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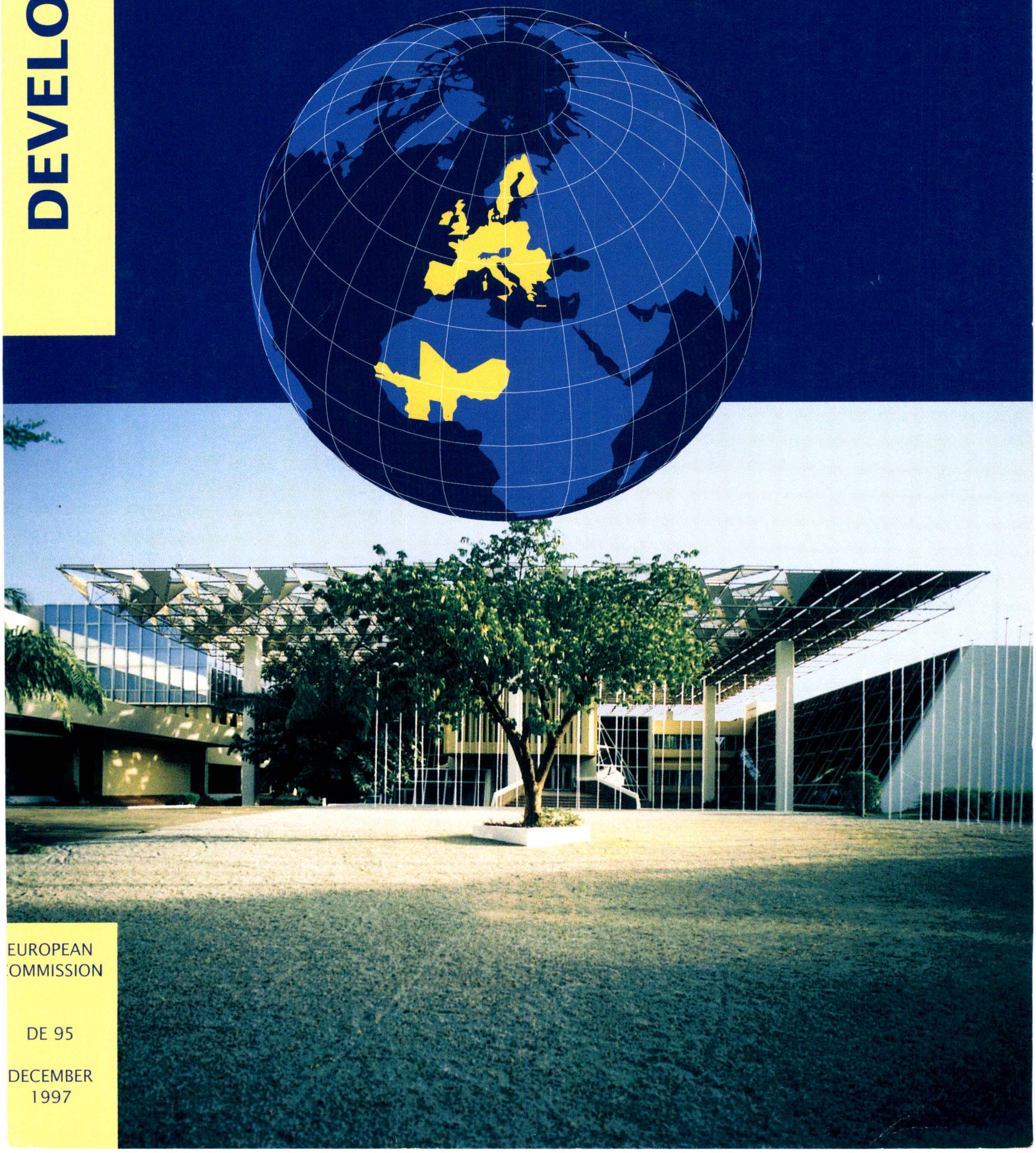
THE EUROPEAN UNION, THE COUNTRIES OF WEST AFRICA AND WAEMU

DEVELOPMENT



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Cover. EU Member states, and countries and headquarters of the West African Economic and Monetary Union (WAEMU), Ouagadougou (Burkina Faso).

WAEMU

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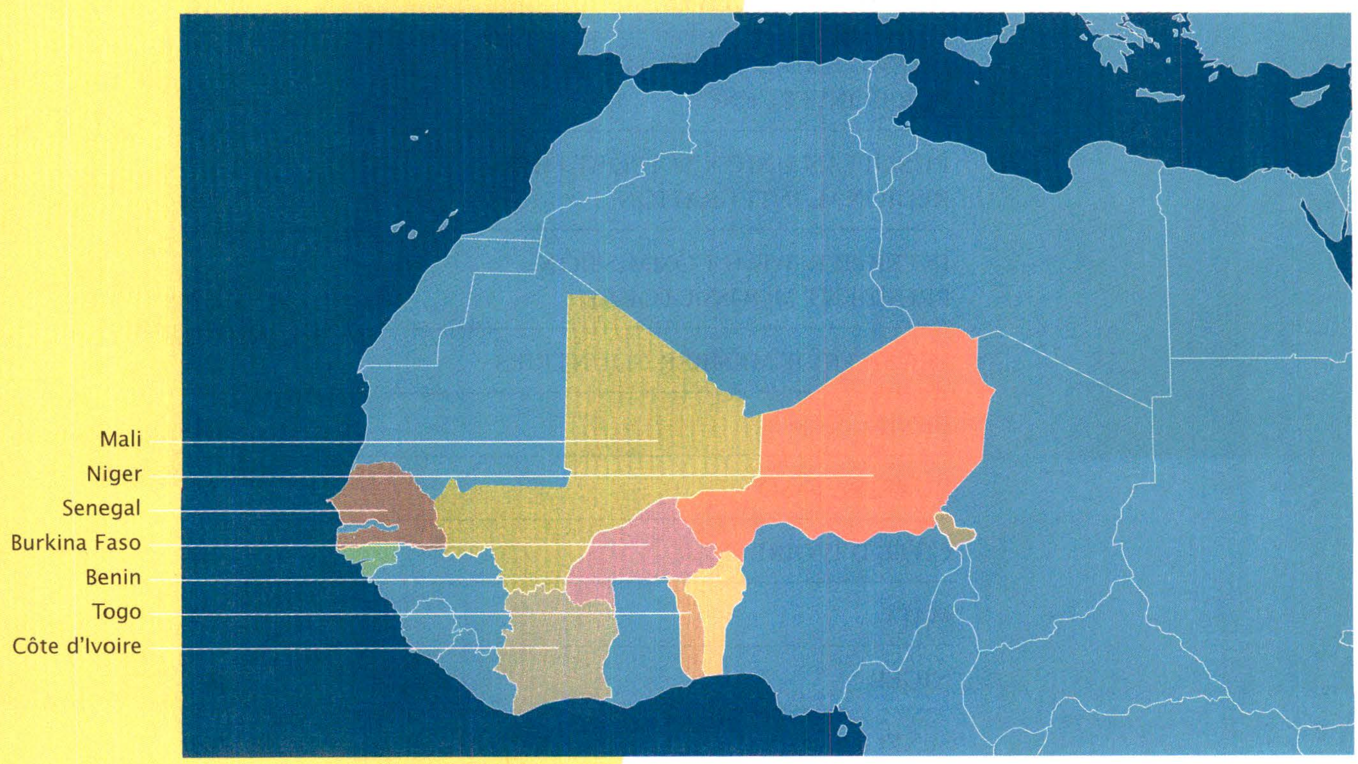
Benin. The new Cadjehoun market, Cotonou.



Since this brochure was completed, Guinea Bissau has become a full member of the WAEMU.

INTRODUCTION

Regional economic integration in Central and West Africa is not a new issue. Soon after independence in the 1960s, there was a rush by Africa's new states to form regional groupings. Many had been left by colonial mapmakers with markets too small for economies of scale and were seeking a viable economic area. Not a few were - and remain - landlocked, the distance from the nearest outlet to the sea greatly increasing the intermediate costs of their imports and exports.

There was another reason. In the first flush of independence, many countries were moved by a sense of identity regained to seek each other's company, sharing the same long-lost or new-found cultural references. French-speaking Africa saw the creation of the Central African Customs and Economic Union (UDEAC) in 1964 and the Economic Community of West African States (ECOWAS) in 1974. There were also attempts to set up political organisations of varying sizes within these areas, usually following pre-independence historical boundaries. All experienced varied or mixed fortunes.

In a swiftly changing and increasingly complex international economy, only organised, structured groupings with dynamic internal markets have proved able to cope with outside competition and hold their own in a globalised trading environment.

West Africa has shown a much firmer commitment to economic integration. The region's French-speaking countries are working to develop what they see as comparative advantages, e.g. their common currency, to build a large regional market. Individually and collectively, governments' role in productive investment would basically be one of encouragement. They would, however, play a far more active part in organising overall macroeconomic structures.

The role of institutions in economic integration is as crucial as the quality of those who serve them. With this in mind, the countries of French-speaking West Africa have tried to build institutions worthy of

their shared economic, indeed political, ambitions.

Four years ago they set up the West African Economic and Monetary Union (WAEMU), which has its headquarters in Ouagadougou, the capital of Burkina Faso.

Heavily influenced by the European Economic Community (EEC), and indeed by the Monetary Union that the European Union's fifteen Member States are working to complete for 1999, WAEMU's founder heads of state saw it as a new framework for fostering the achievement of the member countries' growth and development targets. Since the signing of the treaty establishing the new regional cooperation and integration organisation on 10 January 1994, remarkable progress has, as we will see, been made towards setting up WAEMU and making it operational. The staff and the institutions are in place.

Recognising that there is now a new global economic order, in which enterprise transcends national boundaries, WAEMU and those running it want the region as a whole to benefit from the resulting direct foreign investment. As a member of its Commission pointed out, WAEMU must seek to divert some of the traditional flow of investment to its own advantage.

Like any new institution or a business, WAEMU needs support through the demanding start-up period. As the history of the past thirty years will show, the European Community, now the European Union, has always shown considerable interest and support for development schemes at global (ACP) and regional levels (WAEMU and other ACP regional groupings).

Since 1994 the European Commission has been a major contributor to WAEMU's start-up and consolidation.

WAEMU is not only one of Africa's newest regional institutions, it is, without a doubt, the most dynamic and pro-active. Financed by the European Commission's Directorate-General for Development, this brochure is a further expression of support for the venture.

ECONOMIC INTEGRATION IN AFRICA: WILL HOPE COME FROM THE WEST?

The facts and figures leave little doubt that increasing economic globalisation threatens to reduce still further Africa's already insignificant share of world trade. Meanwhile other continents, and Europe and America in particular, are steadily setting up major economic and/or political groups such as the North American Free Trade Agreement (Nafta) or the economic, political and monetary European Union. If Africa is not to be cut off once and for all from the rest of the world and lag far behind other regions, the only way forward lies in a constant effort to strengthen and organise regional integration.

Their awareness of the overriding need to unite behind clearly defined objectives led seven West African countries to sign the Treaty establishing the West African Economic and Monetary Union (WAEMU) in Dakar on 10 January 1994. The next day the same city saw the announcement of the CFA franc's devaluation against the French franc.

Looking back, apprehension of this devaluation can be seen as having catalysed the ECOWAS heads of state into stepping up a gear in their quest for closer economic ties. By doing so they hoped to avoid falling victim to globalisation, one much-neglected aspect of which is the number of losers (people or countries) caused by a lack of official regulation in a system of equal competition between unequal competitors.

A MODEL INITIATIVE

This may explain why the WAEMU Treaty entered into force on 1 August 1994, less than eight months after its signing. Given the lack of hurry typical of such groupings in Africa, the determination of those behind this model economic integration initiative is remarkable. The aim of the venture is a common market based on the free movement of capital, goods, services and persons. The hope is that uniting the national economies will transform the WAEMU area into a dynamic and attractive market for productive investment and trade. Another aim is to consolidate the member countries' macroeconomic framework by harmonising their economic and monetary policies.

Four years on, WAEMU is gradually taking shape and growing stronger. It is on the way to becoming an economic body capable of coping with the demands of the world economy. Almost all WAEMU's institutions are in place: the Commission, the Court of Justice, the Court of Auditors, the Regional Chamber. The project picked up considerable speed after the first conference of heads of state and government on 10 May 1996 in Ouagadougou. They adopted a detailed action programme involving legislative harmonisation, multilateral supervision of macroeconomic policies, a common market, sectoral policies and the financing of the economic and monetary union.

Implementation of the major guidelines is proceeding pretty smoothly. This cannot simply be put down to historical, geographical and cultural ties or thirty years in the Franc Zone. There can be little doubt that this is a major regional integration project which has managed to shake off the sorry practices that have typified such organisations in Africa for over thirty years. By learning from previous failures and taking account of the economic and political changes under way in the world, WAEMU's member countries bear out the view of Blaise Compaoré, President of Burkina Faso, that integration alone can make them a major destination for trade and investment, a site for building sound economies and a place where their peoples can prosper. There are high hopes in West Africa.

By establishing a common market, WAEMU is intended to foster economic and social progress, create jobs and raise living standards in its member countries. Its institutions are striving to create and maintain conditions encouraging businesses to promote, develop and improve the member countries' individual and collective production capacity. Drawing heavily on the European model for the construction of an integrated economic area by former rivals, WAEMU is seeking to modernise its members' economies step by step to improve productivity and international competitiveness.

THE WAEMU COMMISSION: THE UNION'S DRIVING FORCE

Most public buildings in Ouagadougou, Burkina Faso's capital city, are sober in design. The sole exception is the headquarters of the WAEMU Commission, which is marked out by its remarkably futuristic and impressive architecture. Everything about it exudes vigour.

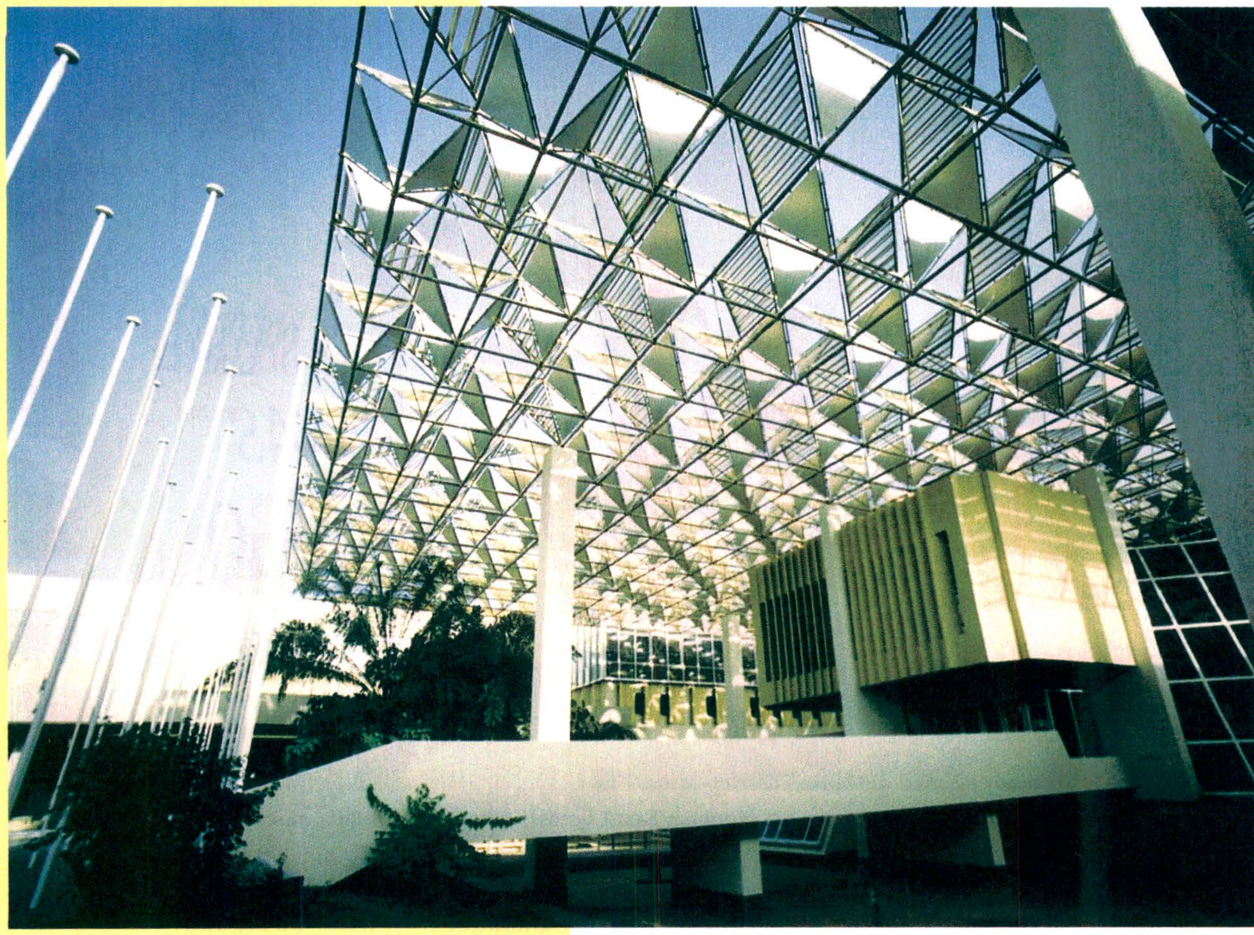
While the Council of Ministers of the WAEMU countries is responsible for implementing broad guidelines laid down by the Conference of Heads of State and Government, the Commission is the Union's executive and driving force. Its seven members are appointed by the Heads of State and Government for their competence and integrity. The Commission is pivotal in that it both proposes and executes the Union's decisions.

The member states therefore saw that the Commission was given all it needed to act independently in the Union's interest. As the Treaty provides, the members "shall neither seek nor take instructions from any government or from any other body." The member states are likewise bound by the Treaty to respect the independence of the members of the Commission. The Commission's role in WAEMU's working is so decisive that the Treaty requires its members to be sworn in. Their oath binds them to show the independence and integrity vital to the performance of their duties.

Côte d'Ivoire. Pineapple growing project (Bonoua, East Comoé): Advice and training under an EDF financed fertiliser use project.

These provisions strengthen the Commission's hand in the working of WAEMU and the smooth achievement of its objectives. This is all the more important because the directives adopted by the Union's institutions apply in every member state, taking precedence over national law. The Commission enjoys the unreserved trust of the Conference of Heads of State. During a visit to WAEMU headquarters, Jacques Santer, President of the European Commission, pinpointed this trust in the Commission and dialogue with the Council of Ministers as vital if WAEMU was to succeed. The Commission is not only the Union's executive but also its driving force. It has to propose courses and methods of action to Conference and the Council. Article 26 of the Treaty states clearly that the Commission has to transmit to those institutions whatever recommendations and opinions it considers necessary to safeguard and develop the Union. It is a vital cog in the institutional machinery of WAEMU, which is increasingly seen as a model for regional integration and solidarity between African countries wishing to progress side by side in an international economy based on competition.

The WAEMU Commission



Burkina Faso. WAEMU headquarters, Ouagadougou

WAEMU's institutions

The WAEMU Treaty provides for a number of institutions.

There are three at decision-making level.

- The **Conference of Heads of State and Government** lays down broad guidelines for the accomplishment of the Union's objectives and takes regular stock of the progress of economic and monetary integration. It meets once a year and takes unanimous decisions: it adopts additional acts.

- The **Council of Ministers** implements the broad guidelines laid down by the Conference of Heads of State. It meets at least twice a year. It comprises the ministers responsible for the areas under discussion, though all decisions must first be submitted to the ministers for economic affairs, finance and planning. The Council may enact binding legislation such as regulations, directives or decisions. It may also formulate non-enforceable recommendations and/or opinions. Acting on proposals from the Commission, the Council adopts its decisions by a majority of two-thirds of its members (5/7). The Council's meetings are prepared by the **Committee of Experts**, on which the member states and the Commission are represented. It puts to the Council opinions adopted by a majority of its members.

- The **Commission** is the Union's executive and driving force. It has seven members, one from each member state. The Members and the President of the Commission are appointed by the Conference of Heads of State for a four-year term. Their mandate is renewable. The Commission acts independently in the interest of the Union. Decisions are taken by a simple majority. Acting in an advisory capacity, the Governor of the BCEAU (Central Bank of West African States) attends Commission meetings as of right. Most acts voted by the Council are proposed by the Commission, which also adopts rules for their implementation. The Commission also presents opinions and recommendations to the Conference or Council. It executes the Union's budget.

Judicial control is exercised by two institutions.

- The **Court of Justice** supervises compliance with the WAEMU Treaty. Its seven judges are appointed for a renewable term of six years. It is headed by a President chosen from its midst.

- The **Court of Auditors** examines the accounts of the Union's institutions. Its three members are appointed for a term of six years.

There are also consultative bodies.

- The **Interparliamentary Committee** comprises five representatives appointed by each member state's legislative assembly. It plays an advisory role and stimulates debate on integration. It sits at least once a year. The Interparliamentary Committee is the forerunner of a Union Parliament, which will exercise democratic control and take part in the Union's decision-making process.

- The **Regional Chamber** brings the private sector into the process. It comprises the chambers of commerce and industry of the Union's member states.

The Union's autonomous financial institutions are:
- the Central Bank of West African States (BCEAO);
- the West African Development Bank (BOAD).

Without prejudice to the specific objectives assigned to them by the WAEMU Treaty, the institutions also contribute to the implementation of that Treaty's overall objectives.

WAEMU'S OBJECTIVES

UEMOA

The WAEMU Treaty is aimed at establishing a common integrated economic and financial area. Signed in Dakar on 10 January 1994, the Treaty provides for practical measures rooted in the complementarity of the signatories' economies and the solidarity vital to collective cohesion and success. There are a number of specific objectives.

- Increased competitiveness of the member states' economic and financial activities within a rationalised and harmonised legal environment.
- Convergence of the member states' economic policies by means of a multilateral system for monitoring the main indicators.
- Establishment of a common market guaranteeing the right of establishment and the free movement of goods, services, persons and capital.
- Coordination of national sectoral policies and the formulation and implementation of common policies in such areas as human resources, town and country planning, transport and telecommunications, the environment, agriculture, energy, industry and mining.
- Harmonisation and reform of the legal and regulatory environment, and in particular taxation.

In laying down a broad set of economic reforms and committing themselves to a genuine process of subregional economic integration, the WAEMU member states are seeking to complete the monetary union established before independence. That union took insufficient account of the economic coordination which is crucial to a monetary union and reflects a currency's real value. The need to harmonise monetary, financial and tax policies is now recognised as one strand of the harmonisation of the member states' macroeconomic policies, which the Treaty expressly declares to be necessary to bring about change in the member states' economic policies and structures, reduce their economic disparities and achieve greater consistency between the premature monetary union and the indispensable economic union.

To give substance to the movement towards economic union, a number of practical steps were scheduled for 1997 and early 1998.

1. Adoption in December 1997 of the measures needed to give effect to member states' nationals the right of establishment throughout the Union's territory.
2. Adoption in late 1997 of the measures needed to introduce free movement of capital and harmonise taxation of savings, securities and financial instruments in support of the establishment of the regional securities market (BRVM).
3. Adoption in December 1997 of a Community investment code and application of harmonised business law.
4. Completion in December 1997 of the programme to harmonise the member states' indirect tax rules.
5. Establishment in early 1998 of the WAEMU Customs Union, with the introduction of a common external tariff (CET) and the abolition of import duties on industrial products circulating inside the Union.
6. Establishment of the Union's other institutions:
   - Interparliamentary Committee;
   - Regional Chamber;
   - Court of Auditors.
7. Establishment before the end of 1997 of structural funds to finance the programmes necessary for the balanced development of the Community's territory.

WAEMU AND ECOWAS: THE NEED FOR CONVERGENCE

Some commentators are quick to argue that WAEMU has been set up to counterbalance the economic influence of the regional superpower, Nigeria, which accounts for 53% of West Africa's population and 45% of the region's GDP.

They rightly argue that a single currency, the CFA franc, which they portray as an instrument of political, economic and financial domination by a former colonial power, in this case France, is not a sufficient basis for real integration.

Notwithstanding the recent addition of Portuguese-speaking Guinea-Bissau, WAEMU is seen by some as an intrinsically French-speaking regional organisation because its members are French-speaking and it is based on the CFA monetary zone. The economic union has been grafted on to WAMU (the West African Monetary Union), a monetary area in whose institutions the former colonial power continues to play its part, albeit more discreetly than in the past. Meanwhile, the region's English-speaking countries are, at least for the time being, barred from an initiative that is seen as a vital step towards the subregion's integration.

This has led some commentators to impute ulterior motives and a hidden agenda to WAEMU, alleging that its ultimate aim is rivalry with ECOWAS, of which Nigeria and Ghana are just two members, rather than productive convergence.

As a result, some informed sources in WAEMU believe that the subregional organisation will soon have to face the economic facts and accept the idea of institutional rapprochement with certain countries of the region, e.g. Nigeria. Enlarging WAEMU would serve both political and economic purposes. By questioning the foundations of the zone, these advocates of pegging the CFA franc to the Euro believe they are opening a debate on whether the new Euro area should be extended to African countries that once belonged to the British or Belgian empires. This is admittedly just one of many informed views advocating completely recasting the CFA zone to create a monetary area fulfilling (nationally or collectively) the three traditional functions of any currency. For their institutional model, this view's proponents look to post-war monetary and economic reconstruction and the regulatory role played by the IMF in rebuilding Western Europe's monetary and financial system. For WAEMU today, such a move would mark a shift away from top-down integration in favour of letting the economy regulate itself as far as possible, as has been done in Europe. This would bring increasing specialisation of the members' economies, so enabling them to start playing a full part in economic globalisation.

However, though the above analysis is in many ways pertinent and realistic, commentators in some Member States argue that it would be commercially, financially and even technologically advantageous to see Nigeria closer to WAEMU rather than too far away, even if its future membership would require a more or less elastic transition period. Moreover, as those at its headquarters would underline, WAEMU's objectives are wholly consistent with ECOWAS's and there is no rivalry between the two organisations' member countries. This is enshrined in the Preamble to the WAEMU Treaty. Any doubts about the compatibility of the two organisations are probably attributable to a lack of open debate or a certain sluggishness on the part of ECOWAS.[1]

ECOWAS, which was set up 25 years ago and has 15 members, is an economic body whose role in the success of WAEMU and, more generally, the future of two organisations with overlapping goals and memberships should not be underestimated. The number of currencies, the resulting exchange-rate distortions or diverse national economic policies seem lesser obstacles to cooperation within and between the two regional bodies than a lack of communications infrastructure and a certain scepticism about governments' efforts to steer the economy.

ECOWAS's uneven results, particularly on the economic front, reflect the slow start to the economic integration process that prompted its establishment. However, they also reflect the teething troubles of an integration process between countries caught up in the geopolitical maelstrom of the past thirty years. Economic and monetary union between some countries of the region may, if it leads to industrial restructuring and better integrated national or regional production systems, breathe new life into ECOWAS and pave the way for unprecedented growth for the members of both organisations. As Burkina Faso's President Compaoré underlines, a single monetary area for the ECOWAS member states cannot be established by decree, but must be founded on substantial alignment and a shared vision of economic and social development.

It is to establish the best possible conditions for such a development that the reform of ECOWAS's statutes is currently being studied.

[1] *For instance, the union of Belgium, the Netherlands and Luxembourg (Benelux) and the Belgo-Luxembourg currency union have not prevented these three countries from participating fully and wholeheartedly in every stage of the European Union's construction, without calling into question their institutional links.*

European Union support for regional integration

Since independence, which for most African countries came in the 1960s, there have been many attempts to establish regional groupings. These have foundered (e.g. the East African Community or Senegambia), advanced at a snail's pace (e.g. the Central African UDEAC) or met with mitigated - though not inconsiderable - success (ECOWAS).

Apart from the Southern African Development Community (SADC), West Africa has always been the subregion of the continent that has shown most perseverance in its efforts to integrate its economies and peoples, and this despite political difficulties and the geopolitical climate that reigned until 1990. Notwithstanding its poor economic results, ECOWAS has made tangible progress towards freedom of movement for nationals of its member countries.

The West African Economic and Monetary Union is quite compatible with ECOWAS. Those behind the project hope to give the monetary union inherited from the days before independence an economic foundation. No doubt, they also wish WAEMU to be a cornerstone of a larger regional grouping that will one day include most of the region's English-speaking countries too. The European Union, which has always encouraged regional groupings within the ACP area covered by the Lomé Convention, hopes that its support for WAEMU will contribute to successful regional integration in West Africa. Leaders of the European Commission and EU Member States have regularly confirmed their political commitment to helping ACP regional bodies.

Thus, when addressing the first conference of WAEMU's Heads of State and Government in Ouagadougou, European Commission President Jacques Santer said that the Union had understood the value of WAEMU and what it had to offer the region at the time of the preparatory studies and preliminary talks. That was why the European Commission and other donors had wholeheartedly backed the studies and talks that paved for the way for the organisation's first decisions. He concluded by reiterating the Commission's intention of maintaining its unstinting support.

Instruments of European Union support for WAEMU

An overall programme of assistance has been adopted to help WAEMU's members achieve their objectives. It is being implemented with WAEMU's institutions and national bodies. The assistance's recipients are the member countries, their economic operators and their peoples. Action under this programme, which is being financed with an ECU 12 million programme grant (table p. 18) from the seventh EDF regional indicative programme, serves three main aims:

1) to improve the management and analysis capacities of national and community institutions;
2) to consolidate the economic structure by backing the reforms;
3) to involve the private sector.

Assistance is mainly in the form of (i) technical assistance and expert assessments, (ii) the provision of computer equipment, communications and documentation, and (iii) seminars, training modules and information campaigns. The programme was designed to run for two years.

A technical monitoring committee of representatives of the European Commission, the WAEMU Commission and the member countries' national governments is responsible for seeing that the programme is executed properly.

Intervention

The current stage in WAEMU's integration process calls for a more systematic and comprehensive approach by the European Community than during the design and development of the reforms. The programme's frame of reference is the WAEMU Treaty and the guidelines adopted at the WAEMU's first

Conference of Heads of State, which decided on the content of and timetable for the reforms.

Objectives

The overall objective is to contribute to the WAEMU countries' economic development and smooth integration into the world economy.

More specifically, the European Community wants to help strengthen the WAEMU countries' regional economic integration process.

The expected results are:

- an improvement in the organisational, programming, management, information and communication capacities of WAEMU's institutions and national entities;

- a consolidation of economic structure and reforms connected with the customs union and a convergence of economic performance in the context of the multilateral monitoring mechanism;

- a realignment of the private sector in the face of the single market.

A number of activities are under way to achieve the above results and so fulfil the programme's objectives.

1. Strengthening Community institutions and national entities

- Technical assistance is being provided to help the WAEMU Commission, the Court of Justice, the Court of Auditors, the Interparliamentary Committee and the national entities involved (national economic policy committees, education departments, customs etc.) organise and run their activities.
- Technical assistance is being provided to help the WAEMU Commission run information and communication campaigns on what WAEMU is seeking to achieve, in order to increase the awareness of those potentially involved and encourage their active involvement in the integration process.
- Training courses and seminars are being organised for managers of Community institutions and national civil servants.
- Equipment, documentation and material support are being supplied.

2. Consolidating the economic structure and supporting reforms

- The WAEMU Commission is receiving technical assistance for drawing up and implementing reforms (rules of origin, harmonisation of customs procedures, expert reports on macroeconomic and sectoral matters etc.).
- Technical assistance is being provided to help the WAEMU Commission and national authorities prepare and negotiate with donors a regional integration support programme (PARI) for each member country, based on the progress of the reforms and measures needed to help the member countries to meet the deadlines for customs union (July 1997 and January 1998 according to the declaration of the Heads of State) and policy convergence (end 1996 and end 1997), and help them prepare the restructuring of output.

- A plan is being drawn up identifying ways of eliminating non-tariff barriers and establishing one-stop control offices at borders.
- A regional centre is being established within the WAEMU Commission devoted to compiling trade statistics and disseminating information on regional trade to economic operators.
- Customs procedures, regulations and arrangements are being harmonised.
- The WAEMU Commission is receiving technical assistance to help non-member countries gauge the potential impact of association with/membership of WAEMU.
- Support is being given for running the monitoring mechanism: strengthening economic decision-making mechanisms and linking the National Economic Policy Committees (CNPE) with the various decision-making centres;
- Support is being provided for: introducing monitoring indicators, establishing critical values and macroeconomic analysis; improving the quality of the statistics produced, the comparability of data and the harmonisation of methods of collecting and processing statistics; improving coordination between the departments responsible for the national statistical system (national statistical institutes, ministries' statistical departments, the BCEAO [Central Bank of the West African States], etc.) and users of statistics.

3. **Repositioning the private sector to handle the single market**

The European Commission is helping with elements of common sectoral policies identified as crucial to establishing the customs union, facilitating restructuring and stimulating private-sector initiative and investment: selecting measures to back reform in particular industries, easing transit traffic, establishing a regional investment code, harmonising regulations and standards, harmonising diplomas.

This programme is just the beginning. As work on establishing the WAEMU progresses, these measures will have to be re-evaluated and possibly expanded. The implementation of aid will depend on the progress of reforms. The programme's success will depend heavily on the political will of the Member States to work towards the targets they have set themselves and their ability to overcome the conflicts of interest that can sometimes hamper consensus and compromise.

Allowances must also be made for possible changes in the Union's borders resulting from the entry of new members or association agreements with neighbouring countries: the programme or parts of it may be partly or wholly extended to such countries. The programme took account of Guinea-Bissau's forthcoming membership, which was cemented when it joined the CFA franc zone in January 1997.

The implementation of the programme takes account of regional initiatives undertaken by other bodies, in particular ECOWAS, and seeks to ensure that such initiatives complement and reinforce each other. The current cooperation between WAEMU and ECOWAS on the EDF-financed project for an automatic data processing system for statistical and customs data on trade inside ECOWAS (EUROTRACE) is a good example of the potential synergies.

Physical and non-physical means

Implementation of this programme will require:

- technical assistance and expert assessments under framework contracts to allow rapid, flexible and efficient mobilisation of experts;
- the organisation of training programmes and seminars involving various departments of the European Commission, Court of Justice and other Community institutions, institutes and training schools, teachers and experts from EU Member States;
- the publication of brochures, radio and TV programmes, and information seminars for the general public on the issues involved in regional economic integration.

Organisation, procedures and implementation

The contracting authority for the project is the WAEMU Commission, which has overall responsibility for implementation. The WAEMU Commission delegates its powers in the relevant areas to the Court of Justice and the Court of Auditors. Powers were formally delegated to the Court of Justice in an annex to the financing agreement and to the Court of Auditors in an additional protocol.

Various departments of the European Commission are eagerly providing considerable assistance for the implementation of the programme, particularly for training.

A technical monitoring committee, consisting of a member of the WAEMU Commission (who chairs it), European Commission representatives, one representative per Member State (appointed by the finance ministers), as well as the contracting authorities to which powers have been delegated in areas which involve them, monitor the project, draw up guidelines for it and approve operations and budgets. The committee meets twice a year, but additional meetings may be called where necessary.

Technical assistance contracts are concluded after restricted invitations to tender which may be open to groups of consultancy firms. Where the services required warrant such an approach, contracts may take the form of direct agreements with individual experts.

For equipment, seminars and training not covered by technical assistance contracts, programme estimates will be drawn up and governed by EDF procedures. Where purchases for the region can be grouped and the sums involved are significant, restricted or open invitations to tender may be used.

Overall cost estimate

The overall cost of the programme is ECU 12 million in grants under the seventh EDF regional indicative programme for West Africa, broken down as follows:

Indicative breakdown	Amount in ECU
1. Strengthening community institutions and national entities including:	4,000,000
- Court of Justice	700,000
- Court of Auditors	200,000
2. Consolidating economic structures and supporting reforms	6,000,000
3. Repositioning the private sector to handle the single market	2,000,000
TOTAL	12,000,000

Special conditions and accompanying measures

The programme's implementation is subject to the implementation by the WAEMU institutions and governments of the reforms provided for in the WAEMU Treaty and the decisions of the Conference of Heads of State. Failure to comply with this condition may result in the revision or suspension of parts of the programme, a country's exclusion from the programme or the programme's termination.

Environmental protection

Establishing a single market entails addressing the region's environmental and town and country planning problems, as provided for in the Treaty.

Sociocultural aspects/women in development

The communications component of the programme will be tailored to each target group and pay close attention to sociocultural matters and women's role in the economy.

Institutional and management capacity

As WAEMU's executive body, the Commission is the driving force behind the process. Based in Ouagadougou since 30 January 1995, the Treaty provided for its operating budget to be funded by the BCEAO and the BOAD until January 1997. The Community Solidarity Levy intended to fund WAEMU was to come into force on 1 July 1996. The WAEMU Commission has begun recruiting staff. Thirty or so successful candidates from a regional competition have already taken up their posts. Note that one of this programme's aims is to boost the institutional and management capabilities of a young and highly-motivated organisation. The programme also provides for assistance for the Union's supervisory bodies (Court of Justice and Court of Auditors). Besides consolidation at regional level, the programme will also focus on the national entities involved, which are essential links in the chain of reform.

Economic and financial analysis

The economic value of supporting WAEMU lies in the benefits that a regional integration initiative of this size will produce in terms of comparative advantages, economies of scale, rationalising the market and fostering competition. Studies on the impact of the customs union have shown short- and medium-term benefits for the economy as a whole. The benefits are, however, likely to differ from country to country, and a large section of the industrial base will have to change to cope with the new single market. As an institution, WAEMU can bring greater credibility to economic reform by making economic policy less subject to national pressure. The expected financial advantages of economic integration in terms of improvements in collective well-being, consumer purchasing power, added value for producers and job creation suggest that the assistance provided under this programme is likely to be invaluable.

The European Commission's support for WAEMU's integration project should increase appreciably over the next few years. The eighth EDF regional indicative programme signed in October 1996 earmarks 80-85% of the total allocation (ECU 228 million) for developing intraregional trade and improving the competitiveness of the region's economies.

"WE APPROACH THE FUTURE CALMLY"

MOUSSA TOURE
President of the WAEMU Commission

Mr Moussa Touré, President of the Commission, WAEMU's executive arm is enthusiastic about his organisation's prospects. This fifty-two-year-old Senegalese has headed the WAEMU Commission since 1996.

A customs inspector, historian and graduate in modern literature, Moussa Touré held many key administrative and ministerial posts (Planning, Economy and Finance) in Senegal before being appointed to preside the Commission. At regional level, he was Secretary-General of ECOWAS's forerunner, the West African Economic Community (WAEC), and Senegal's representative to the United Nations Industrial Development Organisation (UNIDO) in Bonn.

A man of experience, Mr Touré explains in the following interview his work at the head of the Commission, the means and the outlook for economic cooperation and regional integration in West Africa.

What is the state of the Union three years on from the entry into force of the WAEMU Treaty?

M.T.. The Treaty may have entered into force on 1. - August 1994, but the members of the Commission did not take office until January 1995. Work on the Treaty's objectives did not really get started until after the first Conference of Heads of State and Government here in Ouagadougou on 10 May 1996. At this summit the Heads of State carefully went through the briefs prepared by the ministers and expert advisors. They went on to adopt acts and put their signatures to a solemn declaration setting out broad lines of action. The Commission's action is steered by the acts and declaration.

It has to be said that the summit first tried to make up the time lost between the dissolution of WAEC and the signing of the WAEMU Treaty, a period when we found ourselves in an unexpected legal vacuum. At the summit the Heads of State and Government adopted Act No 4, which filled the legal vacuum affecting trade. It proclaimed the free movement of goods, capital, services and persons, introduced tariff preferences for industrial products and a 5% cut in duties on originating goods for which preferences had not been sought. All this was aimed at preserving WAEC's achievements after its replacement by ECOWAS.

Are you satisfied at the way in which decisions are actually applied?

M.T.. I cannot pretend that everything is working perfectly. Projects of this kind always have teething problems that need to be resolved along the way. Overall, however, the system is working. Another aspect is the application of a Community solidarity levy of 0.5% of the customs value of imports from third countries, all of which goes to the Commission to offset the loss of revenue caused by the application of the transitional system of preferences. This levy has been in force since 1 July 1996. We avoided the system of contributions because fixing the assessment base poses major technical problems. Since all our member states have an account with the BCEAO, the tax is levied on that account.

Annual forecasts put our revenue at around CFAF 11.5 billion (about ECU 17.5 million). Despite teething troubles, we were at an encouraging 65% of our forecasts after the first six months of the 1996/97 financial year. All in all, I think we can be reasonably optimistic about the future.

How are these resources used?

M.T.. The main use of this tax revenue is to compensate member states for lost earnings on exports of industrial products within the Union. Two of our countries, Côte d'Ivoire and Senegal, export a lot of industrial goods. Others, landlocked countries such as Burkina Faso, Mali and Niger, are net importers of manufactured goods from the first group. As the largest single source of government income (35-40%), customs duties cannot be abolished overnight. The Treaty therefore provides for a transition period involving 100% compensation: duties for the products authorised will be reduced to 70% of previous levels, with the Commission making up the 30% shortfall.

The second use of the tax is to finance the working of the Commission.

The levy's third use is the constitution of an embryonic Structural Fund. This seems particularly important to me because governments will in future have to adjust their spending to their real income, with the levy serving to fund the economy, land planning and integration projects. These funds will, of course, be supplemented by help from a number of partners, among them the European Union.

You're looking to the future ...

M.T.. Yes. That became a short- and medium-term necessity once we had filled the legal vacuum I mentioned earlier. It is also the objective of the declaration of the Heads of State that guides the Commission's every step. To summarise, this declaration lays down guidelines on a number of key issues. For a start, there is institutional aspect: the members of the Commission have been appointed, as have those of the Court of Justice. The establishment of balanced institutions had to continue. If the Commission is the executive and the Court of Justice the judiciary, a start had to be made on setting up a parliament. The Interparliamentary Committee comprises five representatives from each country.

Work has begun and the Committee should be in place shortly. This institution is based in Bamako, Mali's capital. By pure coincidence, Mali's parliament was dissolved just a few days before the institution was inaugurated. But the basic texts and the rules of procedure are ready. Made up of representatives of the people, this is the democratic institution par excellence. The other institution, the Court of Auditors, exercises financial control.

Last but not least, there is also an important consultative body: the Regional Chamber is a confederation of chambers of commerce. Each chamber of commerce will be represented by six members. Once again we are nearing the end of the process of setting up the institutions: the Regional Chamber will soon be installed in Togo's capital, Lomé.

Now we have to address the objectives in four key areas:

multilateral surveillance, legislative harmonisation, completion of the common market and sectoral policies.

One common theme runs through all four areas. That theme, which is the pillar of our Union, is the convergence of economic policies. For a long time we were naive enough to believe that a single currency could be managed, protected and strengthened while each country pursued its own economic policy in isolation, according to the needs of the moment. It was this lack of convergence that led to the devaluation of January 1994. The Union's system of multilateral surveillance serves the crucial purpose of economic policy convergence.

It involves not only overall surveillance but the adoption - as in Europe - of directives by the Council of Ministers laying down standards and development criteria on such matters as budget discipline, debt policy, inflation rates etc. In September 1996 we got the Council of Ministers to adopt directives for 1997 covering both the member states' budgets and their management of those budgets.

Will multilateral surveillance not run into difficulties on the ground?

M.T.. Nobody imagines that it will be without difficulties. We are embarking on a great adventure, which will naturally require a number of adjustments. Our countries' underdeveloped statistical apparatuses are a major handicap in this respect. It is impossible to conduct a policy of convergence and surveillance without sound and reliable statistics. We are working on this now. The European Union is providing considerable support, not just technically but in terms of resources, training and harmonisation. Our relations with the European Commission, Eurostat[2] and Afristat are excellent, and I believe the project is off to a very good start.

Another WAEMU project involves setting up national economic policy committees (CNPE). We saw a need for a forum allowing high-ranking economic and financial administrators from the member states to collate statistical and economic data, and indeed to create national institutions to gather that data more effectively. The considerable amount of equipment provided for in the project with the European Commission will make the work of these committees, which have now been set up, much easier.

Can the different countries be brought to give up elements of sovereignty without a fight?

M.T.. Politically, everything is fine. Compared with the experiences of other similar organisations in Africa, I think we have been lucky. I applaud the Heads of State for their foresight and political commitment to this common economic area. They have demonstrated an awareness of the main economic and political issues of the day. However, a lot of work will be needed to win acceptance for the idea of a supranational authority among civil servants, who are generally more conservative, as much in defence of the status quo as anything else.

What is the situation regarding the customs union, the harmonisation of legislation and the autonomy of the Commission?

M.T.. As I explained earlier, import duties on products originating in Union Member States were cut on 1 July 1996. The next deadline is early 1998, when a common external tariff and a customs union including all eight WAEMU member states are to be introduced. This is an important and complex task. As in other projects, we set up working parties aimed at instilling new working methods and breaking with the past, when governments monopolised debate and decision-making and everyone else was left to execute those decisions. All partners should be involved in every phase, from the preliminary discussions right through to execution.

We use workshops bringing together civil servants and organisations representing the private sector. They express divergent, sometimes contradictory interests. The important thing is, however, to listen to them, note their points of view and take decisions that reflect the concerns of the

[2] *The European Union's Luxembourg-based Statistical Office.*

majority. If all goes well, the customs union should enter into force at the beginning of 1998.

Once there is total freedom of movement without duty for all products originating in the Union, competition rules will have to be enacted and enforced. This will require a suitable framework of regulations and safeguards. We are directing our efforts at that. Multilateral surveillance assumes a basis for comparison between our countries. That basis may have existed to some extent at independence, but subsequent divergences call for harmonisation.

How do you go about such an enormous task?

M.T.. We began with the cornerstone: the Member States' financial management. That is to say the organic law laying down financial rules for all aspects of a country's public finances. Once again we have set up working parties involving members of parliament, the presidents of the Member States' courts of auditors and other partners. We have actually managed to draft an organic law for all the countries. We also have a draft regulation on accounting, which we will be tabling for adoption at the next summit of Heads of State. We are also working in two areas related to financial management: the drafting of a government accounting plan for the purposes of comparability and a budget nomenclature for use by all Member States. We are working on these projects with governments and other partners. When they look at all the codes adopted since independence, many people wonder whether investment codes serve any useful purpose: for all this innovation, Africa still lags behind the rest of the world in investment and trade. Investors may like tax breaks and other incentives, but that is not all they want. The overall climate governing investments and their profitability is often more important than tax or legislative incentives.

The code we are drawing up will not be confined to lining up tax breaks as our countries used to do, it will cover the entire business environment. We have also made it a policy to avoid what was so often the case in the past, where one country would have one set of requirements and another a completely different set. We regularly conduct reviews, evaluations with all our partners to ensure the consistency not only of our own schemes but of our cooperation with various partners. In that respect, I would like to underline just how useful we find the European Commission's technical and financial backing.

How would you assess cooperation between WAEMU and the European Union?

M.T.. Our cooperation with the European Union is good. The European Commission's headquarters in Brussels give us a good hearing, undoubtedly because those working for the development of our continent have a long-standing interest in economic integration issues.

We hope that the eighth EDF regional indicative programme (RIP) will receive substantial funding to help us carry out a series of integration projects concerning road building, infrastructure, land planning. We are working on it. This RIP also addresses trade problems, which are a major concern, in which transport plays a key role.

Are you confident in WAEMU's future?

M.T.. Definitely. I am very optimistic about the development prospects opened up by economic integration in WAEMU. I feel that we have achieved a great deal in a very short time - a year - compared with the results over longer periods in the past. This is less a matter of ambitious political declarations than of specific objectives and targeted projects: the Commission has been instructed to carry out measures to a strict timetable. This is reassuring; it is also a heavy responsibility that we are resolved to assume.

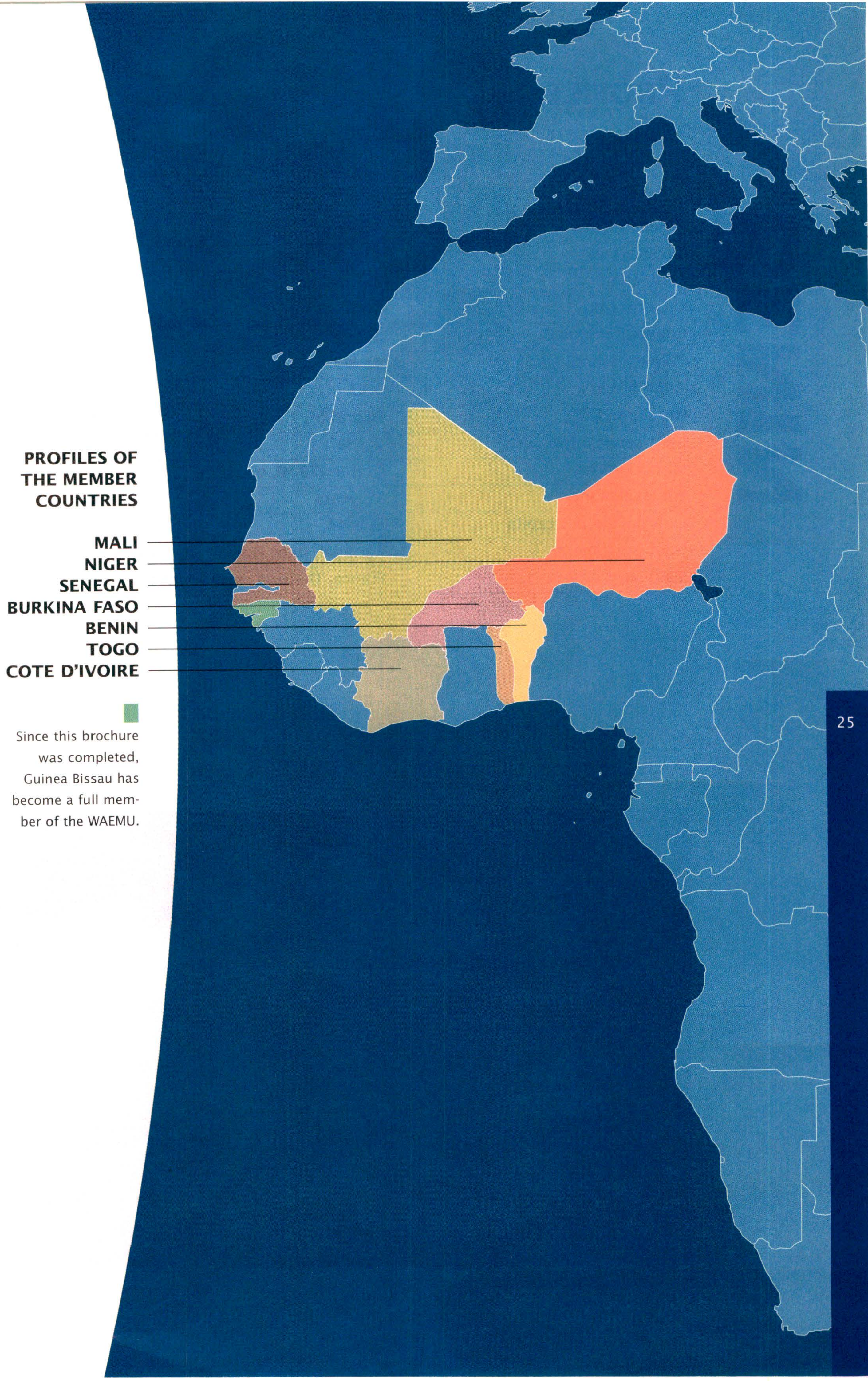
Do you see the Union expanding sooner or later?

M.T.. We hope that other countries in the region would want to join the Union in one form or another (enlargement, association or cooperation). WAEMU is an instrument for development, for solidarity. I think there were a number of advantages, achievements, shared concerns to be exploited in synergy. WAEMU is now an ideal framework for this. We look to the future without alarm. These are still early days, but we are going to work to secure the cooperation, association or membership of certain countries, as was the case of Guinea-Bissau. Other countries, such as Gambia, could certainly be interested. We will have to manage this carefully, i.e. enlarge the Union as far as possible, but on a sound footing.

Have the WAEMU countries learned from the failed integration efforts of the past?

M.T.. Very much so. Today's economic management is completely different. Even at the level of the Heads of State, much has changed. There is much to be said about sectoral policies in such disparate areas as agriculture, industry, energy, stock-farming and infrastructure. This will fuel integration. All the rest is a matter of ways and means: the harmonisation of basic legislation, public finances, tax laws and rules on the movement of goods and persons.

PROFILES OF THE MEMBER COUNTRIES

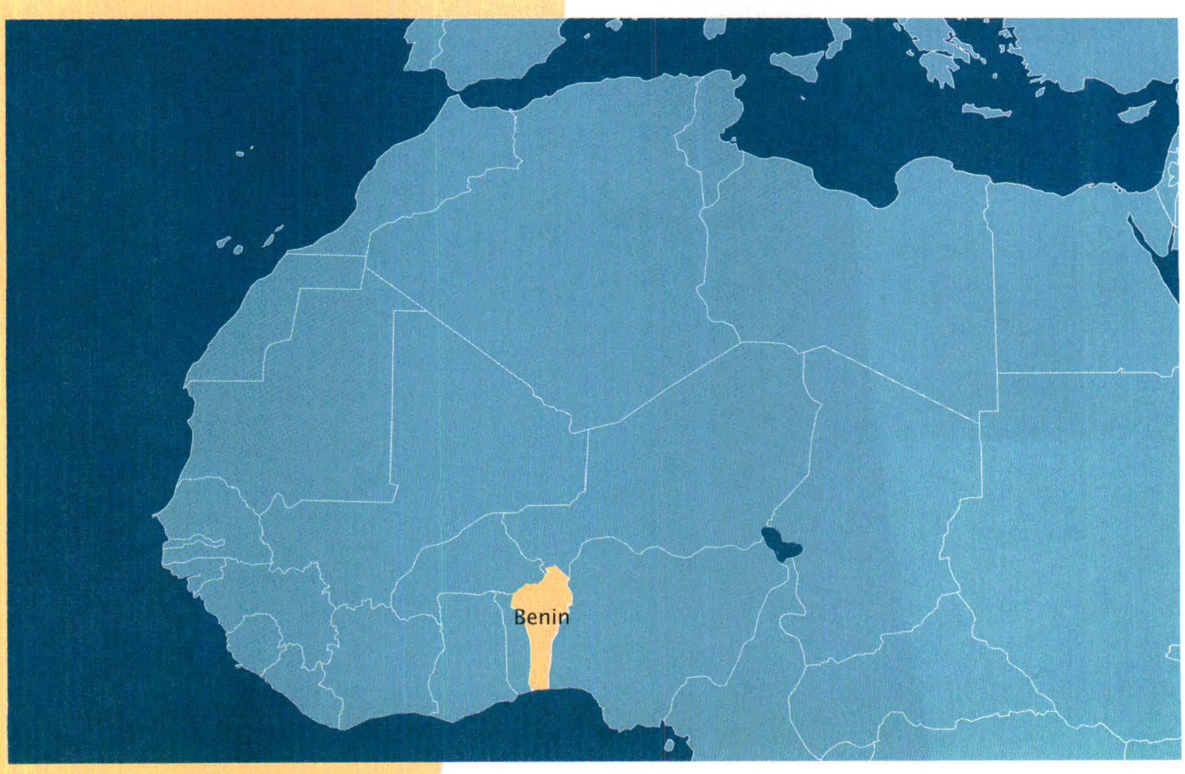


Since this brochure was completed, Guinea Bissau has become a full member of the WAEMU.

BENIN

PROFILE

Independence	1960
Surface area	112,622 km^2
Population	5.4 million
Urbanisation	40 %
Population growth	3.23 %
Primary School enrolment	61 %
Adult literacy	33 %
Per capita GDP	ECU 285[5]
Debt servicing/exports	7.2 %
Main exports	Cotton (78 %), oil (10 %)
Life expectancy	51 years
External aid per capita	ECU 44
Main Customers	Portugal, Italy, France, US, Nigeria
Main Suppliers	France, Thaïland, Netherlands, UK, US



[5] *1 ECU = USD 1.0928.*

PRECARIOUS PROSPERITY

Benin is a small country in terms of surface area, and is barely a tenth of the size of its powerful neighbour Nigeria, on which it is heavily dependent for foreign trade, since substantial cross-border commerce (albeit dominated by informal trade) has developed between the two. However, the dynamism of commercial and re-export activity in Benin is not confined to transactions with Nigeria.

Cotonou, Benin's capital, is a thriving business centre. The staff of the airlines which serve coastal West Africa are familiar with the unexpected frenzy into which passengers go on landing there. Benin's commercial dynamism is easily visible in the well-stocked shops at the airport: its duty-free outlets are famous all along the coast.

Benin. Work underway on the Cotonou-Lomé road.

This makes it unsurprising that the tertiary sector, dominated by trade, occupies an important position in Benin's economy, accounting for 53% of GDP. Re-export activities produce almost half (45%) of total export revenue. The secondary sector, by contrast, accounts for only 14% of GDP, and industry remains embryonic.

Benin's main livelihood is trade. The primary sector accounts for more than a third (37%) of GDP, thanks to a sharp expansion in cotton-growing, which has quadrupled in the space of ten years, from 100 000 tonnes to over 400 000 tonnes a year. If this trend is confirmed, Benin's output of cotton should soon reach 500 000 tonnes per year.

With output of cotton at that level, its share of GDP should be about 13%. In terms of the country's exchequer, the crop brought in a quarter of fiscal revenue in 1995: CFAF 28 billion out of a total of CFAF 108 billion. The primary sector is also the country's biggest employer, accounting for about 70% of the working population.

Leaving statistics aside, Benin appears to have returned to economic growth. Broad economic and financial equilibrium has returned largely thanks to the positive effects of a structural adjustment programme which received considerable backing from the donor community. This has brought the rate of growth, which was 4% between 1990 and 1994 to over 6% in the last three years.

At the same time, the government's financial situation improved considerably, chiefly as a result of a steady rise in government revenue and better performance from the tax authorities. Other achievements were a reining-in of public spending and a restructuring of banking, industry and transport. The government simultaneously continued to disengage itself from production, and embarked on a policy of reform whose effects included a drop in the level of inflation brought by the devaluation of the CFA franc in 1994.

GROWING CONFIDENCE

In general, although Benin's return to economic growth is still precarious because exports are not diversified and investment in production has not been great enough, there are reasonable grounds to expect that the economy will make steady progress, restoring investors' confidence in the government's economic policy. There are two explanations for this. First is the authorities' determination to channel economic recovery. Second is the confidence of the international financial community, which has recently produced substantial multilateral outside funding , including two one-year agreements under the International Monetary Fund's Structural Adjustment Facility (SAF) and a three-year agreement under the IMF's Enhanced Structural Adjustment Facility (ESAF) for 1994 to 1996. These supplement World Bank funding put at USD 45 and 55 million. The Paris Club has also substantially eased the burden of bilateral public debt (by CFAF 45 billion).

Benin's economic performance is good, and the outlook seems positive, despite some general structural imbalances and the country's embryonic industry. However, Benin is far from being the only African country with such problems, and it does have a basis for economic progress.

EU-BENIN COOPERATION

Cooperation between the European Union and Benin dates back to well before the independence of what was Dahomey, and started with the first European Development Fund (EDF) following the Treaty establishing the European Economic Community (EEC). Since that time, the Commission has made financial allocations of various kinds to Benin, totalling over ECU 454 million. The eighth EDF (1996-2000) has earmarked ECU 120.5 million for the country.

The focal areas of Community aid to Benin over the first seven EDFs were infrastructure, rural development and the healthcare system. As in the case of most of the ACP countries, assistance was split into programmable aid and non-programmable aid. Programmable aid is an overall allocation covering five years and governed by a National Indicative Programme (NIP) on which the Commission and the recipient country collaborate closely. The NIP sets out the aims and priorities of development activities in the country concerned.

Non-programmable aid takes the form of one-off allocations under the export-earnings stabilisation fund (Stabex), the risk capital arrangements managed by the European Investment Bank or the structural adjustment facility.

All of these have been used to promote development in Benin. The major focus has been healthcare, which has received approximately ECU 12 million in recent years. The activities carried out in this field seek to improve the general functioning of the healthcare system, to improve treatment and to reduce the social effects of structural adjustment in individual departments of some disadvantaged regions (such as Mono and Ouémé).

As a result, the Ouémé department hospital has received technical assistance to help it revive its healthcare training facilities (funding supplied under the fifth and sixth EDFs).

HIV PREVENTION

The EU has been very active in combating the AIDS pandemic. It has acted through three projects:

- an HIV/AIDS prevention campaign targeted at prostitutes in Cotonou;
- involving individuals who are HIV-positive or have AIDS in raising awareness of HIV risk throughout the country;
- increasing blood-transfusion safety particularly in the departments of the south, by helping the Ministry of Health to improve the blood-transfusion centres and blood-banks.

Rural development is a second focal area for European aid to Benin. Apart from bolstering export earnings through the Stabex system, Community assistance has sought to improve the living standards of the inhabitants of rural areas, particularly Mono, where steps have been taken to improve infrastructure (building and rehabilitation of tracks, setting up markets, slaughterhouses and warehouses and building schools). With the same aims in mind, funding was provided to encourage diversification in farming and reviving oil-palm production.

REDUCING THE SOCIAL EFFECTS OF STRUCTURAL ADJUSTMENT

A large portion of Community aid has been devoted to backing up and reducing the social effects of Benin's macroeconomic policy (in the form of its second structural adjustment plan). The amount provided was ECU 50 million: ECU 39 million under the structural adjustment facility (non-programmable resources) and ECU 11 million under the NIPs (programmable resources). Substantial allocations were devoted to training and support services for young farmers in the department of Atacora in order to counter the exodus from the countryside, and to bolstering the private sector through the development of small and medium-sized enterprises.

The largest share of European Union financing is still taken up by road infrastructure and urban works, however. Four road-infrastructure programmes, totalling ECU 82 million in value, have been approved since 1993: building of a section of the Parakou-Djougou road (part of the road linking Benin and Burkina Faso), rehabilitation of the Béroubouay-Malanville road (used for transit to Niger), rehabilitation of the Cotonou-Hillacoudji road (Togo border) and improvement of the Sémé-Porto Novo road (south-east Benin's most important transport route, because it connects the department of Ouémé and part of the Atlantique and Zon departments with Cotonou and the rest of the country and because it is also the main route connecting Benin with Nigeria and the rest of coastal West Africa).

Benin also receives assistance under some of the regional integration and cooperation programmes financed by the Community. These include the programme to counter river-blindness in West Africa and the programme to assist multilateral surveillance in WAEMU.

BURKINA FASO

PROFILE

Independence	5 August 1960
Surface area	274,000 km^2
Capital	OUAGADOUGOU
Population	10 million
Urbanisation	18 %
Population growth	2.8 %
Population density	37 inhabitants per km^2
Per capita GDP	CFAF 86,560 (USD192)
GDP growth	3% a year
Sectoral breakdown of GDP	• primary sector (42 %) • secondary sector (18 %) • tertiary sector (40 %)
Main exports	Cotton (41 %), gold (14 %), livestock
External debt	CFAF 769 billion
Literacy	28 %
School enrolment	38 %
Life expectancy	51 years

CONSTANT PROGRESS

Nature has not favoured Burkina Faso, which translates as "Land of the Incorruptible Men". With Niger and Mali, it is one of WAEMU's three land-locked countries. Access to the sea lies through Côte d'Ivoire or Togo. Burkina Faso has no navigable waterways. Most of the country consists of a rocky plateau in the Sahel. It is an area of savannah and steppe. The harmattan regularly sweeps across the semi-arid plains, taking the topsoil with it. Meagre natural resources leave the country dependent on a small number of agricultural exports, and thus on the weather. Too much rain is as dangerous as too little, especially for export products.

Brigitte Ouédraogo, teacher and jointly in charge of the Yam-la Tuuma needlecraft centre.

The precarious economy is therefore the government's main concern. Though classed among the world's poorest countries in the UNDP's 1997 human development report, Burkina Faso is nevertheless the African country that has made the steadiest progress in terms of development and per capita income: its human development index rose from 0.086 in 1960 to 0.221 in 1994 and per capita income from USD 173 in 1960 to USD 253 in 1993.

That these trends have been sustained over a number of decades can be put down to the spirit and the determination of Burkina Faso's people, whose self-image and strength is derived from their integrity. Internationally, this has won them the trust of the financial donors, and in particular the European Union, which has increasingly contributed to economic, social and even cultural development programmes (the Ouagadougou Film Festival).

THE DIVIDENDS OF SOUND MANAGEMENT

Copious raw materials may be necessary for the economic progress to which the developing countries aspire, but they are by no means sufficient. The world offers many examples showing that sound economic management brings faster progress than any amount of mismanaged natural or financial resources. Burkina Faso's people understand this. They prefer to rely on themselves, rather than on frequent recourse to external aid. This is why successive governments, whatever their ideology, have preferred to found sustainable development on the strengths and creativity of their people. With the industrial fabric embryonic and under-equipped, agriculture remains the lifeblood of the economy and society: it accounts for 40% of GDP, 90% of jobs and 50% of export earnings. However, the harsh climate has so far prevented agriculture from making the technical leap forward needed to increase productivity. Land reforms, roads (farm tracks) and transport are also major handicaps to agricultural development.

Meanwhile, demographic pressure is causing a rapid deterioration in the environment. For example, drought, overgrazing, brush fires and uncontrolled logging have reduced forest cover by 60% in just fifteen years. The same goes for the water table, which has sunk about 20 metres in two decades, compromising any irrigation policy relying on groundwater.

However, since the devaluation of the CFA franc in 1994 and the sweeping reforms that accompanied this historic decision, the economy has been heading in the right direction. The growth reported by the authorities in 1995 continued in 1996, with an increase of about 6.6% in GDP. At the basis of this good economic performance is the 7% growth in the primary sector as a result of good rainfall and growth in the secondary and tertiary sectors. Statistics for 1996 show that production of most food and export crops was up on the year before; the sole exception was the shea crop, which fell by over 70%.

Cotton output has risen 36%, up from about 151 300 tonnes of seed cotton from 179 600 hectares in 1995/96 to about 206 000 tonnes from 194 600 hectares. Yields are up from 946 kilos per hectare to 1055 kilos. Lint production for 1996 was about 64 000 tonnes, compared with 62 800 tonnes the year before.

Encouraging results in the primary sector have been mirrored in the secondary and tertiary sectors, which grew by 3.7% and 6.5% respectively in 1996. The bulk of growth was accounted for by public buildings and works, traditional industries, administration and services. Mining, however, ran into problems in 1996, and a satisfactory solution has still to be found to the problems of restructuring this vital sector of the national economy, and especially the problem of reconciling population growth with efficient land use.

EU-BURKINA FASO COOPERATION

The European Commission's representatives in Ouagadougou describe relations with the host country as excellent, especially since a degree of internal political harmony was restored in 1991. The government has embarked on a major programme of economic reforms based on private enterprise and an economic and budget policy consistent with WAEMU's regional objectives, namely:

- customs union between the eight member countries;
- macroeconomic policy convergence;
- the harmonisation of indirect taxation;
- the harmonisation of statistics on public finances;
- the harmonisation of sectoral policies.

This programme enjoys the wholehearted support of the European Union, which is providing substantial financial and technical assistance. The focal sectors for Community aid are rural development and roads, but it is also involved in the social sectors, decentralisation and good governance, culture and support for the private sector.

Roads account for 55% of the ECU 124 million Lomé IV national indicative programme. The government views transport as a strategic priority for a landlocked country with scattered economic activities. It sees better transport as the key to making its products more competitive, developing trade and integrating Burkina Faso into the subregion.

TRANSPORT: A STIMULUS FOR DEVELOPMENT

The importance attached by the government to transport is reflected in the central role of road infrastructure in the sectoral programme launched in 1992. European Union support for this programme is focused on its transport component, and more specifically a series of road-improvement projects under the strategy laid down in the sectoral action programme (PASECT).

Burkina Faso. Construction of the Bobo-Dioulasso road in the direction of Mouni.

At institutional level, the aim is to build the capacities of the administration and operators through technical cooperation and training schemes, and studies on the programming, implementation and evaluation of transport projects. European Union support for the main network of surfaced roads takes the form of a periodic maintenance programme for about 600 km of roads linking Bobo-Dioulasso to Ouagadougou and Niamey and the centre to the north west (from Ouagadougou via Yako to the Malian border).

The secondary network of roads and tracks is receiving similar attention under a project to rehabilitate and improve a thousand kilometres with a view to opening up the north-west, centre and south of the country.

Owing to the economic importance of agriculture, rural development is the next most important focal sector for European Union funding in Burkina Faso: it accounts for 25% of NIP resources.

Through a variety of schemes designed inter alia to promote the role of women and young people in agriculture, improve public finances, strengthen the role of agricultural organisations and trade associations and improve soil management, the authorities hope to meet the people's basic needs and improve their standard of living. The European Commission's support is centred on a number of priorities:

- The new strategy for medium-term growth is being updated in consultation with operators in the sector and other donors.

- Introducing a policy of financial incentives will widen access to rural credit through the banks and decentralised networks.
- A real-time information network for grain prices and the grain trade is being set up.
- The capacity of producers' and private operators' representative structures to provide services required by the rural community is being developed.
- It is assisting the management of natural resources by helping draw up a land-ownership map and continuing to finance water and agri-forestry management programmes.

RAISING LEVELS OF EDUCATION

Outside the focal sectors of road infrastructure and rural development, the European Union is targeting measures to support a national development policy centred on human security within a framework of more efficient institutions and economic management and a decentralised political and administrative system.

The social sectors, and in particular health and basic education, are the cornerstones of such an approach. It is recognised that Burkina Faso has one of the lowest levels of primary school enrolment in Africa (some 35%). A vast programme to build schools and recruit about 6000 new primary school teachers was launched in 1991. The target is to increase primary school enrolment to 60% by 2005 and improve the quality of teaching.

In line with earlier measures in support of structural adjustment, European aid will go towards:

- building planning and management capacities;
- improving the quality of teaching by training teachers and improving their teaching materials and living conditions in rural areas;
- developing the education system, including vocational training;
- providing school meals.

INCREASING LIFE EXPECTANCY

To maintain the support provided for the health sector under the seventh EDF, particularly through structural adjustment support, European aid is aimed at improving health provision and the quality of care in a country with relatively low life expectancy (47 years). Such action addresses a number of key points, the long-term aim being to increase life expectancy in Burkina Faso. The Union's operations involve:

- supporting decentralisation by establishing operational health districts;
- continuing support for implementation of the policy on pharmaceuticals (promotion of essential and generic drugs).

Spending on AIDS and drugs is also considerable.

European aid is also being used to develop private operators' trading activities and promote cultural activities that are at once creative, commercial and job-creating by strengthening national capacities to produce and disseminate cultural products.

Burkina Faso has a solid track record in this field, especially in film-making: Ouagadougou is the headquarters of Fespaco, the Pan-African Film Festival.

Decentralisation aimed at bringing government closer to the citizen is a key area of European Union aid for good governance. Burkina Faso has decided to decentralise its political system by gradually establishing elected local authorities throughout the country. European support is helping strengthen the capacity of local authorities to assume their responsibilities and manage the resources transferred to them by central government, particularly for health, education, environmental protection and alleviating poverty.
The European Investment Bank (EIB) is also helping fund schemes in areas as diverse as small- and medium-sized enterprises, agro-industry, mining and tourism.
One of the most remarkable achievements of cooperation between the European Union and Burkina Faso is the upgrading of infrastructure for the treatment, supply and distribution of drinking water in Ouagadougou, where WAEMU has its headquarters. The EIB contributed to these operations.

Marketing of fresh tomatoes, part of a project to encourage young people to stay home (Burkina Faso).

Community aid to Burkina Faso under Lomé IV amounts to ECU 320 million (CFAF 157 billion), which amounts to annual commitments of the order of ECU 60 million.

These commitments have on occasion risen as high as ECU 100 million (about CFAF 65 billion), as they did in 1995 following a Sysmin operation and a major programme of road repairs.

In short, the European Union has provided considerable aid, the ultimate objective of which is to back Burkina Faso's efforts to consolidate democracy and pursue a policy of sustainable development.

CÔTE D'IVOIRE

PROFILE

Surface area	322,500 km^2
Population	14.5 million
Urbanisation	45 %
Population growth	3.8 %
Primary school enrolment	71%
Adult literacy	40 %
Per capita GDP	ECU 520 (1995)
Exports	Cocoa (35 %), timber (11 %), coffee (10%)
Official debt (end 1996)	CFAF 9,931 billion (USD 18,851 billion)
Official foreign debt	CFAF 8,638 billion (USD 16,397 billion)
Official domestic debt	CFAF 1,293 billion (USD 2,454 billion)
Debt-servicing/exports	26 %
Life expectancy	52.1 years
Human development index	0.368 (145th of 175)

A HIVE OF ECONOMIC ACTIVITY

Foreigners visiting Côte d'Ivoire for the first time are unfailingly struck by the buzz of economic and human activity and find themselves searching for plausible explanations. What is plain to see is that the current economic buoyancy is only a sign of a gradual recovery. In French-speaking Africa, Côte d'Ivoire, with forecast growth of 7% for 1997, has now overtaken Cameroon. It is preparing for the next millennium with great ambition and confidence, and hopes to become West Africa's economic lynchpin very quickly.

The Plateau, where the political institutions and big business are based, is to the country's capital Abidjan what the City or Wall Street, albeit minus their stock markets, are to London or New York. Nerve centre of an intriguing and complex metropolis, the Plateau symbolises the intense economic activity in Côte d'Ivoire and its leaders' aspirations less than two years away from the new millennium.

Taking its cue from the tigers of south-east Asia, Côte d'Ivoire - already WAEMU's leading economy with almost 35% of its GDP - aspires to be Africa's elephant, a growing economy able to pull others along with it.

In its aims and objectives for the country's development the government has set itself an ambitious target for the period 1995-2000: to move away from its dependence on three commodities (i.e. cocoa, coffee and timber) to operating a high value-added industrial economy.

Côte d'Ivoire. Pineapple project, Bonoua. Shown here, the packaging of fruit to be marketed.

This industrial revolution is to be achieved by gearing economic policy to capitalising on natural and human resources by using modern, and above all appropriate, technology; efforts must also be made to stimulate domestic and regional trade - "you can't grow on your own" is a familiar catchphrase in Abidjan. This is why the government is so interested in regional economic union. The aim, remember, is for Côte d'Ivoire to become an industrialised country within thirty years.

This is not so unrealistic, given the political will that exists and the constraints of economic and commercial globalisation. The world economy is now a different ball-game: the African economies no longer have the option of standing on the sidelines, as they have for so long, merely consuming what is on offer.

The optimistic forecasts and general enthusiasm also have a basis in current economic performance, with around 7% growth in 1997 and no end of plaudits from various commentators: This has been achieved in spite of considerable handicaps - enormous public debt, low productive investment, a skilled workforce and (because the fruits of growth have not been distributed evenly enough) a poor development index.

A number of international financial institutions, such as the IMF, therefore feel that the country should look beyond economic performance and take effective action against poverty.

For Prime Minister Daniel Kablan Duncan this means going for a more diversified, broader-based economy and encouraging public and private sector investment to create more jobs and so improve income distribution.

Basically, there is a need for a new, more coherent and more aggressive economic policy geared to cornering domestic, regional and international markets with competitive Ivorian products.

Mr Kablan Duncan points out another feature of the new approach: rolling back the frontiers of State, while enhancing its role as regulator by introducing rules to ensure a level playing field for competition, and freeing the economy from its traditional dependency on two commodities (another catchphrase: "as long as we've got coffee and cocoa, everything will be OK"). This will mean a major new role for the private sector, especially with the privatisation of the state-owned enterprises.

COOPERATION BETWEEN THE EU AND COTE D'IVOIRE

The European Commission Delegation in Abidjan describes the relationship that has built up over the years between Côte d'Ivoire and the European Union as excellent, and the verdict is exactly the same if you ask the Ivorians themselves.

Since Lomé I and even before, with the Yaoundé Conventions, the quality and scale of EC (now EU) aid has made a major contribution to Côte d'Ivoire's economy. Without forgetting the hard work of the people themselves in making the country a leading coffee-, cocoa- and even pineapple-producing nation in just a few years, at a time when world market prices were very favourable, today's Côte d'Ivoire - with its big cities, road networks and education system (particularly at higher level) - reflects the influence of international (above all European) aid, which, it should be noted, has, depending on the sector, generally been used wisely.

European aid over the past twenty-five years has focused on three key sectors of the economy and society: rural development and environmental protection; public health; and administrative decentralisation and land-use planning.

By way of illustration, programmable (National Indicative Programme) aid under the sixth and seventh EDFs (Lomé III and Lomé IV, first Financial Protocol) came to around ECU 194 million. All in all, the Community contributed some ECU 518 million towards Côte d'Ivoire's development between 1991 and 1996.

In addition to programmable resources, EIB loans subsidised by the EDF or from its own venture capital, the European Commission transferred over ECU 269 million under Stabex between 1990 and 1993 to offset losses in export earnings from coffee and cocoa.

SUPPORT FOR STRUCTURAL ADJUSTMENT

Similarly, Côte d'Ivoire received ECU 77.2 million in structural adjustment support under the seventh EDF (1992-96). This took the form of five general import programmes (GIPs) which were part of the overall set of measures put together by its main international donors.

RURAL DEVELOPMENT AND ENVIRONMENTAL PROTECTION

Côte d'Ivoire's economic development since independence in 1960 has been based mainly on its tree agriculture (main products: coffee, cocoa, cotton, hevea, oil palms, bananas). Today the sector accounts for 34% of GDP and around 48% of the country's exports - but a high price has been paid for this success.

Virgin land has been used up (80% of the primary forest has disappeared in the past 30 years) and the soil and the environment damaged by extensive farming. To prevent this, EU support aims to protect and conserve natural resources by coupling necessary, moves towards more intensive and competitive production methods with proper management of soil and natural resources and a more professional approach in the sector as a whole.

EU financial support has also helped liberalise domestic markets, a process which is in line with the new export regime and has involved completely dismantling the monopoly of the notorious stabilisation fund (CAISTAB), which has done the country's small farmers few favours over the years. In addition, the European Commission has contributed ECU 6.5 million to a guarantee fund set up to give farmers' organisations greater access to bank credit.

In the field of administrative decentralisation and land-use planning, the government is receiving EU support for its efforts to ensure that economic and social progress is spread more evenly across the regions - getting well away from the effects of the old "capital city vs. the rest of the country" syndrome, criticised by France's first planners in the 1950s but for many years the administrative and economic model for the French-speaking world. In this context, almost 24% of the Commission's programmable resources (mostly under the seventh EDF) have gone towards financing the Coastal Districts Development Programme (PDCC), to help these communities coordinate local activities, manage their finances and make decisions on land-use.

Other regions have benefited in specific ways from the Community's involvement. For example, it contributed ECU 14 million of a total ECU 22 million for the construction of a wholesale food market at Bouaké, the large northern city at the centre of trade between Côte d'Ivoire and other countries in the subregion.

In the health sector, the EU has made a considerable contribution to the creation of an infrastructure (health centres and hospitals), the training of doctors and other medical staff (by giving them grants to study at home or abroad), the availability of medicines (particularly by encouraging the use of generic drugs), and the prevention and treatment of AIDS and other sexually transmitted diseases (by helping re-organise and re-equip the blood transfusion centre in Abidjan).

A health map covering five of the country's ten regions is scheduled for completion in 1997 with EU financial support, the idea being to maximise health care provision for the resources available and potentially available. Under the eighth EDF (Lomé IV, second Financial Protocol), some ECU 36 million is earmarked for health, making it the second most important sector in the national indicative programme (NIP).

So, while there may not always be complete agreement on what approach to take, it is safe to say, looking at the figures and what has been achieved via cooperation, that EU-Côte d'Ivoire relations are excellent and politically unproblematic.

MALI

PROFILE

Surface area	1,240,190 km^2
Capital	Bamako (700,000 inhabitants)
Population	10 million inhabitants
Population density	8.15 inhabitants per km^2
Population growth	3.1 %
Adult literacy	28.4 %
School enrolment (all levels from 6 to 23 years)	16 %
GDP	CFAF 753.8 billion
Per capita GDP	USD 530
Sectoral breakdown of GDP	Agriculture 42 %, industry 11 %, services 47 %
Exports	cotton (40 %), livestock (28 %), gold (17.5 %)
Life expectancy	46.2 years
Human development index	0.223 (171st country out of 174)

Gold under the cotton

Year by year the desert strides on, eating away at what little usable areas there are in this land steeped in history. The environment is basically hostile and unsuited to production. Water is one of the scarcest resources in this part of Africa. Rainfall is extremely low and erratic. Only ten or so millimetres fall each year, and even that is unevenly distributed over a vast territory that was once one of Africa's most prosperous empires.

The UNDP's 1996 annual report on human development ranks Mali as one of the poorest countries in the world, 171st out of 174. And yet, according to a legend familiar to the Peulh and the Malinké, the Sarakollé and the Dogon, the Sonraï and the Tuareg, until halfway through the century the Malian empire closely resembled its symbol, the massive hippopotamus, an animal renowned for its power and might both in water and on dry land.

The decline which led to the current situation is said to be the result of a headstrong lover, a certain Amadou Séfédokété. Out of love for his fiancée, the beautiful Sia, who had been offered in sacrifice to the python, the empire's totem, he challenged and slew the monster, whose seven heads, according to the legend, sprang to life again in far-away lands. This was the death knell of an empire which had been rich not only in gold but also the secrets of history, magic and astrology.

Mali. Education for development.

Even if the blame can be laid on Séfédokété for scattering the precious yellow metal, which symbolised the empire's splendour, power and influence, some gold still remains in Mali. The most recent trade statistics for Mali show that in the last two years gold was the second biggest export in value terms. In the first quarter of 1996 Malian gold exports totalled CFAF 10.1 billion whereas in the same period in 1997 they totalled CFAF 44 billion (8.15 tonnes of precious metal). This represents a staggering increase of 336%, i.e. about 43% of Mali's total exports as compared with 14% in 1996.

Besides gold, Mali's main exports are livestock and hides and leather. With the support of its partners abroad, including the European Union, the government has set about improving the livestock sector's competitiveness by pursuing a policy of sustainable exploitation of animal resources and developing selective breeding methods on the basis of comparative advantages at national and subregional level.

The government has boosted livestock exports by regulating the veterinary product market in order to guarantee security of input supply and by aligning legislation on professions and jobs in the livestock sector on international standards. As a result of these measures this sector ranked third in Mali's exports in the first quarter of 1997 even after a slight drop (from 7.1% of total exports in 1996 to 5.5% in 1997). However, in value terms, 1997's livestock exports brought in CFAF 5.6 billion compared with CFAF 5.01 billion in 1996.

But in Mali's economy, which is dominated by a subsistence agro-pastoral sector, cotton is king. Though output has not grown significantly because there has been little improvement in productivity, the areas under cultivation have increased despite the threats of drought and desertification. Notwithstanding these considerable handicaps, Malian cotton takes pride of place. It is top of the list of products exported by Mali. It earned CFAF 49.5 billion in the first quarter of 1997.

Apart from some rice-growing areas and a few subsistence crops (millet, sorghum, groundnuts, etc.) Mali can, with a little poetic licence, be described as a gigantic cotton plantation growing on arid ground beneath which there lies gold - or at least the gold that escaped the mythical curse of the python.

EU-MALI COOPERATION THE EMPHASIS ON AGRICULTURE AND TRANSPORT

This enormous country, which has common borders with seven other countries in the region (Mauritania, Senegal, Guinea, Côte d'Ivoire, Burkina Faso, Niger and Algeria), is one of the poorest in the world. The lack of sufficient natural resources and an extremely harsh climate are among the main causes. The fact that this vast country is also landlocked makes life for its ten million or so inhabitants even more difficult.

Mali's economy is dominated by the agro-pastoral sector which accounts for almost half of GDP, three-quarters of the value of exports and almost 80% of the population's revenue. Yet the sector is hampered by a serious lack of communications infrastructure commensurate with the scale of the country and the economic challenges it faces. Hence the importance attached to transport, especially road transport, in the European Union's operations in Mali.

Road infrastructure is the main focal sector of Community aid and almost a third of NIP resources under the seventh EDF are earmarked for projects in this area. The aim is to build on the achievements of past operations by improving the road network and continuing measures to open up the country. Mali's internal and external landlocked situation is undoubtedly one of the main brakes on its development and socio-economic integration. The Malian government and the European Union have therefore chosen the opening-up of Mali as a focal sector for their cooperation. Linking up the various regions and the country as a whole to the seaports of neighbouring states would make a significant contribution to exploiting Mali's undeniable economic and tourist potential and encouraging trade, vital for a country of renowned traders.

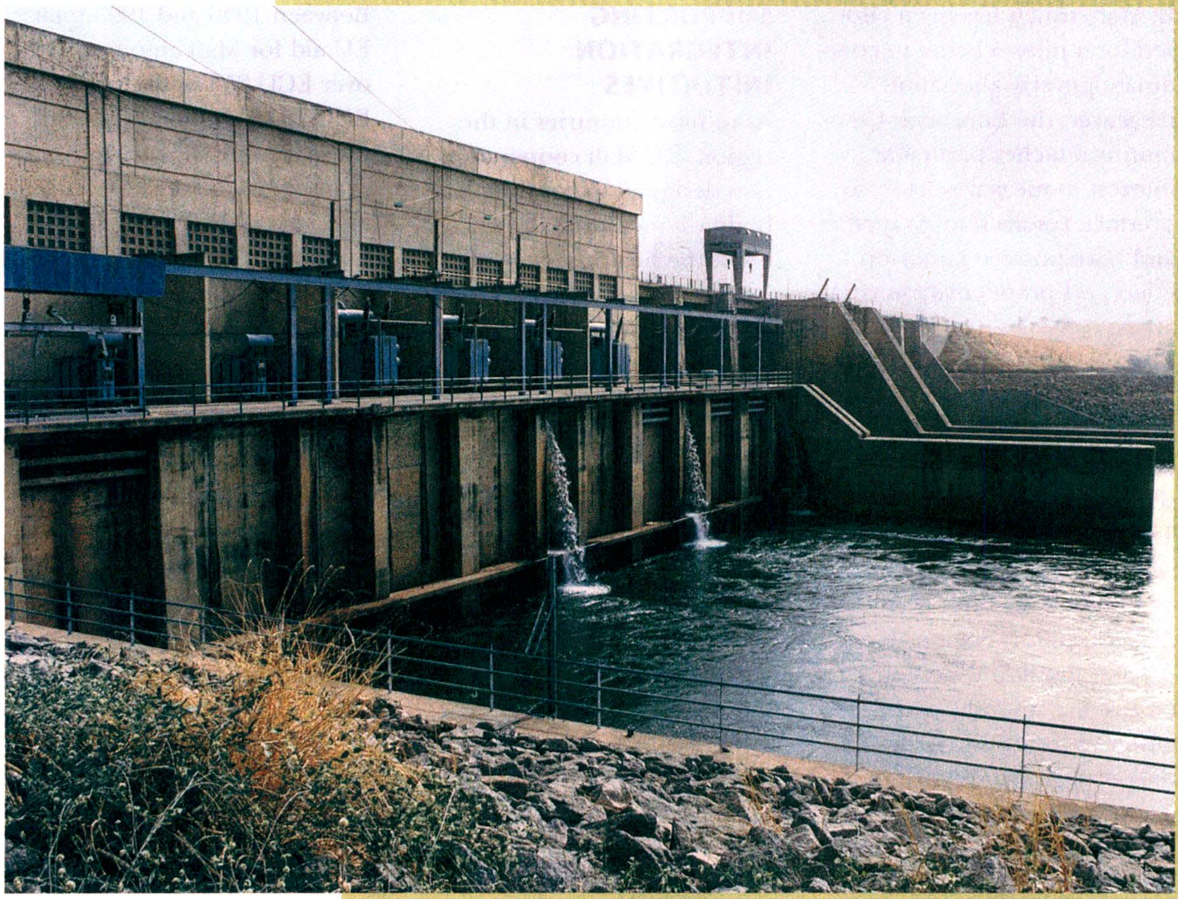
Under the seventh EDF, ECU 40.1 million has been granted for European Union operations to preserve the existing paved road network and open up the first region (Bamako-Kays route), which at present has the worst permanent communications network.

The general guidelines for cooperation between Mali and the European Community adopted on 21 February 1997 in Bamako provide for other specific measures. The road component of the transport sectoral adjustment programme (PAST) includes:

- routine maintenance of a priority network of 9 000 km
- rehabilitation or periodic maintenance of 1 170 km of paved roads, 2 870 km of dirt roads and tracks
- repairs to 500 km of rural tracks.

DEVELOPING AGRICULTURE

The other focal sector of Community aid is agriculture. The hinterland where most Malians live is still largely dominated by subsistence farming, apart from the rice-growing and cotton areas where cautious attempts at modernisation are under way. There is a steady decline in production in the cotton area as the desert advances. Hence the aim is to make better use of existing



Mali. Hydroelectric dam funded by the EU, also enabling irrigation for agriculture.

potential and improve the competitiveness of agricultural sectors (primarily rice and stock farming) that have become particularly promising at subregional level since the devaluation of the CFA franc. The measures taken should result in better supplies for the domestic market and, in the long term, export opportunities.

The European Community, in accordance with the government and other donors' aims, wants to ensure food security and promote intraregional trade. Operations under way or planned in the rice-growing sector should increase production by developing the areas around villages, strengthening the sector upstream and downstream of rural producers (access to inputs, processing, marketing etc.) and supporting the private sector and farmers' cooperative organisations.

Apart from a few minor details, the same approach applies to livestock sector activities, particularly veterinary and water infrastructure.

SUPPORTING DEMOCRACY

True democracy is a decisive factor in development. The European Union has made it one of the fundamental elements of its aid and is backing the democratisation process. This is part and parcel of an overall strategy aimed at institution building and rolling back the State by transferring responsibilities to local authorities in a process of decentralisation, a vital aspect in successfully consolidating the democratic State. Measures directly targeted at the social sectors are intended to help alleviate poverty. Special attention is given to improving the situation of women by ensuring better access to education and basic health care.

In Mali, which has been chosen for a pilot scheme to coordinate poverty alleviation measures, the European Community attaches particular interest to measures likely to produce results that go further and have positive knock-on effects on productivity in rural areas.

The aim of the decentralisation exercise is to give the new local authorities real responsibility for local development. This approach requires management and planning capacity building for both them and the institutions responsible for decentralisation which have to ensure the smooth implementation of reforms in order to reduce regional disparities. In its operations in Mali and also in Côte d'Ivoire, the European Union pays special attention to the northern regions with a view to getting them to participate more in general efforts to improve production and to redistributing resources in favour of less developed regions and vulnerable or disadvantaged groups. In the short term the aid given to support the new decentralised authorities is intended to help solve the serious problem of access to clean drinking water in these regions.

SUPPORTING INTEGRATION INITIATIVES

As in most countries in the region, EU-Mali cooperation is also designed to continue and build on measures already taken in the health sector focusing on access to primary health care, improving the quality of this care and the availability of essential drugs. But the European Community's aid is also designed to promote subregional integration in which Mali plays an active part under WAEMU.

In this connection the Government has agreed to take part in the multilateral surveillance mechanism set up by WAEMU. Mali has also undertaken to gear its economic and financial policy to the objectives pursued by WAEMU: setting up a customs union between member countries, macroeconomic policy convergence and harmonising sectoral policies, indirect taxation and public finance statistics.

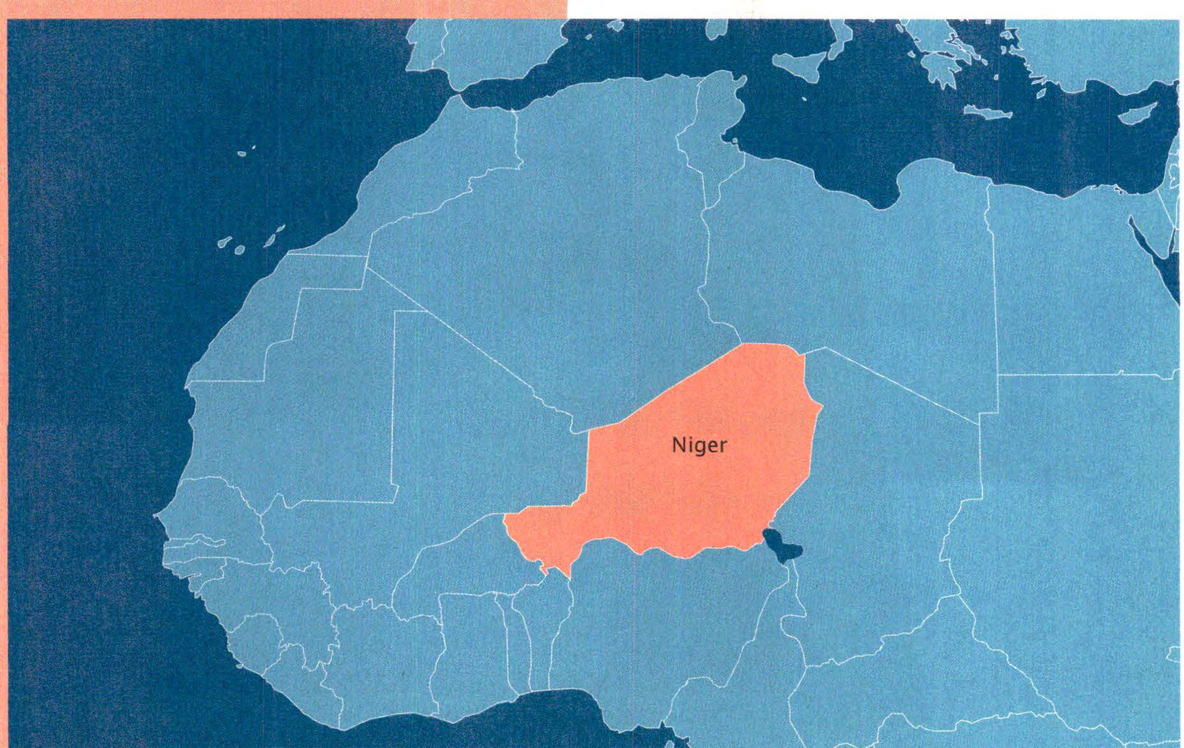
Between 1990 and 1995 total EU aid for Mali amounted to over ECU 254 million, ECU 151.7 million of it from the seventh EDF NIP. Non-programmable aid, exceptional aid, Stabex, EIB risk capital loans and the structural adjustment facility amounted to some ECU 87.2 million in the same period.

The NIP of the *eighth EDF* (Second Financial Protocol to Lomé IV) should be finalised at the end of 1997 and the focal sectors of the NIP should once again be administrative decentralisation, transport and agriculture.

NIGER

PROFILE

Surface area	1,267,000 km^2
Capital	Niamey
Population	8,960,000 inhabitants
Population density	7.1 inhabitants/km^2
Population growth	3.3 % a year
Adult literacy	27 % (boys: 34 %; girls: 20 %)
GDP	CFAF 938.7 billion (1995)
Sectorial breakdown	• Primary sector: 36.6 % • Secondary sector: 15.6 % • Tertiary sector: 47.8 %
GDP growth rate	4 % in 1994; 2.6 % in 1995
Inflation	40.6 % in 1994; 5.5 % in 1995; 4 % in 1996
Exports (1995)	CFAF 116 billion
Imports (1995)	CFAF 123 billion
Debt	Outstanding external debt: CFAF 693 billion
Life expectancy	47 years



An environment unconducive to farming

As a Sahel country, Niger is subject to the climatic and other vagaries of this part of the world. It is classed as one of the poorest countries of the world according to the UNDP's 1996 classification which is based on criteria such as GDP, poverty threshold, literacy and life expectancy. Niger is lagging way behind in terms of economic development.

This enormous country covers an area as large as that of Benin, Togo, Burkina Faso and Côte d'Ivoire combined, only 12% of which is cultivable. This potentially productive part of the country on which 90% of the country's population lives is located in the Sahel where the growing of tuber crops or fruit trees is hampered by the lack of rainfall. This sets Niger apart from Burkina Faso, Mali and even Chad, its neighbours in the Sahel.

The country suffers from a permanent food deficit and depends on imports to meet most of its basic needs. Niger's main handicap is its marginal agricultural potential which, because of the low rainfall, cannot even be improved by harnessing the potential of the river which gives the country its name. The river which travels 500 km through Niger carries the terrible risk of river blindness for the people who live by its banks. The EU is providing technical assistance to help eradicate this disease. Niger's environment cannot be described as conducive to the feeding of its people.

Niamey's main market constructed with European Union funds.

Nevertheless there are some crops which could be successively grown in Niger. Onions could be grown on an economic scale but Niger faces problems in selling to neighbouring countries (lack of transport infrastructure) and competition from cheap imported onions in the coastal states which would be the main outlet for Niger's onions.

It is hoped that WAEMU and Community preferences will help Niger develop a competitive edge in this sector over other member countries.

Livestock rearing, an unexploited asset

African economies are fettered by outdated practices based on policies that take no account of local requirements. Niger is no exception. Although it is considered to be a very poor country and has to cope with extremes of climate, it does have a major asset, albeit not fully exploited, in livestock rearing. Nigeriens have skills in the rearing of cattle, sheep and goats unparalleled in Africa. If these were organised and given technical backing, Niger could become the New Zealand of Africa despite the droughts and overgrazing which have caused farmers to move, often to the south, and to lose a large proportion of their herd over the years.

One way for Niger to break out of the vicious circle of drought and poverty would be to specialise in (cattle, sheep and goat) rearing. This would require a large-scale campaign to encourage nomadic farmers to settle down and a GIP (general import programme) for fodder underpinned by an appropriate village water supply policy.

Niger's agricultural potential is more promising than it might first appear.

THE CURSE OF URANIUM?

Niger's mineral resources are said to be the envy of the subregion. It has iron, phosphates, tin, gold, oil and above all, uranium (Niger is the world's third largest producer). Might this be nature's way of compensating Niger for its lack of agricultural riches? Niger's minerals and in particular uranium have been prospected and mined by the same two companies, Cominak (Compagnie Minière de l'Akouta) and Somaïr (Société des Mines de l'Aïr) for over three decades. In the 1970s this raised great hopes and even euphoria among the Nigeriens who felt that they were rich. During this period many prestige projects were mounted and the University of Niamey and tourist facilities were built. Uranium alone accounted for over 40% of government revenue. This period coincided with the first oil crisis and the introduction in Europe of a large-scale nuclear energy programme to counteract the rising price of oil which had been the main and least expensive source of energy until then.

However, to paraphrase former President Kaunda of Zambia who experienced the same situation with copper, every Nigerien was born with a uranium spoon in his mouth. Disenchantment soon set in as prices fell as a result of competition and environmental campaigns against nuclear energy. The reality was that Niger grew poorer during the uranium boom which masked the problems in the agricultural sector even before it was devastated by drought. Like Zambians with copper, Nigeriens soon began to talk about the curse of uranium. This is still the case even though it is not referred to as such.

Minerals, including uranium, still play a central role in the construction of a viable and productive economy in Niger. Mining revenue continues to provide Niger's financial base underpinning the crucial agricultural and agro-pastoral sectors which have real potential. It can also be used by the Nigerien Government to fulfil its responsibilities as an independent country towards its partners outside and within WAEMU where it has to comply with certain economic criteria as a full member.

Despite a low but relative rate of growth (2.6%) Niger should be able to achieve regional harmonisation for which the members of WAEMU have set the following budget objectives:

1. to bring the payroll's share of tax revenue down to under 50%. In Niger this was 102% in 1994 and 80% in 1995;
2. to finance at least 20% of public investment from national resources;
3. to stop domestic and external payment arrears mounting up. In September 1996 external payment arrears totalled CFAF 83.3 billion.

However the generally poor management of the Nigerien economy, which is largely agro-pastoral and very dependent on uranium, its leading export, is also due to the weak structural base of trade with neighbouring Nigeria. Nigeria has its own national currency, the naira, and the Nigerian authorities indulge freely in competitive devaluation against the CFA franc, whose guaranteed value against the French franc strengthens the import rather than the export capacity of less competitive countries in the area.

Statistics show that 15% to 20% of Niger's trade is with Nigeria, which is also its main economic partner. It would be surprising if the two countries did not have close geographical and economic ties given their mutual interests. An apt comparison would be France and Germany.

The Ministry for mines, Niamey, constructed during the boom years for uranium.

This is why some form of relationship which does not exclude Nigeria from WAEMU is being increasingly advocated.

EU-NIGER COOPERATION

EU aid to, and cooperation with, Niger has never faltered although, on occasions, operations have been suspended in Niger with frequent changes in government.

The EU, like other comparable donors in the region, has focused on rural development, health and education. These three main areas determine the conditions under which people live. European aid also extends to the economic and social sectors. Another area of EU-Niger cooperation is support for democracy and democratisation.

Although there has until recently been a real democratic deficit in Niger, cooperation with the EU has remained on a fairly even keel. The European Commission has also continued its efforts to help find solve Niger's economic and social problems by funding operations which it considers appropriate.

Niger has received ECU 122 million under Lomé III and ECU 153.3 million under Lomé IV for its National Indicative Programme. The main areas of cooperation are agriculture, road infrastructure, livestock rearing, health, education and support for the private sector. The principal projects funded by the sixth EDF were in the agricultural, road infrastructure and electricity sectors. These were a large-scale irrigation programme in the Niger valley, a small-scale irrigation programme in the Tarka valley, maintenance of highway No 1, building of a high-tension line by Nigelec and a gold and coal prospecting programme. The main projects undertaken under the seventh EDF concern rural development and the private sector. These were Prozopas, a pastoral development project, AELEN in the private sector, a structural adjustment project and road infrastructure programme. Following the EU's decision in June 1996 to gradually resume cooperation the

Commission provided support for the forthcoming elections and applied to the EDF Committee for ECU 14 million for a structural adjustment project. The financing agreement was signed on 9 November 1996 and the first instalment will be disbursed shortly to help bolster Niger's extremely precarious public finances. In view of the boycott by opposition parties of the legislative elections on 23 November 1996 it was, however, agreed that the second instalment would be disbursed only after a period of monitoring democratic procedures and respect of fundamental freedoms and the rule of law in Niger. Under regional cooperation, Niger is a beneficiary of the Regional Indicative Programme for West Africa, which covers management of natural resources, the environment, transport and communications and human resources.

ECU 160 million has been allocated to the Niger NIP under the eighth EDF. The main sectors to be covered are education, water and soil conservation, soil protection and restoration and support for the private sector. Discussions on the strategy paper have, however, been suspended.

It is hoped that EU Niger cooperation will continue in the future in a climate of mutual understanding.

PROFILE

SENEGAL

Independence	4 april 1960
Surface area	197,161 km^2
Population	8.5 million
Population growth	2.9 % a year
Life expectancy	50 years
Urbanisation	38 %
Adult literacy	62 %
Primary school enrolment	58 %
GDP (1996)	CFAF 2,631.3 billion
Per capita GDP	USD 565 (1996)
Exports (1995)	Fishery products (30 %); phosphates and by-products (17.6 %) groundnuts (12 %)
External debt/exports	21.8 %

CONTRASTING ECONOMIC TRENDS

Many studies show that Senegal, despite its long Atlantic seaboard, is still one of the poorest countries in the world. With an HDI (human development index) of 0.34 in 1992, according to the UNDP, the native country of Leopold Senghor, one of Africa's best known writers is only 152nd out of 174 countries. This performance is unworthy of its intellectuals if one agrees that development is also a matter of intelligent policies.

Day-to-day life in Senegal, at least in the towns, gives the visitor a sense of real dynamism. The seething mass of people at Dakar Yoff airport reflects this dynamism, which is a feature of Senegal's towns. What is surprising is the disparity between people's enthusiasm for enterprise and the constant decline in their standard of living.

The avenue Georges Pompidou is one of the main streets leading to the Place de l'Indépendance, at the heart of the city. In a sharply contrasting mixture, modern hotel complexes, supermarkets and smart cafés stand opposite small "unofficial" stalls, the "bana-bana", offering a very wide range of everyday articles. Business is a family activity which dates back centuries among the people of Dakar and Senegal.

Almost all the country's industries are concentrated in the capital and represent some 22% of WAEMU's GDP, making Senegal the Union's second largest producer, after Côte d'Ivoire. This situation, statistically an enviable one in comparison with the regional average, stems partly from the country's geographical position, at a point where international shipping routes converge, with the result that Dakar is of necessity the port of transit to a number of neighbouring countries.

Young Senegalese children. Between school and the daily struggle to subsist (pictured here, back to the fields).

Dakar owes its success to the fact that as the former capital of French West Africa it inherited a large amount of basic infrastructure from the colonial era, particularly a port and production apparatus which represent significant assets. The authorities are trying to make the most of these to overcome the huge economic problems that make Senegal the African country most dependent on international aid. This accounts for the air of real poverty against a setting of seeming abundance.

Since 1994 economic growth has resumed, based less on production than on the flow of aid. The GDP growth rate climbed above zero to reach 2% in 1994 and 4.8% in 1995. It was estimated at over 5% in 1996, but slowed slightly in 1997.

This more or less satisfactory overall trend in economic activity hides some sectoral contrasts. Fisheries and agriculture declined in 1995, while transport, trade and the oil mills, exports of fishery products, phosphates and chemicals have improved and have served as engines of growth.

Besides fisheries, in which shipowners and factory owners have invested a great deal to bring their equipment up to European standards, the phosphate mines are the main hope for growth. Following a setback in 1994 (- 4.1%), phosphate production rose slightly in 1996 (1.5%), then grew to 8% in 1997.

This encouraging economic picture is overshadowed, however, by the economic difficulties that have long affected agriculture. Its contribution to the GDP, which was over 18% in the immediate aftermath of independence, has declined considerably and is now only 10%. The growth rate for agricultural production was only 2.7% between 1981 and 1991, equal to, or less than, the population growth rate.

UNDERPERFORMING AGRICULTURE

Agriculture, which employs 60% of the population, is the weak point of Senegal's economy and a drain on its resources. Major investment has nevertheless been made in the sector, particularly in hydro-agricultural works in the valley of the river Senegal. Results are well below forecast, however. Rice production follows a similar pattern: the country produces for less than it consumes and has to spend large sums on imports.

Rice imports have been rising steadily for ten years. Most of it comes from Thailand or the United States. In all, almost 90% of the rice consumed in Senegal is imported. The production capacity of Senegal's agriculture in general, and rice growing in particular, is not commensurate with the considerable local potential, particularly in the valley of the river Senegal, an area very much suited to rice-growing.

Today, the areas given over to rice growing account for only 28.5% of the total cultivated area (67 000 ha) as against 64% in 1990/91. Senegal produced only 85 000 tonnes of rice in 1996, as opposed to about 107 000 tonnes in 1995.

With agriculture practically in ruins, it is not only rice production that has fallen. Other crops have also declined, in particular cotton and groundnuts, which for a long time were vital to Senegal's economy.

Thought has been given to ways of making Senegal's textile production more competitive in order to boost production downstream.

On a more general level, in 1995 the government launched an agricultural sectoral adjustment programme with aid from certain multilateral donors. The aim was to reach an agricultural growth rate of 4% a year, improve food security, increase rural incomes and create jobs. Growth was to be achieved through agricultural intensification, an incentive pricing policy, diversification of crops and better use of stock-rearing potential.

Although most of the measures contained in the adjustment programme have been applied and agriculture has been liberalised, the results are not seen as conclusive. Despite sufficient rainfall, agriculture has had to cope with difficulties stemming mainly from the abrupt liberalisation of a sector that was previously overregulated. The government's withdrawal under pressure from the IMF and the World Bank did not allow the sector enough time to liberalise. The problem's of Senegal's agriculture are far from being solved and further adjustments will have to be made over the next few years.

EU-SENEGAL COOPERATION

Cooperation between the European Commission and Senegal dates back many years and has taken many forms. It began with the first EDF in 1958 (Treaty of Rome establishing the EEC) and has steadily expanded. Senegal is one of the ACP countries that has benefited most from the various European cooperation facilities (NIP, regional cooperation, Stabex, Sysmin and food aid).

The Lomé IV national indicative programme (seventh EDF) totals ECU 112 million, a significant proportion of it accounted for by structural

The Alwaata Diamara school in Tougan (Burkina Faso) whose teacher and pupils were trained under the EDF's PFIE (training and information project for the environment), of which Sénégal is a member.

adjustment aid between 1992 and 1994. The transport sector has benefited most from aid from the European Commission. A total of almost ECU 70 million has been used to rehabilitate part of the road network, cover some of the costs of regular maintenance of the surfaced roads and provide aid for training.

The implementation of the Lomé III programme continued in 1996 at a satisfactory rate. By the end of October 1996 the contracts totalled almost 100% of the total NIP allocation and disbursements 94%. Under Lomé IV (indicative programme and structural adjustment facility), over the same period in 1996 decisions amounted to 99% and contracts to 87% of the indicative programme, including the additional amounts allocated to Senegal in 1995 when the unexpended balance of the seventh EDF was redistributed. Disbursements (48%) remain low because of delays in implementing the road programme (ECU 60 million).

The priority nature of transport in the aid from the European Commission reflects the importance attached by the government to tourism, which it hopes to establish as the main industry and the country's main source of foreign exchange for the years ahead. Little may be produced in Senegal, but there are many places and cultural artefacts to be seen throughout the country.

The railway network is relatively important, and in particular the Dakar-Kidira link (645 km), which crosses the country from east to west and goes as far as Bamako-Koulikoro, in Mali. Most foreign trade is, however, conducted by sea, through the autonomous port of Dakar, situated at the tip of Africa's west coast, where several international shipping routes linking Africa to the

Americas and the European continent intersect.

The 14,000 km of roads, 4,000 km of which are asphalted, play a limited role in trade. Owing to a lack of road links with the bordering countries, in particular Gambia, which is surrounded by Senegal, regional trade is poorly developed and border incidents still occur at certain crossing points.

For that reason, the European Community is endeavouring, in its cooperation with Senegal, to maintain a steady flow of aid for developing transport. Operations under the seventh EDF national indicative programme amounted to ECU 60 million and should make it possible to consolidate road works over a total distance of 475 km by the end of the programme. In 1995 Community aid for Senegal's Road Fund exceeded CFAF 7 billion. The European Union has also provided aid for the development of the St-Louis region, covering sanitation, water engineering and reafforestation. The overall objective of this multidimensional programme is to provide aid for economic development in general and to promote the welfare of the population of the valley of the river Senegal in economic, health and environmental terms.

In the field, the programme involves supporting the government's withdrawal from the productive sectors followed by strengthening of the private sector and an improvement in public health services. In all, the European Union has contributed over CFAF 40 billion, enabling 47,500 trees to be planted as wind-breaks over 90 km in the Senegal river catchment area. At the same time, various other areas have been planted with trees, totalling 170,000. This funding was also used to produce 75,000 seedlings for projects financed by other donors active in the river valley.

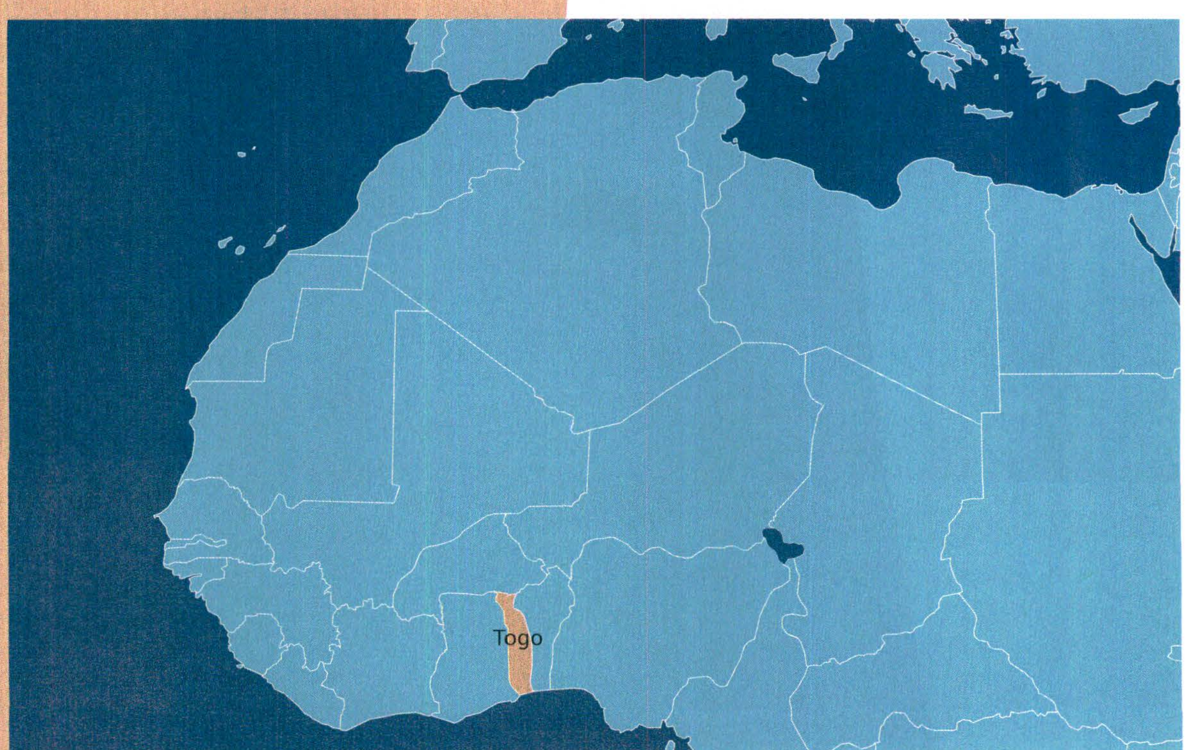
At social level, major resources have been channelled into combating AIDS and improving the population's living conditions and health. The most tangible results in social terms were recorded under the microprojects and decentralised cooperation programme. Almost 400 projects were implemented in the spheres of arable farming, livestock production, fisheries and economic and social infrastructure. A significant feature is the trend for women to play an increasing role in carrying out small projects in rural areas.

The importance of the European Union's aid to tourism has already been noted and there has been a strong recovery, with approximately a 50% rise in earnings, which rose from CFAF 27 billion in 1993 to CFAF 55 billion in 1994. They reached CFAF 60 billion in 1995, and the rise continued in 1996 as a result of various promotion campaigns, such as market diversification, and an increase in accommodation occupancy rates.
The European Union has also contributed USD 30 million in conjunction with the other donors (World Bank, France and USAID) for the agricultural sectoral adjustment programme, costing a total of USD 135 million. The adjustment programme should culminate in the liberalisation of the distribution and pricing for all agricultural products; the reform of the external arrangements for agricultural products in order to liberalise trade; and the privatisation of production, processing and marketing. Most of these objectives have now largely been attained. The European Union is also keen to encourage local agriculture to ensure that the gains from tourism are not spent on importing food for the tourists.

TOGO

PROFILE

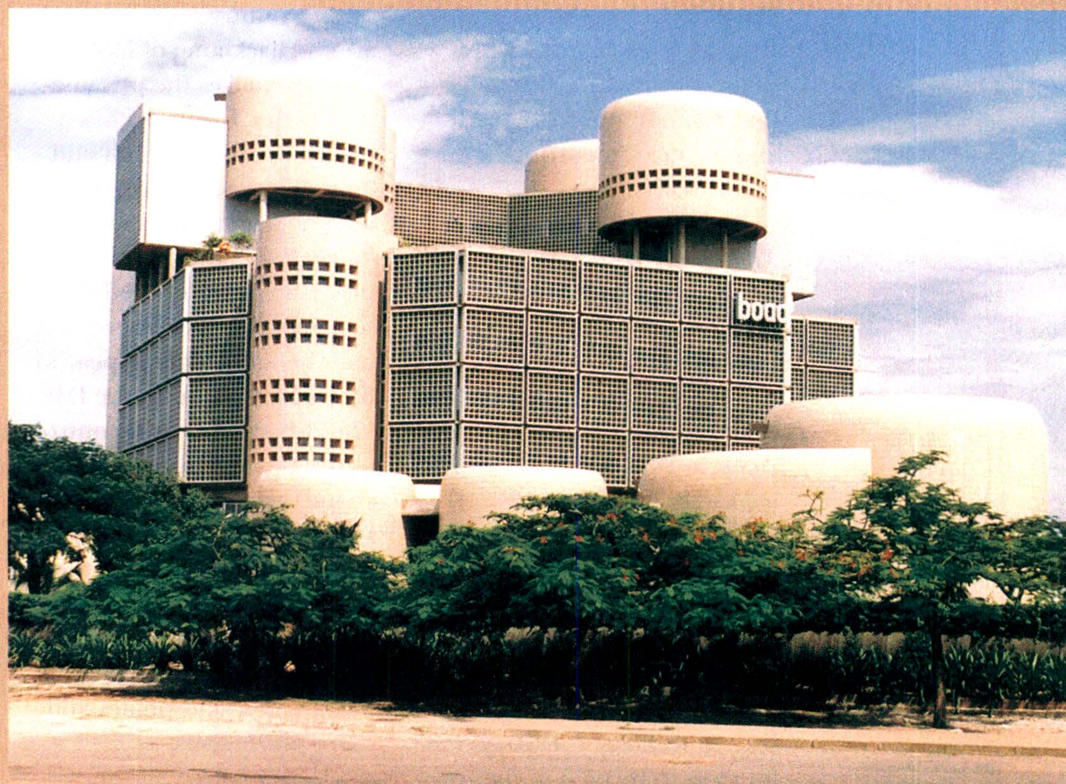
Surface area	56,785 km^2
Population	3.9 million
Population density	68 hab./ km^2
Population growth	3.2 %
Capital	Lomé
GDP	USD 1,215 billion (1993)
Per capita GDP	USD 278
Annual GDP growth	12.7 %
Exports (1994)	USD 276.2 million
Imports (1994)	USD 727.7 million
Main exports	Phosphates, cotton, coffee, cocoa
External debt/exports	401.6 %
Life expectancy	55 years
Primary school enrolment	110.6 %
Secondary school enrolment	25.4 %
Higher education enrolment	2.5 % (1994)



Like Niger, Togo's economic development was adversely affected by internal political difficulties in the early 1990s. However, improvements in the political situation - in particular, major institutional reforms - have been accompanied by tangible evidence of an economic upturn. After a very controversial start, Togo is now making real efforts to reform its institutional and democratic basis and gradually regain international political standing.

Foreign investors are acquiring new confidence in the country, and their contributions will boost the economic revival, of which there have been persistent signs since 1996. Togo's gross domestic product has now recovered to its 1989 level. Its volume increased by 6.9% in 1996 and the estimated increase for 1997 is 6%. The economy of Togo (classified as one of the world's least developed countries (LLDC)), is beginning to take off again. This is borne out by the slow but real improvements in all its macroeconomic trends.

For example, it is estimated that in 1996 the trade deficit, which was CFAF 60 billion in 1995, fell to 35.8 billion in 1996. Thanks to this favourable trend the current balance has improved considerably (although still negative): less than CFAF 40 billion as opposed to 56 billion in 1995. According to the same estimates the overall balance of payments outcome in 1996 was CFAF 13.2 billion, compared with a mere CFAF 1.4 billion in 1995.



The West African Development Bank, Lomé, which implements WAEMU's economic policies.

A THUMBS-UP FROM THE IMF

These instances of - admittedly relative - good performance can be put down to a combination of at least two factors: help from bilateral and multilateral donors and the government's determination to contain and control public spending. As regards the latter, budget revenue in 1996 is reckoned to have increased by about 23% (CFAF 111.9 billion). Together, these trends give the government grounds to be quietly confident about the future.

On an information visit to Lomé on 12 and 13 March 1997, the IMF's Deputy Managing Director expressed great satisfaction at the country's economic prospects. IMF disapproval of Togo's failure to apply the conditions of the Enhanced Structural Adjustment Facility (ESAF) in 1996 seems no more than a bad memory now. With Lomé once again in the IMF's good books, disbursements to Togo under the 1995-97 three-year agreement seem likely to resume. The authorities are demonstrating a more positive attitude to IMF requirements and have shown they are taking them seriously by, for example, removing a subsidy on petroleum products and raising taxes on them from 10% to 30%.

The IMF Deputy Managing Director's statement on his Lomé visit looks very much like a thumbs-up from the IMF and, by the same token, the World Bank.

The World Bank has, indeed, never suspended its programmes, Although its disbursements fell sharply during periods of political uncertainty in the country, they picked up again in 1994. In 1996 two projects were approved: USD 37 million for a five-year education project and USD 50 million to stimulate economic activity and adjustment, of which a first tranche of USD 30 was paid out in 1996 and a second tranche of USD 20 million was to be paid in the second half of 1997.

This assistance - bilateral and multilateral, from international bodies and individual countries (Japan, France, the EU, the West African Development Bank) will have been decisive in the recovery of an economy heavily dependent on cotton farming, phosphate mining and the import and re-export of consumer goods, a trade in which the famous "Mama Benz" occupy an outstanding position. The dynamism and outstanding business skills of these veritable "Amazons" have earned them a reputation well beyond Togo's borders.

PHOSPHATES, PHOSPHATES AND MORE PHOSPHATES

Phosphates are Togo's main export. They bring in the bulk of the country's revenue and are the backbone of its economy. This makes the privatisation of the Togolese Phosphates Board a difficult and delicate operation. After lengthy negotiations with the World Bank, the principle of privatising 40% of the Board seems to have been accepted, and the authorities appear to have come round to the IMF/-World Bank view that control of the Board's management should go to private partner. Half a dozen companies have expressed an interest in the coming privatisation. In Togo the contemporary debate on privatisation revolves around phosphates, phosphates and more phosphates.

But cotton is hardly a peripheral issue either. It is the country's second biggest export (102 000 tonnes in 1995/96). At the beginning of 1996 the Togolese Agricultural Products Board lost control of the sector to the Togo Cotton Company (SOTOCO). The World Bank wanted complete liberalisation of the sector, but Togo (supported by the French Development Fund - CDF) opposed the idea. It has liberalised only the export of cotton fibre and has not touched existing cotton seed arrangements.

In rejecting the World Bank option of privatising and liberalising a sector which, it is at pains to emphasise, is working quite nicely as it is, the Togolese government was perhaps seeking a compromise rather than a break with its two financing sources, the CFD and the World Bank. However, the government cannot make this case for other sectors, and the widespread move towards restructuring and privatisation of companies over the last two years is continuing: telecommunications, breweries, banks and electricity have already passed into private hands.

Another sign of the upturn in Togo's economy may be seen in the renewed dynamism of the autonomous port of Lomé. Traffic through the port rose by 11% between 1995 and 1996, despite a falling-off in transit operations with the landlocked countries of Niger, Mali and Burkina Faso, which have still to return to 1990 levels. Nevertheless the people of Togo are clearly demonstrating real determination to move upwards and onwards.

EU-TOGO COOPERATION

Political developments in Togo since new winds - "democratisation" - started blowing from the East in the early 1990s, have not always lived up to expectations as regards cooperation with the EU. This was suspended in 1992, except for humanitarian projects and those to assist deprived rural communities. In March 1995 it was resumed on "gradual and progressive" terms in response to the authorities' undertakings on human rights.

However, implementation of Togo's Lomé IV national indicative programme (NIP) (ECU 68 million), the structu-

Landscape coconut trees in Lomé, the Togolese capital.

ral adjustment measures and operations to be backed by EIB-managed risk capital (ECU 12 million) has barely started. Togo received ECU 61.5 million and ECU 68 million for its sixth EDF NIPs. Under Lomé III the focal sectors were infrastructure and rural development. The main projects were: a road programme (ECU 23.2 million); integrated rural development of Bassar (ECU 10.3 million); microprojects (ECU 2.6 million) and a sectoral import programme (ECU 10 million). Under Lomé IV the focus is on road infrastructure, rural development and village water engineering. The main projects in hand are: a village water engineering programme (ECU 11.2 million); a programme of microprojects (ECU 5 million) and a national farming survey (ECU 1.9 million). A planned general import programme under Lomé IV structural adjustment measures was cancelled following the decision to suspend aid. Regional cooperation included an operation concerning foreign trade statistics (an ECOWAS project - Community Information Technology Centre), measures to control AIDS, support for the private sector (technical assistance for the WADB and a fund for guaranteeing private investment in West Africa) and for the environment (PACIPE). As a member of the WAEMU, Togo is included in the support programme for it.
Stabex transfer entitlements for Togo under Lomé IV have reached ECU 20 million (cotton, coffee, cocoa, palm oil and shea). When cooperation was suspended, these funds were blocked. Under Sysmin, a loan of ECU 15.7 million (40 year reimbursement period, 10 year grace period, annual interest rate of 0.5%) was granted to the Togolese Phosphates Board under Lomé III, but none of this was disbursed because aid was suspended. Once the Phosphates Board actually opens up to private capital and an acceptable arrangement is reached regarding arrears to the EIB, this credit will be reactivated. The technical aspects of a request under Lomé IV and a mining diversification project will be examined shortly. The sectors which have benefited

from EIB financing are infrastructure (transport and the Port of Lomé) and the agri-food industry. The EIB has suspended its assistance and Togo's arrears have been building up since 1992. A solution to this arrears problem would now appear to be in sight following the payment in July and September 1996 of the sums due for 1992 and 1993 (some ECU 800 000 million) on various special loans and risk capital.

Because of certain difficulties with eighth EDF programming, (Lomé IV, Second Financial Protocol), finalisation of the programme has been held up.

VILLAGE PHARMACIES

However, integrated projects have improved rural infrastructure considerably: village pharmacies and shops, village wells and shallow wells for irrigating out-of-season crops, small-scale irrigation and dams, new tracks to previously isolated villages.

The European Union has also been contributing to the welfare of Togo's population by supporting a major village water engineering programme in the Savanes and Kara regions. It was begun under the sixth EDF and continued under the seventh EDF. It is one of Togo's priorities to meet the basic drinking water needs of the rural population in both regions.

Another objective is to improve sanitary and health conditions in those regions and make fetching water less laborious by bringing wells closer to villages. 250 such wells have been built in Kara and 350 in Savanes. All 600 have been equipped with hand pumps and local craftsmen have been trained to maintain and repair them.

In Togo, as in other African countries, structural adjustment policy has adversely affected deprived social groups. To cushion the impact, the government has carried out grassroots development programmes to increase the capacity of local authorities to design, implement and administer social or production initiatives.

With funding of more than CFAF 3 billion, the micro-project programme has made a considerable contribution to the development of basic health facilities, by assisting the implementation of primary health projects in villages (rehabilitating small clinics, basic health-care premises and village pharmacies and providing mother and child health care).

DEVELOPMENT

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