is threatening to be a serious obstacle to food security, and more than 70 per cent of the world's fisheries are overexploited.

This alarming situation provides another strong reason to focus development cooperation on rural areas. It has become very clear that there are close links between rural poverty and environmental degradation, and that the underlying problems must be tackled in an integrated way by protecting and expanding the environment and natural resources on which the rural poor depend.

The need for economic growth

Moreover, agriculture and the broader rural economy constitute the engine of economic growth in many developing countries and the basis for their integration into the world economy. Therefore the productive rural sectors, which make up a substantial proportion of national income, employment and exports, require sustained support in order to ensure broad-based growth.

IFAD/G. Maurette



Cameroon. Rural areas are of critical importance in the struggle to achieve sustainable development, yet they tend to be neglected in the development strategies of both governments and donors

Rural development's role in fostering social development

Finally, peaceful, equitable and open societies are a prerequisite for poverty reduction. This includes ensuring human rights, civil liberties, the rule of law and political representation for all sections of society, as well as promoting good governance and public accountability. Above all it is vital to prevent conflict, which is a major threat to national development and poverty reduction.

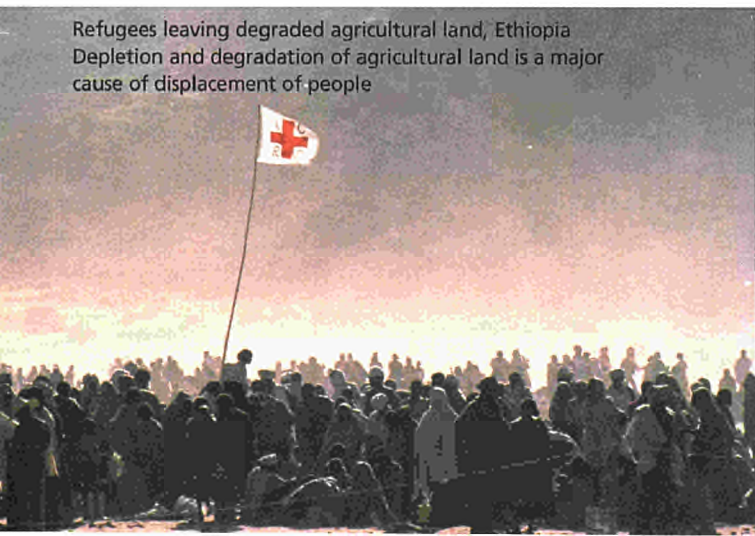
Coherent support for rural development makes it possible to address many of the root causes of conflict in developing countries – for example inequitable access to natural resources. Rural development can also play a key role in reducing inequalities between regions and ethnic groups, strengthening institutions for disadvantaged people, developing community structures, improving governance, building capacity and offering solutions to migration.

Policies and strategies that benefit the poor

For half a century, policies in developing countries have tended to be biased against rural needs. Governments have often concentrated public expenditure and services in urban areas. Worse still, they have often harmed rural development through inappropriate policies and institutions, excessive reliance on costly, inefficient and highly centralised parastatal organisations and adverse land and agrarian policies – reducing access to and investment in land.

In recent years there has been some progress in tackling these imbalances through structural adjustments and liberalising reforms. National development strategies such as Poverty Reduction Strategy Papers, increasingly adopted in many developing countries, indicate a growing commitment to poverty reduction that offers important opportunities to tackle rural poverty. However, it is notable that the existing strategies tend to focus on macroeconomic management and social sector spending. As yet they pay relatively little attention to the specific needs of rural areas, where the majority of the poor live.

Refugees leaving degraded agricultural land, Ethiopia
Depletion and degradation of agricultural land is a major cause of displacement of people



©Hermine Pedersen/Wildlife Pictures

Similarly donor support strategies do not pay enough attention to the problems of the rural poor. Support for rural development in general has decreased and there has been a particularly marked decline in aid allocated to agriculture, which is now only about one third of its level in the late 1980s. This not only reflects the lack of government commitment to rural concerns. It is also the result of weak rural sector performance, unsustainable and often donor-driven piecemeal approaches, and the greater visibility and political influence of urban populations. If we are to make progress towards achieving the Millennium Development Goals, it will be necessary to reverse these trends and to increase both political interest and investment in rural areas.

The European Commission's response

Poverty reduction is the central objective of EC Development policy¹ and rural development and food security is one of the six priority areas for EC development cooperation. So the Commission has intensified collaboration with EU Member States over the past three years in order to forge a shared vision of how to deliver more coherent and effective support to rural development.

These efforts have led to the adoption by the EC of a Communication to the Council and Parliament, which presents the Commission's policy and approach to rural development and to the sustainable management of natural resources².

- It translates and applies the EC Development Policy and Guiding Principles to rural development.
- It defines an operational strategy, integrating poverty reduction, food security and environmental objectives within a single and coherent framework. This makes it easier to formulate a coherent set of policies relevant to rural development, to take into account the multidimensional needs and constraints of the rural poor; and to use effectively the wide range of EC financing instruments.
- It addresses in a comprehensive manner the main problems relating to policy coherence.
- It promotes more common thinking and action within the EU and the broader donor community.

As we move forward from the Johannesburg World Summit on Sustainable Development, rural development and the closely related issues of agriculture, food security and the environment will be among the most fundamental issues that development partners must address through joint action. The common platform built by the Commission and EU Member States leaves us well placed to play our role.

The first European Forum on Rural Development Cooperation, jointly organised by the Commission and EU Member States, brought together all the European development agencies in Montpellier, France, from 4 to 6 September 2002. It was a further step to fostering EU collaboration on more practical issues. The leading theme, "Policies and approaches for rural poverty reduction: what works in practice", helped to deepen further our common understanding of the key rural development issues discussed below. ■

* Head of the Environment and Rural Development unit
DG Development, European Commission

1. Communication from the Commission to the Council and the European Parliament on the European Community's Development Policy, COM (2000)212, 26 April 2000.

2. Communication from the Commission to the Council and the European Parliament on Fighting Rural Poverty: COM(2002)429 Final, 25 July 2002.

Communication from the Commission: "Fighting rural poverty: the EC policy and approach to rural development and sustainable natural resources management in developing countries"

The Communication presents the EC's policy and approach to rural development in developing countries, integrating the objectives of poverty reduction, food security and sustainable natural resources management in a single and coherent framework.

Rural poverty is a multidimensional problem that includes low incomes, inequalities in access to productive assets, low health, educational and nutritional status, natural resource degradation, vulnerability to risk and weak political power. Strategies for rural poverty reduction must therefore address the whole range of problems and take due account of the diversity of rural areas and population groups, as well as the changing context of rural poverty.

In contrast to past practice, the Communication calls for a mainstreamed approach to rural development. This means working within existing or emerging policies, strategies, institutions and programmes and ensuring that rural concerns are properly addressed within the country's poverty analysis – as a first step to formulating a comprehensive national development strategy. Further in the process, rural development concerns have to be integrated into the macroeconomic framework and into all relevant sector policies and strategies. Finally, rural development concerns and priorities need to be reflected in the government's budget and in the provision of public services.

The Communication identifies six key policy areas that need to be addressed:

- supporting economic policies to enable broad-based growth;
- ensuring more equitable access to productive assets, markets and services;
- investing in human capital;
- promoting more sustainable management of natural resources;
- managing risks and providing safety nets; and
- building more effective, accountable, decentralised and participatory institutions.

At the national level the EC will support actions for rural poverty reduction. The EC will increasingly shift towards supporting "sector-wide approaches" (SWAPs) where the necessary conditions are in place. It will also strengthen collaboration with non-state actors such as the private sector, civil society and NGOs. In this context, decentralisation processes play a key role.

At the regional level the EC will focus on enhancing regional integration processes and tackling cross-border challenges – for example economic integration, establishment of free trade areas, formulation and harmonisation of policies and regional agricultural research initiatives. At the international level the EC will continue to promote and facilitate processes in favour of more equitable economic and social development. It will especially support the provision of global public goods related to rural poverty, such as agricultural research, actions to combat the main communicable diseases and the promotion of international commodity agreements.

In addition to development cooperation, many other areas of EC policy are relevant to rural poverty reduction and sustainable development. These include trade, agriculture, fisheries, food aid, research and technology development, environment, conflict prevention and migration. The Communication calls for more efforts to ensure that all EC internal and external policies are coherent and mutually supportive of sustainable development and poverty reduction objectives.

<http://europa.eu.int/comm/development/rurpol>

The challenge

of information and communication in rural areas

The importance of information and communication for socio-economic transformation is no longer in doubt. For the rural areas of ACP countries, the real challenge is to find the best fit between their current development policies and strategies, and the best ways to access and manage information.

Carl B. Greenidge¹

In keeping with its role as intermediary between ACP and EU institutions, CTA marked the occasion of the European Forum on Rural Development Cooperation in Montpellier² by launching a pre-forum Internet debate and by moderating a session on information and communications management and technologies (ICM/ICT). These two initiatives were distinct but complementary.

The Internet debate anticipated the key issues on the agenda of the Montpellier seminar: the decentralisation of agricultural services, access to global markets and the tools and mechanisms of development aid. It was intended to provide rural stakeholders in ACP countries with an opportunity to express their thoughts on the changing socio-economic and political realities associated with these issues. It was also intended as a vehicle for gathering information on how they perceive their role in formulating the policies and strategies implemented at national, regional and international levels.

After a brief discussion of the information needs of rural stakeholders, the ICM/ICT session focused mainly on the technology gap between the ACP countries and the developed countries and on the opportunities provided by technology for ACP peoples, especially their potential contribution to research on gender issues.

The Internet debate: listening to rural stakeholders

Hosted jointly with Inter-réseaux³, these Internet discussions ranged round a central question: what is and what should be the role of producers' and small-scale farmers' organisations at the national and regional levels in formulating, managing and implementing rural development policies? The focus on these organisations was justified by the fact that they now represent the interests of the vast majority of the rural population and are becoming indispensable partners in rural development.

The record of the discussions shows that, although small-scale farmers and their organisations bear the full brunt of poverty and its depredations, they also display a considerable capacity for management and innovation. This is evident in such examples as the resistance and reorganisation initiated by cotton producers, the rapid development of local organisations, and the national umbrella associations formed by some farmer movements.

These initiatives, often no more than sporadic or isolated examples at present, have not always met with the support they need from international development agencies, whose procedures and strategies often do not allow them to adapt as rapidly as they

should to the radical changes now taking place. Moreover, many of the experiences reported raise the question of whether "traditional" rural development strategies are still relevant. They are often centred on a model driven by the export of unprocessed basic commodities, at the expense of efforts to strengthen commodity production for local markets. As a result most rural development strategies are ill-equipped to deal with the new challenges posed by competition with the agriculture sectors of the North, which are still subsidised through government policy.

The participants in the debate called upon decision-makers to act in two major ways. They called for an in-depth discussion and the definition of rural development strategies for ACP countries that would, among other things, integrate the reforms emerging from the Common Agricultural Policy (CAP), accompanied by proactive initiatives on the part of the ACP countries relating to future trade negotiations. This is essential if a strategy for rural development cooperation is to be relevant and effective.

Participants also proposed that a debate should be launched with the participation of ACP (and European) farmers' organisations on a radical yet coherent programme to reform aid mechanisms, placing rural stakeholders at the heart of the rural development cooperation process. Whatever the type of mechanism – projects, programmes, financial support for specific sectors, and so on – small-scale farmers and their organisations can no longer be relegated to the margins or continuously short-circuited by the providers of aid. The first priority for such an initiative would be to test, establish and institutionalise a system of "bottom-up coordination", together with the effective long-term inclusion of rural representatives in negotiations on national strategies and their mid-term evaluation (Community and Member States aid).

CTA and Inter-réseaux have agreed to continue this experiment involving EU and ACP stakeholders. The challenge is to raise awareness of the main issues debated at Montpellier and to moderate a process of exchange that will enrich and complete the debate. This would lay the foundations for increased effectiveness of interventions, on the basis of the lessons drawn from the many experiences accumulated by European aid agencies. A further aim is to gradually create the conditions that will lead to better synergy among European aid interventions. These conditions will depend in large part on the outcome of the dialogue between decision-makers in European agencies and the partners and beneficiaries of aid activities in the ACP countries.

The ICM/ICT session: socio-economic transformation and the development of information technologies⁴

Advances in information and communications technology have often been accompanied by profound social upheaval, frequently involving the emergence of new stakeholders and needs in the rural sectors of ACP countries.

Discussions in this session specifically focused on: the roles of new types of stakeholder (farmers' associations, private sector companies and non-governmental organisations) in both production and the generation of content; technological change and its implications; and cross-cutting issues such as gender.

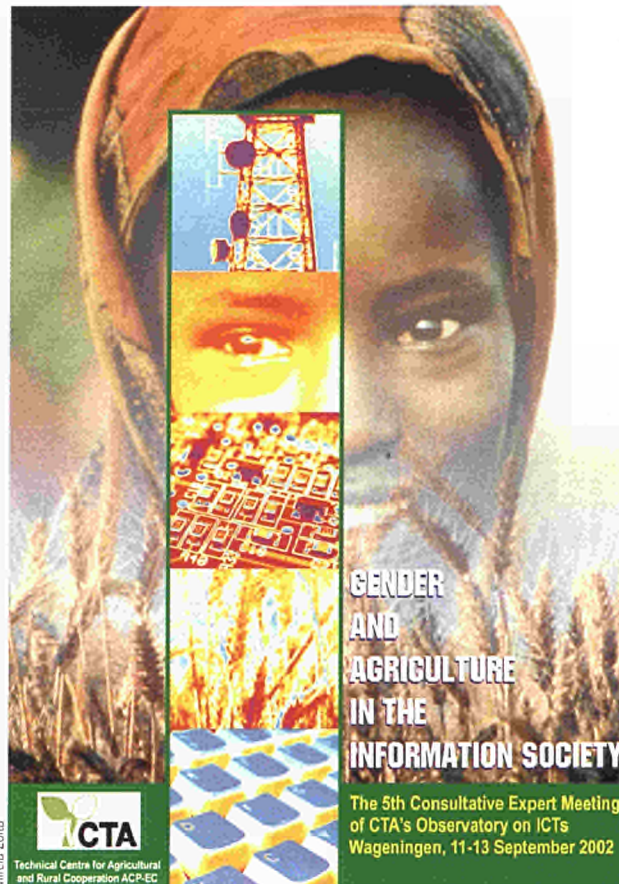
The presentations of the panellists, as well as the interventions, highlighted the emergence of new stakeholder types (and organisational forms) and their related characteristics. The main organisational forms identified were village groups, producers' associations, and producers' networks. Besides pursuing their traditional farming activities, these stakeholders are involved in and exert a considerable influence on politics and society. Under these circumstances, the main challenge in managing information and communications technologies is to move from a strategy of merely supplying information to passive users to one of actively involving those who not only can but also wish to produce their own content.

Despite the limited availability of ICT and constraints on its full use in the rural sectors of ACP countries, there have been some positive developments that bode well for the future. Three sets of examples were provided.

First, the liberalisation of telecommunications and the mass media that has taken place at the same time as the rapid uptake of mobile phones. This has opened the sector up to competition and increased the supply of these services to many rural areas. Second, the recognition of the value of communal approaches to access to ICTs. This has dramatically opened up access to public services such as telecentres and considerably reduced the cost of these services to individual users. Third, the launch of many powerful satellites into space, lowering the costs of access to terminals. This has at last made it possible for an increasing number of ACP stakeholders to use these services.

Poor maintenance of infrastructure, continued high levels of illiteracy and an often unhelpful legal and regulatory framework remain formidable challenges. While acknowledging this background the discussions explored a number of priority areas for intervention.

In pursuit of the goal of gender balance the arguments favoured enhanced access via its link with women's organisations. ICT could play a decisive role in lifting the specific con-



straints associated with gender inequality. Furthermore, the global pursuit of information access for women would be furthered by a coordinated approach at the international level.

Discussions on content generation by local people raised several important issues, including the need to keep listening to the voices of the poor. What strategies should be adopted to draw attention to their needs? How can we ensure that we really hear them? The presentation on this subject suggested involving the rural poor much more at each step in the process of determining and elaborating priorities. This was a prerequisite for harnessing the potential of ICT effectively. Initiatives in this area should not be limited to planning. Nor should they underestimate the capacity of rural societies to simultaneously absorb technology and generate knowledge.

The participants stressed the importance of carefully analysing needs, using appropriate tools and methods, in order to make generating knowledge easier. This analysis should form part of a positive approach that takes into account the socio-cultural realities of the poor. Such realities include their comparative advantage in areas which should be recognized and matched up with the potential of the most appropriately adapted ICTs. This matching should be especially helpful in cases like multimedia applications.

Finally, given the versatility that characterises modern ICT, it is not helpful to view it as posing significant, insurmountable problems. It represents more a challenge of imagination and ingenuity and of how best to identify and build on the strengths and capacities of rural constituencies. In meeting that challenge it is necessary to start with the people who live in them – the rural poor.

1. Director, CTA (Technical Centre for Agricultural and Rural Cooperation ACP-EU). Its role is to advance agricultural and rural development in African, Caribbean and Pacific countries by promoting the transfer, exchange and utilisation of information.
2. The European Forum on Rural Development Cooperation was held in Montpellier, France from 4-6 September 2002. See *ACP-EU Courier* n° 194, page 68. <http://www.ruralforum.info>
The CTA team consisted of Carl B. Greenidge, K. Painting, A.K. Traoré; G. Wesseler.
3. Inter-réseaux is a network for the exchange of experiences, focusing on rural development cooperation in the South: <http://forum.inter-reseaux.net/>
4. The panellists were: Carl B Greenidge; René Segbenou ("New actors, new roles, new information needs"), Mike Jensen ("Bridging the last mile" and "Focus on technological developments"), Helen Hamby Odame ("ICTs are not gender-neutral") and Dominique Houankou ("Whose messages? Focus on community participation for bottom-up content generation in ICM/ICT").

Making rural development work:

Issues raised during the preparation of the World Bank's rural development strategy

In 1997 the World Bank published a comprehensive rural development strategy. It called for renewed attention to agriculture and rural development in developing countries, and a greater role for the private sector. It proposed greater investment and urged donors to focus on better quality and better coordination. Its implementation, however, proved disappointing. Now, after widespread consultation, a second strategy has been prepared for release this year. In this article **Kevin Cleaver**¹ looks at the issues raised during the consultation period.

There is substantial evidence linking agricultural growth and poverty reduction. A ten per cent increase in crop yields leads to a reduction of between six and ten per cent in people living on less than one dollar a day, according to a recent study

IFAD/Christine Nesbit:



Nearly every donor agency, including the World Bank, has continued to reduce its loans, grants and work devoted to agriculture and rural development in recent years. The private sector has not become noticeably more involved. The effectiveness of research and development, irrigation and drainage, and public agricultural institutions has not improved much.

Most important, the performance of agricultural sectors has not improved in most countries. In some places it has actually deteriorated, notably in many parts of sub-Saharan Africa, and in much of the former Soviet Union. In these countries the other sectors of the rural economy have not taken off either.

On the other hand, agriculture in some developing countries has either taken off or continued to grow rapidly. Notable examples of this are China, Thailand, Chile and Uganda. These are usually the countries in which other parts of the rural economy have also performed better.

The new World Bank strategy analyses these trends and proposes corrective measures for developing countries, industrial countries, donors, and civil society, in order to reverse the generally poor state of rural development. It also describes the positive experiences of those few countries that are succeeding in this area.

The strategy discusses some of the important issues facing contemporary rural sectors. These include the impact of subsidies and protection by industrialised countries, changing market trends (such as low world prices for coffee and cotton), environmental concerns, how to help the poorest rural dwellers and a

realistic role for the private sector. It also looks at how to integrate non-agricultural concerns such as health, education, social protection, energy, and water into a more holistic approach to rural development.

While this strategy was being prepared, the Bank consulted with stakeholders around the world, including officials from developing countries, NGOs, academics, donor agencies and the general public. A draft of the strategy was posted on the World Bank website and this generated considerable comment. A number of important issues were raised.

Why agriculture?

Why is agriculture so important for developing countries that it deserves so much special attention? The reason is that achievement of the Millennium Development Goal – cutting world poverty in half by the year 2015 – requires accelerated economic growth in developing countries. Agricultural growth is essential to income growth in most low-income countries because agricultural output constitutes such a large percentage of total output (24 per cent of total output comes from agriculture for all low-income countries).

Agricultural GDP will have to grow at a considerably faster rate than the 2.5 per cent per annum that characterised low-income country agriculture in the 1990-2000 period. A target rate closer to 3.5 per cent would be both feasible and roughly consistent with the millennium poverty reduction goal. There is substantial

evidence linking agricultural growth and poverty reduction. A ten per cent increase in crop yields leads to a reduction of between six and ten per cent in people living on less than one dollar a day, according to a recent study.

Achieving this rate of growth will be difficult and will require a much more concerted effort than has been the case so far. No continent is reaching the target rate for agricultural growth, although individual countries on each continent are doing so. China is the most successful of these.

What price the environment?

A crucial issue is how to expand food and agricultural production in the lowest-income countries in an environmentally and socially sustainable manner. A major criticism of past rural and agricultural development strategies is that they came at great environmental and sometimes social cost. In much of the developing world, the limit to expanding the area under cultivation has been reached. Virgin lands suitable for new crops have almost all been used up. Many countries are already tolerating settlement on land that is agriculturally marginal and environmentally sensitive.

Such settlement has a high cost to the biodiversity we have left, contributing to deforestation, soil erosion and more rapid water run-off. New areas available for irrigation are extremely limited and many existing systems damage the environment. There are legitimate concerns about the environmental sustainability of increasing fertiliser and pesticide use, and expanding farm mechanisation. These concerns suggest a limit on the agricultural expansion possible from input-led growth. However, in the poorest countries, especially in Africa, there is considerable room for more intensive use of inputs.

So increased productivity by using land, labour, water, and capital assets in an environmentally and socially sustainable way is the key to boosting agricultural output in the future. Achieving the necessary gains in productivity will require a green revolution for the dry lands, and more efficient use and better management of water in irrigated areas. Achieving sustainable growth will need close attention to land and water degradation, nutrient management, integrated pest management and conservation farming practices. It will also need policies and institutions that encourage better practice. Adapting to climatic changes will be another key priority.

The damaging policies of the rich

Improvements in agricultural technology will play an important role but cannot do the job alone. Growth also requires improvements in the operation of markets for agricultural products and inputs, and in the supporting infrastructure. It needs an end to

policies that often discriminate heavily against agriculture in developing countries, and protect and subsidise agriculture in industrialised countries. Finally, it will require the development of a non-farm economy to absorb surplus rural labour, and to provide the additional income needed for broad-based rural development.

Why is this so contentious? Mainly because the industrialised countries are not showing willingness to open their markets to agricultural imports from developing countries and to reduce their level of agricultural subsidies. These are contributing to the decline in the world price of agricultural products, to the detriment of farmers in developing countries.

Secondly, the industrialised world steadfastly refuses to expand its assistance to agriculture and rural development in developing countries to a level that will make a significant difference. At about \$8 billion per annum such development assistance is minuscule compared with the \$300 to \$350 billion per annum in subsidies to their own farmers. Without more support for the kinds of investment described above, the required acceleration in agricultural growth in developing countries will not take place – and certainly not in an environmentally and socially sustainable manner.

To make matters worse, donors continue to pursue their separate agricultural and rural aid agendas. This results in inefficient and uncoordinated agricultural investment in most developing countries. Different donors set up competing agricultural extension, credit, marketing, research, and input supply systems in the same country. Recipient governments have a hard time managing these projects and rarely sustain them after the donor leaves. We have talked about genuine donor coordination for decades but have never really achieved it. We need to pursue this more effectively in the future.

These issues are tough enough, but they are not all. There is a surprising amount of controversy about what works and what does not in agriculture and in the wider field of rural development. These questions are discussed below.

Export crops versus food crops

Do donors neglect food security by assuming that increasing incomes alone will eliminate hunger? Will the promotion of export crops cause food production in developing countries to decline? In our view, farmers should be free to produce both export and food crops according to their individual comparative advantage. Export crop farmers should not be constrained to shift to food crops when they can make a good profit from an export crop, and vice-versa.

Production of food crops alone is not the universal answer to solving hunger problems, although for some farmers it will be the answer. Neutrality in government policy

The industrialised world steadfastly refuses to expand its assistance to agriculture and rural development in developing countries to a level that will make a significant difference. At about \$8 billion per annum such development assistance is minuscule compared with the \$300 to \$350 billion per annum in subsidies to their own farmers

between export crops and food crops is most often the best policy. One difficulty is that the domestic market is often not sufficient to generate the demand needed for vibrant economic growth in the sector. So a policy to promote high-value export crops is often justified.

What protection for small farmers?

Is the strategy not too reliant on privatisation and market forces to reduce poverty? Might not large farms exploit private sector initiatives to expand land shares, and acquire more power? The answer is that attention must be paid to small and subsistence farmers even if they are less efficient than commercial farmers. The “protection” afforded to small farmers should be to develop more effective services and infrastructure targeted at them, rather than by excluding commercial farmers from markets or broader general services.

Does the strategy promote the conversion of small family farms into large corporate enterprises? The tendency to consolidate small farms into large farms, and sometimes large corporate farms, is universal, as there are often economies of scale in larger farm units. Large farms should not obtain special subsidies (as they do in rich countries). Public agricultural services need to target small farms. This will slow down the process of consolidating small farms into larger farms. Today we see large farms being subsidised and the service problems of small farms being neglected.

Biotechnology – opportunity or threat?

Does the Bank advocate the development of biotechnology applications, and specifically genetically modified organisms? It advocates the establishment of capacity in each developing country to evaluate biotechnology issues in order to make decisions that are consistent with the country’s own interests. The World Bank is sponsoring an international assessment of the issues surrounding biotechnology development.

In the past the Bank has supported the work of national agricultural research centres that in turn have undertaken biotech research. The development of “Bt cotton” in India was helped indirectly in this way. In addition, some of the international agricultural research centres supported by the Bank have biotech programmes – so it supports them indirectly. The World Bank has safeguard policies to satisfy ourselves that when we do offer support, it is environmentally and socially safe. We will not provide support when our safeguards are not complied with.

Land reform, irrigation and logging

Is the bank supportive enough of land reform? It finances projects that assist land reform. It supports peaceful, community and market-based solutions to land reform, rather than forced distribution, since this nearly always disrupts both agriculture and peace.

Does the Bank support investment in large hydraulic structures (such as dams and irrigation canals) that have negative environmental and social impacts for low economic returns? Its investment in large hydraulic works has fallen substantially in recent decades. It would now appear that the pendulum has

swung too far, and that the Bank needs to re-engage in the many developing countries that do not have enough of such infrastructures. In these cases the positive impact of such investment on growth and poverty reduction will be high. These controversial projects need to be designed and implemented in a way that simultaneously pays attention to environmental and social safeguards and ensures that decisions are quick and clear, predictable and practical.

Does the Bank not support private sector logging activities that accelerate the destruction of forest areas? It has not financed private sector logging activities for some time. In future, we propose to assist governments with forest projects that will help convert commercial logging from an environmentally unsustainable and harmful activity to a sustainable and environmentally positive one.

Promoting investment outside farming

Non-agricultural issues have generally been less contentious than these agricultural ones, although there are many to pick from. The non-agricultural content of the strategy is largely to increase the focus (in public and donor expenditure) on rural education, health, infrastructure and governance, and to promote private investment in productive non-agricultural activities. This is not controversial as an objective, but it turns out to be very difficult to achieve in practice.



© Syria/Ch. Narceon

Data suggests that the average developing country spends from two to four per cent of public expenditures directly in rural areas. As a result supplies of drinking water, health facilities, and education facilities are significantly worse in rural areas than in urban areas. This in turn contributes to greater reluctance by the private sector to invest in non-farm rural industry and services.

Projects directed at stimulating non-farm productive activity are often problematic and unsuccessful, in part because the social and physical infrastructure in rural areas is so poor. The issue is one of breaking through this Gordian knot – to make the public investment that is needed, and simultaneously to improve the other aspects of the business climate in rural areas that are necessary to attract private investment, even on a very small scale.

Urban development – help or hindrance?

Another important issue that has arisen is the connection between urban development strategies and rural development. Critics of the rural development strategy suggest that it fails to recognise the critical role that cities play in the development of rural areas. Cities are major markets for agricultural products, transshipment points for others and the source of many farm inputs. They provide higher education for rural leaders and agricultural technicians, and provide the consumer goods that induce farmers to produce for the market.



Attention must be paid to small and subsistence farmers even if they are less efficient than commercial farmers. The “protection” afforded to small farmers should be to develop more effective services and infrastructure targeted at them, rather than by excluding commercial farmers from markets or broader general services

So efficient and well-managed cities are critical for rural development. Those who emphasise this message often take issue with the strategy’s line that there is characteristically an urban bias in public expenditure and in many donor programmes. Urban programmes, it is argued, develop the efficient cities without which agriculture and rural areas cannot take off.

The Bank’s rural development strategy has gone some way in incorporating this critique, agreeing that cities are important for rural development for these reasons. But the policy and expenditure bias in favour of cities cannot be justified in this way. The urban bias merely increases the gap in well-being between rural and urban dwellers. It accelerates migration to urban areas beyond what is desirable, and often creates urban problems as well, as increasing rural poverty. Balanced policy and expenditure between rural and urban areas is the target, but the definition of what is balanced is nearly always disputed.

One size fits all?

A second non-agricultural issue that arose is the degree to which the design of rural education, health, water, and energy projects needs to be different from their design in cities. The strategy concludes that they do need different types of service. Schools will be smaller because populations are more dispersed. Curricula typically have a more agricultural content. Teachers may need special incentives to live in rural areas, especially poor ones. Drinking water often comes from wells, rivers or other forms of irrigation, and not through pipes as in urban areas. Roads are usually unpaved and are cheaper to build and repair. Rural industry often has an agricultural connection (marketing, farm inputs and processing farm products).

Countrywide services seldom cover the specific characteristics and needs of rural areas adequately, contributing to the poor servicing of these areas. But specialists in both donor agencies and governments often do not appreciate these differences. So the Bank strategy suggests a greater focus on the rural content of these services and investments, adapting them to specific rural situations.

The way ahead: national strategies

Implementation of the strategy is not straightforward. There are many competing objectives in the World Bank, as well as in other donor agencies and in governments. But we have developed a comprehensive set of indicators to monitor both progress in the implementation of the strategy, and outcomes in developing countries. Organising a donor forum to share experience in rural development is part of the implementation plan.

Perhaps the most important action will be supporting the preparation of national rural development strategies at country level. If there are good country strategies, donors and investors are likely to provide greater support. Scaling up successful pilots to become larger programmes at the country level, and to replicate success elsewhere, is also an important part of the implementation plan. We look forward to working with the European Community on rural development. ■

1. Director of Agriculture and Rural Development, World Bank

Why invest in Less-Favoured Areas¹

Less-Favoured Areas (LFAs) are areas that have been less favoured by man as well as nature. They include lands with poor agroclimatic conditions as well as areas with higher agricultural potential but which are currently constrained by limited access to infrastructure and markets, low population density, or other socioeconomic constraints. Most LFAs are found in mountain and hill/forest regions ("uplands") or arid and semi-arid zones ("drylands").

Peter Hazell*

There are three good reasons to invest more public funds in LFAs. First they are home to large numbers of poor people. Second, they are the custodians of globally important environmental resources that are at serious risk of degradation. Third, many investments are productive and provide competitive returns for national economic growth and food security. We discuss each justification in turn.

People and poverty

Of the three billion rural people living in the developing world, about 1.2 billion (42 per cent) live in LFAs. Of these 1.2 billion, about 360 million live under conditions of

extreme poverty. This is equivalent to 30 per cent of the total LFA population and 40 per cent of the total rural poor living in developing countries. Many disadvantaged social groups are also concentrated in LFAs, such as women-headed households, landless farmers, and indigenous forest dwellers and pastoralists.

Poverty is worsening in many heavily populated LFAs as population growth outpaces increases in crop yields. Scarcity of social services (schools, clinics, drinking water) affects health and constrains labour productivity. Poor people in LFAs tend to be especially vulnerable to natural disasters and social conflict, which are endemic to these areas. Nor have LFAs escaped the ravages of HIV/AIDS and other important diseases that spread amidst poverty, poor education and public neglect.

For all these reasons, LFAs are a significant part of the human development challenge facing the world community.

Environment

LFAs are also a significant part of the global environmental challenge. They account for large shares of remaining forest resources, natural rangelands and desert margins and encompass most upper watersheds, including the watershed protection areas for many of the largest river basins in the developing world. They also contain large amounts of unique biodiversity, and are origin sites for many important food and tree crops. With such bounty, resource degradation in LFAs can have serious environmental consequences that extend well beyond their boundaries.

Major environmental problems that prevail in LFAs include:

- a) land degradation, which is particularly troublesome in hillside and mountain areas because of its impact on downstream watersheds;
- b) soil fertility mining due to limited access to fertilisers and organic manures;
- c) deforestation, primarily because of subsistence farming in hillside areas; and
- d) loss of biodiversity as human activity spreads into remaining forests, woodlands, wetlands, and other environmentally valued sites (though

IFAD/Robert Grossman



The key to successful community pathways out of poverty lies with better access to markets, especially for higher value products, and access to technologies that can increase land and labour productivity faster than population growth

poor people in LFAs often remain custodians of important agricultural biodiversity, such as rare crops and traditional landraces).

Worsening degradation contributes to lower incomes and deepening poverty, and since this aggravates many of the factors that are thought to prevent people from stabilising or improving the condition of their natural resources, then the degradation of

these resources continues to worsen. Over time, poor people can become trapped in a downward spiral, with ever worsening poverty and resource degradation (Cleaver and Schrieber, 1994). A more optimistic view is that as population grows and labour becomes more plentiful relative to land, then farmers and communities spontaneously invest in improving their resources and increasing yields. A much cited study of Machakos district in the Kenyan highlands with the provocative title "More People, Less Erosion" (Tiffen et al. 1994) provides a striking example of this induced innovation and raised hopes within the development community. But there are many more examples where such induced development pathways have failed to raise labour productivity and living standards over time (Pender et al. 2001). The key to successful community pathways out of poverty lies with better access to markets, especially for higher value products, and access to technologies that can increase land and labour productivity faster than population growth.

Returns to Investment in Less-Favoured Areas

In addition to compelling poverty and environmental reasons for increasing the level of investment in poor people in less-favoured lands, there are also good economic reasons. Many investments in LFAs can yield favourable economic returns; an important criterion for national planners and ministries of finance confronted with scarce public resources.

Public investments in agricultural research, rural infrastructure, and human health and education are essential for improving the productivity of LFAs and for creating improved livelihood opportunities for their peoples. But past investments have typically been biased towards irrigated and high-potential rainfed areas where conventional wisdom suggests that the productivity returns to investment are highest.

The rationale for neglecting LFAs is being increasingly challenged by:

- a) the failure of past patterns of agricultural growth to resolve growing poverty, food insecurity and environmental problems in many LFAs;
- b) increasing evidence of stagnating levels of productivity growth and worsening environmental problems in many high-potential areas; and
- c) emerging evidence that the right kinds of investments can increase agricultural productivity to much higher levels than previously thought in many LFAs. Indeed, recent IFPRI studies of India and China show that many investments in LFAs now give comparable or higher economic returns than investments in irrigated and high-potential rainfed areas, and they have a greater impact on poverty (Fan, Hazell and Haque, 2000; Fan, Zhang and Zhang, 2002). Targeted investments in roads, agricultural research and education offer particularly good prospects for increasing productivity and reducing poverty in many LFAs. However, caution is needed in extrapolating these results to other parts of the developing world, especially Africa, where there has been much less investment in high-potential areas. ■

* International Food Policy Research Institute (IFPRI)
www.ifpri.org

1. This article is extracted from a larger paper entitled *Investing in Poor People in Poor Lands* (Hazell et al., 2002) prepared for IFAD by the International Food Policy Research Institute (IFPRI) and the Wageningen University and Research Center (WUR), July 2002.

References

- Cleaver, K. and G. Schrieber. 1994. *Reversing the spiral: The population/agriculture/environment nexus in sub-Saharan Africa*. Washington, DC: World Bank.
- Fan, S., P. Hazell and T. Haque, 2000. *Targeting public investments by agro-ecological zone to achieve growth and poverty alleviation goals in rural India*. Food Policy 25: 411-428.
- Fan, S., L. Zhang, and X. Zhang. 2000. *Growth and poverty in rural China: The role of Public Investments, Environment and Production Technology*, Discussion Paper No. 66. Washington, D.C.: International Food Policy Research Institute.
- Pender, J. 2001. *Rural population growth, agricultural change, and natural resource management in developing countries: A review of Hypotheses and some evidence from Honduras*. In *Population matters: Demographic change, economic growth, and poverty in the developing world*, ed. N. Birdsall, A.C. Kelley, and S.W. Sinding. Oxford: Oxford University Press.
- Tiffen, M., M. Mortimore and Francis Gichuki. 1994. *More people, less erosion: Environmental recovery in Kenya*. Wiley, Chichester, UK.

Sustainable development of "rurban" areas is crucial

For years, the future of towns and cities, and the future of rural areas were treated as separate issues, the subject of different intellectual traditions and specialisations. Now, however, all over the world, the rapid expansion of towns, coupled with the emergence of highly intensive farming in areas under development, have created a new kind of ecosystem. Baptised "rurbanisation", this is one of the areas where sustainable development is most crucial.

Michel Griffon*

The problems of sustainable "rurban" development

Since the dawn of civilisation, wherever a town sprang up it was sure to be surrounded by a belt of intensive agricultural production. However, most of the basic food supply has always been produced in the hinterland, in agricultural regions settled by farmers.

In European society, the urban environment has developed slowly over the years. First came the traders and craftsmen, then the industrialists, evolving in the very heart of gradually advancing rural civilisations whose economic role was to produce the food needed by the town and provide a source of labour which migrated towards the town. During the industrial revolution, the relationship between town and country was intensified and accelerated.

Developing countries, in particular in Africa and Asia, have had a different historical experience. The speed of the rural exodus and its lack of proportion with the numbers of urban and industrial jobs on offer have created a complex world with both rural and urban characteristics that clings to the edges of urban conglomerations. This "rurban" world has seen a population explosion. In twenty years' time it will have become the biggest population group, during which period the current urban centres could double in size. In these areas, the (often poor) housing areas rub shoulders with farming, horticulture and livestock-breeding activities. The population will be far more dense than in the most populated farming regions in the world to date.

Such high concentrations of activity are already the source of many problems. First of all, social problems, as competition for space generates land-related conflicts. Migrants need somewhere to live, so they occupy land. These conflicts pit occupants against local authorities and against former owners. Moreover, such land occupation breaches town planning regulations and, when the planning power of local authorities is weak, the anarchic development of peripheral areas causes problems for the future organisation of space. Lack of public transport means more cars on the road, leading to significant pollution levels, while the dearth of adequate roads gives rise to permanent traffic jams, which are detrimental to the environment and the health of residents.

The second major problem is soil and water pollution. One of the main sources of potential pollution is agriculture when



© Mark Edwards/Worldwide Pictures

The speed of the rural exodus in developing countries and its lack of proportion with the numbers of urban and industrial jobs on offer have created a complex world with both rural and urban characteristics that clings to the edges of urban conglomerations. But in sub-Saharan Africa, urbanisation has not gone hand in hand with an increase in productivity in the rural areas

intensive use is made of fertilisers and crop protection products, as is the case in rurban areas in Asia. Livestock-breeding can also be harmful, particularly due to nitrate pollution. Industry can be a source of toxic waste. Urban household waste is voluminous, and its collection often poorly organised. When population centres are built in low-lying areas close to the water table, water-borne pollution can affect the whole ecosystem, including people.

A third major problem is poverty. The rurban system cannot absorb new arrivals quickly enough. In general, their survival strategies are many but yield very little income. All these survival strategies and their constant shifting within society form the basis of a popular rurban economy whose income is essentially derived from doing odd jobs for homes on regular incomes and small, formal sector companies. This popular economy relies on small-scale agricultural production and family solidarity as its only lifeline. This is why land has always been so important to poor people in rurban areas: land will provide at least some kind of basic meal on a daily basis.

How can sustainable development be promoted in such a context?

This is without doubt one of the toughest problems facing those who deal with development policies. Solutions must be sought both in the rural areas themselves and in the regulation of settlements (distribution between town and country for decades to come), and depends on agricultural policy, industrial policy, land planning and, in the last analysis, on the response capacity of the whole economic and social system.

To reduce the problem to more manageable proportions – although still on a large scale – in order to limit development crises in rural areas, three objectives must be achieved in most of the large cities in developing countries within the next twenty years:

- ensure more stable and greater means of survival for poor populations,
- reduce industrial, agricultural and household pollution,
- develop rural spaces and plan how they will be utilised to ensure sustainable development.

If they are to have a more stable existence, poor people in rural areas must be guaranteed access to land. This is essential to ensure better food security and better nutrition. Gardens can be used to produce much of the food needed to supplement the basic diet of cereals and tubers. Vegetables, fruit and condiments provide essential fibre, vitamins, minerals, micronutrients and vegetable proteins. In some Asian towns, a “milk belt” has been created to meet animal protein needs. During the nineteenth century, government authorities in Europe created gardens in the suburbs with very low location costs to reduce poverty. Now, in periods of economic crisis in Asia and Africa, town-dwellers seek out any land which can be planted.

Reducing agricultural pollution means relying principally on organic fertilisers, mulches and composts that can be derived from household waste. This requires sorting refuse and organising the necessary networks and contracts. There are many non-polluting crop protection methods available, of which one is integrated pest control. Innovation in rural agriculture must be regarded as a constituent part of a new type of ecosystem, one in which the normal rhythms of the natural ecosystem must co-exist with concentrated pockets of housing and industrial activity. Any innovation must be the subject of prior impact studies on the whole of this complex ecosystem. Rural ecology should be a priority subject of research in the future, to learn more about it and how to manage it.

The solution to many of the problems of the future really lie in the planning and development of space. Specifically, most of the pollution and potential conflicts could be limited if policymakers were capable of long-term organisational vision. Functional ecological analysis of the areas undergoing rapid ruralisation must be the basis for making decisions on the location of various activities: housing areas, industrial areas, areas set aside for horticulture and livestock breeding, areas for recreation and possibly for biodiversity conservation. This planning must make it possible to prevent pollution, limit transport times and provide everyone with a space in which they can live. Rural planning must also be based on an integrated plan for the management of water so as

to guarantee the necessary supplies – rural areas will have a high demand for water – and the quality. The definition of long-term transport organisation plans might help to prevent cities becoming jammed with cars and in curbing large-scale emissions of greenhouse gases and other atmospheric pollutants.

How can the distribution of populations be better managed in the long term, particularly in Africa?

All these solutions will continue to fall short until societies can control the rate of migration and the settlement patterns in the long term. It is estimated that by 2050 the world population will have increased by some three billion, most of whom will live in developing countries. If current trends continue, nearly two thirds of them will have to live in rural areas. Of course, throughout history urban conglomerations have stimulated their surrounding hinterland through the demand for production, to the benefit of farmers, with the corresponding advances in productivity in rural areas. This is largely the case in Latin America and Asia. But in sub-Saharan Africa, urbanisation has not gone hand in hand with an increase in productivity in the rural areas. In Africa there is a serious risk of historical breakdown between the creation of employment in industry and services in urban areas and the abandonment of farming in rural areas and, in parallel, between the growing urban demand for food and the increase in agricultural productivity. Most likely, ruralisation will not provide a solution to this breakdown even though it creates societies that are both urban and rural, as well as agricultural and industrial. Thus, economic policies in the countries of sub-Saharan Africa must rapidly establish the indispensable historical link between urban demand for food and rural supply.

Over the next few decades, the volumes of food at stake should prompt, as a precautionary measure, the establishment of regional market protection policies sufficient to strengthen and develop this vital development mechanism, which provides a link (the market) between the town and its hinterland. Later, decisions will have to be taken on how open to international competition these markets should become. Rural Africa must also be able to sell, world-wide, the products for which it has comparative economic advantages, although in certain cases its products have to face competition from subsidised European and American production. Finally, as regards traditional exports, rural Africa must be able to obtain a fairer return for its work in the form of more favourable prices.

Without significant improvement in these areas, the current urban expansion trends in Africa could grow stronger, becoming increasingly harmful to society, contributing little economically and becoming unacceptable from the ecological point of view, while per capita agricultural production stagnates. This could result in even higher levels both of migration within the continent, with the risk of ethnic conflicts, and of intercontinental migration, however much industrialised countries might recoil from the prospect. Economic globalisation, by increasing the level of interaction between development processes, will inevitably lead the EU to collaborate with African governments to find solutions. Sustainable development of ruralisation zones is one of the key areas in international cooperation for the future. ■

* Scientific Director, CIRAD
www.cirad.fr

Reducing poverty

The link with good environmental management

“Linking Poverty Reduction and Environmental Management”; a report prepared jointly by four major development agencies – the EU, the United Nations Development Programme (UNDP), the UK Department of International Development (DFID) and the World Bank¹

This report, presented at the recent World Summit on Sustainable Development in Johannesburg, looks at ways to reduce poverty and sustain growth by improving the environment. It shows that good environmental management will be necessary to achieve the major Millennium Development Goals: eradicating extreme poverty and hunger, reducing child mortality, combating major diseases, and ensuring environmental sustainability. In this article, **Simon le Grand*** outlines some of the compelling arguments put forward in “Linking Poverty Reduction and Environmental Management” with respect to rural development issues.

The report examines how environment and environmental change in both rural and urban settings affect the poor in terms of three key dimensions of poverty; the health, livelihoods and vulnerability of the world's poorest people. This article focuses on rural issues.

Rural livelihoods

Soil and water degradation is a major threat to improving the agricultural productivity that underpins the livelihoods of most poor

people in rural areas and is a cornerstone of poverty reduction strategies in many countries. Current estimates are that up to one billion people are affected by soil erosion and land degradation due to deforestation, over-grazing and agriculture.

A growing body of research shows that poor rural households often derive a significant share of their incomes from natural resources in addition to agriculture. They also rely on natural water sources such as streams for their washing and drinking water (see box).

Where resources are scarce or access to common areas is restricted (as is increasingly the case) women have to travel greater distances in order to collect fuel, fodder and water. This imposes a physical burden on them and exposes them to personal risk. It also takes up a lot of their time – time that could be better spent on income-generating activities, crop production, household chores and raising their children.

Impact on health

When water, land and air are polluted, poor people suffer most. Water-related diseases such as diarrhoea and cholera kill an estimated three million people a year in developing countries. A recent study of rural households in central Kenya found that exposure to air pollution from cooking and other domestic activities resulted in “women being twice as likely as men to be diagnosed with acute respiratory infection or acute lower respiratory infections.”

In addition the extra time and energy involved in the collection of fuel contributes to the physical burden and ill health of women and children. As we have already noted, poor rural women are disproportionately affected by the degradation of natural resources because they are especially dependent on “common property resources”.

Surviving on marginal land

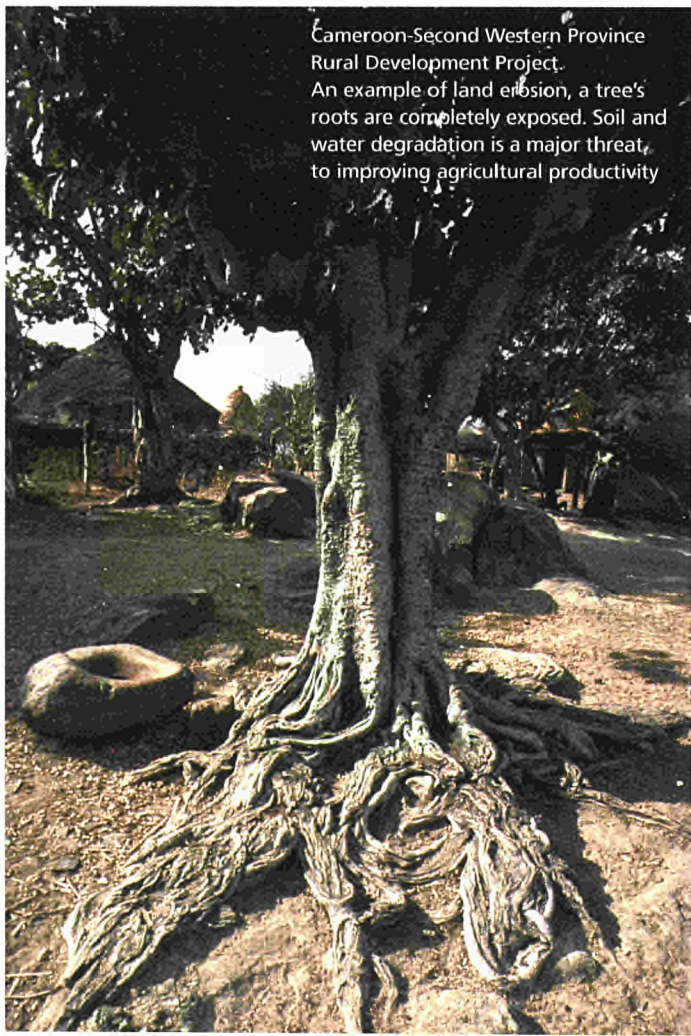
The poor are most often exposed to environmental hazards and environment-related conflict, and are least capable of coping with them. Increasingly the rural poor live in areas of high ecological vulnerability and relatively low levels of productivity – for example subtropical dry lands or steep mountain slopes. Estimates suggest that in developing countries there may be nearly twice as many rural poor people living on such marginal land as on favoured land.

If current trends in poverty and environmental degradation persist, more than 800 million people could be living on marginal lands by 2020. Limited access to land and to other natural resources is another key aspect of rural poverty. More than half the rural poor have landholdings too small to provide an adequate income, and nearly a quarter are landless.

Poor people are willing to invest in their environment

The report calls for an improved understanding of the relationship between poverty and the environment. It argues that most environmental degradation is not caused by the poor. Even where they do damage the environment, this is often because

Cameroon-Second Western Province Rural Development Project. An example of land erosion, a tree's roots are completely exposed. Soil and water degradation is a major threat to improving agricultural productivity



IFAD/Christine Nesbitt



Poor people are willing to invest in their environment

wealthier elites deny them access to resources or because they are hired to engage in environmentally-harmful practices.

There is increasing evidence that population growth does not necessarily lead to increased degradation. Research in Kenya has highlighted cases where, even in the face of increasing population pressures, farmers have managed semi-arid, degraded, unproductive lands in a way that has rehabilitated them and made them profitable. Where there is enough incentive, low-income households and social groups are willing and able to mobilize enormous resources, above all their own labour.

It is also clear that poor people have an enormous store of what is sometimes termed “indigenous technical knowledge”, in areas such as the use of medicinal plants, water harvesting structures, fishing sites and so on. There are many well-documented cases of poor people investing their own time and resources in environmental management,

The burden of water collection on women and children

A recent study of water use in Kenya, Uganda and Tanzania went back to the same 34 sites studied in 1972. Water is still primarily collected by women and children and carried on the head. This leads to headaches, general fatigue and pains in the chest, neck and waist. The distance walked to collect water is about 580 metres in rural areas (although for some it can reach over four kilometres) and 300 metres in urban areas. This is a slight improvement since 1972 and is the result of more standpipes, wells and private vendors in both urban and rural areas. But time spent queueing has increased significantly, especially in urban areas, because of population increase. A return journey to collect water takes about 25 minutes (double the time since 1972), and each household makes 3.9 trips per day. So an average household spends one hour and forty minutes collecting water each day. This reduces time for cooking and can reduce the amount of time children spend at school.

Source: IIED et al. (2002).

and at the same time keeping their families and communities from the worst effects of poverty.

Environmental planning that helps the poor

Finally, the report highlights a number of ways to reduce poverty and to improve the environment for the rural poor.

Decentralisation has given local governments control over many key resources in rural areas, such as state land, as well as responsibility for infrastructure such as water supply, sanitation and irrigation. Rules on resource access, such as permits for mining, timber harvesting and grazing are generally issued by local government. It is vital that these rules are subject to environmental planning and properly integrated into the local planning process in a participatory manner.

Planning, in turn, must focus on issues that are relevant to poor people. In some cases open access to resources – land, fisheries, forests – needs to be modified to stop overuse, which can

lead to conflict and so threaten the livelihoods of rural people.

In rural areas there is often no electricity, so promotion of improved cooking stoves can reduce the need for firewood. This has an impact on indoor air pollution and related diseases. Better water and sanitation management has obvious and very positive effects on health.

Technology, land rights and vulnerability to environmental impacts

In agriculture, success has been achieved by empowering innovative farmers to adopt and adapt new technologies and to pass their knowledge on to their peers. Support should be given to involving farmers in testing the suitability of these new practices and to the use of “farmer to farmer” advisory and training services. This can introduce and spread practices that require little or no cash inputs – for example making the best use of rainfall and waste products.

Property rights to resources such as land, water and trees have been found to play a fundamental role in the relationship between poverty and the environment. Property rights held by poor people represent key household and community assets. They may provide income, the ability to meet essential needs for subsistence and insurance against loss of livelihood. Poorer people tend to rely more heavily on customary or informal rights that are not always adhered to by outside user groups. It is therefore essential to strengthen their rights to property resources.

In conclusion, there are many ways in which support for poor people in rural areas can help to reduce their vulnerability to environmental impacts such as declining natural resources. These include the introduction of drought tolerant species, integrated pest management, moving to off-farm employment or, in the last resort, migration. ■

* Environment and Rural Development Unit, DG Development European Commission.

1. The report was presented jointly at the WSSD by the European Commission's Directorate General for Development, the UN Development Programme (UNDP), the UK's Department for International Development (DFID) and the World Bank. It can be downloaded, in English, French, and Spanish from the EC website: http://europa.eu.int/comm/development/events_en.htm#johannesburg

New approaches to land reform

Secure rights to land play a key role in enabling productive livelihood opportunities and access to basic services for the poor. In both rural and urban areas secure land tenure provides a basis for economic investment, shelter and sustainable management of the environment. Equitable land distribution also enables the poor to benefit from broad based economic growth and can improve agricultural productivity.

Julian Quan, DFID

Land tenure problems have traditionally been tackled through two main approaches which donors have actively supported. Firstly, the provision of secure land title, generally to individuals, where land rights are perceived to be insecure, and secondly, in some countries, land redistribution and resettlement, in cases where land is inequitably distributed. Accordingly, donors have focused much of their support on capacity building and technical support to land institutions.

While these approaches are of continuing relevance, there has been a widespread reappraisal of their effectiveness, in the light of experience and growing understanding of the diverse range of changing contexts in developing countries.

Land titling programmes are premised on the view that individual property rights will enable land markets to put land to its most efficient use. They have often been linked to the promotion of free land markets and mortgage based credit for farmers by the proponents of liberalisation and private investment opportunity. However, the benefits these approaches offer to small farmers and the rural poor are not always clear. While titling can assist the poor in some contexts, where individual land ownership is the norm, and people are without secure rights or at risk of eviction, it may not do so in others, for instance most of sub-Saharan Africa. In addition to involving high costs, and invariably limited coverage, titling projects have had little demonstrable impact on credit supply and land investment. Badly applied, land titling can even be anti-poor, undermining poor people's established land rights, particularly for women, and the less influential.

Land redistribution and resettlement can work under the right political conditions but it must be a long term, cross-sectoral effort, linked to improving livelihood opportunities for the poor, through provision of basic services and production and support.

The clear lesson of the past 20 years or so of support for land reform is that it has been too sectoralised and centralised. Land and tenure reforms by themselves do not reduce poverty or enable development: they must be linked to wider efforts including production and marketing support and the development of basic services and markets

Support to government land institutions, users' often linked to titling, registration and resettlement projects, has been popular with land professionals but remains ineffective if it is not part of a strategy to improve public services to meet land users' own perceived needs.

While land rights are undoubtedly fundamental to an equitable model of development, and land institutions have an important role to play, the clear lesson of the past 20 years or so of support to land reform is that it has been too sectoralised and centralised. Land and tenure reforms by themselves do not reduce poverty or enable development: they must be linked to wider efforts including production and marketing support and the development of basic services and markets. In addition, land institutions are important for the development of a good governance environment: land administration, management and planning need to become more accessible to ordinary land users and more responsive to their needs.

Some practical examples

The limitations of a market-centred and technical approach, which prescribes individually registered land rights as a "one-size fits all" solution, was well demonstrated by a case study of Bolivia, presented at the recent EU rural development forum in Montpellier. Following the colonisation of Bolivia's Amazon lowlands, the development of a dynamic land market has led to increasing land concentration by large farmers, side by side with growing insecurity and land fragmentation amongst the poor who find themselves with no alternative but to sell off land and become less and less able to compete. The process has encouraged deforestation as land cleared of trees commands higher values in the market. At the same time, technically driven donor investment in land registration in the Bolivian Andes was found to undermine people's rights and lead to land conflict.

Following the failure of programmes for comprehensive land registration and titling in sub-Saharan Africa, a growing number of countries have initiated policy, legal and institutional reforms which aim to protect established customary rights and devolve responsibility for the management of land rights to decentralised structures, involving local government, traditional authorities, and communities themselves. Nevertheless it remains a challenge to implement these new approaches on a large scale, in a context in which governments are under growing pressure to deliver policies that enable easy access to external private investors.

The significance of land decollectivisation in Eastern Europe, central Asia and some countries in the Far East should also be mentioned. This has been successful as far as it goes, but the outlook for small farmers in the former Soviet Union remains uncertain. In China and Vietnam, although ultimate land ownership remains in the hands of the state, secure land rights for individual households, coupled with a policy environment that supports small farmers, has led to significant improvements in incomes and in agricultural growth. Liberalisation and privatisation need to be linked to protection of rights and development of opportunities for small farmers to benefit the poor.

In South Africa and Brazil, state-led and market-based approaches to land reform are hotly debated, and risk becoming a focus of political tension. Both avenues have their place, but also their limitations, especially if they are not integrated into coherent strategies for rural development. In Pakistan and Bangladesh, experiments with negotiated private land leasing and public land access schemes involving

NGOs and poor people's organisations as intermediaries, demonstrate an alternative way forward.

Good practice in land reform

In addition to linking land reforms to the opening up of economic opportunities for broad based agricultural development, rights based approaches have an important role to play, including support for advocacy, legal and institutional reforms and measures which enhance people's ability to claim and defend their rights. This may mean building on existing customary or informal systems, and trusting local communities to manage land rights as they see fit. Civil society and stakeholder participation is also critical to land policy change and the planning of reform programmes.

Intervention should focus on land tenure and related livelihood and development problems. Rights of tenure do not need to be secured by awarding everybody freehold rights, through complex, expensive long-term programmes. Basic legal recognition and protection for established customary and other de facto informal rights, leasehold tenure and stronger development of rental markets are all important tools to improve land security and access.

It can be wiser to invest in enabling equitable access to effective systems for the resolution of land disputes, than in complicated technical endeavours to describe and fix land rights, once and for all, and then trust to the market.

Tools and working methods

Despite widespread recognition of the centrality of secure land rights to social inclusion and economic development, the place of land reform is not always recognised in national development and donor assistance plans. Donors are applying new aid instruments – notably Poverty Reduction Strategy Papers (PRSPs), direct budgetary aid and sector wide approaches. Better joined up working by donors, and development banks, in support of nationally owned strategies for development and poverty reduction is certainly needed, and land reforms are a case in point. But so far it is not clear how these can work in delivering land rights and land-based opportunities to the poor. The complexity and sensitivity of land issues can, in practice, lead to their neglect.

Land reforms are complex, long term and frequently politicised processes, which involve a wide range of sectors and stakeholders. Government land ministries and land experts may present ambitious and unrealistic plans, which compete poorly against other priorities. They need to be scaled down into incremental, problem centred approaches. In addition to large-scale financial aid, complementary action is needed to provide appropriate technical assistance to land reforms, generate knowledge and learning processes for those involved, build capacity and advocate for land rights in civil society.

Improving our knowledge for land reform

There are still a number of gaps in our knowledge relating to land reform, such as:

- the functioning of formal and informal land markets: how markets respond to interventions, and the impacts they have on the poor;
- questions of farm size, efficiency and pro-poor agricultural growth in the context of globalised markets. As pressure grows for poor countries to compete in global markets, how can community/commercial sector partnerships work in ways that enable investment



In Pakistan and Bangladesh, experiments with negotiated private land leasing and public land access schemes involving NGOs and poor people's organisations as intermediaries, demonstrate an alternative way forward

without compromising local people's land rights and livelihood opportunities?

- the effectiveness and impacts of different approaches to improving land access and distribution: how best can the roles of the state, the market and civil society be combined to improve land access?
- does land taxation provide a realistic distributional and revenue generating measure, and how can effective land taxation systems be designed and applied?

These questions can only really be answered by combined endeavours to tackle land problems, and share knowledge, putting in place good systems of monitoring and evaluation, and linking programme aid to informative action research to support existing programmes.

The opportunity for the EU

There is an opportunity for EU Member States and the EC to address these issues in their development assistance programmes. Practical measures need to be taken, such as:

- closer collaboration between agencies coordinated at country level, and possibilities of joint programme funding;
- mechanisms to strengthen our knowledge of land issues and how to integrate them with wider rural development and poverty reduction programmes;
- adopting longer term programme and project frameworks capable of supporting partner countries in tackling land reforms over extended periods;
- maintaining flexibility to initiate for small scale, short term, but potentially high impact activities which involve piloting, learning-by-doing, problem solving, and strengthening public dialogue within a longer term framework.

The current global interest in land policy offers a real opportunity to integrate land reform with strategies to improve the livelihoods of both the rural and the urban poor. Secure and equitable access to land-based assets provides a basis for broad-based, pro-poor growth and for social inclusion in a globalising world. EU and EC support for land reforms, in their widest sense, can make a real contribution to achieving the Millennium Development Goals. ■

Community-based planning:

a way forward for local governance?

Many of the recipes proposed for development in Africa have failed. Levels of poverty are not decreasing and stand at around 46 per cent; conflicts are endemic and Africa's participation in world trade has decreased. There is a flourishing development business, but most of the "solutions" have not worked. Bridging the gap between central planning, local service delivery and poor people is vital if rural areas and their populations are not to be permanently marginalized.

Ian Goldman¹

IFAD/Radhika Chhabram



Uganda - Hoima Kibaale Districts Integrated Community Development Project. Most of the state's resources are captured in the hierarchy of the institutions (primarily in urban areas). The proportion reaching people in the form of actual services delivered is very low. This gloomy picture is not true of all countries, with Uganda, Botswana, South Africa and Senegal perhaps standing out as a beacon of hope

One of the key problems is the gap between, on the one hand, westernised, urbanised and "modern" elites, systems and approaches and, on the other, the bulk of the population who are poor – especially those who live in rural, often remote, areas. This is often accentuated by the impact of external development funding, designed to support the formal bureaucratic systems and (predominantly urban) institutions, as well as by the effect of foreign capital that is usually directed to the formal sector of the economy.

There is little evidence that we are making an impact on the poor, and there is a risk of creating a permanent underclass with political consequences, as in the case of Zimbabwe, or of forcing massive emigration of skilled and unskilled people from and within Africa.

Beacons of hope

This imbalance is reflected in the provision of services and infrastructure. The only evidence of the state in most African villages is the primary school. Public investments do not reach the intended beneficiaries. Most of the state's resources are captured in the hierarchy of the institutions (primarily in urban areas). The proportion reaching people in the form of actual services delivered is very low. This gloomy picture is not true of all countries. Uganda, Botswana, South Africa and Senegal perhaps stand out as beacons of hope.

One of the big challenges ahead, therefore, is how to link poor people to the resources of the state and other agencies: how to ensure that beneficiaries are able to exercise their rights; that services are appropriate for poor (often rural) people; and that these people can assert their democratic right to be represented, to identify their priorities and to influence the way resources are allocated.

Ideas for ways forward

There are examples in Africa of attempts to address this gap, which suggest some ideas for ways forward. Approaches that are being looked at include:

- decentralisation in order to bring services and decision-making closer to the citizen (e.g. Uganda and Tanzania);
- use of community-based approaches such as community-based natural resource management (e.g. Botswana and Zimbabwe);
- use of local user committees – such as water or health committees – to make service delivery accountable and responsive (many countries);
- the development of community-based planning systems to link communities to local government and institutions (e.g. Ghana, Zimbabwe, South Africa and Uganda);
- providing poor people with the funds to buy the services they need, therefore making service delivery directly accountable to them (e.g. agricultural extension in Uganda); and
- developing community-based services (such as the famous bare-foot doctors of China, or paravets in Kenya).

Tailoring solutions

These approaches do not come without problems. We really need to be looking at tailoring solutions that combine different approaches in order to answer local needs. Decentralisation alone, for example, without empowering citizens to influence local government decisions, merely changes the locus of bureaucratic power to a lower (even if hopefully more responsive) level.

Therefore we need to be promoting, at community (micro) level:

- (poor) people being actively involved in managing their own development (claiming their rights and exercising their responsibilities); and

- a responsive, active and accessible network of local service providers (community-based, private sector or government).

And at local government (lower meso) level:

- services facilitated, provided or promoted effectively and responsively coordinated and accountable.

So we need to be strengthening the micro-meso link, and in such a way that does not just extend state power downwards, but strengthens the voice of poor people upwards. Otherwise our attempts at poverty reduction are bound to fail. Unless the poor have a voice they will remain excluded from services.

Examples of ways forward – South Africa and Uganda

South Africa and Uganda are both countries with a strong political commitment to addressing poverty, although their respective institutional structures are very different.

South Africa has three spheres of government, national, provincial and local. It is a centralised, semi-federal system with nine provincial governments that receive 40 per cent of government revenue. They are responsible for most developmental services, such as agriculture, health, social security and public works. Central government still retains authority over some portfolios, notably defence, police, justice, finance and also land. Much of the infrastructure (roads, water and electricity) is provided by 280 local governments, which receive only two per cent of government revenue but also earn from service charges and business taxes.

There are moves to strengthen local government's role in economic and social development. This has already started through the promotion of an integrated development planning system and through moves to transfer services down from the provinces. Health is an example. Apart from the major urban conurbations (metros), there are two levels of local government (district and local municipalities), which is in itself problematic. A district municipality would typically cover half a million to a million people, with a local municipality between 50,000 and 750,000 in the case of some secondary cities. There is only one recognised level below this: the ward (with a population of 5,000-20,000).

Uganda has taken a very different route. There are no provinces or regions and only two levels of local government. The district is dominant and all developmental services are the responsibility of local government (agriculture, health, water, roads, education and so on). The district development plan is the key one for local development. National ministries in these sectors are small and strategic and have no operational role. The district may have a population of around half a million.

Below the district is the sub-county, which has a population of around 50,000 and is being strengthened as the lower level of local government. Beneath the sub-county are two levels of representative and administrative structures: the parish (population around 3,000) and the village (population around 300). Villages and parishes are responsible for collecting local revenue, part of which they retain.

Participatory planning

Both countries are committed to some level of decentralisation, although this has gone much further in Uganda than in South Africa. Both have also pioneered (along with Ghana and Zimbabwe) a new approach to integrating communities with local government. An action research project² has been linking these countries to look at how to implement participatory planning systems that empower, help to improve plans and services, link into the local government planning system, and are replicable so that they can be implemented throughout the country. The methodology uses a livelihood approach, working with a wide range of social groups, rather than a (mythical) community assumed to be a homogenous group.

In South Africa the pilot municipality is Mangaung (including the country's sixth city, Bloemfontein, as well as a range of different types of rural areas) and in Uganda it is Bushenyi District, a rural district in South Western Uganda. The planning emphasises what the community should do, as well as external agencies, and is not just about begging for resources. After piloting in the four countries, this approach has now been implemented in six municipalities covering one-and-a-half to two million people.

In the case of Mangaung about €5,000 was made available to every ward for implementation immediately after the plan was approved, and prior to the release of mainstream funding through the municipal Integrated Development Plan (IDP). This has resulted in extensive local action and has provided a real purpose for newly elected ward committees. The priorities for the IDP were derived directly from people's priorities and are both very rational and much more strategic than the previous priorities, which focused on infrastructure. The overwhelming priority is now economic development, where the municipality has traditionally had little role.

There is still much to be done at a local level. In South Africa the lack of a representative structure below ward level is also problematic. Community-based service provision is an obvious next step. At the beginning of next year a similar action research project will look at community-based workers in South Africa, Uganda, Lesotho and one or two more countries.

Building on successes

Bridging the gap between central planning, local service delivery and poor people is a major problem. It must be addressed if rural areas and their populations are not to be permanently marginalized. The majority of current development efforts are still captured by urban institutions. However, there are some examples emerging of how this can be addressed: through community-based planning, community-based services, and giving poor people purchasing power for services and the power to manage natural resources. We must look to these examples for some of the answers for the future³. ■

For further information visit: www.khanya-mrc.co.za/cbp

1. Khanya – Managing Rural Change. E-mail: goldman@khanya-mrc.co.za

2. Funded by the UK's Department for International Development.

3. A national workshop was due to be held in Mangaung on 29-30 October, to look at the results and to examine ways forward in South Africa.

Agricultural sector programmes from theory to practice:

the experience of "Proagri" in Mozambique

During the last three decades significant changes have taken place in development and agricultural economics with regard to the role of the state. The emerging consensus since the mid-1990s is that an effective state is as important as "sensible" policies to achieve economic success and reduce poverty. So institutional reform has become a priority in international development assistance.

Julio Garrido-Mirapeix
and Paolo Toselli¹

A broad consensus – that the project concept was not always the best way to channel funds – found its main expression in the concept of Sector Programmes (SPs)². Several donors, including the EU, have since placed SPs at the core of their development assistance strategies³.

Agriculture is one of the key sectors affected by these trends. Agricultural reforms introduced in several developing countries have aimed at changing the role of the state away from the direct promotion of agricultural activities, and at restructuring key institutions through reform, market liberalisation and privatisation. Agricultural growth was expected to result from an improved functioning of the input and output markets and a greater involvement of the private sector. Against this background it is generally acknowledged that progress in the implementation of agricultural SPs (ASPs) has been slow and that its results so far have been mixed. The access of farmers to agricultural services and inputs has in some places declined, with negative effects on food security.

The case of Proagri

Mozambique is an interesting example of these processes, with reforms implemented in key sectors and the SP approach promoted officially at the highest level. The Ministry of Agriculture and Rural Development (MADER) is implementing one such programme, "Proagri"⁴, the national programme for agricultural development.

Proagri started a five-year programme in 1999, funded by more than 16 donors. It had a budget of over €200 million to finance activities within eight components: institutional development, livestock, forestry and wildlife, extension, research, land, irrigation and crop production. Its essence, as agreed by the government and donors, is basically a process of institutional reform. The programme was summarised in a set of "basic principles"⁵ to which donors and government are committed throughout implementation that basically represent the shift from an interventionist to a facilitatory role for the state.

The European Commission has been very active in this process⁶. It was the first donor to finance Proagri with budget support; it defined the basics of the common implementation system; it provided a technical team to support the Ministry's financial reform; and has integrated the NGO's portfolio with Proagri. It also organised the first outsourcing operations for the delivery of agricultural services – to NGOs, private consultancy and agro-industrial companies.

An external evaluation of Proagri started in August. This is likely to lead to a second phase, to be started in January 2004.

Fairly impressive achievements

Until 1999 the bulk of donors' support to the sector was channelled through projects. The budget of MADER was quite small by comparison. It had never consolidated its financial accounts, no audits had taken place and planning was fully centralised (in a country three times the size of the UK). But during the last four years it would appear that quite some progress has been made in areas such as activity planning, budget planning and management, accounting, audit and financial control, budgetary and activity reporting, procurement and contract administration.

While ASPs can be taken as very much a donor concept in origin, MADER has shown progressively more and more leadership of the process. The Ministry of Planning and Finance (MPF) has also become increasingly involved.

Increasing donor support

Proagri has made tremendous progress on its financial management reform, a very sensitive area and an absolutely necessary condition for donors to provide budget support. The accounts are now consolidated, the provinces are managing substantial funding, external audits – agreed between government and donors – have been carried out for two consecutive years and the last one gave MADER a positive qualified audit. It is the only ministry subject to this kind of exercise in Mozambique.

While at the beginning of the programme only two donors supported it through the government's budget (the EC and USAID⁷), the number has since increased to ten donors including several EU Member States as well as the World Bank. So budgetary support has increased from €4 million in 1999 to around €35 million in 2003.

Before 1999 all planning was largely centralised. Now the core of the programme comes from the provinces, and this decentralisation of planning has been accompanied by the decentralisation of budget execution. The percentage of investment funds implemented at provincial level as a percentage of the overall investment budget represented around 35 percent in 2000 and in 2001 was 54 percent. The dialogue among donors has also improved dramatically, as well as coordination with government. Joint activities have become the norm rather than the exception.

Towards a true rural development SP – the challenges ahead

While acknowledging the progress made so far, there are several areas that need action for the programme to have an impact on poverty and food insecurity.

Not all donors finance Proagri activities through the Government's budget. They must make a very serious effort to mainstream their support. This is not to say that projects are not needed, but rather that they must respond to very specific needs and be fully integrated into the programme. Project support,

unless managed properly with clear rules, can be the source of much friction that, ultimately, could undermine the SP.

Participation of beneficiaries in the initial design of Proagri was inadequate. The participation of farmers and more generally of the private sector in the setting of priorities and in overseeing the execution of the budget still needs to be improved.

A key stumbling block has been reform in the field of human resources. The ministry has about 6,600 civil servants, of whom about 5,000 have a level of education equal to or below primary. Many of the qualified staff are still based in Maputo and are so poorly paid that they find "additional" jobs. Unless the human resources of any given institution are radically upgraded little or no efficiency will be achieved.

Finally, Proagri has been weak in monitoring and evaluating its impact on the sector. As a result there is still little feedback to policy makers on the achievements of the programme and on the necessary policy adjustments needed to improve sector performance.

Towards a true SP

In general terms SPs in the agricultural sector, centred on the Ministry of agriculture alone, have been found to have a too narrow focus. Instead, it is quite clear that the state policy framework for agriculture includes important public expenditure elements that are beyond the remit of the sector (and the control of its Ministry). In countries like Mozambique it is extremely unlikely that an ASP will succeed in achieving a significant impact without parallel investments in roads and other commercial infrastructure, or reviving input and marketing credit systems. Similarly, investments in health and education also have a direct bearing in rural areas and the productivity of the agriculture sector. Hence it is necessary to move beyond a sector by sector approach and embrace other sectors within a coordinated strategy. This is more consistent with a holistic approach to food security and rural development although the kind of co-ordination and management skills required poses a challenge.

On the other hand, most agricultural SPs have paid little attention to the issue of co-ordination with the other activities that support the agricultural sector outside the public expenditure framework. This has also been the case in Mozambique. In fact, it can be argued that with the changed role of the state other elements actually become more important. The agricultural sector is dominated by private sector producers and hence the direct role of the state is lower vis-à-vis other sectors. Hence how they are supported becomes of paramount importance. Little effort has been made to differentiate among producers when they are essentially heterogeneous: subsistence farmers, small farmers, "emergent" farmers, plantations, concessions, etc. At the same time much attention has been paid in this context to smallholders and less attention has been paid to traders and agro-processors that play a fundamental role in agricultural development.

In some specific cases, the "outsourcing" of public services provision can help to tackle some of the issues above while also sup-

porting indirectly the private sector. Proagri with EC support launched for instance its first outsourcing operation in 2001 where three NGOs and four private agro-industrial companies have been sub-contracted (at a cost of €11 Million) to provide agricultural services aiming at the rehabilitation of cashew production and marketing and other food and cash crops improvement and diversification. Similar outsourcing exercises can be contemplated to provide for instance veterinary services, extension, research and so forth. This allows a SP to claim direct impact on the sector while maintaining the Ministry's structure more focused on selection and M&E as opposed to direct management.

Even if the SP makes progress, bilateral projects with direct activities in the sector (such as seed distribution and multiplication, pest management, extension networks, support to producers' associations organisation, livestock restocking and animal traction, promotion of savings and credit, etc) "outside" the SP will continue in all likelihood in Mozambique and elsewhere. These projects can represent a fairly large portfolio, in some cases exceeding the finance available for the SP. The main objective of these projects – in many countries managed mainly by NGOs – is to reduce food insecurity and poverty while promoting private sector and civil society organisation. However, this should not conflict with the SP, on the contrary there is plenty of scope to achieve synergies that ultimately will lead to improved impact.

In this line of thinking the EC has promoted since the beginning of Proagri comprehensive co-ordination and co-operation of its NGO projects with the SP. This has included inter alia the joint definition of the overall geographical and sectoral orientation of the projects, their joint competitive selection (Call for Proposals), joint monitoring and evaluation that includes regular field visits, twice a year meetings prior to the production and marketing campaigns as well as technical seminars on specific topics that require sharing experiences and lessons learned. Many of these projects have also included some institutional support to MADER at district level, thereby also contributing directly to the ASP.

Proagri has successfully initiated a process of reform and modernisation of Mozambican agriculture, but naturally much remains to be done. Some ideas have been shared in this brief paper. The bottom line is that it is necessary to make progress in the definition and operationalisation of a true framework for rural interventions in Mozambique. ■

Even though much remains to be done, Proagri has successfully initiated a process of reform and modernisation of Mozambican agriculture

1. Coordinator and Agro-economist respectively in the European Commission's Food Security Unit, Mozambique. The views expressed do not necessarily reflect the position of the Commission.
2. Also referred to as Sector-Wide Approaches (SWAPs) or, earlier, as Sector Investment Programmes (SIPs).
3. Donors who have prepared official statements regarding SIPs/SWAPs include ASDI, DFID, EC, the Netherlands, the World Bank, etc.
4. Other countries implementing some type of agricultural Sector Programme include Benin, Ghana, Kenya, Lesotho, Malawi, Senegal, Uganda, Zambia, and Zimbabwe.
5. These principles define the nature and direction of MADER's transformation, divided into (a) general principles that include the core functions of MAP, and (b) principles for each of Proagri's components.
6. Funding for the EC contribution has been primarily provided through the Food Security Budget Line.
7. However, while the EC provides "pure" financial budget support, the USAID contribution is funded through counterpart funds resulting from its commercial aid programme. Structural food security actions (financial aid) replaced the Commission's food aid programme in 1997.

The need for a fair and common policy

on international agricultural trade

Despite a dramatic increase in agriculture and food production in recent decades, many people are still without adequate food to meet their basic energy and nutrient needs. Famines kill thousands of people every year. The majority of the world's hungry are impoverished country-dwellers. **Marcel Mazoyer**¹ examines the processes which have given rise to this situation, and says a fairer and more effective system of international agricultural trade is urgently called for.

During the latter half of the twentieth century, the world saw a 2.6-fold rise in agricultural and food production; a 2.5 billion human population consuming a daily average of 2,450 kcal in 1950, compared with a six billion population with an average daily intake of 2,700 kcal in 2002. This huge jump can be attributed to a number of factors, notably the spread of the modern agricultural revolution and the more noteworthy Green Revolution, coupled with the expansion of arable land (from some 1,330 to 1,500 million hectares) and irrigated land (from 70 to 270 million hectares), and, not least, the staggering development, in the most densely populated regions of the world, of mixed farming systems, which combine crops, arboriculture, live-stock and, less frequently, fish farming, and produce very high levels of usable biomass.

But this dramatic rise in agricultural production in no way detracts from the constraints and harsh realities confronting modern society. Of the six billion people inhabiting the planet, over two billion suffer from severe micronutrient deficiency (lack of iron, iodine, calcium, vitamin A, vitamin C and a number of other vitamins and minerals). Some 815 million people, 777 million of whom are in the developing countries, are undernourished, meaning that their food intake consistently fails to provide them with sufficient macronutrients (carbohydrates, fats and proteins) to meet their basic energy requirements; in other words they go hungry virtually every day. But the ultimate and most virulent form of extreme poverty and hunger has to be famine, which kills thousands of people throughout the world every year. The biological, climatic and political events behind these famines lead to the starvation of peoples too poor to take any form of evasive action and too undernourished to be able to survive the additional deprivations that ensue.

Unfortunately, this tragic situation, though not a new one, is showing little sign of improvement. The second World Food Summit concluded that, even with additional aid, the conventional means of combating poverty and hunger would be neither sufficient nor adequately effective to remedy the situation in a time considered short enough to be morally acceptable and socially and politically sustainable. Additional resources and a more extensive analysis are therefore called for.



IFAD/Alberto Comi

Process of impoverishment

We have to bear in mind that nearly three quarters of the world's undernourished population are country-dwellers, more specifically impoverished country-dwellers, the vast majority of whom are either resource-poor, under-equipped farmers struggling to make a living in poor locations, under-paid farm workers, or craftsmen and shopkeepers living in their midst and just as poor as they are. Moreover, a large proportion of the remaining undernourished population consists of former country-dwellers, driven from their homes by poverty and forced to live in refugee camps or on the outskirts of under-equipped and under-industrialised towns or cities, where scraping a living has proved nigh on impossible. The disturbing fact is that, since there has been no notable reduction in the number of poor and starving country-dwellers in the developing countries, despite the rural exodus of over 50 million people a year, we can only deduce that a roughly equivalent number of newly poor and starving is forming each year in these same rural areas.

The majority of the world's hungry, therefore, are not urban consumers who purchase their food, but rather farmers who produce and sell their own agricultural produce. Their vast number is not, it would seem, just a legacy of the past but much more the result of a very current and constantly recurring process of impoverishment, which is rendering hundreds of millions of farmers destitute.



Almost a third of the world's farmers (approximately 400 million farm workers – including families, nearly one billion people) continue to work exclusively with hand tools and without the aid of mineral fertilisers, treatment products and specially selected varieties, etc. Consequently, the productivity gap between the world's most productive and least productive farmers stands at more than 1 to 1000, compared with 1 to 10 at the turn of the 20th century

This is not surprising, since the world's agricultural population (families included) stands at a staggering 2.7 billion people in total, nearly half the planet's population. In the majority of countries, the average farmer's wage is not only much lower than the average city wage but also significantly lower than that earned by the unskilled labourer. Furthermore, for a working farming population of 1.3 billion people, there are only 28 million tractors in the world (that is, a tractor for fewer than two in every hundred farmers). This means that almost a third of the world's farmers (approximately 400 million farm workers – including families, nearly one billion people) continue to work exclusively with hand tools and without the aid of mineral fertilisers, treatment products and specially selected varieties, etc. Consequently, the productivity gap between the world's most productive and least productive farmers stands at more than 1 to 1000, compared with 1 to 10 at the turn of the twentieth century. What we need to establish, therefore, is how the agricultural world got itself into such a predicament.

The sad fact is that, in the developing countries, fewer than 10 per cent of the farms in existence at the start of the twentieth century have managed to withstand the many stages of the modern agricultural revolution. Every ten years or so tractor power and land area per worker have doubled and yields have increased by ten or so quintals of cereals-equivalent per hectare.

The productivity gains achieved in this way were so great and so rapid that they greatly exceeded those in the other sec-

tors. Consequently, current agricultural prices have risen at a much slower rate than those for other goods and services, resulting in a sharp decline in real agricultural prices (disregarding inflation). Over the last 50 years, in fact, real prices of basic agricultural food commodities (cereals, oilseed, meat and milk) have seen a three, four or five-fold decline, or greater, dependent on country and product.

This huge drop in agricultural prices has brought with it a more than proportional reduction in earnings for those farmers unable to invest or advance sufficiently to be able to offset the effects. Their smaller, poorly located farms have left vast numbers of them struggling to survive on less than the minimum wage. No longer a viable option, they have found themselves with no other choice but to abandon these farms and, with no one to take over, more than 90 per cent of the farms in existence at the start of the twentieth century have since ceased to exist. In the more profitable regions, their land has been taken over by farms undergoing expansion, whilst in other regions they have simply been allowed to lie fallow.

In the developing countries, the vast majority of farmers have never had the means to jump on the motorisation/mechanisation bandwagon. In a number of regions across the globe however (South America, South Africa, India, the Philippines, and the like), latifundia, large, otherwise antiquated farms or estates with thousands of hectares at their disposal and using extremely cheap labourers who have little or no land of their own, profited from the high agricultural prices of 1972-75 and the periods of negative inflation and interest rates to stock up on resources and equipment. Today, the best performing amongst them have work productivity equivalent to that of the most highly equipped family farms in the US and the EU.

Nearly two thirds of farmers in the developing countries have been able to take advantage of the Green Revolution. Using selected seeds, fertilisers and pesticides, they too are now able to obtain yields of up to 10 tonnes of cereals-equivalent per hectare and, with irrigation, they can even reap two or more harvests a year. Those with access to draught animals can achieve productivity levels of the order of 50 tonnes of cereals-equivalent per worker (two harvests x 2.5 ha/AWU x 10 tonnes/ha). More than half, however, have to rely solely on hand tools, limiting cultivation to one hectare per worker and productivity to 10 tonnes of cereals-equivalent per worker (1 ha/AWU x 10 tonnes/ha).

The fact remains, however, that nearly a third of the world's farmers (roughly 400 million workers, or, more poignantly, one billion hungry mouths) have never had the means to buy tractors, animals to pull their ploughs, high-yield seeds, fertilisers or pesticides, and the like. These farmers, orphans of the agricultural revolution and the Green Revolution and working with the most basic of hand tools, struggle to produce more than a single tonne of cereals-equivalent per worker per year.

Furthermore, a great many ex-colonial and ex-communist countries have seen little or no agrarian reform in recent years and, to add to their struggle, the majority of under-equipped farmers have been forced to surrender land to the latifundia.

The few measly acres they are left with fall a long way short of their cultivation capacities and, more importantly, of what they would need to meet the food requirements of their family. With little land, often poorly situated, and lacking equipment, these farmers are forced to go out and seek work on a day-to-day basis on the bigger farms, for a daily wage of between \$0,5 and \$2, depending on the country.

What this boils down to is that, in the recapitalised agro-exporting latifundia in South America, South Africa, and elsewhere, and more recently in the Ukraine and Russia, a farmhand earning less than \$1,000 a year can produce, all by himself, 1,000 tonnes of grain, reducing the cost of labour to less than \$1 a tonne (that is, 1/1,000 of a \$ per kg, i.e. next to nothing). This puts the cost price of a tonne of wheat, exportable by these countries, at less than \$100. To give further examples, a tonne of soya would cost less than \$150 to produce, a kg of chicken carcass less than \$0.8 and a kg of beef carcass less than \$1.2.

Subsidies to farmers

At these prices, the majority of farmers in the developed countries would have a zero or negative earned income. But, since they live in high-income countries keen to promote food self-sufficiency (and in some cases power), they enjoy all manner of public aid in very generous amounts. According to

the OECD, in 2000, direct and indirect agricultural aid was paid out at a rate “equivalent to a subsidy” of \$20,000 per “full-time farmer” in the US, \$14,000 in the EU, \$29,000 in Switzerland and Norway, \$28 000 in Japan, etc. Without such aid, it would be extremely difficult for farmers in these countries to acquire a share of the export market and to maintain their share in the domestic market, and the majority would be forced to cease their activity.

Whatever the intention, this public aid can serve only to force international prices down. International trade in basic agricultural commodities actually represents only a tiny fraction of world production and consumption of these commodities (less than 15 per cent in the case of cereals, for example). The customary market prices for these exportable surpluses from countries partaking in the agricultural revolution and the Green Revolution are the producer prices of the latifundia in the South and East, boosted by delocalisation and low wages, and, at the same time, the producer prices of the farmers in the North, boosted by public aid. These prices are therefore considerably lower than the cost prices of the vast majority of the world’s farmers (including those in the North), and, more importantly, far too low to enable them to make a decent living, to invest and to develop their businesses, and, for the most destitute among them, too low even to guarantee them enough to eat.



To promote, wherever possible without harm, sustainable farming methods that will ensure, in quantity and quality, food security for six – soon nine – billion people, it is vital to guarantee farmers sufficiently high and stable prices to enable them to earn a decent living. That is the price of our future!



Under such conditions, reducing tariff or non-tariff restrictions and thereby encouraging the poorer farming countries to import these commodities will reduce the prices paid to poor producer farmers to levels roughly on a par with their international prices. There is little to be gained from such a move, however, as, ultimately, the drop in real prices extends to all agricultural raw materials, irrespective of origin and whether they are food commodities or not (sugar, soya, groundnut, rubber, cotton, coffee, cocoa).

Naturally, this drop in the price of agricultural raw materials benefits, in the short term at least, the processing and distribution industries, and, to some extent, boosts the consumption levels and saving power of high-income households.

But, viewed from another angle, this drop in prices has devastating consequences. Besides the extreme impoverishment it causes, and the resulting starvation and rural exodus of the destitute peasantry, it reduces agricultural production capacity and increases the food dependency of the "poor farming nations" (the list of which stands at some 80 or so low-income food-deficit countries). It reduces their tax revenue and currency revenue, which, in turn, prevents these countries from modernising sufficiently to allow them to attract capital, reducing the victims of rural exodus to unemployment and forcing them either to work for a pittance or to emigrate. Finally, it means excessive debts and a loss of sovereignty and legitimacy for the governments of these countries, resulting in internal wars and ungovernability.

In total, 2.8 billion of the world's population, predominantly those in rural areas and shanty towns, have a purchasing power of less than \$2 a day, and, for 1.2 billion of these, less than \$1 a day. It is precisely these overwhelming levels of insolvency that limit consumption and, consequently, global growth and the possibilities of profitable productive investment. Savings get thrown into rash investments, which risks the whole financial system being jeopardised and the world plunging into recession. The governments of the developed countries and international organisations are doing their utmost to remedy this slide in the purchasing power of farmers and exodus victims, by implementing income support programmes and launching campaigns against poverty and hunger. However, such budget redistribution policies have proved vague, contradictory and unmanageable and fall well short of the mark.

In 2050, our planet will be home to some nine billion people (between 8 and 11 billion), according to the latest estimates published by the UN in 2001. To sustain a population of this

size, assuming no undernourishment or insufficiency, the quantity of plant products for human and domestic animal consumption would need to be more than doubled in the world as a whole, almost tripled in the developing countries and more than quintupled in Africa (Ph. Collomb, 1999).

To promote, wherever possible without harm, sustainable farming

methods that will ensure, in quantity and quality, food security for six – soon nine – billion people, it is vital to guarantee farmers sufficiently high and stable prices to enable them to earn a decent living. That is the price of our future!

To this end, a new, fairer and much more effective system of international agricultural trade is urgently called for, the primary aims of which will be:

- to establish, on a regional basis, large agricultural common markets, grouping together countries with similar levels of agricultural productivity (Western and Eastern Europe; North Africa and the Middle East; West and Central Africa; Southern Asia, etc);
- to protect these regional markets from imports of agricultural surpluses at low prices by varying customs duties and thereby guaranteeing poor farmers from disadvantaged areas stable prices which are high enough for them to earn a decent living and to invest and expand;
- to negotiate, product by product, international agreements establishing, in an equitable manner, for each product, the export quantity and price accorded to each of these markets, and, where necessary, to each country.

Within these large markets, the introduction of differential land tax would help to iron out income disparities between the more advantaged and less advantaged agricultural areas and income tax will put paid to the income discrepancies arising as a result of unequal access to means of production.

It is also essential to promote public agricultural research services, at both national and international level, the chief priority of which would be to respond to the needs of the poorer farmers in difficult regions, paying particular attention to the ecological, economic and social viability of their farming systems.

In countries where land is monopolised by a minority of latifundistas, genuine agrarian reforms will have to be undertaken, and land legislation implemented (anti-accumulation laws and farming statutes) that will guarantee the greatest number possible access to land and tenure security.

Finally, in the countries in which the hike in food commodity prices is likely to exacerbate the situation for the poorer consumer-buyers, a food policy based on the targeted distribution of purchase orders, to follow the US's lead, would help to increase local demand for agricultural produce, which is something that food aid has failed to do. ■

1. Professor at the Paris-Grignon National Agronomical Institute

How can farmers' organisations be strengthened?

The development strategies of national governments and other donors often include the strengthening of farmers' organisations (FOs) as one of their aims. This reflects a desire to involve communities in defining and implementing their own rural development and their own strategies to alleviate poverty. Denis Pesche¹ argues that the range of their services and their sizeable contribution to general welfare justifies efforts to ensure that they are properly funded from both public and private sources.

The 1980s and 1990s were years of growth for FOs in developing countries, both at local level and higher (national and international, with FO federations and networks). FOs perform many roles, generally combining a number of different functions. This is either because of deficiencies in their environment or because a combination of roles is necessary if they are to provide their members with services and at the same time achieve a higher national political profile. Also, a farmers' organisation that is too specialised can be vulnerable in the unstable environment of rural affairs in developing countries.

FOs frequently perform three major roles. The first is to provide services to their members: these may be technical (promoting technical innovation to improve their members' income); or economic (FOs may be full economic operators through the harvesting and marketing of their produce or the supply of agricultural inputs).

The second is to represent their members' interests and, more widely, the interests of farmers and others living in rural areas (without their having necessarily to be members of the FO). This role may have many facets, including the formulation of claims in negotiations, drawing-up proposals to contribute to the definition of agricultural and rural policies, and involvement in the management of agricultural sectors.

Finally they may also be involved in local development, providing social investment (schools, health centres, literacy programmes and so on). So, given the shortfall in state or local and community services, they provide amenities that everyone needs. By being active in this area FOs also help strengthen local democracy and participation.

In most cases farmers' organisations have very limited human and financial resources in comparison with their ambitions and the obligation to maintain a balance between their internal and external work

Maintaining a balance in an often hostile environment

Irrespective of the roles they assume, FOs necessarily have to combine internal and external work. Their internal work aims to consolidate their operations and to respond to their members' expectations. They need to build the organisation through regular meetings at various levels. These strengthen their members' feeling of belonging, and develop and maintain the organisation's legitimacy.

Their external work is aimed more at guaranteeing recognition for FOs and developing partnerships with other players. This requires forging relationships, communicating and sometimes negotiating with many external contacts. These contacts may include the state, technical services, private sector, NGOs and donors.

In most cases FOs have very limited human and financial resources by comparison with their ambitions and the obligation to maintain a balance between their internal and external work. This tension between internal dynamic and external relations makes them vulnerable and sometimes makes it difficult for them to carry through the tasks they set themselves. They operate in an environment that is often unfavourable towards them. Relevant legislation is often ill-adapted; governments are frequently reluctant to allow the development of what they see as competitors for power; and their members are often widely spread.

Supporting the organisation as well as the activities

The FOs' partners, particularly donors, have to pay attention to three key factors that will enable the FOs to manage this delicate balance. A better equilibrium has to be found between the institutional strengthening of FOs and support for their activities. It is a mistake to rely solely on FOs' internal financial

IFAD/Jean-Philippe Audinet



resources (contributions and the profit margin on economic activities) to bridge the gap between their ambitions and the means at their disposal.

Other sources of finance have to be found to enable FOs to develop their capabilities. Moreover, it is important for these funds to be managed directly by the FOs themselves, thereby enhancing their management abilities. At present much outside support focuses on just a few activities, with no direct concern for the overall strengthening of their capacities in the long term.

Those anxious to consolidate the FOs sometimes come up against the stumbling block of heavy, centralised financial procedures that perpetuate government control of payment decisions and guidelines. Often they are able to finance FO-led activities, but cannot bring them the long-term, stable resources they need to give them strength (hiring workers, organising meetings, studies, etc.).

An organisation may recruit an employee to lead and monitor an FO action, but at the end of the programme the new member of staff has to leave. This is the kind of thing that keeps FOs in a position of weakness and provides ammunition for their detractors. It highlights their limitations and so traps them in a vicious circle.

Priority should be given to setting up financial mechanisms that promote procedural transparency and, above all, flexibility to respond to needs that are often fragmented. These mechanisms ought to be governed by FO representatives, as this contributes to strengthening their ability to manage and make decisions.

Legitimacy and working with the state

Those wanting to support FOs should also be aware of the issue of their legitimacy and representative nature. They are often criticised for being unrepresentative of rural communities as a whole. In no country is there a farmers' organisation that can completely repudiate this charge. But the real question that should be posed is whether FOs are legitimate, whether they are deeply rooted in the rural world, and whether they respond to the interests of their members. Clearly an important objective of institutional support should be to strengthen their legitimacy and improve the degree to which they really represent their communities.

Another key factor is constructive dialogue with the state. Although the authorities declare their good will towards FOs in rural sector strategy papers, they often in practice show strong resistance to an increase in FO power. Poorly paid middle ranking or local civil servants tend to preserve their powers and social status by retaining a monopoly over certain functions, often generating illegal income.

Moreover, the prospect of greater external financing for FOs merely reinforces the tendency for them to be regarded as competitors for international aid. Rather than compartmentalising outside help (the state on the one hand and FOs on the other), what is really needed is support for initiatives that bring public sector players and FOs together in joint activities.

This needs dialogue and balanced negotiations in order to avoid simply applying ready-made solutions. The institutional strengthening of FOs engaged in this type of dialogue is vital to its quality. So, of course, is the strengthening or reform of the public apparatus.



PHAD/Horst Wagner

Farmers' organisations may also be involved in local development, providing social investment (schools, health centres, literacy programmes and so on)

In certain situations, the presence of expatriate agents within the FOs enhances relationships with the government and strengthens the FOs themselves. But their involvement requires a finely honed ability to listen and the ability to respect the FO's inherent rhythm and its approach – rather than wanting to take over.

The "global" dimension

A functional and many-sided approach to drawing-up "global" programmes to strengthen POs is the third key factor. The purpose of an FO is to be a community player, a vehicle for its members' aspirations. Such aspirations rarely amount to mere financial rewards. Members of rural communities naturally want to influence the decisions that affect their own environment in order to enhance the quality of their lives.

This global dimension to FOs is rarely understood by external partners, who often reduce rural policy to cross-disciplinary intervention or to a product-specific sum paid out by different departments or even different ministries, when what is really needed is coordinated funding.

In the face of this, FOs are forced to enter into a multiplicity of relationships and to set up a number of activity programmes. This consumes a large part of their meagre resources. One possible solution is for FOs to draw up programmes that combine both activities and institutional strengthening, and that are likely to receive funding from a variety of sources – coordinating their involvement in a shared institutional development programme.

Finally, it is essential for agencies that collaborate with FOs and also for governments to try to better understand developments in the rural environment and to listen to FOs through a dialogue with their managers and members. It is crucial that they understand what FOs are, what they can achieve and how best they can work with other players. ■

1. Inter-Réseaux Rural Development 32 rue Le Peletier 75009 Paris.
www.inter-reseaux.org

Partnership and aid coordination for reducing rural poverty

Under the impetus of a new strategy, the members of the OECD Development Assistance Committee (DAC) have resolved to work with greater urgency to reduce poverty – as a mark of solidarity with poor people and in the interests of securing universal human rights.

To help concert and improve their individual and collective efforts, they have endorsed a set of guiding principles: the “DAC Guidelines on Poverty Reduction”.

Dag Ehrenpreis¹

Rehabilitation Programme for drought affected areas, Ethiopia.

The DAC strategy for reducing rural poverty is based on partnership around development strategies owned and led by the governments and civil societies of developing countries

IFAD/Alberto Conti



The DAC strategy adopted in 1996, “Shaping the 21st Century: the Contribution of Development Co-operation”, set out a new vision of development cooperation. It is based on partnership around development strategies owned and led by the governments and civil societies of developing countries. The principles underpinning this vision – partnership, ownership, country leadership, broad-based participation, development effectiveness and accountability – have far-reaching implications for development agencies.

Aid agencies now need to work in a much closer, more coordinated way with a wider range of development partners. They should tailor their help to the priorities and needs of partner countries. They need to work as facilitators rather than as the prime movers of development.

In the spirit of the development cooperation strategy, the 23 members of OECD/DAC (government agencies for bilateral development cooperation and the European Commission) have committed themselves to working more effectively to reduce poverty. They are trying to ensure that sustainable poverty reduction is central to development cooperation, and to integrate economic, social, environmental and governance concerns within comprehensive approaches to development at the country level.

The new emphasis on partnerships for reducing poverty calls for a comprehensive rethinking of practices in development cooperation. The four key principles that should govern the policies and actions of development agencies in this regard, based on the DAC Guidelines, are set out below.

Partnerships and local ownership

The first is that they should establish partnerships that facilitate and strengthen local ownership of development policies and activities.

- Partnership approaches, which facilitate and strengthen local ownership, should be the basis for all development assistance.
- National ownership of strategies to reduce poverty, including locally determined policies and priorities, should consistently be respected, promoted and supported.
- Agency support for a national poverty reduction strategy should be based on a sound assessment of the merits, drawbacks and trade-offs of the strategy’s approach.
- The active participation of a range of partners and the empowerment of the poor are vital.
- Better coordination and longer-term commitment can strengthen partnerships and increase impact.

Development efforts should be monitored and evaluated with government partners and with poor people themselves, in order to assess the performance of partnerships and to secure and maintain results that benefit the poor.

Joint responsibility

The second principle is that aid coordination is the joint responsibility of all partners, although it should be initiated and led by partner governments.

External agencies should make more disciplined and sustained efforts to work with one another. They need to share more information with others to ensure genuine coordination. The challenge for the development community is to find ways of collaborating that do not undermine the ownership of partner countries or create an extra burden for them.

Collaboration with external partners

The third principle is that agencies should collaborate closely with other external partners in dealing with difficult situations.

Countries with inadequate development policies and institutions need support to create conditions that will enable their performances to improve. Working as partners with such countries in ways that both promote country ownership, and at the same time ensure that aid is effective and reduces poverty, is likely to be problematical. What happens when a partner government does not comply, or only partially complies, with its stated intentions or commitments?

Policy conditions – often bundled with financial and technical support – have sometimes helped reform-minded (usually new) governments advance agendas for reform. But externally imposed conditionality has generally not been effective, sustainable or conducive to country ownership, and is least likely to work in countries lacking the basis for partnership. Emerging good practice suggests the following approaches:

- a moderate share of assistance should be reserved for these countries;
- external partners should have a shared view of the partner country and coordinate their development cooperation;
- assistance should be used to support sustainable national or local institutions and civil society, with an emphasis on addressing the barriers to adequate performance;
- development cooperation could also support local authorities and non-governmental organisations (NGOs) in relieving poverty among targeted populations.

Collaboration with multilateral institutions

The fourth and final key principle is that there should be closer collaboration with multilateral and regional institutions.

Under this final heading there are four practical steps involved in working more effectively with these agencies. First, initiate early and continuous contact with relevant multilateral staff. Second, agree on the respective roles, responsibilities and obligations of different external partners in arriving at poverty reduction strategies that are specific to each country. Third, keep periodic coordination meetings informal, operational and focused on results. Fourth, where feasible, streamline and simplify funding and disbursement arrangements.

Rural poverty reduction

Most poor people in developing countries still live in rural areas. They tend to be more deprived of access to health, education, food and markets than urban households and this gap is not shrinking. The proportion of urban poverty is increasing rapidly. Rural poverty and the greater opportunities in urban areas incite poor people to migrate, increasing urban unemployment and poverty. So rural development that benefits the poor (both on and off farms) is a key priority for the overall reduction of poverty.

Rural and urban poverty need to be tackled with complementary policies. Rural and urban areas are linked through kinship, migration, trade and remittances. Such links are important for stimulating economic growth that benefits the poor. Moreover, urban agriculture provides livelihoods for a considerable number of urban poor. Sustainable and gender-balanced growth in small-scale agriculture and rural services is particularly effective in reducing poverty in both rural and urban areas.

The rural poor need enhanced access to resources in important but somewhat neglected areas: physical and financial assets, technology and natural resources (land and water), markets and institutions. Support for research into improved seeds, micro-irrigation, micro-finance and public works – and their extension in rural areas – are examples of important tools for helping people in rural areas rise out of poverty.

The DAC Network on Poverty Reduction, POVNET, is launching a work programme for 2003-2004 that includes work on the policy implications of growth for the benefit of the poor. It emphasises rural and private sector development. The work on rural poverty is to develop a strategic, cogent product for ready use by headquarters and field staff.

This work, which is led by USAID, should be undertaken in close collaboration with the nascent Global Forum for Rural Development, including the World Bank, the EC and like-minded bilateral agencies. Based on lessons learnt from practical experience and on new knowledge emerging from research, it will produce recommendations to member agencies on how to support governments and other partners in developing countries most effectively in their efforts to reduce rural poverty. ■

1. Senior Advisor on Poverty Reduction, OECD (Organization for Economic Co-operation and Development) Development Co-operation Directorate (Secretariat of the Development Assistance Committee, DAC)

An agenda for bilateral agencies

The Guidelines set out the following priorities for bilateral agencies working with partners to reduce poverty:

- support country-owned, country-led strategies for reducing poverty;
- allocate more development assistance to countries where there is greatest scope for reducing poverty;
- reduce the burden that development cooperation creates for local partners by combining efforts, easing administrative requirements, and coordinating agency approaches and actions;
- invest the time and resources needed to build genuine, reciprocal, poverty reduction partnerships;
- adapt agency structures and working methods to the challenges and needs of these partnerships;
- work more intensively to develop human and institutional capacity in partner countries;
- ensure a gender perspective in all policies, programmes and instruments;
- integrate sustainable development, including environmental concerns, into strategic frameworks for reducing poverty;
- adopt, to the greatest extent possible, a multi-year time-frame for programmes and funding to reduce poverty that complements government planning and budgeting;
- assess development cooperation for its impact on poverty and develop the right monitoring and evaluation systems;
- foster and strengthen local capacities to monitor poverty reduction programmes;
- encourage the development of local poverty reduction indicators and targets, and strengthen local statistical, analytical, monitoring and evaluation capacity.

Funding extension services: new approaches and lessons from experience

Extension services in support of agriculture and natural resource management in developing countries have been largely financed by governments and donors so far. But there has been a good deal of dissatisfaction with the effectiveness and efficiency of these services, as well as with government financial constraints. As a result there has been a reconsideration of the role of governments in general, and a debate about alternative approaches to funding extension work. New models, such as privatisation and the financial involvement of users, are emerging and new approaches are being explored.

Thomas Zeller¹

This article outlines the key issues raised in a study, published in April this year (2002), looking at the financing of extension services and in particular at some of the new ideas now being explored. It followed a decision two years ago by members of the "Neuchâtel Initiative"², mainly from France, Germany and Switzerland, to analyse as many cases as possible and draw out the lessons from them. LBL³, the Swiss Centre for Agricultural Extension, carried out the study, analysing 31 separate cases, from literature, personal discussions, visits to projects, internet debate and from a workshop with practitioners.

Their publication deals with five core themes:

- who should finance what in extension;
- involving users financially;
- directing public funds;
- fostering private extension services; and
- decentralising large public extension organisations.

The study does not try to provide blueprints or universal truths, but it does indicate where obstacles and opportunities may be hidden. The understanding of extension underlying this study is a pragmatic one: extension offers services, mainly advisory, that support people in rural areas in making the best possible use of the resources at their disposal (land, labour, capital knowledge, skills, experiences and social relations).

Who should finance what in extension

The study stresses that financing and delivering extension services are issues that need to be looked at separately. It concludes that there are limitations on the role that can be played by market forces. They do sometimes lead to the provision of a range of extension services that have the characteristics of private goods and are financed entirely privately, without any public funding. These services tend to be for better-off farmers.

In many situations market forces do not work in the public interest. The services they offer may have some characteristics of public good, but they will often turn out to be insufficiently profitable to continue to be driven by market forces. Or they may have implications and effects that are not in the public interest. Market forces do not usually make extension services available in remote areas, for poor farmers, or for environmental work.

Decisions about financing extension work should be guided by how services and actions serve the public interest, rather than by theories about private and public goods. Different beliefs and assumptions lead to different perceptions of what is in the public interest. So what society recognises as being in the public interest is the result of political processes rather than of scientific considerations. But it is clear that without an element of public funding for extension, substantial public interests are compromised, especially those relating to ecological sustainability and the reduction of poverty.

The study takes the view that, in principle, people with an interest in a service should contribute towards financing it. These may be individual farm families, private enterprises, communities, districts, countries or the wider public. Extension services that are purely in either the private or the public domain are rare. Most services should be financed by a mix of public and private funding.

Involving users

Nearly every extension organisation (but not for every type of service) should have some degree of financial participation by users. This helps to foster empowerment and promote effective services, and in many services there is a substantial degree of private interest anyway. Enterprising farmers, including poor ones, are generally willing to pay for useful services. The challenge is to design services in such a way that they are sufficiently and obviously useful.

Financial participation is feasible only for services that result in clear and obvious added value for the users. It is not a means of reducing public spending on extension, because it needs highly competent service providers who offer useful services. This often demands substantial investment in capacity building. Financial participation can lead to effective, user-oriented services, but only if users are able to articulate their needs, service providers are capable of responding to them, and both are able to judge the quality and impact of these services.

Financial participation promotes ownership if it is linked to the representation of producers in the steering of an extension organisation. It is not helpful for services with a high degree of public interest, because it inevitably reduces the number of people involved with the services.

By its nature financial participation will exclude some potential clients. This may be important if the objectives of the extension work are related to reducing poverty or increasing the income of



IFAD/Christine Nestbit

Côte D'Ivoire.
Extension workers demonstrate the benefits of growing and eating soy beans to members of an agricultural cooperative

poor farmers. One solution is to set up a public financing scheme specifically for those who are unable to pay for extension services, at the same time as introducing financial participation.

In principle the level of financial participation should depend on the ratio of public and private interests. In practice negotiations between users and suppliers are crucial in determining the level, because they are likely to perceive this ratio differently. The introduction of financial participation often meets resistance from the established systems of producers and service providers. So at the outset careful studies must be made of its feasibility and desirability in any given circumstances.

Directing public funds

Public funds for extension can be channelled to an extension organisation directly as supply-side financing, or to clients as demand-side financing. One way of directing public funds into extension work is through service mandates. These can be used to contract work out to private service providers. They can also be concluded between government bodies at different levels. With service mandates, the accountability of service providers is largely to the source of their funds. Service mandates provide motivation for good quality and cost-effective services, provided that the contract is geared to results and that service providers are funded in a way that rewards them for being cost-effective.

However, too much attention to being cost-effective can result in a loss of quality. Competition for contracts does not automatically promote quality and innovation. There must also be opportunities for service providers to develop their capacities. Demand-side financing – funding the users of the service – is particularly recommended when the aim is to establish independently func-

tioning markets and to empower clients and local management, and when the private interest component of services is high.

Demand-side financing often needs to be complemented by supply-side financing, in order to develop the capacity of extension service providers, and by efforts to develop the capacity of users to articulate their needs. Demand-side financing combined with financial participation promotes greater accountability towards the users of extension services. It changes the relationship between providers and users, whose power increases. This is one of the reasons why it meets resistance from donors and service providers, who are likely to lose some control. The success of demand-side financing depends on factors such as financial participation, competition between service providers, and a good system of control.

Fostering private extension systems

Interventions to develop extension services in the private sector may focus either on developing markets for services, or on supporting individual organisations, such as producer groups. When the goal of intervention is to develop markets, subsidising the establishment and further development of private service providers distorts the market less than subsidising actual services. It is often assumed that initial demand-side financing of services has a less distorting effect on markets than supply-side financing. But experience indicates that demand-side financing may also distort price signals substantially.

Initial public financing of services may compromise later financing by users. An enabling policy framework for private enterprises and the existence of markets for farm produce are important preconditions for developing markets successfully. But competition in markets for services does not of itself guarantee good quality service. It is important that producer organisations function well in the first place, if they hope to become successful owners of an extension service.

Those who provide extension services in the community or on farms should be paid if they are expected to devote substantial time and efforts to this work. Where there are a variety of service providers, special arrangements for research and learning systems need to be made. The public interest needs particular attention in cases where the private sector provides the extension services.

Decentralising large public extension organisations

Decentralisation and service mandates between different levels of government are worth considering as alternatives to the privatisation of public extension organisations. But decentralising extension successfully does need a policy environment that favours the devolution of power. A decentralised extension system requires particular management skills and capabilities, at decentralised levels as well as at the centre, and specially designed support and training. These may need to be developed before decentralised extension services can operate successfully. ■

1. Swiss Agency for Development and Co-operation (SDC).
2. The Neuchâtel Initiative brought together a large but informal group of bilateral and multilateral donor agencies in 1995, in an effort to improve donor coordination and develop a shared vision of how to address the challenges and changes facing agricultural extension in sub-Saharan Africa.
3. See www.blb.ch/int for further information.



© Tony Smith



© Roger de la Harpe/Wildlife Pictures



Soul City Institute for Health and Development Communication

South Africa



South Africa, aptly named the “rainbow nation” for its multiracial make-up, set out on the road to greater social cohesion by promoting reconciliation rather than a settling of accounts.

Since 1994, the Republic of South Africa has had a new constitution, held free elections and reorganised its administrative regions.

International pariah of the apartheid era, the country is now playing an increasingly important role, both at the regional and international level.

The country is going through a complete restructuring process, despite serious economic problems, including an employment rate of 35 per cent and a society characterised by profound inequalities. The government of President Thabo Mbeki has to grapple with the immense expectations of the majority of the nation’s inhabitants, who are keen to enjoy the fruits of – as yet too weak – growth.

In this context, the South African government’s economic and social policy is aimed not only at maintaining the efficiency of the economic apparatus inherited from the apartheid years, but also at improving social conditions for the more disadvantaged. A number of areas are specifically targeted: housing, education, health, employment and infrastructure.

Between a painful past and a promising future, South Africa is in constant (r)evolution.

Report and photos (unless otherwise indicated):
François Lefèbvre

Between a turbulent past and a promising future

South Africa's metamorphosis continues. The country, which has produced four Nobel Peace prize-winners has already made enormous strides. From the apartheid system, during which it was the world's pariah, via an unprecedented struggle for liberation, it has forged a totally different regime, and is endowed with one of the most advanced forms of constitution. The non-racial, universal elections held in 1994 and 1999, and the 2000 local elections, helped democracy in South Africa develop strong roots. The "new South Africa" is mapped out, but still under construction. It is as if, in 1994, the population suddenly expanded from five to 40 million inhabitants for whom a new state had to be created. This giant – which represents 40 per cent of sub-Saharan GDP – still faces sizeable challenges, not least that of translating the democratic revolution into balanced development for its entire population.

In under 10 years, just about everything has undergone change. The apartheid system, based on racial differences, prevailed in South Africa for over 50 years. The government of the time, administered by Afrikaners, sought to distance the black and coloured populations from their land and wealth by isolating them in closely monitored ghettos or townships. Many acts of violence and illegal detentions were perpetrated in order to maintain order and to uphold the exclusion-based policies of the time (limited education, restricted mobility, no access to responsible posts, etc).

The United Nations declared apartheid to be a crime against humanity, and it was condemned by the entire international community. The apartheid system collapsed under the combined onslaught of the system's economic cost, its crumbling philosophical justification and the ongoing struggle for liberation. In 1994, Nelson Mandela became the first black president of a country converted to democracy. Numerous initiatives were implemented to counteract inequality and to set up dialogue between the various communities. Mandela's successor, Thabo Mbeki, who was elected in 1999, consolidated the country's political stabilisation and continued the reforms already underway (construction of housing, access to drinking water and electricity, improvement of the educational system, assistance for the most deprived, etc).

Two-tier country

The transition from "separate development" to "joint development" cannot be achieved overnight. Although

Pretoria, the capital



certain districts of Johannesburg have no reason to be jealous of Manhattan, and although many South African companies can compete on a par with those in the North, the traces of apartheid that still persist are essentially economic. The government is quite open about this: in 2000, the Finance Minister explained that South Africa was still a country with glaring inequalities, with 40 per cent of households living below the subsistence threshold and 65 per cent of inhabitants living below the poverty line.

Among the government's principal challenges are a growth rate which is too low, the devaluation of the rand, an unemployment rate that hovers around 30 per cent, a high level of violence in major urban centres, the brain drain, a shortfall in available education and HIV/AIDS (12 per cent of the population is HIV-positive).

In the suburbs of Durban, the Cato Manor project supports construction of housing, with water supplies and electricity



ously denied rights and the Foreign Ministry supports the principle of redistribution advocated by Harare. On the other hand, the State refuses to carry out expropriations, preferring redistribution; that is, the reallocation of land belonging to the State and the sale of farms that are in debt.

Reality and expectation

The liberation movement also gave rise to side effects that are difficult to manage. By making the townships uncontrollable, opposition movements forced apartheid to yield, and today's government now has to grapple with enduring problems. The young "radicals" who formerly chanted "liberation before education", are encountering enormous difficulties and have needs

that still have to be satisfied. Violence, which often makes the headlines, is not racial as some people would assert, but has its roots in unemployment and an endemic lack of security within society. Despite all this, human rights organisations paint a globally positive picture of the country. Press freedom is respected and the constitution is very liberal. The principal blots on the landscape consist of police violence and crimes against women and foreigners. A whole set of measures has, however, been implemented by the government with a view to improving the functioning of the judicial system. Although post-apartheid policy is regarded as visionary in the majority of areas, it is the ability to implement it that is sometimes lacking. Eight years is very little time in which to gain the experience needed and to rebuild a country. In addition, account must be taken of the inertia of those who are not in favour of change.

Despite all these difficulties, it would be unfair not to mention that many South Africans, all races and classes included, do manage to work together. Access to drinking water and electricity has become a reality for millions of households, and over five million children have benefited from healthcare and feeding/nutrition programmes in primary schools. Some of the progress achieved recently in the area of housing has surpassed, in terms of speed, anything similar ever achieved in Africa. The day after his election, the President appointed eight women to ministerial posts, and the country is now ranked 7th in the world in terms of numbers of female MPs (25 per cent). President Mbeki has also revised his position regarding AIDS, having been roundly criticised by both the national and international community¹. The anti-AIDS campaign is once again at the top of the health agenda, anti-retrovirals are officially promoted and the government has announced that it intends to make treatment available to all HIV-positive pregnant women.

The State also faces a series of frustrations resulting from the relatively slow response to needs that are all the more urgent given that they have been concealed for half a century. For instance, the Truth and Reconciliation Commission unveiled the horrors of apartheid, sparing neither the governments of that time nor the ANC (African National Congress), the president's party. A constructive dialogue, promoting compromise over conflict, was set up, and amnesties were granted in certain cases, but compensation is still pending in many of them.

The process of "black empowerment" is also proceeding at a pace that is too slow for some. Set up at the end of the apartheid era in order to promote the emergence of a black business class, the Black Economic Empowerment Commission made provision for the transfer of 30 per cent of land and SMEs (small and medium enterprises) to the racial majority. According to the Commission, 25 per cent of shares on the Johannesburg Stock Exchange should also be transferred to that community. This positive discrimination policy has already produced effects. Large companies have ceded numerous holdings, even entire subsidiaries, such as the Gold Fields Mining Company. Businesses that have grown out of "black empowerment" are now represented in all sectors of the economy. But the brakes on a rebalancing exercise of this kind are difficult to release and an equilibrium within the black community is still being sought. Many former political militants thus became managers overnight, but their lack of experience sometimes led to major restructuring and even a spate of filings for bankruptcy, with all the ensuing social problems.

There has also been some delay concerning the thorny issue of land redistribution, and the white minority is fearful of a Zimbabwe-style solution. Admittedly, South African development agencies are keen to restore previ-

The political stakes are high

In power since 1999, Thabo Mbeki, a former ANC officer who had lived in exile, now has to manage a crisis that has been brewing for some months between the three components of the constitutional alliance governing the country: Cosatu (Confederation of South African Trades Unions), the Communist Party and the ANC. These three movements exist side-by-side within a government that, greatly encouraged by the World Bank and IMF, implements liberal policies. But this policy is criticised by all the ANC's allies in government, and blamed for the persistence of high levels of poverty and runaway unemployment. The divergences between the three parties in the government coalition relate essentially to privatisation and liberalisation of markets, but although differences are, on occasion, considerable (and the 2004 presidential elections are approaching), the coalition still holds; for the moment, none of the three parties would gain from its breaking up.

The President also has much to do on the international scene. The country's foreign policy reflects the juxtaposition of an influence from close at hand (SADC², Southern Africa) and a wider vocation as Africa's defender. President Mbeki has been or currently is involved in mediation in regional conflicts; Angola, Burundi and Democratic Republic of Congo. For the western powers, South Africa is the stabilising force in the region, despite the fact that the government's position regarding Zimbabwe is thought too timid by the UK and the US. Owing to its stature, the country is also the natural leader of SADC. The high level of political influence acquired by South Africa in international circles is still one of the most striking results of the first nine years of democracy; the coverage given to the New Partnership for Africa's Development (NEPAD), of which the South African President was a co-founder, brilliantly illustrates this. The country has also gained in standing from the number of international conferences that have taken place on South African soil, the most important of which was the World Summit on Sustainable Development in August and September 2002.

In certain quarters of the city, the rich barricade themselves behind barbed wire, with signs warning of "armed response"



Over five million children have benefited from healthcare and feeding/nutrition programmes in primary schools

And the other side of the coin? There is no doubt that the country has been thrown onto the subregional scene, and this has led to a significant increase in military spending. Religious groups and NGOs believe that in doing this the government is diverting funds that ought to be channelled towards urgent social priorities, and that it is fomenting militarism and promoting closer links between South Africa and the military/industrial complex. The recent inquiry into corruption in connection with the government's weapons purchases has heightened controversy. For its part, the government points to its obligations as the region's peacekeeper.

Rebirth

Eight years after the "democratic miracle", not all expectations raised by the landmark poll have yet been realised. Millions of South Africans still lack the essentials of daily life, the country remains divided, and levels of unemployment are high. Nevertheless, the people have demonstrated their great capacity for reconciliation. Apartheid was an abominable system, and it reached into every corner. To adopt a completely different regime with radically opposed values and attitudes is no easy task. South Africa's transformation is an enormous undertaking and must be given time: the social services have to meet the basic needs of everyone, not just of some; the police must make justice prevail, not just suppress reactions arising out of injustice; the economy has to function without worker exploitation and without reliance on a cheap labour force, etc. Lastly, South Africa's non-violent rebirth is an example of cultural, economic and political affirmation that the entire continent would do well to follow. ■

1. Although the epidemic has reached terrifying proportions in South Africa, the President refused to acknowledge the link between the human immunodeficiency virus (HIV) and AIDS. Despite the ground-breaking case which put the major pharmaceutical companies on the defensive (in 2001, 39 laboratories attempted to have the amended law on the control of medicines and similar substances annulled, the law's aim being to enable South Africa to benefit from medicinal products at an affordable price through a system of parallel imports and the production of generic medicines), the government for a long time continued to ban the use of antiretrovirals. On this point, Nelson Mandela disassociated himself totally from Thabo Mbeki.
2. The Southern African Development Community was set up in 1980 and its members are Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mozambique, Mauritius, Namibia, the Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

Soul City

genuine "reality" TV

Nothing bores young people more than having to listen to a lecture about health. But millions of them eagerly await the next instalment of Soul City, a prime-time television drama on South Africa's most popular station.

Conceived by Garth Japhet, a visionary young doctor, Soul City is using the media to teach its viewers about sensitive subjects such as HIV/AIDS, domestic violence, and sexual harassment. The programme provides information in an upbeat and accessible way, and it is changing people's behaviour and attitude concerning some of the country's most pressing problems.

The Soul City soap, a Health and Development Information Institute project, is successfully using popular entertainment in its campaign to capture the interest of its audience. The series is broadcast at peak viewing time and the subjects it deals with include social and individual responsibility regarding HIV/AIDS, harassment and domestic violence. The programme reaches over 12 million people in South Africa and is also widely broadcast to neighbouring countries. "When people can follow episodes on TV that resemble their own experience, and see how the characters are able to solve their problems – or at least approach them differently – they feel better able to take specific steps", says Thuli Shongwe, research manager of Soul City. Indeed, the programme concept is not limited to conveying essential information – it also promotes changes in attitude and behaviour.

Behind the scenes

The series, which is based around a clinic, is filmed in Soweto Township. All the tricks of the soap-opera trade are used – the characters' daily lives, conflicts, suspense, laughter, sadness – in order to grab the audience's attention. Yet, behind this apparently "lightweight" façade, there is serious work going on. Much thought is put into distilling social messages and issues into the script.

The first stage is research. The Health and Development Information Institute makes a general study of an issue such as



Soul City (Institute for Health and Development Communication)

domestic violence. The Soul City team then meets government officials, relevant organisations and experts, and together they identify the key elements of the message. These ideas are then passed on to the scriptwriters, who include them in the story line for the episode, and try to maintain the fine balance between education, awareness-raising and entertainment.

Soul City thus includes the authorities and civil society, so that each party feels involved in the process and can make Soul City its very own.

Media power

The media, as powerful communication vectors and usually with substantial financial resources, have an undeniable impact on society. However, the legacy of apartheid still weighs heavily on education. In 1999, nearly three million blacks were unable to read or write (as compared with 16,000 whites) and 12 per cent of those aged under 20 had never received any education. In 2000, the country had six unemployed blacks for every unemployed white. During the final years of apartheid, school was sometimes seen as an instrument of white domination, and was boycotted by a proportion of youngsters who went on to join the political struggle. Teaching and informing were for this reason significant issues in South Africa. The Health and Development Information Institute placed its faith in the mass media in order to pass on these messages.



Soul City



Soul City



Soul City

From top to bottom:
The series is based around a clinic and is filmed in Soweto Township;
Dr David Hurley (Brendan Pollecut) attends a patient;
Domestic violence scene (Thabang assaulting his wife Matlakala)

“Because of South Africa’s political transition, the project’s promoters had to put in considerable effort to obtain funding. We had to convince the right people and the international organisations”, explains Dr Japhet. These days, Soul City receives support from, amongst others, the Education Ministry, Unicef, Unesco, Japan and the EU (the latter allocating over €3.5 million in 2001). The quality of the programme also makes it profitable, because TV companies buy it in order to broadcast it. Its success has also brought it to the attention of the World Health Organisation, which is looking at incorporating the Institute into its NGO network.

Multimedia approach

Far from being a “one-off”, Soul City sees its mission as long-term and cross-cultural. In addition to the TV series, which has become one of the country’s two most popular programmes, Soul City has a number of other formats. A radio programme is broadcast every day in nine languages

on the country’s major radio stations, and three booklets are published for each TV series and circulated throughout the region in conjunction with newspapers. The booklets are designed for people who speak English as a second language, and they are also translated into Zulu, Afrikaans, Swahili, French and Portuguese.

Soul City’s younger brother, Soul Buddyz, is aimed essentially at children and young adolescents, and is designed to make them more aware of general health issues. Using the same concept as its elder brother, Soul Buddyz has a TV, radio and print form. All these products are supported by public relations and marketing campaigns to place health on the political agenda and to guarantee the popularity of the Soul City “label”. On the strength of this promotion, the coverage it receives in the media and the success of the radio and TV series, Soul City is also entering political life in the form of an intensive lobbying operation. The project has also developed teaching tools aimed at adults and, for some years it has been publishing a *Choose Life* booklet for youngsters between 12 to 16 living in Botswana, Lesotho, Namibia and Swaziland.

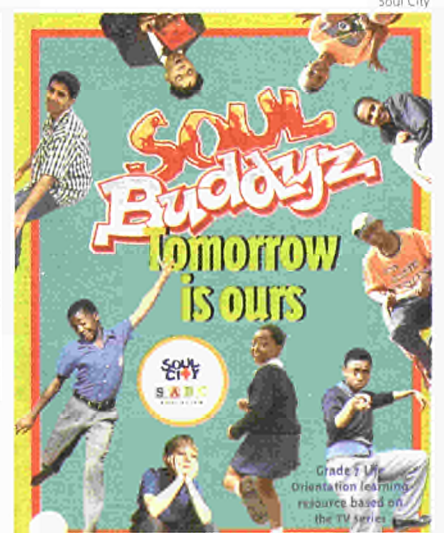
Major impact

According to a recent study in South Africa on the impact of the media on changing behaviour, regular Soul City viewers were four times as likely to use protection during sexual encounters than people who did not watch the programme. According to Sue Goldstein, Soul City’s research manager, “The studies show quite clearly that Soul City is changing behaviour. Soap operas are an excellent tool”. In her opinion, the programme’s viewers find it much easier to accept HIV/AIDS screening tests than do other people. “Soul City has helped me. My friends told me that if I asked my boyfriend to use a condom he would drop me. Because of Soul City, I now understand that I don’t have to do what my friends tell me. I have to do what is best for me”, says Jenny, a young citizen of Johannesburg, who was interviewed during the survey.

Of course, the use of “edutainment” (entertainment for educational purposes) is nothing new. However, with increasing freedom of speech and the expansion of the media in many ACP countries, the potential exists for other projects of this type to flourish.

Garth Japhet, Soul City’s creator, emphasises, “We are not the solution, but we are creating an environment that might just bring about change”. Spearheading a new generation of awareness-raising programmes in South Africa, Soul City is undeniably a unique experience for a country emerging from its revolution. ■

Soul City’s younger brother, Soul Buddyz, is aimed essentially at children and young adolescents, and is designed to raise their awareness of general health issues. Using the same concept as its elder brother, Soul Buddyz has a TV, radio and print form



Soul City

Is South Africa a future economic tiger?

South Africa has reached a crossroads. It has had a successful democratic revolution, organised free elections, ratified a new constitution and undergone a transition between former President Nelson Mandela and his successor, Thabo Mbeki. It must now move on to more thorough reform of a society and an economy deeply scarred by the apartheid era. With the change in government, the country embarked on total reorganisation. Its purpose was to increase its competitive performance, reduce glaring inequalities and integrate into mainstream society a black majority hitherto excluded.

Apartheid has profoundly marked the South African economy. Highly protected, inward looking yet relatively diversified, the country's economy was based on the accumulation of capital concentrated in a minority of hands.

In terms of financial and physical infrastructures, South Africa can be likened to the most developed countries. It is home to the majority of Africa's share of the world's top 500 companies (such as Anglo American Corporation, De Beers and Sasol etc). It has industrial, agricultural and mining resources that are unrivalled throughout the rest of the continent. In addition Africa's principal modern technologies and know-how are concentrated in the Republic (production and distribution of electricity, coal hydrogenation, control of nuclear power etc).

In a number of fields, such as telecommunications, vehicle assembly and the various mining sectors, South African companies are in direct competition with those in the North. However, in terms of the UNDP Development Index, illiteracy rates, the 65 per cent of the population living below the poverty threshold and unemployment figures, South Africa is without doubt a developing country.

Halting steps to expansion and growth

Since the advent of democracy, attempts have been made to adapt the South African economy to cope with difficult circumstances. These include increasing social disparity, devaluation of the rand¹, a fall in prices for mine production, the consequences of the 9/11 attacks on the US, instability in Zimbabwe and successive global financial crises. After apartheid, South Africa's economic policy was defined in terms of the Gear (Growth, Employment and Redistribution) Programme, adopted in 1996. The objective was to attract investors by increasing stability and reintegrating the unemployed, providing a boost to growth.

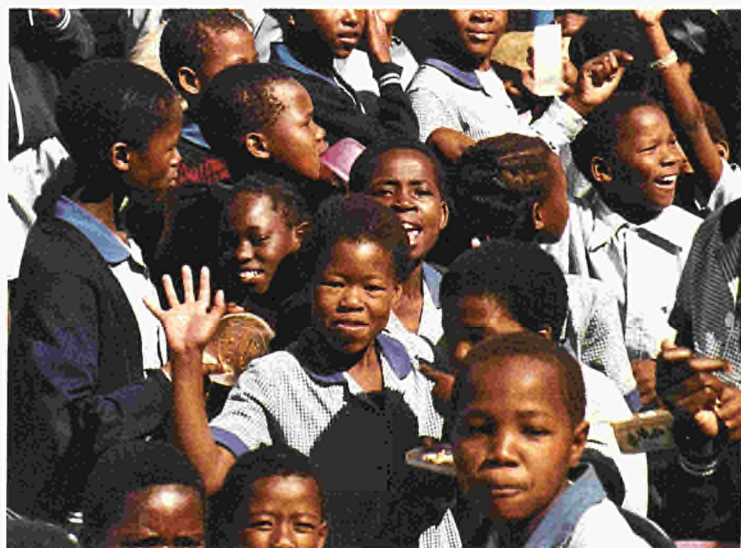
This programme yielded significant results in terms of infrastructure (housing, roads, communications and so on), successfully contained inflation and reduced the budget deficit. However, growth remained low and unemployment grew worse. As a result the growth strategy was totally revamped. In 2001, President Thabo Mbeki declared it necessary to create a more favourable environment for expansion. The government is now concentrating on increasing public spending on infrastructure, the social sector, the penal system and on lower levels of taxation.

Nevertheless, the country is anxious to maintain its budgetary discipline and is therefore counting on income being increased by privatisation (energy, transport, telecommunications).

With growth rates of 3.1 per cent² in 2000 and 2.2 per cent in 2001³, South Africa's prospects now look more promising following the 1998 downturn after the crisis in Asia and turbulence on the money markets. Although the rand continues to depreciate, enhanced public investment programmes, higher consumption levels, the ongoing increase in conversion activities and services, and the expansion of financial services, transport, communications and the retail sector look set to confirm positive growth in 2002 (2.4 per cent), and in 2003 (3.4 per cent)³.

From gold to currency

Famed worldwide for its precious metals, fruit and wines, South Africa's economy has changed from one dominated by the mining and agricultural sectors to one where conversion activities and financial services together represent the lion's share of GDP. Nevertheless, the nation's economy still depends on its exceptional underground resources. Apart from the world's largest deposits of gold, manganese and



In 2000, the government earmarked over 20 per cent of total spending for education

platinum, South Africa also has considerable diamond, uranium, nickel and coal resources. Ores account for the majority of exports and foreign currency receipts (in 2000, gold was still one third of the total of exports, despite the drop in international prices³).

Agriculture and the mining sector are still major sources of direct and indirect employment. South African agriculture generates a significant export surplus (maize, sugar, wool, tannin wood, paper pulp, livestock), and although the predominant crop is maize the country is also present on niche markets with products such as wine, fruit and ostrich meat.

But it is the manufacturing sector in South African which is becoming the new leader in the economy (20 per cent of GDP). Initially developed within the context of import substitution policies during the apartheid era, manufacturing activities have had to adapt to the opening-up of the country to the global economy. With the depreciation of the rand, export-generating sectors (base metals, chemicals and mechanical construction) are becoming increasingly significant.

However, it is services that account for the greater part of national GDP. The country's economy is based on high-performance, outward-looking banking structures associated with major financial institutions in the North. In addition to this, South Africa's stock exchange ranks amongst the top ten in the world, and the vitality of its tourism sector, despite ongoing insecurity in major towns and cities, contributes a significant amount to the tertiary sector. There is also a high-performance telecommunications and communications system that handles a large proportion of the South African Development Community⁴ (SADC) region's economic activity.

Privatisation

The private sector is the keystone of the entire South African economic system. It is largely dominated by a few major conglomerates with very close historical links to the government. These "majors" essentially control the country's economy, and the fabric of small and medium-sized enterprises remains relatively limited, providing few openings for the black population and its interests, although the situation is now beginning to change through the strategy of Black Empowerment⁵.

To increase public earnings and enhance the productivity of state enterprises, the authorities, encouraged by the IMF and World Bank, embarked upon a vast privatisation programme. Six SABC (South African Broadcasting Corporation) radio stations and Sun Air, prior to its liquidation, were completely privatised. Telkom (energy) and South African Airways have opened up their capital to foreign investment and a number of town councils have "gone private" in terms of water distribution.

Complete privatisation of state enterprises, such as Telkom (energy), Denel (defence), Transnet (transport) and Portnet (port infrastructures) are also under discussion, but overall the process is evolving only slowly. There is, in fact, vehement opposition on the part of Cosatu (Confederation of South African Trades Unions) and the population, and further regulations capable of supervising the transition from public to private sector are still lacking.

Open doors

South Africa's trade policy is gradually becoming more liberalised. It now has an open economy, as may be seen from its trade relations with the EU, the UK, Germany,



On the Wild Coast, community-tourism projects are revitalising some of the poorest areas of the country.

Italy, the US, Japan and, recently, China. The country embarked upon economic liberalisation in the early 1990s, and proposed a gradual reduction in customs duties within the context of a multilateral liberalisation policy. This arrangement came into force in 1995. On average, during the last decade, customs duties fell by over 60 per cent, and, in parallel with the simplification and improvement of multilateral trade, South Africa has forged itself an increasingly significant position in regional and bilateral agreements.

In 2000, Pretoria and the EU signed a trade, development and cooperation agreement (see article on page 72). This agreement provides for asymmetric bilateral liberalisation (EU markets opening up more quickly than those of South Africa and accepting 95 per cent of imports, whereas liberalisation affects only 86 per cent of imports from the EU). In addition the SADC, which South Africa rejoined in 1994, is also seeking to liberalise trade between the majority of its member states by 2005.





In Durban, the Cato Manor project supports the creation of SMEs and SMIs

A giant... with feet of clay

The Republic of South Africa looks for all the world like the continent's giant. However, it is a complex scenario and Africa's giant is vulnerable. Despite having come through the excesses of apartheid, social cohesion is still far from established, prospects of a fall in unemployment are poor and the informal sector is expanding.

South Africa's economy belongs to the liberal world, despite its having one of the world's highest rates of capital concentration. It is also marked by a great disparity between a modern system and an entire sector of informal economic activities. This situation creates considerable discrepancies in terms of income and living conditions between those in the towns and cities and those in the countryside, between black and white, rich and poor, attest to the coexistence of several worlds in one and the same country. The gulf is further reinforced by the emergence of two major types of provinces. There are those that are prosperous on account of their economic and sociological base (Gauteng, West Cape), and those on the periphery that have not moved on from their past as former Bantustans (East Transvaal, East Cape, North Transvaal).

The burdens of unemployment and AIDS

Globally, the Human Development Index for whites is similar to that of Spain. For blacks it is similar to that of Congo-Brazzaville. For South Africa the Gini Index, which reflects the degree of inequality in the distribution of income, is one of the world's three highest. Despite the level of economic recovery that has been achieved, unemployment is still one of the country's weak points. The proportion of those unemployed varies according to sources from 27 to 40 per cent⁶.

Two factors combine to aggravate the employment situation. The lack of skilled labour, another legacy of apartheid, has greatly reduced redeployment opportunities for the unemployed. Moreover, such qualified labour as does exist has a tendency to emigrate en masse.

Although South Africa has excellent schools and a higher education system without equal on the continent (36 universities and technological institutes), the education system

still needs to move on from the racial basis on which it was built during apartheid. In that era 24 per cent of adult blacks had no access to education, as against 1.4 per cent of whites. Although, even today, nearly 30 per cent of adults are unable to read or write⁷, censuses show that numbers attending primary and secondary school are remarkable. Since 1994, education has been one of the government's priorities, and in 2000 it earmarked over 20 per cent of total spending for it.

For 12 years now, the country has been faced with a new problem, which has incalculable consequences for its economy and its society: HIV/AIDS. South Africa's population had one of the highest rates of infection in the world in 2000, according to UNAIDS, with 20 per cent of adults having the disease – behind Botswana, Swaziland and Zimbabwe. Besides the human impact, the disease deprives the labour market of significant numbers of workers. According to the US Bureau of the Census, life expectancy in South Africa will almost certainly drop from 68 to 48 years in 2010.

An internal market to be won

Despite the progressive reduction in disparities, South Africa's national market is still under-exploited, even "under-exploitable". The slow increase in the black population's purchasing power has, however, revealed the development of a new internal market that social "catch-up" policies are attempting to support. While the expansion in infrastructures (building of houses, connection to electricity services, access to drinking water and sanitation) is below expectation, it is promoting the emergence of a new market.

A significant sector of the population derives no benefit from liberalisation and is, in fact, adversely affected by the privatisation of certain basic services (water and electricity). The rate of growth of GDP is still below that of the population. In addition, to offset wage rises, companies are increasing capital at the cost of jobs. Despite change, the inter-racial divide persists and the intra-racial gulf is growing wider, particularly because the policy of transferring economic power from whites to blacks (Black Empowerment) is now essentially benefiting the black upper classes. Finally, the redistribution of lands is increasingly below target, and actual investment in small and medium-sized businesses has not yet had a big effect.

South Africa's economy still bears the marks of a bygone age, and faces a dual challenge. Firstly it has to modernise, not scare off foreign investors and increase its productivity – all this at a time when the regime, sensitive to social pressures, faces demands for the living standards of the very poor to be raised. Secondly, inequalities have to be reduced and performance levels increased. These are the priorities of a country that is leaving behind political upheaval and moving on to economic and social reform. ■

1. President Thabo Mbeki announced the creation of a commission, chaired by a magistrate, to look into the recent and spectacular fall in value of the South African rand, and to seek out possible "dubious financial methods" used by speculators or institutions. This measure was called for by the SACOB (South African Chamber of Business), in preparation for an investigation of possible irregular and concerted actions aimed at attacking the South-African currency.

2. Source: OECD Annual Report.

3. Source: Economist Intelligence Unit, June 2002.

4. The SADC was created in 1980 and its members are Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mozambique, Mauritius, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

5. A vast programme for transferring economic power from whites to blacks set up after apartheid (transfer of lands, SMEs, managerial posts and shares to the majority racial group).

6. 35% according to the IMF.

7. Source: World Bank

More than just trade:

building on the cornerstone of EU-South Africa relations

Relations between the EU and South Africa, cool during the apartheid years, during which the EU imposed sanctions, have evolved a great deal since the organisation of the first democratic elections in 1994 and Nelson Mandela's victory. The signing of a Trade, Development and Cooperation Agreement in 1999 was an important step and cleared the way for an economic free trade area between the two partners. As well as trade links, this pact also provided a framework for financial assistance, development aid, political dialogue and cultural relations. Although the negotiations had been tough, the agreement did confirm South Africa's special place within the ACP group and in its relations with Europe.

At a time when the EU's Common Foreign and Security Policy (CFSP) had not yet taken shape, South Africa was one of the first "foreign relations dossiers" that Member States had to tackle. European Community policy on Pretoria dates from the height of the apartheid period in the 1970s.

In 1977, the then nine Member States (the Benelux countries, France, Germany, Italy, United Kingdom, Ireland and Denmark) agreed to adopt a code of conduct for European companies with a presence in South Africa. Its purpose was to ensure that they complied with rules on equality of wages, free access to education, non-discrimination in the workplace and the recognition of trade unions. The subsequent deterioration in the country's political situation led the European Community, in 1985-1986, to impose an arms embargo, block new investment, halt oil exports and suspend cultural and sporting exchanges. At the same time it provided funds to help the victims of apartheid.

Accelerating change

In 1990, Nelson Mandela was released from prison and the change to a multi-party system was agreed. In response, the EU progressively lifted its sanctions and four years later supported the organisation of elections that were to be a milestone in the country's history.

On 10 May 1994, Nelson Mandela became President of the Republic of South Africa. Six months later a cooperation agreement confirmed the resumption of relations with the European Union (as it had become under the 1993 Maastricht Treaty). Since 1995, the EU has been assisting South Africa through a "European Programme for Reconstruction and Development" that has an average annual budget of €127.5 million.

In June 1998, South Africa joined the Lomé Convention, but with a special status. It was not a full member because its GDP and economy placed it more with emerging than developing countries. South Africa was not, therefore, covered by the general trade arrangement, the Convention's



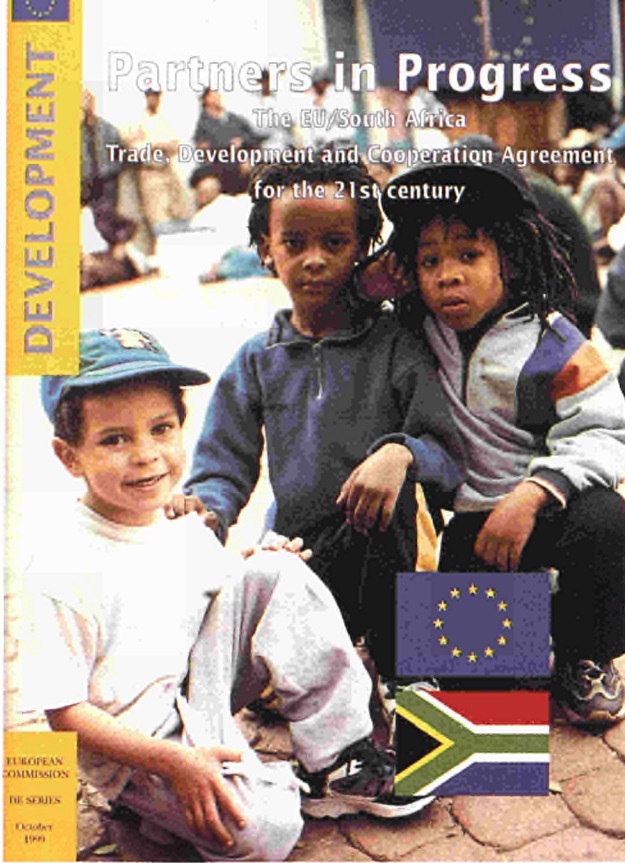
commercial protocol, or entitled to financial aid from the European Development Fund. Then, in 1999, came the Trade, Development and Cooperation Agreement (TDCA). Development aid began to be channelled through a revamped reconstruction and development programme.

A cornerstone agreement

The South African Minister of Trade and Industry, Alec Erwin, described the TDCA as "the most comprehensive economic agreement" the country had ever concluded with any partner. But the final compromise was the result of nearly four years' hard bargaining. It was the result of

Partners in Progress

The EU/South Africa
Trade, Development and Cooperation Agreement
for the 21st century



EUROPEAN COMMISSION
THE SERIES
October 1999



▲ The signing of a Trade, Development and Cooperation Agreement in 1999 was an important step and cleared the way for an economic free trade area between the EU and South Africa.

◀ The country has ultra modern businesses, but in the countryside traditional methods are still in use

almost four years' hard bargaining over 22 rounds of talks, and included many exceptions and protocols. "Sherry" and "port", two terms used to denote fortified wines in both Europe and South Africa, poisoned the debate right up to an eleventh-hour compromise. Further discussions on a global arrangement for fortified wines and spirits continued until an agreement was finally reached this year. The signing of the pact was also

delayed by Spain, Portugal, France, Italy and Greece, who were concerned that the EU's terms in the agricultural sector were too generous. This was resolved by removing certain categories of produce from the overall package.

The Trade, Development and Cooperation Agreement established a free trade area between the EU and South Africa. It opened up South Africa's market to 86 per cent of EU goods over a twelve-year period, and opened the 15 EU economies to 95 per cent of South African goods over a ten-year period. The EU – already South Africa's largest export market and source of foreign investment and development aid – pledged to drop average duties on South African goods from 2.7 to 1.5 per cent. South Africa agreed to cut average

duties on EU goods from 10 to 4.3 per cent. The deal was also significant for the EU because it was the first time it had included agriculture in a bilateral trade agreement.

The economic free trade zone includes very precise arrangements on rules of origin in order to ensure that goods covered by the preferential system arrive principally from South Africa or Europe. This regulatory framework, however, does provide room for manoeuvre. It was important to be able to adapt to the increasingly international nature of production and not to exclude the other members of the Southern African Customs Union (SACU): Botswana, Lesotho, Namibia and Swaziland. The agreement also contains strict rules on competition and protection measures that each side can invoke if the import of a certain product risks seriously prejudicing a national industry.

The impact on sensitive areas

In order to protect the most vulnerable or sensitive trade sectors, certain goods have been totally or partially removed from the free trade agreement. These are principally agricultural and livestock produce such as beef, sugar, maize, rice and barley. This list also includes goods of special interest to the other SACU members. Trade in certain goods is being partially liberalised. For the EU these are principally agricultural products (certain cut flowers, strawberries and wines), and, for South Africa, industrial articles (tyres, some automobile industry goods, textiles, clothing, etc).

A comprehensive study on the region-wide impact of the deal, carried out in April 1999 by the Johannesburg-based South Africa Foundation (SAF), refers to the agricultural side of the agreement as "perhaps the most controversial". It notes that South Africa did nevertheless manage to improve access to the European market for key products in the final negotiations. The study, "South Africa and the EU: the Free Trade Agreement and Related Developments", refers to the EU's practice of subsidising its agricultural exports as a factor that will continue to impede the ability of South African agricultural producers to compete in international markets.

Already hard hit by competition from EU goods, local manufacturers of processed fruits and vegetables are expected to suffer further losses because the trade agreement obliges South Africa to cut customs duties on these products. However, the study does conclude that over time South African producers will achieve greater access to the European market. Imported capital and consumer goods will be available more cheaply to producers and consumers and the South African economy will become more competitive. Discussions on reducing subsidies are currently being pursued within the context of the Doha process (through the World Trade Organisation).

The effect on neighbours

The economies of South Africa's SACU neighbours – Botswana, Lesotho, Namibia and Swaziland (the "BLNS" countries) – will feel the largest political and economic effects of the trade deal. SACU has achieved the deepest form of regional integration on the African continent. It links the trade regimes of its five members and also interlinks the value of their currencies, with the exception of the pula in Botswana. Since trade between SACU economies is tariff-free, a South African free trade agree-

ment with the EU extends in effect to the smaller BLNS economies.

Consequently, these four countries will adopt free trade more quickly than the other ACP countries, which have only just begun negotiations on Economic Partnership Agreements with the EU. They will experience significant tax losses and will have to undergo major restructuring, since the agreement was negotiated on the basis of South Africa's level of development. However, the four countries will enjoy a brief respite. Fiscal losses look set to arise mainly during the second half of the next decade, because of the phased nature of the trade agreement.

To a lesser extent, member countries of the Southern African Development Community (SADC) – those that are not members of SACU – will also feel the impact of the free trade area as their economies are highly dependent on exports to South Africa. Nevertheless, the SADC trade protocol stipulates that members cannot offer advantages to a third country without adopting a similar stance towards the other countries in the organisation. They will therefore benefit from the same measures as those obtained in connection with EU exports. In addition, member states (except for those in SACU) can still protect their markets by means of customs tariffs, as SADC is not a customs union.

At SADC, the feeling is that the scrapping of tariff walls could actually have beneficial effects on revenue and on the overall economy. In many instances producers will be able to buy inputs more cheaply from the EU and plough back the money (that they would previously have paid to the government in the form of customs duties) into their own production units or to improve their businesses. And, of course, increased corporate profit could mean increased corporate tax revenues. According to SADC, a free trade area is a win-win situation as long as the economies involved take an incremental approach.

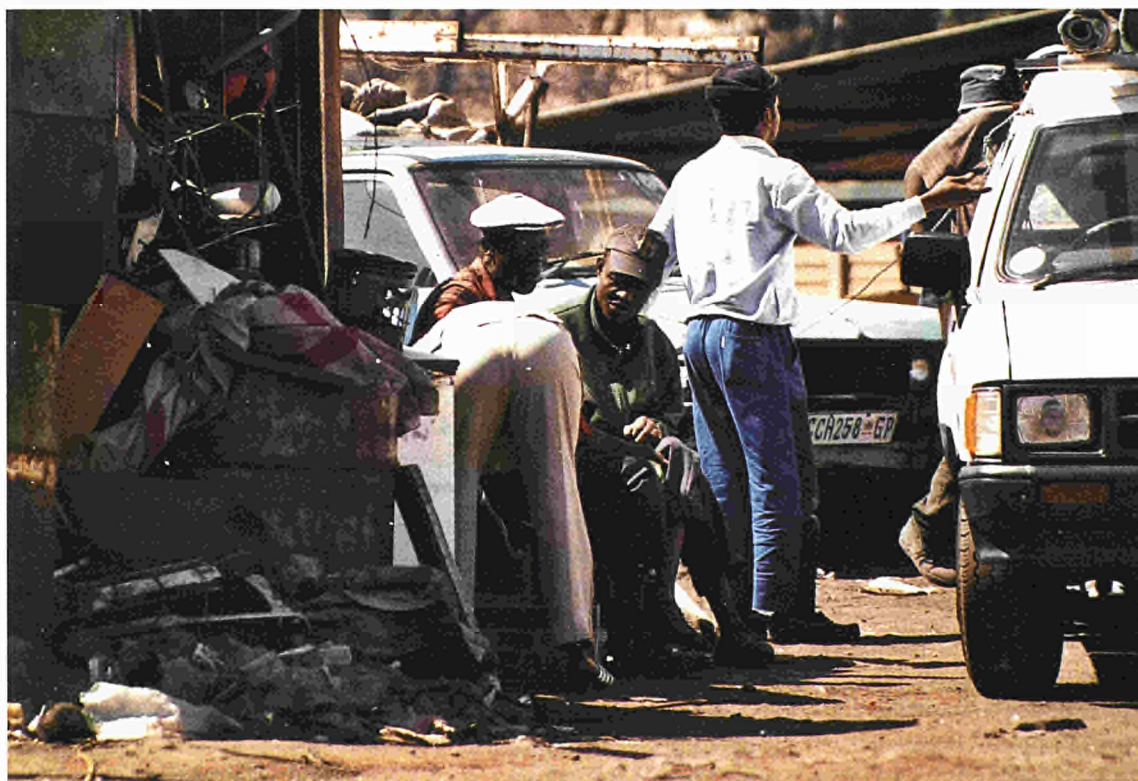
Lessons for ACP countries?

The EU, for its part, acknowledges the threat to customs duty income. It has offered to provide a support package, including financial measures, to ease the difficulties as external tariffs are gradually dismantled. EU sources also think that the experience of Botswana, Lesotho, Namibia and Swaziland might help the other ACP economies. It might show how support for a regional market integration initiative could lead to the inclusion of ACP countries in free trade agreements, even if only one member of a regional grouping were a signatory to such a pact.

There may also be significant implications for countries classified as LDCs (Least-Developed Countries) which take part in this type of initiative. Despite their right to benefit further from non-reciprocal trade preferences, LDCs could also be included in free trade agreements with the EU through their non-LDC neighbour. In short, EU opinion is that this agreement and its implications demonstrate the need for support that targets the economic restructuring programme and for guaranteeing better access to European markets in those sectors where the ACP countries could derive immediate advantages and thereby offset the economic costs of liberalisation.

What of development?

Generally speaking, such support packages are an integral part of the development strategies and programmes negotiated between the EU and the ACP countries and financed by the European Development Fund (EDF). South Africa itself does not benefit under the EDF, so the development aid included in the agreement is implemented principally by the European Programme for Reconstruction and Development (EPRD). The first multi-annual EPRD programme covered 1995-1999, with €125 million per year.



As well as trade links, the TDCA also provides a framework for financial assistance, development aid, political dialogue and cultural relations

For the period 2000 to 2006, an amount of €885 million in grants is earmarked, with the European Investment Bank (EIB) providing loans amounting to €825 million. The 2000-2006 programme will concentrate on the progressive integration of South Africa into the world economy and the trade environment, job creation, development of the private sector, improvement of living conditions and the development of basic social services. It will also include support for democratisation, the safeguarding of human rights and support for a sound administration and, finally, the strengthening of local government and the involvement of civil society in the development process.

Expanding cooperation

Aside from the trade and development aid sections, the TDCA also lays the foundations for increased cooperation in the social, health and cultural sectors. It also deals with equality of opportunity, the environment and campaigns to combat drug abuse and money laundering. Another major pillar of this partnership is economic cooperation, covering areas such as the restructuring of South African companies, the information society, and the creation and development of small and medium-sized enterprises (SMEs) and industries (SMIs).

Given the country's history, the political dimension is of particular importance. The agreement enshrines the principles of respect for fundamental rights and the pre-eminence of the law. The parties are free to take "appropriate unilateral measures" if they deem their partner to be in breach of an essential element of the agreement. This clause is also included in a number of texts concluded between the EU and third countries, including the Cotonou Agreement.

South Africa is already involved in the political institutions set up under the Cotonou Agreement, (ACP-EU Council of Ministers, ACP-EU Committee of Ambassa-



European Commission (EPRD/IFSA)

dors, Joint Parliamentary Assembly) but the EU-South Africa TDCA has established a regular bilateral political dialogue on matters of common interest. In June this year a cooperation council was inaugurated, to bring the two partners together for regular meetings. Its aim is to ensure the proper functioning of the TDCA and to institutionalise contact between the parties, not only at parliamentary level, but also between the EU Economic and Social Committee and its South African counterpart, the National Economic Development and Labour Council (NEDLAC). Perhaps an EU-SADC free trade area is not too far off. ■

Acknowledgements: "Africa Recovery", United Nations, Vol. 13 # 1 (June/July 1999).

The European Programme for Reconstruction and Development (EPRD) supports the "Programme for Reconstruction and Development, which the South African government launched shortly after the first general elections in 1994. It assists South Africa in resolving some of the socio-economic problems facing the country. It is defined in collaboration with the South African government, and the relevant authorities participate in implementing each programme or project.

From 1995-1999, the EPRD focused on poverty eradication and on improving the living conditions of the most disadvantaged people. Assistance, while systematically taking into account human resource development, gender and the environment, revolved around the following themes:

1. basic social services (primary education, adult education, health care, the fight against HIV/AIDS, access to drinking water, to sanitation and housing);
2. development of the private sector (SMEs and financial intermediaries);
3. good governance, democratisation, and human rights (reorganisation of public services, development of decentralised services, improvement of the judicial system);
4. regional cooperation (focusing on SADC, infrastructure, services, trade, investment and finance).

From 2000 onwards the EPRD is framed by the Trade, Development and Cooperation Agreement between the EU and South Africa. The TDCA and Parliament and Council Regulation 1726/2000 define the overall objectives of the programme as follows:

- to contribute to South Africa's harmonious and sustainable economic and social development with a strong poverty focus,
- to support the country's integration into the world economy,
- to consolidate the democratic society, good governance, human rights and the rule of law.

The Regulation earmarks an indicative amount of €885 million for the 2000-2006 period and EIB loans amounting to €825 million.



Water for all

South Africa. Northern Province. In the arid, desert landscape villagers wage a daily battle against poverty. Their difficulties are recognised by the South African authorities, who aim to provide these villagers with basic services in water and sanitation. The Department of Water Affairs and Forestry has launched numerous programmes, cofinanced by the European Union, which have provided several million South Africans with drinking water and adequate sanitary infrastructures.

Access to drinking water for all is one of the priorities of the South African government. It has already become a reality for many South Africans living in rural areas. In 1994, the government published a White Paper on water supply and sanitation. That same year, it also launched a series of programmes aimed at ensuring that as many people as possible had access to drinking water and sanitation and with the overall aim of alleviating poverty. The three poorest provinces were particularly targeted; Limpopo, the Eastern Cape and KwaZulu-Natal. Since the programme began, the number of people living without access to drinking water and basic sanitation infrastructures has halved, in particular in rural communities. In October 2001 the South African authorities announced that seven million people had been supplied with water since the election of a democratic government in 1994.

The programmes implemented by the Department of Water Affairs and Forestry generally consist of partnerships between the public sector, which provides the funding, and the private sector, which manages the work and construc-

tion of the installations. They aim essentially to develop the capacity of communities, institutions and local groups to develop a global and participative approach in projects. The European Union contributes to implementing this vast programme, through support for NGOs and through grants to South African ministries.

Water at last

Most villagers in Limpopo now have a source of drinking water a stone's throw from their house. In the region surrounding the Glen Alpine Dam, 140,000 people have been supplied with drinking water. Maria Rapetsoa is a member of the Bochum steering committee and lives in the municipality of Blouberg, a few kilometres from the dam and the river. She can now get water from the tap a few metres from her house. "We have had water on tap for about a year. Before that, life was a lot harder as we had to travel nearly five kilometres to get water. Also, there are crocodiles in the river, so it's really dangerous. There have been accidents in the past," she says. Daily life is different for the villagers

now, more convenient and certainly more secure. In this arid region, where the land is unsuitable for farming, famine is never far from the door. "These taps really have changed our lives. The water used to be too far away. It was impossible to maintain a garden, for example. Now we can grow fruit and vegetables."

Sharing water and responsibility

The involvement of the community is key to the programme. It means that the users can assume ownership of the programme and ensures that costs are covered. Local ownership also ensures that the system will last. Consultation with the community starts with identifying priority target areas. Because the workforce for developing the installations comes from the beneficiary communities themselves, construction costs are limited and the local people have learned from the experience. Furthermore, manual methods have been employed and so no damage has been done to the environment. To bring water to the village streets, trenches had to be dug, pipes laid, and reservoirs and standpipes constructed. Since collecting water is a task generally left to the women, the programme has made a point of emphasising gender equality. Almost half of the jobs created have been given to women.

Once the project is underway, the involvement of the various stakeholders is channelled through steering committees. Ludwig Mosebedi is a member of the Bochum steering committee. "I have had this toilet for eight months now. It has changed my life. The toilets I had previously were destroyed by the storms of 1999 and 2000", he explains. Seventy-three toilets have been installed in his village, which is home to nearly 265 families. "It's great. But we need more because the village is growing daily. Everyone looks after these places because we know that they are our responsibility and that if we want more we have to take care



Every day, women have to walk long distances to collect water

of them." A tap has been installed next to each new sanitation facility. As a member of the Committee, Ludwig is responsible for the maintenance of "his" toilet as well as for raising awareness among those around him of health and hygiene issues. The committees also provide training for plumbers, maintenance staff, engineers and people responsible for collecting payments.

Transfer of skills

For Changela Hooхло, head of the monitoring organisation, communities must feel that they own the new sanitary installations. "To encourage sustainability, the sanitation programme provides support to residents. But they themselves must make a contribution, for example in the form of labour, materials or even money. In this way we encourage them to own their infrastructures. In other words, the infrastructures belong to those who use them, not to the Department of Water Affairs and Forestry. In other countries, we have seen situations where the people did not take care of their toilets because they were not their own. This will not happen here."

The gradual transfer of management of the services to local governments is part of the reform of the State water sector. In the early stages of post-apartheid government, local authorities, particularly in rural areas, had neither the skill nor the funds necessary to take on management of this department. With this programme, the South African government aims to transfer responsibility to them. "Through the programmes, the EU is helping us to strengthen the capacities not only of communities but also of municipal governments, by helping us for example to draw up a development strategy or offering training in the areas of health and hygiene," explains Changela Hooхло.

South Africa is half way to reaching its objective of "Water for all". In Limpopo, the will and enthusiasm shown by the residents will ensure that the installations are not short-lived. For them, returning to how life was before is unthinkable. ■





Aerial view of the "city within a city"

A city within a city: the story of Cato Manor

Cato Manor¹ is the largest integrated inner city development project in South Africa. Formerly a suburb of Durban, it is now part of the city itself. Cato Manor was once a site reserved for whites only and has a complex and contested history of land ownership. But the project is now gaining acclaim as a model for integrated development.

Cato Manor is an area that embodies the challenge and potential of post-apartheid urban policy. Its regeneration has been nominated as a Special Presidential Project under the country's Reconstruction and Development Programme. The project is involved in housing and re-housing residents, and includes the construction of roads, schools, clinics, multi-purpose centres, commercial and industrial centres and public libraries.

By providing training programmes and support for those who wish to start up their own businesses, it ensures that new housing is accompanied by economic development. Cato Manor is one of only two large areas of urban land available for the planned development of new housing within any South African city. The project owes much of its success to the high level of grassroots involvement and to the support it gets from the government.

A chequered history

In the apartheid era Cato Manor had suffered badly under the government's land planning policy. In 1932 it became part of the municipality of Durban. At that time, it was occupied by Indians, who owned most of the land and rented it out to other Indians as well as to Africans and people of mixed race

("coloureds"). But in 1958 Cato Manor was declared a "white zone" under the Group Areas Act. White residents in adjacent neighbourhoods were opposed to black urban development and the area was purged. Ironically, whites never settled in Cato Manor and the area remained undeveloped until the end of the 1980s.

In 1983 the remnants of the Cato Manor Indian communities succeeded in having part of the area declared "Indian" and some formal housing development was undertaken. With the abolition of the Group Areas Act in 1986, growing numbers of Africans and coloureds began to pour into the area. Inevitably the whites tried to prevent Cato Manor from becoming known as freely available for resettlement, and to curb the numbers of squatters. The neighbourhood nevertheless continued to attract residents, without any development or infrastructure projects being implemented.

Finally the authorities and the community began talks and a committee was set up in 1992. This was followed by the Cato Manor Development Forum, which set about defining an integrated approach to development. It was to include every section of the population, to provide formal housing to the poorest and to initiate the sustainable rejuvenation of the area.

Not a dormitory town

Today Cato Manor is home to 90,000 people and is expected to grow to 150,000. The Cato Manor Development Association (CMDA) is the agency responsible for managing the social and economic rehabilitation project. So far it has received over €50 million in investment: €21.5 million from the European Union and the rest from the state, from the provincial and local governments, and from other agencies.

The cornerstone of the project is integration. This means creating a “city within a city” that will form an integral part of Durban – an area where residents can live, work and relax without having to travel inordinate distances. Not wanting to become a dormitory town, Cato Manor included in its development plans communication infrastructures (roads and community transport), health centres, schools, shops, industrial zones, business centres, recreational spaces and the creation of employment as well as housing – all within an integrated approach.

The project is based on coordination between sectors such as economic development and land planning, environmental protection and health infrastructures. Its founding principles are rigorous planning and the collaboration of all parties concerned: authorities, residents, donors and project managers.

Community facilities

The “multi-purpose centres” are evidence of the emphasis placed on integrated development in the Cato Manor project. These centres illustrate the coordination of planning and the close cooperation between local and provincial government departments, promoters of the project and donors. The multi-purpose centres combine a whole range of services, allowing savings in construction and running costs, while increasing accessibility and the amount that the facilities are used.

The Umkhumbane and Cato Crest multi-purpose centres group together, in a single complex, primary and secondary schools, community halls, public libraries and sports fields. Since the project began, four primary schools, three secondary schools and five nursery schools have been built, to which seven other educational establishments will soon be added. Four community halls, five sports fields, four parks and two health centres have opened and other similar initiatives are in the pipeline.

Housing and work

The main beneficiaries of the project have been the destitute – black, “coloured” and Indian – living in squalid conditions. So far more than 4,000 new houses have been built and 1,110 families living in shacks have been re-housed. The residents of Cato Manor are encouraged to buy their own houses through a system of aid for low-income families. These loans can also be used to extend homes and to supplement housing subsidies from the authorities, and are available to help budding entrepreneurs establish themselves.

Cato Manor is ideal for the development of businesses and industries. There are many professional training courses on offer, with particular emphasis on women. Some twenty workshops have been built, in which small businesses have blossomed. The new entrepreneurs can also rely on support units to help them manage their businesses, market their goods or enhance their competitiveness.

An “incubation centre” helps new companies get off the ground. Already more than 220 small businesses have started up and 1,515 people have found work through a recruitment agency supported by the project. In addition, an area of 133,000 square metres, spread over three sites, has been set aside for industrial purposes in order to attract investors and external companies. A tourist office has also been set up to promote the area, foster job creation and protect the area’s heritage. It organises tours of the town and guides visitors to the conference centre and, soon, to an exhibition centre.

Concern for the future

The development of Cato Manor now seems to have reached cruising speed and is making waves in other urban areas, both in South Africa and elsewhere. But as the CMDA reaches the end of its mandate in March next year (2003), there is concern in the community for the projects’ future.

Willies Mchunu, chairman of the management committee, is optimistic. He says the first part of the development plan is almost completed, most of the infrastructures are in place and the housing programme is nearly finished. He emphasises the fact that the city of Durban has been involved in the process from an early stage and that all the preparations are in place for it to take over responsibility for housing in March.

The various municipalities making up Durban have come together under the umbrella of the “Thekwini Municipality”, which could take over from the CMDA in the areas of sport and communication. In view of their importance and complexity, the community development and economic development programmes will still need to be monitored. A second body, similar to the CMDA, will be set up.

Passing on experience and creating new management teams will undoubtedly be difficult. But, as Willies Mchunu points out, it will be necessary because the project cannot run itself. Durban has pioneered an approach to sustainable development, operating at grassroots level, in the hope that other areas will benefit from their experience. Cato Manor is a pilot project in large-scale inner city development. ■

* The Cato Manor website is: www.cmda.org.zw e-mail: info@cmda.org.za

1. In 1847 George Cato, the first Mayor of Durban, was granted land close to the city, where he built a manor.



©Tony Smith

An example of integrated development, this library is in the same complex as a school

Constitution Hill

Once a gaol – now guardian of freedom and democracy

Johannesburg's former fortress and prison, once one of the city's most hated places, is about to become the guardian of South Africa's democracy. The new South African Constitutional Court is being built on the site of the former fort and gaol that incarcerated Mahatma Ghandi and Nelson Mandela. A new complex is now under construction on this historic site, planned as a public place and for generating employment. The once derelict site is at the moment in a kind of limbo, between memory and anticipation. It was put to good use during the recent World Summit on Sustainable Development, when the former women's jail was used as accomodation and to host a women's centre.

Built in the 19th century, Johannesburg's fort was a notorious prison. Now, symbolically, it is becoming known as "Constitution Hill", an area which will be dedicated to safeguarding democracy, nestling in the historical centre of South Africa's capital city. The walls that once imprisoned activists such as Mahatma Ghandi, Albert Luthuli, Bram Fischer and Nelson Mandela will soon be the workplace for Constitutional Court judges and members of the Equal Opportunities and Human Rights Commissions. Building work is already well advanced and the court is due to begin sessions in October 2003.

The complex will provide a link between past and future, says Brian Orlin, the Constitution Hill project manager at the Johannesburg Development Agency (JDA). It will be open to the public so that everyone can understand the role of prisons during the apartheid years. The Constitutional Court and the exhibitions it will contain are designed to commemorate those who fought for freedom and democracy.

Constitution Hill also promotes the economic development of this part of Johannesburg and aspires to become a cultural Mecca and major tourist destination, says Brian Orlin. Several museums are planned, including one dedicated to Ghandi. The plan is that the Court will coexist alongside areas dedicated to tourism, leisure, hotels, business, offices, conferences and decor – all in all, an extremely attractive idea. The private sector has already shown interest in becoming involved in the project, he says.

A prison for free women

Within the confines of the former prison building, another revolution has taken place. The female wing is just as small as it ever was, with the atmosphere in the narrow cells charged with memories of past injustices. This wing has a new occupation, now that the prison bars and inmates have gone. In their place, the women's centre used the facilities during the recent World Summit on Sustainable Development; the storming of a bastion was both symbolic and creative. With aid from the European Union and a

number of NGOs, the centre opened its doors to the public in August 2002.

"The idea came about on the occasion of the Summit," project leader Vanessa Vermaak told us. "We wanted a space where women to be able to meet and organise seminars and conferences. But we also felt that a permanent centre was needed. All the women who worked here during the Summit are unemployed, but they got training. The aim was that they could create their own work and finance themselves."

The cells have been converted into places of discovery, where visitors can learn about the legacy of apartheid through sound, image and touch, and where they can attend courses and seminars, relax, dance and enjoy poetry. Three major exhibitions have been held to present the poignant testimony of former female political prisoners, based on an interplay of light and silk panels. The women's centre has other facilities, too: an Internet café, a children-oriented reception centre and space for children to be educated and kept amused.

"During the Summit, the former women's wing of the prison showed what could be done with the existing buildings. Workshops on AIDS and the traumatic experience of living through apartheid proved genuinely helpful to people," explained Vanessa Vermaak. "Now we are looking for financing so that the centre can be set up on a permanent basis." The plan to install the Equal Opportunities Commission on the site is a positive sign. Sheila Meintjes, a member of the Commission, has given the project her whole-hearted support. "We would like to attract other organisations to the complex, promote the staging of exhibitions and develop the therapeutic side," she told *the Courier*. Overall, the complex is yet another way in which democracy is being strengthened in South Africa. ■

An uncertain future for Alexandra's health clinic

Just a stone's throw from the San Francisco-like neighbourhood of Sandton lies Alexandra, the oldest township in Johannesburg. Historic stronghold of the ANC, Alexandra was originally designed to accommodate 70,000 residents. Today, between 350,000 and 750,000 people live there. For 70 years the Alexandra health clinic has tried to provide quality medical services in a city that is straining under the weight of its population. Despite funding from the authorities and external aid, the clinic is now in dire financial straits and cannot cope with demand.

Alexandra is a mirror of South Africa; a legacy of apartheid, symbol of the fight for freedom and an ongoing development project where new buildings, initiatives, solutions and optimism rub shoulders with rampant unemployment, alarmingly high rates of HIV and AIDS, appalling living conditions, promiscuity, violence and miles of shanty town with entire families living in shacks. In the midst of all this is a health clinic, its buildings painted to stand out for the benefit of those who cannot read.

The Alexandra university clinic and health centre was founded in 1929. At that time it provided care primarily for mothers and children. "These days we see nearly 1,000 patients a day, 400,000 a year. We treat serious infections, offer pre- and post-natal care and family planning services, and provide the only 24-hour accident and emergency department," explains Kathleen Mvelase, the clinic's director.

Buckling under the demand

With the rapidly expanding population in Alexandra, the health centre is finding life increasingly difficult. "We get between 60 and 100 casualties a day in the Accident and Emergency unit, and even more at weekends," explains Ms Mvelase.

But the clinic can rely on a maximum 162 staff, of which just four are doctors and 59 nurses. The maternity wing is under the same pressure. The centre's two midwives assist at 12 births per day. "The situation is even worse for premature babies. We have only five child beds and just one incubator," the director explains. "We are under-equipped and understaffed to the extent that we cannot cope with the AIDS onslaught. It is estimated that 60 per cent of the population is infected with the disease. In May and June last year, we saw a hundred or so patients – of whom 27 tested positive."

However, with funding from the provincial government and the NGO Care, the clinic has just launched a programme to prevent

mother-to-child transmission of the disease. The hospital is also offering voluntary screening tests. When a patient tests positive, the clinic provides antibiotics and tries to stabilise the patient's condition. But, here again, there is not enough money. There is no tritherapy on offer, as the institution does not yet have any antiretroviral drugs. "As for screening, we have to get people to come to us here as we cannot afford to visit them at home. Patients who are infected have to be sent home – we are not able to accommodate them. Thankfully, we have NGO support for treatment within Alexandra."

The Alexandra clinic is financed by the provincial authorities and, through them, by various donors, including the European Union. The budget for 2002 is 18 million rands (€1.8 million). This will just about see the clinic through the year, says Kathleen Mvelase. She sounds a warning: "Some departments are really under threat. Without more money and staff the Accident and Emergency unit and maternity departments could be forced to close". To avoid this happening, the clinic has launched a huge fund-raising campaign. In response to the appeal, the Indian community has organised a dance and music event of which all profits will go to the health centre. It's a start...



Above, Alexandra township's health clinic.
Below, the clinic attends to about 1,000 patients a day



The Amadiba adventure

For the tourist, "tourism" can be experienced as relaxation, a change of scenery, discovering new places, new cultures, new types of food. But what does it mean to the local population? Community tourism in developing countries is often considered a potentially significant source of income, but it is still underdeveloped. Now, on South Africa's Wild Coast, a ruggedly beautiful territory lying between the Mzamba and the Mtentu Rivers, Amadiba Adventures is carving a niche for itself. Managed exclusively by residents of the region, the organisation arranges holidays for those who want a taste of the ecotourist experience. A new kind of tourism is emerging and, with it, the development of one of the country's poorest regions.

Silence... or almost. Against the roar of the wild Mzamba and Mtentu rivers, and the rhythm of the ocean tides, the Amadiba region is a stunning area of hillsides, cliffs, beaches and waterfalls. Beautifully unspoilt, dolphins and whales play off its shores. This land is home to the AmaMpondo, a farming people who roam on horseback, in an area that has entered the twenty-first century with most of its traditions and culture intact. In this idyllic spot, Amadiba Adventures offers hiking, horse-riding and canoeing holidays. Here, tourists can immerse themselves completely, staying in camps set up along the coast and living side by side with members of the community who are managing and operating their own tourist business.

Ecotourism

Amadiba Adventures is a pioneering experiment, part of a wide-ranging programme of community tourism initiatives on the Wild Coast. The programme has received some €2 million in funding from the EU for the period 2000-2004. It aims to protect environmental resources, develop skills and foster community-driven economic development.

As one of the programme's managers, Gernott Ott, explains: "The aim of the exercise is fairly simple: to improve the quality of life of people living in one of South Africa's poorest regions by setting up sustainable tourism projects, managed by the communities themselves".

To this end, links have been established between the villages, the private sector and government agencies. Three non-governmental organisations (NGOs) act as an interface between the EU and local communities, providing technical support in areas such as environmental management, training and advice on business development. The training – mostly followed by women – focuses on business management, accounting, looking after tourist groups, preparation of meals, crafts and resource conservation. The NGOs also help communities to attract additional funding, both public and private. Amadiba Adventures is the most advanced of the projects, and has generated some employment, although mostly part-time. "For now, I only work when there are tourists. But I think the time will soon come when I will work every day," hopes Mamsuntu Sonjica, who runs one of the Mtentu camps.



Sean Laurent

South Africa's Wild Coast, a ruggedly beautiful territory: Amadiba Adventures is carving a niche for itself in community-managed tourism

The first initiative of its kind in South Africa, Amadiba Adventures is proof that its formula is viable and profitable, both for communities and for the environment. Of course, undertaking such a project can have its difficulties; the distances between the Wild Coast, Pretoria and Brussels, sometimes conflicting ideas, and the commercial and industrial pressures do not always make things easy.

"We still have work to do to increase the numbers of horses, ensure greater safety, enhance our marketing and improve our visitor facilities", admits Wonderful Danca, President of ACCODA (Amadiba Coastal Community Development Organisation). Nonetheless, the Adventure continues.

In future, the programme hopes to be able to exploit the whole region in a sustainable way, promote horse-riding over the accessible 110 kilometres of coastline, increase the number of base camps and network the communities involved in this kind of tourism. All this must be done with the minimum of disturbance to the environment.

As Christopher Ngwelle, a tour guide for Amadiba, points out, "The success of this kind of business depends on how we protect our coastline. The natural surroundings here are magnificent. They are our livelihood and they provide the best opportunity we have to make a sustainable living." ■

| The project has generated some employment



Sean Laurent

South Africa



General Information

Area:	1 219 912 km ²
Population:	43 647 658
Capital:	Pretoria
Other main towns:	Johannesburg, Durban, Cape Town, Bloemfontein, Port Elizabeth, Pietersburg, Uppington, Kimberley, De Aar.
Languages:	11 official languages including English, Afrikaans, Ndebele, Pedi, Sesotho, Swazi, Tsonga, Tswana, Venda, Xhosa, Zulu.
Religions:	Christian 68%, Muslim 2%, Hindu 1.5%, animist and other traditional beliefs 28.5%.

Political structure

Official name:	Republic of South Africa.
President:	Thabo Mbeki; succeeded Nelson Mandela in 1999.
Constitution:	Adopted 10 December 1996.
Legal system:	Legal system based on English customary law and general law derived from Roman and Dutch law.
National legislature:	Bicameral parliament composed of a National Assembly of 400 members elected for five years by proportional representation and a National Council of Provinces of 90 seats divided equally between the country's nine provinces.
Next presidential and legislative elections:	Between May and August 2004.

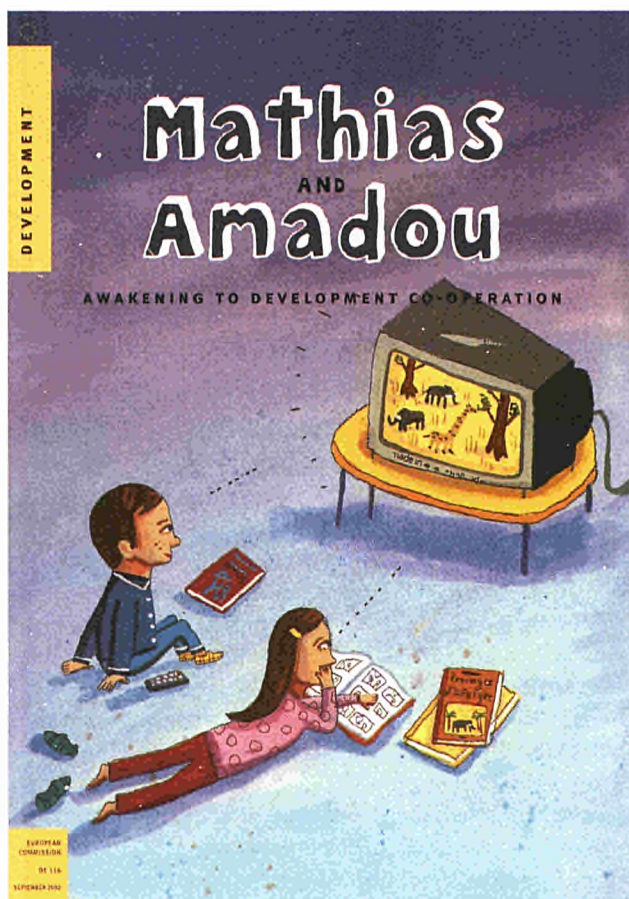
Economy

Currency:	South African rand (1 rand = €0.100542: October 2002)
GDP per capita (PPP):	US\$9 400 dollars (2001)
GDP growth:	2.6% (2001)
Inflation rate:	5.8% (2001)
Unemployment:	37% (2001)
Main economic sectors:	Mining, chemicals, agriculture, services

Social Indicators

Human development index rating:	0.695 (107 th out of 173)
Gini coefficient:	59.3
Life expectancy at birth:	52 years
Infant mortality of under fives:	65‰ (2000)
Adult literacy:	85.3%
Population with access to safe water:	86%
Population growth rate:	2.1%

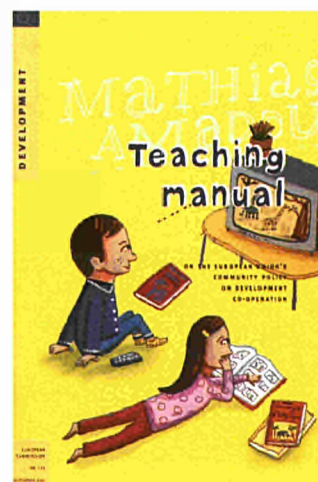
Source: Human Development Report 2002 (UNDP)



Mathias and Amadou: A 16-page, early-learning introduction to development cooperation has just been published by the European Commission.

Richly illustrated, the book is aimed at children aged from six to eight. It introduces children to development cooperation in an entertaining and educational way. Mathias is a European, who meets Amadou, an African, and follows him through the pages of a colourful booklet crammed with specific illustrations of daily life in southern-hemisphere countries. To assist parents, educators and teachers in helping youngsters appreciate this work, a short teaching manual describes the story and provides useful teaching material.

Mathias and Amadou,
Early-learning
introduction to
development cooperation,
European Commission,
September 2002.
Teaching Manual
September 2002
[http://europa.eu.int/
comm/development](http://europa.eu.int/comm/development)
e-mail:
development@cec.eu.int



Lorenzo Natali Prize for Journalism 2002

Poul Nielson, the European Commissioner for Development and Humanitarian Aid, awarded the Lorenzo Natali Prize for Journalism 2002 to Raymond Archer (Ghana), Asha Krishnakumar (India), Henrik Brun and Ulrikke Moustgaard (Denmark), Julio César Benegas Vidallet (Paraguay), Mauri König (Brazil) and Maher Chmaytelli (Lebanon). The award ceremony took place in Brussels on 15 November. Congratulating the winners, Poul Nielson stated: "The Commission's commitment to this prize is a clear demonstration of the value we attach to freedom of expression and the belief that democracy and respect for human rights are of the highest importance. I congratulate you on your work and this achievement."

For the first time, the *The Lorenzo Natali Prize for Journalism: Excellence in Reporting Human Rights, Democracy and Development* was extended to journalists working in five regions: Europe; Asia and the Pacific; Africa; Latin America and the Caribbean; North Africa and the Middle East. Confronted with the difficult task of selecting the winners, the jury decided to reward investigative journalism, for courage shown in the face of political censure, for the relevance of the articles to current global human rights and developmental themes and the impact in terms of achieving change or reaction from governments or appropriate authorities.

Raymond Archer, a 26-year old Ghanaian, was the jury's choice as gold medallist and the regional winner for Africa, for his series of high-quality reports exposing a deportation syndicate involving Sweden and Ghana.

The other winners are:

Africa: *Commendations:* Caroline Sorgho (Burkina Faso). Mervin Syafunko (Zambia);

Asia and the Pacific: Asha Krishnakumar (India); *Commendations:* Rommy Fibri (Indonesia); Annan Suresh (India).

Europe: Henrik Brun and Ulrikke Moustgaard (Denmark); *Commendations:* Paul Cullen (Ireland); Karen Steinberger (Germany);

Latin America and the Caribbean: Mauro König (Brazil); Julio César Benegas Vidallet (Paraguay); *Commendations:* Mário Magalhães (Brazil); Irma Del Valle Alvarez Rojas (Venezuela);

North Africa and the Middle East: Maher Chmaytelli (Lebanon); *Commendations:* Sihem Bensedrine (Tunisia); Yahia Asad Shukkeir (Jordan).

Additional coverage of the Natali Prize will be provided in the January-February edition of the *ACP-EU Courier*.

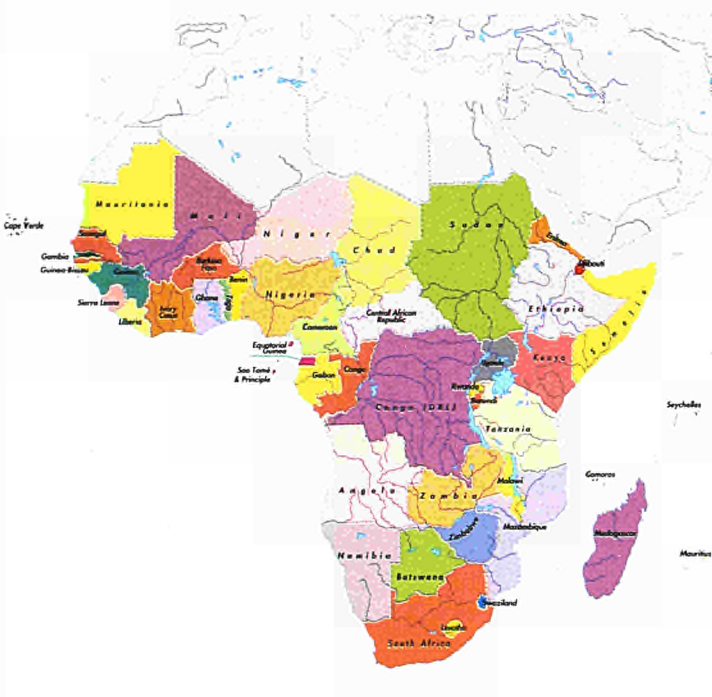




- Austria
- Belgium
- Denmark
- Finland
- France
- Germany
- Greece
- Ireland
- Italy
- Luxembourg
- Netherlands
- Portugal
- Spain
- Sweden
- United Kingdom
- France**
- Territorial collectivities
- Mayotte

- St Pierre and Miquelon
- Overseas territories
- New Caledonia
- French Polynesia
- French Southern and Antarctic territories
- Wallis and Futuna islands
- Netherlands**
- Overseas countries
- Netherlands Antilles:
- Bonaire, Curaçao, St Martin, Saba, St Eustache
- Aruba
- Denmark**
- Country having special relations with Denmark
- Greenland

- United Kingdom**
- Overseas countries and territories
- Anguilla
- British Antarctic Territory
- British Indian Ocean Territory
- British Virgin Islands
- Cayman Islands
- Falkland Islands
- Southern Sandwich Islands and dependencies
- Montserrat
- Pitcairn Island
- St Helena and dependencies
- Turks and Caicos Islands



- Angola
- Antigua and Barbuda
- Bahamas
- Barbados
- Belize
- Benin
- Botswana
- Burkina Faso
- Burundi
- Cameroon
- Cape Verde
- Central African Republic
- Chad
- Comoros
- Congo
- Cook Islands
- Cuba*
- Democratic Republic of Congo
- Djibouti
- Dominica

- Dominican Republic
- Equatorial Guinea
- Eritrea
- Ethiopia
- Fiji
- Gabon
- Gambia
- Ghana
- Grenada
- Guinea
- Guinea Bissau
- Guyana
- Haiti
- Ivory Coast
- Jamaica
- Kenya
- Kiribati
- Lesotho
- Liberia
- Madagascar

- Malawi
- Mali
- Marshall islands
- Mauritania
- Mauritius
- Micronesia
- Mozambique
- Namibia
- Nauru
- Niger
- Nigeria
- Niue
- Palau
- Papua New Guinea
- Rwanda
- St Kitts and Nevis
- St Lucia
- St Vincent and the Grenadines
- Samoa
- São Tomé and Príncipe

- Senegal
- Seychelles
- Sierra Leone
- Solomon Islands
- Somalia
- South Africa
- Sudan
- Suriname
- Swaziland
- Tanzania
- Togo
- Tonga
- Trinidad & Tobago
- Tuvalu
- Uganda
- Vanuatu
- Zambia
- Zimbabwe

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



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

http://europa.eu.int/comm/development/publicat/courier/index_en.htm

