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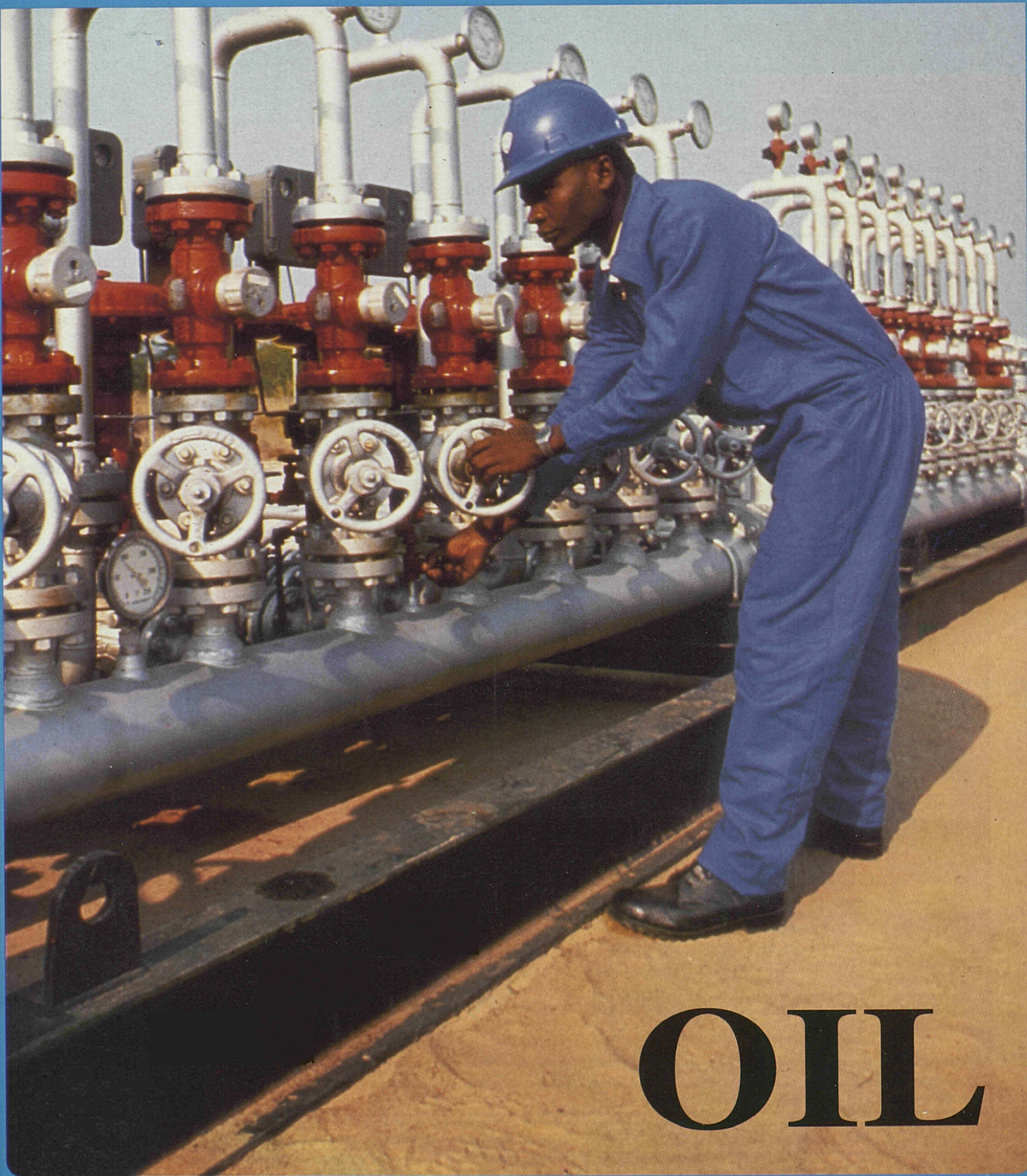

OIL

THE EUROPEAN COMMUNITY

BELGIUM
DENMARK
FRANCE
GERMANY
(Federal Rep.)
GREECE
IRELAND
ITALY
LUXEMBOURG
NETHERLANDS
PORTUGAL
SPAIN
UNITED KINGDOM

General Secretariat
of the ACP Group
of States

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Belgium
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THE 69 ACP STATES

ANGOLA
ANTIGUA & BARBUDA
BAHAMAS
BARBADOS
BELIZE
BENIN
BOTSWANA
BURKINA FASO
BURUNDI
CAMEROON
CAPE VERDE
CENTRAL AFRICAN REPUBLIC
CHAD
COMOROS
CONGO
CÔTE D'IVOIRE
DJIBOUTI
DOMINICA
DOMINICAN REPUBLIC
EQUATORIAL GUINEA
ETHIOPIA
FIJI
GABON
GAMBIA
GHANA
GRENADA
GUINEA
GUINEA BISSAU
GUYANA
HAITI
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MOZAMBIQUE
NAMIBIA
NIGER
NIGERIA
PAPUA NEW GUINEA
RWANDA
ST. KITTS AND NEVIS
ST. LUCIA
ST. VINCENT AND THE GRENADINES
SAO TOME & PRINCIPE
SENEGAL
SEYCHELLES
SIERRA LEONE
SOLOMON ISLANDS
SOMALIA
SUDAN
SURINAME
SWAZILAND
TANZANIA
TOGO
TONGA
TRINIDAD & TOBAGO
TUVALU
UGANDA
WESTERN SAMOA
VANUATU
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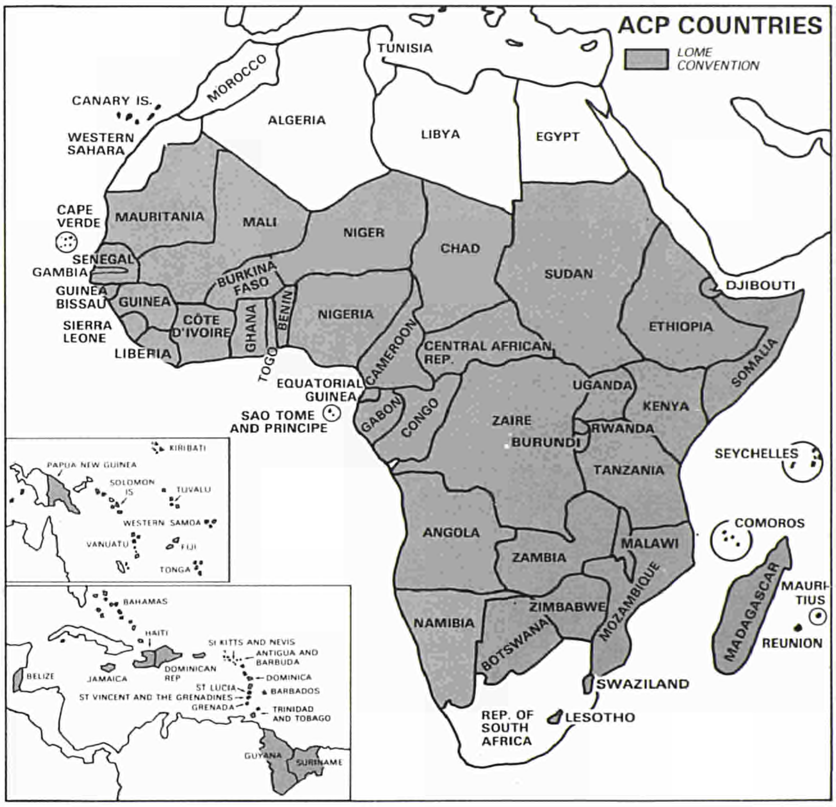
ZIMBABWE



FRANCE

(Territorial collectivities)
Mayotte
St Pierre and Miquelon

(Overseas territories)
New Caledonia and dependencies
French Polynesia
French Southern and Antarctic Territories
Wallis and Futuna Islands

NETHERLANDS

(Overseas countries)
Netherlands Antilles
(Bonaire, Curaçao, St Martin, Saba, St Eustache)
Aruba

DENMARK

(Country having special relations with Denmark)
Greenland

UNITED KINGDOM

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

This list does not prejudice the status of these countries and territories now or in the future.

The *Courier* uses maps from a variety of sources. Their use does not imply recognition of any particular boundaries nor prejudice the status of any state or territory.

Cover page: *Oil, which is the subject of our Dossier, helps to keep the wheels of the world economy turning. Pictured here is a local employee working at an oil installation in Angola (Photo Petrofina)*

MEETING POINT: Dr Subroto

'What we are aiming at is to match supply with demand in such a way that we ensure a stable oil price, to the benefit of the world at large'. This is how Dr Subroto, who is the Indonesian Secretary-General of OPEC, sums up the current policy of the organization which he heads. In an interview with *The Courier*, Doctor Subroto also talks about the influence of OPEC in the world oil markets, the way in which it continues to function despite some bitter internal political divisions (its membership includes Iraq, Kuwait and Iran) and the implications of growing environmental concerns for the oil trade. **Pages 3 to 5.**

ACP-EEC Joint Assembly

Amsterdam was the venue for the latest session of the ACP-EEC Joint Assembly which was held from 23 to 27 September. In an atmosphere which, for much of the time, was distinctly subdued, the parliamentarians and ACP representatives discussed a range of issues including services, intra-ACP trade, and democracy and human rights. Among the more animated moments, was a debate on the famine issue, in which the Government of Sudan came under the microscope. **Pages 6 to 10.**

COUNTRY REPORTS

KENYA: At 3.8% per annum, Kenya has one of the highest population growth rates in the world. Currently estimated at 24 million, the population is expected to increase to more than 35 million by 2010. This means for a country with a workforce of around 8 million, creating at least 6 million new jobs by that year. In this regard, government has adopted a strategy includes, among other things, establishing a broadly-diversified export-oriented manufacturing. **Pages 11 to 29.**

THE COMOROS: The Indian Ocean islands, The Comoros, have been in political turmoil for the past two years, following the country's decision to adopt multi-party democracy after 11 years of autocratic rule by President Abdallah. This, however, comes at a time when The Comoros is facing very serious economic difficulties. **Pages 30 to 44.**

DOSSIER: Oil

Oil is arguably the single most important commodity traded in the world today. It is used principally as a source of energy, accounting for almost 40% of world primary energy consumption. It is also the basic material for a wide range of products from road surfaces to plastic materials. In the Dossier, we examine this most vital of resources in the context of development and the ACPs — with particular emphasis on the economic and environmental aspects. **Pages 58 to 85.**

The Courier

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EDITORIAL

Lomé IV under way

On course for the year 2000 despite turbulent waters

Lomé IV took effect on 1 September. As the 12 Member States of the Community and more than two thirds of the ACP Group have ratified it, the Convention, signed in the capital of Togo on 15 December 1989, is all set to go ahead. ACP laggards should read it carefully, for they will find that they get no financial or technical cooperation until they have ratified.

The dates were right for once, for on an international scene dominated by the consequences of the failed coup d'état in the Soviet Union and the crisis in Yugoslavia, with the attention and help of Europe called for as perhaps never before, the entry into effect of Lomé IV came as a timely reminder of the Community's attachment to its partners of the South. The EC has said that relations with its neighbours in the East would not be to the detriment of its longstanding friends on many occasions. This indeed was one of Commission President, Jacques Delors' main messages during his visit to Senegal in March. And, after acting as an intermediary in fratricidal fighting in Angola, Portugal has made no secret of its intention of helping the countries of sub-Saharan Africa, all Lomé signatories, as one of the main activities of its Presidency of the Council, scheduled to begin on 1 January.

History is now moving at a remarkable pace and the advantages of the Lomé policy could well be clearer now than they were 15 years ago when it started — first of all because of the stability of the agreement, which now lasts 10 years. No-one can remember why there was ever any hesitation about the European suggestion of extra duration. And those of the ACP Group who were reluctant to sign such a long contract are no doubt now not the last to rejoice that the Convention is signed and sealed, come what may, until the end of the century, with the principle of free access to the single market guaranteed until the year 2000.

The corollary of this lasting situation is predictability. This is another advantage for the ACPs, particularly those, and there are many of them, in the throes of economic and political change, for they know exactly how much money they can expect and what machinery to trigger if need be.

What about Stabex which, despite its undeniable usefulness, cannot alas perform the enormous task of stabilising the raw material markets all by itself? It can only help compensate for our partners' lost export earnings. We may of course take comfort from the idea that the renewed Stabex which we have under Lomé IV can limit the damage wrought by fluctuating commodity prices as it did before, but what we should actually be doing is concentrating on getting negotiations for the international commodity agreements off the ground again and the Community is in fact busy on the coffee and cocoa agreements, in close consultation with its ACP partners, in London.

Some of the innovations of the new Convention can be used as from now, and the structural adjustment policy support machinery, long-awaited by all those countries anxious to cushion the social effects of programmes entered into with the International Monetary Fund and the World Bank, is one of them. Together we shall ensure that the reform programmes are not just economically efficient, but socially and politically bearable too.

With decentralisation in mind, we can also now involve operators other than the States themselves in implementing financial and technical cooperation — one way of bringing the Convention closer to the ACP peoples and ensuring that it provides an even better response to the many, urgent concerns of their everyday lives. This will be one of Lomé's practical contributions to democratising from the bottom up.

Now, more than ever before, we must cut through the red tape hindering our implementation of the Convention and we have joined our partners in seeking and clearing out any bottlenecks.

Most ACPs have set up indicative programmes with the Community, laying down cooperation priorities during the first five-year period, pending completion of the ratification procedure. With Lomé IV now in effect, action is all-important.

Above all, let us not be diverted by the turbulent waters through which many of our ACP partners are currently sailing. Let us be clear-sighted enough to see that, beyond the pain and crisis of transition, matters, basically, are moving in the right direction; towards more participation, more freedom, more democracy and more economic efficiency. Upheavals may cost more in the short term, but participation and freedom are the sine qua non *of genuine, lasting development in the long term.*○

Dieter Frisch
Publisher

Dr SUBROTO

Secretary General of OPEC


The Courier

Working for stability in the oil markets

Former Indonesian oil minister, Dr Subroto has been Secretary General of the Organization of the Petroleum Exporting Countries (OPEC) for the last four years. During that time, he has helped to steer this international body through a difficult period in which the oil markets have been buffeted by conflict in the Gulf, an economic downturn and growing environmental concerns.

The Secretariat which Dr Subroto heads operates from its headquarters in Vienna under the direction of the OPEC Board of Governors. It is financed by the thirteen Member Countries, each of which pays the same contribution, irrespective of size or oil production. The Secretary-General is appointed by the OPEC Conference for a period of three years, with the possibility of renewal for a further three years. Dr Subroto is currently in his second term of office.

In this interview with The Courier, *Dr Subroto describes the objectives of OPEC and answers questions about some of the current challenges facing the Organization.*

▶ *Dr Subroto, how would you describe the current role of OPEC and how do you see it developing in the future?*

— Well, we have to start from the beginning and that is the statute of OPEC and the objectives of the organization. There are three things that are important. One is the coordination of the policy of OPEC member countries, the second is to maintain stability in the market and the third is to ensure an adequate supply to the consumers. These have always been OPEC's objectives and they will remain so in the future.

In July 1990, we stipulated our policy for the next decade and there are certain principles that we mentioned then. First of all, is the principle of dynamic stability, meaning that we want to see a gradual increase in prices that reflect the world economy, inflation and so on. The second principle is that we follow market-related pricing. In other words we do not fix the prices — that is something which of course is not practicable in a situation where OPEC is only producing 23.8 million barrels a day while non-OPEC production is something like 29 million barrels per day. The third principle is that of optimisation of revenue. In other words, if and when prices go up, or growth goes up, we will increase both the price and the volume produced so that not only one group of countries will benefit from the improvement in price. The last principle is that we want to ensure that oil remains an important energy source in the coming decade. That means that we have to fine-tune it in such a way that the price relationships between oil, coal, gas and other energy resources is right. So, the answer to your question is that OPEC will remain an organization which, I think, will be important and necessary for the member countries but also for the world at large because we are aiming at stabilising the price through adequate supply to the consumers, while at the same time assuring a steady income for the producers.

▶ *To what extent does OPEC, in its policies and activities, take into account the interests of developing countries, whose economies are dependent on imported oil?*

— Well, here, what we are aiming at is stability — stability in prices and trying to avoid the violent fluctuations that you have seen in the past. The widely fluctuating prices that we had in the 1980s was good for neither producers nor consumers whether in the developing world or in the industrial world. What we are aiming at is to match the supply with the demand in such a way that we ensure a stable price, to the benefit of the world at large.

▶ *Do you think that the influence of OPEC in the world is as strong today as it was, say, 15-20 years ago?*

— I would not venture to say that it is stronger or weaker or about the same. What I would say is that OPEC as an international organization will continue to have a useful function in the world by aiming at price stability. This can be achieved by better cooperation between the producers, the consumers and the major players in the oil industry.

Environmental concerns

▶ *I see from some of your recent speeches that you have an interest in environmental issues. Obviously, concerns about pollution and the burning of hydrocarbons are now firmly on the political agenda in most developed countries. How do you think this is likely to affect the* *markets for oil and gas products over the next decade and in what way is OPEC involved in specific measures to tackle the environmental problem?*

— The environmental problem will certainly add a degree of uncertainty in the oil market. The reason for this is that the measures being taken by the industrialised countries under the 'environmental' guise are primarily aimed at reducing consumption of oil. This will, to a certain extent, influence the security of demand. We do not know what the effect of environmental policies will be on the demand side. Clearly, if the industrialised countries continue to pursue administrative, regulatory and economic measures aimed at oil, demand for it will go down. On the other hand, we see that the policies of industrialised countries designed to reduce oil consumption have the effect of slowing down economic growth and development in the developing countries. So the effect will be worldwide.

Looking particularly at the developing world, we see that the increase in population and the aspiration of these nations to improve their standard of living is bound to increase the demand for oil. What this means is that you have here two opposing forces. On the one hand, there is this effort to reduce consumption but on the other, we see the pressure of increasing demand for oil in particular. Oil producers have to weigh up these two forces. The question is; to invest or not to invest? And if there is a certain hesitation to invest, on the part of producing countries, because of this uncertainty about future demand, we may face a certain shortage of supply in the middle of the decade.

► *On a related point, you delivered a speech in Tulsa in which you talked about adverse and discriminatory public policies in industrial countries which are aimed at reducing oil demand 'irrespective of the resulting sub-optimal transition in the world energy mix'. You went on to call for these policies to be removed from the rules and regulations of IEA* (1) *member states. What policies in particular were you referring to?*

— Clearly, there is fiscal policy. You know that oil is now heavily taxed — in certain countries the tax is twice the price of the oil itself and that is discriminatory because at the same time, for example, coal is subsidised. Policies such as these distort the allocation of resources and are certainly to the detriment of the oil producers. There is now talk about imposing a carbon tax, on top of the gasoline taxes already in place. So you see there is a clear bias against oil vis-à-vis other energy resources and we do not think that this is fair.

'Discrimination in taxation'

► *Do you not think that such an approach may be justified in an environmental context so long that it is not discriminatory as regards other forms of hydrocarbon pollution?*

— You know that coal emits more fumes than oil and in a way more than gas. But what we see at the moment is that oil and oil products are particularly heavily taxed, while coal is subsidised. So there is a clear discrimination in taxation between different forms of energy. We are also concerned about CO_2 emissions but we know too that there are still many questions to be answered. The scientists are not quite clear about the fact or the extent of global warming, when it will happen and by how much the temperature will increase. It is more or less the consensus of the industrialised countries that only by taxing oil heavily, can you reduce the CO_2 emissions below the 1990 levels by the generally accepted target date of 2005. But if you tax oil that heavily, then something must give — and that something will be economic growth and development.

► *On a more political note, in what way did the conflict in the Gulf affect OPEC, given that both Kuwait and Iraq are members of the organization?*

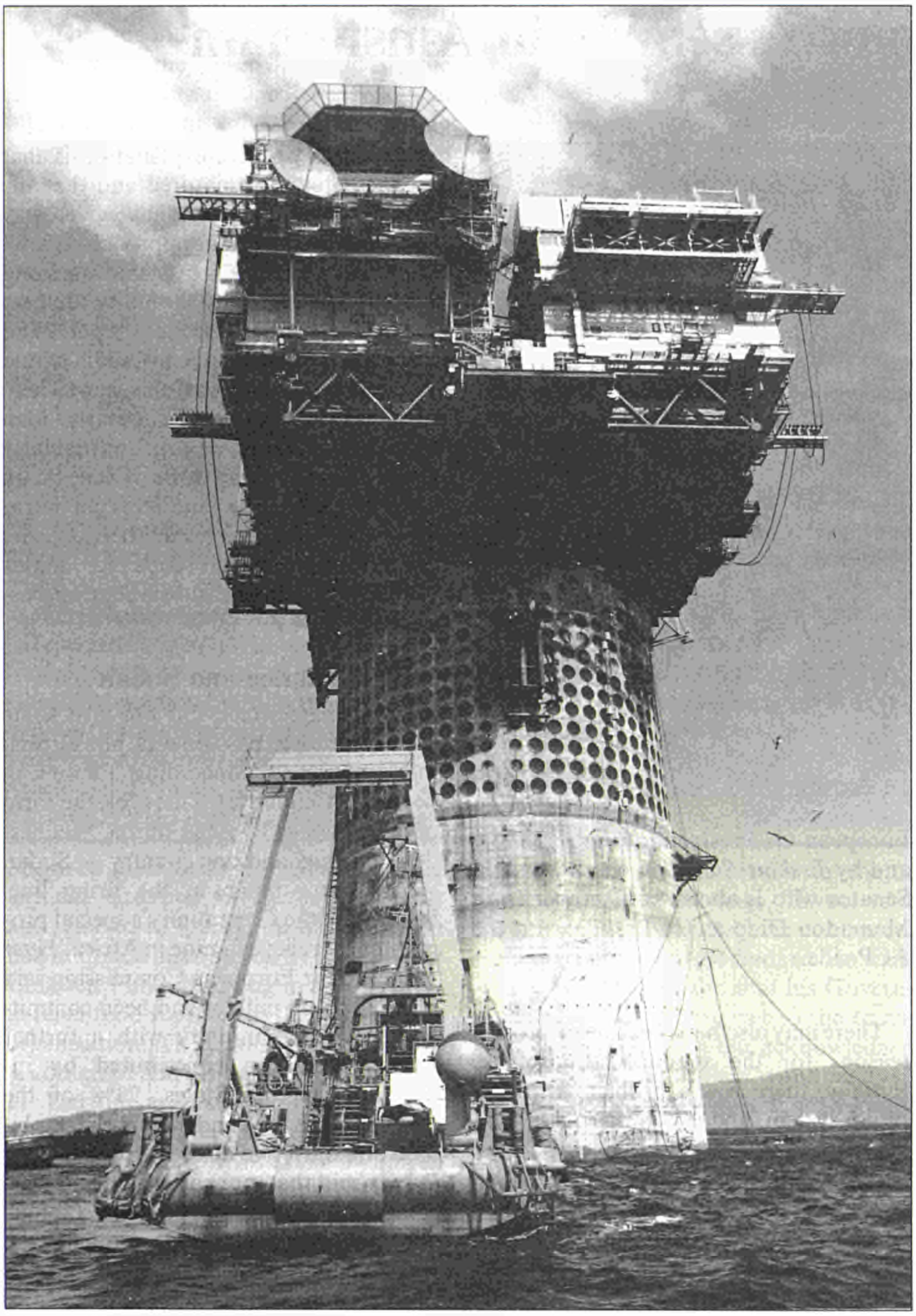
— First of all, I must state that OPEC is an economic organization and that it continues to act in an economic fashion. So, in a way, the political conflicts that have taken place, like the war between Iran and Iraq and more recently between Kuwait and Iraq have not changed the character of OPEC as an organization. We have continued with business as usual because we talk about the economics of oil and not about the political problems between countries. But of course, in another way, the war in the Middle East has had a profound effect on the oil industry. The fact that between four and four and a half million barrels per day were taken out of the supply because of the UN embargo meant that other OPEC countries had to increase their production in order to fill the gap. On this issue, we like to show to the world that OPEC is a responsible organization. Had we not increased production, prices would have gone out of control. We decided to forego that because we wanted to stabilise the price and it should be noted that only OPEC was effectively in a position to do this because non-OPEC countries were already producing at almost 100% capacity. As a result of OPEC's action, the situation right now is that most of the producer countries, both in OPEC and outside, are producing at their limit. This means that if something happens on the supply side or on the demand side that influences or disrupts the balance, then you will have a disequilibrium which will affect prices.

Iraqi oil

► *Presumably on the supply side, one might envisage Iraqi oil coming back on stream in the not-too-distant future. What effect is that likely to have on the market?*

— We know that this is a political situation, but looking at it from the technical aspect, I think Iraq will eventually have the capability to return to their pre-war production which was somewhere between three and four million barrels per day. Currently, Iraq needs 400 000 barrels per day for domestic consumption and has the ability to produce one million barrels daily. Their ability to return to pre-war production levels is a function of at least three things. One is the resource availability and I think that Iraq has the potential in this area. The second is the need for capital to repair the damage which has been done to production and maintenance equipment. Of course, on this point, we have to take into consideration whether the capital will be forthcoming or not. Finally, there is the political aspect — whether the UN will lift the sanctions. So, there are still a lot of uncertainties. But suppose Iraq comes into production again in 1992 and perhaps at the same time Kuwait gets back to its pre-war production level. That clearly means that there will be significantly more oil on the market. At the same time, we need to look at the other side of the equation — and that at the moment means the production situation in the Soviet Union. We hear about the continuous decline and perhaps even the near-collapse of Soviet Union produc-

(1) International Energy Agency.



Central Office of Information, London

'...trade in oil amounts to something like 300 billion dollars — no other commodity can match that'

tion. Nor do we think that this can be corrected in a short time through the influx of capital and technology from the West. The political situation must be stabilised first. So these are the two aspects which we shall have to weigh carefully during 1992.

A third factor that influences the outlook for 1992 and beyond is the extent to which the world economy develops. Assuming that we are able to overcome the recession, and I am sure this is already taking place, we can expect world demand to increase in 1992-93. Current estimates are between 2.8% and 3% annual growth. Translated into oil consumption, this means that annual demand will increase by something like 800 000 to 1 million barrels per day. So, these are the factors that we have to look into to be able to see the supply and demand picture in the coming years.

▶ *It was widely reported in the press recently that Saudi Arabia was thinking of leaving OPEC. What is the background to this story and is there any truth in it?*

— I would take it with a grain of salt. OPEC is an organization where sometimes very frank exchanges of ideas take place between the Ministers. I am convinced that OPEC needs Saudi Arabia as Saudi Arabia also needs OPEC.

OPEC — a model for other commodity suppliers?

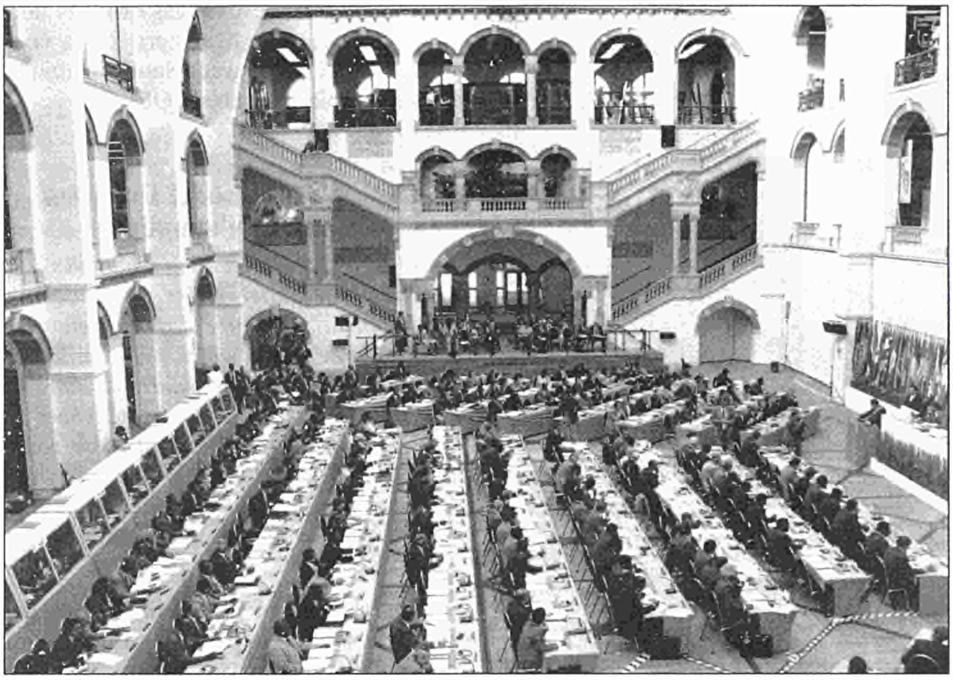
▶ *A lot of developing countries are reliant on raw materials for their economic development. A feature of recent years has been the low prices which these materials have obtained in the international markets and this has had adverse consequences on the economic development of these countries. What do you think of the idea which has been put forward by some people that OPEC-type structures should be set up for other commodities?*

— Well, first of all you have to realise that oil is not coffee, or tobacco, or copper, or pepper or peanuts. Oil is a political commodity. It has important strategic and political significance which is not the case say with tin or cocoa. No commodity has the value of oil. I think that trade in oil amounts to something like 300 billion dollars and no other commodity can match that.

We should also remember that there are already many forms of what we would call producers' associations — where producing countries get together and form an organization to work for the interests of their particular commodity. For example, we have a tin agreement, a rubber agreement and a copper agreement involving types of producer association similar to that of OPEC. But we know that they cannot be compared with oil in terms of importance; in other words, in terms of volume. These commodity associations have tried to apply what they call buffer stock operations, by buying and selling when the price is below or above a certain target price. It may be a good idea in theory, but in practice we have seen that it does not work. So this attempt to copy, if you like, the experience of OPEC is not a new idea. In fact, it began in 1975 when there was a lot of talk about a new international economic order. Commodity agreements were born at that time, but the outcome of the experiment was not very encouraging. ○

Interview by Simon HORNER

Low-key Joint Assembly in Amsterdam


The Courier

'Subdued' is perhaps the best word to describe the most recent ACP-EEC Joint Assembly which was held in the Royal Tropical Museum, Amsterdam on 23-27 September. It is true that there was some heated debate when a resolution tabled by *Margaret Daly* (ED UK) *et al*, regarding the situation in Sudan was being discussed (see below). There was also a minor controversy over the status of a daily newspaper produced for the occasion by local journalists and students when Danish MDP, *Marie Jepsen* (ED) drew attention to an error (presumably editorial rather than typographical) which substituted Turkey for Denmark as a member of the European Community. In general, however, the atmosphere was distinctly low-key, with minimal argument or controversy on the main issues under debate.

There are a number of possible explanations for this. Among some members of the Assembly, there seems to be a sense of resignation — a sort of 'Lomé-pessimism' somewhat akin to the 'Euro-pessimism' of the 1970s, engendered by the continuing economic crisis in Africa and by a feeling that the attention of the world has shifted North and East, with the collapse of communism. This was a factor which was acknowledged at a press briefing by both *Leo Tindemans*, the European Co-President of the Assembly and by *Erskine Simmons*, the Barbadian Senator who is about to take over from Mamadou Diop as Co-President on the ACP side.

There may also have been more prosaic reasons for the subdued atmosphere. Initially, there was a problem with the sound system, and it was not possible to hear the speaker without earphones. Although the amplification to the hall improved, the earphones continued to be needed, not just for translation but also to boost the volume of original speeches in one's own language. Clearly, the atmosphere of an event is not wholly determined by its acoustics, but it may be a contributory factor.

There was also the fact that the previous Joint Assembly in Kampala had been particularly successful and had enjoyed the experience of being the centre of attention in its host country. (Indeed, it was regularly the lead item in local TV news bulletins despite the fact that the ground war was raging in Kuwait and Iraq at the time). Although the City of Amsterdam offered good hospitality, the event itself attracted relatively little media interest and this must have rubbed off on those attending.

The most positive explanation is that the Assembly has matured and that the controversies of the past have given way to a more workmanlike approach, involving a closer consensus over the issues and the way in which they should be tackled. An examination of the main reports and resolutions debated in Amsterdam would certainly tend to support this view. There was general agreement about the high standard of these reports (particularly those of *Abdourahim Agne* of Senegal on Services and of Dr Simmons on intra-ACP trade) and, as a result, there appears to have been little scope for major disagreement in the substantive discussions.

Famine and Sudan

The debate which did provoke some controversy and passion was, not surprisingly, the one concerning famine in developing countries. This took the form of an exchange of views on the Wednesday morning, and one country — Sudan — was very much in the firing line. Describing the Community's special programme to relieve famine in Africa, *Peter Pooley* of the European Commission said that ECU 140 million had been committed by the Community with a further ECU 70 million contributed by individual Member States. 93% of the Community's aid had now been mobilised and most had already been sent. Mr Pooley said that more attention had been given to the problem of logistic support and that the provision of aeroplanes by Member States had made an enormous difference to the speed and efficiency of the operation. In respect of the 7% which had not been mobilised, he explained that this involved aid earmarked for Somalia and southern Sudan where there were 'difficulties of access'. Mr Pooley referred specifically to the 'deterioration of the situation' in Sudan and asserted that 'cooperation with the local authorities is decreasing rather than increasing'. He said that all donors were having difficulty in moving food from the primary distribution centres.

This theme was expanded upon by Margaret Daly (ED UK). She said that she had been 'appalled when listening to representatives of the Sudanese Government asserting that there was no famine'.

The second ACP-EEC Joint Assembly of the year was held in the splendid setting of the Royal Tropical Institute in Amsterdam. The opening speech of welcome was delivered by the Mayor of Amsterdam, Mr Ed van Thijn. In his address, the Mayor noted the significance of development issues to his city which plays host to more than 110 organisations working in the development field and which has some 140 nationalities among its inhabitants.

The President of the European Parliament, Mr Enrique Barón Crespo spoke of the new challenges facing the Community, notably as a result of changes in Eastern Europe. He welcomed the progress towards democracy in many-ACP States but also spoke of problem areas where human freedoms were not being respected.

Mr Mamadou Diop, at the opening of his last Joint Assembly as Co-President, expressed regret over the 'incomprehensible delay' in the entry into force of Lomé IV. He also acknowledged that despite 15 years of cooperation between the ACPs and the EC, the former were still confronted with fundamental economic problems. He outlined briefly, the important topics which would be discussed in the following four days.

Co-President Leo Tindemans expanded on the problems referred to by Mr Diop and asserted that economic growth, democracy and respect for human rights were the current aspirations. He also noted with regret, the fact that the Commission proposal for debt cancellation, submitted in November 1990, remained blocked in the Council.

The final presentation in the formal opening session, was made by the Dutch Deputy Foreign Minister, Mr Piet Dankert who argued that the Community had insufficient tools to do its job. He expressed the hope that at the Maastricht summit in December, a new basis would be established for the Community to meet up to the new challenges which it faced.

She drew the Assembly's attention to the 'critical' situation in Northern Darfur and referred to specific 'obstacles' which had inhibited distribution by the Save the Children Fund, resulting in a 90% drop in relief food supplied to the area by that organisation. There was, she continued, 'a contempt and disregard for the people of Darfur' and she urged the Joint Assembly to put pressure on the Sudanese Government. *Maxime Verhagen* (EPP NL) sought a response from the Sudanese representative to the report that his country's government had decided to give food aid to Iraq and also raised the issue of blockages in distribution.

In reply to these and other criticisms, the representative of *Sudan* stated that the famine issue had been raised by his country's President before the United Nations in October 1990. He also stressed his country's gratitude to the Community and other donors for their efforts. He was critical, however, of the 'political position' adopted by some countries and accused them of using the famine to put pressure on Sudan. He said that his was a very large and poor country which lacked infrastructure, but despite this, only the Netherlands was providing development aid (as opposed to emergency assistance). He argued that this lack of official development assistance was a major cause of the food shortage. 'If you want Sudan to fulfil its duties', he continued, 'you should not cripple Sudan'. He went on to dispute the claim that his Government was placing obstacles to the transport of food supplies but acknowledged that there was a problem with 'bandits'. He also denied the report that food aid was to be sent from Sudan to Iraq.

The situation in Sudan provoked further heated discussion during the voting session, when a resolution condemning human rights violations in the country was considered. Members of the whole Assembly finally supported a revised resolution which appealed to the authorities in that country to ensure that humanitarian aid is transported rapidly to those who need it. Only Sudan voted against the final text.

Swiss banks

More generally in the famine debate, Mrs *Van Hemeldonck* (Soc NL) argued that there was a clear link between democracy and development, and pointed out that Swiss banks would not be so rich if 'incredible sums were not deposited there' by some of the poorest countries.

The representative of *Ethiopia* warned that the lives of close to 10 million people in his country were now threatened and that, with the infrastructure in a 'shambles', there was a shortfall in relief requirements.

Christopher Jackson (ED UK) focused on the issue of debt and argued that it was unrealistic for it all to be cancelled. Instead, he commended the Trinidad Terms as a sensible option. Under these, he said, the whole of a country's debt would be treated together, up to two-thirds might be written-off, there would be a five-year period with no repayments and the repayment period for the remainder would be lengthened from 14 to 25 years.

The representative of *Djibouti* drew the Assembly's attention to the refugee problem faced by his country as a result of the famine in the Horn of Africa. He described the relief actions taken by his Government 'out of our very meagre budget' and pleaded for more effective action.

The European Commission received support for its efforts from the representative of *Côte d'Ivoire*. The latter, however, suggested that when food aid is being put together, more effort should be made to call on supplies available in countries which are close to the famine areas.

The Courier

Abdourahim Agne (left) and Dr Erskine Simmons, whose reports on services and intra-ACP trade respectively were debated by the Joint Assembly in Amsterdam, are pictured here taking part in a lunchtime panel discussion on the problems of development

Services

Billed as the main 'debate in the Joint Assembly, the discussion of Abdourahim Agne's report and draft resolution on 'Services: a new basis for development' turned out to be a relatively short one, reflecting the general consensus which existed over the Senegalese rapporteur's conclusions. Introducing his report, Mr Agne said that he wanted to lay the foundations for an autonomous services policy aimed, at the same time, at supporting traditional economic activities in the ACPs. He stressed that the implementation of Lomé IV should take the following points, among others, into account:

— technical cooperation in the field of services;

— development of service infrastructures in the transport and telecommunications sectors in order to facilitate regional integration;

— development of intermediate services

Mr Agne went on to state that it was appropriate to consider services as factors of production and as elements in the integration of national and regional economies. As regards financing, he argued for a distinction to be drawn between public services, which could be financed in the framework of structural adjustment policies and intermediate services which were primarily of interest to companies. The latter, he suggested ought to be financed directly through a new instrument to be created by the European Investment Bank in conjunction with ACP financial institutions. In his concluding remarks, the rapporteur emphasised, however, that an effective services policy would only be possible if there was a genuine political will for it.

It is one of the curiosities of the Joint Assembly that the debate which immediately follows the formal opening session is used as an opportunity for general statements by speakers, irrespective of the topic which is supposed to be under discussion. There are always a number of prominent contributors from Community and ACP institutions who rightly have an interest in making more wide-ranging contributions, and indeed, the members of the Assembly expect this. The oddity is that such statements are not programmed in the agenda — thus, the rapporteur's introduction tends to be followed immediately by a *de facto* suspension of the debate. For the second time in succession, Mr Agne's report fell victim to this informal arrangement.

The next speaker, representing the Council presidency, was *Piet Dankert* the Dutch Deputy Foreign Minister and former President of the European Parliament) who delivered a wide-ranging speech touching upon the subjects of famine, the GATT negotiations, sugar, human rights/democracy, South Africa, Angola and Mozambique. Mr Dankert sought in particular to reassure the ACPs that the radical changes affecting the world political order would not result in less attention being paid to the Community's traditional partners in development.

Dr *Augustin Ngirabatware* of Rwanda, who is President-in-office of the ACP Council, then spoke of the need for qualitatively better aid and quicker implementation. He argued that life had been made impossible for ACP governments, because all their efforts towards stability and structural adjustment were being defeated by falling raw material prices and towering debts. He stressed that programmes aiming at the needs of the people were necessary. He also spoke about problems of trade and Aids as well as of the need for vigilance in ensuring that the Government of South Africa did not backtrack on its commitment to introducing democracy.

To do justice to Commission Vice-President *Manuel Marin,* he sought to keep to the spirit of the agenda by focusing on the services issue. He began by pointing out that this sector was founded essentially on people and that it was necessary to concentrate on good basic education, on professional training and on developing management skills. Accordingly, he felt that the challenge should be seen less in terms of the financial resources required for developing the service sector *per se,* and more in terms of the training policies required for ACP citizens to be able to develop their own service industries. Mr Marin said that the instruments of the Lomé Convention were designed to help meet this challenge.

The Commissioner also spoke of the new international order which was coming into being, characterising it as the final dismantlement of the system which was established at the end of the Second World War. He acknowledged that in times of transition, uncertainty and confusion were inevitable, but stressed that it was essential for the ACPs to play a full part in defining this new order. Mr Marin also emphasised that growing importance was being attached to human rights and democracy issues within the Community. The Commission, he said, would unambiguously support actions which favoured human rights or were aimed at democratisation.

Other speakers in the services debate included the representative of *Benin, François Guillaume* (RDE F) and Maxime Verhagen. Mr Agne's draft resolution was adopted with amendments during the voting session on the Wednesday evening.

Intra-ACP trade

The other main debate at the Assembly was on the report and draft resolution presented by Dr Erskine Simmons (Barbados) on the subject of developing intra-ACP trade. The rapporteur, who was congratulated on all sides for the quality of his report, outlined the obstacles which stood in the way of trade between the ACP countries. These included a lack of complementarity on the production side, the dependence of ACPs on external suppliers particularly as regards manufactured products, over-valued and non-convertible currencies, the lack of infrastructure, linguistic differences and the absence of common norms. In general terms, Dr Simmons said, the solution at national level lay in developing diversified economies and in devising policies aimed at the production of globally competitive exports. Further development of sub-regional organisations was also needed, with a view to promoting economic integration within single market areas. In the ACP context, states should do more to coordinate their economic activity. The rapporteur underlined the importance of political will within the ACPs to bring about these changes.

During the debate on the Simmons report, the representative of *Cameroun* went even further in calling for an ACP monetary union while Mr *Escuder Croft* (EPP SP) echoed Dr Simmons' call for the creation of an ACP chamber of commerce.

In the resolution adopted later in the session, the Joint Assembly called *inter alia* for the ACP states to:

— redouble their commitment to existing regional and subregional organisations;

— support cross-frontier economic contacts;

— establish an agricultural policy aimed at national and regional self-sufficiency in food;

— reduce, initially on a regional basis, tariff and non-tariff barriers

— reduce subsidies and bring about rational price mechanisms to facilitate competition;

— create, with European commercial banks, a relationship which allows the banking systems within ACP States to become more technically efficient;

— take full advantage of the provisions of the Lomé Convention as regards access to risk capital in order that they might develop small and medium-sized industries for local and cross border markets;

— encourage legitimate trade between border regions in neighbouring countries.

The European Community, for its part, was urged to:

— provide technical assistance and where possible, financial support for those ACP states wishing to participate in clearing house schemes operated by the various regional organisations such as the PTA;

— investigate with the ACP States, the practical measures which may be taken to establish a zone of ACP-EEC monetary cooperation, particularly in the light of moves within the European Community towards economic and monetary union;

— provide support for market research activities in ACP States by financing studies aimed at developing new outlets for manufactured items, and to implement the appropriate means for the development of processing, marketing, distribution and transport operations.

The report also called for the establishment of an ACP development bank and emphasised the importance of acquiring a qualified workforce entailing investment in professional and vocational training. Following a debate, the resolution was adopted with only minor amendments.

Democracy and development

The Joint Assembly also debated for the first time, the subject of human rights, democracy and development. The representative of *Guyana* opened the discussion by asserting that it was impossible to 'delink' democracy from development since both involved participation — the one in politics and the other in economics. However, the Guyanese delegate pointed out that 'mere advocacy of the value of multi-party politics does not mean that it will work in practice'. He also expressed concern about the rights of non-nationals within the European Community and about the growing number of negative statements by some European politicians regarding the immigration issue.

Henri Saby (Soc FR) made an impassioned plea for democracy at the international level in bodies such as the IMF, the World Bank, GATT and the United Nations. He was particularly critical of the GATT process and asserted that 'there is no such thing as one democracy for the poor and another for the rich'.

The *Kenyan* representative took the opportunity provided by this debate to respond to criticisms made of his country. He expressed amazement over a resolution sponsored by MEPs in the European Parliament in which human rights violations had been alleged and insisted that Kenya had no political detainees. He urged his audience not to resort to 'intimidation against our young and developing democracy'. He pointed out that Kenya had an independent judiciary and stressed that his country subscribed to a policy of respect for human rights. However, he pointed out that enjoyment of these rights was subject to the requirement for stability and law and order, and that the state had a right to detain people who threatened these.

A number of speakers referred to the issue of conditionality — ie, the possible linking of future aid to respect for human rights and democratic freedoms. *José Barros Moura* (CL P) said that this should only be applied with great care while *Brigitte Ernst de la Graete* (Green B) went further in arguing that it should be applied with 'coherence, transparency and flexibility'. Responding to concerns over what 'conditionality' might involve, Peter Pooley of the Commission drew a clear distinction between human rights and democratisation. The Commission, he said, had 'an obligation and vocation — deriving from the basic principle of solidarity — to uphold' the former, and would where necessary, take negative measures in pursuit of this. As regards the latter, he noted the strong trend towards developing indigenous democratic systems and emphasised that in this area, the Commission would only consider positive measures.

The discussion was concluded by the representative of *Zaire* who stated that the process of democratisation had begun in his country but acknowledged that there had been 'some recent turbulence'.

Whatever the situation in individual Member States, the atmosphere at the Amsterdam Joint Assembly was certainly not turbulent. Whether or not this was due to a growing sense of 'Lomé-pessimism', the members nevertheless succeeded in covering a lot of ground, discussing a wide range of current concerns and tackling potentially controversial issues. They will meet again in the Dominican Republic early in 1992. ○

Simon HORNER

The Joint Assembly — as seen by four of its members

Joanna Rwabyomere

The Hon. Mrs Joanna Rwabyomere, who is a member of Uganda's National Resistance Council (Parliament) believes that the Joint Assembly provides a very good model of cooperation. She approves in particular of the atmosphere of free debate and constructive criticism leading to consensus on a range of issues. As she points out, 'the more we communicate, the more we understand each other'. Mrs Rwabyomere concedes that there can sometimes be frustrations when one finds oneself wondering 'where all the talk is taking us', but on the whole, she rejects pessimism of this kind.

She accepts that the work of the Joint Assembly needs to be complemented by a political will to achieve results on the ground but also believes that it has had successes. She draws attention to the high profile which the Assembly has given to the issue of women in development, a subject close to her own heart. Mrs Rwabyomere firmly believes that greater involvement of women in decision-making is essential if many of the problems of development — notably in respect of population growth, health and education — are to be solved. She also sees the Assembly as a necessary part of a system of checks and balances, pointing out that the Commission and the Council must answer to it for their actions.

François Guillaume

François Guillaume, who is a French member of the European Parliament and one of the 69 European members of the Joint Assembly, believes that the latter's main function is to provide advice to the decision-making institutions of the Community — the Council and the Commission — and of the wider Lomé system. He sees a particular value in having the ACP representatives, who know very well the difficulties facing their countries, coming together in a joint forum with Euro-MPs, with their knowledge of the international and European context. As to the influence exercised by the Assembly, Mr Guillaume acknowledges that its primary function is to debate issues rather than to decide them, but he believes it can have an influence — especially as regards general policy implementation. He stresses that all the different headings of the Lomé Convention are examined by the Assembly at the outset and their views are presented to the Commission and Council at an early stage.

In the current situation, where one sees a growing imbalance between the underdeveloped regions of the world and the industrialised countries, Mr Guillaume believes that the Joint Assembly should be challenging the prosperous nations to face up to the dangers of underdevelopment. It should also be proposing more energetic and dynamic solutions than have hitherto been advanced.

Dexter Chavundaka

Mr Dexter Chavundaka, who is a member of the Zimbabwe Parliament thinks that the Joint Assembly plays a crucial role in articulating the cooperation — both economic and political — that is implemented through the Lomé Conventions. He believes that this cooperation is strengthening and becoming more meaningful for both partners, 'in terms of continued dialogue about the needs of our two communities'. He points out that the volume of resources available under the latest Convention, 'albeit not adequate', has shown an improvement over previous Lomé agreements. Mr Chavundaka emphasises that the Joint Assembly 'is the point at which the views of the ACP and EC countries are articulated'.

As such, he believes that it forms the essential platform for the philosophy of cooperation to be developed — something which he believes can only take place through this kind of forum. He also thinks that the Joint Assembly can 'only go from strength to strength' as both partners begin to understand the real nature of the consensus. He sees the ACP and EC agendas as gradually merging together and looks forward, as part of this process, to a 'much more effective implementation of Lomé IV'.

Maartje van Putten

Dutch MEP, Mrs Maartje van Putten was very much on home ground when she spoke to The Courier in Amsterdam. She describes the Assembly as the platform which brings together the elected representatives of Europe and Africa. While acknowledging that some are cynical about the Assembly's lack of powers, she refutes this kind of cynicism as being too simplistic. Echoing an ACP representative in one of the plenary debates, she points out that the ACP group has better relations with the Parliament than with other Community institutions and stresses the importance of having a platform 'where we at least listen to each other'.

'Twice a year, for one week, we have the time to try to understand each other, to hear the force of other opinions and to discuss the Commission programme in detail. If we don't say something about what we think is important, who is going to do it?' she asks. 'Is it to be left only to the Council and the Commission — a very small group of people who are not subject to control, to fill in the whole programme?' It is these arguments which, in Mrs van Putten's opinion 'makes the Joint Assembly a necessity'. As to the future, she admits that it is sometimes difficult to remain optimistic given the economic difficulties facing so many of the ACPs. She remains strongly committed, however, to making the Lomé Convention and the Joint Assembly work.

KENYA

Democracy
Winning the hearts and minds of *wananchi*

Vivant UNIVERS

President Daniel arap Moi acknowledging cheers at Eldoret

Kenya has the distinction of being among the very few African countries which have maintained a parliamentary form of government since independence, though under a one-party state. Widely praised for that, this once *enfant cheri* of western democratic nations has, to the astonishment of the government, come under severe criticism in the past two years, not only for resisting the wave of political changes sweeping across Africa, ie the move towards multiparty democracy, but also for what many perceived as violations of human rights and infringements of press freedoms.

The Kenyan government's initial reaction was one of indignation at what it saw as external meddling in its internal affairs. It had thought that democracy was being fully expressed in the country through the one-party system, which has been in place in nearly all of Kenya's thirty years independence.

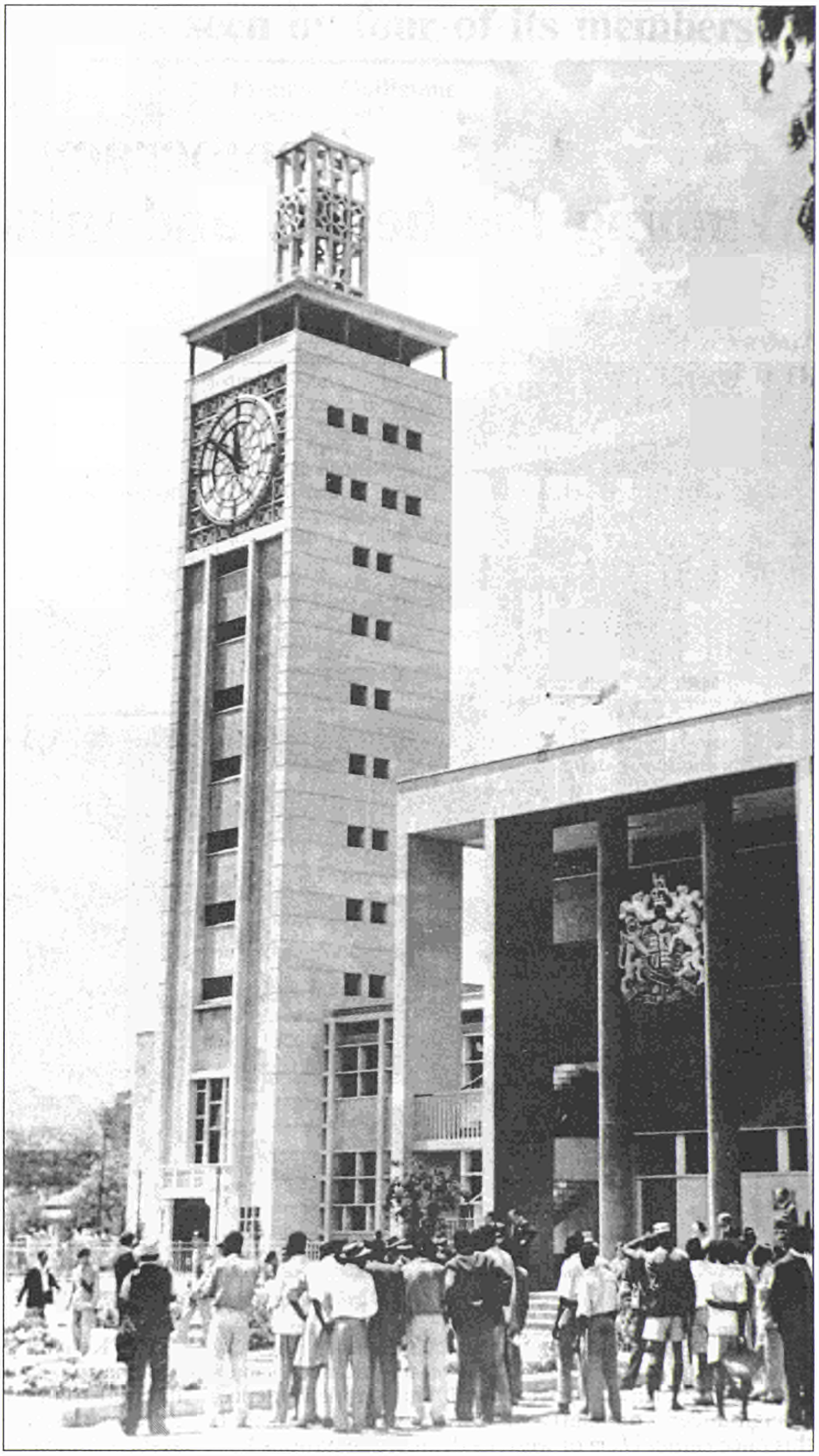
Kenya had the right, it said, to choose its own political system and not engage in copying alien models.

Although the campaign for multi-party politics had been on for some years in Kenya, the movement was not galvanised until the recent changes in Africa. Rallies and demonstrations were held last year and early this year until March when President Daniel arap Moi put an end to public debate on the issue and declared outright there was no question of multi-partyism in Kenya.

Veteran politician and one time vice-president Oginga Odinga, the government's most vocal critic, attempted unsuccessfully to establish a political party, the National Democratic Party (NDP). His application to the High Court for registration was rejected as illegal, Kenya being a *de jure* one-party state. Four other prominent opponents, Raila Odinga, son of the former vice-president, lawyers James Orengo, Martha Njoka and Gitobu Imanyara, editor of the journal, *Nairobi Law Monthly* ran foul of the law in connection with the campaign for multi-party politics and were duly detained.

The concern in official circles was and still is that the campaign is being orchestrated by outside forces. They fear it could provoke social unrest and create a distraction to the government at a time when Kenya is embarking on its most ambitious economic development plan yet. But the reaction of the government in detaining campaigners and suppressing public debate only succeeded in creating the impression of a serious political crisis and of massive repression in Kenya, prompting calls in several western nations, particularly in the United States, for linkage of further economic aid to the country with progress on democracy and on human rights.

As the months go by, however, and observers take a more dispassionate view of the arguments, foreign criticisms of the authorities have diminished as the merits of the government's position and that of its opponents are weighed. The tendency now is to be more neutral and to say that it is up to Kenyans to choose their own political system.



The Parliament building in Nairobi

The argument

The Kenyan government opposes multi-party democracy on the ground that it encourages tribalism and therefore is disuniting. Its opponents which include lawyers, clergymen and politicians, many of whom are former members of the ruling party, KANU (Kenya African National Union) believe otherwise, seeing multipartyism as the best guarantee of clean government, of accountability and respect for human rights, as well as being the best guarantor of the rights of minorities — a bulwark against tribal domination and corruption. Grouped under a 'pro-democracy' movement, they have in recent months stepped up their campaign, by openly calling on donors to suspend aid to Kenya until multi-party politics are restored.

Laudable and courageous as the movement's campaign may be in the eyes of many, it faces an uphill struggle both in convincing western governments to cut off aid and in winning the support of *wananchi* (the people). History and events recently around the world have shown that only the people can effectively bring about internal change. There is little outsiders can do.

Kenyans being generally apathetic to politics and much more concerned with their economic wellbeing, winning the hearts and minds of the people will not be easy. That task is made doubly difficult by the fact that, with the peace and stability the country has enjoyed over the years at the back of their minds, the political turmoil that has embroiled Kenya's neighbours (Uganda, Ethiopia and Somalia) not to mention further afield (Chad, Liberia and Sudan) sends a shiver down the spine of many Kenyans. This fact is effectively being used by government and party officials to argue the case against multi-party democracy. The disturbances and civil wars that have plagued those countries, they say, could happen in Kenya, and Kenya being a fragile country would not survive.

These notwithstanding, the government appears to have gone on the offensive to put across forcefully the case for Kenya's unique brand of one-party state. If the current perceptible shift of international emphasis on to the issue of human rights in the country is anything to go by, it is increasingly succeeding.

A one-party-state like no other

The government contends that Kenya has always been a democratic country where the freedom of choice is respected, where the people participate in decision-making and in management of affairs, and where public accountability is assured. This refers no doubt to the regular elections which have often seen large numbers of members of parliament, including cabinet ministers, lose their seats and the occasional party commissions of inquiry on major issues. These commissions, which travel round the country organising public meetings, in the government's view, provide individuals and groups (district commissioners, trade unions, teachers, the churches, etc) with opportunities to criticise, make suggestions and influence government policies. The party, it says, has no other ideology than 'economic progress and the wellbeing of the people'. It is simply a framework for organising the country's political life. Although it approves the list of candidates, it neither nominates nor campaigns on behalf of members. There can be as many as twelve candidates in a constituency contest, party officials told *The Courier*. 'Candidates for election risk a lot financially since there are no subsidies and they have to cover all their own campaign expenses', a high-ranking government official said, pointing out that Kenya's one-party system is like no other in the world, hardly comparable in structure and organisation with the sole political parties that obtained until recently in some African countries or with the totalitarian regimes of former communist Eastern Europe.

It all boils down to the fact that the ruling party, KANU, never loses an election, and that politics in Kenya is much more about personalities than about policies. And because the contest is between individuals, it has not come as a surprise that over the years there have been murders whose motives have been suspected as political: Tom Mboya in 1969, Joseph Kariuki in 1975 and most recently, in 1990, foreign minister Robert Ouko.

But if the Kenyan government feels confident about winning the debate on democracy it is, nevertheless, aware of its vulnerability on the human rights issue, having had a number of people jailed or detained for what many considered as political offences or simple dissent. It has been accused by human rights organisations of torturing detainees.

An area of blurred vision between what is a criminal offence or pure political activity for which very few countries in the world have escaped criticism, human rights is now an issue that the international community is prepared to invoke, if need be, to interfere in any nation's internal affairs. It is perhaps the awareness of this that has led the Kenyan government, in recent months, to take several steps designed to spruce up its image; measures which now put it in a position to challenge its critics on both human rights and on corruption. The measures include the widely applauded appointment of Amos Waco, a highly respected internationally-known human rights lawyer, as Attorney-General, the review of the cases of detainees and their release, and the enactment of legislation restoring the security of tenure for judges, the Attorney-General and the Auditor-General.

On the question of press freedom, Kenya's press is relatively free compared with the rest of Africa, although observers note that there is a degree of 'self-censorship' that borders on fear. The closure of a couple of publications and the seizure of copies of the *Nairobi Law Monthly* review recently did the goverment's image no good. But that does not detract from the fact that the Kenyan press is lively and enjoys a good deal of freedom. For example, despite the ban on public debate on multipartyism, it has continued to report the campaign activities of the four detainees released recently. Furthermore, the similar campaigns and demonstrations taking place currently in a number of African countries for multiparty politics are faithfully reported on radio and television.

At the time of *The Courier*'s visit, the pro-democracy movement campaign was not limited to pressure on donors to cut off aid to Kenya. It also involved calling for the repeal of certain legislation and dismissal of two British judges whom the opposition felt were partial and pro-government.

That the continuing campaign for multipartyism of the four former detainees is being tolerated, even though some of their activities under the existing laws could be considered illegal, itself speaks volumes about an emerging situation of freedom in Kenya. This can only win the government greater support.

Kenya's political system is, as already noted, a matter for Kenyans. Over and above other considerations, Kenyans have to choose between two systems, one where the contest is between individuals, and another where groups are pitted against groups or tribes against tribes for political control. Tough choice for *wananchi*. ○

AUGUSTINE OYOWE

KANU, the ruling party

The seeds of the one-party state in Kenya were sown in the colonial era during the struggle for economic and political rights when only one strong organisation, the Kenya African Union (KAU) emerged. Founded in 1944, mainly by the educated elites of almost all the major tribes, KAU was nevertheless predominantly *Kikuyu* both in leadership and in popular support. It was banned in 1953 by the British colonial administration under a state of emergency. This followed the arrest and imprisonment of its leader, Jomo Kenyatta, on a charge of involvement in the Mau Mau uprising.

During the state of emergency two *Luo* personalities, Tom Mboya, leader of the trade union movement, and Oginga Odinga emerged in Kenyan politics, being the most vocal opponents of the colonial regime in the absence of the mainly *Kikuyu* nationalists who were either in prison or in exile. It was, however, the allegiance of all politicians to the imprisoned Jomo Kenyatta that was to determine the entire course of Kenyan political life.

Boycotting national politics and cleverly exploiting their influence at the district level, Kenyan nationalists successfully campaigned for a widening of the franchise to universal adult suffrage and for self-government. In January 1960, the state of emergency was lifted and following a constitutional conference in London in February that year, the ban on national party politics was lifted. In the election that followed, Africans were returned in the majority to the Legislative Council. This led immediately to the formation of the Kenya African National Union (KANU) with the absent Jomo Kenyatta as acting President.

But, like in many African countries at the approach of autonomy, divisions began to appear among the ethnic groups, opposing principally a *Luo-Kikuyu* alliance against a coalition of minority tribes (mainly *Maasai* and *Kalenjin*) which feared losing out in a *Luo-Kikuyu* dominated government that sought access for Africans to the 'Highlands', an area reserved for the exclusive use of whites. Led by Ronald Ngala, the latter soon broke away from KANU to form the Kenya African Democratic Union (KADU).

There were fundamental differences in the political philosophy of the two parties. KANU could be described as having a leftist leaning, being, as it was, for a fairer distribution of land to the landless, nationalist not only in its anti-colonial posture but also in terms of the system of government it sought for the country — a unitary state with little power for regional or local governments. KADU, by contrast, sought a federalist constitution which it felt would safeguard the interests of minorities.

Although KANU won a majority in the 1961 election, it refused to form a government, in protest against the continued detention of Jomo Kenyatta. KADU, however, did, forming a coalition which lasted only a couple of months: Kenyatta, the national hero, revered by all, was released in August and both parties rallied around him, but not for long. The debate on the independence constitution reopened the division between KANU and KADU soon afterwards. The 1963 Constitution, which granted self-government to Kenya, however, created six local governments to the delight of KADU. In the election that followed in June, KADU could not field sufficient candidates. It was decisively won by KANU. Jomo Kenyatta became prime-minister and, in December, President when Kenya became a republic under another constitution which stripped local governments of many of their powers and brought them under direct control of the central government. Shortly before this, defections from KADU to KANU had brought the existence of the former to an end. Kenyatta's personality was to dominate Kenyan political life for the next fifteen years with KANU governing unchallenged but with enough internal politics to give the country not only a semblance of democracy but also political stability in a continent rocked by coups and military dictatorships.

In 1966, the radical *Luo* politician, Oginga Odinga, then Vice-President, was expelled from the party following his criticisms of the government policy of combatting illegal squatting on private property. When he and 30 members of Parliament formed a new political party, the Kenya Peoples Union (KPU), legislation was rushed through which forced them to contest their seats in by-elections. In the event, only a handful (nine) were returned. Harassed, two defected and the KPU remained ineffectual until it was banned in 1969 following a disturbance and massacre in Kisumu, which happened soon after a visit by Kenyatta. The KPU was accused of masterminding it and its leader Oginga Odinga was detained.

Kenyatta's determination to tolerate no other political party on the scene, or dissent was obvious until his death in 1978. Indeed the last three years of his government saw the imprisonment or detention of many dissidents, prominent among them, Seroney, Shikuku, Mutai, Anyona and the writer Ngugi Wa Thiong'o.

Kenya remained a *de facto* one-party state until 1982 when the Constitution was amended to make it *de jure*. In August that same year, a coup attempt was made by a section of the air force. Although it failed, it drove home to the authorities the depth of discontent in the country over what the coup leaders claimed were corruption and lack of freedom. With university students joining the rebel airmen and crowds in Nairobi going on the rampage, the scale of looting and loss of life was immense. The government reacted by temporarily closing down the University of Nairobi, and shaking up the armed forces. Observers note since then a change in the government attitude to public opinion, being now much more responsive to it than previously. The coup marked the beginning of a higher profile in public relations by KANU. Anti-corruption campaigns, probity in government and efficiency in the civil service have become watchwords. They remain, however, major problems despite President Daniel arap Moi's personal commitment to combat them, particularly his crusade against corruption.

The party has also tried to broaden its appeal. It recently released the report of a Review Committee whose recommendations are designed to improve the democratic process under the one-party system. The recommendations include the abolition of queue voting (the process whereby party members line up behind their preferred candidate for nomination for election) and the abolition of the 70% rule (whereby a candidate at the nomination stage who attains 70% of the total number of votes cast in a constituency or is unopposed, is declared duly nominated as the sole candidate). Henceforth, the best placed three candidates in a secret ballot go forward for the final election. The measures also include the abolition of expulsion from the party as a disciplinary measure. ○ A.O.

Gearing up for industrial take-off

One of the most potent arguments in favour of the Kenyan government's stance against the introduction of multi-party politics in Kenya is the undeniable economic progress, no doubt one of the most spectacular in black Africa, achieved by the country under one-party rule. A stable political climate, combined with a certain pragmatism in pursuance of a liberal economic policy, ensured that Kenya over the years remained relatively attractive to foreign investors even at the worst of times.

Achieving an average growth rate of 6% in the 1960s, 8% in the 1970s and 5% in the 1980s, Kenya has set its sights in the 1990s on breaking out of its predominantly agricultural economy to embrace one largely based on a broadly diversified export-oriented manufacturing. The aim is to create jobs and bring the fruits of economic progress to the majority of Kenyans for whom growth has so far meant nothing more than a pie in the sky.

This goal would appear timely for the government in the light of current pressures for political change. At about 3.8% per annum, Kenya has one of the highest population growth rates in the world. Unemployment, particularly among school leavers has risen sharply in recent years. So also has inflation in the wake of the Structural Adjustment Programme being pursued by the government. With price increases on basic commodities putting severe strains on the budget of the average Kenyan, the danger of social unrest lurks in the corner. But time is running out. With a workforce currently estimated at eight million, Kenya, according to some estimates, has to create six million new jobs by the year 2000 if it is to go anywhere near meeting demands for employment.

Although agriculture, which already occupies 80% of the working population and accounts for around 20% of wage employment, is slated for expansion (both cash and food crops), the focus is on manufacturing (the potential of which is belived to be far from realised), with the informal sector coming in for special attention.

Kenya, has had the good fortune of having laid a firm foundation for this move. It should be recalled that the country's industrial sector developed very early because of the early presence in the country of high-income expatriates and as a result of demand for consumer goods in neighbouring Uganda and Tanzania. Thus geared, first and foremost, to import substitution and to the market of the now defunct East African Community, manufacturing grew rapidly, accounting today for 12% of the GDP.

Although the service and manufacturing industries are dominated by the private sector, the government has been very much involved, playing a crucial role not only in pioneering certain industries where there were serious gaps in import substitution but also in adopting policies designed to promote the sector. For example, it took measures to protect local manufacturers against cheap imports, ensured that local financial institutions were vibrant enough to provide credit to industry and set up the Kenya Industrial Estates (KIE) to assist in the industrialisation of the country.

Government policy in recent years has sought to encourage the spread of industry to the rural areas to provide employment and stop the drift of young people to the cities. That policy, according to officials of the Kenya Industrial Estates, has to some extent been successful in the sense that 80% of its 5000 or so assisted projects since 1972 have been located in the rural areas. These projects, which are mainly small and micro enterprises,

ILO

Kenyans undergoing industrial training under the auspices of the ILO according to KIE, support rural communities not only in employment but also in meeting demands for such items as agricultural implements and equipment for food processing. That they failed, however, to stem the exodus from the rural areas or make a significant impact on the employment needs of Kenya would in itself justify a change in tactics. Although the widespread belief is that Kenya has largely achieved import substitution and that the time has come for it to produce for export, it has become clear in recent years that import substitution as a policy was no longer sustainable. 'We were counselled quite rightly that we cannot substitute all imports and remain efficient', explained Mrs Veronica Nyamodi, Director of KIE. Import substitution tends to encourage inefficiency. But that notwithstanding, Kenya's export forays in recent years have been encouraging; its manufactured exports now include textiles, ceramics, furniture, metal products, wines and spirits not to mention the Tusker beer that is increasingly becoming popular in the United States. The country has also learned how to promote aggressively its exports.

So Kenya is switching to manufacturing for export with a two-pronged strategy: domestic export-oriented industries and Export Processing Zones (EPZs) with the entire world as its target market. But things will not be easy. Markets are not assured and there is the question of investment capital.

Markets

Although Kenya appreciates the export potentialities of the Preferential Trade Area (PTA) [1] it is constrained by the Areas's indigenous equity threshold rules on goods. These rules are scheduled to be phased out by the turn of the century, but they will create problems, at a time when Kenya is seeking greater foreign investments and when there are well over 200 government enterprises to be privatised under the Structural Adjustment Programme.

Kenya is, nevertheless, well known for its aggressive promotion of Kenyan goods. Present in all major trade fairs in the world, it is probably the only African country which is seriously preparing the groundwork to confront the European Single Market in 1993, probing and identifying market niches well in advance, determined to take full advantage of the access the Lomé Convention offers.

Investments

The Kenyan government has had for some years a number of schemes designed to encourage local investors to export. These include, the export compensation scheme, the duty exemption scheme and the manufacturing under bond scheme. They have not had the desired effect for a number of reasons: lack of resources to obtain the necessary technology to produce competitive goods, particularly for the PTA where Zimbabwe is giving Kenya a run for its money, shortage of foreign exchange and inflation which is eating away investment capital.


The Courier

Silas Ita, Managing Director of the Industrial Promotion Centre (IPC)

At the Kenyan National Chamber of Commerce and Industry in Nairobi, officials wear a gloomy face, complaining of lack of dialogue with the government. But it is clear there is no shortage of incentives. The trouble is, that there has been a marked decline in joint ventures and a slight decrease in private foreign investments over the past five years, and as such, the entire manufacturing sector has been robbed of the dynamism it requires.


The Courier

James Magari, Chief Executive of the EPZ scheme

The government, aware of that trend, took a number of measures, the most notable being the establishment in 1987 of the Investment Promotion Centre (IPC), which is charged with the responsibility of cutting red-tape and facilitating investment, ie a one-stop shop where new investment applications for permissions, registrations, licences and other approvals are treated speedily. 'It used to take up to three years to get a project approved, but now it takes a maximum of four weeks to get everything processed,' IPC Managing Director, Silas Ita, told *The Courier*. Over 229 projects, valued at $371 million, have been processed since 1987, of which 85 are already operational. 'In my view that is quite satisfactory because, in a climate where the normal lead time for a project to take off is 36 months, we have been able to get 85 taking off within 24 months', said Ita. The IPC boss says that the Centre receives an average of 100 enquiries every day and that about ten are processed every week — by processed he means the investors have been advised to register the company, discuss the composition of share-holding arrangements, etc.

Mr Ita admits that the projects are of small and medium size with capital varying from KSh100 million to KSh400 million but adds: 'You will find that they are mainly joint-ventures with quite heavy foreign investment components operating in both urban and rural areas. They cut across all the sectors — tourism, agriculture, commerce and services'. If Mr Ita's gleeful assertion is anything to go by, Kenya has found in the IPC, the formula for resolving its investment problems. The Centre has adopted high profile promotional activities, with visits to the United Kingdom, France, Belgium, the Netherlands, the US, Japan and South Korea. Mr Ita claims there have been positive responses, particularly from Japan. South Africa, however, is a primary target as a source of investment. Now that that the country is emerging from its isolation, the Kenyan authorities have already begun assiduously to woo South African businessmen. Indeed, since

[1] The PTA groups eastern and southern African Countries.

the visit of President F.W. de Klerk to Kenya early this year, there have been a number of visits by South African businessmen to probe investment opportunities in the country.

There is certainly no denying Kenya's attractiveness. There are more than 700 large firms operating in the country of which some 200 are multinationals. Payment of dividends to foreign factors of production in recent years have ranged from $120 million to $150 million annually. It is politically stable, has a well developed financial sector and a good infrastructure that is continuously being maintained and expanded: major projects are indeed underway to upgrade the Nairobi and Mombasa international airports, and the Mombasa port container terminal is being extended and equipped with the latest technology. These are, of course, part of Kenya's plan for industrial take-off in the 21st century.


The Courier

The Sameer Industrial Park, near Nairobi, the first EPZ to go into operation in Kenya

Export Processing Zones

One cornerstone of that plan is the Export Processing Zone schemes. On the drawing board since the early 1970s, Kenya came to the conclusion two years ago there was no other way of realistically industrialising, creating jobs and earning substantial foreign exchange than establishing the EPZs. It has been particularly encouraged by the example of Mauritius which has gone from dependence on sugar to being an exporter of a variety of goods with dramatic improvements in its employment situation and standard of living.

Kenya feels it has one obvious advantage: an abundance of cheap labour. It also hopes to attract enterprises starved of quotas elsewhere. Three EPZs are currently planned. One, the Sameer Industrial Park, went into operation near Nairobi in November 1990. Privately owned, only two companies have so far gone into business there, although three units have actually been taken up. This represents 25% of the twelve available units. A spokesman for Sameer, however, told *The Courier* last August that 75% of the available spaces were in the process of being rented.

A second zone is being set up at Athi River, also near Nairobi. Financed by the World Bank, the construction of sheds, roads and housing for workers will take 15 months and Mr James Magari, the Chief Executive of the Schemes, estimates it will be ready for occupation by February 1993. The third zone at Mombasa is still under study — a study being financed by the African Development Bank.

Early indications are that the industries so far most attracted are textiles and horticulture. It is expected that the EPZs will cream off a lot of skilled labour in the domestic industries. Although this will create job opportunities there, it may have a serious effect on the competitiveness of the export-oriented domestic industries.

There is, however, a danger that the enthusiasm over the EPZ is misplaced. Mauritius, which serves as a model for Kenya, launched its EPZ schemes in the early 1970s and did not begin realistically to reap the rewards for two decades. The rewards for Kenya may not be for the immediate future. Mr Magari though feels otherwise because, according to him, Kenya 'can avoid the pitfalls that other countries had, by learning from their experiences. All we require is for one of those multinationals to start something in Kenya'. He places great hope on the quota bait. 'As you very well know, most of those countries which started EPZs are now facing quotas in USA and EC markets, for example in textiles. The investors in those countries are now looking for a different export platform, and we in Kenya intend to take advantage of it', he said.○ A.O.

Mombasa port, Kenya's already good infrastructure is being upgraded

Matching resources with the population 'The battle is not yet won'

says Dr Zachary ONYONKA

Kenya's galloping birth rate, one of the highest in the world, risks jeopardising the country's overall economic growth in the coming years. In this interview, Minister of Planning and National Development, Dr Zachary Onyonka explains the government's strategy to avert disaster.

▶ *Minister, Government plans an economic growth that it hopes will outstrip the rate of population increase. It may end up chasing shadows if the birth rate is not effectively reduced. What is the government's strategy now?*

— To begin with, we plan, as you said, to realise meaningful growth performance. If the rate of the country's annual economic growth exceeds the rate of population growth, we will have no problems. We have to some extent been able to achieve that sort of difficult target because the rate of population growth has been quite high — between 3.4% and 3.8% for some time.

Now during the past two decades, we have been fortunate enough to register economic growth rates that exceeded, on average, 5.5%. Statistically that meant that in real terms we were able to register a positive growth particularly in terms of per capita. However, it is important to point out that it has not been easy. Obviously, you have here a situation where, for instance, the dependence ratio is very high, that is that we have a population structure, where over 50% of the people are below 20 years old. Now that has major implications for our overall performance, not just in terms of aggregate growth, but in terms of demand for social services and demand, for example, for education, to which we presently allocate over 30% of the annual budget. This means that not many resources are left to cover the other social services, like health, for which there is a tremendous demand, given this very young population structure and incidence of illness among the under-fives and so on.

But all the same, even in those areas, we have been able to register very significant improvement. However, it is obvious that this sort of relationship can hardly be maintained for long otherwise major imbalances will emerge, because it means that other sectors and sub-sectors do not receive adequate resources to perform as expected.

So this country for nearly two decades now has had a positive population policy. It started, of course, with NGOs and over time, and rather quickly, the government assumed a major responsibility by subsequently creating the National Council for Population. It is very interesting to point out that, looking at the recent data, especially the information we have obtained from the recent demographic survey, it shows clearly that there is now a downward trend in the rate of population growth. The inter census growth apparently has been 3.4%, which is lower than the 3.5% rate we were using. Despite that decline, the momentum within the system is still there. The children who are going to constitute the labour force of tomorrow are already here. The universities are full; we have 40 000 students in them. Compared with other countries in this region, that is a fairly high figure. Nearly four or five times in some cases. That means, of course, major efforts in employment creation, and it is in this context, that recently His Excellency the President directed the Party to look into the issues. In fact we are just in a position now to issue a sessional paper on development and employment. That is our next phase in our efforts to create more jobs. Of course, it is in Kenya, an immensely complicated problem, but we are determined to continue investing substantial resources to try to modify this relatively high rate of growth in population, and in this connection, I should add that we are very grateful for the assistance we have received from so many donors, both official and unofficial. In fact, as I have said earlier, in the area of population, the NGOs played a tremendous role but in more recent years the government has played a very dominant role both in seeking external resources and in allocating own resources for that purpose. The battle is not yet won and that is why we have adopted a policy of continued commitment to a positive population policy.

▶ *In the short term though what do you intend to do, given the constraints of the structural adjustment programmes whereby you have been cutting back on investment, particularly on education, and the demand for more places in the universities is growing. We are talking about the skilled labour force of tomorrow?*

The Courier

Dr Zachary Onyonka

— We have of course problems that arise from structural adjustment, and we all know that this is why there has been concern for the social element of structural adjustment. Now given the sort of growth rates we have been able to record in more recent years, my honest view is that we still have some breathing space in coping with this problem. But we will have now to take very firm decision, for example, on university admissions. We are saying that, looking ahead, we are likely to limit the figure to about a 10 000 annual intake. If not, the figure seems set to escalate and apparently, in this country, there is no limit to the demand for education. Indeed, as I pointed out, we invest very much in this, but this is part of the social device, by which I mean, developing the human being and therefore it becomes so difficult to cut substantially in that sector.

What we are trying to do in the short and medium term is to reorient our whole educational system from what we have been doing before where we were producing mainly people on the primary and secondary level who were looking for white-collar jobs. You might have read in the local press that, for example, in respect to university admission, we do restrict those doing a Bachelor education arts. There is still a bit of room for Bachelor education sciences and some of the arts-English, and other specialised areas.

So we are trying to readjust the educational system to match the potential for employment. And incidentally, I should point out here that we are not looking at the problem in isolation. We are looking at it more broadly. We are saying that within the educational sector, we should give much more emphasis to technical training and here we have brought in, for example, the informal sector, the small-scale enterprise sector. In fact our second sessional paper is on our efforts to translate into concrete action this policy. The small-scale enterprise paper is really a part of the implementation policy of the larger sessional paper on employment and development. I think what we have to do, looking at the realities of the situation, is that we have got to create an environment whereby most of our people, with appropriate training and other measures of support have to go in for self-employment. And this we are really determined to do in a big way. We are looking for resources. We are hoping that donors will come out in full to support this programme, because what we are to trying to say is: "look we no longer have a situation in Kenya where you come out of school and government guarantees automatic employment. That is not feasible; that is not realistic. You had this education; put it to use. If you need support in terms of tools and hands, you have heard of the recent introduction of what we called the 'rural enterprise fund' where we shall be lending money with, of course, extension and supervision without requiring the normal security preferred by the banks. Take advantage of it."

We realise also that this is no mean undertaking. There is the ample experience of many countries that it takes a determined effort to make it work. But we believe that many of our people would be fully employed if they have the tools, the capital to do what they are already doing. So these funds will go a long way to support people who show the initiative and entrepreneurship and others out of the universities and polytechnics who really, we think, have now the capacity to create mini enterprises, which we hope will develop into large enterprises. So, in the medium and short term this is the way we are looking at the problem, but we hope that in the longer term we should experience a further decline in the rate of population growth. We have a determined policy and commitment. And then, in this country you know, leadership, right from his Excellency the President way down to the party, KANU, we are all committed to this population policy and we hope, in another decade or so, to attain a level where we can match employment prospects with the labour demands. We are aware it is not easy but if you have a stable government committed to these polices a lot can be done. This is not an easy panacea from what we have seen from other countries.

▶ *Labour-intensive technology has been, and I am sure still is the policy of this government. In planning export-oriented industry, how would you reconcile this policy with the need to meet the high standard demands of the North. You will need sophisticated equipment, won't you?*

— I don't think that there is a real conflict here. There are areas where we have to go in for certain technologies. We have to look at the problem, as a whole. For instance, let us look at the whole question of productivity. We believe, for example, that in the small-scale farm sector, this country has managed fairly successful development. But this is one area where we now know from local research and observations generally that there is still a lot of potential for better performance; that farmers for example instead of producing an average of 20 Kg bags of maize per acre, we know many of them are producing at a much lower level of about 15 Kg per acre. We believe today that there should be an average of about 32-35. Now, that requires changes, not only in respect of capital investment, but, also the technology. Out of the research that has been undertaken recently, we definitely have made some major headway. We now know from KARI, the Kenya Research Institute and other related centres, that with a change in the technology, the small-scale farmer does a lot of things on his farm. This country can, for example, produce much more maize or corn than in the past and that pertains also to several other crops. Obviously it is when this small-scale farmer becomes more efficient and more productive, able to produce for example maize at a cost level that is competitive, that the country will also become competitive. At the same time there are other sectors and sub-sectors in, for example, the Juakali small-scale enterprises, where it is quite evident that some of the equipment in use is definitely inefficient. A simple example is the way they used to make the GIKO, the little device for cooking which is fairly widely used. Now, it has been shown again that the technology used was inefficient because it involves a lot of heat loss which means that almost half of the firewood used is lost. And at very little cost, by the way, by just changing the way things are done, we have been able locally to manufacture GIKO that actually conserves energy and therefore is much more efficient and beneficial to the community as a whole. Now, I see no major conflict myself. However, you need to realise one thing, that in the past decade and a half or so, it is true, we did have some enterprises that were heavily capital-intensive. And the ratio between the formal and the informal sectors is remarkable. The ratio in fact could easily be something from one to ten, or one to fifteen, in other words, where you need to invest, for example, 1000 or 1500 pounds to generate a permanent job in the formal sector, you need maybe 100 pounds in the informal.

Now that is a very big difference. You referred to the export sector. Our main consideration actually is to improve the quality of some of the things produced in the informal sector. If the finish is good they become easily exportable. If you look at the finishing of a lot of what these people were trying to export, they were rather poor. But if you see those items today after five or six or seven years of experimentation, there is a big difference; they can easily be exported to the neighbouring countries in the PTA and even further afield. So, admittedly, there are areas where capital-intensive methods will be necessary, given the nature of the enterprise. But we have realised that if you are going to have a broadly-based development strategy, then you have got to involve a technology within the reach of the majority of these potential entrepreneurs, and this is really what we are trying to do. I will conclude on that by simply pointing out that this is an area where learning by doing is proving to be very interesting. People who before had no opportunity, no tools to operate, when these things become available are now budding, small scale entrepreneurs able to employ a lot of people. But eventually we also do hope that many more of those employed themselves will become entrepreneurs.

▶ *Talking about farmers, given the shortage of arable land and the proven efficiency of smallholders, hasn't the time come to break up the larger farms?*

— There are not very many large farms in this country. In fact, in some of the areas where there are what are called large scale farms, the nature of the soil is such that if they were three to four acres in size, as they are for example in the area where I come from in West Kenya, you could not run them as viable enterprises. In fact, what quite often amazes me is that people talk as if there are a vast number of large-scale farms lying idle. I would like to emphasise here that where there are fairly large-scale farm enterprises in this country, a lot of that land is owned by the ADC (Agricultural Development Corporation), a parastatal that has done a lot for this country; for example, research into maize and bettering of seed for sale to farmers and so on at fairly reasonable prices. There will be scattered cases of what look like relatively large farms. Take a place like West Gusii. Now if you know the topography and geography of the area, what will you do with a farm unless you have about 100-200 acres? The soil condition is such that it is not easy. You go down to Kitale where there are what used to be very big farms, most of them under cooperatives. About five years ago, the President directed that these people receive their titles and this has been done to a very large extent. You will always come across scattered cases of individuals, whose land looks like a big farm. Our policy at the moment is that whatever land one owns must be put to productive use. Some farmers have done that. Around the area where there are supposed to be large-scale farms, I must confess that very few of them, if subdivided, will be viable. Well there are some, which can be divided but the number is really small. If you are to view that as an alternative way of making land available to small-scale farmers, it seems to me the effect will be rather negligible given the number of people involved.

However, where we are trying to make some headway is in the exploitation of our arid and semi-arid areas. We realise that in terms of capital investment, it is quite high. But when you compare the soils found in these areas with the sort of lands in other areas, it is clear that with a little irrigation, construction of dams for livestock breeding and so on, we can do much more with them. Obviously, you know, there has been a gradual shift of a lot of farmers from other areas into some of these areas. But they require special technology which, I must submit, we have to learn to copy from those who have experimented successfully with it.

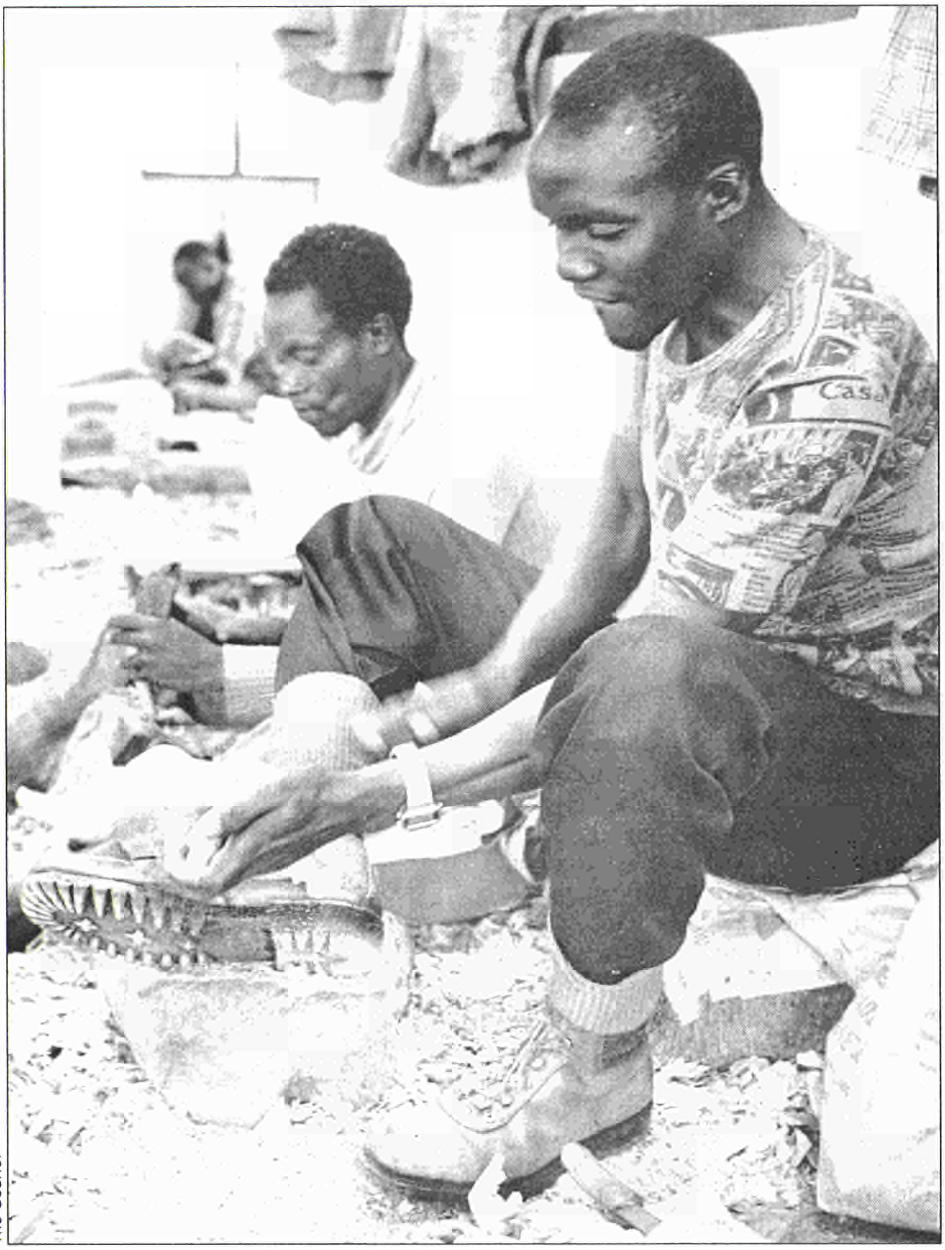
▶ *Kenya is relatively attractive to foreign investors. Privatisation is on the cards: are there specific conditions under which foreign investors can acquire shares?*

— I am incidentally a member of the Committee which is at this moment looking into it. We have already had several meetings of the parastatal divestiture committee. We have formulated the general principles. But in dealing with the problem, we are looking at each case on its own merit. There will be instances where the foreign investor would be allowed to take shares or purchase an enterprise. It is a fairly flexible and pragmatic programme. When you look at the enterprises in question, they are very different, that is one thing we are all learning. Some are doing well, others are in a lot of trouble. People tend to generalise but it is quite clear that some have problems of management. There is no way the government is going to have to spare people to do the work of management: others have what you might call unrealistic capital bearing. So really in terms of viability and management, they can hardly perform well even in the longer term. We have already handled almost two dozen cases of these enterprises and many more are coming. You know there are over 200, but we are moving pretty fast — we are meeting fortnightly.

▶ *Minister, you are very well versed in ACP-EEC matters. How would you assess Kenya's relationship with the EEC given the Lomé IV Convention and the approach of the single European market?*

— First of all, I should point out that our relations with the EEC have been really excellent. They have been one of our major donors, very broadly dealing with microprojects and a lot of other larger funding of projects and programmes generally. In fact they have been funding some of the more important aspects of our national economic development in the agricultural sector on which we depend. They have played an important role particularly in more recent years in trying to restructure certain parastatals like the National Cereals Board and so on. Of course, the European Investment Bank has also put some money into some of the projects. And there are those microprojects and programmes that are extremely popular right at the grass roots which have done a lot filling in the gaps in some of the development programmes and projects in education, in health, in water supply, roads and so on. Now, clearly, we have not always got what we thought would be ideal offers. You know these are reached after lengthy negotiations and discussions. But looking for example at the Lomé IV Convention, there are concessions we consider would be beneficial to my country and which had been the bone of contention during the other Lomé programmes. But definitely, compromises were struck in terms particularly of exporting, making it much more favourable and easier for our entrepreneurs to do much more business than was the case before. Admittedly, and I was party to the negotiations and the signing, we know that we still have some 'grey areas' if I may use that term, where the future is not very clear particularly in the context of the GATT negotiations. In my view these are the issues. We realise that politics impinges very heavily on what is finally settled upon, but it is also important for us to point out that whatever concessions we agree to, it needs to be noted that the international environment generally has proved to be much more hostile to the African countries and the other ACP countries than even we had anticipated.

The days ahead are not very rosy, particularly when faced with structural adjustment programmes at the same time as being expected to cope on your own with international competition. The environment generally still looks rather difficult. There is the whole question of debt. We are grateful that so many of the donors have moved in what I consider a positive direction, ie in a direction that involved the writing off of so many of these debts. But the remaining burden is still very heavy indeed for these countries. For the last two decades, I have been saying that I could not see how some of these ACP countries could generate meaningful, positive balances, for example, the balances of payments to be able to meet their external commitments. Some of them, in terms of viability, are really difficult cases. Nothing is in their favour and this is not likely to change because, for example, of the natural environment in which they find themselves which makes the prospects difficult. Some of them produce practically nothing they can export to any other country either within the regional blocs or to other countries.


The Courier

Wood carvers at work
The policy is to teach people to be self-employed

So, all in all, some of the provisions agreed to would help to soften the landing, so to speak. But the remaining problems in my opinion are formidable and I would like simply to add that the North, the European Community and the other more developed countries need to be more realistic. It is evident by now from the African Recovery programme discussed in the UN that the dramatic change expected during the last couple of years has not materialised and my suspision is that in many of the countries, the situation is going to go from bad to worse. Of course, in some instances, problems of internal instability and conflict render the whole thing almost meaningless because you see, you need a viable stable government and governmental authority to manage these things meaningfully and when these factors are absent, it is difficult to see how some of these countries can be expected to perform well. I don't know whether in fact some of the approaches being recommended by the donors — conditionalities to aid — can solve the problem. The problem is much more fundamental than what appears at the surface. They are intractable problems, very often domestic, which some of the donors and outsiders do not fully appreciate. From the outside they look simple. If you push this knob things will work. It does not work that way.

So there is the political economy of the whole business that is very intricate. That is the way I see the situation. Some countries might have recorded positive growth but not what you regard as steady, stable and dependable growth. So you see these gyrations. This year there is positive growth, the following year a negative growth of 4% then the following year a positive growth of 1%, the fifth year a negative growth of 6%. So you do not have there what can be regarded as viable growth and development. We have problems and I am not sure that the external environment is any easier than it was in the last decade. ○

Interview by A.O.

Pressing ahead with reforms

Despite its relatively better economic performance, Kenya has had, like the rest of black Africa, to take its IMF potion of Structural Adjustment Programme (SAP) — and that since 1987. A continuous budget deficit, balance of payments problems, a heavy debt burden, and other imbalances had to be redressed if economic growth was to be stimulated, productivity strengthened and employment created.

In 1989, the Government requested further support from the Bretton Woods institutions, for a three-year arrangement (1989-1991) under the enhanced structural adjustment facilty (ESAF). This imposed on Kenya, among other things, a fiscal discipline, a commitment to reduce the budget deficit, freeze recruitment to the civil service and privatise certain parastatals.

The implementation of these measures is proving very painful, particularly in education, which normally swallows 30% of the annual budget, and in health. Demand for these services has continued to grow. In the University sector, for example, the backlog in admissions caused by a one-year closure of the University of Nairobi by the government, for what it believed was student support for the failed coup in 1982, is not yet cleared. This has been worsened by the change in the educational system which has unloaded a large number of students at the doorsteps of higher institutions. The latter suffer from lack of qualified teachers, educational aids and accomodation for both staff and students. In the health sector, a cost-sharing exercise sponsored by the World Bank created so many difficulties for the poor and caused so much chaos in hospitals that President Daniel arap Moi had to intervene, ordering that all treatment in government hospitals should be free. It was a return to what the situation was in the 1960s when all medical services were free. The problem really was how to protect the poorest sections of the population from the IMF exigencies. The president's intervention meant that there had to be a re-examination of budgetary priorities to restore funds for health. It is understood, however, that since then, a new scheme of cost-sharing has been devised, and there is no doubting the government's determination to press on with reforms. Indeed the 1991-92 budget saw deep cuts designed to reduce the deficit to 2% of GDP from the 5.3% achieved in the 1990-91 financial year.

Kenya depends heavily of course on development assistance, which has risen in the past five years by over 60%. Donors, impressed by the government's commitment to restoring the country's economic health, have been forthcoming with assistance, mainly in the form of debt cancellations. Belgium, the United States and France have this year cancelled some of Kenya's debt, but debt servicing remains heavy at between 25 and 30% of foreign exchange earnings. The EC, on the other hand, has financed an import support programme as a contribution to the resolution of the country's balance of payment problems.

On the economic front, there have been some positive results from adjustment. There has been an overall increase in investment by 7%, a rise in the total value of exports by 19.1% and a fall in the current account deficit from 7.4% of GDP in 1989 to 5.5% in 1990. Agriculture and manufacturing, last year, grew 3.4% and 5.2% respectively, while earnings from tourism rose by 23% over the 1989 figure.

Reforms are continuing apace in the various sectors. In agriculture, the most notable is the EC-financed Cereals Sector Reform Programme (CSRP) which is about to enter its second phase. Begun in 1988 under Lomé III, the programme involves liberalising the grain market and rationalising the role of the National Cereals Produce Board (NCPB) in Kenya's food security drive. This has meant the closure of the Board's primary marketing networks, ie the buying centres, and the encouragement of private traders and cooperatives to be involved. The result is that 75% of NCPB purchases are now from licensed buying agents. The aim ultimately is to reduce the Board's share of the primary grain market to 15% and the secondary market to 60%, leaving it with the main function of maintaining adequate strategic reserves for security and price stabilisation. The Board now has ten silos throughout the country.

In the industrial sector, price controls have been removed so far from 36 products, 12 are still subject to controls and these will be removed in due course.

The Courier

Coffee drying

Coffee and tea continue to ensure high earnings for Kenya, and it is estimated that a transfer of 3% of land currently under food production to the production of these cash crops will result in a 70% increase in foreign exchange earnings

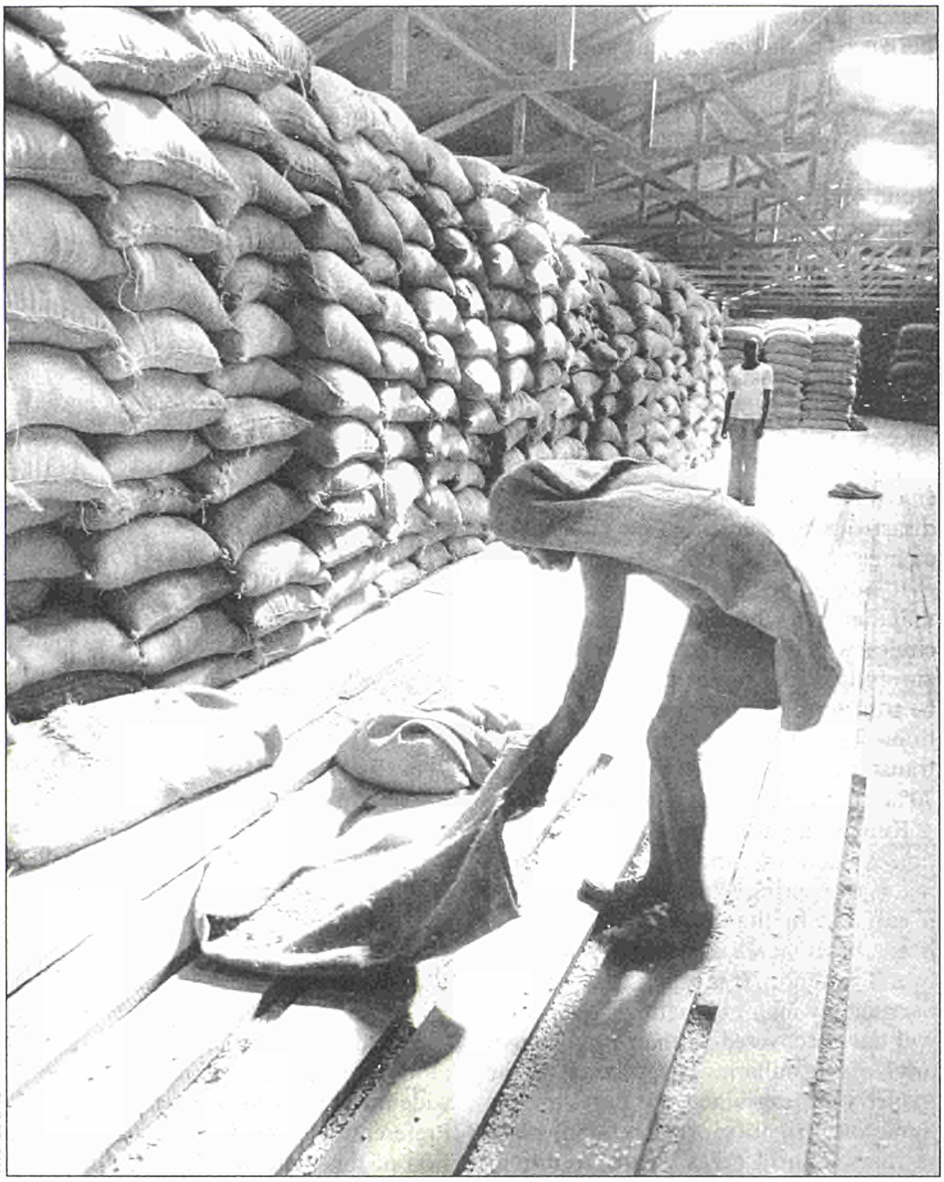
according to officials of the Industrial Promotion Centre (IPC); import licensing has been liberalised and interest rates deregulated.

Shortage of fertile land

Accounting for more than one-third of the GDP and two-thirds of exports, agriculture remains constrained by a shortage of arable land and by erosion as well as being occasionally plagued by bad weather and pests. There are around 1.5 million smallholders in Kenya with varying acreage. These farmers are largely responsible for the transformation of the country's agriculture into one of, if not the most dynamic and diversified in Africa, with crops ranging from coffee, tea, sugar cane, maize, sisal and cotton to horticultural products. With land becoming very scarce and demand growing, the wisdom of maintaining large farms, of which there are still many in Kenya, is increasingly being questioned, although Minister of Planning and National Development, Zachary Onyonka, thinks it is not a viable option (see interview on page 18). Attempts are, meanwhile, being made with relative success to reclaim marginal lands, particularly in semi-arid areas through irrigation, but these are far more appropriate to livestock breeding than to farming. The only way of improving productivity seems to be intensive cultivation and intercropping in the fertile areas of the country. Thankfully, Kenya has almost achieved self-sufficiency in food, particularly in maize. Indeed in good years it exports.

Despite the deterioration in the terms of international trade, Kenya's two most important exports, coffee and tea, continue to ensure high earnings. This has as much to do with efficient production as with the quality of both products. The fall in the sale of coffee has been made up largely by increased tea exports, and tea, not surprisingly, has overtaken coffee in recent years as the second most important foreign exchange earner, after tourism. Last year earnings from tea rose to Ksh6.8 billion from Ksh5.4 billion (1) in 1989 against an income of Ksh4.4 billion from coffee. Production forecast for coffee in the 1990-91 season is 60 000 tonnes, well below the 75 000-80 000 tonnes expected, and nowhere near the 100 000-300 000 tonnes that the authorities have always set as a target. The expected fall in coffee production this

(1) Ksh38.55 = US$1.



The Courier

Maize storage in a shed, above, and below, a more sophisticated method of storage, in silos. There are now ten silos located in various parts of the country administered by the National Cereals and Produce Board (NCPB). The latter will henceforth be responsible for stabilising prices and managing security stocks

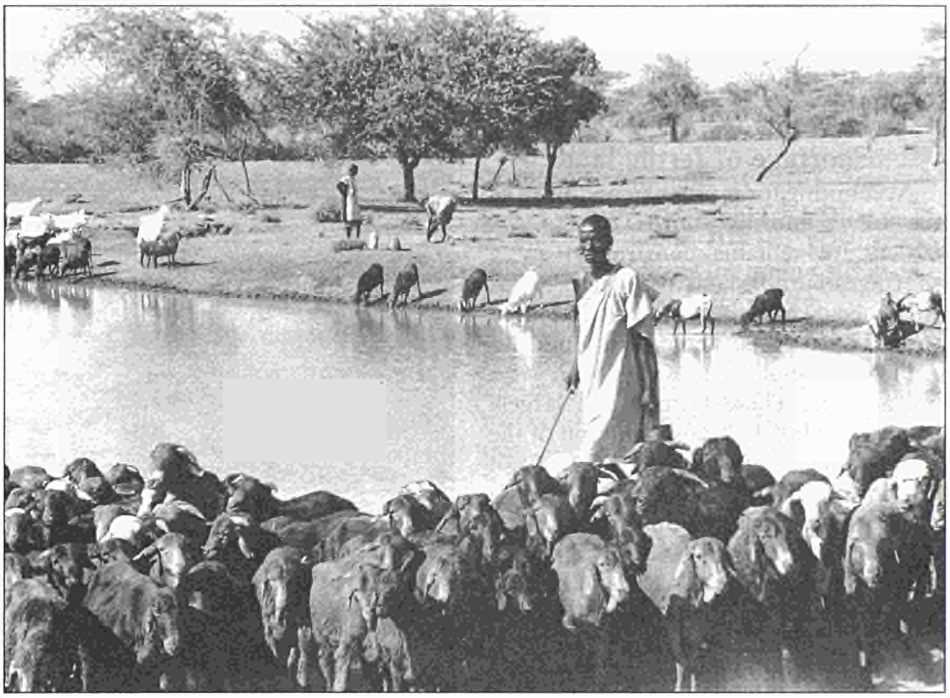
The Courier

season is due to the bad weather experienced earlier in the year and to what producers call 'state mismanagement' (the Kenya Coffee Board being constantly in arrears in payment to farmers). For tea, on the other hand, there is a low cloud on the horizon. Kenya will almost certainly feel the impact of the UN trade embargo on Iraq, the latter having been a valuable market. Furthermore, there is the annoying habit of Pakistan, the second biggest purchaser of Kenyan tea, which is constantly threatening to boycott it in protest against the imbalance of trade between the two countries. Such a threat has to be taken seriously since Pakistan has once carried it out with disastrous consequences on foreign exchange earnings.

It would appear strange, but it is true that there is a school of thought in official circles which believes that some lands currently under food production should be transferred to tea and coffee production. These officials estimate that a transfer of 3% of lands would generate a 70% increase in foreign exchange.

Kenya's livestock industry, which embraces traditional and commercial ranching, is recovering from the severe decline it suffered in the 1984 drought. Cattle heads have increased from 7 million to over 8.5 million. It is hoped that by 1994, barring any major climatic disaster, they will have recovered to their pre-drought level of 10 million. The success of the industry is explained in part by the numerous irrigation projects taking place in the semi-arid areas where, traditionally, nomadic herdsmen live. The industry is gradually giving rise to a hides and skins industry that is export-oriented.

The star export performer of the agricultural sector in recent years has of course been horticulture — non-traditional commodities of considerable hope for the future, which now include, fresh cut flowers, french beans, sweet carrots, passion fruit, pineapples, and off-season strawberries. With markets in the Middle East and Europe, the industry has become so well organised that fresh flowers cut in the evening in Kenya, for example, could be in all major European markets in the morning. Although facilities now being provided at Nairobi International Airport will go a long way to improving freight, the producers are exploring the possibility of exporting by sea, because the growth of the industry is such that there would continue to be a shortage of air-space. Already, quantities of bananas, mangoes, pineapples and avocadoes are being shipped. As a measure of the importance of this industry, in 1990, horticultural products earned Ksh 3.19 billion, a 36% increase over the Ksh 2.34 billion earned in 1989. This represented a doubling of export earnings in just four years, from Ksh 1.77 billion in 1987.


FAO

The semi-arid areas are only suitable for livestock grazing

The industrial sector is of course a money spinner for the country with its wide range of exports, particularly to the Preferential Trade Area. A major expansion of this sector is planned (see article on page 15). Of particular note here are the substantial earnings from petroleum exports. Kenya has no known oil deposits of commercial value. The discoveries made in 1988 at Isiolo and Turkana districts have still not been evaluated, but the country imports crude oil which it refines at Mombasa. With an output of around 2 million tons annually, domestic needs for petroleum products are met and the remainder is supplied to Burundi, Rwanda, Uganda and eastern Zaire. The refinery, Kenyan Petroleum Refineries Ltd. (KPRL) is jointly owned by the Kenyan government and a group of oil companies. So successful has this policy been that another refinery is planned at Mombasa in joint venture with Iran, which will provide the crude. It will come on stream by 1993 if the proposed plan, as is being suspected, is not a ploy by the authorities to get their partners in KPRL to expand the existing refinery. The success of this policy can be attributed in part to the fact that Kenya derives nearly 15% of its energy needs from the Olkaria geothermal station and another 5% from hydro-electricity, the latter becoming more and more important every year as a source of energy.

Tourism: still going strong

Tourism, the most important foreign exchange earner, remains as vibrant as ever and is set to grow even stronger in the years ahead as Kenya's attractiveness remains unbeatable. In 1989, tourism earned Ksh 8 billion (US$ 348 million) from 730 000 visitors. In 1990 there were 801 000, not too far from the target figure of one million. Although the number of visitors this year is likely to fall slightly because of the Gulf war, which dissuaded a lot of Americans from travelling early in the year, there has been a sudden rush in the summer months. This is partly as a result of the devaluation of the Kenyan shilling which has made holidays in Kenya much cheaper than in most of its competitors, partly because of the greater security which tourists now enjoy in the wake of the strict measures taken by the authorities to counter activities by criminal gangs. There are now, for example, greater patrols of the game reserves following a few murders from which Kenya received very bad publicity.

That investments in tourism have continued to grow, despite its already good infrastructure, is evidence of confidence in the future of the industry. This is happening at a time when Kenya is in full control of the preservation and management of its greatest asset — wildlife, thanks mainly to the setting up of the Kenya Wildlife Services (KWS) two years ago.

Following the public burning of ivory worth more than $3 million by President Moi, a successful worldwide campaign for curbs on trade in ivory and stringent anti-poaching measures at home, KWS reports a virtual cessation of elephant poaching in Kenya. Now the game reserves are being properly managed, with a number like the Meru National Park and Tsava East and West, receiving facelifts: roads rehabilitated, gates painted and officers in uniforms. It will now be possible to provide tourists with a wider choice in game reserves to avoid concentration on a few and serious environmental damage. The KWS's most important task and no doubt one that will, if successful, ensure long-term stability and peace in the parks, is the resolution of the conflict between wildlife and the economic needs of local inhabitants. It intends to do this by allocating part of the revenue from park fees to provide social amenities for the communities. This is already being done in some places and, according to the KWS, the response of the people has been positive as they see the economic advantages of preservation. A sensitisation campaign, however, is continuing not only around the parks but also around the country. Perhaps the most ambitious plan in efforts to resolve the conflict between wildlife and people is the move to fence off the parks so that 'the animals will be free in their area without interference from settlements and the settlements free from wildlife', explained Minister of Tourism, Katana Ngala. Over 2500 km of fencing country-wide is involved. 'Fencing has already started in a few areas and we hope to complete the whole exercise as soon as the money has been raised', said Mr Ngala. Indeed the whole reform of the wildlife sector is being bankrolled by donors. Over $14 million have so far been raised, with the World Bank and The European Community contributing the largest sums. The Director of KWS, Richard Leakey, who is the force behind Kenya's wildlife conservation campaign, has also been involved in fundraising all over the world with considerable success. ○ A.O.

Profile

Area: 582 646 sq km. From a low coastline in the Indian Ocean Kenya rises to around 1700 metres around Nairobi, is intersected by the tectonic Rift Valley and then stretches on to Lake Victoria in the West. This constitutes the only fertile region of the country. The rest, which stretches north and north-eastward to the borders with Ethiopia and Somalia, are semi-arid and arid.

Population: 24.9 million (UN estimate 1989). About three-quarters of the population are of Bantu extraction: Kikuyu, the largest, Meru, Embu, Kamba, Abaluhya, Nyika, Digo, Duruma, Pokomo. Others are Kalenjin, Luo and Maasai. There are significant numbers of Europeans, Asians and Arabs.

Languages: English and Swahili plus local ethnic languages.

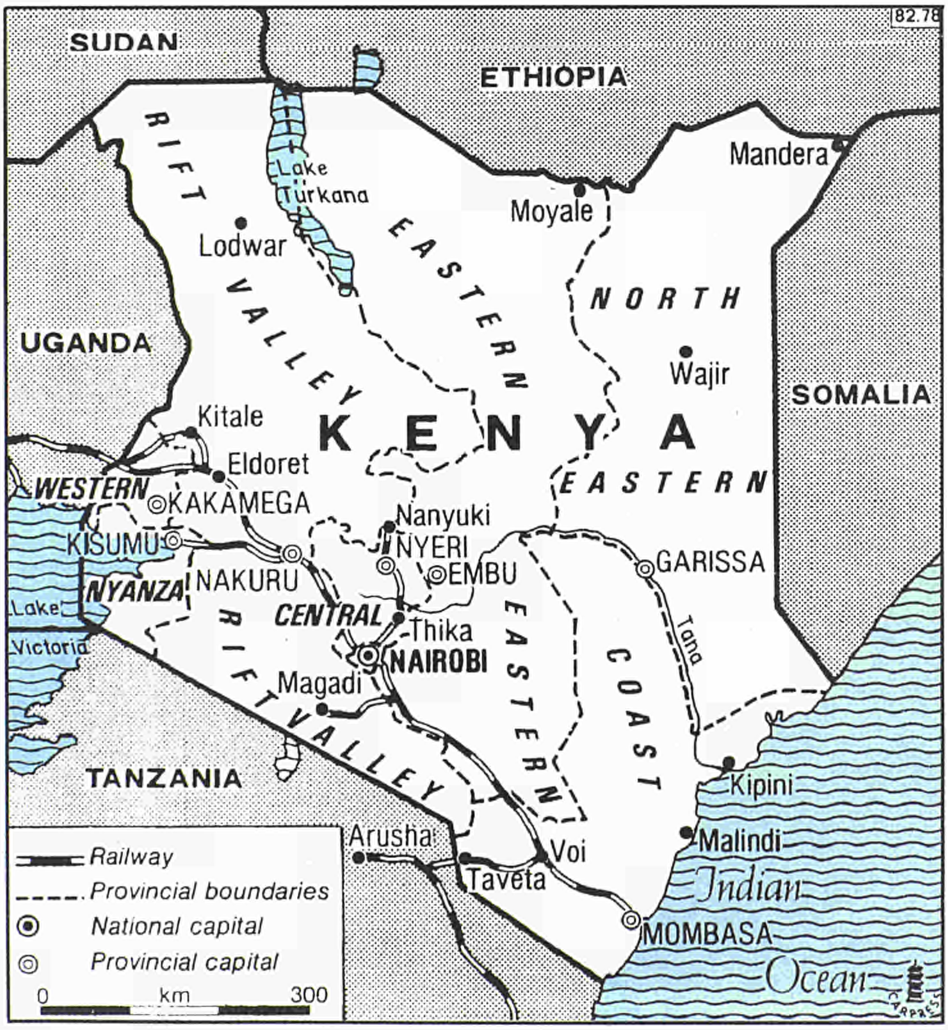
Capital: Nairobi.

Major towns: Mombasa (main port), Kisumu, Malindi and Nakuru.

Economy: The economy rests on agriculture which accounts for one third of GDP and approximately two thirds of exports, made up mainly of coffee, tea and horticultural products. The other significant income-generating sectors are manufacturing, commerce and tourism which together account for one-quarter of GDP. Government services account for 17% of GDP.

Currency: Kenyan shilling (Ksh) = 100 cents. Ksh20 = K£1. Ksh38.55 = US$ 1.

GDP at factor cost (1989) K£ 3243.7 million, projected to rise to K£ 4222.9 million in 1993.



EEC at the grassroots

The European Community's development impact in Kenya is real and widely appreciated, from officials in Nairobi through District Officers down to the Maasai herdsman or the Kikuyu small farmer. This is not so much due to large-scale projects and programmes of which there is no shortage, as to the numerous micro-projects designed to solve the basic problems of the grassroots Kenyan. There are well over 90 EC-financed micro-projects throughout the country and more are on the drawing board. The Courier *visited two: the Kisamis mini-dam and the Mary Hill mini-project in Kiambu.*

The Kisamis dam

Located in the Maasai country, this project had its origin in a group of American nuns who visited the area in the early 1980s. The nuns wanted to know what the inhabitants wanted most. They were told it was water, not surprisingly because the area is semi-arid and herdsmen usually walked long distances in search of water for themselves and their animals. The latter were dying in large numbers especially in times of drought. This gave rise to the idea to build a dam across a small valley through which torrents of water rushed during the rainy season. The nuns had no money, but their idea appealed to the District Officer who submitted it to Nairobi and from Nairobi to Brussels for financing. Work on building the mini-dam began late in 1985 and was completed in 1987. Since then, the lives of the inhabitants have been dramatically transformed. There is now pipe-borne water in the surrounding villages, and even troughs specially provided for cattle.

The Courier met Apolo Kagwa, chairman of the local committee which was involved in the planning and execution of the project. He is full of praise for the EC's intervention. 'I have not heard of a single cow which died of thirst since water started flowing', he said. Cattle production has improved as well as the quality of life of the people. Mr Kagwa indicated the population of the area has trebled as the normally nomadic Maasai settle down thanks to the availability of water. But this is creating a problem of its own: overgrazing is occurring, especially on the slopes of the valley and this has provoked serious erosion which brings down large quantities of mud into the lake, silting it up and reducing the volume of water.

Mr Kagwa suggests, as a solution, the fencing off of the dam and the banning of grazing around it. Asked why he could not organise that himself, he said that the Chief, whose official responsibility the dam was, was constantly absent from the district. Officials at the Ministry of Finance in Nairobi, who are responsible for the project at the national level, are aware of the problem. They admit that one element that was absent in the Kisamis project (an element that is now taken into consideration in new micro-projects) is training for post-project maintenance. The case of Kisamis will be rectified, they said.

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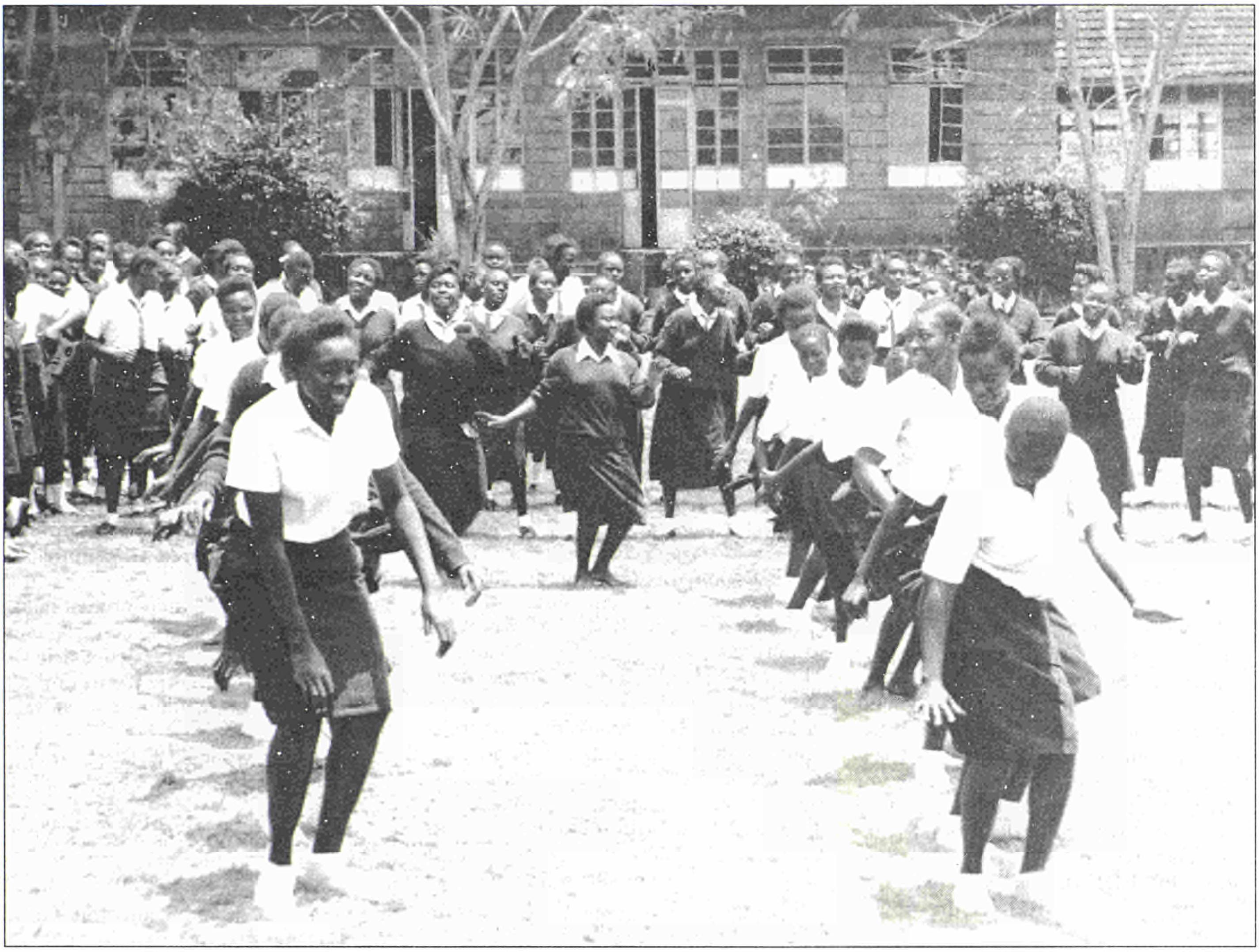
Apolo Kagwa explaining how high the water was in the lake on completion of the project



The Courier

Pupils of the Mary Hill girls' secondary school

Mary Hill mini-project

Mary Hill is a residential girls' secondary school in Kiambu district, which was founded as far back as 1933 by a group of missionary sisters. The school was later handed over to the government with an important asset — land amounting to approximately 50 acres of which 20 are being used for coffee growing, horticulture and livestock rearing.

In 1981 the school introduced agriculture as an examinable subject. With the change in Kenya's educational system, ie the introduction of the 8-4-4 system in 1984, which lays heavy emphasis on practical agricultural skills for self-reliance, the school's Board of Governors decided to expand the discipline. It drew up an integrated project which included irrigation and water supply, a coffee factory, an agricultural workshop, farm equipment, a Home Science block and staff houses. EC financing was sought to the tune of Ksh 4 267 180 [1] while parents of the pupils and the government have to provide Ksh 1 450 000. The enthusiasm of the parents for this project was clearly shown in the manner they carried out their share. This was the construction of the Headmistress's house in record time. The project which began in 1988 has been completed and the commissioning was being held up by power supply problem, at the time of *The Courier's* visit.

What is striking about the Mary Hill project is the fact that it is expected to have a nationwide impact and that it is designed to enable the school not only to be self-sufficient in food but also to be self-financing.

[1] Ksh 34.86 = ECU 1.

Mary Hill has 500 pupils chosen from all over Kenya, on the basis of an entrance examination. From its horticultural garden it is expected to procure its own needs in vegetables. It can have beef from its livestock rearing and above all derive a higher income from its coffee.

Although Mary Hill has been selling its coffee directly to the Coffee Board, it has been doing so with it unprocessed. The factory component of this project will enable the school to give value-added to the product. The factory could also bring in additional income by processing coffee for farmers in the area, by giving value added to the farmers' product and improving their income.

Every single pupil of the school has been made aware of the EC's contribution to their education and they have expressed their gratitude through *The Courier* to the European Community. ○

A.O.

Financial cooperation between Kenya and the EEC

by Tue ROHRSTED (*)

Financial cooperation between the EC and Kenya goes back to 1975 when Kenya became a signatory of the first Lomé Convention. Close commercial, economic, financial and technical links have grown since then through the development programmes and projects funded under Lomé I, II, and III and through other facilities offered to the ACP States through the Convention.

Kenya's economy is based on the agricultural sector and the Community's assistance to Kenya has always been concerned with this sector and on creating rural development for the fast growing population of Kenya. Under Lomé III, the objectives have in particular been to emphasise food security and address the issue of a better balance between the rural and urban society.

Because of Kenya's importance as a transit country for the landlocked states of eastern Africa, the EC has been engaged, over the three Conventions, in financing important road projects.

Lomé I — 1975-1980 (4th EDF)

Kenya was allocated ECU 72 million under the 4th EDF as programmable resources. The assistance was concentrated on the rural sector, the biggest projects being the Machakos Integrated Development programme, the Bura Irrigation Scheme and the establishment of veterinary centres, cattle dips and other facilities of livestock in the Taita/Taveta Districts. To enhance rural electrification, the EDF further participated in the Upper Tana River Hydro-power Scheme.

Under Lomé I, the Commission started its Micro-Projects Programme in Kenya which has since been funded under both Lomé II and III with new tranches of assistance.

A significant Multi-Annual Training Programme formed part of the Community's assistance under the first Lomé Convention.

The European Investment Bank (EIB) has, over the whole Lomé period, been actively involved in supporting Kenya's development: under the First Lomé Convention, the EIB provided loans to the tune of ECU 53.6 million.

Lomé II — 1980-1985 (5th EDF)

Under Lomé II, the EDF provided ECU 88 million in programmable resources and the EIB, ECU 47.2 million in loans. The most important Community-funded operations were in rural development and transport. The Machakos Integrated Development Programme, continued to be the biggest project in rural development, followed by the Smallholder Rice Rehabilitation programme and the Kisii Valleybottom Integrated Development Programme. The Micro-Projects Programme continued with four new tranches funded under Lomé II. The transport programme consisted of four roads: Sergoit-Tambach, Turbo-Webuye, Tambach-Biretwo and Kiganjo-Nanyuki. The latter was completed in November 1990. Under education and training, a new Multi-Annual Training Programme was funded and the Community financed Kenya's third polytechnic: the Eldoret Polytechnic — which was completed by the end of 1987. In the area of health research, the Community provided funds for the extension of the Institute of Primate Research in Karen. Finally, Kenya benefited from support from the EC for its National AIDS Control Programme. The EC support was utilised for the clinics for Sexually-Transmitted Diseases in Nairobi and Mombasa.

Lomé III — 1985-1990 (6th EDF)

Two objectives were agreed between the Government of Kenya and the EC for assistance to rural development under Lomé III. Firstly, the Commission should assist Kenya in achieving and maintaining food self-sufficiency. Secondly, the EC was to assist Kenya in redressing the rural-urban balance.

Outside the area of concentration (rural development) it was agreed that support should be given to strengthen the Northern Corridor Transport Network. A major structural adjustment programme for the cereals sector (CSRP) was initiated with EC assistance. Out of the total allocation of ECU 128 million under Lomé III for programmable resources, ECU 65 million was allocated for the CSRP.

The purpose of the structural adjustment programme was to liberalise grain marketing by abolishing the monopoly situation of the National Cereals and Produce Board (NCPB) and transform its role to that of a buyer of last resort and manager of security stocks for the country. The three-year Cereals Sector Reform Programme financed by the EC is expected to be extended by a further three years to be funded from resources under Lomé IV.

A part of the EC contribution was utilised as an Agricultural Sector Import Programme for Kenya and the counterpart funds derived from this programme were used to establish a Crop Purchase Revolving Fund with NCPB to enable farmers to be paid on time for their maize supplies. The package also consists of an investment component particularly to improve storage and transport for the NCPB to reduce handling and storage costs.

Also aiming at achieving and maintaining food self-sufficiency is another major project under Lomé III: the Kenya Agricultural Research Institute (KARI), with an EC contribution of ECU 20 million. KARI encompasses all agricultural and livestock research centres in Kenya and is responsible for carrying out applied research to enhance agricultural production. The Community has in particular involved itself in supporting livestock research and soil and water management, including a programme on fertiliser use.

The third larger programme to improve food security is the Arid and Semi-Arid Lands (ASAL) livestock development programme which aims at improving livestock production in nine districts in the ASAL areas of Kenya on a sustainable and ecologically sound basis. The Micro-Projects Programme also continued under Lomé III.

Outside the sector of concentration, the Community funded under Lomé III, major rehabilitation to the Northern Corridor Transport Network from Nairobi to the Kenya-Uganda border — in total, a stretch of 107 kms.: the Westlands-St. Austins, Kabete-Limuru, Eldoret-Turbo and Webuye-Malaba roads.

In the area of cultural cooperation, the EC supported the strengthening of the research capacity of the National

(*) EC Commission Delegate to Kenya.

Summary of Community aid to Kenya through the Lomé Convention (as at 30.9.1991)

	Million ECU
Lomé I (1976-1980)	
Indicative Programme	72.0
European Investment Bank (EIB)	53.6
EDF interest rebates to EIB operations	7.9
Emergency Aid	1.3
Sub-total — Lomé I	134.8
Regional Projects	11.4
TOTAL	**146.2**
Lomé II (1981-1985)	
Indicative Programme	88.0
European Investment Bank	47.2
EDF interest rebates to EIB operations	8.6
Emergency aid	2.4
Stabex Coffee 1980	10.0
Stabex Coffee 1981	16.5
Stabex balance unspent funds	4.6
Stabex Coffee 1985	13.8
Sub-total — Lomé II	191.1
Regional Projects	36.4
TOTAL	**227.5**
Lomé III (1986-1990)	
Indicative Programme	128.0
European Investment Bank	78.5
EDF interest rebates to EIB operations	12.6
Special Debt Programme	7.0
Stabex Coffee 1987	40.7
Stabex Coffee 1988	19.1
Stabex Coffee 1989	11.1
Sub-total — Lomé III	297.0
Regional Projects (incl. EIB)	33.5
TOTAL	**330.5**
Lomé IV, First Protocol (1990-1995)	
Indicative Programme	140.0
European Investment Bank	90.0
TOTAL	**230.0**
GRAND TOTAL	**934.2**

Museums of Kenya and in the area of wildlife conservation, the Community embarked on the Masai Mara Conservation Scheme.

The European Investment Bank contributed under Lomé III with an amount of ECU 78.5 million, distributed between loans for the construction of tea factories under the Kenya Tea Development Authority, the Kenya Ports Authority for the improvement of berthing facilities and oil installations for Mombasa Harbour, the Nairobi Water Supply Scheme, an industrial sector import facility and a loan to the Development Finance Company of Kenya.

Lomé IV — First Financial Protocol — 1990-1995

The Lomé IV Indicative Programme allocates to Kenya, ECU 140 million in programmable resources in addition to which ECU 23.5 million (as a first tranche) is available under the Structural Adjustment facility of the Convention. The programming was carried out in late 1990 and the indicative programme was signed in Nairobi in February 1991 by the Vice-President and Minister of Finance, Prof. G. Saitoti, on behalf of the Kenya Government, and Mr P. Pooley, Deputy Director-General for Development, on behalf of the Community.

It is envisaged under Lomé IV to continue the Community's support for the food security aspects of the agricultural sector, in particular a second and final phase of the Cereals Sector Reform Programme and further support towards the establishment of a livestock industry in Kenya. The Community investment in road rehabilitation and construction will also continue.

The EIB's allocation for Kenya under Lomé IV's First Financial Protocol is ECU 90 million.

Stabex

Kenya submitted its first application for Stabex compensation for loss of export earnings on coffee for the year 1980. Kenya has since received compensation for the years 1981, 1986, 1987, 1988 and 1989 totalling a transfer from the EC of ECU 115.8 million. Kenya's Stabex claim for 1990 is at present under consideration. The compensation from Stabex has been of crucial importance to Kenya, in particular after the collapse of the International Coffee Agreement as revenue from coffee exports was for long, Kenya's biggest foreign exchange earner. Now the drop in earnings has changed this situation, placing coffee in third place after tourism and tea.

Regional cooperation

Kenya, being in the centre of much regional cooperation in the eastern Africa region, is host to a number of regional institutions whose programmes receive support from the EC, e.g. the Organisation of African Unity's Inter-African Bureau for Animal Resources through the Pan-African Rinderpest Campaign, the Desert Locust Control Organisation for Eastern Africa with its Armyworm Project, the International Centre of Insect Physiology and Ecology with its Tse Tse Fly Control project, the International Organisation for Migration's Reintegration of Qualified African Nationals Project and the construction of the African Medical Research Foundation's Headquarters in Nairobi. Kenya has benefited from regional funds from the Lomé Convention in particular for road projects connected to the Northern Corridor.

Other areas of financial assistance

Outside the Lomé Convention, Kenya has, since 1988, had a multi-annual food aid agreement with the EC under which Kenya receives annually, 15 000 tons of wheat to assist in covering its deficit in wheat production. The wheat is monetised and the counterpart funds are utilised for rural development projects or to support the CSRP.

A number of research grants have been given to research institutions in Kenya, in particular the National Museums of Kenya and its Institute of Primate Research and the University of Nairobi for research in areas of tropical agriculture and health.

A number of European non-governmental organisations received support for projects and programmes in Kenya under the NGO/EC cofinancing scheme. From 1976 to 1990, a total of 224 projects have received support from the EC. ○

T.R.

THE COMOROS

In dire economic straits

Aerial view of a part of Moroni, the capital of The Comoros

Like Kartala, whose volcanic activity is being nervously monitored by scientists after threatening last July to erupt violently, the political landscape in the Indian Ocean islands of The Comoros has suffered a series of tremors in the past two years.

In November 1989, President Ahmed Abdallah Abderemane was assassinated in a coup attempt in which mercenaries were implicated, the same mercenaries who, 11 years earlier, had brought him back to power after having been ousted in a coup in 1975 by Ali Soilih. Abdallah was succeeded as Acting President by Said Mohamed Djohar, president of the National Assembly, in accordance with the constitution. He was required to call a presidential election within 40 days.

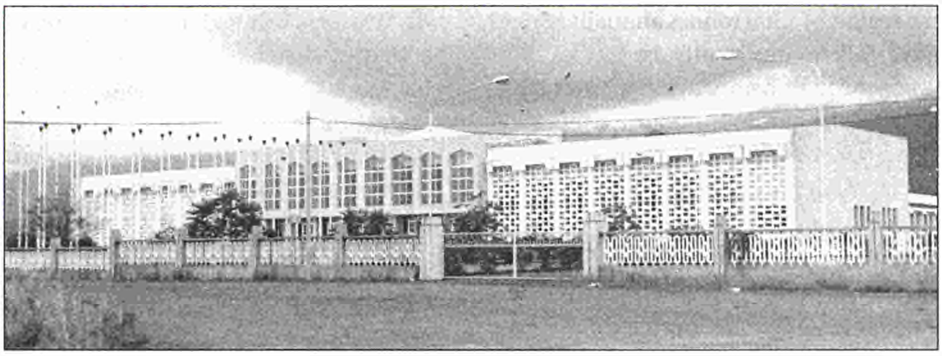
The dramatic change in government unleashed an unprecedented demand for multiparty democracy in the place of the one-party state which Abdallah had installed for over 11 years. Djohar yeilded and no less than 16 political parties came into existence, some of them with no more than a few hundred members.

In the presidential elections in March 1990, which was held over two rounds, it was difficult to distinguish the political ideologies of the candidates. There were eight candidates in all. Six were eliminated in the first round, and the second round pitted Acting President Djohar against Mohamed Taki Abdulkarim of the Union Nationale pour la Démocratie (UNDC). Although each received the backing of eight political parties. Djohar, won with 55.1% of the votes for a six-year term as President. He proceeded to form a government with the eight political parties which supported his candidacy, giving ministerial positions to four parties and posts in the Office of the President to the other four. He soon realised, however, the difficulty of operating his personal office with four different parties. He carried out a reshuffle in which young men of his own choice were appointed to responsible posts both in the Cabinet and in the President's Office. That marked the beginning of President Djohar's troubles, for he has, ever since, faced what observers have described as the 'complicated and complex' problem of forming a united and cohesive government and of keeping the country together, following threats by one of the islands in the group, Moheli, to secede.

UDZIMA, the President's party and that of his predecessor, Abdallah, is determined to have all the key posts in the Cabinet as a condition for supporting the President. And it has made this known to President Djohar in no uncertain terms — clear evidence of the determination of the old guard to hold on to political power.

On the other side of the spectrum are ambitious young people, personified in the Minister of Finance, Mohamed Said Abdallah Mchangama, the President's son-in-law, who is believed currently to be the Number Two in the regime, and who feels that the time has come for the old men who have governed The Comoros since independence to give way. There is considerable tension in Moroni between the various factions as the struggle for power continues.

Moheli's problem is a difficult one. Neglected for long by the central government and deprived of basic social amenities and economic infrastructure, the general belief is that Moheli has indeed had a bad deal over the years in the Islamic Republic. The island had demanded and been refused greater autonomy from the Federal Government. Although the President has attempted to placate the island by appointing Mohelians to responsible positions, this has been rebuffed by the island's leaders who have threatened, in the absence of what they call 'dialogue with the Government', to conduct a referendum on self-determination in Moheli. President Djohar has, however, vowed to maintain the territorial integrity of The Comoros. It should be noted that The Comoros still lays claim to the island of Mayotte, which voted in a referendum organised by the French in 1976 to secede and maintain its status as a French overseas territory. That vote has not been recognised by the United Nations and the Organisation of African Unity. The Mohelians, who call their plans for a referendum, the third and final phase of their attempt to resolve the dispute with the central government, have been buoyed by the secessionist movements in other parts of Africa. Demonstrations in Fomboni, the island's main town, against the government have become a regular occurrence and appear to be widening the gulf between the two sides.


The Courier

The Federal Assembly

Attempted coup d'état

This crisis, which has inevitably led to several cabinet reshuffles, culminated in an attempted coup d'état by the Supreme Court in early August, which announced the dismissal of the President for, among other things, lack of 'lucidity' in the exercise of his duties and for endangering the nation's unity and territorial integrity. Although the Supreme Court has the authority under the Constitution to dismiss the President, it can only do so on the recommendation of the Prime Minister — a post which does not exist but which is to be re-instated under the new Constitution. The draft of that Constitution was the subject of a round table conference in May attended by a number of the political parties. Not many changes were made to it and it has been sent to the President for submission to a national referendum.

Meanwhile the opposition has called for the dissolution of the current Federal Assembly which they consider illegitimate, having been elected under the one-party system of President Abdallah, and for the formation of a government of national unity and the organisation of parliamentary elections. Only by taking these measures, they believe, will the political tensions be diffused.

One thing is certain, though — with its numerous political parties, The Comoros is in for a long period of instability unless a system can be found to rationalise the situation. Democracy is proving too big a price to pay for an archipelago as poor as The Comoros.

Indeed the crisis could not have come at a worse moment for the country which is facing dire economic difficulties. For five consecutive years, against a background of a heavy debt burden and continuing budget deficits, economic growth has fallen and the balance of payments deficit has widened.

No natural resources

Nature has certainly not been very kind to these islands. Isolated, with practically no natural resources, the country is one of the most densely populated in Africa. At 3.3% growth rate, the population, which is currently put at 460 000, is expected to double by the year 2010. It is made up mainly of young people (45% under 15 years and 57% under 20 years). Income per capita is put at less than $ 300, which makes The Comoros a least developed nation.

The spiralling population is a serious cause for concern. Birth-control is hardly practised. Although The Comoros is only moderately Islamic, religion appears to be a major factor, and the authorities have not shown much enthusiasm for birth-control either. Yet the country's population has to be reduced given the meagre resources and the fact that the possibilities of emigration which Comorians had in the past are today practically nil.

Agriculture is the mainstay of the economy, accounting for 40% of GDP and 80% of employment. It is constrained, first and foremost, by lack of fertile land and by erosion caused by the increasing use of marginal land. Rudimentary farming techniques and low use of inputs like fertilisers, result in low yields of foodcrops.

The cash crops are vanilla, cloves and ylang-ylang (a flower used in the perfume industry). Exports have not earned much for The Comoros in recent years. This has as much to do with unfavourable world market conditions as to poor organisation of production and marketing. The sector is entirely in private hands. Farmers grow these crops in association with others and are easily influenced by domestic prices.

The Comoros, which has been growing vanilla for over 50 years, is the second largest producer in the world. Grown by about 9000 farmers in the islands of Grande Comore and Anjouan, production has fluctuated in the past five years between 930 tonnes and 1200 tonnes. The availability of synthetics and competition, especially with Indonesia, have led to a drop in price. Indonesia produces at a much lower cost than The Comoros, and as such can afford to sell at lower prices. The cost of Comorian vanilla, for example, in 1990 was 2500 Comorian francs (US $ 9.6) per kilo compared with its competitor's cost of 1750-2000 Comorian francs.

Vanilla sales to France (which takes a third of total production) are much more secure than sales to the United States, the biggest importer, where Indonesia is making a strong showing. In 1986 The Comoros succeeded in selling vanilla directly to consumers in the United States and earned considerable sums- a one-off operation difficult to repeat because of the organisation of the market.

Cloves are cultivated mainly on the island of Anjouan and production is in the region of 1300 tonnes annually. Prices have fallen consistently in the last few years through competition with Madagascar, Zanzibar and Indonesia, although there was a slight recovery in 1990.

The Comoros is the world's largest producer of ylang-ylang, prices of which have been good in recent years. But the country has been unable to take full advantage of the situation because of the age of plantations and poor distilling equipment. Production of essence, not surprisingly, has fallen from 60 tonnes in 1986 to around 43 tonnes in 1990.

The shortfall in foreign exchange earnings resulting from the exports of vanilla cloves and ylang-ylang have been regularly made up with Stabex transfers under the Lomé Convention. In the last transfers for 1989, for example, The Comoros received ECU 655 000 for cloves and ECU 808 000 for vanilla.

As the Government depends heavily on income generated from taxes on exports and imports, it has been particularly short of finance. Indeed, because of the fall in world market prices, taxation on export has been reduced from 20% to 10%. This has resulted in a worsening of the budget deficits which have always been made up with foreign subsidies, particularly from France (see article on Comoros external relations). Now The Comoros has been served notice by donors that this can no longer go on.

Isolation, a heavy burden

Despite the huge investment The Comoros has made on transport and communications since independence, the country remains relatively isolated with little international shipping calling at its port, a few international flights per week and difficult telephone links with the outside world. The same goes for communication between the three islands that make up the group — Grande Comore, Anjouan and Moheli. These facts weigh heavily on the entire economy. With manufacturing consisting of a few processing activities (4% of GDP), The Comoros imports virtually everything and prices not surprisingly are high. Its main source of imports is South Africa whose goods are omnipresent in Moroni. Luckily the vast majority of the people — 77% — live on subsistence agriculture.

FAO

Preparing a meal. The majority of Comorians live on subsistence agriculture in the rural areas

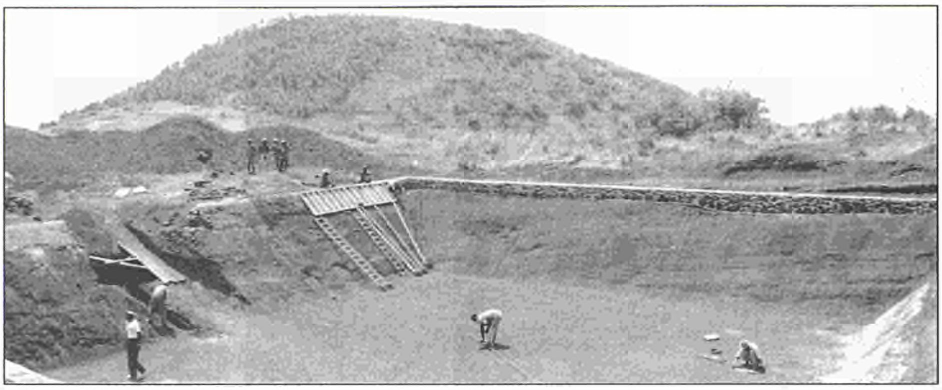
As this sector is constrained by lack of fertile soil and water, the European Community has been involved in a wide range of projects, from transport and telecommunications through to agriculture with particular emphasis on self-sufficiency in food.

Under Lomé III, 60% of the ECU 19 million earmarked in the Indicative Programme was devoted to agriculture. In this respect, an integrated rural development project is being carried out in the north of Grande Comore — an area with some agricultural potential. Hilly, with no streams or rivers, well-digging in this part of the island is very expensive. The EC is thus financing the construction of water catchments to provide water for human consumption and for irrigation. An important component of the project is seed multiplication (mainly maize and potatoes) and the construction of roads to improve transportation and facilitate the evacuation of agricultural produce. The results obtained so far from parts of the project already completed and operational have been very encouraging. Farmers in these areas are now producing greater quantitities of maize and potatoes, although the price of the latter at the market level is considered too high — a situation that will almost certainly improve when the whole project is operational and farmers begin to produce more. A similar project financed by the EC is taking place in the north-eastern region of Anjouan.

Overall the production of such food crops as yam, cassava, rice and bananas is up. So also are livestock production and the quantity of fish landed by local fishermen — 85 000 tonnes in 1990. There is certainly no threat of famine in the country, although, according to some reports, there is evidence of malnutrition.

Communications infrastructure

The European Community has also been very active in providing The Comoros with infrastructure designed to reduce its isolation. A deep-water port in Mutsamudu, whose construction was financed partly by the EDF, was commissioned in 1985. The port, which enables vessels of up to 15 000-25 000 tonnes to berth, was deemed vital for the entire transport and communications network of the archipelago. To be effective, however, it was known that the port capacity of Moroni, the capital, had to be increased as well as improving a landing site for flat-bottom boats at the island of Moheli. The EC has taken on the reconstruction of the Moroni port at a cost of ECU 7 880 000. This involves the extension of the quay, the construction of the police and customs offices, a park for containers and an oil terminal. The EC does not rule out doing the Moheli site for flat-bottom boats as well.



The Courier

An EDF-financed water catchment under construction

There is a plan within the framework of regional cooperation and the Indian Ocean Commission to which The Comoros belongs, to establish an Earth Satellite Station on the island. This, if realised, will give a tremendous boost to telephone and telex links between The Comoros and the outside world and will improve regional cooperation on which the country has placed a high premium for its survival. Currently, telephone links with neighbouring countries and the African continent take hours and have to go through Paris.

EC development impact

The impact of these EC-financed projects on the Comorian economy cannot be underestimated. Apart from bringing the islands closer to one another, the transport and communications infrastructure will help reduce the high cost of freight and insurance that The Comoros is currently subjected to, and this will in turn have a favourable influence on the balance of payments. They will help boost tourism which is beginning gradually to develop, thanks mainly to the opening recently of the high-class Galawa Beach Hotel in Grande Comore. The number of South African tourists arriving in The Comoros in recent months has increased significantly and this will show when figures for this year are released. But there are doubts in some quarters as to what impact Galawa will have, particularly in terms of income for the islanders and foreign exchange earnings. Although the Government is said to have a 35% stake in it and there are local employees, the hotel is self-contained and is closeted in the north of the island — in a world of its own. Access is barred to the ordinary Comorian. Indeed this was what sparked off disturbances in the area early this year.

Receipts from tourism in 1988 totalled CF 0.8 billion or 8% of exports of goods and services. Although there are plans to build hotels in Anjouan and Moheli, the industry is handicapped by inadequate international flight connections, especially with Europe. South African visitors are currently coming in by charter flights in organised tours to Galawa. The other hotels in Moroni are virtually deserted and losing money.

The Courier

A factory for distillation of ylang-ylang. Most of the equipment is old and outdated

The 100 000 or so Comorians living abroad are an important source of foreign exchange for the Government. No one has been able to quantify how much they bring in but signs of their impact can be seen around Moroni in the numerous new buildings going up. Their remittances obviously can be better channelled into development if the Government knew how. Minister of Finance Said Abdallah Mchangama told *The Courier* he was planning a campaign, particularly in France where the majority are, to inform them of investment opportunities available to them at home. He would personally be organising meetings, he said.

Development options

Apart from the fish resources of its territorial waters which remain largely unexploited, The Comoros has very few options for a realistic economic development. Analyses of its soil have revealed that it is most suitable for fruit trees. Indeed mangoes already grow well but wildly on the islands. These can be better harnessed. There are possibilities for lychees, avocados, passion fruit, etc. Fruit tree cultivation makes sense, because of the need to combat erosion.

The Comoros is nursing the ambition to boost manufacturing through the establishment of Export Processing Zones (EPZs). Like Kenya, where the idea is being put into practice, The Comoros too hopes that quota-hungry enterprises already established in other Indian Ocean countries will come over to the islands. This dream is somewhat dampened by the country's inadequate

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A road (left), and the harbour (right), under construction in Moroni. EC projects are designed to end The Comoros' relative isolation by providing it with good transport and communications infrastructure

infrastructure, lack of skilled manpower and the high cost of the factors of production. The Comoros, for example, has the highest cost per unit of electricity in the world, fuel being imported at enormous expense. Former deputy-director of planning and now Presidential Adviser on structural adjustment, Abdallah Msa, says that despite the generous incentives contained in the 1984 Investment Code, 'investors are not coming' to the country, because of fears that their products might not be competitive in the world market. It is important first of all to try as much as possible to reduce the cost of the factors of production and then provide incentives that would match or surpass any available in the region. 'Madagascar, which used to call itself socialist, has turned 180 degrees as far as investments are concerned to provide the most liberal Investment Code in the Indian Ocean. We could do likewise or even more', he said.

Reforms

Like most of the African countries, The Comoros has embarked on a structural adjustment programme which has the blessing of its major donors, the UN, France and the EC. A financial package of nearly $ 135 million has been granted for a three-year programme of reform (1991-1993). The World Bank has agreed to provide $ 6 million while the IMF has pledged three loans worth $ 4.16 million as a structural adjustment facility. It has indeed already released $ 1.2 million.

In return The Comoros has pledged to diversify exports, promote export-oriented industries, privatise government enterprises, tackle environmental problems and above all to mobilise national revenue and cut government expenditure.

Given the constraints just analysed, it is clear the Government has little room for manœuvre in terms of diversifying exports and creating export-oriented industries. And there is considerable doubt also as to its ability or even willingness to carry out privatisation. At the time of *The Courier*'s visit in September, there were no signs of any move in any direction. This should, however, not come as a surprise, given the political crisis which is taking up too much of the government's time.

On public expenditure, which has doubled in the past three years, from CF 3.2 billion to CF 6 billion, the government is tackling the issue in two ways. The first consists of redoubling its efforts to recover money due to government through taxation. It has been known to be lax over this. Indeed two years ago when it was obliged by donors to be more stringent, although more money had to be spent on collection, the government earned a windfall. Mr Msa indicates greater efforts would have to be made now to mobilise internal resources. The second and no doubt one that is more likely to be effective is the rationalisation of the civil service. This does not necessarily mean redundancies. It rather means bringing to an end the great irregularities and abuse that exist in the civil service — an abuse that came to the government's attention recently following a census carried out in the civil service last year. The census was sponsored by the French Ministry of Cooperation. According to Mr Msa, personnel management has been so lax that people can leave and continue to receive their salaries, people can die and continue to be paid, people can figure in different payrolls. People without being promoted can, with the complicity of the accountant, receive an increase in salary'. Mr Msa says that these are elements which have to be taken into consideration before the government can resort to redundancies. 'We have to restore order to the civil service first. We will only lay people off when we have no other alternative. At the moment there are sectors in the service that are understaffed and others that are overstaffed. So it is a question of rationalisation'.

The Courier

Abdallah Msa,
Presidential Adviser on the Structural Adjustment Programme

The picture that emerges is an unnecessarily bloated civil service, which swallows 60-70% of government revenues. Mr Msa indicates that if that expenditure can be reduced to less than 50% of revenue at the end of the rationalisation exercise, The Comoros would be well on the way to economic recovery.○

Augustine OYOWE

Breathing fresh life into private investment to get rapid growth off the ground again

An interview with President Said Mohamed DJOHAR

Said Mohamed Djohar was elected President for a six-year term in March 1990. His leadership coincides with the most difficult period in Comoros' history. In this interview with The Courier, he talks about structural adjustment and the constraints on his country's economic development.

▶ *You have had, in order to right a serious economic situation, to sign a structural adjustment agreement with the World Bank and the IMF. Can the country cope with the severe demands this makes — paring down the civil service, for example?*

— The drafting and negotiation of the structural adjustment programme with the World Bank and the International Monetary Fund are the dire outcome of a difficult financial situation of several years' standing.

Over the past five years, our country has had many, ever-expanding economic and financial problems and they have had their effect on both public finance and our relations with most of our partners. The State has not managed to meet commitments to its main partners during this period and mounting arrears on internal and external debts, delays in civil service wage payments, declining investments and slower economic growth have been the result — a situation it would take intensive means to correct. The State cannot really cut back, right public finances, reassure the nation's businessmen and regularly meet all commitments to all partners unless it slashes a civil service wage bill currently accounting for more than 60 % of the budget.

The problem is being tackled in various ways. As soon as I was elected, I called for a survey comparing the civil service staff lists with salary statements actually made out by the Treasury and the results of this were such that I asked France to help run our first civil service census.

We now have a proper idea of these staff. The census showed that about a quarter of them are in fact not on file, although salary statements are indeed made out for them. Some do not work at all, others have left and the group also includes staff who, by virtue of being placed too far up the salary scale, receiving allowances which are not due etc, are in receipt of sums to which they are not entitled.

This is deplorable. The wage bill will be cut, primarily, by bringing order to the management of human resources in the civil service, for we believe that substantial savings can be made without massive redundancies.

The information we are now obtaining on civil service pay together with a civil service action plan (to include staff plans) will enable us to make a better job of redeploying and using the present personnel and have the conditions in which to prepare for voluntary departures from the administration.

We aim to limit the undesirable effects of all structural adjustment programmes and relaunch and sustain development of the local private sector. This is the only way of ensuring that the economy grows fast.

The idea of State withdrawal from production and the privatisation of some State firms is to breathe fresh life into private investment and provide the conditions in which rapid growth can be rekindled, jobs created and the social pressure of unemployment relieved, particularly as far as young people are concerned.

▶ *The Comoros' economy is almost entirely based on agriculture and agriculture is held back not just by the fact that* *arable land is in short supply, but by erosion too. What are you doing about erosion?*

— Erosion is caused by many things and, in our case, the main one is demographic pressure. It leads to a constant decline in agricultural output and rapid deterioration of the environment, particularly because of deforestation, which also dries up the rivers and ultimately destroys ecosystems. There is nothing new about that.

The departments involved are trying to cope with the situation by running an anti-erosion campaign (spreading such methods as planting copses to boost fertility and stop the cattle wandering) and encouraging farmers to diversify their crops.

The farmers also get help with building mini-terraces, planting hedges of vetiver, pineapple and shoots of bloodwort to fix the earth and producing compost, forage and wood between the levels — a useful way of providing shade and ensuring that water infiltrates properly. Food products (manioc, bananas etc) are also planted on the mini-terraces.

▶ *How far is production being intensified, given the shortage of land?*

— We are short of land and our population is expanding, so intensification is vital, but it is only carried out by a few peasant farmers on the highlands of Anjouan and Grande Comore and only with food crops. They have a lot of problems because very little input is available and both supervision and capital are required. Intensifying also means reforming the system of land ownership in such a way as to determine peasant status.

▶ *Reports suggest that 80% of your arable land would be better planted with fruit trees. Since The Comoros has to combat erosion and it is increasingly unlikely that it will be self sufficient in food, why doesn't it start doing this already?*

— The ecological conditions of the islands are indeed right for fruit trees, but unfortunately we still have not got past the gathering stage in this particular sector. Organisation is called for and it is one of the priorities of the Ministry of Production's action plans, but I cannot hide the fact that we are up against a major problem of financing here.

▶ *How do you exploit your territorial waters?*

— There again the problem is financial. We do not really have the means of exploiting or patrolling our waters. We are as short of ships as we are of the training we would need to ensure a minimum of surveillance.

▶ *Is there really any future for tourism here?*

— Yes, there is. Of course there is in a country like ours, a relatively new, island country with considerable attractions. Indeed when it comes to stimulating economic activity, it should be the main contributor.

▶ *One of the main aims of The Comoros' successive governments has always been to break down the country's isolation. What are the most recent measures you have taken here?*

— We plan to break down isolation with four priority measures geared to accelerated international promotion, diversification of the airlines flying out of the major European capitals, improved regional cooperation in the Indian Ocean and, of course, political stability. Flight contracts have already been signed, in particular with Belgium, at both regional and international levels.

▶ *How do you see improved regional cooperation?*

— Before answering that one, let me remind you about the context in which the Indian Ocean Commission was set up. The founders who created it back in 1984 wanted to be faithful to the Lagos Plan and the recommendations which the international organisations had taken to encourage sub-regional groupings and the member countries realised they needed to combine forces and work together for the development of their country and the region. Each country has a national economic and social development policy, of course, but the ultimate aim of regional cooperation is to provide a useful complement to what is being done elsewhere and I think that is what the IOC is trying to do. So we have to get a better performance out of regional cooperation by getting the measure of any weaknesses and shortcomings as it proceeds.

I believe that this is the way for our States to improve regional cooperation.

▶ *Does The Comoros still see Mayotte as being part of its territory and how would you describe Franco-Comorian relations?*

— There is no Comorian nationalist who could agitate or militate for the disintegration of the national unity and territorial integrity of The Comoros. The Comoros and Mayotte form a unit and you cannot talk about them separately. The Comoros archipelago is made up of four main islands which are geographically, historically and culturally indissociable. The precarious environment immediately after independence encouraged one or two separatist elements who, it has to be admitted, had the support of a powerful lobby in metropolitan France. However, in 1975, Giscard d'Estaing came out against keeping Mayotte in the French fold, while Jacques Chirac, the then Prime Minister of the present President of France, disapproved of Mayotte's 'frozen situation' and François Mitterrand has himself always defended the unity of The Comoros.

So, on the face of it, the main French political parties, or their leaders at least, have nothing against my country's unity. But by a quirk of fate, things perhaps got off to a bad start when we gained our national sovereignty.

Franco-Comorian relations, let me assure you, are sound.

▶ *How do you see relations between The Comoros and the EEC?*

— The Comoros is a member of the ACP Group and has therefore been able to benefit from various EEC schemes. The Community has also helped the member countries of the Indian Ocean Commission run a number of projects.

Many ACP countries are worried that relations with the EEC will deteriorate with completion of the Single Market in 1992 and it is up to the EEC leaders to see how to maintain, or rather boost, trade between us and provide vital support for the development of our countries. ○

Interview by A.O.

Realistic development for The Comoros, but first...

An interview with former Production and Industry Minister, Ali Mroudjae

What are the real chances of economic development for the volcanic, infertile, isolated islands of The Comoros? Ali Mroudjae, the country's former Minister for Production and Industry, discusses them with The Courier.

▶ *The Comoros' production is badly held back by the shortage of arable land. What is preventing you from introducing new farming techniques — that is to say, intensifying production, and using more inputs, for example?*

— There have been a lot of studies of this. We in fact had our soil charted a very long time ago. This was the basis for listing priorities and the top priority was cash crops, vanilla and ylang-ylang and cloves, which brought in a lot of money. For some time now, however, the market has been dwindling and sales declining, as they have all over the Third World. Cloves, for example, have plummeted from CF 3000 to CF 400 per kg and customers are hard to find, so it is sometimes only CF 300 even, a mere tenth of the original price.

The second priority was restoring the land, because with large-scale population expansion of around 3.3%, the threats were enormous, particularly on Anjouan. All our partners, all our funders and all those helping develop the country realised the danger and almost all of them pitched in to try and head it off. Food crops, forestry and all those sectors which could bring in money and could well take over from cash crops were a bit neglected, but the new three-year structural adjustment plan just negotiated with the Bretton Woods Institutions and our development partners takes them all into account, because unless we convert to forestry and food crops, we shall never make up our losses. Food crops make for savings in foreign exchange after all and we import something like 30 000 tonnes of rice per annum — we have managed to keep it down to 28 000-30 000 t for the past 10 years. When you see our galloping population expansion, you understand why a big effort is being made with local food crops nevertheless. But production still has to be boosted and this means planning a processing industry for, say, the food and agriculture sector and so this new agricultural strategy is very much to the fore.

▶ *You mentioned cash crops... The price of ylang-ylang is rather high at the moment, but you cannot take full advantage of it because of the age of your plantations. What prevented you from renewing these plantations for a crop that is of such importance to the country?*

The Courier

Ali Mroudjae, former Minister of Production and Industry

— Yes indeed, ylang-ylang is one of the rare cash crops to hold its own. It's a very special sort of plant, I think, and competition is minimal because you need weather conditions you don't find easily anywhere else. You need the sort of rainfall which you tend only to get on islands, you need tropical sunshine and I think you need sea air too, because ylang-ylang is a coastal plant and doesn't grow high up. All this is in our favour, of course, but a great deal of labour is involved too, because many people have to work very hard to harvest ylang-ylang and better distillers are called for if it is to be a profitable enterprise. The flowers are boiled and distilled to produce essence and the equipment which chills and condences the vapour has to be sound, with no holes or leaks. The best ones are made of copper, but we don't produce copper and our copper machines are 30 or 40 years old and need replacing. Recent arrivals on the market use sheet metal, but it doesn't last. We have attempted to cope with all this by inviting UNIDO to take part in a project to look at the problem from all sides. So we do have a policy of modernising machinery and boosting output. That is one of the difficulties. Another is the energy required for distillation. We use wood and wood now is scarce... I told you just now about the calamity on Anjouan. Anjouan is where most ylang-ylang is distilled and ylang-ylang is partly to blame for the destruction of the forests there, so we are looking for another source of energy with decent returns. We tried diesel, but it's rather expensive compared to wood, because wood is free. We once tried to bring in coal from South Africa, but we didn't have normal relations with this country and I think the trial wasn't long enough for any proper conclusions to be drawn and perhaps we should try again. I have just tried to make contact with the authorities in Madagascar through the Ministry, because Madagascar has huge forests which it is trying to thin by clearing swathes and so on, which will mean it has to do a fair amount of felling. It has asked for FAO assistance to try and make charcoal with the timber — decent, properly tested charcoal which produces a lot of heat — and it is willing to sell us some for our distilleries. A start has been made, contact has been established and we have been visited by an FAO expert and various Madagascan businessmen. We aren't at the practical stage yet, but the project could get under way very soon.

▶ *The EDF has financed at least one project to encourage maize production as a gradual replacement for rice. How successful has this been?*

— You have to see this project in the political context in which it was devised. Ali Soilih was there at the time and he had what is called a fascist policy — between communism and fascism — because it didn't go anywhere. He tried to clear the decks, and bring atheism to the country.

This policy had its positive points, you can see that now with hindsight, because the aim was to decentralise. But the population rejected it. This was the context in which the first big maize scheme was set up with the idea of diversifying the people's diet. It wasn't that maize was something the Comorians wouldn't eat. It was just the context. When the régime changed, the project was started up again, but under a different name — 'Maize and food crops', it was called — because we need maize, if only to keep the livestock sector going. That is where maize can help us to be self supporting in poultry feed, first of all, and, of course, in food for the population. But the basic idea must not be to replace rice. Rice is imposing itself all over Africa because it is cheaper and easier to cook. Even big countries such as those in Europe, which have culinary and gastronomic traditions of their own, are being overrun by rice. When I was a student in France in the 1960s, we used to go miles to find a shop which sold rice — Uncle Ben's from the USA it was then, but now you can get rice from any supermarket shelf, even in sacks. They eat a lot of rice in Europe. I've been to London and most of the restaurants there are Pakistani or Indian and rice is what counts there too.

▶ *Are there any food crops in which you can safely say you have achieved self sufficiency?*

— In this country, as you know, the food tradition is green bananas cooked in coconut milk with meat or fish. That is our staple diet. There are sweet potatoes too — the variety we have here is very good and ideal for the population and it is an integral part of our diet — and we also have tubers, that is to say, yams and manioc. What we want to do is stop rice getting any more popular. We want one out of every two rice meals to be replaced by local foodstuffs. That is the policy. Our market gardens are expanding because we are eating more and more lettuces and carrots and so on. We usually eat rice at lunch-time and have a lighter meal — vegetables and grilled manioc or sweet potatoes or something — in the evening. So the message is that, while we want to contain rice consumption, we realise we cannot replace it entirely as it has become a completely irreplaceable part of our diet.

▶ *Can you hope to go in for livestock on an industrial scale, given that traditional grazing implies deforestation?*

— We could do intensive rearing here provided we solved the water problem, particularly on Grande Comore. We have livestock areas there, but a hydraulic policy for the grazing land is called for. We have to get water to some places and we are therefore running projects with the EDF, installing water catchments all over the place, using the old craters you can see if you fly over the island. No digging is required, as all we do is line the craters with a thick layer of concrete, a well-tried method in The Comoros which we only need to spread. We did discover water on Grande Comore, contrary to expectations, a few years ago, so all we need to do now is dig down, although for centuries people said there was no water on Grande Comore as there were no rivers and we just had cement tanks.

▶ *But it's supposed to be very expensive to sink wells on Grande Comore...*

— The higher you go, the more expensive it is, of course. The land slopes up steeply from the coast and the higher it is the more it costs to bore. Let me explain. There is no clay at the bottom, but seawater filters into the island through the porous soil and when it rains, rainwater filters in too. When the waters meet, rainwater, being less salty and less dense than seawater, comes to the top and can be pumped out. So there is water everywhere. You can bore on the coast without any problems, although you have to calculate carefully, because if you go too near the shore you could end up with brine. But you don't have much choice.

▶ *There is still one resource you haven't exploited — the sea. What has been achieved in this sector lately?*


The Courier

A water catchment. Digging for water is very expensive

— That brings us to something which is of particular concern to me. When I went to the Ministry of Production, I realised there was a big drawback to our production policy, because, with cash crops losing their value, some way of compensating had to be found and, in my opinion it had to be found in the sea, in fish. Our waters are full of fish. We have huge amounts of tuna. There are seasons when one fisherman can bring in 20 tuna all by himself — that's a huge amount for one person — and we have a red fish called sebastis marinus, for example, very expensive fish, as well. This is where we need a policy, the master plan for the development of our fisheries which is wanting at the moment. So there is work to do in this sector. When I arrived at the Ministry some time ago, one or two very efficient projects were already under way. There was an artisanal fishing scheme, for example, to update the tools used by traditional fishermen, who were still fishing from hollowed-out tree trunks with outriggers and paddles. It tried out seven metre fibreglass boats fitted with motors so fishermen could get to the fishing banks quicker and it tried installing rafts all around the islands so the fishermen could be guided by them and save time and fuel. We should also like to have refrigeration facilities for this project near the fishing zones and fishing villages to keep the fish fresh. Thanks to Japanese cooperation with our policy, we now have a school of fisheries, which is teaching extremely interesting fishing techniques. The upshot of the artisanal fishing drive is that there are more and more fish on the Comorian market. There is no shortage nowadays. The problem is keeping it so the market can be regulated and the fish marketed, because we have plenty of it, even enough to export, if only in the region as Seychelles does. We are also looking at the possibility of moving over to semi-industrial fishing with large vessels which can process the catch on board. That is phase two, non-artisanal fishing, and phase three is a preserving plant to process tuna locally and market it outside.

This is one way of boosting our income from fishing. Another is farming shrimp. I don't know how good it is, but we are planning to follow in the footsteps of a lot of other countries and go in for shrimp farming. At all events, a French firm has applied to come and run trials and we agreed immediately, so they will be arriving to get their tests off the ground any time now. We also have crawfish at great depth, not for export, but for local consumption — there would be plenty for our expanding hotel and tourist sector. So, those are the different sides of our fishing industry — tuna, shrimp and crawfish.

We can also breed fish in the sea itself, as Mohéli has little islands where we can make what amounts to a big aquarium — the Japanese are very good at this sort of thing — and raise one particular kind of fish, sebastis marinus, the red fish I mentioned just now, and market it in the region, on Réunion, where they are very fond of it. All this is part of our fisheries development policy. With studies and research, we need more and more big specialists, because this is a sector where amateurs are not wanted. We have to join much bigger units, because a little country like The Comoros cannot afford all the infrastructure it needs for surveillance of the coast, territorial waters and exclusive economic zone. There is a regional organisation, the Indian Ocean Commission, and we have a fisheries association called the Indian Ocean Tuna Association, which is financed by the EDF as part of its regional cooperation efforts. We have laid the foundations for a regional association in the greater region, going from India, Sri Lanka and the Maldives over to Madagascar, The Comoros, Seychelles and Tanzania, Kenya and Mozambique, about 11 countries altogether. We got together in Seychelles recently to see just how far collaboration could go, because the Tuna Association aims to evaluate the region's potential and do some research into the way tuna behaves there and so on. But some sectors which are of economic interest to us are not dealt with by the Association — the surveillance of our waters, for example, marketing and the infrastructure required to process the fish on the spot. We nonetheless think we should have a big association like the one they have in the South Pacific, which has had some very interesting results. It will enable us to swap ideas. A fairly large source of information is of benefit to small countries like The Comoros, we think, and will mean we can exploit our resources very soon.

Something else in the fish sector which is already working is the royalties we get from the agreements we sign with the EC for European vessels — traditionally French and Spanish and this year one or two Portuguese ones too — to come and fish in our waters. The same agreements have been signed with virtually every country in the region. We receive royalties, but we believe we can go on authorising European vessels and have our own ships out there as well, just one or two, to try and boost the local catch.

▶ *You have a great deal of experience in the Government of your country. How do you see The Comoros' economic future?*

— The Comoros' economic future is very simple. As I see it, everything has to come from the Ministry of Production and Industry where I used to be. When President Djohar asked me to join his Government, I said I would do so on one condition — that I could have that particular department, because that was where I thought there was something to be done. You need firm opinions in that department. You need determination, because it's a large ministry and it has many tentacles. By the time a new Minister has found out about all the links and the different sectors and so on, he's gone. That is the truth, sadly, although I think (I may not be in the Ministry of Production now, but once you are familiar with it...) there is still a lot that can be done, because there is livestock and there is agriculture, although these are things that take time. If we were to launch, say, a fruit policy, it would take at least five years if we got started now. Firm structures have to be set up, so that even if a new Minister does turn up, he can't alter anything. There has to be someone who is committed enough to do the basic job, which is all over once the policy is launched. Ministers may come and Ministers may go, but they will follow what has been laid down. It's like ylang-ylang. The plants are there and they don't alter and all we have to do is harvest and sell.

It's a pity, but just when conditions seemed right, because our development partners realised that a lot of thought was called for in this sector, they paid for a study which the Comorian Government wanted with a view to the agricultural strategy. The study is virtually complete. It isn't perfect, nothing in this world is perfect, but it is something we can work with. All the major questions have been asked. They perhaps haven't been answered in enough depth, but our technicians are ready to add what is necessary and so we can add our own ideas and changes to the document.

We have to take action in the three sectors. We have talked about fish, but we have to deal with food crops too, because food crops can be exported and they stabilise the diet. I forgot to mention that we have a potato project which is going very, very well and that the Comorians are beginning to eat potatoes. We can export bananas and yams, for example. There is a fast expanding African community in Europe which is crying out for things like that, for manioc leaves and various selected products which can be exported. Cash crops exist; something has to be done before we can launch all those products, be they cash crops or be they food crops. We have to have agricultural credit facilities. We have to have them because there is not one single institution which deals with them. Marketing has to be properly organised because we are islands and we have the problem of transporting goods from one island to another. Mohéli is a veritable garnerhouse for all these products, but they have to be shifted to Moroni, so credit and marketing facilities really have to be organised first.

The third thing for the future is processing. We have to be able to process our goods. We grow fruit here. The mango trees you see here grow naturally. We don't even have to plant them, but now we are working to a system, because the European market is highly selective. Mali, for example, and various Latin American nations sell top quality grafted mangoes on the European market and we shall be forced to work harder, because our land, which is volcanic, is austere and hostile. Anyway, our future lies with food crops and cash crops — provided we can set the scene with credit and marketing facilities. And then we shall have to tackle agro-food processing. ○

Interview by A.O.

Comoros-EEC cooperation

by Benoit AUBENAS (*)

The Federal Islamic Republic of The Comoros celebrated its 15th anniversary of independence on 6 July this year, but cooperation with the Community goes further back than that, to the early days of the European unification process in 1958. Between then and 25 July 1991, when the Lomé IV indicative programme was signed, the Community has allocated more than ECU 73 million in programme aid, plus ECU 3.2 million risk capital from the European Investment Bank, ECU 18 million from Stabex, ECU 16 million-worth of food aid and ECU 3.5 million assistance for structural adjustment — a total of more than ECU 118 million.

(*) EC Delegate to The Comoros.

These figures reveal that Community aid is, one, constant, two, provided through a number of different instruments and, three, intended to cater for the economic difficulties of an island country which is one of the least developed nations and has the world crisis to contend with.

This is summarised in the tables.

Community aid is constant

In 1958, in the early days of the construction of Europe, the Community helped the then Overseas Territory with a development programme — active involvement which was to continue and expand in the years which followed.

Under the first three EDFs (1958-75), assistance was given with basic infrastructure and social facilities (ports, roads, education and health), but, in 1975, Community aid began to take the form of programmes and this took off in a big way, with ECU 18 million in 1977-80, ECU 29 million in 1980-85 and ECU 35 million from 1985.

In the vagaries of the international economic situation, the EEC has maintained and even stepped up its aid to The Comoros, which despite very few donors, has a constantly active partner in Community assistance.

Community aid is varied

The Comoros is in a difficult economic situation. It is particularly sensitive to changes in the international economy and, having a volcano and being prey to hurricanes, is the victim of weather too.

Table 1: Summary of aid, 1st-3rd EDFs, 1958-1975 (Mayotte included)

1st EDF	
— Extensions to the jetty at the port of Mutsamudu	866 000
— Asphalting of the main roads	1 148 000
— Improvements to the roads	247 862
— Electricity supplies in Moroni and in Mutsamudu	348 000
— Mutsamudu school of domestic studies	198 000
— Health training in Mamoutzou and Fomboni	234 000
— Four maternity units	274 000
Total	3 315 862
2nd EDF	
— Studies and improvements to the road net-works	2 316 230
— Electricity supplies in Moroni and in Mutsamudu	4 000
— Study grants	51 000
— Health training in Foumbouni	230 000
Total	2 601 230
3rd EDF	
— Modernisation of roads on Anjouan and Mayotte	2 142 526
— Moroni water supplies	1 422 349
Total	3 564 876

Table 2: Summary of aid, Lomé I, 4th EDF

Projects	Amount (ECU '000) Earmarked	Committed
1. Rural	2 850	
— Development of maize growing		1 900
— Development of small animal raising		300
— Restoration & protection of soil in the Nioumakélé area		650
		2 850
2. Internal telecommunications	2 500	
— Inter-islands communications (studies and projects)		2 580
3. Training, technical assistance, trade promotion and a reserve fund	970	
— Training, study grants		100
— Technical assistance		680
— Study, export promotion (ylang-ylang and cloves)		70
— Development bank study		12
		862
Total 4th EDF indicative programme	**6 320**	**6 292**
Other aid		
4. STABEX (1976-1980)		2 327
5. Emergency aid		2 897
6. Food aid 1976-1980 (at world market prices)		6 350
7. Regional cooperation (Indian Ocean)		8 493

Table 3: Aid programme Lomé II, 5th EDF

Projects	Amount (ECU '000) Earmarked	Committed
1. Communications & economic infrastructure	3 800	
— Port development		
feasibility study		52
technical studies		600
— Pomoni bridge		230
		882
2. Agricultural development	4 700	
— Development of maize growing		2 340
— Soil protection & restoration study		10
— Development of Jimilimé region		1 482
— Pepper, coffee & cocoa study		20
— Multidisciplinary study for Jimilimé		62
— Banana plantation study		8
— Anjouan small livestock scheme		200
		4 122
3. Social infrastructure	4 072	
— Fomboni water supply study		64
— Mutsamudu water supply study		118
— Fomboni water supplies		805
— Mutsamudu water supplies		3 085
		4 072
4. Microprojects	300	260
5. Training	580	
— Training requirements study		10
— Multiannual training programme		550
— Vocational training study		18,5
		578,5
6. Trade promotion	75	
— Fairs		
Cosmoprof (Bologne, 1984)		7
Anuga (travel supp.), 1985		2
		9
7. Miscellaneous & reserve fund	973	
— Technical assistance to the post office		325
— Technical assistance development bank		100
— Building for funders' conference		50
		475
Total indicative programme (5th EDF)	**14 500**	**10 398,5**
Other aid		
8. Stabex (1980-1984)		6 575
9. Emergency aid		444
10. Food aid, 1980-1984 (world market prices)		7 054
11. Article 958 — Food strategy		300
12. Regional cooperation (Indian Ocean)		10 223

Table 4: EEC — Comoros cooperation Lomé III

Projects and programmes	Provided	Committed ECU '000
• National indicative programme (6th EDF)		
a) Focal sector (65%)	13 602	
– integrated development in NE Anjouan		9 966
– artisanal fishing		2 000
– maize & integrated crops		260
Total		12 226
b) Other (35%)	7 324	
– Port of Moroni		7 918
– health, population		14
– miscellaneous		318
		138
Total		8 388
TOTAL	20 926	20 614
• Risk capital (EIB): loans	2 000	2 000
• Stabex (85-89): cloves & vanilla	0	9 101
• AIDS	75	75
• Food aid (85-90)	0	2 726
• Regional cooperation (Indian Ocean): token entry	29 000	20 000

Table 5: Community programme aid under Lomé IV (7th EDF)

Sectors	Provided	Committed ECU '000
• National indicative programme (7th EDF)	22 000	
a) Focal sector (70%)		15 400
– food crops		
– cash crops		
– communications		
b) Other (30%)		6 600
– training, tourism, craft, microprojects, other		
• Support for structural adjustment	3 500	
• Risk capital (EIB)	3 000	
• Regional cooperation (Indian Ocean)	30 000	

It has taken considerable advantage of the various means of assistance provided by the Lomé Convention.

Programme aid has been provided under the successive EDFs for:
— agricultural programmes:
• maize and other food crops to counter the consumption of imported rice;
• small livestock (poultry for the table to replace imported birds);
• artisanal fishing, with a view to making more of the coastal area;
• integrated project to develop part of Anjouan Island;
— infrastructure programmes:
• roads;
• Port of Moroni;
• power supplies and telecommunications;
— social programmes:
• water supplies for Moroni; Mutsamudu and Fomboni.

Stabex payments have been made over and above this to compensate for earnings lost on vanilla, cloves and essential oils. Food aid (rice, milk powder, sugar and vegetable oil) has gone some way to making up the food shortfall which is inevitable in a country where the farmers cannot hope to feed the constantly expanding (3.4% p.a.) population and emergency aid has provided immediate help for the victims of hurricanes and volcanic eruption.

In addition to the grants The Comoros gets from the Community, it derives benefit from the risk capital managed by the European Investment Bank, which provided an ECU 2 million line of credit to The Comoros Development Bank for the period of Lomé III (1985-90). In 1991, all loans were committed to the building and building materials sector and to food and agriculture.

ECU 3 million has also been provided for The Comoros Development Bank for 1990-95, this time for one-off schemes in such sectors as telecommunications as well.

Lastly, The Comoros belongs to various international organisations (the IOC, CICIBA etc) and therefore gets the benefit of projects which reduces its isolation and involve it more in international life. Ongoing discussions of financing to modernise the telecommunications network is also primed at helping in this respect.

This, then, is a country which will have made the most of the instruments of cooperation which the Lomé Convention offers — and, of course, made its aid management more complex in the process.

Adapting Community aid

The Comoros has been discussing the rationalisation and modernisation of its economy with the Washington institutions for several years and President Dhojar made his priority signing a structural adjustment agreement with these bodies when he took office in March 1990. The procedure began in April 1990 and ended in mid-June 1991 with a favourable decision by the Boards of the World Bank and International Monetary Fund.

The structural adjustment programme should help with the (internal and external) public debt and the vital rationalisation of public finances.

The Lomé IV indicative programme contains special arrangements for which The Comoros is eligible and ECU 3.5 million is to be allocated for the country to import essentials such as petrol, cement and fertiliser. The counterpart funds accruing from the sales of these goods could be used to cushion the negative effects of measures taken under the structural adjustment programme. Cooperation can provide an answer to problems of debt and State reform and the flexible nature of Community aid is very much appreciated by the Government.

In late 1989, the Commission of the European Communities decided to upgrade its representation in The Comoros to the status of Delegation, so it no longer depended on the Delegation in Mauritius — a response to the country's oft-stated desire and to the extreme diversity of Community cooperation in the islands. In Lomé, The Comoros has the instruments it needs to help its development along and the recent signing of agreements with the Bretton Woods institutions will enable it both to boost this cooperation with the EEC and harmonise it better with aid received from other funders. This is an essential aspect of international cooperation and one which this country, with so few resources of its own, is making efficient use of in the field. ○ B.A.

External aid to The Comoros

External aid (bilateral and multilateral) varies between $45-50 million p.a. — i.e. CF 15 000 million, with a State budget of CF 11 000 million.

The main funders are:
— France: FF 70 million for 1991
— the UN and the EDF, with disbursals for 1991 as follows in $ million.

Disbursals (in $ million) *(source: UNDP, Moroni)*

A. Multilateral

France	18.0	UN	8.3
Japan	3.1	(inc. UNDP	4.2
USA	3.1	WFP &	1.5
Belgium	2.1	WHO	0.9
	26.3	IBRD)	0.5
		EEC	5.1
			13.9

B. Other
China: 0.8; USSR: 0.3; Egypt: 0.7; Morocco: 0.3; Other: 0.6; NGOs: 2.1
Total: 4.8
TOTAL A + B: $45.0 million

These figures, expressed in US dollars, reflect:

— stable assistance from the OECD countries and multilateral organisations, with $45-55 million p.a. over the past five years, a level reached gradually after 1976-79, when commitments were low;

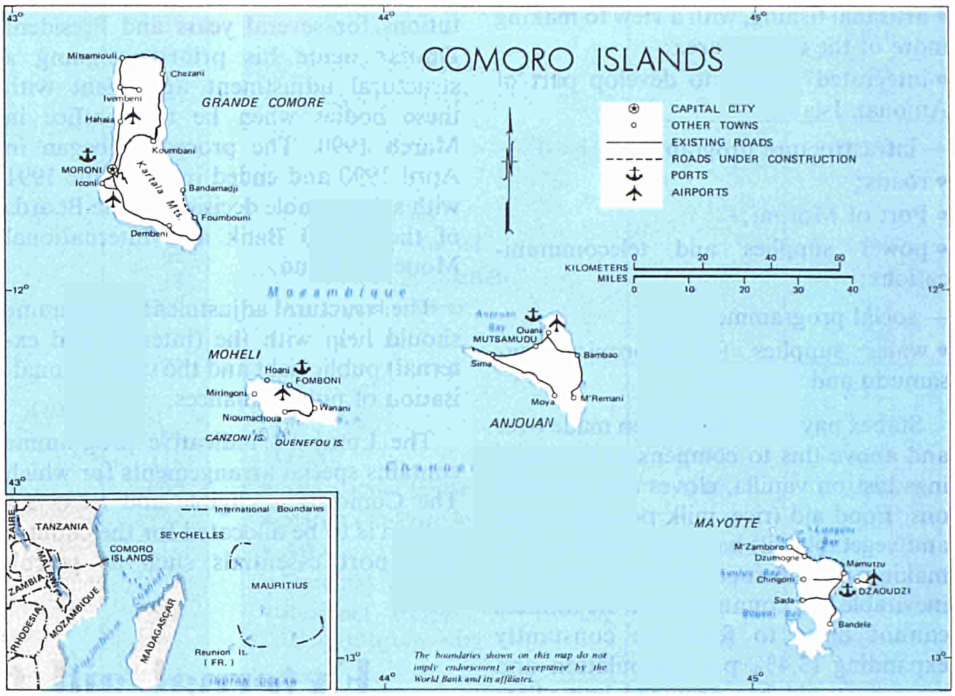
— large contributions from organisations in the Arab countries in 1980-82, in clear contrast with the dwindling commitments from 1984 onwards and disbursals from 1987 onwards.

The other countries (China and the USSR), which are not included here, cooperated in clearly identified sectors so the real figures are actually slightly larger than those given.

The assistance was provided in the form of concessional loans. Repayments were met in many cases, but arrears have mounted since 1986. In terms of principal, debts owed on disbursals on 31 December 1989 were CF 51.7 billion (including France's reduction) — 33.2 billion to multilateral partners (3.9 billion to IBRD-IDA, 5.9 billion to the ADF-ADB, 2.9 billion to the Islamic Development Bank, 1.4 billion to the OPEC Fund and 0.6 billion to IFAD) and 18.1 billion to bilateral partners (7.4 billion to Kuwait, 6.8 billion to Saudi Arabia, 1.6 billion to China, 1.3 billion to France, 0.7 billion to Belgium and 0.3 billion to Abu Dhabi). At the exchange rates of the day, this makes $185.8 million or $380 per head of the population.

By the end of 1990, arrears had exceeded CF 11.5 billion and repayments for 1991 (principal plus interest) came to something like CF 2.88 billion.

The Comoros is therefore in the very delicate position of having to ask its funders for both sustained assistance with its economic overhaul and help with clearing the debts incurred for investments which did not have the desired effects. It will take proper management of a balanced external debt with bearable repayments to keep the public finance rationalisation drive going and make an efficient job of handling any further assistance.



Comoros-EEC cooperation in figures (in millions of ECU)

- National indicative programme: Lomé I: 6; Lomé II: 14.5; Lomé III: 20.6; Lomé IV: 22.
- Regional indicative programme: Lomé I: —; Lomé II: 20; Lomé III: 29; Lomé IV: 30.
- Hunger in the world (article 958): 0.3 (1984).
- Aids: 0.075 (¹).
- EIB: Lomé II: 0.165; Lomé III: 2; Lomé IV: 3.
- Stabex:

1980	Copra	0.246	1985	Clove	2.058
	Oil	0.852	1986	Clove	2.977
1981	Copra	0.291	1987	Clove	0.405
	Oil	0.487		Vanilla	1.623
1982	Copra	0.294	1988	Clove	1.038
1984	Clove	0.851	1989	Clove	0.655
	Vanilla	0.3553		Vanilla	0.808

- Food aid (in tonnes):

	1985	1986	1987	1989	1990	1991
Cereals	1000 t	2000 t	2000 t	2000 t	2000 t	
Sugar	200 t	100 t	100 t			
Milkpowder	300 t	100 t	100 t	100 t	100 t	
Butteroil	100 t	—	—	—	—	
Vegetable oil	—	100 t	100 t	100 t	100 t	
	0.75	0.55	0.41	0.508	0.508	(¹)

- Emergency aid: 1981 Rains 0.194; 1982 Cyclone 0.150; 1985 Cyclone 0.100
- NGO, 1989: 0.16.
- Fisheries agreement: 20-07-1988 to 19-07-1991. Standard fee of ECU 300 000 per year for 6 000 tonnes of tuna. ECU 166 666 for scientific research. ECU 1 000 per boat per year; 40 maximum.

(¹) Yet to be decided.

Interacting cereal policies in the Western Sahel (*)

The CILSS and the Club du Sahel told states and aid agencies that national policies needed to fit into a regional framework back at the Nouakchott meeting on cereal policies in the Sahel in 1979 and, in 1986, delegates at Mindelo were moved to recommend investigating the possibility of a protected regional cereal unit where production could be encouraged and trade facilitated.

The work which began after Mindelo, triggered discussion of two things — the point of using protective measures to reduce competition from imports and get local production off the ground again and the feasibility of such protection. A first look at the idea of the regional unit made it very obvious that there would be many barriers unless there was a clear show of political will from the States. It also indicated that regional cooperation meant organising areas where people worked together.

The seminar in Lomé in November 1989 was a further stage in the two Secretariats' thinking on the matter. The countries on the Gulf of Guinea were involved for the first time on this occasion, so the whole of West Africa was now covered.

The meeting found that trade in farming and livestock products between the countries on the coast and those in the Sahel was an important aspect of food security in this part of the world. It also identified groups of countries in West Africa which had particularly well developed relations and seemed likely settings for a pragmatic quest for new regional balances. In these sub-regions, governments could swap information about production, trade patterns, sectoral policy trends and so on, to make for more consistent national policies and collective reorganisation of the interface between local markets and the world market.

The CILSS and Club du Sahel Secretariats began by looking at the western sub-region.

(*) This article was submitted by the Club du Sahel (OECD).
The Western Sahel is Gambia, Guinea, Guinea Bissau, Mali, Mauritania and Senegal.

The investigations, which continued with a full diagnosis of the way the area worked, bringing hitherto scattered information together and filling in the gaps as far as possible, hinged on two teams — a Franco-African group combining the IRAM, INRA and UNB (1), which concentrated on diagnosis and analysed the way policies and trade interacted in the area, and an American team from the AIRD (2), which took a close look at the comparative advantages of various branches of the cereal trade.

Both teams also did prospective work, investigating the possibilities that would be open to the area, whether it decided to change or to continue along present lines.

The Secretariats also encouraged the authorities in the six countries to set up a forum to exchange information and discuss their various cereal policies. Support from the ECDPM (3) helped get a dialogue going between staff of the different authorities concerned with grain (i.e. Agriculture, Trade and Finance).

Work continued for a year and then, on 27-31 May 1991, the CILSS and Club du Sahel Secretariats organised their Bamako meeting on the interaction of cereal policies in the western sub-region. This was the opportunity to take stock of achievements so far and to look at the results and check on their consistency.

The two main aims were:

— to analyse the cereal trade and agricultural policies of the western sub-region;

— given the African countries' increasing interest in regional integration, to look at how the cereal trade might be used to make regional cooperation in the area more dynamic.

(1) INRA — National Institute of Agricultural Research, Montpellier, France.
IRAM — Institute of Development Method Research and Application, Paris, France.
UNB — National University of Benin, Cotonou, Benin.
(2) Associates for International Resources and Development, Cambridge, USA.
(3) European Centre for the Management of Development Policies, Maastricht, Netherlands.

THE DIAGNOSIS

Food dependency increasing

Researchers from the INRA-IRAM-UNB team pointed straight to the fact that the policies used since independence had failed to bring either lasting food security or — even less — self sufficiency. Indeed, they had actually led to unstable food economies which were forced to look to the outside world.

Over the past 20 years:
— imports had expanded (at 5% p.a. on average) faster than the population (at 2.5% p.a.) with imported grain, initially a quarter of the average ration, now representing a third;
— supplies had continued to be irregular because of the weather, poor productivity increases, the inefficient workings of the cereal market and shortcomings on the processing front.

However, the picture was not entirely bleak, because:
— the grain available *per capita* rose from an average of 135 kg to 183 kg p.a. (although this was largely due to imports);
— production expanded (at 3% p.a.) faster than the population — a very strong improvement largely due to good harvests at the end of the period under scrutiny.

The AIRD team measured the competitivity of the different local crops (rice, maize and millet/sorghum) in Mali, Guinea and Senegal by reference to internal costs. It appears that, in comparison with the imported rice used as a reference, local rice is competitive in the area of production in almost all the branches investigated, although it is never competitive in the capital cities — other than in Mali, which has the natural protection of being land-locked. Dry cereals are more competitive.

In time, the AIRD method will mean that competitivity comparisons can be made between the various branches of production and marketing in the countries in the region and not just with the world market. This information will be useful in the quest for comparative advantages within this area.

Regional trade has not improved food security

The investigations have also shown that the region's trade in local cereals has made only a very small contribution to its food security. One or two figures illustrate this:

— Cross-border regional trade is modest in comparison with what is actually available on the market (2 million t approx.), being estimated at an average of 230 000-280 000 t (12-14% of the market) p.a. between 1987-88 and 1989-90.

— Cereal trading between the countries in the sub-region is 70% world market in origin (mainly rice and wheat) and only 30% local.

A fair percentage of this cross-border trade is illegal re-export, triggered by the disparity in the economic and monetary policies of the western sub-region, for which the wide geographical, human and economic diversity of the countries there is very much to blame. Mali, for example, is land-locked, while the other five have ports as their capital cities. Population spread is very uneven, the majority being concentrated in three countries (Guinea, Mali and Senegal). Guinea and Mauritania have major natural resources, Mali and Guinea Bissau have mainly agricultural resources and livestock, while Senegal has more diversified export earnings than its neighbours and Gambia is doing its utmost to become a trading nation.

This diversity, which could well bring out complementarity, has in fact led to dependence and division so far. This is one of the least integrated parts of West Africa, where there are almost as many monetary zones as countries and transnational communications are only practicable with difficulty.

A scenario of greater dependence

The researchers on the INRA-IRAM-UNB team wondered what would happen if present production and trade trends continued. A demand projection based on current rates of demographic growth and estimated *per capita* consumption (separate levels for each country) suggests that almost 6 million t of cereals could be needed within the next decade — 1.4 million t up on the present volume of consumption. The team wondered whether regional dynamics of a different kind, in which policies were concerted with a view to local cereal promotion and a drive for a more homogeneous interface with the outside world, would make it possible to avoid a scenario tending towards food dependence — which is unsustainable in the long term.

THE MAIN CONCLUSIONS

After hearing the researchers' diagnoses, delegates moved to round tables and working parties to discuss where the cereal economy stood in the national strategy of each of the six countries, how national policies interacted with the policies of the neighbouring countries and what the prospects of cooperation were in the western sub-region.

The cereal policies

The first thing to emerge was that the cereal trade posed complex problems, probably to a far greater extent than other products. Not only did remunerative conditions have to be created for people throughout the sector, but, since cereals were a major part of the human diet, they were more socially important than other crops and the discussions they triggered were impassioned. Rationality, particularly in economic matters, was not always the order of the day. What it amounts to is that cereals are a strategic commodity, with all the constraints that brings when policies are defined.

They are heterogeneous and the problems of, and prospects for rice, maize and millet/sorghum are very different, be it at national or regional level.

Millet and sorghum, which are traditional cereals, find their position gradually being eroded in these six countries, in relative terms at least. They are not marketed much, they are still grown by very unintensive methods and production fluctuates, but they are the staple diet nonetheless and occupy the majority of the arable land, so it would be foolhardy to underestimate their economic importance. Gambia, Mauritania and Senegal have a structural demand for them, as, to a lesser extent, do Guinea and Côte d'Ivoire. Mali alone could perhaps become a regular exporter.

Maize is undeniably the cereal which could develop fastest, because various parts of this area have the right weather conditions and no major investments are called for. Schemes offering a stable outlet to producers (in Senegal and Mali in particular) attracted a rapid response, despite the fact that the prices were fairly low. Unfortunately, however, maize does not usually feature in the traditional diet in this part of the world, so the demand for human consumption is low and attempts at creating a significant market in the sub-region through either processing or secondary utilisation (for livestock) have not met with success so far.

Lastly, the greatest problems are with rice. All the countries produce it — on irrigated plots in the north and on rainfed, lowland and mangrove plots further south — and, to varying degrees, all the countries import it as well. The regional market in this, the main imported cereal, reflects the differences and contradictions in the economic and agricultural policies of the various countries, those of Senegal and Gambia, for example, being a case in point.

First conclusion

The western sub-region is compartmentalised and the countries outwardly oriented

With regional integration resurfacing as a way of coping with crisis, delegates analysed why a political desire for regional integration had failed to stand up to economic realities in the past.

These countries have always had stronger economic ties with external partners than with their neighbours and the national economies had not yet managed to develop a network of regional trade. Seeing that dependence on aid tends to follow privileged relations with the metropolises, the delegates wondered whether there really was any point in setting so much store by regional integration. Word and deed were very much at variance.

The regional dynamics of the unit had led to greater food dependence. Policies were not consistent with each other and there were plenty of harmful effects and delegates came to the conclusion that each of the countries had only a limited understanding of the virtues and constraints of its neighbours. They did not include them in their thinking and they did not have the means of doing so either.

So, despite a (sometimes vehemently defended) regionalist philosophy , the countries basically were not very worried about regional cooperation. They had not achieved the dynamics of regional integration, nor would they do so spontaneously.

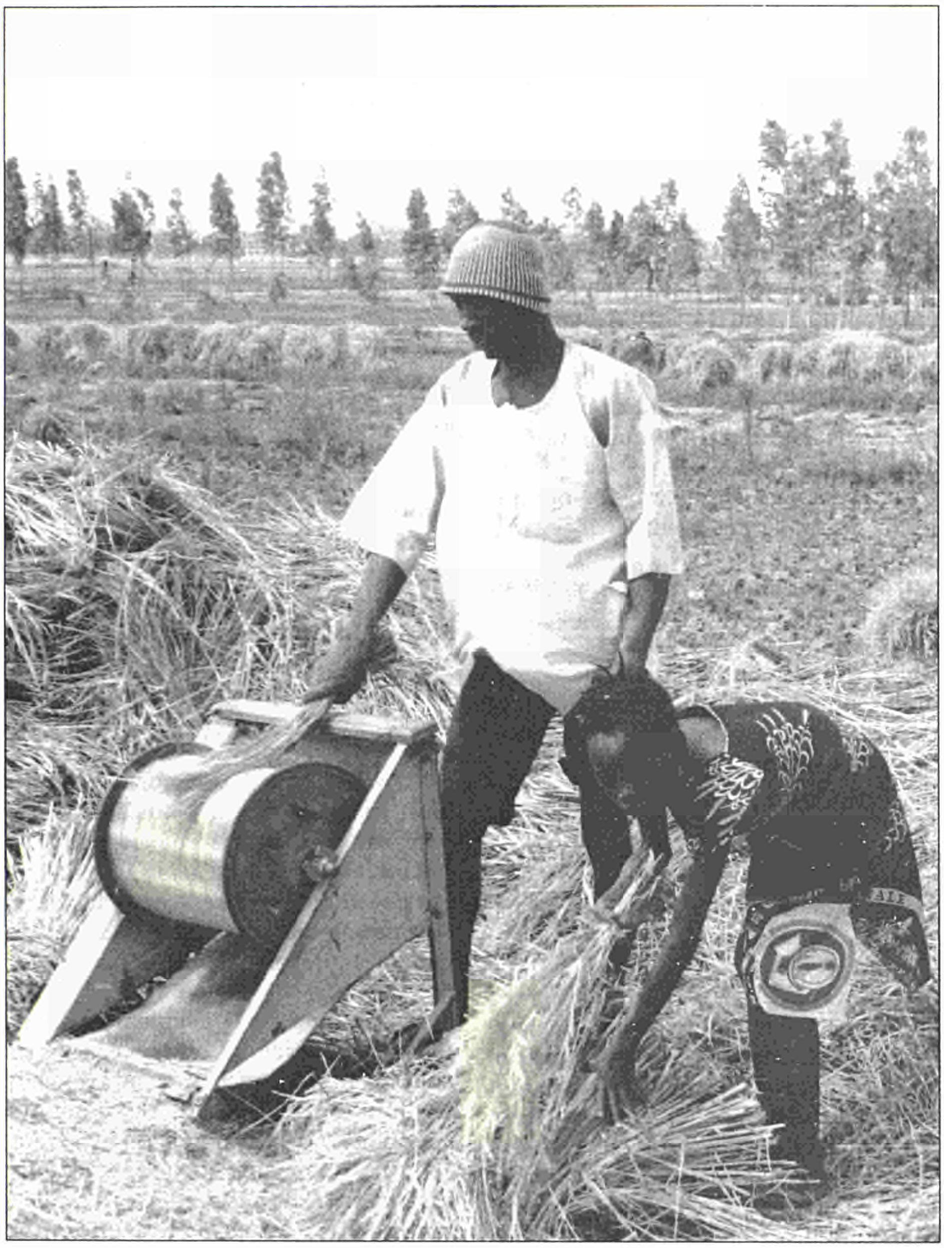
But the structural and agricultural adjustment programmes run in all the countries in the western sub-region had not in fact helped harmonise cereal policies. If such programmes were to do more for regional integration and economic development, the various partners should avoid recommending the countries to adopt over-antagonistic policies. The Food Aid Charter, a remarkable example of regional cooperation, showed that such things were indeed possible.

Furthermore, despite a recent awakening, most of the aid agencies' cooperation programmes were as compartmentalised as the sub-region itself.

The meeting was reminded that the EC's unification process had been long and hard. It had begun with two products, coal and steel, and then moved on to common tariffs before managing to adopt common policies, some of which were still only on the drawing board.

Delegates therefore recommended that the States and aid agencies be clear-sighted about the prospects for rapid regional integration.

No model, they stressed, no foreign institution, even a multilateral one, could ever replace the African leaders themselves as organisers of their regional relations.



Cereals alone will not be the economic foundation of regional integration

Second conclusion
Cereals alone will not bring about integration in the sub-region

In spite of their economic and strategic importance in each of the countries concerned here, cereals will not be the economic foundation on which regional integration can be built, illegal re-exports having been the biggest feature of regional activity so far.

That is not to say that there is nothing to be done in the matter of sub-regional cooperation in the cereal sector.

First of all — and this is urgent — plans have to be made to stop one country having harmful effects on another. Countries can also make bilateral moves to encourage existing and potential flows between regions with surpluses and regions with shortfalls.

However, if the idea is to go beyond cooperation and gradually move towards greater integration of the economies in this sub-region (and this involves re-orienting some of the national policies), then a far broader framework than just the cereal sector is called for. The thinking must be extended to include more (agricultural and other) products and take account of relations with the neighbouring areas of Sierra Leone, Liberia and Côte d'Ivoire.

Discussion also revealed that the region would benefit from a harmonised world market interface policy coupled with a freeing of the internal market. A lot of progress was made on this front at Bamako, but the problem is that most countries see harmonisation as getting all the other countries lined up on their own national policies, be they very liberal or very protectionist.

Third conclusion
More awareness needed of what is at stake at national and regional level

There is no ready-made answer for the problems of food security in the countries of the western sub-region.

The States have to square the circle! They have to cap their spending, modernise their production apparatus and try and balance their payments. But, just like everyone else, they also have to strike a balance between the various groups (the producers, tradesmen, consumers etc, who are varyingly organised to defend their own interests), between the capital and the regions, between the cultural groups and so on and managing these socio-political balances could well weigh increasingly heavily on State decisions in a context of rapidly spreading economic discussion. Such considerations do not necessarily reflect what is best for the economy, nor are they always favourable to the neighbouring countries.

As things stand, it is the interests of Governments and tradesmen (and to a lesser extent consumers in the capital) which dominate in the six countries and, in the short term, there is every point in the three groups getting their supplies on the world rice and wheat market.

The advantages of this are considerable — real security for one thing, as regular quality and speedy delivery are major assets. Moreover prices are low and the potential profits appreciable.

However, delegates were concerned about the uncertainty that this dependence entailed for security in the region, as long-term trends on the world market were difficult to predict. Some of them felt that world prices were a debatable reference, because they did not reflect pure, competitive markets but in many cases subsidised markets running a surplus.

So each country had to start thinking about food security again, looking beyond the framework of the agricultural administration and involving the civil society and the state in the diversity of their interests and taking in every side of the problem:

— the various cereal crops — types, commercial considerations and processing;

— cereals in relation to national development — price and growth targets, choice of production areas, changes to agrarian structures and regional balances;

— relations with the world market — the region being due to run a shortfall in the medium term, the countries have to stop referring to self sufficiency strategies, which they have done, more or less implicitly, so far, although they clearly do not reflect reality. Import management, which should be the best possible, must combine trade policy and monetary policy measures and include food aid;

— lastly, the implications of the various choices for the dynamics of the region.

A fresh start on national thinking would also be an opportunity to look at the structural adjustment processes. How do they affect food security? Are there any alternatives to the present procedures of conditionality which would really get reforms working? Answering these questions means setting up a broader dialogue between national technicians and aid agency representatives in a frank and open framework. Such a dialogue could also be incorporated in national debates, making the aid programmes more transparent.

As we know, proper regional dynamics must proceed from a political will and apply to a far wider product field than just cereals. They must also have the right instruments at their disposal and a forum for the countries of the sub-region to exchange information and ideas.

The meeting used preliminary work (4) to look at outlines of other scenarios (in addition to the tendency scenario already mentioned). These were based on the adoption of common policies by several countries and mainly involved variations in commercial and monetary policy, ranging over the field of possibilities from end to end — an area protected by harmonised tariffs or the total liberalisation of imports, each country with a floating currency or all the countries belonging to a fixed exchange rate zone.

The committees which discussed the implications of these scenarios on different groups of nations suggested that there was ignorance about the machinery (trade protection, acting on currency or calculating comparative advantages, for example) on which any idea of regional cooperation would be based. Whatever the future of the zone, it was vital for the national cadres and decision-makers to get to know how this economic machinery worked and for the consequences to be discussed at both national and sub-regional level.

(4) Shared by people from the Ecole des Hautes Etudes en Sciences Sociales and INRA and the AIRD and IRAM research teams.

PRACTICAL FOLLOW-UP

Grasp every opportunity for dialogue and reduce any harmful effects now.

The meeting stressed that, in spite of the constraints, which it would be wrong to hide, integration is of major importance to the region. It means displaying political will — as Agriculture Ministers of West and Central Africa and representatives of bilateral and multilateral aid agencies did in Dakar recently — and that will must be new. It must remember the many institutional failures of the past and the fact that there are specific national interests to cater for in each country.

The path to regional integration is long and, of course, strewn with obstacles. However, progress can be made in the short term by:

— encouraging data exchange;

— organising bilateral dialogues to reduce harmful effects;

— ensuring that countries and aid agencies also prepare for the future by investing in the sectors whereby the workings of the regional market can be improved, in particular by providing the region with transport and storage infrastructure.

Spread and continue thinking in all the countries in the western sub-region.

Back up national operations by completing the regional diagnosis and disseminating methods of forward thinking.

What happens next is up to the countries themselves, although the CILSS and Club du Sahel Secretariats, the aid agencies and the experts can also provide valuable backing for the national efforts by:

— helping to organise the national processes;

— running additional studies, in particular to continue with the identification of alternative policies (scenarios) in conjunction with the national teams and the aid agencies.

The Community in 1993

The European social area

In a year's time, the Community will enter a decisive phase in its construction, with the effective creation of the Single Market and, most notably, the abolition of internal frontiers. It will lead to a considerable change in the daily life of the Community citizen. While for a number of years, industrialists, bankers and certain other professions have enjoyed the positive advantages of the lowered internal frontiers, this has not been the case for other categories of profession, notably in the social area.

It was for this reason that, in conformity with the aims of the Single Act, the Commission put in place a 'social base' which was intended to set out minimum Community norms in the framework of the social area of the Single Market of 1993. This 'social area of the Single Market', which is the name of the programme presented by the Commission in 1988, is based on various considerations. On the administrative side, for example, it appeared to be impossible to draw a neat dividing line between the national and Community levels of competence. By the same token, working conditions in the different Member States are set out in legislation and in collective agreements negotiated by the social partners. The proportion of legislative provisions and collectively agreed measures varies somewhat from one country to another, and these differences could not be abolished without difficulty. Accordingly, it became evident that there was a need for the organisation of the European social area. To create and manage this area, the Community employed legal instruments to the extent that these did not undermine the freedom of manoevre of the social partners who are given a role in the process of implementing the European social area, under Article 118B of the EEC Treaty. A programme emerged from this: the implementation of the 'social base'. However, it appears that harmonisation of national provisions will not be achieved in all areas by 1993.

Set out below are the principal elements of the text concerning the establishment of the European social area [1]*. The text has seen, since its publication in 1990, numerous improvements with the adoption of the Schengen agreement as well as other measures pertaining to workers' rights in the Community of 1993.*

We also reproduce some important statistics from 'A Social Portait of Europe' (The Statistical Office of the European Communities — EUROSTAT) published in 1991.

(1) Taken from 'A Social Europe', European Documentation (February 1990).

Social policy measures for the achievement of the internal market

The Commission's proposals, which are directly linked to the achievement of the internal market, should be divided into three groups.

An important area is the final removal of existing barriers to freedom of movement and freedom of establishment. The Commission's position is based on the case-law of the European Court of Justice. All remaining travel and residence restrictions for workers from Member States and their families are to be removed.

Freedom of movement in the public service

Proposals that nationals of other Member States should be allowed to work in publicly owned companies will probably lead to lengthy, tough negotiations in the Council of Ministers. Although this is already practised in part in some Member States, there is still much that remains to be done in many places. Again, the Commission is basing its position on rulings of the European Court of Justice, which has repeatedly interpreted Article 48(4) of the EEC Treaty in a very restrictive fashion. This Article states that the general freedom of movement does not apply to employment in the public service [2]. Strictly speaking, this could be taken to mean that employees in the public service and civil servants should always have the nationality of the country in which they work.

However, the European Court of Justice came to the conclusion that this exception can apply only to employees in the public service and civil servants, whose employment is connected with the exercise of sovereignty. The Commission intends to abolish systematically the current practice of certain Member States, under which only their own citizens are employed. Liberal employment practices are to be applied in public transport services, gas works, power stations, postal and telecommunications services, broadcasting and companies engaged in air, sea or rail transport. The extension of such a liberalisation to public health services, schools and universities, as well as civil public research institutes is also envisaged. Furthermore, the idea of giving access to the teaching profession in another Community country to those Community citizens who have completed teacher training is currently under consideration.

(2) France recently took steps to allow the employment of German nationals in certain areas of French public service, very much in line with the approach foreseen by the Commission.

Migrant workers and other cross-border commuters

Workers, unemployed persons or persons receiving an early retirement pension, if they move to another Community country, are often worried because of uncertainty about their legal position. There are serious doubts about the rights to which they are entitled. Current Community law stipulates that unemployed persons must remain in the country of their most recent employment, as State support is not transferable abroad. The Commission considers that this situation must be changed. If an unemployed Community citizen moves to another Member State because he/she hopes to find employment more easily there, that person should retain his/her acquired rights. This should also apply to benefits from early retirement schemes.

Workers who live in one Member State, but are employed a short distance away in a different Community country, can be at a disadvantage when it comes to the taxation of income. In 1979, the Commission presented a proposal to the Council of Ministers, which provided for the taxation of the income of cross-border commuters under the laws of the Member State in which the person concerned is resident.

Support schemes

In this context it should be pointed out that the existing schemes for promoting freedom of movement, such as 'Erasmus', 'Comett' and 'Youth for Europe' are important instruments of internal market policy. In addition, the Commission plans a programme of action for promoting and improving the teaching of foreign languages in the Community. In the spring of 1989 the Council adopted the Lingua programme, which will help to increase the knowledge of foreign languages on the part of workers and those on vocational training courses.

Effects on employment

The effects of internal market policy on employment are under constant consideration. Enquiries will concentrate on the sectoral level, and close attention will have to be paid to branches of industry which are already experiencing more or less serious difficulties.

Social policy measures with regard to economic and social cohesion

Social policy has thus at its disposal three novel instruments which have already been described in some detail. However, the programme for shaping the social area of the Community comprises not only new instruments and measures as yet untried; the Community will also make use of the instruments which have been created in the 30 years since it was established in Rome.

The reform of the Structural Funds

The decision to double the resources of the Regional Fund and the Social Fund, which was finally taken at the special summit held in February 1988 in Brussels, was a crucial element of Community social policy. The Structural Funds help to improve the economic and social cohesion of the Community. After the available resources had been fixed for five years, the Commission and the Council of Ministers adopted specific provisions for the operation of the Funds. Both institutions are responsible for ensuring improved coordination between the two Funds.

Education policy

By supporting the exchange of information and experience, the Commission is helping to improve the level of education in the Community. The most important target group in this work is those young people who find it difficult to integrate into working life. The Commission proposes that the entitlement to educational leave be introduced throughout the Community in order to give all workers the chance to improve their professional qualifications.

It is planned to conduct a programme of action for adult education, which will be targeted, first and foremost, at workers in small and medium-sized companies. A similar scheme is planned for young people in order to help them to integrate more easily into working life. Following a suggestion from the Council of 1 December 1987, the Commission is drawing up a European policy on education initiatives. The aim is to produce vocational training measures which will be available in all the Member States and will help young people to acquire entrepreneurial skills.

Eurotecnet is a scheme which has been running since 1983 and is designed to promote vocational education in the field of new information technologies. New developments in this sector are first investigated and then passed on to interested parties in the most effective way possible.

Measures for harmonising working conditions and industrial relations in line with progress

Hygiene, safety and health protection at work. The Commission has drawn up six proposals for Directives on the improvement of safety and conditions at work, and presented them to the Council of Ministers. Many additional proposals will follow. All of the proposals fall under Article 118A of the EEC Treaty. After consulting management and labour and small and medium-sized firms in committees, the Council will reach a decision on the proposals by qualified majority.

An example would be the proposal of 24 April 1988, in which the Commission proposed minimum requirements for safety and health protection for work with visual display units. In the same year the Commission drew up a proposal for a Directive, which provides for workers in all Member States who handle heavy loads to be protected from the risk of back injury.

Furthermore, the Commission considers it necessary to introduce a series of rules for the reduction of major risks in shipping, fishing, agriculture and the building industry. In the area of health protection and hygiene, it seems appropriate to protect all workers in the Community against carcinogenic, biological and chemical substances at their place of work and to take the necessary steps to improve occupational medicine. In this context, it is essential that workers be informed about potential dangers resulting from the substances with which they come into contact at work. On the one hand, there must be suitable programmes to ensure that workers are informed of potential danger areas and, on the other, specialists with responsibility in this field will have to be appointed to official bodies or directly in firms.

Possible proposals for other provisions of labour legislation and company law. The Commission is not only considering minimum requirements which are valid throughout the Community and are directly connected to conditions at work, but also intends to propose general rules governing the basic rights of workers. In this way, account is to be taken of new developments resulting from the completion of the internal market, changes in the labour market and different recruitment practices. Workers are, for example, to be protected against the social hardship which could result from the growing mobility of firms.

The Commission plans, *inter alia*, to introduce a code of conduct for the protection of pregnant women and mothers.

The involvement of workers in the management of companies which operate on an international basis is a particularly contentious issue. As early as 1970, the Commission had drawn up a proposal for the articles of association for a European joint stock company, and the terms for worker participation. In the summer of 1989, the Ministers for Economic Affairs, who are responsible for questions of internal market policy, were presented with a Commission proposal on the articles of association of European companies, which had been redrafted many times. Following numerous Council meetings it became apparent in 1989 that firms affected by the provisions governing European joint stock companies will be offered a choice between three types of co-management, namely:

- worker participation in company management through a body in which the personnel are represented, and which is independent of other company organisations;
- worker participation anchored in a collective wage agreement between management and labour;
- worker participation by the appointment of workers to seats on the board of directors.

Workers' representatives should occupy at least one-third and not more than half of the seats. This alternative corresponds to, among others, the German scheme of worker participation.

The European Parliament contributed to the discussion at the end of the 1980s with a scheme that had been the subject of lengthy debates in the Parliament 10 years before. The proposal provides for the board of directors to be made up of one-third representatives of the shareholders and one-third representatives of the workers. The remaining one-third would be elected by these two groups. The Commission gave little support to this scheme, partly because of reservations over constitutional law.

At the suggestion of the European Council of June 1988 in Hanover, the Commission started work on a detailed comparative analytical study of working conditions and industrial relations in the Member States. The results of the survey will form the basis for new Commission initiatives and proposals.

The systems of financing social security, which vary considerably between the Member States, will be subjected to more thorough study and analysis. This should show the effects of these differences on the completion of the internal market. In Denmark, for example, a considerable part of the social services is financed from taxation revenue, whereas in most of the other Member States social services are financed from monthly contributions paid by employees and employers.

Measures to promote employment and solidarity

In spite of the many economic advantages which the completion of the internal market will bring, the fight against the continuing high levels of unemployment will still be one of the main tasks of politicians at national and Community level. The priority is to continue existing programmes. The Commission will produce more analyses of regional and sectoral developments, the necessary information for which will be provided by the regular reports on the labour market situation in the Member States. The main elements of employment policy are the ongoing programmes of action at local level (since 1986), measures to promote female employment, and the programme of action for the long-term unemployed, which was requested by the Council in 1986 and set in motion at the end of 1988.

This programme studies the wide variety of experience in the Member States and examines interesting projects. On the basis of the results of the studies, there will be an exchange of information and advice. Equally important will be the achievement of further reductions in youth unemployment. The Helios programme is designed to foster the social and economic integration of handicapped people.

Dialogue between management and labour

The particular responsibility of employers and employees has been referred to on many occasions. In its action programme, the Commission suggests two ways in which management and labour can create a 'Europe of industrial relations'. At European level, the social dialogue should cover subjects of general internal market policy, such as social security, equality of treatment, training and further training. It is also considered desirable that contacts be decentralised to the sectoral level. In this way, the agreements reached during the Val Duchesse discussions could be fleshed out and implemented at the level of Member States, branches or particularly affected areas.

In view of the considerable changes faced by economies in the industrial, technological and social spheres, the two sides of industry have an important part to play in regulating the process of completing the internal market. Management and labour must recognise that they share the responsibility for dealing with these changes. This must also be accepted at sectoral level. Both sides of industry must overcome any internal differences and inconsistencies. The Commission cannot be expected to do this. As the representatives of employers' and employees' organisations are partly responsible for shaping the social dimension, it is imperative that they break with old traditions and learn to think in new ways.

An intensive exchange of ideas between management and labour, governments and the Commission can be beneficial in this process.

The European Social Charter

Background to the Social Charter

Three months after being asked by the Commission to draw up a 'European Charter of basic social rights', the Economic and Social Committee presented, in February 1989, the opinion for which it had been asked. The representatives of employers, workers, the professions, farmers and small and medium-sized businesses as members of the Economic and Social Committee described the framework of the 'fundamental Community social rights', a framework which they felt should be set up with an eye to the completion of the internal market.

This opinion was adopted by a large majority, 135 votes for and 22 against. Whereas, in the draft stage, the emphasis was on a solution at Community level, the text finally adopted by the Commission stressed in several places the role of the Member States and their responsibility. Furthermore, the question of how these social rights were to be introduced in the Community remained open.

In March 1989, the European Parliament, in a resolution on the social dimension of the single market, likewise called for a major political gesture in the social field, a field which has been somewhat neglected in the process of setting up the single market of 1993.

Basing itself on international agreements and the opinion of the Economic and Social Committee, the Commission presented, in May 1989, a preliminary draft of the Social Charter. The Commission felt that it was imperative to take account in drafting these fundamental social rights of possible attacks on these rights and the risks arising out of the opening of the Community's internal frontiers.

In June 1989, the preliminary draft of the Social Charter was discussed by the meeting within the Council of Ministers responsible for labour and social affairs.

It was subsequently the subject of wide-ranging consultations with the two sides of industry and finally became the draft Social Charter which the Commission adopted in September 1989.

The European Ministers for Labour and Social Affairs discussed the final draft in the following month and the European Council of Heads of State or Government, meeting in Strasbourg, solemnly adopted it in December 1989, at the same time instructing the Commission to submit to it, before 1990, an action programme and a set of legal instruments whereby it might be implemented.

The content of the Social Charter

The Social Charter defines the fundamental social rights of citizens of the European Community, in particular of workers, whether employed or self-employed.

The Charter lays down the major principles relating to the following rights:

• *The right to freedom of movement*

This right enables citizens of the European Community to establish themselves and to exercise any occupation in any of the Member States on the same terms as those applying to the nationals of the host country.

This right is thus concerned mainly with freedom of movement, freedom of establishment, equal treatment, and the working conditions and social protection guaranteed to nationals of the host country.

This right also implies that endeavours be continued to harmonise conditions of residence, especially as regards the reuniting of families and the elimination of obstacles deriving from the lack of equivalence of diplomas.

• *The right to employment and remuneration*

This principle acknowledges that any citizen of the Community has the right to employment and to fair remuneration for that employment.

The right to remuneration also aims at the establishment of a decent basic wage, receipt of a fair wage and the guarantee of an equitable reference wage for workers who are not in full-time employment of indefinite duration, and the maintenance of adequate means of subsistence in the event of attachment of wages.

• *The right to improved living and working conditions*

This right, which is concerned with the development of the single market and, above all, the labour market, aims at the harmonisation of the working and living conditions of Community citizens while endeavours continue to improve these.

It is concerned mainly with the organisation and flexibility of working time (maximum working time, part-time work, fixed-duration employment, temporary employment, weekend work, shift work, annual leave, weekly or regular rest periods, etc.) and the approximation of the various labour regulations in force in the Community (collective redundancy procedures, declaration and settlement of bankruptcies, etc.).

• *The right to social protection*

This right aims at ensuring all citizens of the Community, whatever their status, adequate social protection by guaranteeing a minimum wage to workers and appropriate social assistance for persons excluded from the labour market and those who lack adequate means of subsistence.

• *The right to freedom of association and collective bargaining*

This principle recognises the right of all employers and all workers in the European Community to join professional organisations freely.

Apart from that, it also implies recognition of the freedom to bargain and conclude collective agreements between the two sides of industry and, in the event of conflicts of interest, to resort to collective action such as, for example, strikes.

• *The right to vocational training*

Every worker in the European Community has the right to continue his or her vocational training throughout their working life.

This right implies, in particular, the organisation of training leave enabling Community citizens to be retrained or to acquire additional skills by taking advantage of the facilities for continuing and permanent training which the public authorities, companies and the two sides of industry are called on to set up.

• *The right of men and women to equal treatment*

This right covers far more than equal pay for men and women performing the same work.

It aims at ensuring equal treatment as regards access to an occupation, social protection, education, vocational training and career opportunities.

• *The right to worker information, consultation and participation*

This principle covers the right of workers, especially those employed in undertakings established in several Member States, to be informed and even consulted about major events affecting the life of the undertaking and likely to have an impact on working conditions and the maintenance of employment.

• *The right to health and safety protection at the workplace*

The adoption of this principle acknowledges that every worker has the right to satisfactory health and safety conditions at his or her place of work. This implies that adequate measures must be taken to harmonise and improve the conditions pertaining in the individual Member States.

• *The right to protection of children and adolescents*

This principle sets the minimum working age at 16 and gives young people in employment the right to a fair wage, to be covered by the labour regulations which take account of their specific characteristics and also to embark, after completion of statutory schooling, upon two years of vocational training.

• *The rights of elderly persons*

Any person who has reached retirement, or early retirement, age is entitled to receive a pension enabling him or her to maintain a decent standard of living.

This principle also grants to retired persons who are not entitled to a pension, the right to a minimum income, to social protection and both social and medical assistance.

• *The rights of disabled persons*

Every disabled person has the right to take advantage of specific measures, especially in the field of training and occupational and social integration and rehabilitation.

Implementation of the Social Charter

Implementation of the Social Charter depends mainly on the Member States, or the entities which constitute them and which are responsible for the field of social affairs, and also on the two sides of industry in so far as it is up to them to conclude collective agreements at national, regional, sectoral or company level.

The part to be played by the Commission is also important, as is shown by the instructions given to it by the European Council of Heads of State or Government meeting in Strasbourg to submit by the end of December 1989 an action programme and a series of Community legal instruments governing the implementation of these social rights.

In addition, the principle of subsidiarity enables the Community to act when the aims to be achieved may be more effectively attained at Community level than at Member State level. However, the Commission cannot exceed the powers conferred upon it by the Treaty of Rome, amended by the Single Act, and the action it will take thus covers only a part of the measures to be taken to implement the Social Charter.

The Commission's role will be mainly to put forward proposals for Directives, regulations, decisions and recommendations or to submit communications which point out to the Member States or the entities which constitute them, where the latter are responsible for the management of social policy, how the Social Charter might be implemented.

In this way the Commission will impart the maximum coherence to the various national and regional initiatives. Such coherence is indeed vital, for we know that the social aspects of the development of the 1993 single market are as important as its economic aspects and that these two fields must necessarily be developed in a balanced and convergent manner if that single market is to be a complete success.

Some basic statistics

POPULATION

As at 1 January 1990, the European Community, with 327 million inhabitants, had the third highest population in the world after China (1 135 million) and India (853 million). Currently, 6% of the world's population live in the Community. In 1950, 10% lived in the Europe of the Twelve, but by 2020, only 4% of the world's population will live there.

The population of the European Community is growing older: in 1988, 62.8 million (or 19.4%) of its 324 million inhabitants were over 60, while 85 million — 26.3% — were under 20. The 'oldest' countries are Denmark and the Federal Republic of Germany. Ireland is the only country that is still 'young'.

The average population density of the European Community is 143 inhabitants per km^2, but in the most densely populated regions — the most industrialised areas, from north-west England to northern Italy and the main capital cities or regional capitals — there are more than 350 inhabitants per km^2.

Since the 1960s, fertility in the European Community countries has fallen to below generation-replacement level. The total fertility rate for the Community as a whole fell from 2.63 children per woman in 1960 to 1.58 in 1989.

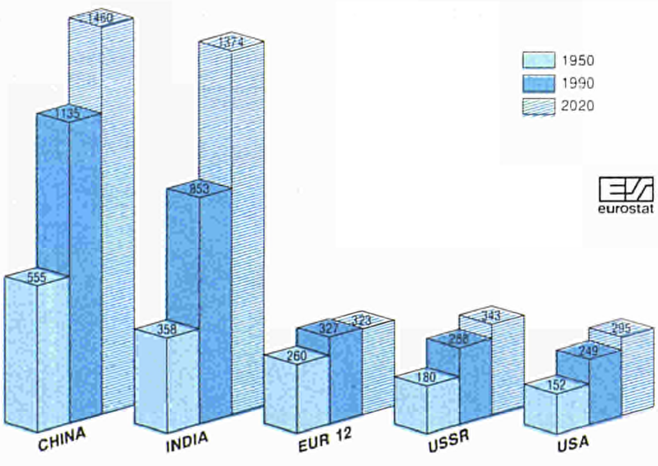
For Europeans, life expectancy at birth is one of the highest in the world, with women living longer than men: 78.6 years as against 72.0.

Since 1960, there has been as spectacular drop in infant mortality, from 34.8‰ in 1960 to 8.2‰ in 1989.

Eight million foreigners out of a total of 13 million come from countries that are not Member States of the Community.

More than three-quarters of foreigners in the Community live in the Federal Republic of Germany, France and the United Kingdom.

1. The population of the European Community and the four most populous countries in the world 1950, 1990 and 2020
(Million inhabitants)



HOUSEHOLDS

Almost half the households in the EC are one- or two-person households: households of five persons or more represent only 13.3% of the total.

Private households have an average of 2.3 persons and a large majority of them comprise a single family, which is sometimes a one-parent family (9.5% of them in Ireland and 4.3% in France).

After reaching a peak in 1972, the number of marriages fell until 1986, since when it has slightly increased, standing at 1 941 000 in 1989 for the EC as a whole.

The average age at which people marry for the first time went down until 1975 and has been increasing since. In 1987 it was 27.1 years for men and 24.6 for women.

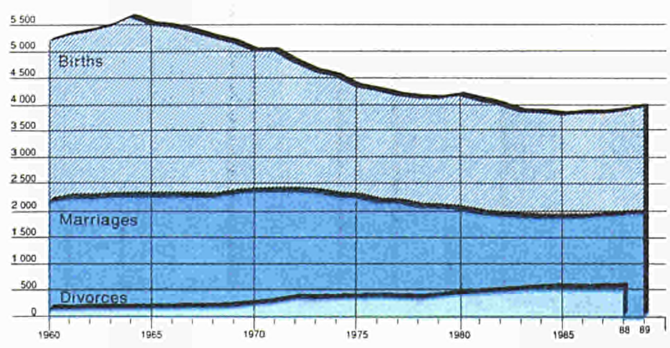
Between 1960 and 1988 the number of divorces more than quadrupled in the Europe of the Twelve, reaching 534 000 (2).

In 1989, births out of wedlock represented almost half of live births in Denmark, over a quarter in France and the United Kingdom but only 1 in 50 in Greece.

The size of families has decreased throughout the EC. The number of third or subsequent births fell by more than 60% in all the EC countries between 1960 and 1988, except in Ireland, where it fell by only 40%.

62.4% of EC households do not include children under 15 years; 6.5% include three or more children, and only 0.5% include five or more children.

2. Number of marriages, divorces and births — EUR 12 (1 000)



EDUCATION

In 1986-87 there were 59 357 000 pupils and students in the European Community, spread across three levels of education: 22 733 000 at first level, 29 995 000 at second level and 6 629 000 at third level.

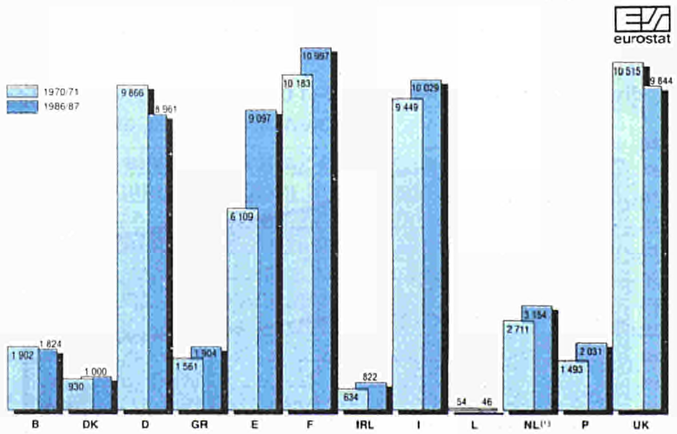
Numbers of primary-school (first-level) pupils are steadily falling with the drop in the birth-rate, while numbers at the third level (in higher education) are rising all the time:

First level	1970/71: 29 093 000	Third level	1970/71: 3 510 000
	1980/81: 26 098 000		1980/81: 5 350 000
	1986/87: 22 733 000		1986/87: 6 629 000

Equality of opportunity between men and women has not yet been achieved at third level: in 1986-87, 46% of the Community total were women.

47% of young Europeans aged 15 to 24 claim to know how to use a computer.

3. Numbers of pupils and students at all three levels of education throughout the European Community (1000)



[1] Including pre-school.

EMPLOYMENT

The activity rate for women aged between 14 and 64 rose in the Community from 46.6% in 1983 to 51.0% in 1988, but it is still well below that for men (78.5%).

Married men have a higher activity rate than single men (87.1% compared with 64.5%), while married women are 'less economically active' than single women (49.1% compared with 54.5%).

The services sector accounts for approximately 60% of total employment in the Community, while agriculture accounts for less than 8%.

There were 12.7 million unemployed persons in the Community in 1989, i.e. 9% of the active population.

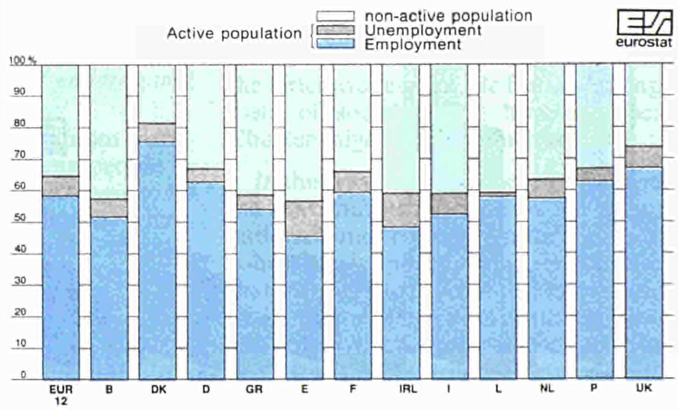
The unemployment rate for women in the Community (11.9%) is higher than that for men (7.0%), while for young persons under 25 it is 17.4%.

In 1988, over half of all unemployed persons, both men (51.7%) and women (52.5%), fell within the category of long-term unemployed (i.e. persons unemployed for more than one year).

90% of foreign workers (from both Community and non-Community countries) have the occupational status of employee.

The majority of male foreign workers are employed in industry and the majority of their female counterparts in the services sector.

4. Population aged 14 to 64 according to economic activity — 1988 (%)



WORKING CONDITIONS

In 1988, the average working week in the EC for persons employed full-time was 42.5 hours (43.4 hours for men and 40.5 hours for women).

People employed part-time worked on average 19.4 hours per week; in agriculture this figure was 22.5 hours, in industry 20.7 hours and in the services sector 18.9 hours.

Those employed in agriculture worked an average of 43.6 hours per week in 1988, compared with 40.9 hours in industry and 40.4 hours in the services sector.

Part-time work increased in the EC between 1983 and 1988, when 13.2% of employed persons worked part-time. More women than men work part-time (28.1% of women in work compared with 3.9% of men). The highest proportions of women working part-time are in the Netherlands, the United Kingdom and Denmark (between 57.7% and 41.5%).

In 1988, 9.6% of employed persons in the EC had a temporary contract; most of them were men (54.7%) and over half (51.2%) were young people under 25.

The most frequent cause of hours lost through absence from work is annual leave and public holidays (43.7% of hours lost); sickness and accidents (24.3%) take second place.

STANDARD OF LIVING

In the European Community, average per capita gross domestic product in 1988 was almost 16 000 PPS (Purchasing Power Standard). It ranged from 8 553 PPS in Portugal to a little more than double at 19 130 in Luxembourg.

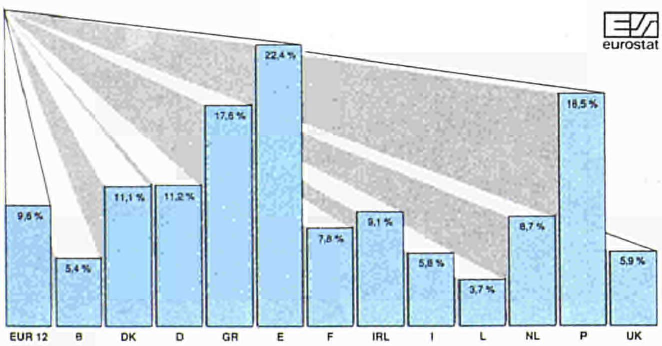
Per capita GDP has risen virtually without interruption since 1970. The only exceptions were two slight downturns in 1975 and 1981.

Of the 13 882 PPS of per capita net national income in the Community in 1988, on average 12 429 PPS were spent (89.5%) and 1 453 saved (10.5%).

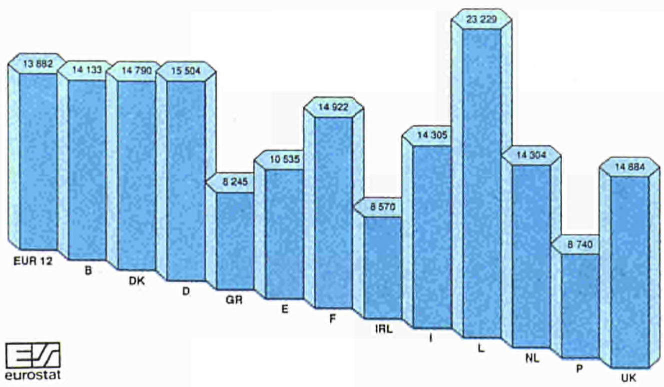
Average income from employment in 1988 was 25 119 PPS, ranging from 14 250 PPS in Portugal to 30 168 in the Netherlands — almost exactly double.

Over the period 1970-88, the pattern of consumption changed. The share of income spent on food, beverages and tobacco fell from 29.8% to 21.3%, and that on clothing and footwear from 9.2% to 7.8%. Meanwhile, expenditure on transport and communications rose rapidly from 11.9% to 14.9%, on medical care and health services (private consumption) from 5.1% to 7.4%, and on housing, fuel and power from 15.0% to 16.8%.

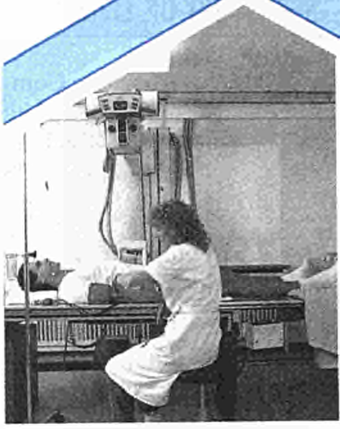
5. Employees with a temporary contract as % of total employees — 1988



6. Net disposable national income per head of population — 1988
(in PPS)



SOCIAL PROTECTION



In 1987 the average per capita expenditure on social protection in the European Community ([1]) was 3 600 PPS (7).

The share of social protection in GDP varied between 17.0% (Portugal) and 30.7% (the Netherlands), i.e. a ratio of almost 1:2.

The largest share of social benefits (over 80%) is devoted to the old-age and survivors sector (45%) and the health sector (36%).

In the financing of social protection, the share of contributions from public funds varies between 14% in the Netherlands and 78% in Denmark. The share of contributions paid by employers varies between 11% in Denmark and 53% in Italy, while that of contributions paid by insured persons (employees etc.) varies between 4% in Denmark and 36% in the Netherlands.

([1]) Excluding Greece, for which data are not available.

HEALTH

The number of doctors per 1 000 inhabitants ranges from 1.3 in Ireland to 3.3 in Spain.

The greatest rise in health expenditure as a proportion of total household expenditure was recorded in Belgium (59%) between 1970 and 1987.

Denmark has the highest rate of household expenditure on alcohol and tobacco in the European Community (3.9% in 1987).

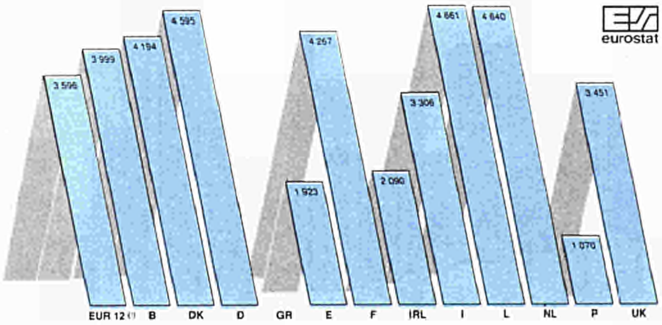
Disease of the circulatory system and malignant tumours are the major causes of death in the European Community, accounting for 45% and 24% of deaths respectively.

Aids strikes hardest at men between the ages of 20 and 54 in the European Community (22 940 cases), with the worst-hit groups being homosexuals (47.5%) and drug addicts (31.1%).

The death rate by suicide per 10 000 inhabitants in the European Community increases with age, rising in men from 1.1 among the 15-24 age group to 6.2 among the over-75s, and in women from 0.3 to 1.7 respectively.

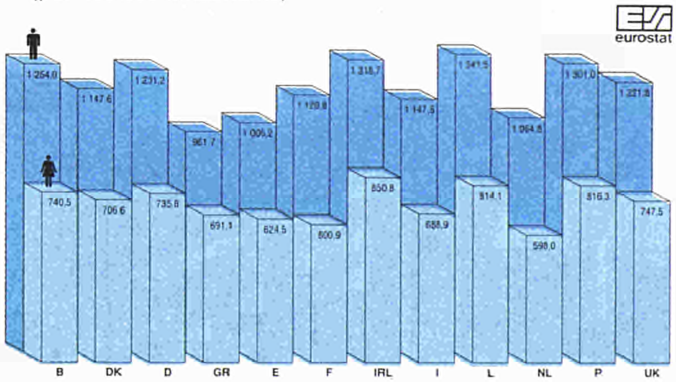
In 1987, road accidents killed over 45 000 persons and injured 1 604 831 in the European Community. Nearly three-quarters of those killed were men, almost half of whom were aged between 15 and 34.

7. Per capita social protection benefits — 1987
(PPS consumption)



[1] Excluding Greece.

8. Standardised mortality rate by sex — 1980-1984
(per 100 000 inhabitants)



Source: WHO.

THE ENVIRONMENT

Forests cover 24.2% of the Community's surface area of 2 258 000 km².

In 1987 almost 5% of Community citizens professed adherence to a nature-conservation, wildlife-protection or other ecological movement. National proportions varied between 0.8% in Portugal and 19.7% in Denmark, and were below the Community average in five countries other than Portugal (Greece, Spain, France, Italy and the Federal Republic of Germany).

Per capita energy consumption rose in the Community by 14% between 1981 (2.9 toe) and 1988 (3.3 toe).

The number of motor vehicles per 1000 inhabitants continues to increase in all the countries of the Community. It rose from 301 in 1980 to 343 in 1985 (9).

In 1985, the Community's road network exceeded 2.5 million km, compared with its railway network of 125 600 km.

The cumulative production of chlorofluorocarbons (CFC 11 and CFC 12) rose dramatically from 217 000 tonnes in 1950 to 14.5 million tonnes in 1983. CFCs, which are present in aerosols, industrial foaming agents and coolants, are thought to contribute to depletion of the ozone layer in the stratosphere.

HOUSING

In Ireland, Spain and Greece over 70% of dwellings are owner-occupied; the figure is approximately 40% in the Federal Republic of Germany and the Netherlands and just over 50% in the Community as a whole.

The 1981-82 censuses showed that nearly a quarter of all dwellings in the Community were built after 1970 and one-third before 1945, particularly in the United Kingdom (50.4%), Belgium (48.4%) and Denmark (45.5%).

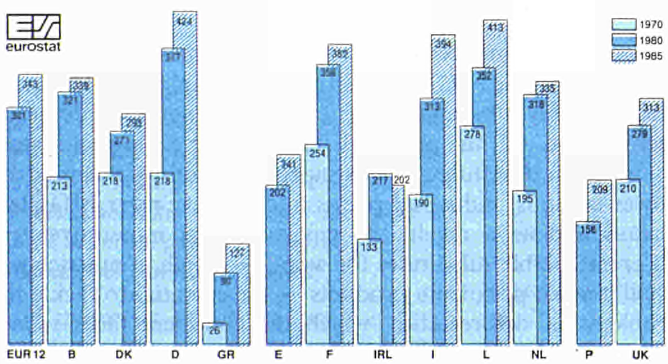
These same censuses recorded an average of 0.6 persons per room for dwellings in the Community.

The vast majority of dwellings in the Community are equipped with a bathroom and/or shower on the premises, as well as an internal WC.

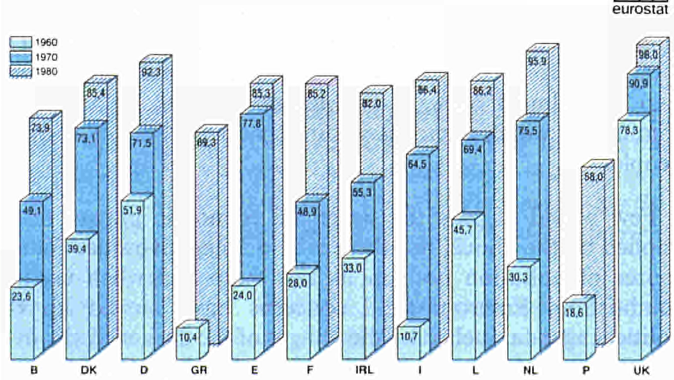
The most widespread item of household equipment is the refrigerator (present in over 90% of households in the majority of Community countries), followed by the washing machine.

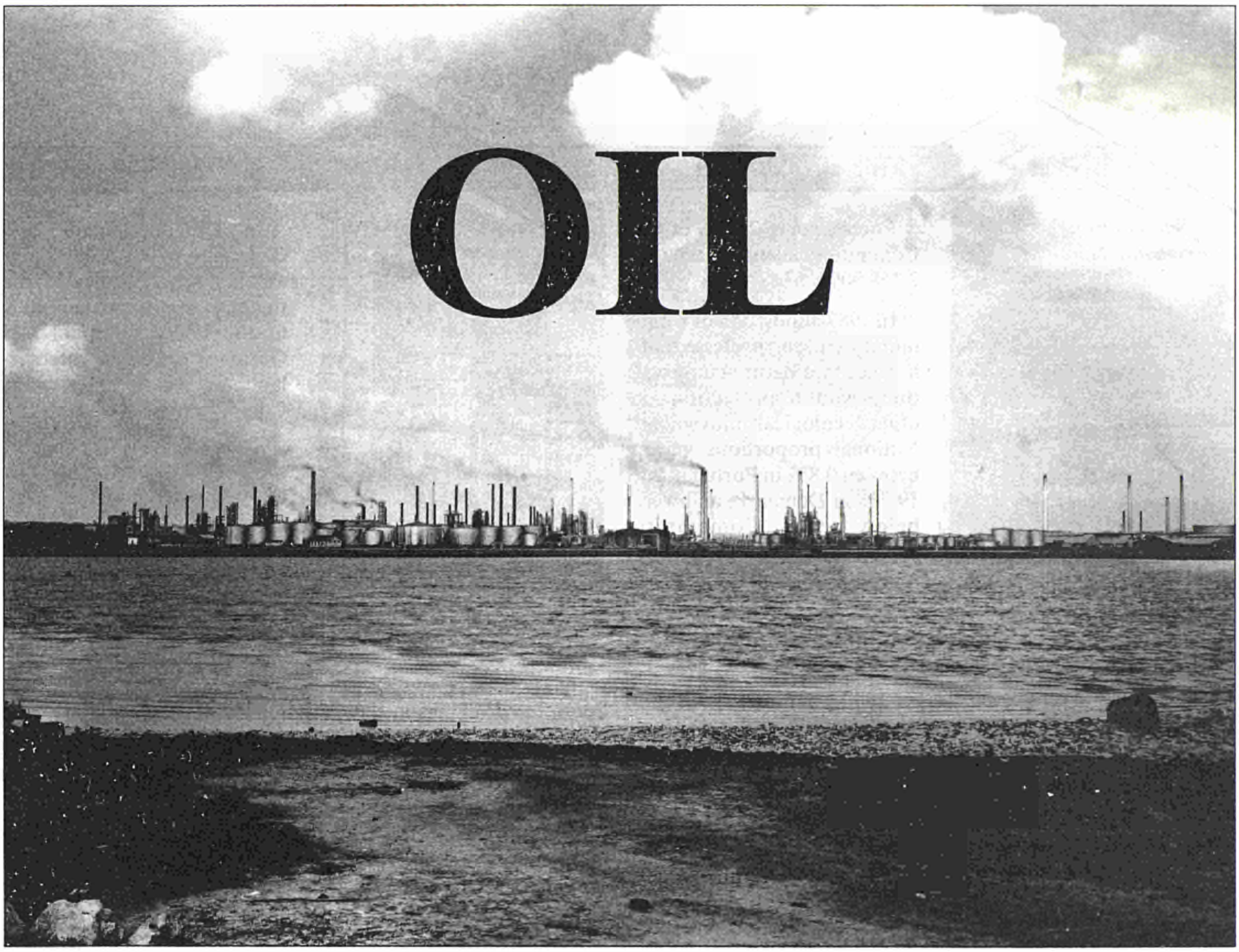
Rents rose most significantly between 1980 and 1986 in Greece and Italy (from base 100 to 282 in the former and 226 in the latter), while in the Federal Republic of Germany and the Netherlands they rose only slightly (from base 100 to 126 and 136 respectively).

9. Number of motor vehicles per 1000 inhabitants



10. Percentage of dwellings with bathroom





Of all the commodities traded in the global economic system, oil is almost certainly the most crucial to its successful operation. Just as a car depends on motor oil as a lubricant to keep the engine running, so too do the various components of the world economy rely on a regular supply of petroleum to maintain smooth functioning. Crude oil is the basic material for a wide range of products from road surfaces to plastic materials, but of course its principal use is as a source of energy. It provides the fuel for almost all forms of transport, heats the homes of millions, generates electricity and is used in developing countries for cooking and lighting. Indeed, crude oil alone accounted for almost 40% of world primary energy consumption in 1989. The total share for petroleum-based products (ie including natural gas) was almost 60%. It is difficult to think of any other commodity which impinges so directly on the lives of so many people.

Few would dispute the beneficial economic impact of oil implied by the above, but there is also a negative side. Oil is a source of pollution both in its raw state and when used in combustion. Environmental concerns have moved up the political agenda, fuelled by the images of the darkened sky over Kuwait, and of dying birdlife in an Alaskan bay. Calls for new policies designed to stabilise or reduce harmful hydrocarbon emissions have taken on a new urgency and more effort is being put into the search for 'renewable' alternatives. These developments do not yet threaten the position of oil as a fundamental resource — in the developed world at least, to eschew its use altogether would be to advocate a transformed and much less comfortable way of life, which is unimaginable. They do, however, pose new challenges for those who work in the sector. Every legal norm designed to cut down or halt air pollution, or to reduce the risk of tanker spillages is reflected in higher costs.

For developing countries, the environment also has an increasing profile but the issues are more complicated. In certain areas, notably sub-Saharan Africa, the main source of domestic fuel is wood and the principal threat to the ecological system comes from desertification. Atmospheric pollution caused by power stations, industrial plants and road vehicles is far less serious and as a result, the environmental imperatives are different. Viable substitutes for wood — which in practice will usually mean petroleum products — are essential to tackle the problems of deforestation which the continent faces today. Concerns over air quality are abstract by comparison, and are unlikely to figure high on the political agenda.

A more general issue for the developing countries concerns the energy implications of development itself. While it may now be possible for advanced economies to achieve so-called 'green growth' in which expansion is accompanied by lower energy consumption, through investment in high-tech, fuel-efficient technologies such as new materials which improve insulation, this is unrealistic for most Third World countries. This is because, on a *per capita* basis, these nations currently use only a fraction of the energy consumed in the industrialised North and it is difficult to see how they could successfully develop without a significant increase in energy usage.

Given that the majority of developing countries are net importers of oil (the principal energy source), and suffer from a lack of foreign exchange to pay for their imports, the dilemma is clear. Growth is needed to pay for imported fuel while imported fuel is needed to generate growth.

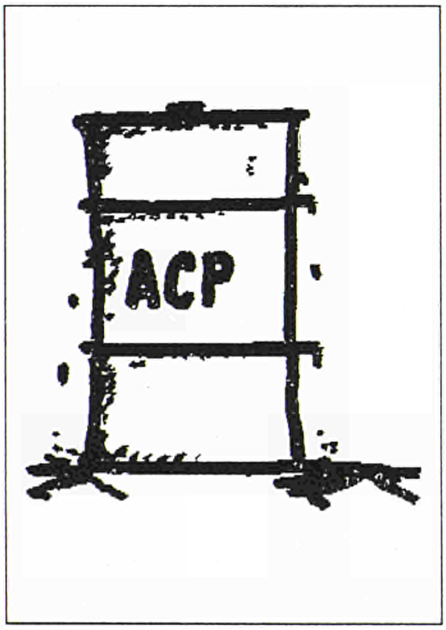
The problem would be a difficult one to tackle, even if energy prices were stable. Unfortunately, the dollar price of a barrel of oil has fluctuated enormously over the past three decades and currency movements have exacerbated the situation. In particular, the two oil price shocks of the 1970s appear to have had a serious impact on many states which had to come to terms with burgeoning energy deficits. Indeed, there are those who see in these events, the origins of the subsequent decade of economic stagnation in much of the Third World. In recent years, prices have tended to be more stable although the huge increases during the early stages of the Gulf crisis and the equally precipitous fall in the price a few months later underline the extreme volatility of this most strategic of commodities.

One might have expected to find a rosier economic picture in those developing countries which are net exporters of oil. Sadly, the position in many oil-producing countries, including ACPs, is often discouraging. Oil may have provided a financial windfall, but several states have fallen victim to a combination of unrealistic expectations — reflected in unduly heavy borrowings and the same fluctuations mentioned above. A country which makes investment plans on the basis that its exported oil will bring in $35 a barrel will soon be in difficulty when the price drops to $15. There is also the view that the price rises of the 1970s may have induced some oil-rich countries to neglect other productive, but at the time, less profitable sectors, thereby leading to a weakening of the overall economy when oil prices slumped.

In this Dossier, we look at the subject of oil and the ACPs, with particular emphasis on the economic and environmental aspects. The issues raised briefly above, and other related problems are examined in greater detail. The authors who have contributed to the Dossier all have a professional interest in the oil industry or markets, but coming as they do, from a variety of backgrounds, they offer different perspectives and analyses of this vital sector.

Simon HORNER

Some basic facts about oil and gas in the ACP states



Of the 69 ACP states, only 12 have produced any oil. Nine of these are in West Africa (Angola, Benin, Cameroon, Congo, Gabon, Ghana, Ivory Coast, Nigeria and Zaire). The remaining three are Caribbean countries (Barbados, Suriname and Trinidad/Tobago).

Exploration for oil and gas has been carried out in a number of other ACPs.

The most important recent discoveries have been in Papua New-Guinea which is due to come 'on-stream' during 1991.

Nigeria — the giant of Africa — is also the giant of the ACP in the oil sector, producing almost 1.5 million barrels a day. Nigeria also has almost three quarters of the ACPs' known oil reserves.

The other main crude oil producers are Gabon, Angola, Cameroon and Trinidad/Tobago.

Two ACP countries — Nigeria and Gabon are members of OPEC (The Organisation of the Petroleum Exporting Countries).

Just over 2% of the world's known oil reserves are to be found in ACP countries. ACP production represents less than 4% of total world output.

Trinidad/Tobago and Nigeria are the two main producers of natural gas. Unfortunately they are big fish in a very small pond — the ACPs produce only 0.004% of the world's gas.

The Bahamas used to have the largest refining capacity of any ACP state but the industry was closed down in the 1980s. Nigeria and Trinidad/Tobago now top the league and 20 other ACPs have refineries.

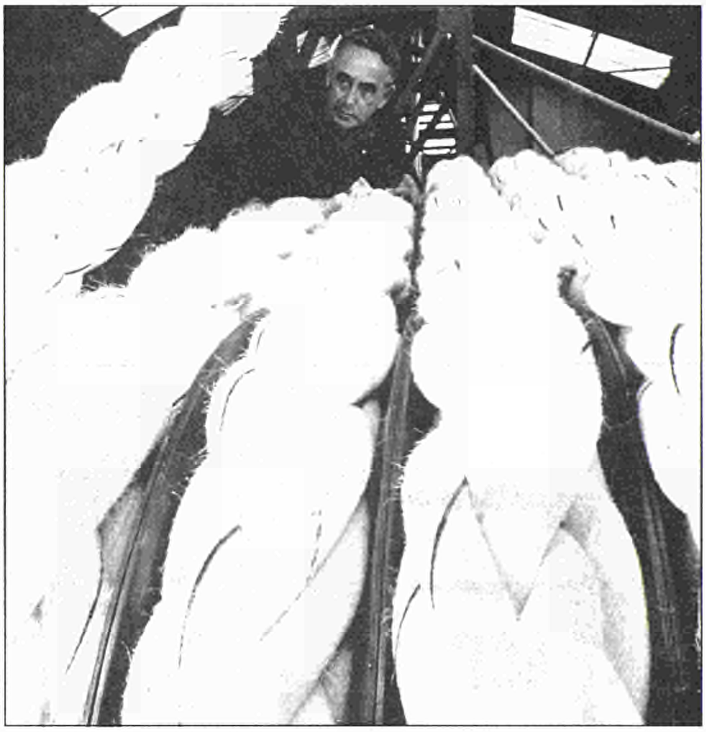
With one eighth of the world's population, the ACPs have only one-fortieth of its oil consumption.

Oil and its uses

Although most of us are broadly aware that oil plays a fundamental role in the world of the late twentieth century, there are doubtless many who would be surprised at the sheer diversity of uses which it has. The crude petroleum which is found in oilfields from Saudi Arabia to Alaska and from the North Sea to the shores of Angola, is a basic raw material not merely in the energy sector, but also in manufacturing. Many plastics and chemicals which have been developed in recent decades, and which have contributed to the transformation of the global economy, are oil-based. Life, particularly in the industrialised countries, would be very different indeed — and considerably more difficult — without these products.

PETROFINA

Contrasting uses for oil: above, aviation fuel; below, polypropylene rope



Central Office of Information

Energy

Notwithstanding the importance of oil as a material in manufacturing, its principal use continues to be as a source of energy. In the refining process, crude oil is broken down in the following proportions (1).

Diesel and domestic fuel — 70%
Petrol — 20%
Other — 10%

Of the 20% represented by 'petrol', almost two thirds (13%) is used as fuel for cars while the remaining 7% forms the basis for a variety of petrochemical products. Thus, about 83% of a barrel of crude oil is ultimately burned as fuel.

As a fuel, oil is predominant in the transport sector. Almost all forms of transport by air, sea and road, together with a large proportion of railway services, depend on oil to provide their source of power. Railways excepted (where electricity offers viable 'competition'), there are few economically feasible alternatives. Environmentally 'friendly' options and notably wind power appear to have very limited scope, primarily in the leisure industry.

As a source of heat, oil does not have the same degree of dominance, but it nevertheless has a significant market share. In colder climes, many houses have central heating systems powered by domestic fuel oil. Very little lighting is nowadays supplied directly by oil products in the developed world. Electricity is the prime source and the limited market which exists for lighting other than through mains electricity is served increasingly by gas cylinders rather than oil lamps. Electricity and gas are also predominant in cooking although paraffin stoves are widely used in developing countries.

The principal power source in industrial production is obviously mains electricity. However, oil products (diesel and petrol) are used to power engines in a wide variety of industrial settings and are particularly important in more developed agricultural systems. (For example, the combine harvester, which although a 'vehicle' in a certain sense, is primarily a machine employed in a production process). Of course, some electricity is generated by oil-fired power stations but coal and nuclear generation are predominant in this area while hydro and gas power also make a significant contribution.

(1) Source: 'Les plastiques aujourd'hui' (Plastics Today) published by the Belgian Federation of Chemical Industries, Square Marie-Louise 49, 1040 Brussels.

Other uses

Oil also has a number of familiar uses outwith the energy sector — in road surfacing, as a lubricant and in the field of medicine. It is, however, the modern development of plastics and chemicals that has led to the greatest diversification in the use of this material. As stated above, 7% of the original crude oil extracted ends up as some form of petrochemical product. Just over half of this (4%) goes into plastic materials and the remaining 3% is used for other chemical products.

Some of the more common plastics for which oil is a basic raw material include polypropylene, polystyrene, polyesters and PVC (polyvinyl chloride). From this short list, it becomes clear that the thick black liquid which is crude petroleum provides us with an astonishing range of items, from textiles and packaging to consumer durables which are *really* durable, components in high technology industries and insulating materials. The prefix 'poly' (meaning many), which is so often used in the nomenclature because of the particular molecular structure of plastics could not be more appropriate!

Petroleum
– working for ACP-EEC cooperation –
Today and tomorrow

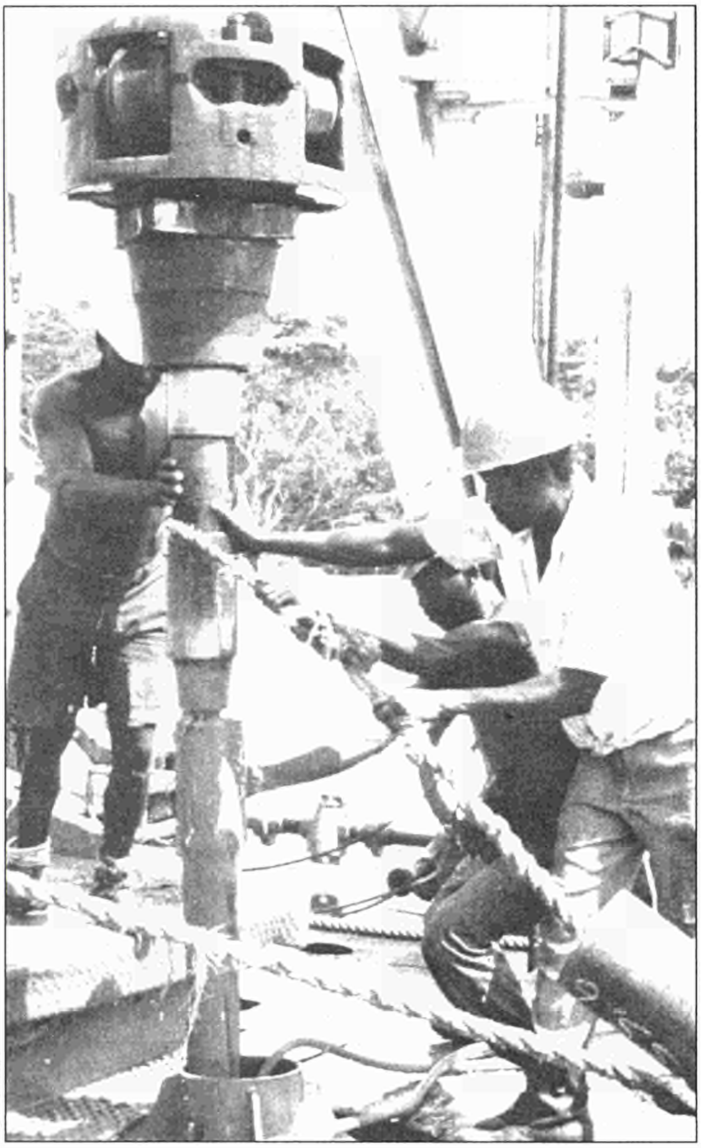
by Rui ALVIM DE FARIA (*)

1990 was the year of the Gulf crisis and yet another oil crisis. Political upheavals combined with existing tension on the petroleum market to trigger soaring prices and put a brake on world consumption, while output declined in the Soviet Union for the second year running — another major event which plunged that country, the world's biggest producer, into a serious energy crisis. All this was the result of the subtle interplay of prices and quantities on the oil market.

The Gulf crisis struck at the end of a period of increasing western (and particularly American) dependence on OPEC. There were two distinct trends in the 1980s.

First came six years of sustained prices in 1980-85, when OPEC (with an average of $30.4 per barrel) kept losing ground to regions where production costs were high and returns usually too small to warrant exploiting the oilfields. During this time, one of declining world output (-15.3%), with OPEC's share down from 49% to 29%, total consumption declined by 8.8%. OPEC's net exports dropped by 18%, although its share of world reserves, expanding by 16% over the period as a whole, swelled to 70%, with the ACP share constant at 3%.

In 1986, OPEC's relative decline suddenly reversed when prices just as suddenly slumped (average OPEC price in 1986-90 = $16.6 per barrel). World consumption picked up briskly, by 14% in five years, world output increased by 18.7% and OPEC's share was 35% by the end of the period, with the ACP nations' share at only 4-5% in late 1990. OPEC improved its position on the market again, to the detriment of areas where exploitation was expensive and production fell off, with even the American market backsliding badly. OPEC's net exports went up by more than 50%, world reserves swelled by 14.8% and OPEC's share increased to 77% of the total (see table 1).


PETROFINA

OPEC's rising power, and dependence on the countries of the Gulf particularly, have triggered strong natural trends which are difficult to reverse. The OECD countries' output is dwindling as US and North Sea production declines. The Soviet Union is exporting less and the non-OPEC developing nations are unlikely to be able to improve their supply to meet demand.

(*) The author is an expert with DG XVII (Energy) at the Commission of the European Communities.

So sudden, extra and constantly rising demand can only be met by OPEC members, particularly those in the Gulf. The size of existing reserves and the as-yet unexplored potential of this part of the world make it a natural dominator of the oil scene, so ensuring safe supplies from it is crucial.

The time has no doubt come for oil producers, consumers and companies to engage in dialogue and to bring an end to an all-too-long period of misunderstanding and confrontation. The Franco-Venezuelan seminar in Paris in July earlier this year, and the Community's willingness for a free trade agreement with the countries of the Gulf are very encouraging signs.

New strategies and an oil policy of the sort that will improve our understanding of the exporters are called for; a responsible approach based on practicality and pragmatism, in which the economic operators have an essential role to play.

There are three key ideas here — encouraging oil production all over the world by making the job of the economic operators easier, limiting vulnerability when supplies are cut off and increasing the world's strategic oil stocks.

Such diversification could, therefore, well involve boosting the trade in hydrocarbons between the ACP countries and the Twelve.

The situation in the ACP countries

There are 69 countries in the ACP Group and 11 of them produce oil, six potentially for export (see map).

These six (Angola, Cameroon, Congo, Gabon, Nigeria and Trinidad & Tobago) produced 152 million t of crude in 1990 — 8.3% more than 1980 (141 million t) and 24% more than 1988, but a relatively poor increase in absolute terms nonetheless. Three quarters of the total ACP petroleum output comes from Nigeria (59%) and Angola (16%) and 137 million t (89%) of the 152 million t produced were for export (Table 2).

The European Community takes 27% of the ACP countries' exports, but only depends on them for about 8% of its supplies (Table 3).

This is minimal, bearing in mind the EC's privileged relations with these countries and the size and potential of the ACP hydrocarbon market. Cooperation with these ACPs could well be stepped up over the coming years to help improve their planning facilities and ability to run rational energy policies and to get a better idea of their needs so as to bring the Community's supply of and demand for hydrocarbons under control in the medium and long term.

Aims of ACP-EEC cooperation

It started a long time ago. The vagaries of centuries of history have led our peoples to mingle, to fight and to unite against common enemies and now at last to join together to build a better future for our children. Our destinies seem to have merged, for better or for worse, at the time of colonisation and the period that followed it, and of this initially forced marriage was born complicity, mutual respect and perhaps even friendship — the basis on which the founding fathers of the EC decided to associate their dream of (European) union with the dream of freedom of the founding fathers of the

Table 1: Main trends in the 1980s

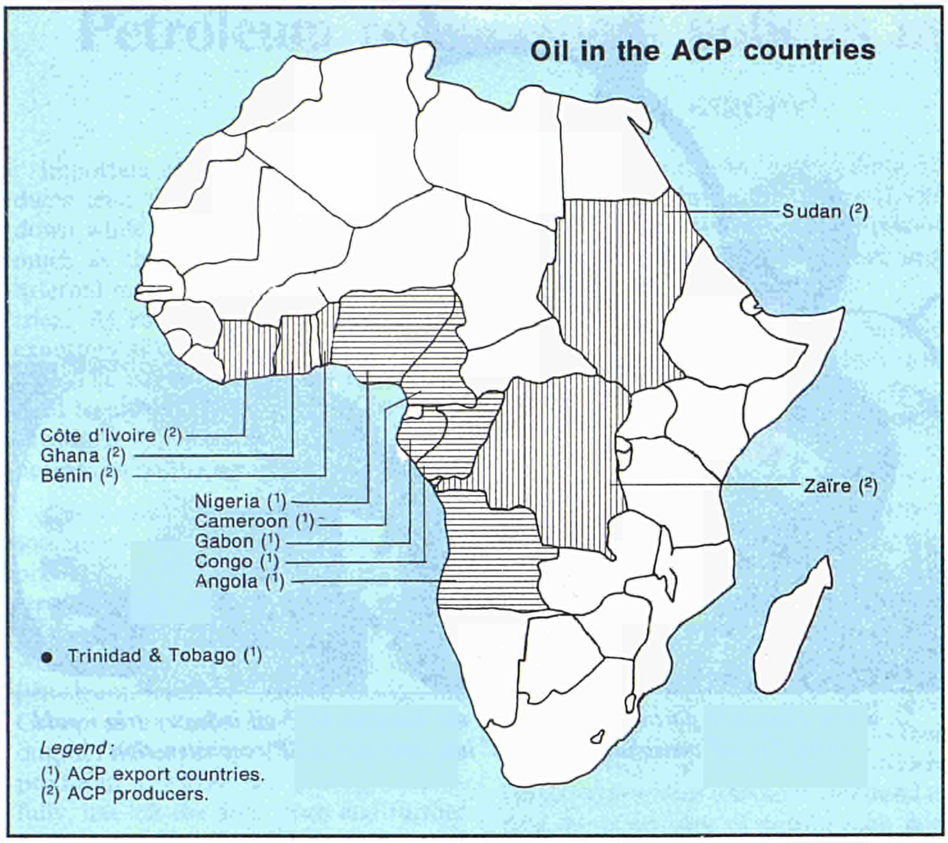
	1980	1985	1986	1990
World oil reserves (billion barrels)	**665**	**771**	**870**	**999**
OPEC	66 %	70 %	74 %	77 %
Countries with planned economies	16 %	13 %	11 %	8 %
North America	6 %	6 %	6 %	4 %
Western Europe	4 %	4 %	3 %	2 %
ACP	**3 %**	**3 %**	**3 %**	**2 %**
Other	5 %	4 %	3 %	7 %
World production (million barrels per day)	**62.8**	**53.2**	**56.2**	**66.7**
OPEC	49 %	29 %	33 %	35 %
Countries with planned economies	23 %	28 %	27 %	22 %
North America	18 %	21 %	20 %	16 %
Western Europe	4 %	7 %	7 %	6 %
ACP	**4 %**	**4 %**	**4 %**	**5 %**
Other	2 %	11 %	9 %	16 %
World consumption (million barrels per day)	**61.5**	**56.1**	**57.6**	**65.7**
OPEC	4 %	6 %	5 %	5 %
Countries with planned economies	20 %	22 %	22 %	19 %
North America	29 %	28 %	28 %	27 %
Western Europe	23 %	20 %	20 %	20 %
ACP	**0.9 %**	**1 %**	**1 %**	**0.6 %**
Other	23.1 %	23 %	24 %	28.4 %
OPEC's net oil exports (million barrels per day)	**17.2**	**14.1**	**13.7**	**20.6**
% of world total	65 %	77 %	70 %	86 %
World oil trade (million barrels per day)	**26.5**	**18.2**	**19.7**	**23.8**

Sources: IEA; BP.

Table 2: The six oil-exporting ACP countries

Total	1988	1989	1990
Reserves (¹)	2,775	2,798	2,970
Production (¹)	122.874	140.388	152.411
R/P (years)	23	20	19
Net exports (¹)	109.282	125.615	136.675

(¹) Figures in millions of tonnes.
Sources: CPP, IEA & Eurostat.



independent States of Africa, the Caribbean and the Pacific.

Thus emerged the Association binding ACPs with the EC, which was formalised in the Yaoundé and the Lomé Conventions. The aim was twofold. The EC wanted to ensure a presence in these parts of the world and keep access to the commodities it required for its own people and the ACPs wanted to go straight for modernity, with a system of preferences for their products on the economic market linking them to the EC. The results were considerable and they were beneficial to both sides.

Then came the early 1970s and the oil crisis, reminding the EC and the western world as a whole of their dependence in a sector vital to economic expansion — energy. The trials and tribulations of this vital source of supply for European industry were to continue until the dawn of the 1980s and the Iranian revolution, when the EC and the rest of the west (or to be more precise, their industry) had to use their imagination to cope with the sudden increase in the price of oil. Remarkable efforts with research and diversification (gas and nuclear power) paid off and energy saving was avoided — or so it was thought.

On 2 August 1990, Iraq invaded Kuwait. A few weeks later the Emirate was annexed and people began to wonder not just about the nature of the conflict but why it had started and what the consequences would be.

Behind it all was a source of energy — oil. The Gulf crisis put all the consumers on the alert by removing several million barrels per day from the market. The only country able to meet demand was Saudi Arabia and major upheavals were to shake the world petroleum market as a result, so that Europe, the west in general and Japan had to think about alternative sources of supply.

Things were very different in the ACPs. The 1970s were glorious years for oil exporters and producers, with manna from the oilfields bringing them in foreign exchange reserves or considerable credit facilities at least, and they launched into (over)ambitious investments, with no attempt at following proper development policies because they thought the boom would last. After the rise came the spectacular slump of the early 1980s, bringing bankruptcy for these fragile economies, pressed as they were on all sides to repay their gigantic debts.

Two directions were taken in the 1980s. The debts of these asphyxiated countries were rescheduled and in some cases written off after the Toronto Agreements and the international financial institutions (the IMF and the IBRD) forced them to apply structural adjustment plans. The idea was to get them out of the tunnel of non-development, but the cure was sometimes worse than the disease. While it may be logical to reduce or write — off debts, there are doubts about structural adjustment.

Structural adjustment, which is supposed to tackle the deficit in the external balance, has led these countries to run deflationary policies and to try to reduce their deficits by cutting imports (or internal demand), boosting exports (monetary devaluation) and trimming public spending. The resultant internal problems are two-fold. The costs in social terms are far beyond what the people can be expected to withstand and world

Table 3: Trends in oil dependency in the Twelve

Origin of supplies from third countries — EEC (crude + petroleum products)	1981	1988	1989
— EUROPE	13 %	30 %	29 %
— AFRICA	20 %	27 %	27 %
— ASIA	58 %	35 %	37 %
— AMERICA	9 %	8 %	7 %
— ACP	8 %	9 %	8 %
— OPEC	74 %	56 %	56 %
— OAPEC	64 %	44 %	44 %
— GCC	47 %	16 %	17 %

Sources: Eurostat, IEA.

commodity prices collapse when supply (far) exceeds demand.

For the developing countries, the 1980s became 'the lost decade' and they are now facing the last decade of the millenium having been bled dry.

The means of ACP-EEC cooperation

This is the unsettled background against which the ACP and EC countries have to think about their future as individuals and as a group.

Cooperation is still the magic word and for many people, the open sesame to a better future. But what does it mean?

We usually think of cooperation of the first type, as combining realities such as humanitarian relief (in food crises, for example) and technical assistance (sending out cooperation officers and organising exchanges between institutions and universities) and often run in a bilateral ('privileged') framework between the European countries and their counterparts in the ACP Group. The means in this category of Europe's acts of generosity towards its brothers in the South are limited and the results, development-wise, are limited too.

Then there is the second type of cooperation, generally involving a greater transfer of technology — in economic terms, private foreign investments in the developing world, usually as part of a planet-wide production process by transnationals. Why include them as cooperation? Because the ACPs encourage them with investment codes, each one more attractive than the last, and because the EC (and the countries which make it up) have a benevolent attitude to indirect cooperation of this sort. What have these private investments achieved? Initially it seemed that they might raise the level of ACP development, but in fact they have not done so. Although all the technical conditions (investment frameworks, attractive inputs etc) were apparently there, the political conditions were not. There was far too much instability and instability means risk, so the private foreign investments went elsewhere to such places as the newly industrialised nations of South East Asia.

Europe's Achilles heel is still its energy supplies. In 1989, almost 60% of its oil came from OPEC, with the Middle East accounting for 37%. The ACP oil exporters only covered 8% of the European market at this stage.

'... a new economic partnership in which the Europe-ACP-oil industry trio would work for the consolidation of EC interests and ACP reconstruction'

With the Gulf crisis, the European Commission realised just what could be derived from the ACP-EEC association. The need for secure energy supplies indeed condemns and commands Europe to diversify, in the strongest meaning of the word, its sources of supply.

So the scene is set and the script ready for the new Europe-ACP alliance.

The new Europe-ACP alliance

The world energy situation is beset with all the uncertainties of the upheavals in the Middle East and the breaking up of the Soviet empire. So what about Europe's medium and long-term supply? That is the question.

The ACPs are in an economic and social impasse which seems insurmountable *per se* and we do not think, alas, that healthy political developments (more democracies) can provide a complete answer to their drama either. So they have to be helped. But, knowing the limits of cooperation so far, how is this possible?

Cooperation of the third kind could be the beginnings of a solution. It would mean setting up a new economic partnership in which the Europe-ACP-oil industry trio would work for the consolidation of EC interests and ACP reconstruction. Details would be left to the economists and other planners, but let us make it clear now that, with everybody's interests being catered for, this is no act of generosity. On the contrary. The idea is to create the conditions for economic exchange that is more in keeping with our time and its demands.

There would be certain advantages. The ACP oil exporters' cyclical and structural problems would be eased in the medium and the long term. There would be a snowball effect, vis-à-vis the neighbouring countries, within the group. And Europe would step up its supplies from and contribute to the development of a part of the world it knows well, thus reflecting the true meaning of its typically humanistic vocation.

Lastly, lets us admit, this would be the start of a new reading of the Lomé Convention. Lomé is an association agreement, of course, in the true meaning of the term — one in which the partners are equal and derive equal satisfaction from their collaboration.○ RAdF

Petroleum replacement policies in the ACP States

by J. GIROD (*)

Importers of oil and petroleum products tend to want to keep their bills down while exporters want to make as much as they can from sales on their external markets. The developing countries, ACPs included, importers and exporters alike, are no exception to this rule. The fact that importers have managed to cut their oil purchases by using substitute products is particularly important in reducing external constraints.

The contrasting situations — and they sometimes turn to antagonism — are primarily due to chance geological differences, the benefits of which are very unevenly spread. The vast majority of ACP countries (50 out of 69) import petroleum, even if, paradoxically, the Group as a whole exports 89% of its output (126 out of the 148 million tonnes produced in 1989). But geology, mercifully, has left the door open and further oil prospection campaigns could well alter the present position. Most of the African nations, particularly those in the central and eastern parts of the continent, are making an effort here, a complement to the already longer-standing investigations in the Gulf of Guinea. Although prospection is going all too slowly, one or two of the states where discoveries can be viably exploited will be able to replace all or part of their petroleum imports with national production.

Another solution is to try and produce substitute energy (natural gas and coal) and make a better job of exploiting such replaceable sources (HEP, biogas, solar energy and wind power) as are available locally. This means that petroleum products can gradually be replaced in various cases and import requirements reduced.

This is substitution of the first type — i.e. replacement with other resources. The second type is substitution within petroleum consumption. Despite all the advantages of petroleum as a source of energy (high yield, wide range of equipment, easy delivery, minimal distribution infrastructure), the desire to cut their oil bills forces the importing countries to keep their supplies down to a minimum and they can do this by juggling domestic prices to gear substitution in a particular direction and switching one petroleum product for another or petroleum products for other forms of energy.

This, clearly, is easier to do, because the means involved are lighter and quicker to mobilise. There are fewer question marks too than in the former case and less risk attached than to the launching of a new branch of production or distribution of new equipment driven by this sort of power. So we shall begin by looking at both sides of the second type of substitution before going on to substitution with other resources.

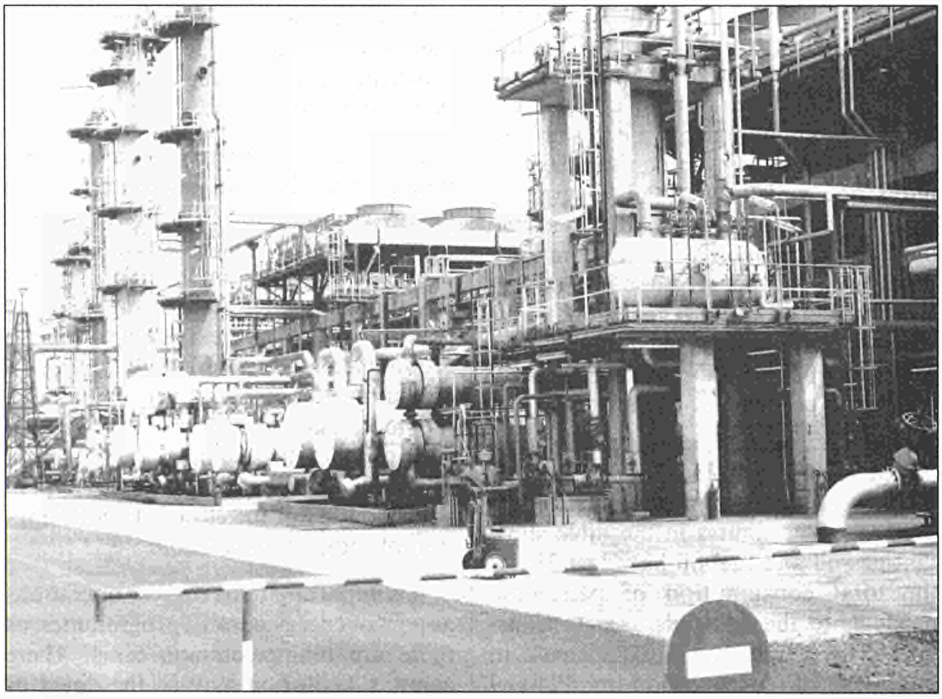
However, it must be clear that neither possibility is exclusive and that most countries have them side by side in their energy plans. In both cases, periodic import regulations are there to remind us that the main idea of substitution programmes is to save money in the short or medium term, or indeed in the more distant future, and not just swap one quantity of energy for another and the best results are obtained by associating purely technical aspects with many other (economic, social, financial and institutional) aspects. The complexity of the problems and choices is ample justification for talking about a substitution policy here.

Swapping petroleum products

A first solution, apart from rationing or quotas, is to substitute one petroleum product (petrol, kerosene, diesel etc.) for another. Import substitution as between crude and other petroleum is obviously one aspect of this.

The national and international prices of the different petroleum products vary despite the fact that they can sometimes be used for the same purpose (heating, steam and transport), so juggling supplies can cut energy bills.

The wave of refinery building which began in the 1960s (there were 28 in service in 22 ACPs, 14 in importing countries, by 1989) with a view to processing cheaper crude instead of buying expensive petroleum products was a clear reflexion of this policy. The results have not been all that positive,



The wave of refinery building which began in the 1960s was with a view to processing cheaper crude instead of buying expensive petroleum products. The results have not been all that positive, however

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however, because production costs in most of these often small and ill-equipped refineries are currently very high and Dakar, for example, had to close down for a few months in 1986 when it was cheaper to buy petroleum products on the international market than to produce them at home.

The set-up of the refineries and the quality of the crude they process are such that the range of finished products does not always tie up with domestic needs or the best export outlets. There is often a surplus of heavy fuel and naphtha and a shortage of petrol and diesel, in which case export earnings may well not cover import spending.

In both intermediate and final use, varyingly priced petroleum products also account for substitution. It may well be encouraged, if not imposed, by relative price fixing or subsidies, for example, in heating processes with a view to replacing light by heavy and it may also be spontaneous, as when car-owners switch between petrol and diesel because the tax system makes one cheaper than the other.

Power stations and industries with heavy energy consumption are the first to be concerned by substitution. In both cases, but particularly the former, substitution may be induced by measures involving more than prices. The rehabilitation of power stations and networks which many ACPs have undertaken, will no doubt boost the output of existing facilities, while better electricity supplies (as regards frequency and duration of cuts, stability and repair time) could ultimately discourage private power supplies and perhaps even confine them to industries which need an emergency supply. This should result, first, in a drop in the consumption of petroleum products and, second, in diesel being replaced by fuel oil as diesel generators make way for more powerful stations when users stop making their own supplies and the public utilities put out more.

Over the past 10 years, sub-Saharan Africa as a whole (all sectors) has gone in for very little swapping of petroleum products. The figures in the table show that gas-oil and fuel-oil have lost 3% of the total consumption of petroleum products to the light oils used in transport. The extremely limited increase in this type of consumption in 1980-89 certainly held back the possibilities of substitution towards medium or heavy products.

Introducing and managing any substitution policy is a delicate matter quite apart from this and there are many examples of counter-effects and counter-performances being triggered by ill-designed tariffs and speedily amplified by ingenious consumers. The pace of economic activity, the structure of industry and the state (age and rate of replacement) of the plant can all amplify or diminish the possibilities of substitution. Price fixing, relative price levels, the effect of subsidies and tax advantages and the all-important relation between domestic and international prices can also heighten the difficulties. No one solution is a guarantee of success and, in the event of failure, the authorities can always try and keep price levels or the relations between them stable by means of compensation or stabilisation funds.

Substituting other forms of energy

No substitution policy, not even one aimed at just cutting the oil bill, can discount the other forms of energy which a country uses. The best way is to allocate each form of energy to the jobs it does best. In practice, other objectives and many obstacles (including an inadequate range of national products) prevent this being done systematically and the countries are led to adapt to their real situation and even (as has been happening over the past few years) to go against it by replacing local products by imported petroleum products.

Substitution has remained a very limited practice in final and intermediate energy consumption in the ACP States. However, there has been a drive to promote electricity for steam production in countries where HEP supplies are plentiful (Zaire) and currently surplus to requirements (Burundi) and the use of agricultural waste is now very common in the food and agricultural industry. In Côte d'Ivoire, for example, the sugar and oil industries produce 100 GWh p.a., which is 12% of the electricity consumption of industry as a whole.

It is important to have these operations as part of energy control programmes, as there are many common aims. There again, substitution may be the direct or indirect result of other action — improvements to the insulation of homes and offices (less air conditioning and, therefore less electricity and petroleum products required), for example, or increased use of draught animals or vegetable fertiliser. The energy system has its chains of conservation or substitution, but they only appear if all means of supply and all uses of energy are considered.

Contrastingly, the present or foreseeable situation may involve reverse substitution — i.e. petroleum products may be called to replace traditional supplies in some cases. The campaign to get people to cook with butane instead of wood and charcoal, which is particularly strong in the Sahel, runs counter to the present move to cut oil consumption, yet given the disastrous consequences of over-intense deforestation, it is perfectly justified in the long term.

Another example is the surge in thermal electricity production, accounting for 34% of total output in the African countries in 1989, as opposed to 19% in 1980 (IEA reports ACP production as 83 TWh in 1989, 6 TWh of it for countries in Africa). Because of financial constraints this time, there was increasing demand on thermal power stations, to the detriment of the HEP stations where heavier investments were called for. And there again, the extra fuel consumption (essentially of diesel and fuel oil) which circumstances imposed, has to be replaced according to the situation of each country — where the desire to cut the oil bill has other constraints to contend with or is confined by insurmountable barriers in the short or medium term.

Substituting by producing alternative resources

Since 1975, many developing countries have tried to alter the structure of their supply to the benefit of national energy. In South East Asian countries such as Malaysia, the Philippines and Thailand, petroleum products have lost more than 20% of their share of total energy consumption to natural gas in the space of five to seven years. Brazil has added alcohol, cane waste, HEP, natural gas and charcoal to the national petroleum output since 1975, cutting energy imports in the process.

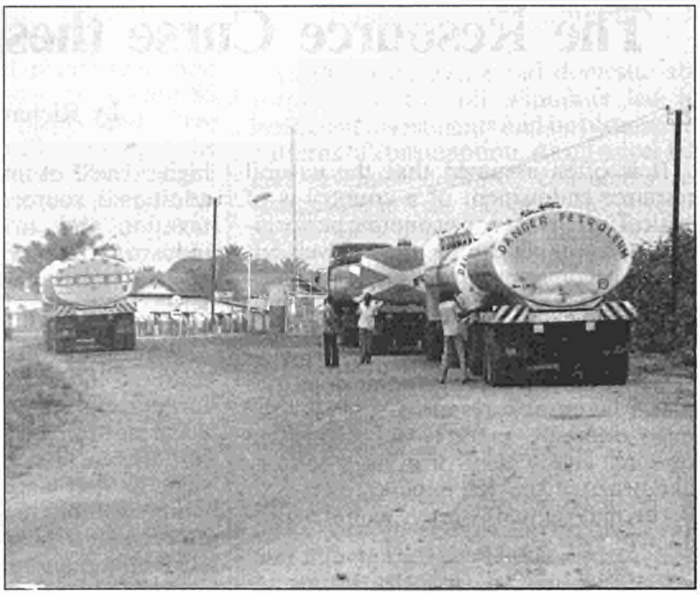
In the ACP States, substitution programmes of this kind are still only on the drawing board, while hydro-electricity, which is in plentiful supply in the

Table 1: Production, trade and consumption in the ACP countries 1980 and 1989 *toe million*

	1980	1989
Refinery output	45.3	32.2
Imports (1)	17.8	17.9
Exports (1)	22.8	9.0
Stores and stock variations	−4.6	−3.1
Total consumption	35.7	38.0
Structure of total consumption (Sub-Saharan Africa only) (%)		
– Petrol	25.0	27.1
– Kerosene and jet fuel	16.3	20.2
– Diesel	31.6	28.7
– Fuel oil	16.8	14.0
– Other	10.3	10.0
– Total	100.0	100.0

Sources: IEA & UNO. (Processing: ENERDATA)

(1) The figures for imports and exports correspond to the [illegible] and exports in each of the 69 ACP countries. They do not therefore represent external trade in the ACP zone as a whole.



The Courier

Every country's path to greater autonomy of energy is strewn with difficulties, constraints and paradoxes. In this picture, fuel tankers reach Burundi after a long drive along the Northern Corridor

majority of the countries of Africa, has slipped backwards, as we have just seen. There are still opportunities, but given the major problems attached to taking advantage of them, boundless optimism would not be wise.

Natural gas tends to be thought the best solution, at least as far as projects are concerned. It is currently burnt, re-injected or used in petroleum installations (boilers and thermal power stations) and it could be used to supply public power stations (as in Project Fox Trot in Côte d'Ivoire and other similar schemes in the oil-producing countries) and in fertiliser plants. There are 20 or so countries of Africa with resources, often in association with oil, and in some cases they are adequate to supply the domestic market. It would only be possible to export liquefield gas in very large quantities (as in the case of Nigeria).

Other alternative sources are coal (Southern Africa, Niger and Nigeria), peat (Belize, Burundi, Rwanda, Guinea and Senegal) and geothermal energy (Djibouti, Ethiopia and Kenya) and of course there is decentralised production of solar energy, wind power and mini- and micro-hydraulic installations in the regions and more specific systems such as vegetable waste in the food and agriculture industry, alcohol in transport (in the Caribbean), poor quality gas in engines and so on.

The difficulties of mobilising (prospecting, producing, transporting and supplying for consumption) resources are considerable and the costs heavy, particularly with non-replaceable energy — clear illustration of the fact that energy substitution is never free.

Natural gas is very difficult to exploit and the fact that reserves, even large ones, exist is by no means a guarantee that every project will be a profitable proposition. Very careful consideration has to be given to the attendant uncertainties, particularly as regards the price of competing petroleum products, and cutting the oil bill cannot be the only consideration. Even with coal, which is a little easier to exploit, national production does not necessarily spell savings. This may be an extreme example, but in 1989, Nigelec, the Niger electricity company, bought 109 GWh at CFAF 103 per kWh from Sonichar, the firm working the Anon Aarel coal seam to produce electricity, when it cost CFAF 11 per kWh to import from Nigeria (this station's output is currently very poor).

Another obstacle to natural gas and coal is that they replace fuel oil in intensive operations (thermal stations, fertiliser plants and cement works, for example) and there is already a surplus of fuel oil on both national and international markets. Replacing gas or diesel in isolated thermal stations would involve mini- and micro-hydraulic, photovoltaic etc installations which would tend not to have the mass effect of major facilities and not, therefore, lead to any substantial savings.

Every country's path to greater autonomy of energy is strewn with difficulties, constraints and paradoxes. Will regional cooperation provide viable answers by widening outlets which are too narrow for a single country alone (Nigeria has plans to improve the organisation of oil markets on the west coast of Africa and there are regional refinery projects and a SADCC coal scheme) or capitalising on complementarities (the WAPEX and UPDEA scheme to connect the electricity supplies of Nigeria, Benin, Togo, Ghana and Côte d'Ivoire)... although would this not add political and institutional problems to the preceding obstacles? Can existing organisations (the CEAO, ECOWAS, SADCC, PEZ and CARICOM) take these projects over or do they have to be run by special bodies?

We have been waiting for answers to these questions for years. The present calm on the oil markets has given us a little more time, but it should not stop us from running energy exploration and conservation programmes in parallel. Unlike what happened in the 1970s, it is now capital and not energy which is scarce at international level — which gives a quite different meaning to the substitution policies we need to run. JG

The Resource Curse thesis: sowing the oil windfalls

by Richard AUTY (*)

It is often assumed that the natural resource endowment of a country is of critical importance to economic performance at lower per capita income levels but that it becomes progressively less significant as development takes place and modern skills diffuse through the economy. However, there is growing evidence among the developing countries that a favourable resource base (say the huge domestic market and diversified resource endowment of a large country like Brazil or the rich mineral reserves of Peru) may actually prove counter-productive.

For example, resource-deficient Korea and Taiwan have industrialised much more efficiently than resource-rich Brazil and Mexico while the mineral economies — whether exporters of oil or hard minerals — have not always done as well as developing countries which lack the resource bonus. Table 1 shows the mineral economies' performance deteriorated more than that of the average developing country between 1971 and 1983. Yet the mineral resource brought higher levels of investment as well as an additional source of foreign exchange, taxation and an alternative route to industrialisation via resource-processing (Resource-based industrialisation or RBI).

While the inverse relationship between resource endowment and economic performance is not a universal law, it has occurred often enough to spawn the resource curse thesis. Basically, this thesis suggests that a well-endowed country is tempted to enjoy its advantage vis-a-vis other countries in the form of a less demanding and/or a less prudent development strategy while the less well-endowed country, mindful of its more marginal position, eschews risk and applies effort which more than compensates for its disadvantage. This article explores the resource curse thesis in more depth with reference to the oil-exporting countries and especially Trinidad and Tobago, Nigeria and Indonesia.

The 1974-78 and 1979-82 oil booms

The oil shocks of 1973 and 1979 each transferred around 2% of global GDP from the oil-importing countries to the oil-exporters. The resulting oil windfalls ranged from an increase equivalent to an extra 200% of non-mining GDP annually for Saudi Arabia in 1974-78 to 3% extra for Mexico in 1979-82. Within this range, Trinidad and Tobago received windfalls equivalent to almost two-fifths of its GDP annually while those of Nigeria and Indonesia were closer to one-fifth of their GDP.

The oil exporters expected the increased resources would lead to faster economic growth and rapid economic diversification as they invested the windfall to reduce their future oil dependence. In fact, the results were disappointing and many oil exporters (including Trinidad and Tobago, Nigeria and Mexico) experienced sharp falls in their per capita GDP.

One important policy lesson is that the mineral bonus encourages over-optimism: the projections made for global economic growth and energy prices were universally and erroneously positive. This was especially true after the second oil shock when continued high rates of global economic growth were projected alongside real increases in energy prices of 3%. That forecast promised the expansion of the oil windfalls and it encouraged governments to ease the more cautious economic policies which they had introduced towards the close of the 1974-78 boom.

In fact, the oil shocks triggered structural changes in the economies of the industrial countries which reduced the rate of energy and materials they consumed per unit of GDP. On top of this, the industrial countries unexpectedly deflated their economies in the early-1980s in order to curb inflation. The net

(*) Lecturer in economic geography, Lancaster University. This article is drawn from his book: *Resource-Based Industrialization: Sowing the Oil in Eight Developing Countries*, Clarendon Press, Oxford, 1990 (which also deals with Venezuela, Cameroon, Bahrain, Saudi Arabia and Malaysia as well as Nigeria, Indonesia and Trinidad and Tobago) and from a book by Alan Gelb and Associates, *Oil Windfalls: Blessing or Curse?*, Oxford University Press, New York 1988.

Table 1: Investment and Growth Rates by Developing Country Group

Measure		Hard-mineral exporters		Oil exporters		Other middle-income countries		Other low-income countries	
		1960-71	1971-83	1960-71	1971-83	1960-71	1971-83	1960-71	1971-83
Investment/GDP:	Mean	0.21	0.23	0.21	0.28	0.20	0.24	14.3	17.2
	σ	0.06	0.05	0.10	0.10	0.05	0.05	4.1	6.1
Gross IOCR (¹)	Mean	0.28	0.07	0.34	0.12	0.32	0.17	0.26	0.17
	σ	0.05	0.02	0.06	0.05	0.02	0.01	0.03	0.04
Growth of GDP	Mean	2.5	–1.0	2.9	1.9	3.7	2.0	1.3	0.7
per capita (percent)	σ	1.1	1.2	1.7	3.7	1.8	2.3	1.4	2.2
Number of countries		10	10	10	10	29	29	20	20

Terms of trade indices (relative to unit value of manufactures imported by developing countries)	Metals and hard minerals	Petroleum	Agriculture
1960-62	100	100	100
1970-72	104	92	91
1980-82	78	636	84

(1) Incremental output/capital ratio.
Source: World Bank: World Tables data base, Commodity Price Forecasts.

result was that oil supply quickly outstripped demand and real energy prices fell, forcing the oil-exporters to curb abruptly the high levels of domestic investment and consumption they had become used to.

A second important lesson is that domestic policy can limit the damage arising from erroneous forecasts. Some oil-exporting countries responded to the post-boom conditions better than others. Oil-exporting countries need to do three things in order to deploy their windfalls prudently:

— save a proportion of the oil windfall in overseas accounts so that the inflow of resources is not large enough to trigger domestic inflation and cause the real exchange rate to appreciate (ie cause the currency to strengthen).

— use part of the windfall to boost domestic investment — provided the extra capital expenditure does not overtax domestic construction capacity and thereby trigger inflation and cost overruns (which lower the efficiency of investment).

— increase consumption, preferably by targeting the neediest in the community and providing the means for them to enhance their ability to look after themselves.

Domestic policy failures

In fact, such prudent policies for windfall management were the exception rather than the rule. Even the strongest governments, like that of Indonesia, found political pressures for over-rapid domestic windfall absorption difficult to resist. Figure 1 shows that after an initial phase of saving, investment and consumption absorbed all the oil windfall by 1978. Growing deficits were avoided by most countries thanks to the fortuitous occurrence of the second oil shock. However, some countries like Nigeria and Venezuela used their oil as collateral for foreign loans so that far from saving some of the windfall they actually accumulated large foreign debts.

Investment rose sharply in the oil-exporting countries through the oil booms. It went first into infrastructure projects and then increasingly into prestigious RBI (such as steel and petrochemicals) which was often implemented by newly-created state-owned enterprises (SOEs). Such projects were usually poorly executed with large cost overruns that left them uncompetitive and gave a very poor or even negative return on the resources invested.

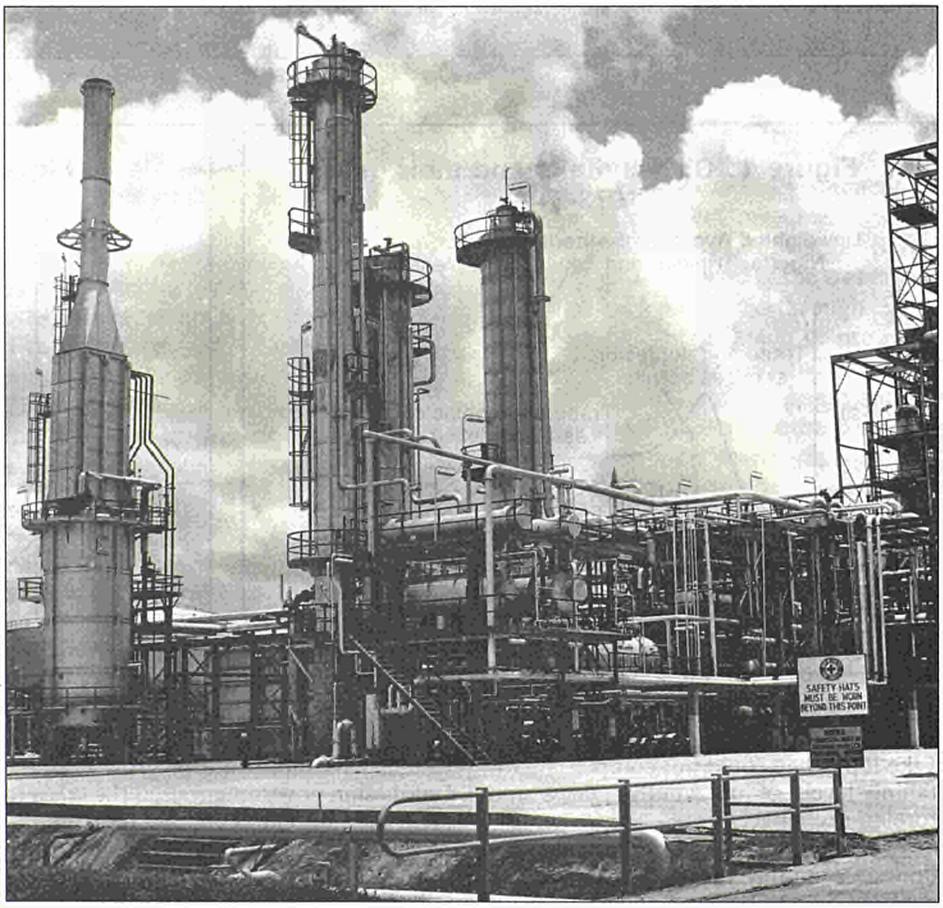
Steel featured prominently in most RBI strategies despite warnings from feasibility studies and these projects proved especially weak. Table 2 compares the estimated production costs of six oil-exporters' steel plants with best practice. Nigeria invested more than $6 billion in two steel plants and three dispersed mills which will never repay the capital invested. Elsewhere, Trinidad and Tobago lacked a market and the government lost almost $1 billion on its potentially competitive plant before privatisation. Even the more prudent Indonesians found steel very disappointing because they also expanded too quickly.

Finally, government resources went increasingly into subsidies, as Figure 2 shows for Trinidad and Tobago. This was a major way in which the oil windfalls increased local consumption. But instead of channeling state assistance to the weakest in society, the gains went largely to the middle class as energy and other state-controlled prices were frozen (often in the name of curbing inflation) or as mortgage relief. In addition, the oil booms led to a strengthening of the exchange rate which increased domestic (mainly middle class) purchasing power over imports — a policy that was meant to curb domestic inflation.

Post-boom adjustment

In this way, over-rapid domestic absorption of the oil windfalls led to inefficient investments and unsustainable patterns of consumption. As oil prices fell and revenues declined, consumers resisted cuts in real incomes and governments were reluctant to make prompt reductions in the real exchange rate. Meanwhile, the new RBI projects like steel proved disappointing since few of them could generate enough revenue to service their debt let alone substitute for lost oil exports and taxes.

But non-oil sectors had been seriously weakened. As noted, the over-rapid windfall absorption during the oil booms often strengthened the real exchange rate and inflicted severe 'Dutch disease' (loss of competitiveness) on agriculture and non-RBI manufacturing. Taking 1970-72 as a base, the Trinidad and Tobago real exchange rate rose 70% by 1984 and that of Nigeria by almost 300%. Agriculture and non-RBI manufacturing lost competitiveness and either contracted or came to rely on very high levels of protection.



Office of the Prime Minister, Public Relations Division

'The oil shocks of 1973 and 1979 brought Trinidad and Tobago gains amounting to almost two-fifths of its GDP annually'. Pictured here is part of the Trintoc (Trinidad and Tobago National Oil Company) refinery at Port Fortin

Table 2: Steel RBI projects: estimated full capacity costs and actual capacity use

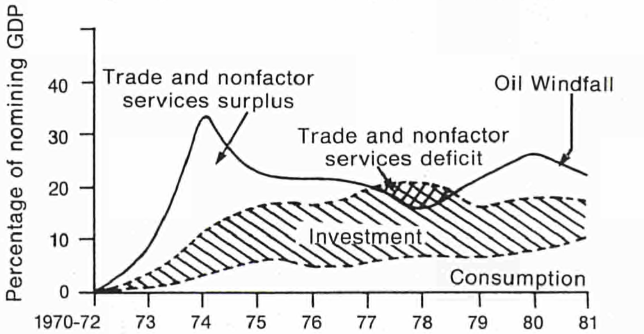
	Sidor	Delta	PTK	SABIC	HICOM	Iscott	Base case
Project characteristics							
Location	Venezuela	Nigeria	Indonesia	S. Arabia	Malaysia	Trinidad	—
Vintage	Brown	New	New	New	New	New	New
Scale (million tonnes)	4.8	0.95	2.0	0.80	0.56	0.70	0.70
Investment ($ billion)	4.81	1.70	2.25	0.80	0.44	0.51	0.25
Start-up date	1979	1981	1981	1983	1985	1981	1984
Cost/tonne ($)							
at 100% capacity use							
DRI materials and energy	46.46	43.50	63.00	39.75	67.45	45.50	58.20
Scrap	13.42	27.00	14.00	16.00	16.00	16.00	14.00
Energy	12.20	78.00	85.00	9.00	51.06	14.70	9.00
Other materials	42.31	121.60	81.08	70.26	59.46	64.86	52.70
Labour	96.15	53.05	54.23	63.41	26.80	16.50	8.00
Maintenance and overheads	29.70	51.30	43.30	24.79	19.72	18.10	5.35
Depreciation	74.60	89.45	56.25	39.90	29.43	36.20	17.85
Interest	114.30	33.15	10.12	31.45	20.70	39.10	7.14
Return at $280/tonne	(149.24)	(139.05)	(126.98)	(14.56)	(12.62)	29.04	107.76
Performance							
Investment overrun							
(% expected)	150	n/a	n/a	n/a	110	132	100
Debt/equity (%)	71	31	10	70	55	60	50
Man hours/tonne	13	15	28	5	5	4	4
Investment return (%)	–15	–8	–13	–2	–2	4	30
Equity return (%)	–34	–11	–113	–5	–4	10	60
Actual capacity use (%)	60	25	45	127	60	n/a	100
Performance predictors							
Macroeconomy	W	L	F	H	F	F/W	H
Micro:							
Product strategy	SP	SP(HI)	SP	SP	SP	SP	SP
Autonomy	LA(SO)	LA(SO)	LA(SO)	HA(SO)	HA(JV)	HA(SO)	HA(JV)

Note: Macroeconomy: H = high efficiency; F = fair; W = weak; L = low. Strategy: SP = single product; HI = horizontal integration. Autonomy: LA = low autonomy; HA = high autonomy; SO = state ownership; JV = Joint-venture.

Source: Auty (1990).

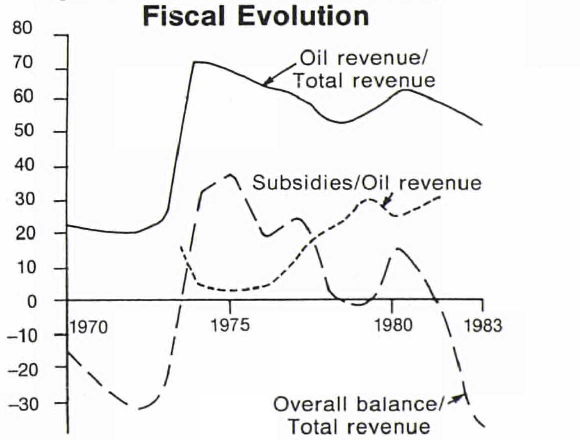
Figure 1: Oil Windfalls and their uses 1973-81

Unweighted Average of Algeria, Ecuador, Indonesia, Nigeria, Trinidad and Tobago, and Venezuela



Source: Gelb

Figure 2: Trinidad and Tobago: Fiscal Evolution



Source: World Bank

Like RBI, they could not compensate for falling levels of oil windfall taxes and foreign exchange.

Yet in the prudently managed Indonesia economy the exchange rate had *declined* by 8% between the early-1970s and 1984, making non-oil exports *more* competitive. After a brief slowdown in the mid-1980s, the Indonesian economy resumed its rapid rate of growth as the Indonesian government used the crisis to justify unpopular economic reforms.

The adjustment to the oil price downswing of the mid-1980s was especially painful in countries like Nigeria and Trinidad and Tobago. The costs of their adjustment more than offset the gains they had made during the booms. In the case of Nigeria, per capita incomes fell way below pre-boom levels. Given the pre-boom rapid rate of Nigerian economic growth and the country's large and competitive agricultural exports (which collapsed during the oil booms), the 1974-78 and 1979-82 oil booms have almost certainly been a curse rather than a blessing.○ R.A.

OPEC — aims, achievements and future challenges

by Dr Mohammed AL-SAHLAWI (*)

OPEC, the intergovernmental body which was formed by the principal oil-producing nations in 1960, has played a crucial role in the market for the world's single most important commodity. In the 1970s, the price of a barrel of oil was largely determined by its deliberations. Nowadays, although the picture is rather different (non-OPEC production is much higher, and the organization has switched to a more market-oriented approach), the global economy remains highly sensitive to developments in the oil markets. OPEC may not have been helped by the recent Gulf conflict, but with a membership which has 80% of the world's proven oil reserves, it is a body whose present and future significance should not be underrated.

In this article, Dr Al-Sahlawi of OPEC describes the objectives of the organization, and outlines what he sees as its achievements and future challenges. The article is written with the perspective of developing countries firmly in mind, and includes a brief description of OPEC's own development cooperation activity.

The success of the Organization of the Petroleum Exporting Countries (OPEC) is unique in the annals of Third World economic development. This success has been partly due to the fact that oil is of singular strategic value to economic progress; it is absolutely vital to industrial societies; it has created the wealth and the prosperity they enjoy today. OPEC has also provided a shining example to other Third World producers and inspired them in their efforts to obtain fairer prices for their own commodities.

On 14 September of this year, the Organization celebrated its 31st anniversary. Few people in the industry would have given a fig for OPEC's chances of survival in the 1960s. The announcement from Baghdad of the birth of OPEC was virtually ignored by the international oil industry and the governments of the consuming countries, who confidently believed that the infant organization's existence would be short-lived. Indeed, it was this contemptuous attitude towards the producers in the host countries and the unilateral cuts in the tax reference price of crude oil by the 'majors' (1) in 1959 and again in 1960 that precipitated the formation of OPEC by the founding members — Iran, Iraq, Kuwait, Saudi Arabi and Venezuela. At that time, and even well beyond, the oil industry was completely integrated, and the 'majors' controlled every stage of the process — from the upstream to transportation, refining and marketing. The tax reference price was thus a transfer price within the integrated system, rather than a true market price reflecting the value of oil.

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(1) The main multinational oil companies.

Unlike most other commodities, oil is an exhaustible resource, which means that its price, at any time, should reflect its inevitable long-term scarcity — a fact long recognized by economists. Unfortunately, the production and pricing policies of the majors up to the 1960s ignored this fundamental characteristic of the commodity. Not only was oil under-priced by the major oil companies, but the price actually declined continuously in real terms up to the early 1970s. The agreements under which concessions were operated were highly inequitable. That inequity was embodied in the fact that the early agreements resulted in the host countries deriving less than 10% of the value of a barrel of crude oil; the consumer governments and the oil companies, on the other hand, realised more than 90% of the product's worth. It was against such a background that OPEC was founded as a permanent intergovernmental organisation to cater for the interests of its members in the oil industry. The main objectives of OPEC were and are: to co-ordinate and unify the petroleum policies of Member Countries and to safeguard their interests .... to devise ways and means of ensuring stable prices in the market ... to secure a steady income for the producing countries, an efficient, economic and regular supply of petroleum to consuming countries, and a fair return on their capital to those investing in the industry.

Achievements

OPEC's first decade was characterised by its struggle to gain recognition and credibility. Only through protracted negotiations and self-restraint was OPEC able to get the 'majors' to accept the principle of consultation with the host governments on matters affecting these countries' oil. At the same time, OPEC was able to insist on the principle that taxes and royalties should be calculated on the basis of posted, rather than realised, prices, in every OPEC country. That there were no new cuts in the posted price of oil in the 1960s despite the soft market conditions created by overproduction, is a measure of OPEC's early success. Finally, in 1973, OPEC assumed full control over its oil resources, thus establishing once and for all, Member Countries' sovereign right to manage their oil resources in the interests of the producers, and not purely those of the consumers.

A further achievement, although it was largely ignored at the time, was the Declaratory Statement of Petroleum Policy in Member Countries, adopted by the 16th Meeting of the OPEC Conference in June 1968. This document spelt out the need for Members to go into direct exploration and development of their hydrocarbon resources, where feasible. Governments of Member States were also to participate in the ownership of the concession holdings through equity arrangements; there should be progressive and accelerated relinquishment of acreage of existing concessions; and oil companies should observe the best conservation practices, bearing in mind the long-term interests of the country concerned. This historic statement laid the foundations for the leadership role which the producing countries grouped within OPEC were to play in the direct exploitation of their resources.

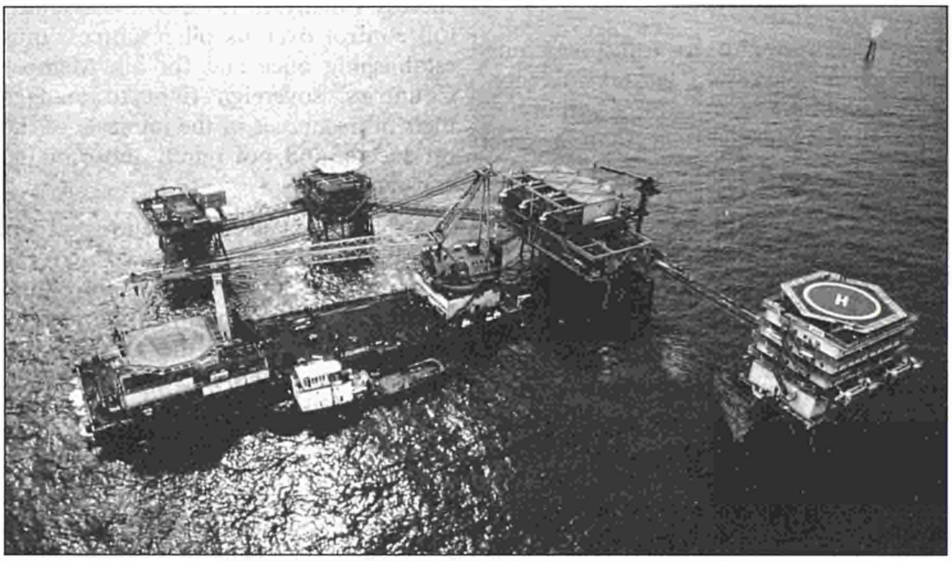
The achievements of OPEC in the 1970s had important global implications. It was due to the price increases of that time that the world started to become energy-conscious; to realise that oil was a depletable and exhaustible resource, which could not be compared with renewable products. In consequence, whereas the consumption of oil had grown by over 80% between 1965 and 1973 — the era of excessively cheap oil —

it increased by only 1% in the ten years between 1973 and 1983. It goes without saying that had the earlier growth rate continued — which could easily have happened in the absence of OPEC — the world would have run out of oil much faster than is currently projected.

Neither should it be forgotten that the degree of diversification of supply sources achieved since the 1970s would not have occurred but for OPEC. Most of the non-OPEC oilfields developed in the 1970s and 1980s would not, for lack of sufficient incentive, have been brought on stream when they were, if OPEC had not assumed control of oil pricing in the 1970s.

Between 1974 and 1985, OPEC tried to act as price administrator, setting a fixed price for oil and playing the role of swing producer at the international level in order to defend the price structure. However, since the mid-1980s it has switched to a more market-oriented approach. The first half of the 1980s saw OPEC struggling to defend prices in the face of an oversupplied market. Following the bringing on stream of North Sea crudes and the re-emergence of Mexican oil in the mid-to-late 1970s, OPEC was steadily relegated to the position of world residual supplier. This enabled non-OPEC producers gradually to displace OPEC by as much as their maximum capacity and hence erode OPEC's market share.

In 1975, OPEC was producing 51.5% of total world crude oil. By 1980, that share had dropped to 45% and by 1985 to a mere 29%, before gradually picking up again. Following repeated, but alas unheeded appeals, to non-OPEC producers to enter a dialogue with OPEC on sharing out a diminishing oil cake, the Organization decided in December 1985 that it had no alternative but to abandon its role as price administrator and go all out to defend its market share. The result was the price collapse of 1986 when the crude oil price dropped below $10/b for the first time in 12 years, having attained a peak of nearly $40/barrel in 1979. All oil producers were severely affected by this development — from the oil producing states of the US and Canada to the North Sea, Soviet and non-OPEC Third World producers. Fortunately, this latter group, which is loosely referred to as the Independent Petroleum Exporting Countries (IPEC) gradually came to accept the principle that they should assist OPEC to restore stability to the market through voluntary production restraint. This marked the beginning of informal consultations between OPEC and non-OPEC producers, the psychological impact of which co-operation has since become visible in the oil market.

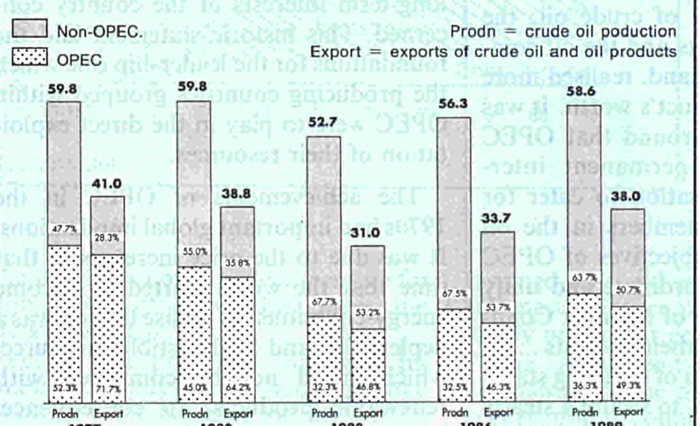


Two ACP countries — Nigeria and Gabon — are members of OPEC. Pictured here is an offshore installation in Gabon waters

The challenges ahead

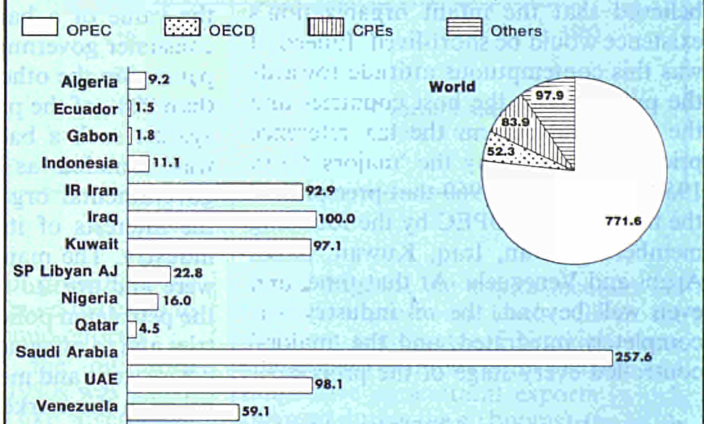
A major challenge facing the oil industry today is how to ensure that the world's need for oil in the coming years can be met under a regime of fair prices and a stable market. The demand for oil has

Table 1: Oil market share
(million barrels per day)



'OPEC's share of world crude oil production has been picking up gradually since 1985'. *Source:* OPEC.

Table 2: Crude oil reserves
(billion barrels/1989 figures)



'Nearly 80% of the world's proven oil reserves are located in OPEC countries'. *Source:* OPEC.

been rising since about 1986. It is clear, therefore, that with non-OPEC oil production beginning to peak and with nearly 80% of the world's proven reserves located in OPEC countries, the world will have increasingly to rely on OPEC to meet most of the future incremental demand. In view, however, of OPEC's depressed market share, resulting from conservation policies in consuming countries, the substantial supplies of oil coming from non-OPEC sources and the consequent reduction in the Organization's production capacity — factors which have burdened OPEC countries with huge external debts — the Organization has called on the international community — oil companies, consumer nations and financial institutions — to participate in joint efforts with OPEC countries to raise production capacity. This is seen by OPEC as the best way to avoid future shortages and possible precipitous price increases.

The task confronting both OPEC and non-OPEC producers today, is not to create a world that is independent of oil — for the foreseeable future, this would be, in the Organization's view, an unrealistic and even hazardous undertaking — but to build a system that gives the world optimum protection against instability, while permitting the full utilisation of its energy resources. And finally, a start must be made to eradicating the gross imbalance in standards of living between North and South. All these problems call for immediate attention and for global cooperation on a scale never before achieved.

Some progress has been made in the last year or two in this matter of cooperation, for example, the recognition by other oil producing developing countries that market stability is everybody's responsibility and not just OPEC's, and the recent producer/consumer dialogue in Paris, held on the initiative of Presidents Francois Mitterrand of France and Carlos Andres Perez of Venezuela. Although nothing concrete emerged from that meeting, the 26 countries present did agree in principle that there should be no sharp division between the interests of producers and consumers. It is to be hoped that the Paris meeting will increase the readiness on the part of developed and developing countries, producers and consumers to continue to exchange views, to get to know each other better and to create a climate of mutual confidence and trust.

The OPEC Fund for International Development

The OPEC Fund for International Development was established in 1976 as a financial facility to consolidate the development assistance extended by OPEC Members. Like OPEC, it is located in Vienna but it is a quite separate institution with its own management and organisational structure.

The Fund's resources are mainly voluntary contributions by OPEC Member Countries and income derived from investments and loans. By the end of 1987 (its 11th year of operation), the Fund had disbursed $2.6 billion to 91 countries.

In 1990, loans and grants amounting to more than $136 million were approved. 22 countries received project loans, accounting for $120m of the total and a further $14m went into programme loans. The Fund also gave 22 grants, totalling $2.4m for the provision of technical assistance in a variety of fields.

OPEC aid to developing countries

It may come to many people as a complete surprise to know that for many years past, OPEC countries have been devoting part of their income to help other developing countries improve their quality of life and reduce their balance of payments burden. Much of this aid, amounting to billions of dollars, has been channelled through the Organization's own aid body, the OPEC Fund for International Development, set up in 1976, and has been used to finance such urgent development projects as schools, hospitals, irrigation and sewage systems and the like. This is clearly a noteworthy achievement, bearing in mind that OPEC countries are themselves classified as developing countries and have in recent years been suffering massive inroads into the source of their income — the oil revenues — through low prices. In addition, OPEC countries have played an important role in the activities of the International Fund for Agricultural Development (IFAD), and in those of other aid institutions.

Developing countries and the environment

If the 1970s and 1980s were decades when the world was preoccupied with issues surrounding supply security, the 1990s look set to be the decade of the environment. The present environmental discussions have their roots in the Brundtland Report of 1987. That Report took a broad view of the problems facing mankind, including the Third World problem of extreme poverty. Although the causes of pollution are the result of the industrialisation process in the developed world over the past two-and-a-half centuries, Third World countries too, are both experiencing the environmental damage done in the past, and themselves contributing to it today through their need to sell their natural resources and to develop their economies. And if, as we are told, the world population is likely to rise to 6 billion by the end of this decade, with 90% of that growth taking place in developing countries, then their contribution to pollution will also increase.

OPEC believes — and it is supported in this belief by such eminent international authorities as the Brandt Commission and the UN's World Commission on the Environment (Brundtland Report) — that there is a direct link between energy, environment and sustainable economic development. Therefore, any attempt to solve the environmental problem without, at the same time addressing the development problems of the Third World, is bound to fail.

Profound changes

In the space of a mere three decades, OPEC has risen from obscurity to worldwide prominence. Its policies and actions over the years have wrought profound and permanent changes, not only in the oil industry, with which it is first and foremost concerned, but also in relations between developing and developed countries generally, and in international perceptions of the steps which require to be taken to establish a more equitable world economic and financial system.

OPEC will continue to act as a catalyst for the aspirations of the developing countries; at the same time, it holds out the hand of cooperation to the industrialised nations who are its main trading partners. As the Organization prepares to assume responsibility for keeping oil supplies flowing in the next century, it couples this commitment with a continuing solidarity with its brethren in other developing countries and looks forward to the day when there is neither a 'First World' nor a 'Third World', but one world in which hunger and poverty are evils of the past and global resources, both natural and man-made, are used to the benefit of all ○ M.A-S.

Oil development: time to depart from false illusions

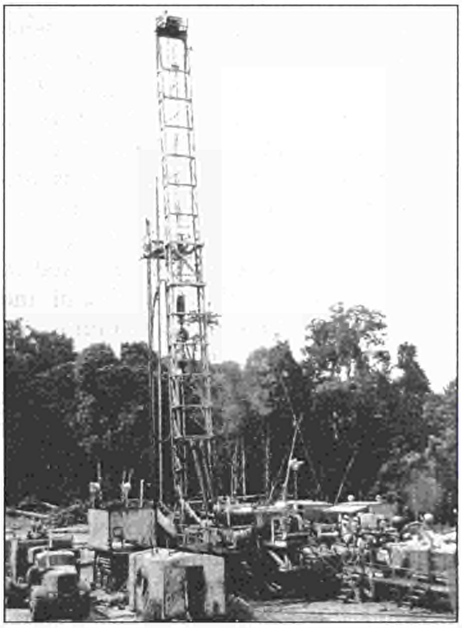
by Maria KIELMAS (*)

Courier Dossiers are designed to provide an in-depth analysis of a particular subject or sector, from a variety of different angles. The author of this article is a journalist who specialises in the oil sector. As an independent analyst, she has formed her own views — sometimes controversial and usually hard-hitting — on the problems of oil development in the Third World.

One year ago, oil ministers from many developing countries talked about some form of cooperation between oil producing and consuming countries. Today, their preferred international cause for concern seems to be the environment. Next year, another major oil issue will doubtless emerge; tribal land rights perhaps? But behind the rhetoric, there remains a distinct reluctance to face one uncomfortable fact. For the developing world's oil industries, the last thirty years have been an aberration.

31 years after the creation of OPEC, world oil prices in real terms are at the same level they were in the 1960s. But despite low prices and an over-supplied world market, there is an unprecedented number of oil investments available worldwide. Practically every country in Africa is actively encouraging foreigners to explore for oil and revising petroleum legislation. But most Third World investment is going to the Pacific Rim and Latin America, at the expense of Africa. The proximity of industrialised markets is only partly the reason. The disparity in financial strength between the north's multinationals and the south's state oil sector is little different from what it was three decades ago. If a reason for this extraordinary state of affairs is to be found, the first illusion which must be shed is the fossilised and self-indulgent notion of an international capitalist conspiracy. The real problem — of which the African situation is just the most extreme example — is the incompatibility of an essentially entrepreneurial industry such as oil, the emergence of oil as just another world commodity, and third world development theories which centred on the interests of the state rather than the rights of the individual. The emotional and political manipulation of oil as a national treasure, something which dates back as far as King Hammurabi, has only served to cloud the real trouble.

Private sector oil companies were first made to account for themselves at the beginning of the century when the United States enacted anti-trust legislation. Since then, they have had to make public their operations through more clearly defined rights of small shareholders, stringent disclosure rules on the capital and securities markets, as well as popular pressure on governments. Run as profit-making enterprises from the outset, they could hedge lower oil prices against corporate tax concessions, or shed staff and restructure. Monitored daily by thousands of investment analysts and journalists worldwide, it is rather difficult for such companies to cover up any corrupt practices for very long.



'Practically every country in Africa is actively encouraging foreigners to explore for oil'

The developing world's oil industry is run overwhelmingly by governments through state oil companies. These were not formed as financially viable entities from the ground up, but either from a large new bureaucracy at the beginning, or through nationalisation of foreign oil company operations. Instead of taking tax on net profits and a dividend as sole shareholder, unaccountable and corrupt governments have run the companies as private fiefdoms.

Revenue losses

Anything between five and forty per-cent of gross revenues have been taken for the private use of the head of state or military establishment. New ventures had to be mega-sized; financially unviable projects aimed at boosting the head of state's national pride rather than the economy. The companies are not allowed to sell gasoline domestically at realistic prices because of the notion that the oil industry should be a social service. Indeed, state oil companies are usually the main employers, run by political favourites at the top while everyone else is so badly paid that even senior professionals find it more worthwhile to run fruit stores in their home villages. The most qualified people abandoned their countries a long time ago. Left to run the national oil industry on a drip-feed budget, and systematically plundered by their governments, these companies are now mostly technically bankrupt.

It is this financial disaster, which would have emerged eventually, with or without an attendant foreign debt problem, which has prompted today's seemingly miraculous welcome for foreign oil explorers throughout the world. In effect, the only

(*) Freelance economics journalist who worked previously in international oil exploration.

difference between oil producing and non-oil producing countries in the developing world is that the privileged élite in the former have more privileges than in the latter.

The question now is what the role of the state should be. Again in Asia and Latin America, the state's role in running the oil sector either has been or is being challenged as inept and corrupt. On this issue, Africa still confronts a demeaning paternalism on the part of the former colonial powers. Much of Africa's state sector has been directly modelled on the European experience.

State ownership of industry is a legacy of 1930s European totalitarianism and used as a tool where a political élite controlled its own population, extracting handsome remuneration for the privilege. The economics were simply reinvented to fit political expediency. Europe's state oil companies were established to find secure oil supplies for their countries, and sell that oil domestically at subsidised prices.

Privatisation

Even Europe's rich economies have been unable to support this policy indefinitely and, to the chagrin of vested interests, the state companies have been redesigned, and in most cases, partially privatised. But in order to raise investment funds on the international markets, governments were forced to disclose information previously labelled as of 'strategic national interest'. The same painful process of disclosing financially embarrassing but politically privileged information in order to raise funding is just beginning in developing countries, such as Mexico.

But even when partially-privatised, these European companies are still political institutions, with much of their investment funds coming from the national budget. Publicly, their executives maintain they are run 'just as private sector companies' but this is a misconception believed only by the economically illiterate. Europe's state companies have made massive investments in Africa and the developing world, in the knowledge that their part of the deal will be supported by their governments. They successfully persuaded their African partners that, in contrast to private sector companies, they as foreign investors are not just interested in profits but also in 'development'. A lingering antipathy towards United States foreign policy has helped this fallacious argument to be swallowed on all sides.

When the European Community eventually implements its competition policy, state subsidies of industries will not be permissible, and economically unviable investments will have to be dropped. Where will this lead the African partner, whose government has been successfully persuaded to give preference to state rather than private sector industry? Though neither side wants to admit it, the current status of government-to-government oil industry deals is; 'you pretend to allow foreign investment and we pretend to invest'.

The situation has been made worse by multilateral institutions and other foreign advisers who, seeing themselves in the role of latter day missionaries, have been advocating gradual development, above all in oil. The strategy advocated has been to legislate for every possible contingency and then, as if by magic, international industry will come and fit in with the government's wishes. This may work to a certain degree in countries which already produce oil but where there is none, it is just counterproductive.

There are two ways in which governments can build up an oil industry in their countries; through foreign investment and by encouraging their own nationals to start up companies. These days, the only substantial foreign investment in third world countries comes from oil and mining companies. They do so because the political risk of investing potentially huge funds in a country with a short constitutional history is offset by that country's petroleum or mining legislation. This effectively overrides national law in such matters as foreign exchange controls, profits repatriation and arbitration of disputes.

Competition for funds

Such is the competition these days for investment funds, companies in some parts of Africa are able to write their own terms. They expect new governments installed after civil wars to honour contracts signed with them by the deposed administrations; something known as 'sanctity of contract', otherwise they will walk away. No-one is interested in investing purely for the sake of worldwide democracy. In countries such as those in Central Africa, where the costs of exploration and development may be astronomical, not only because of distances but also the nature of the crude oil which is difficult to transport, a potential investor could be prepared to take a high risk in the expectation of a high reward. If fiscal terms offered by governments put a ceiling on profits, something common in Africa and adopted on advice from entities such as the Commonwealth Secretariat and the Norwegian Government, there is little point for investors to come in the first place.

These are the kind of terms any potential African investor in the oil sector would also expect in his own country. A fact frequently overlooked in developing countries is that building a national oil industry is not different to building up a textile industry: you start small with your own talented individuals, providing a legal framework where investor funds are not embezzled. Ideally, when an individual has a real stake in the wealth and future welfare of his country it does not matter who invests, national or foreign. But all today's major international companies started small.

World oil prices will have little effect on this situation. Despite many apocalyptic forecasts, the world is not running out of oil. Better technology is defining potential new oil provinces, more oil is being squeezed out of existing reservoirs, and in the Middle East, only a fraction of that region's true potential is producing. There is no longer the kind of 1970s consensus to mount oil embargoes and, in any case, all efforts at manipulating supply and prices have backfired on the oil producers.

But in countries with little or no oil, new local supplies are an obvious lifesaver. The solution is clear. What is needed is a more realistic adaptation of the currently much discussed idea of self-sufficiency. A country's economic well-being depends first and foremost on its own people investing in it, starting perhaps first by repatriating flight capital, then foreign investment follows. Oil development needs the kind of funding most African countries do not possess, but the principle is the same. Forget about the oil market and the international bureaucrats, but introduce genuine political change. ○ M.K.

Kerosene as a household fuel

by Andrew BARNETT and Christopher HURST (*)

There can be little dispute about the significance which attaches to oil as a commodity in keeping the wheels of industry and commerce turning, whether in advanced economies or in the developing countries. For the populations of the latter, however, oil in the form of kerosene (paraffin) can fulfil an even more basic function as a household fuel, to be used for cooking and lighting. Throughout sub-Saharan Africa, as well as elsewhere in the developing world, wood is currently the principal household fuel for rural communities. The environmental threat posed by deforestation, however, points to the need for alternatives and at the present time, kerosene is one of the few alternatives which has any viability.

In the following article, the authors look at the economics of the domestic kerosene market in rural areas of developing countries and describe some of the factors which inhibit its growth despite the growing pressure for better conservation of wood resources.

As cash incomes increase, there is a natural shift from wood to the so-called modern fuels of coke and kerosene (and perhaps LPG in areas close to cities). These fuels, particularly kerosene, are much more convenient to use than wood and other biomass fuels, but they are used for cooking only by the highest income groups in the rural areas of developing countries. It is interesting to note that even though kerosene is often considered to be more expensive than wood, a unit of heat from a kerosene stove may actually be cheaper than that obtained from wood. This is because the kerosene stove, with an efficiency of some 40%, is perhaps two and a half times as efficient as a woodstove. Research carried out in the Indian cities of Lucknow and Hyderabad in 1984-5 showed that, if one ignores the cost of the stove, kerosene provided useful heat at approximately 45% of the cost of wood.

Cash flow problems

Kerosene distribution networks in rural areas are often weak and inadequate, so that either kerosene shortages occur, or a high mark-up must be paid to a few distributors. Surveys in the Pacific island countries of Fiji, Kiribati and Tonga indicate that those families that cook mainly with kerosene use 4.2 to 5.6 litres per week per household. If the typical consumer of kerosene uses four litres of fuel per week, at an official price of the order of $0.40 per litre, this requires $1.60, which is more than one day's wages for many labourers. The purchase of kerosene, therefore, poses cash-flow problems unless it is bought in very small quantities, but purchasing such small volumes can easily mean paying double the official retail price.

The cost of a kerosene stove is often also a constraint for a similar reason. Such a stove may cost up to $5, equivalent to several days income. The alternative of the three-stone wood fire has essentially no financial cost as it can be picked up from the ground. For a family with marginal cash incomes and no credit, the choice of the latter is compelling.

More competition in distribution

It has been suggested, notably by the World Bank, that the maintenance of a subsidised price for kerosene is a direct cause of its limited availablity in rural areas. Low kerosene prices limit the profitability of marketing the fuel. Oil companies with profit-maximising goals would then minimise its distribution, especially in rural areas where transport costs are high. Thus, it follows that increasing the controlled kerosene price could actually decrease the price in rural areas due to increased competition in the distribution phase.

The effect this would have on consumption depends upon how much people change their purchases as the price changes or, in other words, on the price elasticity (which gives the percentage decrease in consumption for a one percent increase in price). No clear empirical evidence exists on the magnitudes of rural energy price elasticities. However, many observers comment that the transition between wood and kerosene is more strongly determined by income than by price (ie the price elasticity often appears to be very low). This is because the percentage of income spent on kerosene by the consumers that have the largest impact on the market is normally quite small and because of the capital cost of appliances. This is illustrated by the table, which presents the results of a survey of urban consumers in Kenya. If the price elasticity was 1 for the lowest income group, 0.4 for the next lowest group and 0.1 for the higher income groups, the response to an increase in the price of kerosene by 25% would be to decrease the total consumption by only 5%.

In the case of a country where three-quarters of kerosene consumption is in urban areas, as is typical of many low-income countries, an increase in the regulated price of kerosene by 50% could reduce the retail price by 25% in rural areas. Based upon the above elasticity assumptions, urban demand would fall

(*) Sussex Research Associates Ltd., 33 Southdown Avenue, Brighton, BN1 6EH, UK. This is an abridged extract from a book entitled 'The Energy Dimension — A practical guide to energy in development programmes' by the above authors with contributions from Michel Lagoutte, Dr Jas Gill and Dr Hamed Sow. Published by Intermediate Technology Publications, 103-105 Southampton Row, London, WC1B 4HH, UK.

Table 1: Annual kerosene consumption and expenditures in urban Kenya by income group

Income groups (1979 $)	Percentage of households	Kerosene consumption (litres/year)	Percentage of total kerosene consumption	Kerosene expenditure as a percentage of income
0-410	5	76	3	11
411-1210	23	163	25	7
1211-2430	26	173	34	4
2431-7290	34	149	34	1
above 7290	12	49	4	–

Source: World Bank, 1987, Review of Household Energy Issues in Africa, Draft Working Paper, Energy Department, IBRD, Washington (from Tables 3.2 and 3.3).

by 10% Rural demand would have to increase by 30% to maintain the same market volume, implying a price elasticity of more than 1 for rural consumers. It is apparent that the effects of increases in official prices would require careful analysis at a local level before they can be recommended.

Foreign exchange scarcity

The constraints arising from limits on foreign exchange availability will also make the change from wood to kerosene an unpopular policy with the central planning authority. The quantity of kerosene that would be demanded by a household depends upon the number of family members and their income. It is incorrect to convert the wood currently consumed to kerosene on a heat value basis (ie one tonne of air dry wood is equivalent to 15 GJ which is equivalent to 0.35 tonnes of kerosene) because of the different stove efficiencies and changes in cooking practices.

Assuming an annual kerosene consumption of 62 litres per capita (ie a family of five using some 6 litres each week), a complete shift of one million people from wood to kerosene would cost $10 million per year at a kerosene price of $200 per tonne. To put this into context, if this shift were made by one tenth of the population, the annual foreign exchange cost as a percentage of merchandise exports of the following countries would be:

Bangladesh	10%
Burkina Faso	4%
Burma	18%
Burundi	6%
Ethiopia	11%
India	6%
Madagascar	4%
Mali	4%
Mozambique	16%
Nepal	12%
Sudan	5%
Tanzania	7%

In a situation of economic austerity imposed by debt rescheduling, the allocation of this magnitude of foreign exchange for cooking kerosene is implausible for much of highly indebted Africa. Furthermore, pressures from consumers make an increase in the price of kerosene a politically costly route for the state. The government policy-maker may legitimately argue that the welfare benefits to the rural poor are too doubtful to be counted in any decision. The main counter-argument to this is that in some situations, growing wood can also have high costs.

Wood will remain a major fuel for rural households for some time to come, although kerosene will be adopted naturally as incomes increase. Modern energy sources, if they are adopted, are more likely to be used for powering equipment, rather than as a substitute for wood. ○

A.B. & C.H.

FIJI MINISTRY OF INFORMATION

CAINE'S STUDIOS, FIJI – ISSUED BY FAO

'Wood will remain a major fuel for rural households for some time to come although kerosene will be adopted naturally as incomes increase'. These pictures, from Fiji, show the use of the traditional three-stone wood fire and the more modern primus stove

Redundant oil rigs

What to do when the oil runs out

by Dr Peter CAMERON (*)

The rewards of successful oil and gas exploration are so well known that the high costs associated with abandonment of the production installations when no longer required may come as an unpleasant surprise to most governments. For many years, no provision was made for this in the agreements reached between governments and the international oil companies. In the 1990s, the first generation of fields developed under production-sharing contracts — the innovative contract of the 1960s and 1970s — will in many cases reach the end of their field life. How will governments and their national oil companies respond to this challenge? The growing concern over environmental issues generally means that the challenge cannot simply be ignored.

In this article, I shall be particularly concerned with the legal issues involved, rather than those of a technical or economic character. At the international level, there has been much discussion of the legal issues within the framework of the United Nations Law of the Sea Convention. Ultimately, however, it is the question of what sort of legal framework developing countries should themselves draw up which will require the greatest attention. Such a framework will have to maintain a healthy investment climate and at the same time, fulfil the government's obligations to protect the environment, both on- and offshore.

International law

For both host governments and international corporations, it is important to know whether there is a legal obligation to remove and dispose of a petroleum installation, and to know whether the removal is to be total or partial in character. The latter point concerns the discretionary element left to the state under international law.

There are three principal sources of international law on these issues. Firstly, there is the United Nations Convention on the Continental Shelf adopted at Geneva in 1958. Article 5(1) states that 'installations which are abandoned or disused must be entirely removed'. Every state with structures located in its waters is affected by the Convention's requirement. With the benefit of hindsight, it is clear that this provision could well impose a heavy burden on states. For the developing countries; however, the Convention does not provide the only answer to the question. It was drawn up at a time when colonialism was still the norm in international relations and had virtually no input from the developing countries. It was also drawn up when there was scarcely any role played by offshore exploration in the international oil industry.

The second source of law is the United Nations Law of the Sea Convention 1982. Article 80(3) states that 'any installation or structures which are abandoned or disused shall be removed to ensure safety of navigation... Such removal shall also have due regard to fishing, the protection of the marine environment and the rights and duties of other States'. The Convention has not been ratified by the required number of states to enter into force, but it is seen by many as having the status of authority in the emerging international customary law, not least because developing countries have had extensive involvement in drafting the Convention. For example, Indonesia played an important role in developing the archipelago concept in the document.

The importance of the Convention's provision is that it gives states some room for manœuvre in implementing the requirement to abandon installations. Moreover, it refers to the need for elaboration of its general statements by the competent international organisation. In this case, that body is the International Maritime Organisation (IMO). In October 1989, it produced a set of Guidelines and Standards for the Removal of Installations and Structures on the Continental Shelf and in the Exclusive Economic Zone. These provide an indication of when partial removal may take place. They leave considerable discretion to the coastal states to leave a structure wholly or partly in place, particularly with respect to technical feasibility, possible extreme costs or unacceptable risks both to personnel and environment. If the structure were to be left in place, or relocated to serve a new use such as enhancement of fishing, say by artificial reef creation, this would also be acceptable, so long as the structure were located away from customary traffic lanes.

The two principal concerns were that removal should not lead to pollution of the marine environment and that the area left unavailable to fishing interests (for bottom trawling) should be small. From a legal point of view it is interesting to note that the coastal state is required to ensure that legal title to partially removed installations and structures is unambiguous and that the financial ability to assume liability for future damages is clearly established. Most oil companies will be keen to ensure that, on abandonment, the risk of residual legal liability is limited, to protect themselves against future claims for damages caused by the presence of residues of installations or pipelines.

It should not be forgotten that the IMO Guidelines are primarily concerned with safety of navigation. They have little to say, therefore, on the subject of the environment.

Finally, there is the Convention on the Prevention of Marine Pollution by Dumping of Wastes and other Matter of 1972. This declares that dumping requires express prior approval of the coastal state. Other regional conventions are also applicable. So far, there are no separate international guidelines on disposal.

National solutions

Where offshore waters are concerned, the international rules governing the law of the sea apply to the continental shelf and exclusive economic zone. On land and in territorial waters, the state has a far greater degree of discretion. However, where petroleum legislation and agreements lack provision for abandonment the government may face some large costs, as a number are now recognising.

At a United Nations seminar on this topic, held in 1989 in Bangkok, it became

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Central Office of Information, London

This platform is being towed out to sea at the start of its production life. The question of what should happen to it when it is no longer producing is one which presents lawyers and policymakers with a real challenge

clear that very few states in the Asian region had more than very general provisions in their legal frameworks. Thailand was an exception, with fiscal provisions to transfer the sole burden of costs to the foreign oil company, which is also allowed to write-off costs until production ceases. The company therefore has an interest in making provision for abandonment while the field is still producing. Several other countries such as Malaysia, Indonesia and Brunei had these matters under review.

On the assumption that governments in the Asian region are unlikely to be exceptional, one may ask: what action should be taken by the developing countries? For future agreements with foreign companies, it will be important to have clauses on this matter limiting the state's responsibility. They should certainly refer to the IMO guidelines where offshore waters beyond the territorial seas are involved.

Legislation might also be made. For governments, such changes will have to be balanced against the need to attract foreign investment. For companies, there will be pressure to keep such costs as low as possible and also to have safeguards against liability for damage occurring after abandonment. One idea is that an abandonment or reclamation certificate would be a defence against future claims by governments and private parties such as fishermen. A compensation fund would be useful. Another idea is to use environmental impact assessment before field development commences. This would predict the requirements for successful abandonment and the design of structures to facilitate abandonment.

The issue is now on the agenda of those governments in countries which are developing or planning to develop their oil and gas resources. It presents their lawyers and policy-makers with a real challenge. ○ P.C.

Oil and gas in Ethiopia: the legal basis

by Girma HAILU and Wondemagegnehu G. SELASSIE (*)

Ethiopia, which is one of the countries of the Horn of Africa, has a land mass of 1.2 million square kilometres and a population of 53 million. The geology of the country has been carefully studied and documented by Ethiopian geologists. For present purposes, it suffices to note that the great marine sedimentation of the Mesozoic period, which resulted in huge thicknesses of sediment in the Ogaden, southern Somalia and on the eastern side of the Danakil Horst, occupy the great basins which are now known to be petroliferous. An inventory of 1300 billion cubic metres of gas has been proven in a certain segment of the Ogaden region while the search is on for commercial oil in the Red Sea and the South and Eastern provinces of the country.

Over the past two decades, states — notably developing nations — have been making great efforts to attract foreign investment which had been declining since the 1973 oil crisis. This has led countries such as Ethiopia and many others to restructure the general investment climate and update the information available, especially on the countries' potential oil and gas resources.

In the early 1980s, a project was launched by the Ethiopian Government, assisted by the World Bank and the UNDP. Its objective was to upgrade the already existing legal regime, to undertake additional geological surveys in selected areas and to organise the available technical data. The project was successfully completed in 1986 with the production of a package of documents that met the requirements of the international oil and gas industry. These included petroleum operations and tax legislation, a model petroleum production sharing agreement and technical information on the potential oil and gas resource areas, identified in blocks.

Under the 1986 Petroleum Law, the Government has established that ownership of natural resources in the ground lies with the state. Furthermore, the investor has the right to exploit such resources with the proper licence issued by the Government. The licence is based on the conditions of the Model Petroleum Agreement that is to be negotiated and signed by the Minister of Mines and Energy, representing the Government, and by the investor. This is a comprehensive document which covers particulars such as financial and work obligations, procedures for assignment, transfer of rights or obligations, requirements related to environmental protection and so on.

The term of a petroleum agreement depends on the phase of the activity and the type of licence. Activities under a non-exclusive exploration licence, an exclusive exploration licence and a production licence have initial periods of two, four and 25 years respectively. In addition to the extensions provided in the law, the responsible Minister has the power to grant further extensions for the completion and evaluation of work.

While encouraging the investor to perform his work programme diligently, and to meet the financial obligations, the law has improved the licensing procedures so that operators begin mobilising in due time. In order to facilitate the initial and subsequent investment on capital goods and to expedite the actual operation, the law grants exemptions from customs duties and other levies. A contractor and a sub-contractor are entitled to import into Ethiopia, machinery and equipment necessary for the petroleum operation. Furthermore, the expatriate employee is exempted from personal income tax where such income is derived from activities under a petroleum agreement. Personal effects are also exempt from import duties.

The assurance that petroleum produced at the end of the day would be marketed and disposed of by the investor is clearly provided for in the law and in the Model Agreement. There is also a liberal mechanism for the repatriation of revenue. The investor is allowed, according to the law, to open a foreign bank account, retain or dispose of any funds outside Ethiopia — including such funds as may result from petroleum operations, the sale or lease of goods or performance of services — and freely export funds which have been imported under a petroleum agreement. This arrangement enables the investor to have access to a free inflow and outflow of foreign exchange requirements, provided his obligations to pay any debts and taxes are met. According to the Law and the provisions of the Model Agreement, the investor is not only protected from future Government measures, but also from global price fluctuations under the stablisation clause.

It is a principle of the Law that any disputes that may not be resolved through the negotiation of the contracting parties are to be submitted to an arbitral tribunal whose judgement is final and binding.

The Petroleum Tax Law, on the other hand, encourages the inflow of the much-needed foreign investment by allowing a short period for its recovery. The mechanism put in place for this involves a five-year period over which the investor may recoup his initial investment. In circumstances where the investor sustains losses in a given year, he is allowed, under the provisions of the Law, to carry forward such losses for a maximum of ten consecutive years and charge that on future revenue. The concept of depreciation of capital goods is also well-provided for. The depreciation allowance is one of the facilities available for the investor to recover his investment as soon as reasonably possible.

The Petroleum Tax Law, in a nutshell, represents the general understanding and appreciation of the special features underlying investments in the oil and gas industry; that is, a huge investment requirement, a long gestation period and a high risk business.

A general reading of the 1986 petroleum legislation reveals the extent to which the Government has committed itself to accomodate reasonably, the claims of different groups involved in such a resource development scheme, namely the state, the investor and the public at large.

After considerable promotion activity by the Ministry of Mines and Energy, and as a result of the awareness of the international investor community, Ethiopia has succeeded in attracting oil companies such as BP, AMOCO, HUNT, MAXUS and IPL who are currently engaged in exploration activities on the offshore and onshore blocks. In addition, a number of oil companies have expressed interest in acquiring acreage in the remaining blocks.

The improved conditions in the international oil and gas industry, combined with the appropriate general investment environment, especially in the legislative framework and technical facilities, has marked the positive development of the oil and gas industry of Ethiopia since the end of the 1980s○

G.H. & G.S.

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An overview of the Angolan oil industry

by Alexandre PEGADO (*)

Angola, as a major producer of crude oil in the southern part of Africa, has the potential to become the main supplier of petroleum products in the region. Today's production level is more than half a million barrels of crude oil per day and exploration continues at a rapid pace. This article is intended to highlight some aspects of Angolan oil activities and its role in the SADCC region.

The only surviving factor in the Angolan economy

In contrast with the other sectors of the Angolan economy since independence, the oil sector has grown very quickly. Output increased from 94 000 barrels per day (b/d) in 1975 to 164 000 b/d in 1979 and nowadays, it has reached 500 000 b/d. For this reason, oil has been of crucial importance to the political and economic life of the country. The civil war, which ended in May 1991, created serious disruptions in a large proportion of Angolan territory resulting in the destruction of many important infrastructural facilities and productive units. In addition, mismanagement of the economy, incompetence and disruption led the country even deeper into economic chaos. Despite all this, the oil industry has been managed in a fairly efficient way. Without the contribution of expanding oil production, there is no doubt that the economic crisis in the country would have been far more serious.

Even today, oil contributes about 30% of official GDP, almost 53% of Government revenues and 95% of total foreign exchange income.

SONANGOL — the state oil company

Sonangol, the state oil company, was established in 1978. The company implements government petroleum policy and is involved in exploitation, production, transport, refining and distribution activities. Over the last 13 years, Sonangol has become a sizeable company with a fully integrated role in both upstream and downstream activities. As a consequence, it is now undergoing a restructuring which will result in it becoming a holding company with three subsidiaries in the following areas; exploration and production, distribution and refining. To date, only Sonangol Exploration and Production has been set up.

Exploration activities

The sedimentary basins of Angola are part of the West African salt basins. There are three main basins; Congo in the north, Kwanza in the central lowlands and Namibe in the south-west. The first exploration activities took place at the beginning of the century. Since then, more than 210 000 km of seismic lines have been run and approximately 550 wells have been drilled. 8000 km of seismic lines were shot on the Angolan continental shelf in 1978, to a depth of about 200 metres. Based on this, the first division of the continental shelf was made, into 14 blocks each measuring about 4000 square kilometres. In 1984, Sonangol carried out a more comprehensive seismic programme in water depths ranging from 200 to 1500 metres. This work led to the second division of the Angolan continental shelf with a further 16 blocks being created. Among the new deep water blocks, allocations for the first two are being negotiated with Shell and Elf. The onshore areas in which exploration activities take place are the following; three areas in Cabinda (two of which are being negotiated with Occidental and BP) and two areas in the Congo Basin (which are being explored by Fina).

Elsewhere, Sonangol Exploration and Production has recently signed two contracts with Range Oil of Canada for a joint exploration programme, Texaco has drilled nine exploratory wells leading to five commercial discoveries and Elf has drilled five exploratory wells resulting in one commercial discovery.

Current estimates of Angolan recoverable oil reserves are 1.53 billion barrels which is equivalent to nine years of production at today's production levels.

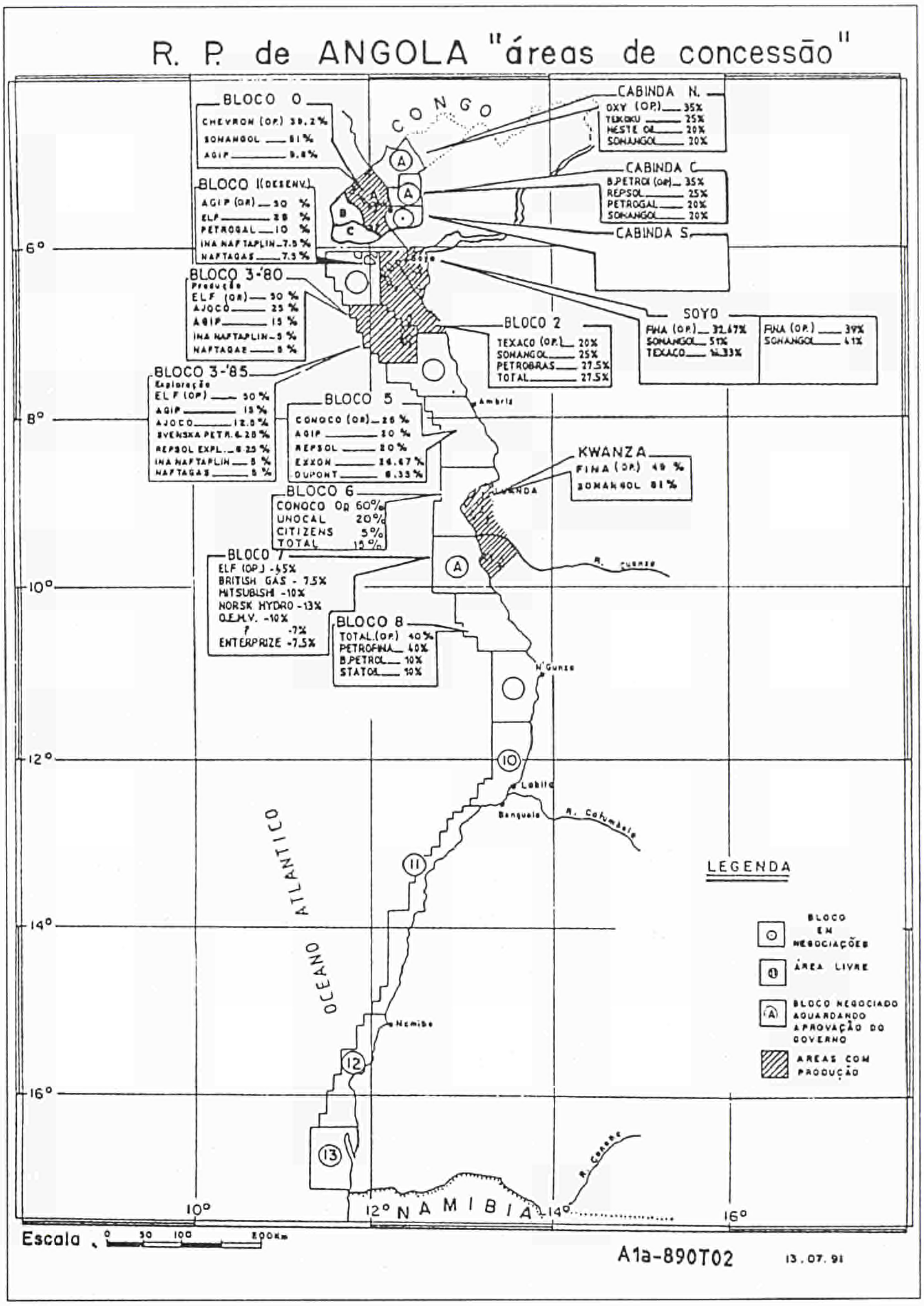
Production activities

Oil first came on stream in 1955 from the Benfica onshore field in the Kwanza Basin. In recent times, despite big investments, oil output from the Congo and Kwanza Basins has been steadily declining — from 56 000 b/d in 1974 to today's production level of only 30 000 b/d. Offshore production began in 1968, from the Malongo field in Cabinda. Today,

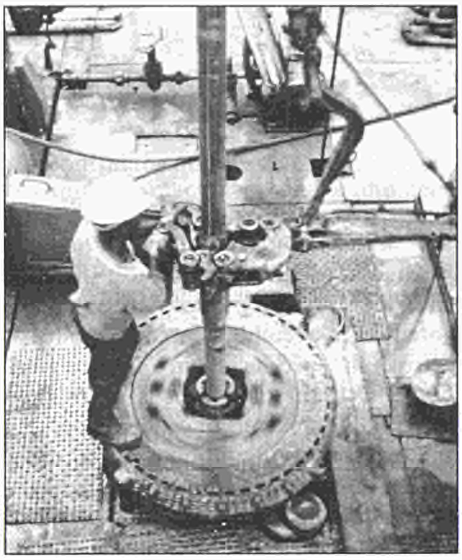
Table 1: Current oil production in Angola

Area	Quantity (approx)	Trend
Offshore		
Cabinda	290 000 b/d	Increasing
Block 2	49 000 b/d	Increasing
Block 3	169 000 b/d	Increasing
Total	508 000 b/d	Increasing
Onshore		
Congo and Kwanza Basins	30 000 b/d	Decreasing

(*) Lawyer with the International Marketing Department of SONANGOL.



SONANGOL map showing oil concession areas in Angola


Petrofina

Angola is the second largest oil-producer in sub-Saharan Africa

most of Angola's oil output comes from the offshore fields.

Huge investments were made in the 1980s. This has revitalised the industry enabling the development of recovery programmes and allowing the start-up of exploration activities in new areas. Consequently, oil output has more than doubled, making Angola one of the largest oil producers in sub-Saharan Africa, second only to Nigeria.

Oil and peace

During the war, Angola's primary concern was the development and exploitation of its oil reserves at the fastest pace possible. At the present juncture, however, with the advent of peace, it may be more advisable to slow down the expansion of this sector and to give priority to the development of other important areas such as industry and agriculture.

Apart from the planned investments in oil exploration which are required to prevent the reserves to production ratio from falling substantially below the comfortable level of the last ten years, there is no need for additional heavy investment in the upstream oil industry. In essence, the removal of the constraints imposed by war favours the implementation of many feasible programmes in which oil revenues can be used in a profitable way.

Angolan oil and SADCC

So far, Angolan oil has not been supplied in any significant amounts to the SADCC member states. Most Angolan production has been sold on the international markets, in the USA and Europe. Angola, as the only oil-producing country in SADCC can play a key role among the ten member states for a number of reasons. It has a high level of production and produces light crude which fits in with the needs of the region. The transport routes involved are short, communications are good and prices are competitive.

As regards South Africa, which is not a SADCC member, the same opportunities exist. In addition, the possibility of using the African refineries to process Angolan oil for use in the SADCC region may prove to be an interesting option.

Another interesting aspect is the possibility of cooperation with the neighbouring countries of Namibia and Zambia in the exploration of oil basins which extend across the national boundaries, using the principle of international unitisation agreements.○ A.P.

The price of oil

An environmentalist's viewpoint

by Dr Jeremy LEGGETT (*)

As scientific knowledge about the environmental effects of hydrocarbon burning increases, so too does alarm about the kind of world which we may bequeath to future generations. In this article, Dr Jeremy Leggett of the environmental pressure group, Greenpeace, sounds the alarm about our dependence on oil and other carbon-based fuels. The author was a geologist at the Royal School of Mines, Imperial College, London for 11 years where he won two major international awards for his research on sedimentary basins and the past history of oceans. He has also been a member of several UK Government advisory committees and was a consultant to the oil industry in the UK, Japan and Pakistan.

Oil's many environmental problems can be divided into two broad categories. One involves global warming and the sustainability of energy policies which rely so heavily on burning fossil fuels including oil. The other involves 'the rest': the multiplicity of acts of pollution — of the sea, the ground, freshwater, ecosystems and the atmosphere — which arise at every stage of the oil industry's life-cycle: from exploration, through production and transport to consumption itself. In this article I shall argue — as many environmentalists now do — that the cost of oil, environmentally speaking, is too high. I will look first at global warming, then general oil pollution. My basic case is that if we are to guarantee environmental security for today's children and theirs, then we must replace the current fossil-fuel dependent, energy-squandering global energy infrastructure with a new one, which relies on state of the art renewable supply and energy-efficiency, as early as humanly possible.

If we adopt the precautionary principle, mindful of our inter-generation responsibilities, then it is clear that we have no choice but to face the challenge of this paradigm shift in thinking about energy. The UN's unprecedented scientific advisory process on global warming, which culminated in the 1990 report of the Intergovernmental Panel on Climate Change (IPCC), showed that the great majority of the world's best climate scientists (more than 300 from 25 countries, most in government) are in accord that the Earth faces unprecedented global warming, and a collage of consequent ecological traumas — including potentially catastrophic rates of sea-level rise — if greenhouse gases continue to be emitted at anything like their present levels in the decades to come.

'Emissions must be cut'

The main problem is that some 60% of the human-enhanced greenhouse effect derives from the production and consumption of fossil fuels, mostly as carbon dioxide derived directly from combustion. And the IPCC showed clearly that carbon dioxide emissions must be cut, globally, by more than 60% if we are to stabilise atmospheric concentrations of this gas, which is the main, human-derived greenhouse gas.

Ethically, it seems difficult for us to accept anything *other* than the stabilisation of greenhouse gas concentrations in the atmosphere. The Ministerial Statement of the Second World Climate Conference edged towards recognising this when more than 100 governments agreed that atmospheric concentrations must be stabilised 'at levels which would prevent dangerous anthropogenic interference with climate'. Yet where *is* the danger limit? An authoritative study of the ecological tolerance of ecosystems by the Stockholm Environment Institute shows that we may *already* have passed it, or be near to it, depending on the sensitivity of the climate in the decades ahead to the temperature-forcing by the greenhouse gases already pumped into it. After all, we know that the atmosphere had a relatively steady carbon content of some 580 gigatonnes (1 gigatonne = one thousand million tonnes) for thousands of years before the mass burning of fossil fuels began. Already, the carbon in atmospheric carbon dioxide has shot up to 750 gigatonnes, with a particularly fast rise since the 1950s. And oil and coal explorers have found a *proven* 4000 gigatonnes below ground, waiting to be burned, with a further 6000 gigatonnes of carbon in fossil fuels reckoned to be awaiting discovery and, according to present energy policies, exploitation. Governments have talked of unspecified danger thresholds yet — unless there is progress soon at the climate negotiations — the status quo will be a steady maintenance, and even *acceleration*, of humankind's current transfer of some 6 gigatonnes of carbon per year from the underground reservoir where it is currently locked up, into the atmosphere, where it will trap heat and add to global warming. That this is unsustainable goes without saying. Indeed, it is difficult to make the case that it is anything other than a great game of climatic Russian roulette.

High stakes

For the stakes are very, very high. To quote from a recent Japanese Environment Agency publication, speaking of sustainability and expanding use of traditional 'resources' including fossil fuels, '... we run the risk of creating a crisis which will not stop with the ruin of one country, but will cause the destruction of the entire planet and every living thing on it'. Where fossil fuels are concerned, this is particularly true. Dreadful though the IPCC basic, 'best-guess' projections are, the worst case analysis of global warming is apocalyptic: a runaway greenhouse effect wherein the warming world is promoting so great a flux of greenhouse gases, from the reservoirs in nature which currently isolate them from the atmosphere, that it no longer makes any difference what human beings do about their own emissions.

There are further ethical arguments. These concentrate not on the holistic view of ecosystems, or on the survival of humankind, as has the foregoing discussion. They concern the specific and immediate threat to the survival of several dozen separate human cultures in the low-lying nations of the world. For if IPCC predictions of a rise in the sea-level come to fruition, many atoll nations face

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the prospect of physical and cultural extinction within the lifetime of today's children. The formation, and performance, of the 34-nation Alliance of Small Island States (AOSIS) at the climate negotiations has been as historic, and moving, as the response of the oil-producing countries has — so far — been self-interested and squalid.

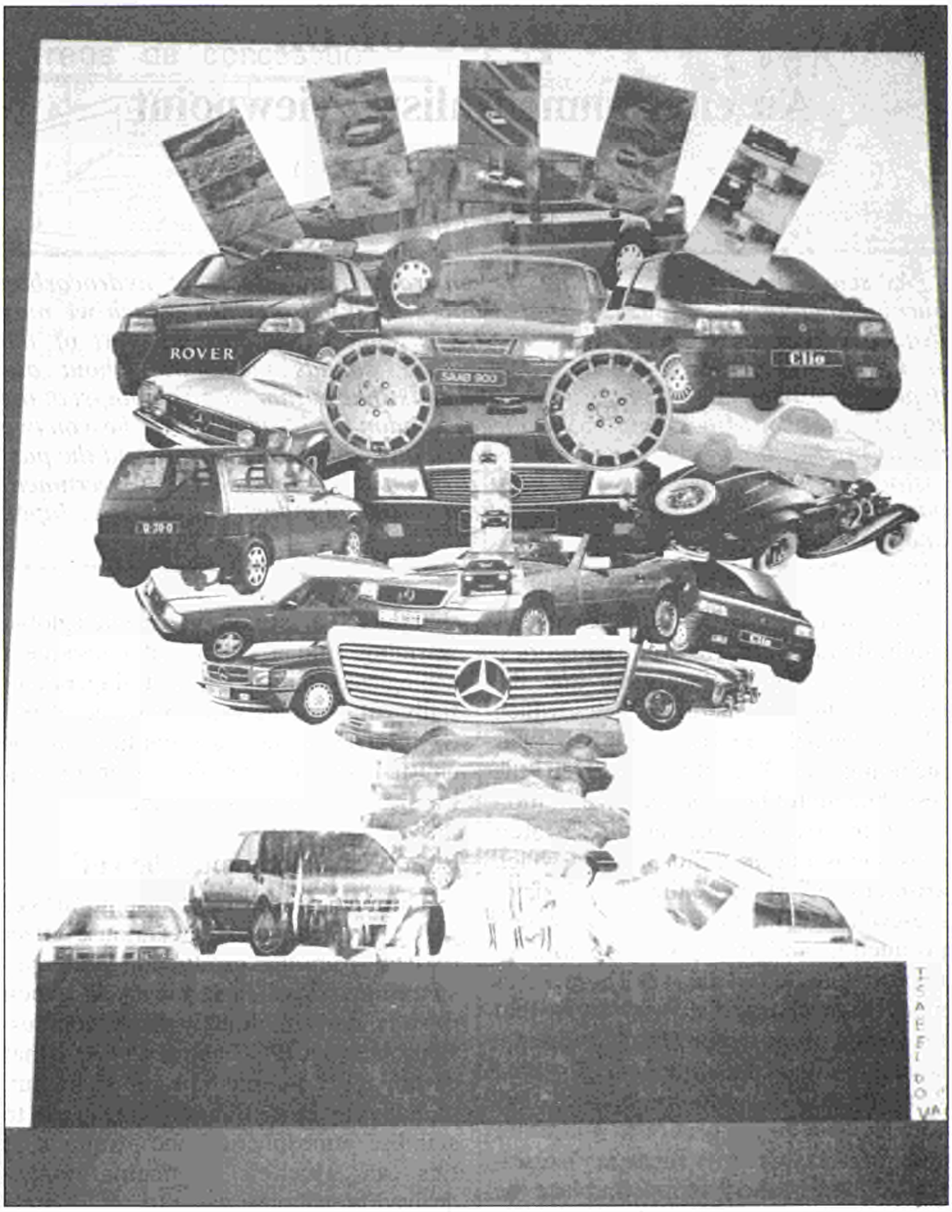
League table

Many countries tend to think of oil only in terms of production figures, expressed as barrels per day. Consider for a moment, the environmentalist's perspective on such figures. The league table which follows serves as a useful introduction to the multiple other benefits which would accrue from kicking the oil habit — quite apart, that is, from guaranteeing environmental security for island nations today, and all humankind tomorrow. It also serves to emphasise the important and topical point that to maintain the oil dependent status quo is not without implications in the field of military security;

23 000 million barrels: The amount of oil burned each year in the world, more than a quarter of it in one country — the USA. These 23 billion barrels contribute some 40% of all the energy-related carbon dioxide which humankind puts into the atmosphere each year. Yet, having located more than a million million barrels of oil under the ground (more than two thirds of this in the Gulf), our oil companies are still looking for more.

7500 million barrels: Transport's share of all oil consumption. Transport consumes around one third of all the energy used in the world each year. The 23 leading industrialised countries of the OECD consume more than half the world's oil, and transport consumes more than half of the OECD's oil. Each year, the average car puts more than four times its body weight of carbon dioxide into the atmosphere.

2500 million barrels: The amount of petrol burned in one year in one country — the USA. The United States' share of all oil used in world transport is over one third. Small wonder: of the 400 million cars on the planet, Americans drive one third of them. Their fleet fuel-efficiency average is one of inefficiency unparalleled in the OECD: 20 miles per gallon, at a



Isabel do Vale

'Many countries tend to think of oil only in terms of production figures, expressed as barrels per day'

time when Ford, General Motors and Chrysler have the capability to mass-produce cars which do more than 100 miles per gallon. Or to make battery- and hydrogen-powered cars charged by solar power, so producing no direct greenhouse gas emissions.

1900 million barrels: The amount of oil exported to the USA each year from the Gulf. And this is only 24% of all US oil imports. By how much would the efficiency of the US car fleet have to improve to remove the need for these two billion barrels from the Gulf? One third, would more than do the trick. The average fuel-efficiency of new US cars in fact *decreased* after 1985, when the Reagan administration slackened fuel efficiency requirements for the auto industry. In the UK, fuel efficiency — after improving in the early 1980s — has now completely stalled, in the absence of mandatory government standards.

500 million barrels: The approximate amount of oil afloat at any one time in supertankers, each one running the gauntlet of being an Amoco Cadiz disaster (more than 2 million barrels spilt). For the amount of oil produced annually by four large oil fields, there is at least one 10 000+ barrel spill each year.

8-20 million barrels: The amount of oil spilt *deliberately* each year from tankers cleaning out tanks, terminal operations, dry docking, bilge and fuel oil spillage. The 'low' estimate is by the International Maritime Organisation. The higher one is the US Department of the Interior Minerals Management Service's best guess.

6 million barrels: The approximate amount of oil which went up in smoke each day when the torched Gulf oil wells were burning at their height. That still had some way to go to catch American motorists, who together torch almost 7 million barrels a day.

5 million barrels: The approximate amount of oil spilt into the Gulf during the Gulf War. This is considerably less than the combined fleet capacity of the oil transnationals. 5 million barrels represents less than a tenth of one percent of all the oil into which Kuwait's hundreds of oil wells tap.

1.6 million barrels: The average daily oil production in Kuwait in 1989: less than 3% of the world's total. By how much would the average fuel efficiency of the American car have to increase in order to shed the need for the US share of this *and* of Iraq's production in a normal year? Just three miles per gallon — from 20 to 23 — according to the US Government's Lawrence Berkeley laboratory.

0.26 million barrels: The amount spilled by the Exxon Valdez. The 'clean-up' involved 11 000 people and cost more than two billion dollars. It still only 'cleared' 20% of the 1000 miles of beaches affected. The short-term impact of this one spill on wildlife is well-known. The scientific jury is still out on the long-term effects. It involved a finite source of oil (some 20% of the contents of a supertanker) and it did not take place in a war zone.

1 barrel: The amount of oil needed for an oil-fuelled aircraft carrier to steam 220 metres, or an M-1 tank to travel 40 kilometres (while each puts 400 kg of carbon dioxide into the atmosphere).

Insurance losses

What are the chances of humankind making the collective decision to turn its back on this catalogue of environmental rape — this potential suicide pact? There are early indications that the lessons of recent history are not being lost on the corporate world. Here I have space for only one example, that of the insurance industry. Business is bad in insurance. Having made profits in excess of $1000 million in 1986 and $700 million in 1987, Lloyds of London faces in 1991, its third successive year of billion-dollar losses. (The loss exceeded $1000 million in 1988; subsequent years have yet to be calculated, since files have to be kept open for three years to allow all claims to be lodged). Like global average temperatures in the last decade, this sequence of losses is without precedent in the last century. 'Time' magazine described the crisis as follows: 'Lloyd's is reeling, and as the fine print catches up with them, many investors face financial ruin — down to the last cuff-link'.

The profile of big losses has a portentious look to it: *most of the biggest-loss events are related either to the seemingly growing number of climatic freak events, or to oil spills.* From Hurricane Hugo of September 1989 to the European storms of October 1987 and January/February 1990, the real world catalogue of heavy losses may be but a foretaste of the global warming casualty list to come.

Not surprisingly, there is a growing number of nervous articles in the insurance industry journals. One deputy underwriter wrote of sea-level rise in an industry trade journal as follows: 'It may be that further revisions in original rates are required with a restriction in the cover given in areas exposed below the five-metre contour level'. Five metres! Where weather is concerned, after hurricane force winds caused millions of pounds worth of damage in the UK in October 1987, an underwriter told the Insurance Institute of London that 'one thing is now clear; the weather is changing in a fundamental way... without knowing exactly what we are covering, we are groping in the dark... we must decide as underwriters what the return periods of certain events are going to be... in extreme situations we may need to establish specific peril pools and exclude the original risk from policies'.

New global energy structure?

All this serves to promote the prospect for the new efficiency- and renewables-based global energy infrastructure. In the frame of reference of the current 'oil-centric' status quo, this may sound somewhat 'visionary', even if it is a potential guarantee of human survival. Yet the frustrating fact is that we *could,* in principle, make the change relatively easily, and do it with existing technology. This is without even thinking about the technologies we could develop if we threw the kind of money at the problem that has been thrown at developing fossil and nuclear energy over the years.

This is an opinion which is held in progressive quarters in oil companies. A senior executive has told me that he sees his company as an energy company, not an oil company, in the next century, and he sees the future as involving the same kind of renewables- and efficiency-dominated energy policies as those advocated by environmentalists today. The difference between his vision and mine — and it is a big one — is the pressing importance I would attach to time. I believe it is fast running out.

Seeds of encouragement

But I am also an optimist. I believe that environment-dictated energy conservation and fuel-switching drives are on the way in the 1990s, and that societal feedbacks may, in short order, come to impose the management of a paradigm shift on the energy industry and policy makers. Seeds of encouragement for the optimist abound. For example, of the 23 industrialised OECD countries, 22 have accepted that there is a severe policy problem with global warming, to the extent of having agreed targets and deadlines for either freezing or cutting carbon dioxide emissions. The exception is the United States.

The corollary is that the long-term winners in the oil business will be those with the prescience today to see the writing on the greenhouse wall. The admission to the Royal Society of Chemistry by Sir John Cadogan, BP's director of research, that if solar technology breakthroughs continue at their present pace, water, not oil, will be the fuel of the future, is but the tip of the iceberg of the corporate changes that are inevitable, one way or the other. He was referring, of course, to the well-known potential for the development of hydrogen-based energy supply.

Meanwhile, the vested interests are digging in deeper. Bob Hall of the US Petroleum Institute said recently that in the USA, 'burning hydrocarbons is a way of life'. The Oil and Gas Journal has written that 'a carbon dioxide build-up may not be a bad thing' and that 'the most important objective for the oil industry in the next five years is the defeat of the environmental movement'○ J.L.

Microprojects gaining ground

The idea of a new instrument of cooperation between the EEC and the ACP States was mooted during the Lomé I negotiations in 1974-1975 with the aim of launching small schemes in grass roots communities in the ACP countries — proof of the then realisation that, in development as in other fields, small projects 'on a human scale' sometimes offer better chances of success.

So microprojects came to life, 'on an experimental basis' when Lomé I took effect and subsequent Conventions have seen them confirmed as a major instrument of ACP-EEC cooperation. Projects qualify as microprojects, the present Convention says, if they have an economic and social effect on the life of the population, if they meet a priority need expressed and detected locally and if they are run on the initiative and with the involvement of the local community benefiting from them. The EDF contribution should, in theory, be no more than two thirds of the total cost of the project and no more than ECU 300 000. Decentralised decisions — they are taken in the EC Delegation — are a feature of the assessment process and an illustration of the flexibility which the Commission hoped to achieve in implementing this instrument.

Over the years, microprojects have become probably one of the most popular of Community aid instruments with the ACP populations. Schemes financed under the microproject heading usually provide the right sort of practical solutions to the local communities' problems, but although they are of major importance in meeting the needs of the people, they still represent only a modest percentage of Community aid financing as a whole, with ECU 20 million committed under Lomé I, ECU 70 million under Lomé II and ECU 108 million under Lomé III (as of 30 September 1990).

Summary of microprojects

The Directorate-General for Development was anxious to promote and improve recourse to this instrument and therefore ran an evaluation destined to lead to a round table on microprojects and practical guidelines for Lomé IV. However, budget limits were such that no assessments could be made in the field and work had to focus on the study and analysis of all existing documents and reports on microprojects (Lomé Conventions, microproject instructions, Court of Auditors' reports, Lomé II and III microproject programme evaluation reports, periodic reports from Delegations, general and sectoral policy documents and so on). EC Delegations in the ACP countries received a detailed questionnaire and their replies were a helpful addition to the documentary study and the authors' experience in the field.

The first job of the evaluation team was a statistical summary of the way microprojects had been used under the various Conventions, with the following main results.

— The number of countries using the instrument increased by 19% between Lomé I and Lomé II and dropped by 21% under Lomé III. Fewer programmes were run at this stage too. The reason for this is, partly, that in many countries, microprojects (a quarter of those recorded under Lomé III) were included in bigger programmes in focal areas and not therefore accounted for separately at central level.

— The EDF funds earmarked for microprojects went up by 253% between Lomé I and Lomé II and by 54% between Lomé II and Lomé III. The (fewer) programmes were therefore worth more money and the EDF contributions were also on the increase.

— The total amount channelled into microprojects was only about 2.5% of the project and programme aid under Lomé III.

The sectoral breakdown of assistance was also summarised. The first sector emerged as being social infrastructure (schools, dispensaries, water supplies, housing etc), with 47.6% of the total, followed by agricultural development (improvement and diversification of production, fisheries, fish farming, small animals etc), with 18.4% of the total, economic infrastructure (storage, processing and marketing of agricultural produce, craft etc), with 12.3% and transport and communications infrastructure (roads and bridges etc), with 8.2%. Non-sectoral projects accounted for 4.8% of the total and the various back-up measures (technical assistance, logistical and administrative support, back up studies, contingency funds etc) for 8.7%.

Involving, backing up and training the recipients

Evaluation showed that the success of microprojects was to a large extent proportional to the recipients' involvement. So getting the ultimate beneficiaries to take part in the various stages of the scheme is a basic factor of success. As soon as the project has been identified, the recipients ought to help gather and analyse the date whereby the problem(s) can be highlighted and solutions put forward. Rejection of or failure to understand an analysis may compromise a scheme even before it has begun. Their involvement will help ensure that the conception of the project is more in keeping with the context (in the choice of methods, level of financial contributions required, transfer of know-how etc) and they will be more motivated when it comes to making an actual, efficient contribution to running the scheme because they have helped with identification and design. While the project is running, a dialogue with the local communities will be the opportunity to review their responsibilities (contribution in cash or kind increased or decreased) in the light of their ability to stick to their commitments and the recurrent costs which actually have to be covered. What it amounts to is being willing to define a proper area of negotiation on all the details of the projected scheme with the recipients.

For many local communities in the ACP States, microprojects are the first opportunity of access to aid and, even if the projects are run to their scale, these communities clearly need continuous support of a decent standard, which should, if possible, continue after the formal conclusion of the project itself.

The novelty of running grass roots schemes for many ACP authorities, the recipients' lack of technical and management ability and the need for close support all mitigate in favour of a transfer of skills which is not always found in microproject implementation. This need for training is as obvious among the cadres managing projects and programmes as it is among the recipients for whom they are being run. The cadres need to learn about methods, identification, monitoring and evaluation and there are various ways of teaching them — local consultants, short-term experts, specialised local training institutions and centres, NGOs, study trips to neighbouring countries, regional seminars and so on. The recipients' main need is for training in technical matters and the management of productive and/or commercial schemes or social infrastructure.

Autonomous local structures needed to coordinate and manage microproject programmes

A survey of Delegations revealed that the success of microprojects also very much depends on the identification and selection procedure, shortcomings at this stage being a major cause of failure in population-oriented projects. Practically speaking, a wide range of bodies are responsible for running microproject programmes in the different ACP States, from the most politically controlled to the most independent. If the general microproject criteria are to be adhered to, interference of any kind must be kept to the strictest minimum during the assessment period. Furthermore, management efficiency — from identification down to evaluation after completion — varies considerably with the type of body involved, which points up the importance of having (a) a proper local institutional framework whereby impartial project selection can be ensured and (b) efficient implementation and coordination machinery. So autonomous, local management-coordination units are vital for projects and programmes, as is more systematic recourse to contractual technical assistance (local or expatriate) of the most independent kind. If it is hoped to move from an artisanal to a more 'professional' stage in running these microprojects, then it is vital to have ways of giving the instrument more efficiency, more impact and more viability, particularly in the present and forthcoming context of structural adjustment.

Evaluation also showed that schemes should be approached in an integrated, multisectoral way which takes account of the global and often interconnected nature of the problems which local communities have to face. A search for complementarity between different schemes is recommended here.

The shortage of monitoring and technical support which often hampers microprojects is partly the result of the diversity of the assistance and the wide geographical area over which it is spread. Nonetheless, if the Lomé philosophy of microprojects is to be followed, it is fundamentally important to see that geographical spread reflects demand (i.e. with national programmes) and to have as wide a range of schemes as possible eligible under the microproject heading, without focusing on any one sector. It is only with some constraints (recurrent needs in a given sector or a demand for closer project monitoring, for example) and conditions that it is possible either to organise single-sector programmes focused on a particular type of scheme and keep a multisector programme or temporarily to concentrate schemes on a given region, with a decentralised unit of the management-coordination structure, and keep a national programme.

A strategy for Lomé IV

The present situation suggests that microprojects differ from other development cooperation instruments in the quality of their impact. Often, as in the exceptional case of Zimbabwe, they are not content with a marginal situation and play a strategic part in ACP national development policies. Their strong point is, *inter alia*, their original approach based on local community initiative — an alternative to the trickle down approach often found in other types of scheme run in the ACP countries. The results (impact and acceptance by the people) are such that microprojects are one of the instruments which can bring about an appreciable improvement in the quality of Community development aid.

However, this means that they must soon attain a significant percentage of Community aid as a whole and cease to occupy such a small place. With this in mind, a round table of experts has recommended the Commission to give an extra dimension to the current microproject policy and devise a genuine strategy to encourage and support these schemes in the long and the medium term, in the light of the spirit of Lomé IV, which encourages decentralised instruments of cooperation. They suggested that current microproject programmes be converted to larger programmes, particularly in this period of structural adjustment. Experience has indeed shown that, with a sustained effort over the years, microprojects will stimulate the local populations to produce and manage real dynamic development movements of their own. Needs in the sectors covered by the instrument are considerable and the development aid absorption potential in these schemes is very high.

So, with intensification in view and the possibility of means which really will make for coherent, efficient, long-term strategies, the Commission should be able to provide operational support with running the chosen policy. It should involve three main things — design, monitoring-evaluation and dissemination of information, all of which should be provided in a spirit of support for the heads of the various departments involved (geographical leaders, delegations, local microproject coordination-management units), which can adapt their recommendations to the specific situation with which they are faced. In view of the relatively complex nature of microproject programme implementation, the global approach has to be dynamic and evolutionary and encourage those ACP States which do not (yet) run microprojects to adopt and gradually use this instrument. ○

Francis DOUXCHAMPS

UN at Africa's bedside

Back in June 1986, British singer Bob Geldof, begetter of Band Aid, the big international charity shows, attended the UN General Assembly's special session on Africa and pronounced it futile and ridiculous. Was this a premonition? Five years on, we can see how far the UN programme for Africa's economic recovery has achieved its aims of halting decline and generating growth at last and we may well ask what the point of the meeting actually was. The same causes of alarm are still there in every field. Agricultural output is still declining, raw material prices are still in free fall, debts are still mounting, getting heavier all the time, and economic imbalances and the interminable process of structural adjustment are still with us.

There is virtually nothing to add to the pessimistic reports which were the basis of the UN talks in 1986 except perhaps the glimmer of hope afforded by the general emergence of a new democratic framework.

At the end of August, UN Secretary-General Xavier Perez de Cuellar admitted that 'Africa's economic and social conditions have deteriorated in the five years of the Programme'. In a document released on the eve of the meeting scheduled to take stock of what had been achieved, he called the results 'really disappointing', despite most African countries having in fact adopted the requisite hard-line measures. 'Their efforts have been undermined by a deleterious external environment which has eroded export prices and export earnings while imports have been on a constant increase'. In 1986 alone, the commodity price slump cost Africa $19 billion and the figure was $50 billion for the Programme as a whole, with exports expanding at the rate of 2.5% p.a.

Agricultural output, Mr de Cuellar said, has failed to keep pace with the expanding population. 'Africa is producing less and less of the food it needs and becoming more and more dependent on the outside world for its staples, with severe famine in some places as a result'.

Socially, the past five years have not been much good either, for 'living conditions have seriously declined', the economic crisis is still with us and the austerity measures dictated by structural adjustment programmes have in some cases forced cuts in education and health programmes and brought down employment and incomes. Education and health accounted for 6% and 15% respectively of government spending in 1986, but were down to 5% and 11% by 1990, with dwindling school enrolments (77% down to 70% in 1980-90) and a further unwelcome deterioration in what was already the world's worst death rate among mothers and children as a natural result.

Unemployment increased by an average 10% p.a. during the Programme — thanks, at least in part, to structural adjustment — and the redundant came to swell the ranks of the informal, less secure and poorer paid informal sector. Employees who managed to hang on to their jobs saw their wages slump, by more than a third in real terms, in the 1980s.

Unfulfilled commitments

Why such a catastrophic outcome? The Secretary-General's report looks at some of the reasons for what can only be called the failure of the Programme, starting with the inadequacy of the continent's resources over the past five years. Africa, as we have seen, lost $50 billion in export earnings on the commodity price slump alone in 1986-90, and this partly explains its failure to mobilise the extra $80 billion it was supposed to contribute to the Recovery Programme.

The international community failed to stick to its commitments too, declining to bring up its net contributions (around $25 billion in 1986) by $9 billion p.a.

The latest OECD statistics show that net flows of finance to Africa dropped in real terms (1986 prices) from $24.6 billion in 1986 to $23.3 billion four years later, largely because of fewer loans from trading banks and an export credit squeeze in the 1980s. Even official development assistance (80% of net contributions to Africa) began levelling off, with only a minor improvement, from $16.2 billion in 1986 to $16.9 billion in 1989, the last year for which statistics are available, despite the steps which the IMF and IBRD took to push up soft loans to Africa as part of the improved structural adjustment facility and the special programme of assistance to Africa. However, such were the African countries' repayments that net payments from the World Bank were a mere $4.9 billion over the 1986-89 period instead of the scheduled $7.6 billion and they paid the IMF more than they received in all but one year of the Programme.

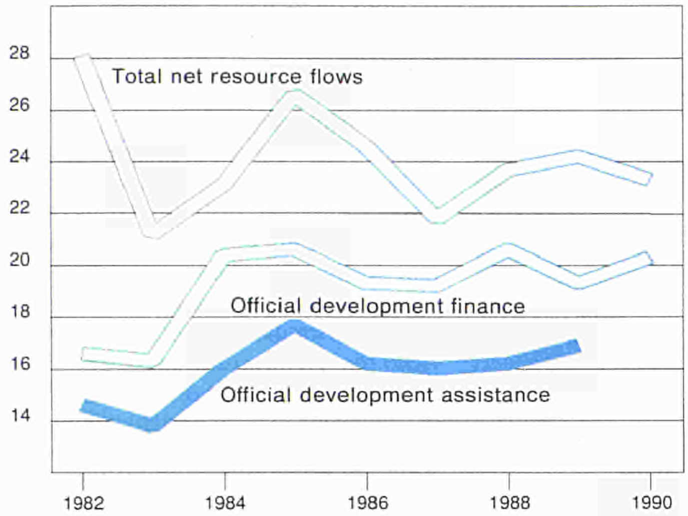
A new pact

The international community should forge a new world pact with Africa on cooperation and development in the 1990s, said Mr Perez de Cuellar after this uncompromising summary of the situation. One of the main aims would be to double per capita income to bring it to $700 by the year 2015, which means average growth of 6% annually, ambitious perhaps, but a figure achieved throughout sub-Saharan Africa (with the exception of Nigeria) in 1965-73 and one which would raise consumption by 3% p.a., doubling the present level by the year 2015... always provided demographic policies are more determined.

Other priorities of the pact would be human development based on productive jobs and rapid improvements in life expectancy, in the emancipation of women, in reducing mortality among mothers and children, in food, in basic schooling and housing and on changing and diversifying the African economies to make them a stronger part of the world economy and more self-sufficient.

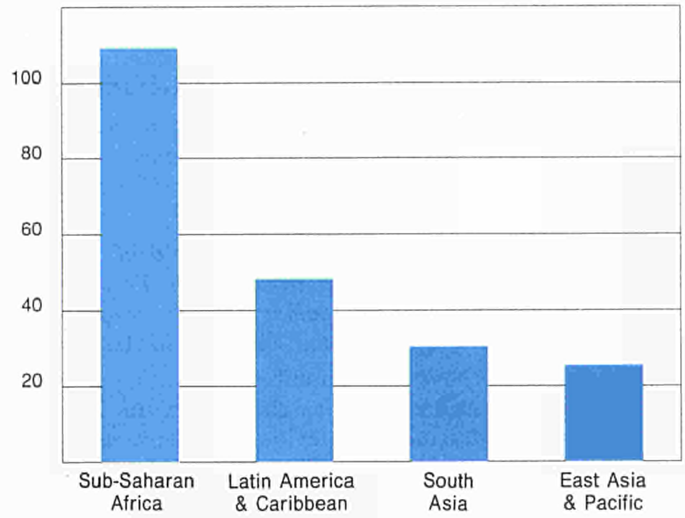
Xavier Perez de Cuellar proposes achieving all this by asking the African countries to get on with their drive and in-depth reforms. 'But since even the most radical of reforms and the reorganisation of the African economies will not ge-

Net resource flows
(at 1986 prices and exchange rates, $ bn)



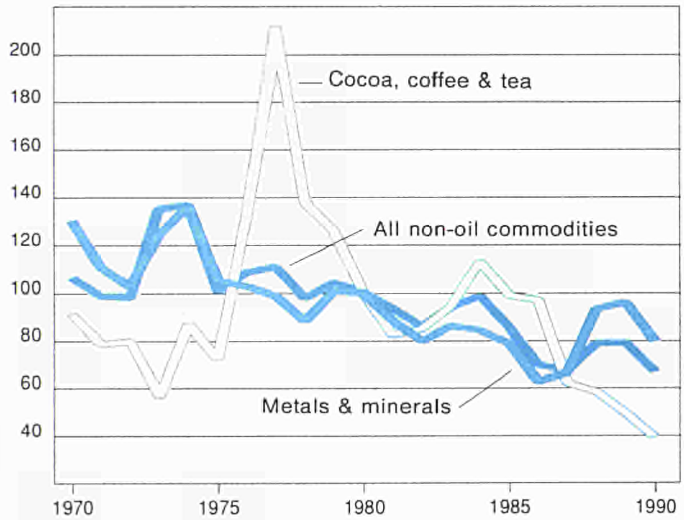
Source: UN Africa Recovery from Secretary-General's UNPAAERD report.

Africa's debt burden
(external debt as a % of GNP, 1990)



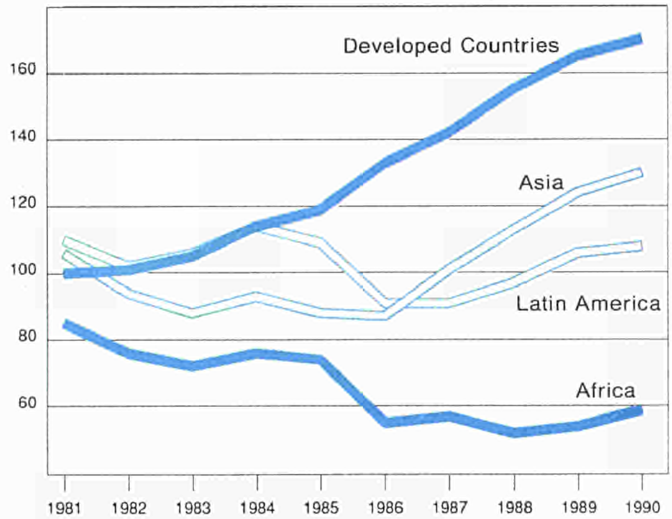
Source: UN Africa Recovery from World Bank data.

Real non-oil commodity prices
(1980 = 100)



Source: UN Africa Recovery from IMF data.

Purchasing power of exports
(1980 = 100)



Source: UN Africa Recovery from UNCTAD data.

nerate enough resources for lasting development', he said, aid to the continent should jump from the $21 billion of 1989 to $30 billion in 1992 and increase by 4% p.a. thereafter until the year 2000.

He also suggested radical steps to slash the crushing $270 billion debt which cost Africa $23 billion to service in 1990... although that was only 60% of the interest due last year. The rest has been rescheduled which is merely a way of putting off and often pushing up repayments — and there are mounting arrears, 20 or 30 times what they were 10 years ago, on top of that.

The official bilateral debt and the semi-public debt represented by export credits have to be wiped off too, the Secretary-General said, and the debt to the multilateral institutions substantially reduced with help from the funders. The private trade debt (which has already lost a lot of its value on the financial markets) also has to be cut and the idea of, say, converting it into shares in African companies encouraged.

Mr de Cuellar's recommendations, expanded by an *ad hoc* committee which met in New York on 3-14 September, will be put before the next meeting of the UN General Assembly. They are bound to be adopted, of course, but there is no guarantee about actual implementation. Indeed, rather as happened when the Recovery Programme was launched five years ago, the funders' representatives on the ad hoc committee were unwilling to make constraining financial commitments. But Bob Geldof was not there this time. So he made no comment. ○ A.T.

Scientific research: a partners' forum

by Mahammadou LY (*) and Gérard WINTER (**)

More than three hundred research workers, research leaders, representatives of regional, international and non-governmental organisations, funders etc met to discuss the conditions for lasting research in sub-Saharan Africa at the Ministry of Research and Technology in Paris recently.

The debate, run by ORSTOM with the help of various other French research establishments, was held under the patronage of the President of the Republic, the French Ministers of Research and Technology, and of Cooperation and Development, the African Academy of Science and the Third World Academy of Science.

The past 30 years have seen a number of conferences on science in Africa and this one was a continuation of previous initiatives, although the idea this time was to concentrate on direct, friendly but plain-speaking dialogue between research workers, research leaders and funders.

Academic discussion was out, the point of the meeting being to identify and seek ways and means of creating the conditions for lasting research in sub-Saharan Africa.

A four-point debate

The forum focused on four main topics — the environment, agriculture, health and controlling development — which were tabled for discussion because the African and French organisations taking part had solid experience of them all which could be brought to bear in a partnership. They are of course also major scientific aspects of development.

Each workshop agreed to help clarify the conclusions of the forum by organising its discussions around a chart. This contained four questions on four aspects of a genuine cooperation research policy, as follows:

1. On what scientific subjects should we concentrate as a matter of priority?

2. How can we encourage the organisation and improvement of areas of scientific cooperation?

3. How can scientific partners from the North be more involved in cooperation with the South?

4. How can the regular transfer of knowledge and know-how be encouraged?

Reports from the four workshops were material for a round table, which used their conclusions as a basis on which to take up institutional positions on the constraints which had been identified and the measures proposed.

Summary of the workshops

The scientific priorities discussed at the beginning of the workshops (and set out beforehand by the countries themselves and in various consultation bodies) turned out to be badly formulated. However, they were fruitfully discussed and some workshops managed to come up with unifying themes, rather than new priorities, involving many priorities and a whole range of operators and methods of organisation The reference to 'health systems' in the health workshop is one example.

There was some very practical discussion of two sets of strategic objectives in relation to the conditions (i.e. the organisation and support) of lasting research.

Objective nº 1: Visible, lasting research staff

There are three conditions here:

1. Support for young scientists

Young scientists should get support both during training and in the early years of their research career.

'Support' here means the stimulus they need to function — material help, of course (payment or allowances and the right sort of infrastructure), social backing (a social and political environment in which they are recognised) and scientific backing to reduce any sense of isolation and make for easier self-expression.

The main thing is to help the partners in the South (not just the States) to take on individuals and teams on a lasting basis and assess their performance regularly. This triggered the idea of promoting foundations like the independent bodies in North and South America, which can mobilise extra (and possibly private) financing.

2. Regular, stringent evaluation of individuals and teams

This is a *sine qua non* if researchers are to be visible and stay on the job. The research they carry out must be scientifically selected and subject to double assessment.

'Scientifically selected research' means that if the scientific problems are the upshot of development problems, they must be formulated and assessed with a view to lasting fruitfulness and integration in international research in general. This means work must comply with standards of quality which the funders who use the results cannot lay down on their own — a demand which is a sign of the vitality of the scientific milieu.

'Doubly assessed research' is work which is both evaluated positively by the reference scientific communities (including, naturally, and first but not solely, those in the South) and able to be called on afterwards by the political leaders. This twofold (scientific and social) consideration is a protection against budgetary fluctuation, but it only has any meaning if the research submitted for assessment has received a minimum of the requisite support and the positive judgment means that the individual research worker or the team can continue to function.

When the very delicate issue of 'suitable' assessment was discussed, it was suggested that a think-tank be set up under the aegis of an African scientific institution such as CAMES (the African Academy of Science or the African and Mauritian Council for Higher Education).

3. Universities in the South involved in research via involvement in research training.

This is a problem in many African universities, particularly in French-speaking countries, and a number of the workshops dealt with it, stressing that universities were, *per se*, places of independence and learning whose duty was to host people and ideas and foster international exchanges. They were also places in which training should stimulate research and *vice versa*, in particular via pre-doctoral and doctoral courses geared to the realities of the country and reflecting results obtained in the field.

French research establishments, ORSTOM especially, are willing to be

(*) Director-General of ISRA, the Senegalese Institute of Agricultural Research.

involved in regional doctoral training courses etc in Africa which are also open to future scientists from the North.

Objective nº 2: Consolidated regional implementation machinery

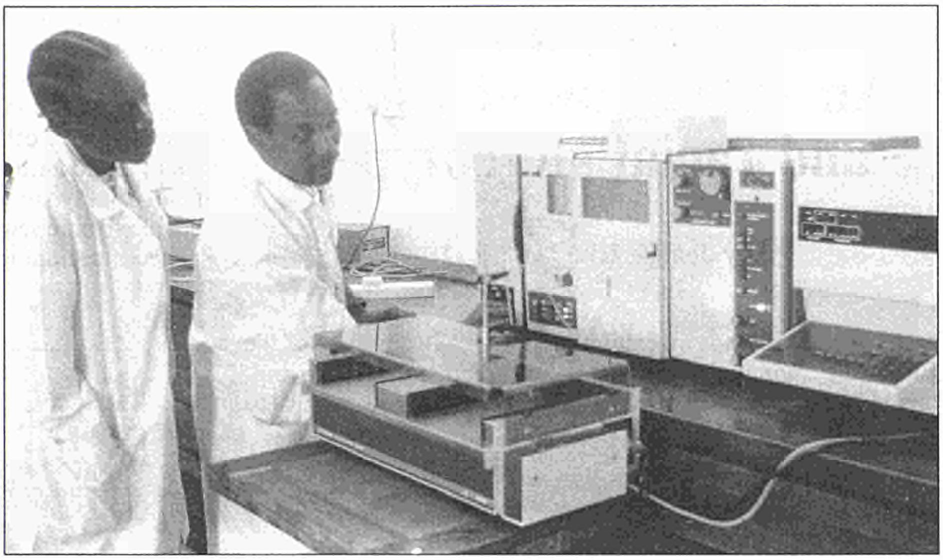
This too can be divided into three sets of proposals.

Decompartmentalised scientific areas

This is the burning question of regional-sub-regional (new institutions are not necessarily to be created) machinery to enable the national research systems to work together, to complement each other and share the tasks to be done in various fields. The idea is to join together to ensure coherence, a factor of durability, by facilitating scientific cooperation with the North and encouraging external financing. It has triggered a great deal of thought and given rise to many questions, initiatives and projects.

The workshops spent some time on the subject and their reports to their colleagues revealed considerable similarities and complementarities in their work — hence a first firm and urgent call for periodic inventories of operators, programmes, establishments and teams to ensure that everyone was kept properly informed about what was happening everywhere else. One or two examples of decompartmentalised scientific areas — the onchoserciasis control programme and the OCCGE (Organisation for Coordination and Cooperation in the Control of Major Endemic Diseases in West Africa) and OCEAC (the Organisation for Coordination in Control of Endemic Diseases in Central Africa), the regional health organisations — were to be cultivated. Almost all the workshops agreed with the idea of setting up common observation networks — study and inventory locations and ecological stations for environmental research and observatories (along the lines of those which Cameroon already had for social change and innovation) for social science research. The agriculture workshop stressed the originality and interest of initiatives of the CORAF (Conference of Agricultural Research Leaders in Africa) type. No one denied the interest of networks, but the concept of a central base, as a national unit of regional importance, needed clearer definition.

The European Community's STD Programme targeted financing on schemes involving a number of teams from both North and South.



Research laboratory in Tanzania fitted out with an EDF grant
With one-off external financing... research cannot be coherent or work to a long-term plan

Lastly, mention was made of a very promising initiative in which partners of different statuses were associated in a simple, original and lasting manner. It was a major programme on manioc-based production systems in Africa with carefully planned procedures associating CORAF, the IITA (International Institute of Tropical Agriculture), teams from various African countries and the North and a variety of disciplines ranging from the most advanced research to the most vital of applications, given that manioc was a staple of millions.

Regular involvement of researchers and scientific establishments in the North

This was essential, first of all, because some problems (AIDS, the environment, town planning, migration etc) had to be tackled jointly.

It was also important because scientists from the South asked scientists from the North to help them join in the main international research movements and programmes and encourage their scientific and social legitimation.

There were many ways of doing this:
— large-scale joint programmes, networks, twinning etc.

There were many needs:
— reception, training, maintenance and documentation;
— help with improving the staff and structure assessment procedures to reflect the singular conditions of research in the countries of the South;
— coordination of supply from the North.

Consolidated arrangements for financing from the North

There is a barrier to break down here.

With one-off external financing — i.e. scheme by scheme, source by source and therefore procedure by procedure — research cannot be coherent or work to a long-term plan with clearly defined aims and it is therefore difficult to assess either its scientific worth or the stringency of its management.

There again, the bodies concerned are gradually awakening to this difficult issue. There is talk of baskets of funds to support institutes rather than just finance programmes and trials which are being run. In Madagascar, for example, a financing committee has been set up under the control of scientists to combine financing from a variety of sources for an existing long-term master plan. This is also a central aim of SPAAR (the Special Programme for African Agricultural Research).

The forum ended with a moral mandate, whereby participants jointly undertook to find practical ways of ensuring the three fundamental aims of:
— better coordination of the supply of research in the North;
— ways and means of providing lasting support (funds, foundations etc) for institutions and researchers in the South;
— decompartmentalisation of scientific areas with a view to better regional cooperation. ○ ML & GW

'Le Noir du Blanc' An exhibition of clichés and racial stereotypes

by Jeanne REMACLE (*)

'Le Noir du Blanc', an exhibition put on with the help of the European Community and the Belgian Ministry for Development Cooperation, was open to the public in Brussels in April to June earlier this year.

It was the work of Cosmic Illusion Productions, the Dutch cultural foundation run by Felix de Rooy and Norman de Palm in Amsterdam, where it was highly successful at the Tropenmuseum last year. In Brussels, it gave the Belgian public the opportunity to see more than 2000 illustrations and hundreds of pieces from a collection with the quite deliberately ironic title of 'Negrophilia'.

Negrophilia was begun by Rufus Collins, the Afro-American man of the theatre, who went to Europe and was struck by all the sterotyped pictures of blacks everywhere when the civil rights movement had outlawed such things in the United States.

The people behind Cosmic Illusion, both from the Caribbean, took over from Collins and expanded the collection with very simple, very visual examples of popular culture and everyday objects picked up in antique shops, junk shops, book shops and the like. Books, magazines, engravings, dolls, posters, strip cartoons, product wrappings and packaging and all kinds of ordinary bits and pieces came to swell this unique American-European, and therefore generally western, collection.

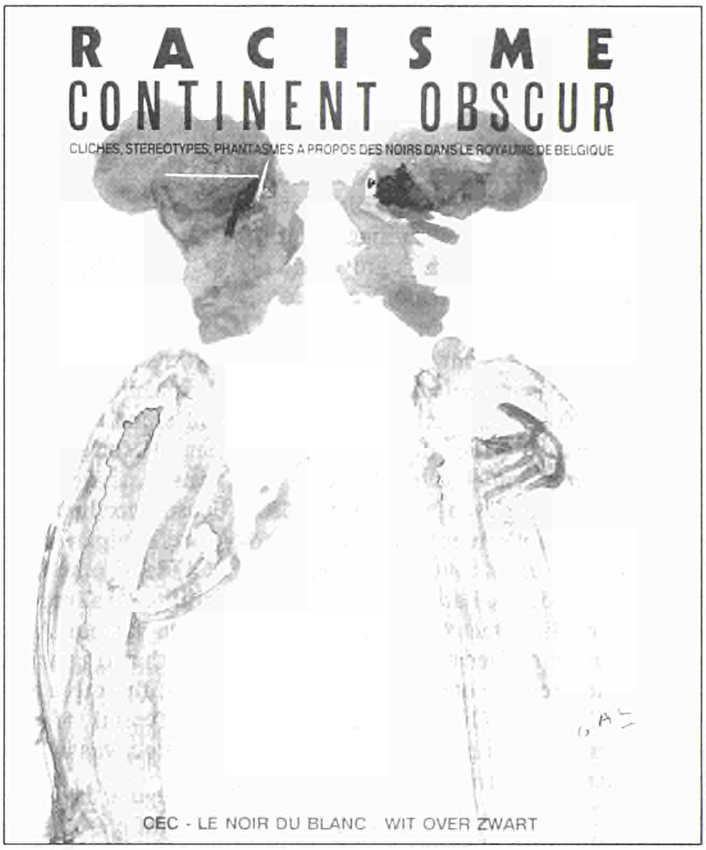
The exhibition — at the De Markten socio-cultural centre in Brussels — was put on in Belgium at the initiative of a group of organisations, most of them NGOs, but including various socio-cultural, solidarity, youth and education associations as well. The idea, as the exhibition brochure made clear, was to 'create the conditions for collective thinking on a problem which is practically never tackled in public — i.e. the birth, life and death or survival of the images of other people produced in our, what we call 'western societies' (or 'free world' or 'the North' or 'the developed countries' or what you will)'.

That is also what the 15 writers who contributed to the 'Racism — Black continent' collection, produced under the aegis of the Cooperation for Education and Culture organisation, were aiming at. Their wide-ranging backgrounds (they include research workers, journalists, teachers, anti-racist activists, NGO organisers, anthropologists, sociologists and historians), add interest and bring a variety of points of view to the subject, as a rapid outline will show.

In the article on 'Demons without wonder and peoples without history', Godelieve van Geertruyen gives a short historical summary of the way the West has perceived the Africans over the centuries — not consistently, she says, but negatively in the main.

(*) The author works for the Directorate-General for Development at the European Commission.

History crops up again with Antoon de Baets' 'Metamorphosis of an epic', the results of a survey of the content of history books used in schools in northern Belgium, while the geography textbooks of the country's French-speaking areas are covered in 'The others seen by the Belgians' by Edouard Vincke, a doctor and anthropologist. Both writers suggest that it is rare, if not totally unknown, to come across positive pictures of 'people from elsewhere' in these books — which have timidly started questioning ethnocentricity recently.



Patrick Wymeersch, an anthropologist, and Koen Bogers, a doctor of letters and African linguistics, have called their investigation 'In the writers' jungle'. This, of course, is an analysis of fiction and it leads the authors to conclude that the books tell you more about the mentality of the writers of colonial and post-colonial literature in Flanders than they do about the Africans.

Michel Elias, who is working with an NGO in Rwanda, and Danielle Helbig, a journalist, have written an article entitled: 'Two thousand hills for big and small — An X-ray of Hutu and Tutsi stereotypes'. This is perhaps the most striking piece in the whole collection in that it gives details of how these pictures were stamped on the people of Rwanda and Burundi at the whim of the historical conventions of the former colonials. The authors see this as the main source of today's problems.

In 'From native to immigrant', Luk Vandenhoeck, a member of the 'School without racism' movement, attempts to judge racism in the present context with reference to the idea of 'images of yesterday — prejudices of today?', demonstrating the analogy between the already longstanding anti-Black racism and today's anti-Moslem racism.

Marc Poncelet's 'Otherness production on the banks of the Meuse' recounts the special characteristics of immigration in the Liege area and sports columnist Jan Wauters' 'Slippery pitch and banana skin' shows how football has been stained with racism as hooliganism in the game has mounted.

'Shadows on the sun-children' is the work of Chris Paulis, who is preparing a doctoral thesis on the anthropology of intercultural communication. The results of his enquiries in one or two families which have adopted African or Asian children lead him to speak about the emergence of 'a new kind of parental colonialism'.

Many of the people drawn to the Le Noir du Blanc exhibition are from Belgian NGOs. Suzanne Monkasa-Bitumba and Annick Honorez, who work for one such organisation, have written, respectively, 'What Belgian NGOs have to say about Africa and the Africans' and 'Mediators in the media', analysing the language (text and pictures) which these organisations use. It is not, they maintain, entirely free of prejudice, although there have been improvements over the past decade, and one may well ask why the NGOs do not involve their partners more in the communication process.

Pastiche of J.H. Füssli's 'Le cauchemar' (Nightmare), which appeared in 'Le Rire', the Paris satirical journal, 18 April 1896

Supplement to 'De Amsterdammer', the Dutch weekly, 21 November 1897

The last piece in the book is by François Andrillon, a Frenchman living in Brussels, who is behind the Schaerbeek 'Anti-raciste' publication. The provokingly named 'Portrait of Barbarians', written three years ago, is an attempt to decode various posters which have appeared on Belgian hoardings and helped form the cultural clichés which deform our perception. Is our perception deformed by pictures created by imaginations deformed by these very pictures?

Can we accept a world or a Europe where, as Jean-Pierre Jacquemin puts it, 'injurious, pejorative, diminishing or just plain wrong pictures of other people are bandied about in all impudence and impunity?' Good question... ○ J.R.

CTA Bulletin
TECHNICAL CENTRE FOR AGRICULTURAL AND RURAL COOPERATION

Agricultural research in the Pacific

by Param SIVAN (*) and P.B. EYZAGUIRRE (**)

Agricultural development and the management of natural resources are central to the economies and peoples of the South Pacific island nations (1). *However, the opportunities for economic growth and development of the Pacific States are severely constrained by the small size of their land, the small populations and limited internal markets, and their isolation from potential export markets.*

Improving agricultural productivity and conserving the fragile environments on many of the islands will require research to produce or identify new and appropriate technology. How to plan and organise national and regional research efforts to tackle the problems facing agriculture was the topic of a recent international workshop held in Western Samoa.

The workshop brought together agricultural scientists, policy makers and technical specialists to identify ways that strategic planning of national agricultural research can enhance its contribution to the region's agricultural growth. Several international, regional and national organisations pooled their efforts to sponsor this event. Among these are the Technical Centre for Agricultural and Rural Cooperation, the Food and Agricultural Organisation of the United Nations (FAO/UNDP), the International Service for National Agricultural Research (ISNAR). The Institute of Research, Extension and Training in Agriculture (IRETA) of the University of the South Pacific hosted the event at its headquarters in Alafua, Western Samoa during the first week of March.

The challenge for small, national agricultural research systems

The South Pacific countries are separated by vast distances, with small populations and varied cultures and ethnic background. Papua New Guinea is the largest with a population of over three million and 426 000 km^2. Approximately, 2 million people live in the 16 other island states. These vary in size from Solomon Islands with a land area of 27 500 km^2 to Tokelau with only 10 km^2 land area. The population of these islands varies from 725 000 inhabitants in Fiji to only 1 600 inhabitants in Tokelau.

The small size and isolation of the South Pacific countries pose many constraints to agricultural development and production on which all the islands are largely dependent for food and export earnings. With very limited resources, the islands are endeavouring to produce a range of agricultural commodities to meet local food needs and secure foreign exchange earnings for development. (2)

To develop the agricultural sectors of the South Pacific countries, new approaches will be needed to make the most of the scarce resources on the islands. Governments and producers are looking to the agricultural research institutions for new solutions. Research can make a significant contribution to increasing the production of local foodstuffs thus reducing the dependence on imported food and the vagaries of transport. Research will also be needed to identify crops and post-harvest methods to develop agricultural exports.

Conservation and management of natural resources is also an important area where more research is needed. On many of the atolls and on the volcanic islands with steep hillsides, soils are fragile, and need to be conserved. There are some encouraging signs. In Fiji, for example, careful management of forest resources can provide a secure base to support the islands' economic growth.

The agricultural research systems in the Pacific Islands are generally, as expected, very small, have extremely limited resources and are highly dependent upon expatriate staff and external donor assistance for their research activities. Only Papua New Guinea and Fiji in the region have a reasonably sized national research system of about 50 research scientists. In the other countries the number of research scientists varies from 21 in Tonga to just one in Tokelau and Tuvalu. In most of these islands, over half and in the case of Vanuatu almost all the research scientists are expatriates. The local research scientists in the region are inadequately trained with over 75% having only a first degree.

There are also many partners that support agricultural research and development efforts in the region, such as the EEC, Australia, USAID and other donor countries. There are also the important research and development programmes of CIRAD, financed by France and based in Vanuatu and New Caledonia. Other research is done in private or parastatal organisations as is the case with sugar research in Fiji, and coffee, cocoa, coconut and oil palm research in Papua New Guinea.

The role of strategic planning in national agricultural research systems

Organising agricultural research in this complex environment requires strategic planning to focus these national and regional efforts on those areas where they are likely to do the most good. Strategic planning is also important for mobilising and coordinating these diverse research organisations and efforts around the national and regional development policies.

The Workshop on Strategic Planning for National Agricultural Research Systems in Small Countries of the South Pacific focused on ways to overcome the following six major constraints to effective and efficient research programmes.

- Although most of the NARS in the South Pacific region are located within the Ministries of Agriculture, Livestock, Forests or Fisheries, government policy makers are not fully aware of the benefits of agricultural research and many research organisations suffer from a lack of funding support.
- The small numbers of researchers in these countries have to deal with a wide range of commodities grown or raised in

(*) Associate Director of IRETA.
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(1) Papua New Guinea, Solomon Islands, Vanuatu, Kiribati, Tuvalu, Fiji, Tonga, and Western Samoa, all members of the ACP group.

(2) Antony J. Dolman. Islands in the shade: the performance and prospects of small island developing countries. Institute of Social Studies, The Hague, The Netherlands, 1984.

The Courier

The Courier

'To develop the agricultural sectors of the South Pacific countries, new approaches will be needed to make the most of the scarce resources of the islands'

a number of agro-ecological zones and a variety of farming systems. Their resources are limited and without careful planning and setting priorities, it is difficult for researchers to focus their efforts.

• The majority of NARS in the region do not have research plans, and priority areas for research and development of NARS are not clearly identified. When working with limited resources, it is critical that key areas of development of NARS and priority areas for research are clearly defined so that the limited resources can be put to the best use.

• Research is often carried out in a number of ministries, departments or sections in the government. In addition there are important research efforts taking place in parastatal or private commodity organisations. The need for coordination and a coherent national research policy is great even in small countries.

• Only the countries with larger NARS, Fiji and Papua New Guinea, have the capacity to develop or transform new technologies. Most research systems screen and test technologies developed elsewhere for their application within the country. However, the small NARS have great difficulty in developing and maintaining linkages with the large number of institutions that produce relevant technologies. The small size of research units, their isolation, relatively inexperienced research staffs and poor resources make it almost impossible for the small NARS in the region to borrow knowledge and technology from external sources.

• A special characteristic of NARS in small countries is that researchers are often called upon to fulfil various non-research functions. These include seed production, seed testing, quarantine, and provision of analytical and advisory services in soils, plant nutrition and plant protection. In many cases they are also representatives to the world scientific community and valued advisors to government.

Strategic planning of national agricultural research will improve the link between government policy and research organisations. Increased support for research would then be matched to more relevant research programmes that address the priority problems facing farmers and consumers in the South Pacific nations. International donors and technical assistance agencies also play a big role supporting the region's research and development efforts. Strategic planning of national agricultural research allows these external partners to target their assistance more effectively and in accordance with the policies and priorities of the countries. In general, the improved management and planning of national research is crucial if the limited resources available in the South Pacific are to have an impact on the problems facing South Pacific agriculture. (3)

Training for planning research

FAO, CTA, ISNAR, and IRETA have been involved in assisting the small countries in the South Pacific to improve their planning and management skills in agricultural research for over a decade. ISNAR has conducted reviews of research systems in several countries and assisted in developing research plans and provided management training to research leaders. The FAO has implemented numerous research projects and supported the training of researchers. The CTA has assisted IRETA to develop a network for the exchange of agricultural information and improving the linkages of NARS with external sources of information. CTA has also supported new research initiatives such as those of the South Pacific Commission. IRETA, a regional institution, has the mandate to assist the South Pacific countries in research, extension and training. It implements various research projects in the region and provides some graduate and post-graduate training through the School of Agriculture of the University of the South Pacific.

These organisations pooled their efforts to sponsor this latest workshop on strategic planning held in March, 1991. The workshop was modelled on previous FAO/ISNAR workshops organised in Latin America and the Caribbean. It also drew upon lessons learned from a global study by ISNAR on the 'the Scale and Scope of National Agricultural Research in Small Developing Countries'.

Twenty-three Directors of Research and Senior Research Scientists from 10 South Pacific Island countries attended the workshop. The resource persons included Mr. Huntington Hobbs, Dr. Gabrielle Persley and Dr. Pablo Eyzaguirre of ISNAR, M. Mohunji Narain of CTA, Dr. Berndt Muller-Haye and Dr. Ralph Kwaschik of FAO/UNDP, Mr. Param Sivan and Dr. Mohammed Umar of IRETA and Dr. Malcolm Hazelman of the South Pacific Commission.

The main objective was to improve the planning skills of research managers. This entailed providing the research

(3) See The Courier no. 115-May-June 1989 for an article describing the role of national agricultural research systems in the ACP-countries. The article contains a report on a management training workshop held at IRETA in Western Samoa in 1989.

Table 1: Indicators of country size and agricultural research effort in selected South Pacific countries

Country	*Land in km²*	*Population 1986*	*GDP 1986 US$ million*	*Contribution of agriculture to GDP*	*Researchers in agriculture, forestry and fisheries (1986-87)*	
					Nationals	*Expatriates*
Papua-New Guinea	*426 243*	*3 600 000*	*2 537*	*34%*	*34*	*16*
Fiji	*18 274*	*703 000*	*1 321*	*17%*	*41*	*10*
Vanuatu	*14 763*	*147 000*	*69*	*34%*	*—*	*12*
Western Samoa	*2 842*	*165 000*	*108*	*31%*	*8*	*8*
Kiribati	*724*	*65 000*	*21*	*27%*	*3*	*4*

Table 2: Research expenditure on crops and livestock from 1983 to 1987 in selected countries of the South Pacific (US$ thousands)

	1983	*1984*	*1985*	*1986*	*1987*
Papua-New Guinea	*3,580*	*5,280*	*6,000*	*3,540*	*4,760*
Fiji	*1,710*	*1,760*	*1,990*	*2,410*	*3,250*
Solomon Islands	*110*	*140*	*360*	*610*	*650*
Cook Islands	*110*	*90*	*90*	*90*	*100*

Compiled by Param Sivan based on FAO, ASIAN DEVELOPMENT BANK (ADB), and ISNAR data.

managers with a broader understanding of their complex role. The workshop also identified new and emerging challenges and opportunities for research leaders in small systems. Finally, the workshop organisers led small groups designed to introduce and improve the use of strategic planning as a tool for meeting the evolving challenges of agricultural research.

The workshop was opened by the Minister for Agriculture of Western Samoa, the Honourable Afioga Pule Lameko. The Minister in his speech stressed the aspirations of the small countries in the South Pacific to develop agriculture as the basis of their economies. He also stressed the need to conserve the fragile environments on many of the islands. The minister acknowledged the support given by the sponsors to improve the planning and management of research in the South Pacific. The participants expressed their hope that improved planning would allow their research units to make a larger contribution to agricultural development in the region.

The workshop was divided into three main sections. In the first section, the general issues affecting NARS in the South Pacific were discussed. In a long-term planning exercise, the research leaders discussed their vision of South Pacific agriculture in the year 2000. How new scientific advances such as biotechnology would affect agriculture and research in the region were highlighted. Regional cooperation and consolidating efforts at the regional level as in the case of IRETA and the South Pacific Commission were also seen to be of increasing importance in the future.

The second part of the workshop dealt with Strategic Planning. This included two lead papers presented by ISNAR which introduced the participants to strategic planning and discussed the basic elements of a strategic plan for a small-country NARS. Case study exercises sharpened the skills of the participating leaders. The participants found this extremely useful.

The third part of the workshop included discussion on challenges and opportunities for the manager of a small-country NARS led by ISNAR and discussions on project preparation for agricultural research, monitoring and evaluation led by FAO.

The South Pacific research leaders found the Strategic Planning workshop to be very useful and requested follow-up training and assistance in this area. Project formulation, and planning, monitoring and evaluation of research were also very useful and a follow-up workshop fully devoted to this area would be of great interest to the region.

Among the major recommendations coming out of the workshop were that South Pacific NARS leaders required follow-up training in the areas of strategic planning, priority-setting for research, project preparation for research and monitoring and evaluation of projects. The national research systems also require assistance to develop national research plans (at present most of them do not have plans) that guide the long term development of their institutions, define the priority areas for their research programmes, and indicate the level of resources required.

The workshop produced a greater understanding of the challenges and opportunities for agricultural research in the region. With their newly acquired skills, South Pacific research leaders hope to use strategic planning to enable their agricultural research systems to define their goals, focus their efforts, and identify mechanisms for coordinating activities and resources. In this way they can ensure that research in the South Pacific contributes to agricultural production that provides balanced growth in the face of the inherent problems of small size and a limited natural resource base.○

P.S. and P.B.E.

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THE CONVENTION AT WORK

Also in the yellow pages

ACP-EEC Committee of Ambassadors – Stabex problems on the agenda –

The Committee which met in ACP House in Brussels on 11 October had Stabex transfers for 1990 on the agenda and discussions revolved around the Community offer and what the ACPs actually felt should be transferred.

ACP Ambassadors maintained that the Community should be transferring ECU 1240.7 million for 1990, an amount which they claimed represented their total losses in export earnings that year.

The Community offered ECU 483.7 million under the present Convention, ECU 100 million of it from the unspent balance of Sysmin, but the ACPs deemed this inadequate and called on the Community to bear in mind 'its obligations to the ACP Group' and find further financing to complete the transfers. The request was repeated at a press conference during which, in the absence of the Chairman, the Ambassador of Gabon, Raymond Chasle (Mauritius) announced that the Community offer was only 38.99% of the estimated amount and less than 50% of all Stabex resources since the system was first set up. The ACPs asked for an extraordinary conference of ministers to be convened to 'take steps to do something about the inadequacy of the resources, given that a similar situation could very well arise in 1991'.

The Community was sorry about the situation, but thought it had done all it could within the framework of the Convention. It was not possible to find extra resources within the present framework. The President of COREPER undertook to report the situation to the Community Ambassadors, but told the ACPs that the chances of the Community offer being improved were in fact non-existent and that it was highly unlikely that an ACP-EEC conference of ministers could be held during the Dutch Presidency because the Council timetable was so overloaded.

EDF

The Commission has taken the following financing decisions (5th, 6th and 7th EDF) following a favourable opinion from the European Development Fund Committee.

Ethiopia: A grant of ECU 3 750 000 of emergency aid as a contribution to humanitarian organisations' assistance programmes for refugees and the victims of drought and fighting.

Botswana: A grant of ECU 2 800 000 and a special loan of ECU 4 000 000 to protect wildlife in northern Botswana.

Zaire: A special loan of ECU 10 000 000 from the 5th EDF plus a grant of ECU 9 500 000 and a special loan of ECU 15 000 000 from the 6th EDF for the road section of the APEK project.

Equatorial Guinea: A 6th EDF grant of ECU 5 070 000 for the protection and rational utilisation of forestry resources.

Mozambique: A grant of ECU 650 000 as emergency aid to be implemented immediately to help victims of the troubles.

ACP States: A grant of ECU 650 000 as emergency aid to be implemented immediately to help with the campaign to control epidemics in the ACP States.

All ACP States: A grant of ECU 650 000 to open immediately an emergency global commitment to cope with emergencies in the ACP countries.

All ACP States: A further grant of ECU 650 000 as emergency aid to be implemented immediately to help with the campaign to control epidemics in the ACP States.

The Commission took the following financing decision (7th EDF) after the EDF issued a favourable opinion in a written procedure completed on 2 August.

Angola: An ECU 2 000 000 grant of emergency aid to help with humanitarian organisations' assistance programmes for the victims of famine and fighting.

All ACP States: An ECU 6 000 000 grant for the CDI's 1991 budget.

Gambia: An ECU 14 500 000 grant for a development programme for the North Bank, Upper River and Western divisions.

Burkina Faso: Grants of ECU 1 739 247.85 (5th EDF), ECU 4 760 752.15 (6th EDF) and ECU 13 850 000.00 (7th EDF) to rehabilitate the road from Koupéla to the Togolese frontier.

All ACP States: A 7th EDF grant of ECU 2 760 000 for ACP countries to attend the Universal Exhibition in Seville in 1992.

Seychelles: Grant of ECU 1 000 000 to consolidate the development of handicrafts.

Lesotho: An ECU 44 000 000 grant (ECU 34 000 000 from the national indicative programme and ECU 10 000 000 from the regional programme) for the project to build the Muela HEP station as part of the Highlands Water Project.

Mozambique: A 6th EDF grant of ECU 13 000 000 to improve rural telecommunications.

Regional (SADCC): A 6th EDF grant of ECU 500 000 to provide SADCC with technical assistance with its fauna, forests and fisheries.

All ACP States: A 7th EDF grant of ECU 3 684 000 for the 1991 budget of the Technical Centre for Agricultural and Rural Cooperation.

Madagascar: A 5th EDF grant of ECU 2 750 000 for a craft development programme.

All ACP States: A 7th EDF grant of ECU 3 000 000 to enable ACP countries to attend meetings of the ACP-EEC Joint Committee and Council.

All ACP and OCT: A 7th EDF grant of ECU 2 000 000 as a global commitment authorisation to finance attendance at international trade and tourist events from the national indicative programmes.

All ACP and OCT: A 7th EDF grant of ECU 40 000 000 as a global commitment authorisation to finance (expedited procedure) technical cooperation, trade promotion and tourist schemes.

All ACP and OCT: A 7th EDF grant of ECU 30 000 000 as a global commitment authorisation to finance (expedited procedure) multiannual microproject programmes.

All ACP and OCT: A 7th EDF grant of ECU 15 000 000 as a global commitment authorisation to finance (expedited procedure) relief for returned refugees and displaced persons.

All ACP and OCT: A 7th EDF grant of ECU 15 000 000 as a global commitment authorisation to finance (expedited procedure) cultural schemes.

Niger: A 7th EDF grant of ECU 12 000 000 to develop the Niamey-Say national highway (56 km).

EIB

Jamaica: ECU 4 million in support of small and medium-sized enterprises

The European Investment Bank is providing ECU 4 million in support of small and medium-sized enterprises in the industrial, agro-industrial, mining and tourism sectors in Jamaica. The funds are made available under the Third Lomé Convention in the form of
— a global loan of ECU 3 million from the Bank's own resources for 15 years at 5.7% (after deduction of an interest rate subsidy from the European Development Fund) to the National Development Bank Limited (NDB) for on-lending to small and medium-sized companies, and
— a conditional loan of ECU 1 million from risk capital resources provided for under the Convention and managed by the EIB, to Jamaica Venture Fund Limited (JVF) for making equity participations in small and medium-sized enterprises.

From a previous EIB global loan granted under the Third Lomé Convention NDB financed 18 smaller scale industrial and tourism ventures.

Kenya: ECU 20 million in support of small and medium-sized enterprises

The European Investment Bank is providing ECU 20 million to finance investments by small- and medium-sized enterprises in the industrial, agro-industrial, mining and tourism sectors in Kenya.

The funds are provided to the Republic of Kenya under the Fourth Lomé Convention in the form of a global loan for 12 years at 5.05%, after deduction of an interest rate subsidy from the European Development Fund. The Central Bank of Kenya, on behalf of the Government, will make available the proceeds of the loan to banks and other financial institutions for on-lending to small and medium-sized private-sector companies.

This is the first EIB loan in Kenya under the Fourth Lomé Convention which entered into force on 1 September 1991. Total EIB lending in Kenya under the Third Lomé Convention (1986-91) amounted to ECU 76 million, of which ECU 7 million were loans from risk capital from EDF resources provided for under the Convention and managed by the EIB.

Mauritania: ECU 25 million for an iron ore mine

The European Investment Bank is lending ECU 25 million under the fourth Lomé Convention for developing an open-cast iron ore mine in Northern Mauritania:
— ECU 10 million from risk capital resources provided for under the Convention, are made available in form of a conditional loan for 18 years at 3% to the Islamic Republic of Mauritania. The Government will advance the proceeds of the loan in form of a convertible shareholder's advance to the Société Nationale Industrielle et Minière (SNIM), a semi-public company in which the State holds a majority.
— ECU 15 million from the Bank's own resources are going to SNIM for 15 years at 5.05% after deduction of an interest rate subsidy from the European Development Fund.

The project is expected to cost ECU 155 million and comprises mainly handling equipment, crushing and stockpiling facilities, a power line and road and rail links for transport of the mine's output to the export harbour.

This brings total EIB lending for this project to ECU 30 million following a first loan of ECU 5 million from risk capital resources granted earlier this year still under the Third Lomé Convention, before the Fourth Lomé Convention entered into force on 1 September 1991. Additional funding is also expected to come from Caisse Centrale de Cooperation Economique (France), the African Development Bank and the World Bank Group.

Nigeria: ECU 48 million for palm oil production

The EIB announced two loans totalling ECU 48 million for financing palm oil milling and refining facilities in south-eastern Nigeria.

The funds are advanced under the Third Lomé Convention in the form of:
— an ECU 45 million loan from the Bank's own resources, for 18 years at 5.7% after deduction of an interest rate subsidy drawn from European Development Fund resources; the funds will be made available to the Federal Republic of Nigeria for on-lending, via the Nigerian Agricultural and Cooperative Bank (NACB), to Akwa Palm Industries Ltd (API).
— a conditional loan of ECU 3 million from risk capital resources managed by the EIB, for 25 years at 1%, to NACB which will use the proceeds of the loan for underwriting additional capital in API and three other palm oil companies.

Total investment costs of the palm oil production development programme are estimated at ECU 260 million; the Commission of the European Community and the World Bank are participating in its financing alongside the EIB.

This is the EIB's fifth financing operation in Nigeria under the Third Lomé Convention, following global loans of ECU 30 million to New Nigerian Development company and ECU 50 million to the Nigerian Industrial Development

Bank for financing small and medium-size industrial projects, an ECU 45 million loan to Lagos State Water Corporation in 1988 for improving water supplies in the Lagos metropolian area and the first loan of ECU 43 million to NACB in 1989 for financing palm oil production.

Zaire: ECU 19 million for an electricity scheme in Zaire

The European Investment Bank is lending ECU 19 million for the improvement and extension of the electricity transmission and distribution network in the Kivu region in eastern Zaire, near the border with Rwanda and Uganda. The scheme covers the installation of transmission and distribution lines and substations.

The funds from risk capital resources provided for under the Lomé Conventions and managed by the EIB are granted in the form of a conditional loan for 15 years at 2%, to the Republic of Zaire, for on-lending to the Société Nationale d'Electricité.

The scheme is costed at ECU 40.8 million and will be cofinanced by the Caisse Centrale de Cooperation Economique (France).

Zimbabwe: ECU 18 million for an electricity scheme

The European Investment Bank is lending ECU 18 million to the Zimbabwe Electricity Supply Authority (ZESA) for the extension of the electricity transmission and distribution network in Zimbabwe. The scheme comprises transmission and distribution lines and the installation of new, and overhaul of existing, substations in the northern and central regions.

The loan has been granted under the Fourth Lomé Convention for 18 years at 5% after taking into into account an interest rate subsidy from the European Development Fund. Last year the EIB contributed ECU 8 million towards financing the first stage of this project.

The scheme, costed at ECU 70.5 million and expected to be completed by mid-1994, is part of ZESA's long-term plans for extending and re-inforcing the national power system estimated at some ECU 148 million.

EMERGENCY AID

Zaïre

Following the recent events in Kinshasa and elsewhere in Zaïre the Commission decided on 26 September to make an initial emergency aid allocation for the capital's inhabitants.

The aid, worth ECU 100 000, is in the form of medical equipment and will be channelled through the medical NGO 'Médecins sans Frontières'.

In addition, the Commission is proposing to open a credit line of ECU 1 000 000, a formal decision on which is imminent. It would be used for emergency humanitarian operations still to be determined. These operations will be carried out by the Commission's usual partners (the Red Cross, UN agencies and NGOs).

Ethiopia, Somalia, Sudan and Rwanda

The Commission has granted emergency food aid for ICRC (International Committee of the Red Cross) programmes in Ethiopia, Somalia, Sudan and Rwanda.

The aid comprises 3 650 tonnes of cereals, 2 000 tonnes of vegetable oil and the sum of ECU 4 million for the purchase of other products and the payment of transport costs within the countries. The overall value of the aid is ECU 6.4 million.

The ICRC programmes are aimed at helping:
— 300 000 displaced ex-servicemen in Ethiopia and 200 000 Sudanese refugees;
— 300 000 displaced persons in southern Somalia;
— 60 000 displaced persons in Rwanda;
— 85 000 people in the south of Sudan, who are being supplied via an air bridge.

ETHIOPIA

EC fact finding mission

On 20 August 1991 the EC fact-finding mission to Ethiopia met with Ethiopian President Mr Meles Zenawi. Prime Minister Mr Tamirat Layne, Minister of Foreign Affairs Mr Seyoum Mesfin and the personal adviser of the President Kassu Elaia were also present at the meeting. The EC delegation consisted of the Northerlands Minister for Development Cooperation Mr J.P. Pronk, the Secretary of State for Foreign Affairs and International Cooperation of Portugal Mr Durao Barroso, the Vice-President of the European Commission Mr Manuel Marin and Mr Gaston Stronck of the Luxembourg Ministry of Foreign Affairs, representing the Secretary of State for Foreign Affairs, Foreign Trade and Development Cooperation.

The President provided the EC delegation with an overview of political events in Ethiopia since May 1991. He drew attention to the National Conference (Addis Ababa, 1-5 July 1991) which was attended by a large number of former resistance movements. The National Conference adopted a charter which will serve as a constitution for the coming 2 1/2 years until elections are held. The charter stresses the importance of peace, democracy and respect for human rights.

The Eritrean Popular Liberation Front (EPLF) attended the National Conference as an observer. In two years time a referendum will be held in Eritrea in order to allow the Eritrean people to decide on Eritrea's future relationship with Ethiopia. President Meles expressed his hope that the Eritrean people would choose to remain part of Ethiopia. Eritrea and Ethiopia, he said, need each other. The President however acknowledged the possibility that Eritrea would become an independent state. He said that, for the sake of peace, Ethiopia would not oppose the wishes of the Eritrean people.

The human rights situation in Ethiopia was discussed at length during the meeting.

President Meles admitted that many members of the previous regime, like officials from the Party, the Secret Service and the army, had been detained. However, he said, these people were treated well and were allowed visits from family, friends, humanitarian organisations and diplomats. The detainees, he said, will be put on trial individually. For this purpose independent inquiry commissions will be established. The government will thereafter not be involved in the trials any more. The President stressed that officials of the former regime with purely technical, rather than policy-making responsibilities had not been detained. Indeed, two ministers from the former government, who were regarded as technicians, had been released.

The economic policy of the new Ethiopian government, had not yet been finalised. The President, however, did not expect much difficulty in reaching consensus on a new economic policy.

It was in any case to be expected that the following issues would be addressed:

Agriculture: Large parts of Ethiopia are affected by drought and environmental degradation while the population pressure in some areas is high. A policy will have to be formulated which will attach priority to food production and food security in particular in the regions which have been affected by civil war. Some state farms will be closed while others will be maintained in order to avoid capital losses. Land reform, leading to private ownership of land, may be possible in some areas taking into account the necessity to provide access to land to poorer and small farmers in particular. Important decisions on these issues will, however, be postponed until after the elections.

Industry: Government policy will be to encourage private investment and avoid government intervention. Privatisation will, however, have to take place gradually.

External trade: The government will stimulate foreign trade which will largely be left to private entrepreneurs. The exception to this will be trade in coffee and sugar which will remain under the supervision of the government authorities. Foreign exchange regulations will remain necessary as long as export income does not meet the need for foreign exchange for essential imports. In this context, Mr Marin explained the rules of the Stabex fund from which Ethiopia may benefit. Furthermore he stated that a clear economic policy is a prerequisite for the resumption of structural support under the Lomé III Convention and the start-up of the Lomé IV indicative programme. Mr Marin furthermore stated that increased structural food aid and SIPs would depend on progressive financial liberalisation.

HAITI

Community aid suspended

In the wake of recent events in Haïti, Manuel Marin, Vice-President of the Commission with special responsibility for development cooperation confirmed that all forms of cooperation with the

Photo MAPEZ

President Jean-Bertrand Aristide at ACP House, with Michel Teale, Ambassador of Gabon at his side country were suspended with immediate effect. More particularly, the programming of aid under the Lomé Convention has been frozen.

According to Mr Marin, 'the Fourth Lomé Convention, to which Haïti has just acceded, is designed to offer the country a framework for cooperation, but also for stability. The Community cannot now remain passive in response to the toppling of the democratically elected Haïtian Government. I have therefore decided to suspend, forthwith, the programming of aid to Haïti under the Lomé IV Convention until such time as legitimate, democratic government has been restored'.

During a visit to Brussels which included, in particular, a meeting with President Delors and Vice-President Marin, the Haïtian President, Bertrande Aristide welcomed the decision taken by the Commission which fits in with the embargo policy directed against the new Haïtian regime. During a press conference, President Aristide, who also visited ACP House, declared that only a strict embargo could bring about the removal of the military from power, and the restoration of legal authority in the country. He added that the struggle he was leading went beyond his own country and his own people; it was a struggle for the triumph of democracy, so that what was happening today in Haïti could not happen tomorrow, elsewhere.

The Republic of Haïti recently became a member of the ACP Group having acceded to the Fourth Lomé Convention. Under this Convention, Haïti will be able to benefit from approximately ECU 120 million in programmable grants during the period 1991-1995 to which could be added other sums and benefits provided for under the Convention.

FISHERIES

EEC-Guinea Bissau fishing agreement

European vessels now have the following fishing possibilities in Guinea Bissau's territorial waters.

— Shrimp trawlers with freezing facilities: an annual average of 11 GRT per month.

— Fish and cephalopod trawlers with freezing facilities: an annual average of 6000 GRT per month.

— Tuna vessels with seine nets and freezing facilities: 20 vessels.

— Tuna vessels with canning facilities and surface long liners: 12 vessels.

The agreement provides for financial compensation of ECU 12 000 000, payable in two equal annual instalments. It is to be paid into an account opened with a financial institution or any other organisation which Guinea Bissau designates and the sole responsibility for allocating it lies with the Guinea Bissau Government.

The fishing possibilities may be increased by successive amounts of 1000 GRT (per month, annual average), in which case the financial compensation goes up pro rata.

In the coming years, the Community will also be contributing ECU 850 000 to Guinea Bissau's scientific/technical programme designed to improve the knowledge of this country's exclusive economic zone and the running of the marine biology laboratory. The amount will be made available to the Government and paid into an account named by the national authorities.

Both parties agree that improving skills and staff in the sea fishing sector is vital to the success of their cooperation and so the Community will be easing Guinea Bissau nationals' path in establishments in the Member States and providing them with two-year awards for study and practical training in the various scientific, technical and economic aspects of fishing.

These awards, the total cost of which may not exceed ECU 550 000, may also be used in any State linked to the Community by a cooperation agreement. At Guinea Bissau's request, part of that amount may be converted to cover the cost of attending international fisheries meetings or courses, run fisheries seminars in Guinea Bissau or improve the administrative structures of the Fisheries Ministry, in which case payments will reflect spending.

INDUSTRY

4th EEC-Central Africa Industrial Forum

The Commission of the European Communities runs an EEC-Central Africa industrial forum every year. The fourth such event, in Libreville on 25-28 November, is an opportunity for European businessmen to go to just one place to meet a large number of potential partners from 11 countries of Central Africa.

The main idea is to encourage medium- and long-term cooperation between African and European partners by attracting flows of finance, techniques and other essentials to specific industrial projects in Central Africa. The forms of cooperation in view are, primarily, contracts of partnership or the relevant industrial collaboration — technical assistance with management and marketing, staff training, maintenance and rehabilitation of industrial plant and sub-contracting — although such things as supplying industrial units, equipment and materials, transferring technology and granting licences and franchises may also be involved.

The African delegations comprise top civil servants, heads of industrial promotion organisations and a large number of promoters from the public sector and representatives of financial institutions. The majority of the European participants are businessmen and representatives of professional federations in the financial sector. The Yaoundé forum (1989) was attended by 181 Europeans and 359 African promoters.

GENERAL INFORMATION

World Bank: Annual Report 1991

The World Bank anticipates new lending commitments to developing countries in fiscal year 1992, which began on July 1 1991, to range between $23 billion and $25 billion, according to the Bank's *Annual Report 1991*, which has recently been published. New loans from the IBRD (International Bank for Reconstruction and Development) are expected to amount to between $17 billion and $19 billion while new credits from the IDA (International Development Association) are expected to reach SDR4.8 billion (currently equivalent to $6.4 billion).

In fiscal year 1991, IBRD lending totalled $16.4 billion, up from $15.2 billion the previous fiscal year. IDA credits in FY91 amounted to SDR4.6 billion ($6.3 billion equivalent), compared with $5.5 billion in FY90. Net disbursements from IBRD and IDA in FY91 totalled $6.4 billion, down from $9.3 billion a year earlier. Net income for the last fiscal year was $1.2 billion, up from $1.05 billion in FY90.

Lending for human resource development rose dramatically during FY91. New commitments for education combined with loans and credits for population, health and nutrition amounted to $3.8 billion, up from $2.4 billion the previous year. Lending to nations in Eastern and Central Europe also rose sharply in FY91, totalling $2.9 billion, compared with $1.8 billion a year earlier.

Lending for structural and sector adjustment operations, accounting for 25% of total FY91 commitments by IBRD and IDA, totalled $5.67 billion, up from $3.97 billion in FY90 — 20% of total combined commitments that year.

Other activities described in the Report include:

— adoption of a long-term strategy to ensure that all assistance undertaken by the World Bank is geared to the reduction of poverty;

— provision of additional financial assistance by the Bank (nearly $1.5 billion) and the international community to countries adversely affected by the Gulf crisis;

— launch of the second phase of the Special Programme of Assistance to countries in sub-Saharan Africa with the support of 18 donor nations which have pledged $7.4 billion to help finance adjustment programmes;

— continuation of support for debt and debt-service reduction, along with the first operations of the Debt Reduction Facility for IDA-only countries;

— initiation of improved procedures within the World Bank Group for cooperation in supporting private-sector development;

— continued increase of the proportion of projects approved which include specific actions aimed at integrating women into the development process;

— publication of an *Environmental Assessment Sourcebook*, along with development of a new forest policy;

— revision of the Bank's loan-loss provisioning policy;

— selection by the Board of Executive Directors of Lewis Preston to be the next President of the World Bank.

During the course of fiscal 1991, membership in the IBRD rose to 155 nations and, in the IDA, to 139. At the end of FY91, action was pending on membership in the IBRD and IDA for Albania and Switzerland and in IDA for Portugal.

OECD

Official development financing and contributions from the private sector improve in 1990

Official development financing and private sector contributions grew in 1990 according to a recent OECD study on financing the developing countries' external debt. Official bilateral payments from the DAC countries are firm, there are large increases in payments from the Arab countries and direct investments are continuing, the Organisation says. The improvements recorded in 1988-89 were confirmed in 1990, with the net contribution of resources to the developing world rising by 16% for $142 billion, broken down as follows:

— public financing 55%

— contributions from the private sector 43%

— export credits 2%

Debts mounted more slowly. External debts, totalling $1.450 billion by the end of 1990, were 6% up on 1987. Payments by the main categories of the countries most heavily in debt declined in 1989 and 1990. The situation remains serious in the low-income countries of sub-Saharan Africa and the medium-income countries, particularly those in Latin America.

EMERGENCY AID

The Philippines

The Commission has decided to provide ECU 300 000 in emergency aid to the victims of the torrential rains which have hit the Philippines adding to the damage already done by the eruption of the Pinatubo volcano.

This aid will be used to finance the conveyance and distribution of basic necessities to the sections of the population worse hit. A first instalment of an equivalent amount had already been authorised on 24 June.

Guatemala

The Commission has decided to provide ECU 200 000 of aid for victims of the earthquake which struck Guatemala on 18 September, leaving 20 dead and 20 000 homeless.

The aid will be chanelled through the League of Red Cross Societies (LICROSS) and the French organisation, Médecins sans Frontières, and provides for the supply of urgent essentials such as tents, blankets, medicines, etc.

Romania

In response to a personal request from the Romanian Prime Minister, Mr Roman, to Mr Andriessen and to the appeal for international aid launched by the United Nations Disaster Relief Organisation, the Commission has decided to grant ECU 500 000 in emergency aid to help the victims of the floods in Romania.

According to latest reports torrential rain has caused considerable damage and made 13 000 people homeless in the departments of Suceava, Neamt and Bacau. In Bacau 71 people died and 43 are missing after a dam burst.

The aid is made up of ECU 200 000 for shelters and medicines plus ECU 300 000 from the Phare programme to supply essential goods and diesel fuel. It will be implemented by the Commission's customary partners, including the Belgian NGO 'Villages Roumains'.

Yugoslavia and Cambodia

The Commission has granted ECU 1 million in emergency aid for victims of the conflict in Yugoslavia.

The aid covers the distribution of essential supplies (medicines, basic medical supplies, provision of essential services, etc.) and will be implemented by the International Committee of the Red Cross and Médecins sans Frontières (Belgium).

The Commission has also granted ECU 1 million for people in Cambodia affected by the renewed fighting and recent flooding.

The Commission's usual partners (NGOs, agencies of the United Nations, Red Cross societies) will handle the aid.

Albania

The Commission has made an agreement with the Hungarian Government to purchase 45 000 tonnes of Hungarian bread wheat for Albania, at a cost of ECU 5 million. The expenditure is being met out of funds set aside for the Phare programme, under which the Community gives economic support to a number of countries in Central and Eastern Europe, including Hungary.

This essentially humanitarian aid is an expression of the Community's political will to ensure that the Albanian people have sufficient food. It is an additional bonus that this end can be served by buying a Hungarian product which is immediately available. The wheat is to be transported by rail. This will avoid putting a strain on Albania's very limited port facilities, which are to be used to import the food which the Community was already planning to send.

The Commission had promised to supply Albania with 50 000 tonnes of bread wheat from its own stocks and now plans to increase that quantity significantly.

EC-ALA

The Commission has just decided to finance the following projects as part of the financial and technical assistance programme for developing countries in Asia and Latin America.

India: ECU 11 800 000 for an irrigation scheme in Kerala.

The idea is to reduce poverty in rural Kerala by raising farm incomes thanks to better productivity on 20 200 hectares of irrigated land by 1997 (which should mean an extra 74 000 t of paddy rice and 3800 t of copra).

The work is as follows.

1. Irrigation water to be supplied for the second crop (11 500 ha under irrigation from storage reservoirs by the end of 1994). During this time, 459 reservoirs will be distributed throughout the State of Kerala.

2. Irrigation water to be supplied for the second crop (8700 ha irrigated by pumping from independent networks by the end of 1988). During this phase, 31 networks will be built in the districts if Thrissur and Malapurram.

3. Project management unit installations to be built by September 1992 and to stay operational throughout the period of implementation. Detailed studies of the economic, technical, social and ecological aspects of the basin and land rationalisation plans are to be run.

Bolivia: ECU 5 000 000 for water supplies to the town of Potosi.

The purpose of this project is to make up for the chronic shortcomings of the Potosi water supplies, which get worse every year as the population expands, and have been particularly bad over the past two years because of drought.

In 1990, in particular, the water supply system virtually dried up for more than a month, when serious gastro-intestinal cases trebled, with an alarming increase in deaths, particularly of children.

The project should guarantee the town a supply of water throughout the year, with a useful volume of 40 litres per person per day in the dry season and as much as 70 l in the other seasons.

International agricultural research centres: ECU 9 000 000 for agricultural research.

This, a continuation of the Community assistance begun in 1977, is divided as follows:

— CIAT (Centro Internacional de Agricultura Tropical), Cali, Colombia: ECU 1 900 000. Research activity here focuses on four products — beans, manioc, rice and tropical forage.

— CIP (Centro International de la Papa), Lima, Peru: ECU 1 100 000.
The aim here is to improve the quality of potatoes from the highlands of Peru and develop a strain which is suitable for the tropical plains.

— ICRISAT (Institute of Crops Research for the Semi-Arid Tropics), Hyderabad, India: ECU 1 900 000.
Research here is into products from the semi-arid tropics in 50 countries of Africa, Asia, Latin America and Australasia — for example, sorghum, millet and chick peas.

— IRRI (International Rice Research Institute), Manila, Philippines: ECU 1 900 000.
IRRI researches varieties of rice, the preparation of the soil and the socio-economic aspects of new technology.

— ISNAR (International Service for National Agricultural Research), The Hague, Netherlands: ECU 500 000.
This establishment helps developing countries to improve the efficiency of their research through better organisation and management.

— CIMMYT (Centro International de Mejoramento de Maiz y Trigo), Mexico: ECU 1 700 000.
As its name suggests, CIMMYT specialises in research into improving varieties of maize and wheat.

EC-TURKEY

Two financial agreements signed

Mr Abel Matutes, Member of the Commission with special responsibility for Mediterranean Policy, and Mr Safa Giray, Turkish Minister of Foreign Affairs, have signed the agreements for financing two Community/Turkey cooperation projects.

Community funding will amount to ECU 5 400 000, on a grant basis. The projects will deal with vocational training in tourism and coal-mining. Under the first project a centre will be set up at Istanbul capable of training 360 professional people annually, for technical and financial management in tourism to a standard similar to that in other tourist countries. Under the other project, a training programme will be set up to prepare young mechanics, electricians and metal workers to enter the Turkish coal industry.

The signature of these two financial agreements is the last stage in the implementation of the ECU 75 million Special Assistance Programme adopted in 1980.

PHARE

1990 Report and mid-term aid review with Central and Eastern European partners

The Commission has sent to the Council and Parliament, the annual report on the implementation of economic aid to the countries of Central and Eastern Europe. The report covers the period ending 31 December 1990.

The report gives a detailed breakdown of the use made of the ECU 500 million granted to finance projects in Poland, Hungary, Czechoslovakia, the former GDR, Bulgaria and Yugoslavia, the six countries eligible for such aid last year.

This year, the Community has budgeted ECU 785 million for PHARE, which now covers Romania in addition to last year's six recipients.

The Commission has convened a ministerial meeting with the Central and Eastern European partners for 30 September and 1 October with the aim of conducting a mid-term review of the use made of this aid instrument.

It will be an opportunity to study aid already granted, to assess future needs and to discuss both the economic and political situation and the implementation of reforms in the countries concerned.

EC-USSR

Setting-up of an ECU 10 000 000 Fund for a technical assistance programme

The Commission has decided to grant an initial sum of ECU 10 000 000 to set up a multidisciplinary technical assistance fund as part of the technical assistance programme for the USSR adopted at the Rome Summit in December last year, which provides for overall support of ECU 400 million in 1991.

This decision should enable the drawing up of sectoral projects which, in accordance with the indicative programme signed by the Community and the USSR in August, will cover:

— public and private-sector management training,

— foodstuffs distribution,

— financial services,

— transport,

— energy.

This initial funding is intended:

— to ensure prompt and effective use of aid by making it possible to carry out immediately essential tasks connected with the preparation and implementation of the technical assistance programme as a whole and individual projects;

— to response flexibly and swiftly to the urgent need which has emerged in the USSR for small-scale training schemes as a result of the country's efforts to improve the requisite professional know-how and skills in specific areas which link up with the priorities of the indicative programme;

— to increase the Commission's capacity to deal adequately and promptly with the urgent problems affecting the USSR.

In addition, this measure will make a direct contribution to the process of economic restructuring under way in the Soviet Union and help increase its ability to manage Community-backed operations.

Mr Andriessen, Vice-President of the Commission, will be visiting the Soviet Union from 8 to 12 September when he will meet the relevant authorities, primarily to work out the coordination for technical assistance in the light of recent events.

Implementation of Community aid to the USSR

Technical assistance

Implementation of the indicative programme of Community technical assistance for 1991, which was signed on 2 August, has not yet started. The programme provides for a ECU 400 million package that forms part of the aid for the Soviet Union decided at the Rome European Council in December.

Food aid (ECU 250 million)

Implementation started in June.

Contracts for most (approximately 80%) of the proposed quantities of food aid have been awarded and transport contracts have been signed. But of these quantities, only a small proportion, mostly infant foods and milk powder, have been delivered.

Credit guarantee (ECU 500 million)

The contract between the Community and financial institutions to guarantee credit for the export of Community agricultural and food products to the Soviet Union has not yet been signed.

UNCTAD

UNCTAD VIII
– an opportunity for new political approaches –

Kenneth Dadzie, UNCTAD Secretary-General, has just produced his report for UNCTAD VIII, the eighth UN Conference on Trade and Development, scheduled for Cartagena de Indias (Colombia), on 8-25 February 1992. It deals with speeding up development and the aims of national and international policies in the 1990s and it calls on developed and developing countries alike to grasp the opportunity of UNCTAD VIII to devise innovative political approaches.

The scope, structure and subject matter of the Dadzie report reflect the agenda which the governments have adopted for the Conference, the guiding principle of which is better national and international action and multilateral cooperation for a healthy, reliable and fair world economy. It discusses the national and international dimension of development and the question of making development last — a theme running through the report and studied in its many ramifications. It emphasises the democratisation of political structures, the importance of proper respect for human rights, be they economic, civil or political, in the development process and the fact that harmonious development of the world economy is an important factor of peace and stability.

Part one, on trends in the world economy in the early 1990s (change and stagnation), looks at what is at stake, what changed, and what has been inherited from the 1980s. Elements of analysis and assessment are provided and an attempt is made to reveal both the consequences of the problems and the potential of long-term structural changes when it comes to lasting development and expanding international trade in an interdependent world economy.

Part two, containing the main guidelines, covers market forces, government action, proper management and trends in the economic policy framework. It looks at policies likely to speed up development — the background for an investigation of the new and so far controversial notion in UNCTAD of 'sound management' and particularly the role of market forces and government action in promoting development.

Part three tackles political questions in the interdependent fields of development resources, international trade, technology, services and commodities from the point of view of desirable national and international policies and in the light of the aims of lasting development and sound management.

Separate regional meetings have been run at intergovernmental level over the past few months — the group of Latin American countries went to Caracas (Venezuela), the Asians to Pyongyang (Korea) and the Africans to Lusaka (Zambia).

These events were preceded by informal meetings where various development operators were invited to think about items on the UNCTAD VIII agenda. Meetings such as the round table on international commodity policies in Moscow in May and the second session on trade and the environment in Oslo (Norway) in February brought out new ideas and fresh prospects to help both governments and the UNCTAD Secretariat to come up with an analytical report containing a detailed examination of the main problems for the eighth Conference.

EUROPEAN COMMUNITY

Extract from a speech by Sir Leon Brittan on the enlargement of the EEC

CEC

Sir Leon Brittan, Vice-President of the Commission of the European Communities, in charge of Competition and Financial Institutions

Vice-President of the Commission, Sir Leon Brittan, recently delivered a speech to the Central Chamber of Commerce of Finland on the EC's enlargement. Here are some extracts:

'When the two inter-Governmental Conferences conclude, at the end of this year, it will be possible to focus more clearly on the question of Community enlargement because applicants will have a clearer idea of what their commitments would be within the European Community.

The EC has already received several applications for membership; and a number of other countries, from the Balkans to the Baltic, and even further north, have made no secret of the possibility that they might apply in due course.

The Community has grown increasingly outward-looking. There can be no question of turning away applicants provided they are economically, politically and geographically suited for membership, and provided that they are willing and able to take on the full obligations involved.

The Treaty of Rome, indeed, requires the Community to take this approach. Article 237 states clearly that 'any European state may apply' for membership, and the whole Treaty is founded upon a determination 'to lay the foundation of an ever closer union among the peoples of Europe'. The signatories explicitly call, and I quote, 'upon other peoples of Europe who share their ideal to join in their efforts'. The Community cannot begin negotiations with potential new members until after decisions have been reached at the present Inter-Governmental Conferences and after the Single Market comes fully into effect at the end of next year. Thereafter, however, negotiations can begin, and I have no doubt that the Community will quickly expand.

Strenuous obligations of EC membership

Community membership, however, involves extremely strenuous obligations which need to be carefully considered by those contemplating membership.

When Britain joined the EC in the early 1970s few, I think, had really understood the political and legal import of the step which was being taken. Consider, for example, the fact that Community law takes primacy over national law. This can have consequences which are hard for a fiercely independent country to accept. In a recent case, the British Parliament passed an Act designed to prevent fishermen from other Member States, and notably Spain, from undermining the system of fishing quotas by registering their fishing-boats in the UK, though they landed their catches elsewhere. The Act was intended to close a loophole in an agreed Community policy, yet it was clumsily drafted, and undeniably discriminatory. In consequence, the British Law was recently struck down by the European Court. As simple as that.

If the obligations of Community membership were onerous when the UK joined in the early 1970s, they have become even greater in the intervening years. And the current Inter-Governmental Conferences will push up the stakes even higher. In the case of Finland, for example, membership would require very large reductions in agricultural support, especially if the Common Agricultural Policy is reformed as I hope and expect. The Community's commitment to free movement of people and its early attempts to begin coordinating immigration policy at a Community level could require drastic amendment of your current laws in this area. And so on.

Community membership, then, is a momentous step for any country. But nor do I want to over-estimate the problems. Too much, I suspect, has been made of neutrality as a potential obstacle to membership. Neutrality is a concept which needs to be reassessed in any case in the new Europe, taking account of the new climate of East/West cooperation, and the continuing development of CSCE which was signed in this very hall in 1975. I suspect that the arrangements eventually devised for a Common Foreign and Security Policy will have the flexibility to cope with a wide range of different circumstances.

Overall, I expect the Community to expand, as I have said, and I wholeheartedly welcome the prospect. Previous accessions have served to galvanise the European Community. By contrast, it has been least effective when it has turned in upon itself.

Equally, however, the Community must be clear — as it has perhaps not been clear enough when previous accessions took place — that it must be taken as it is found. Concessions to new members must not put the Community's achievements at risk. The Community's whole strength resides in the fact that it is so much more than an inter-governmental organisation. If it is to retain its particular character as it takes on new members, it must refuse to compromise its supranational powers: indeed it will almost certainly need to adapt and strengthen its distinctive institutions if it is to retain its dynamism as a much larger organisation.

Special relationships with the Community

Because Community membership is such a big step, it is not surprising that attempts have been made to find mutually beneficial relationships falling short of full membership.

The negotiations over the establishment of a European Economic Area are the most elaborate experiment of this kind to date, and they have demonstrated the very great difficulty of the endeavour. On the one hand, it is hardly surprising that the EFTA countries, now under Finland's able chairmanship, have argued that they must have a real say in future decisions which will govern their economic environment. On the other, it is natural that EC members resist any dilution of their powers and prerogatives in favour of countries which, by definition, as far as *these* negotiations are concerned, do not wish to take on the full obligations of membership.

The negotiations have been hard, but they are now nearing their conclusion, and I very much hope that they will succeed.

The other major experiment in privileged relationships falling short of EC membership is the negotiation of so-called Europe Agreements with a number of emerging democracies in Central and Eastern Europe. These Agreements go far beyond anything attempted in traditional Trade and Cooperation Agreements. They include, for example, economic, scientific and cultural cooperation, and frameworks for regular high-level political exchanges. Through these agreements; through more generous trade access provisions which will, I hope, be decided soon by the Community's Council of Ministers; and through the Community coordination of assistance programmes to these countries on behalf of the whole of OECD, the European Community wants to encourage and accelerate the process of transition in Central and Eastern Europe to stable and prosperous free market democracies.

Conclusion

The European Community has shown how the advantages of nation states can be preserved while overcoming the disadvantages and strident nationalism which have caused so many wars, and so much bitterness over the centuries. As old national, regional and ethnic tensions begin to resurface in the former Soviet Union, after years of suppression, it may be that the Community offers a model which will have relevance for those countries, too.

Max Jakobson ended his excellent book *Finland: Myth and Reality*, with the words: 'There is no alternative to integration; but neither is there an alternative to the nation state. The contradiction cannot be resolved: we must live with it'.

I agree with the first half of that proposition: there is no alternative to integration or to the nation state. But the European Community has done better than merely to live with the contradiction. It has channelled it into a unique and successful construction.

FISHERIES

'Illegal fishing must end' says Vice-President Marin

Mr Manuel Marin, Vice-President of the European Commission responsible for fisheries policy and development cooperation, addressed the international Ministerial Conference, held in La Toja (Spain) on 9-10 September 1991, on the theme of world fisheries in the 1990s.

In his address, Vice-President Marin stressed the priorities of EC fisheries policy in the 1990s:

'Firstly, the need to conserve fishery resources to enable them to be exploited adequately on a long-term basis.

The conservation and management of resources must form the core of Community fisheries policy. We must protect fish today to protect the livelihood of fishermen tomorrow.

Secondly, the need for structural readjustments, accompanied by financial assistance to reduce the fishing fleet in line with available resources. The Community will have to cut the overcapacity of its fleet in Community waters, whilst at the same time taking account of the needs of those regions which are heavily dependent on fishing.

Thirdly, the need to reach agreements on the organisation of markets and marketing which provide the necessary support to Community producers.

Finally, the need to secure and develop access to fishing grounds outside the Community fishing zone to help reduce trade deficits'.

Mr Marin also stressed the need for a new generation of fisheries agreements between the EC and third countries:

'The new fisheries agreements must form an essential part of our common fisheries policy as well as an instrument for the promotion of our cooperation policy.

We can therefore talk of a *second generation* of fisheries agreements which vary in certain respects from previous agreements.

Externally the agreements could and should change in line with the economic development of those countries offering fishing opportunities. Internally, the agreements should increase the co-responsibility of those enterprises benefiting from the exploitation of resources in the waters of third countries.

The main aim would be to increase the effectiveness and appeal of agreements which are vital for the future of the Community fishing industry'.

Speaking to the 40 national delegations and to the international press, Vice-President Marin forcefully stated the need to end all illegal fishing in the international waters:

'Illegal fishing must end in all the seas, because that is a necessary pre-condition for the establishment of a reliable control and surveillance of fishing activities throughout the world. All coastal countries, international organisations and interested parties should cooperate in this field'.

EXPO '92 – SEVILLE

European HDTV on show in all the pavilions of the Avenue de l'Europe

Presenting European HDTV (high definition television) to the widest possible audience at the Seville Universal Exhibition in 1992, is the objective of an ambitious project put forward by the Commission, at the initiative of Mr Jean Dondelinger, Member responsible for audiovisual and cultural affairs, and adopted at Seville on 27 September by the Member States' Commissioners-General responsible for the exhibition.

'The project', as Mr Dondelinger put it after the meeting, 'will help to give practical form to the policy decision taken by the Council of the Communities to promote the European HDTV standard throughout the Community and with the assistance of the Community.'

Concerted action by all those concerned, but especially the Member States, manufacturers, producers and broadcasters, Retevision and Expo '92, will ensure that HDTV is present in all the pavilions in the Avenue de l'Europe. This will be a first-time achievement in Europe and indeed in the world, for tomorrow's television, whether it follows the European or the Japanese standard, has never been presented in the form of an integrated project reaching such a large audience for such a long time. The Community pavilion alone is expecting more than 2 million visitors in the exhibitions's six months.

Television material will be produced using the new standard at the Exhibition site itself and broadcast through a network linking the thirteen pavilions; those who wish to do so will be able to see HDTV images via HD-MAC optical readers and HD projectors. Among other things, as soon as the Exhibition opens on 20 April 1992, this European network will be showing the video film 'Europe rediscovered — the return of Colombus', produced according to the European high definition standard by the Commission.

Like the Winter Olympics at Albertville and the Olympics at Barcelona, the Seville Universal Exhibition will both be a source of spectacular images and provide a show-case where Europe's HDTV capacity can be revealed to the world.

POLITICAL COOPERATION

Joint declaration on the Baltic States

The Ministers of Foreign Affairs of the Member States of the European Community, representatives of the Commission and the Ministers of Foreign Affairs of the Republics of Estonia, Latvia and Lithuania met in Brussels on 6 September 1991 to mark the restoration of the sovereignty and independence of the Baltic States.

On this festive occasion, the EG representatives warmly congratulated their Baltic colleagues on the resumption of their rightful place in the international community. They regarded their meetings as a seal on the establishment of diplomatic relations with them. They also stressed the willingness of the European Community as such to establish diplomatic relations with the three Baltic States. The EC Ministers expressed their readiness to help the Baltic States become members of all relevant international organisations at the earliest possible date.

The Community foreign ministers and Commission representatives reiterated their willingness to explore together with the three Baltic States, all avenues to assist them in their democratic and economic development. They stated their readiness to see the Baltic States participate in the Group of 24 and benefit from the European Community's Phare Programme. The Commission will have early discussions with the authorities of the Baltic States about the conclusion of trade and economic cooperation agreements with the Community.

The Foreign Ministers of the Baltic States declared the commitment of their countries to democracy based on the respect for human rights and the rule of law and to a market-oriented economy, social justice and environmental responsibility, together with the other principles contained in the CSCE Helsinki Final Act and Paris Charter. They pledged that their countries, in their efforts to liberate themselves from the legacy of the past, would strive to settle all outstanding issues in a process of open and constructive dialogue, mindful of the need for future cooperation between all States in Europe.

Declaration on Yugoslavia

The European Community and its Member States remain committed to a successful outcome of the Conference on Yugoslavia. They call on all Yugoslav parties to share this commitment with them. They acknowledge Lord Carrington's invaluable contribution both in chairing the Conference and in bringing about a new cease-fire agreement.

The Community and its Member States have long recognised that a new situation exists in Yugoslavia. They consider it self-evident that this calls for new relationships and structures. They reiterate that it is entirely up to all people living in Yugoslavia to determine their own future. The Community and its Member States will accept any outcome that is the result of negotiations conducted in good faith.

It is the fervent hope of the Community and its Member States that any negotiated settlement will be of a comprehensive nature and will contribute to the security and prosperity of all the peoples of the Balkans and of Europe as a whole.

The Community and its Member States wish to reiterate the basic principles to which they have subscribed from the very beginning:

— the unacceptability of the use of force;

— the unacceptability of any change of borders by force, which they are determined not to recognise;

— respect for the rights of all who live in Yugoslavia, including minorities;

— the need to take account of all legitimate concerns and aspirations.

The Community and its Member States welcome the cease-fire agreement concluded at Igalo in the presence of Lord Carrington on 17 September 1991. They have taken note, however, of the joint statement by Lord Carrington and the Presidents of Croatia and Serbia and the Minister of National Defence to the effect that the Igalo agreement constituted the last chance for a de-escalation and a cessation of actual warfare, without which there could be no meaningful negotiation on the future of the peoples concerned.

The Community and its Member States call on all parties concerned to refrain from any political or military action which might undermine the Conference on Yugoslavia. The continuing violence in particular puts the continuation of the Conference at risk.

The Community and its Member States regret that the EC monitoring mission is no longer able to perform its task in full. They therefore welcome the fact that the WEU is exploring ways in which the activities of the monitors could be supported so as to make their work a more effective contribution to the peacekeeping effort. It is their understanding that no military intervention is contemplated and that, before a reinforced monitoring mission is established, a cease-fire would have to be agreed with a prospect of holding, and that all Yugoslav parties would have to have expressed their agreement.

The Community and its Member States would wish to have the opportunity to examine and endorse the conclusions of the study. They also intend to seek the support of the nations of the CSCE and, through the UN Security Council, the international community as a whole.

Statement on Zaire

The Community and its Member States are deeply concerned about the critical situation in Zaire. They deplore the course of events and launch an urgent appeal to restore peace and security in the country. The Community and its Member States are convinced that political initiatives designed to bring about democracy are the only way to satisfy the aspirations of the people. They therefore urge both the Government and all political and social forces to do their utmost to reach an agreement on the political future of Zaire, in which the rule of law, the organisation of free elections and respect for human rights are guaranteed.

The Community and its Member States also stress the importance of overcoming the social and economic impasse in order to improve the deteriorated living conditions of the people of Zaire.

Statement on the Middle East peace process

The Community and its Member States reaffirm their full support for the Middle East peace initiative promoted by the United States and the USSR. They welcome the agreement in principle of all parties to the dispute to the approach proposed by the US Secretary of States Mr Baker. In this respect they also welcome the positive attitude of the Palestine National Council. They hope that this emerging consensus will open the way to an early resolution of the problem of an authentic Palestinian representation. They do not believe that any formula on this issue can be held to prejudice negotiations on substantive issues such as the status of Jerusalem.

The Community and its Member States continue to attach importance to the adoption by both sides of confidence-building measures designed to create the right climate for successful negotiations. They underline the importance they attach to a suspension of Israeli settlement activity in the Occupied Territories including East Jerusalem, and welcome the willingness of Arab States to freeze the trade boycott of Israel in return for this.

They reaffirm their strong disapproval of the 'Zionism is Racism' Resolution passed by the United Nations General Assembly which they believe should be consigned to oblivion.

While reaffirming their well-known positions of principle, the Community and its Member States confirm their determination to give all possible support to efforts to convene a Middle East Peace Conference and their determination to play an active role as a full participant in such a Conference alongside the co-sponsors.

They believe that an unprecedented opportunity to create peace between Israel and the Arabs now exists and they call on all parties to show the flexibility and imagination necessary to grasp this.

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INDUSTRIAL OPPORTUNITIES

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ACHIEVING AN IMPACT

CDI SETS UP THE WAYS AND MEANS

As the Fourth Lomé Convention comes into force, a remodelled CDI has set itself the objective of achieving a real impact on ACP industrialization. It is a particularly courageous objective set against the unfavourable context of most African countries, which make up most of the ACP. In order to achieve it CDI needs the means as well as the will.

"In the past, CDI based its policies on generous ideas applied without an overall strategy. A too great isolation, a dispersion of effort and the centralization of activity from Brussels led automatically to a loss of effectiveness" - explains Paul Frix, CDI Director for the past year. "Nevertheless, I am convinced that if CDI did not exist it would be necessary to invent it. In fact its mission is essential for the future of ACP countries. The experience gained and the financial means directly or indirectly at its disposal are far from negligible. And its mixed ACP and European structure is unique of its kind. We have to make maximum use of these fundamental advantages to optimize results."

In perfect harmony with the new Lomé Convention, CDI's managers have defined three basic strategic axes: to increase the Centre's ability to respond, to end its isolation and to decentralize its workings.

THREE STRATEGIC AXES

A reinforced ACP network able to respond effectively is the first prop of a strengthened CDI. There is a determination to operate as much as possible on the spot, instead of everything stemming from the Centre's Brussels headquarters. Paul Frix says: "We want to reinforce our local antennae, select new ones and, if necessary, create more. In time we want them to become real local 'mini-CDIs' with wide freedom of action and backed by active support from the Centre's headquarters, whose role would also include regularly assessing the results."

The second prop is synergy in the field both of financing and of industrial partnership. Investment is the role of the financing institutions and not of CDI. On the other hand, thanks to the central part that the Centre plays in setting-up and starting-up projects, it is well placed to mobilize the maximum of available resources. That is why in future the Centre will work in very close collaboration with the international financing institutions (European Development Fund, European Investment Bank, African Development Bank etc.) In the field of industrial partnership, CDI's ambition is to identify and motivate potential European partners among firms that have not yet worked with ACP countries.

The third prop strengthening CDI is the reinforcement of the Centre's presence on the ground throughout Europe. Its policy of working agreements with national and regional institutions throughout the EC will be intensified. More than twenty such cooperation agreements already exist. More will follow.

TWO CONDITIONS FOR SUCCESS

Two conditions must be fulfilled if the three axes are to support the weight of their task. The first is the will to work together of all the CDI staff, who have taken part in remodelling CDI with the new directors. The second condition is that in future activities will be concentrated on those countries which have put in place or will put in place effective support for their industrial sectors in their National Indicative Programmes. This condition is essential if the efforts of CDI and its local antennae are to be fully effective.

A year after Paul Frix, CDI's new Director, and Surendra Sharma, Deputy Director, took over the reins, initial results are positive. The new structure is in place, headed by responsible and motivated heads of divisions. The quality of interventions is constantly improving thanks to greater selectivity and greater depth of awareness of local conditions in ACP countries and technological capabilities available in Europe. The work of the new divisions is made more effective by supple coordinating procedures. Last but not least, CDI is adding twenty members to its staff to reinforce its geographical and sectoral structures. The extraordinary number of applications for the new posts, almost 3,000, demonstrate that CDI's new strategy and will to succeed are clearly perceived from the outside.

"Our ultimate objective - explains Paul Frix - is to make CDI into a real ACP and European multinational supporting private enterprise. This ambitious objective, which takes its lead directly from Lomé IV, will not be achieved in a day. The bases have been laid and the will to succeed is great. It's up to us to convince our ACP and European opposite numbers of the rightness of our objectives and to proceed by stages, testing our new approach first in a small number of ACP countries and then extending it to all the countries affected by the Lomé Convention."

Continued on page 2

Continued from page 1

A FLEXIBLE, EFFICIENT STRUCTURE

CDI's new organizational structure is designed to promote fast, effective results in responding to the industrialization needs of ACP states.

After a period of deep reflection by everyone working at CDI, a new structure was evolved for the headquarters and in the field. This new structure, with the Executive Board and the general management still at its head, now consists of three divisions: the Administration Division, The Projects and ACP Network Division and the Interventions and EC Network Division. This restructuring goes hand in hand with a restructuring of the budget aimed at making better use of the funds available. At the same time CDI has developed an approach based on ensuring the viability of projects instead of a multitude of ad hoc and unrelated interventions of which the impact has been difficult to measure.

If the mission of the Administration Division is as conventional as it is indispensable, the missions of the other two are completely new, in the spirit of the "new" CDI. The best way of explaining how they work is to follow the progress of a project.

HOW PROJECTS ARE PROGRESSED

To begin, take an ACP entrepreneur with a project. The project is presented to CDI's local antenna or correspondent organization. Reinforced and better equipped, they will be more able to assess the validity of the project and to carry out a preliminary screening, permitting a more rigorous selection than was previously the case and that takes into account the local industrial context and priorities.

Once it has passed the local antenna's screening procedure, the project arrives at CDI's Projects and ACP Network Division where it is examined in its geographical context. If the project passes this stage it is handed over to the Interventions and EC Network Division, where it is studied by four departments: Technical Resources and Markets, Partnerships, Financing and Cooperation Agreements.

Together in a steering committee, the two Divisions reach their joint conclusion. If it is favourable, the project is then presented to the Directorate and a decision is made based on substantial preliminary studies and analyses. As the screening process is severe, the Directorate is able to minimize wasting time with unviable projects. Furthermore, decision-making is facilitated by systematic and standardized project presentation.

The decision to grant the assistance requested does not close the file. On the contrary, CDI positions itself more than ever as a genuine partner of ACP and European industrialists. Each department of each Division re-examines the project to see how it can give its maximum support. Thus, for example, the Partnership Department of the Interventions and EC Network Division examines all the possible forms of partnership. In the same spirit, the Financing Department endeavours to explore all the possibilities in order to give the project an optimum chance of success. As for the Projects and ACP Network Division, it remains in permanent contact with the local promoter, backing him up throughout the realization of the project.

COLLABORATION

All these activities are only valid if they are coordinated. While the divisions have their own clearly defined missions they are also constantly in contact with each other to the degree that collaboration is second nature. Speed is generated by the standard procedures now in place for projects arriving at CDI. Finally, efficiency is based on a close match between the skill of CDI staff and the tasks they have to fulfill. The recruitment of additional staff follows the same criterion.

This new approach allows CDI to deal with an average of 130 projects simultaneously. As well as projects in the process of evaluation and execution, the Centre is also finalizing a portfolio of new, various and worthwhile projects coming both from the ACP and Europe. This is where CDI can best fulfill its role of interface between partners, completely independently but competently while tightening its links of complementarity with the European Investment Bank, the European Development Fund and the local and regional institutions in the ACP countries. ◆

THREE EXAMPLES OF COOPERATION

Three new examples of cooperation illustrate particularly well CDI's current evolution. They are agreements are with the West African Development Bank (BOAD) and the Rehabilitation Advisory Service (RAS) in Kenya and the cooperation begun with the Regional Development Company of the Congo basin (SDR).

THE BOAD AGREEMENT

The West African Development Bank is active in Togo, Benin, Senegal, Côte d'Ivoire, Niger, Mali and Burkina Faso. Until now its interventions were mainly concerned with infrastructure and public sector enterprises.

Thanks to the agreement with CDI, the Bank will benefit from the assistance of CDI in the structuring of its new department for assistance to the private sector.

CDI will collaborate closely and systematically in evaluating and supplying technical assistance to industrial enterprises financed by the bank.

The areas of cooperation are firstly co-financing feasibility studies for rehabilitation projects, secondly technical assistance for start-up of new enterprises or training and re-structuring assistance for existing enterprises and thirdly searching for technologies and partners in Europe.

At this moment, a CDI expert is working with the Bank, studying its pipeline of projects and evaluating requests for assistance. (See also Industrial Opportunities number 80.)

THE RAS AGREEMENT

RAS was created by the German Development Finance Company (DEG) and two local financial institutions to assist the rehabilitation of enterprises. The agreement will allow it to benefit from CDI co-financing for about twelve projects. CDI plans to use RAS more and more as a privileged local antenna and to obtain an observer seat on the institution's board (See also Industrial Opportunities number 80.)

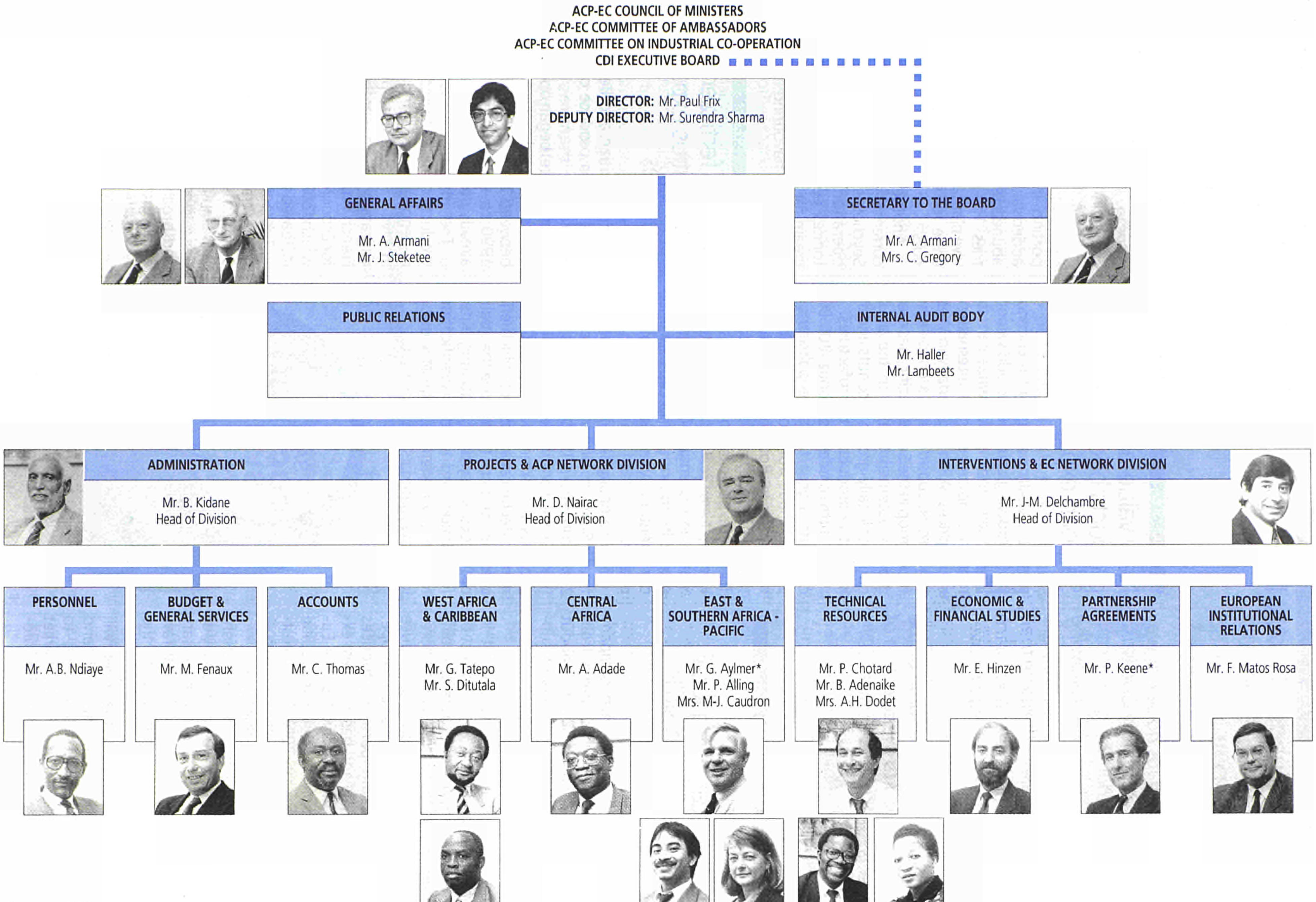
COOPERATION WITH THE SDR

This third example of cooperation is in conjunction with the Walloon Region of Belgium.

CDI will help the new institution to effectively combine financial and technical assistance to enterprises in this region of the Congo.

Here too, CDI will be on the board of the institution in order to be able better to observe the progress and the quality of management and to bring the support of CDI's European network in carrying out projects.

ORGANIZATION CHART SHOWING CDI'S NEW STRUCTURE



* Deputy Head of Division

There is perhaps no better way of demonstrating how CDI assistance works than by giving concrete examples. The following briefly summarized case histories provide a sample of the more than 400 interventions that take place throughout the ACP regions over the course of a year.

They also illustrate some of the criteria applied to the selection of projects for assistance under CDI's current strategy.

A new export for Madagascar using local raw material and skills

A Belgian and a French company import basket work, mainly from China. Each commands about 15% of the market for basketwork supplied to florists in their respective country.

Given the state of development in Madagascar and the quality and cost of manpower, they decided to create a joint venture with a Madagascan manufacturer of artisanal products in order to produce their own basket work for sale in Europe. Their Madagascan partner produces artisanal products and has won best exporter awards in 1987 and 88. The Europeans are supplying 70% of the capital and the Madagascan 30%. Total investment in the project will reach Ecu 2 million at the end of its third year.

CDI is co-financing a pilot operation, needed in order to evaluate the ability of the work force to learn the necessary techniques, the suitability of local raw materials and the acceptance of the products in the markets.

When fully operational the project will add value to local raw materials and provide 80 permanent jobs, rising to almost 600 in the longer term. The market for the products is assured by the European partners. ◆

New value-added coconut products boost Western Samoan exports

It is vitally necessary for coconut-growing countries to add value to their crops above what can currently be obtained from international copra prices. A small company in Western Samoa, subsidiary of a major agro-food group in the South Pacific, has great growth potential thanks to the abundance of locally-grown coconuts and the innovative products it manufactures.

The firm processes about 200,000 coconuts a year to make palusami, a preserve made from coconut cream and coconut syrup. Both ingredients are extracted from the flesh of fresh coconuts. The firm exports its product to Australia, Hawaii, New Zealand and the United States and is engaged in a project to extend its coconut syrup capacity in order to enter new markets, mainly European.

The company is a joint venture between Samoan, United States and New Zealand investors. The Development Bank (DBWS) has contributed financially and supports the extension project. CDI financed technical assistance which enabled the company to improve the quality of its coconut syrup by adopting a new formulation and stricter specifications for the raw materials. A greater use of local raw materials was achieved.

The firm's main clients increased their orders after sampling the improved product and European importers have shown interest.

The assistance was part of an overall CDI programme which is aimed at supporting innovative ideas to maximize added value from coconuts, which are an abundant resource in several ACP countries. The programme is expected to revive plantations by providing greater revenue for growing and collecting coconuts.

Another example of the programme is currently at the start-up phase in the Seychelles. This again is a small-scale operation designed to produce 200 tonnes per year of pure UHT coconut cream for export to food industries as a ready-made flavouring ingredient. ◆

Organic fertilizer producer in Mauritius expands and diversifies

A Mauritian and Belgian joint venture to produce organic fertilizer from manure using worms (lumbriculture) began operating in 1988. CDI co-financed a mission to Mauritius between December 1989 and January 1990 to consolidate and develop the already profitable enterprise.

The mission resulted in improved production methods and packaging, the re-negotiation of a distribution agreement in favour of the enterprise and the finalization of an agreement with the French Promotion and Equity Company for Economic Development (PROPARCO) which took a participation of 30% in the increased capital of the company.

The possibility of export and/or technology transfer to Madagascar and Reunion was investigated with promising results in the latter. Plans for diversification into compost made from brushwood and organically fertilized fruit and vegetable growing were also drawn up, for which the company subsequently obtained a concession of about five hectares of land. CDI then assisted the training in compost production in Belgium of three Mauritian technicians, in preparation for the diversification programme taking place in 1991. ◆

Long-term assistance and project management help Jamaican company to diversify and export.

In early 1986 a Jamaican school supplies manufacturing company requested CDI for assistance in identifying European companies interested in a joint venture to manufacture wax crayons for the local market and for export. Existing products on the market in the Caribbean Region were high cost imports from the United States and Britain.

After identifying a selection of companies, CDI then assessed them, recommended a partner and assisted the Jamaican company's chairman to visit Europe for negotiations.

CDI's next intervention came in 1988 when they assisted a market study which revealed excellent opportunities for the product both on the Jamaican home market and in other markets of the Region

Both the Jamaican company and their European partner were small enterprises with management too stretched to devote enough time to ensuring the success of the project, however promising. Accordingly CDI provided project management assistance including the recruitment of management for the venture, supervision of procurement, training, product labelling, packaging and marketing, distribution and start-up.

This case history illustrates CDI's policy of providing in-depth assistance over an extended period for projects where a real opportunity is combined with the promoter's will to succeed.◆

First polyester fibre plant in Nigeria

A new, highly sophisticated plant for the production of polyester staple fibre for the local spinning industry became operational at the end of 1990. Ecu 15 million was invested in the plant, which has a production capacity of 15 tonnes a day in a continuous process involving three shifts. Annual turnover is Ecu 15 million and 200 jobs have been created.

The raw material is imported from the EC and locally added value is 33%. In the future locally added value will be 100% when the country's petrochemical industry starts its envisaged production of polyester.

CDI sponsored an eight week training programme for key technical staff, carried out by the German equipment supplier's own technicians.

Due to a large unsatisfied demand and the immediate success of the plant both in terms of productivity and quality of the fibre, it has been decided to increase the capacity to 30 tonnes a day by the end of 1991. This expansion will require an additional investment of Ecu 4 million.

Further assistance has been requested from CDI for training in quality control and maintenance.

The benefits of this project include immediate import substitution, added value and linkage with the textile industry. There is potential for expansion and further linkage using local raw material, achieving 100% added value. A successful start-up and a high quality product was assured by training financed by CDI.◆

School chalks in Gabon, a lesson in assistance from A to Z

In response to a request by a Gabonese company, CDI identified and introduced several potential European chalk-making partners offering an appropriate level of technology and investment required. The project was supported by the Investment Promotion Agency of Gabon, who carried out the feasibility study.

The Gabonese company selected a Belgian technical partner identified by CDI. Given the relatively small investment required, about Ecu 115,000, the capital was supplied entirely by Gabonese shareholders. However, CDI, together with PROMOGABON, assisted as a neutral party in the negotiations for the supply of equipment and technical assistance. As well as adequate staff training, the Belgian partner agreed to provide general technical assistance, including passing on technological improvements, for two years after start-up. It also agreed to supply raw materials and components to the Gabonese company in order to obtain better prices and quality than could be got if they were ordered directly from Gabon.

Finally, CDI's co-financing of training and technology transfer completed the series of interventions which have assisted the realization of the project from A to Z.◆

Locally produced rubber patches and tyre repair save foreign currency in Zambia

In 1989 a Zambian importer and distributor of maintenance products was assisted by CDI in identifying a German partner for the local production of rubber patches for repairing tyre inner tubes. CDI also contributed to the promoter's travel costs and assisted in negotiations between the partners.

CDI played a significant role in persuading the German partner to become involved in a project which at first appeared marginal to him.

The size of the Zambian market and export potential to neighbouring states did not add up to a large enough potential volume to justify the investment required for a fully integrated plant. However, the partners agreed on a realistic investment in equipment to produce local added value of about 40%.

The project risked foundering when the allocation of foreign exchange made available to import material from Germany was much smaller than needed. CDI prepared an explanatory note on the project, its economic impact and the foreign currency it would save. The promoter discussed this note with the Bank of Zambia to good effect and the interest of the German partner was retained.

Early in 1990 the promoter received his first export order from Zimbabwe, worth over Ecu 81,000. He then decided to embark upon a logical extension of the project by the establishment of repair centres for damaged tyres. To convince both customers and the authorities or the desirability of this, CDI assisted a three week demonstration programme in several towns in Zambia.

These demonstrations were so successful that it is expected that foreign currency will be made available to import materials and tools for eight strategically located tyre repair centres. Further CDI assistance may be given for training local technicians.

For a total investment of about Ecu 600,000 the potential foreign exchange saving is Ecu 25 million a year or more. The enterprise provides work for 185 people.

In addition to the saving of foreign currency, noteworthy benefits of this project are the spread of technical knowledge throughout the country and its high potential for expansion.◆

Seven Trinidad and Tobago companies ready to seize non-metal mineral opportunity

To reduce imports both of raw materials and finished goods and to generate products for export, the government of Trinidad and Tobago aims to develop the non-metal mineral sector. An initial CDI-assisted study by CARIRI (Caribbean Industrial Research Organization), CDI's antenna organization in T & T, identified refractory bricks, glass and ceramic tableware, pottery, abrasive materials and lime and its by-products as potential areas for exploitation. Many European companies were contacted, a number expressed positive interest and project areas were identified. (See Industrial Opportunities issue 77.)

A BLUEPRINT FOR DEVELOPMENT

Two diagnostic visits, sponsored by CDI and organized by local consultant George Braithwaite, were made by Dr. Jan Baeyens of the University of Leuven, Belgium. They focussed on the potential for development of abrasive sands, limestone products, refractive bricks and pozzolan cements. Seven suitable local companies were identified and requests for intervention substantiated. The interventions requested included market studies (3), feasibility studies (2), identification of equipment suppliers (5), diagnostic studies (2) assistance in solving production problems (2) training (4) and travel assistance (1).

In addition, the expert proposed an implementation plan to the government, for developing the sector under review.

WELL-TARGETED SECTORIAL ASSISTANCE

The requests for assistance are currently under review. They will be the next stage of a coherent approach to a sector which the Trinidad & Tobago government has identified as an economic priority. CDI's involvement is long-term, dating from its initial assistance to CARIRI through the plan for private development of the sector to well-substantiated assistance to the local firms involved. The forecast investment required by the seven local companies initially involved is Ecu 3.7 million. The expected supplementary turnover is Ecu 7.5 million. About 120 new jobs are expected to be created. ◆

During his mission to Guinea in June, (See Industrial Opportunities number 80 - "Overcoming obstacles on the road to the market economy") Paul Frix, CDI Director (left) was received by General Lassana Konte, President of the Republic. In the context of the privatization process taking place in the country, CDI is making concrete proposals for an overall action plan to promote SMEs and identifying areas where it can most usefully offer its assistance. ◆

A new system of handling EC industrial proposals

A new system of handling industrial proposals from European firms is in the final stages of preparation. It will achieve better selection of suitable proposals and a higher proportion resulting in partnerships with ACP entrepreneurs.

The system calls for a greater depth of tabulated information than was previously required. It will enable the proposals to be more accurately classified regarding the type of partnership and/or adapted technology proposed. This will in turn facilitate the identification of genuinely suitable and ready to be committed partners. Firms submitting the most promising proposals will be interviewed by a CDI expert. This may be followed by an agreement involving CDI's active promotion of the proposal.

Included in the development of the system has been a review of the 350 proposals already on CDI's files.

Forthcoming numbers of Industrial Opportunities will carry proposals selected by using the new system. ◆

NETWORKING SOUTH PACIFIC '91 FIJI INVESTMENT AND TRADE FORUM

About 400 overseas and local participants are expected to attend Networking South Pacific '91, being held at the Sheraton Fiji Resort from November 13th to 16th. Overseas participants will come from the United States, Europe, Japan, South East Asia, Australia and New Zealand. It is the first forum of its kind in Fiji and will bring together investors looking to expand offshore from all over the world.

Strategically situated in the Pacific, Fiji is linked to almost all the major business centres of the world and is equipped with the most modern infrastructural and telecommunication network. Tax free zones and tax free factories provide attractive terms for investors, together with preferential access into the major markets of the world.

Over 100 companies in manufacturing, agri-business, fisheries, forestry and forestry products, financial services, garments and textiles, printing and telecommunications, etc., have provided their profiles for prospective overseas investors. The major areas of interest will be joint venture participation, distribution, technical tie-ups, marketing, purchasing, etc.

There will over 30 clinics and seminars on how to do business in Fiji and a trade show of Fiji-made products.

The Forum is being organized by the Fiji Trade and Investment Board in association with the United Nations Development Programme (UNDP), the United Nations Industrial Development Organization (UNIDO) and CDI.

For further information and registration contact CDI

or, preferably:

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Fiji Trade and Investment Board,
PO Box 2303
Suva, Fiji.
Telephone: (43) 1 21131 5320
Telex: 113340 IID A
Fax: (43) 1 2308260
Telephone: (679) 315 988
Telex: FJ 2355 FTIB
Fax: (679) 301 783

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1. Where do you live and work?

   an EC country ☐ an ACP country ☐

2. What kind of organization do you work in?

   Development bank ☐ Other financing institution ☐
   Ministry or Public Industrial Development Agency ☐
   Other public body ☐ State-owned industry ☐
   Private sector manufacturing industry ☐
   Trading, distribution or retailing ☐ Consultancy ☐
   Other, please specify:......................................

3. How many people work full-time in your organization?

   1 - 50 ☐ 51 - 100 ☐ over 100 ☐

4. What is your function in your organization?

   Owner/shareholder ☐ Director ☐ Manager ☐
   Executive ☐ Expert ☐ Other, please specify:
   ....

5. If you are in manufacturing industry, please tick the sector you are in.

   Agro-allied ☐ Food ☐ Beverages ☐ Dairy ☐
   Cereals ☐ Fish ☐ Fruit or vegetables ☐ Wood ☐
   Building materials ☐ Electrical/electronic ☐
   Metal working ☐ Pharmaceuticals ☐ Rubber ☐
   Plastics ☐ Textile ☐ Paper ☐ Chemicals ☐
   Other, please specify: ....

6. What is the approximate annual turnover of your enterprise?

   Less than Ecu 100,000 ☐ Ecu 100,000 to 1,00,000 ☐
   More than Ecu 1,000,000 ☐

   (Ecu 1 equals appromimately US $ 1.23; L Sterling 0,692; French Franc 6.98; Belgian Franc 42.3; Portuguese Escudo 180.9; Dutch Guilder 2.3)

7. Industrial Opportunities is published both as a separate eight page newsletter and as a section of the Courier, the ACP/EC magazine. The contents of the two versions are identical. Do you receive both the Courier and the separate edition of Industrial Opportunities?

   Yes ☐ No ☐

8. If your answer is yes, do you want to go on receiving the separate edition (to keep and file for example)?

   Yes ☐ No ☐

9. How many people, including you see this copy of Industrial Opportunities or the Courier?
   Please put the number in the box. ☐☐

10. Below is a list of the subjects which are included or might be included in Industrial Opportunities? If you find a subject very useful, tick its box in column A, if fairly useful in column B, if of no interest in column C.

Subject:	A very useful	B fairly useful	C of no interest
Industrial proposals from ACP enterprises.	☐	☐	☐
Industrial development policies of different ACP states.	☐	☐	☐
Specific incentives for industrial development, free zones.	☐	☐	☐
General news on industrial development matters in ACP states.	☐	☐	☐
Sectoral trends in ACP states.	☐	☐	☐
Case histories of individual ACP enterprises and joint ventures assisted by CDI.	☐	☐	☐
Activities and points of view of CDI antennae in ACP countries.	☐	☐	☐
News of forthcoming development meetings, seminars, exhibitions etc.	☐	☐	☐
Reports on similar events that have already taken place.	☐	☐	☐
Industrial proposals from EC enterprises.	☐	☐	☐
Descriptions of CDI's different services and how to access them.	☐	☐	☐
CDI's links and collaboration with complementary development and financing organizations.	☐	☐	☐
CDI's priorities.	☐	☐	☐
Statistics on CDI's interventions and expenditure.	☐	☐	☐
CDI's organization, staff and antennae, appointments and moves.	☐	☐	☐
How to plan a business or an expansion.	☐	☐	☐
Industrial profiles, technologies.	☐	☐	☐
Various forms of partnership.	☐	☐	☐
How to carry out a feasibility study.	☐	☐	☐
Distribution, sales and marketing problems.	☐	☐	☐
Exporting to Europe.	☐	☐	☐

Remarks; any other subjects you would like to see covered in Industrial Opportunities:
....
....
....
....

Operational Summary

No. 65 — November 1991

(position as at 31st October 1991)

EEC-MEDITERRANEAN
EEC-ACP
EEC-ALA
DEVELOPING COUNTRIES

EEC-financed development schemes

The following information is aimed at showing the state of progress of EEC development schemes prior to their implementation. It is set out as follows:

Geographical breakdown

The summary is divided into three groups of countries, corresponding to the main aspects of Community development policy:

— the ACP countries (Africa, the Caribbean and the Pacific), which signed the multilateral conventions of Lomé I (28 February 1975), Lomé II (31 October 1979), Lomé III (8 December 1984) and Lomé IV (15 December 1989), plus the OCT (overseas countries and territories) of certain member states of the EEC, which get the same type of aid as the ACP countries;

— the Mediterranean countries (Maghreb and Mashraq), which signed cooperation agreements with the EEC since 1976 and 1977;

— the ALA developing countries of Asia and Latin America, beneficiaries since 1976 of annual aid programmes.

The information within each of these groups is given by recipient country (in alphabetical order).

Note

As the information provided is subject to modification in line with the development aims and priorities of the beneficiary country, or with the conditions laid down by the authorities empowered to take financial decisions, the EEC is in no way bound by this summary, which is for information only.

Information given

The following details will usually be given for each development scheme:

— the title of the project;

— the administrative body responsible for it;

— the estimated sum involved (prior to financing decision) or the amount actually provided (post financing decision);

— a brief description of projects envisaged (construction work, supplies of equipment, technical assistance, etc.);

— any methods of implementation (international invitations to tender, for example);

— the stage the project has reached (identification, appraisal, submission for financing, financing decision, ready for implementation).

Main abbreviations

Resp. Auth.: Responsible Authority
Int. tender: International invitation to tender
Acc. tender: Invitation to tender (accelerated procedure)
Restr. tender: Restricted invitation to tender
TA: Technical assistance
EDF: European Development Fund
mECU: Million European currency units

Correspondence about this operational summary can be sent directly to::

Mr. Franco Cupini
Directorate-General for Development
Commission of the European Communities
Berl. 6-86
200, rue de la Loi
B-1049 Brussels

Please cover only one subject at a time.

DESCRIPTION SECTOR CODE

A1	**Planning and public administration**
A1A	Administrative buildings
A1B	Economic planning and policy
A1C	Assistance to the normal operations of government not falling under a different category
A1D	Police and fire protection
A1E	Collection and publication of statistics of all kinds, information and documentation
A1F	Economic surveys, pre-investment studies
A1G	Cartography, mapping, aerial photography
A1H	Demography and manpower studies
A2	**Development of public utilities**
A2A	Power production and distribution
A2Ai	Electricity
A2B	Water supply
A2C	Communications
A2D	Transport and navigation
A2E	Meteorology
A2F	Peaceful uses of atomic energy (non-power)
A3	**Agriculture, fishing and forestry**
A3A	Agricultural production
A3B	Service to agriculture
A3C	Forestry
A3D	Fishing and hunting
A3E	Conservation and extension
A3F	Agricultural storage
A3G	Agricultural construction
A3H	Home economics and nutrition
A3I	Land and soil surveys
A4	**Industry, mining and construction**
A4A	Extractive industries
A4Ai	Petroleum and natural gas
A4B	Manufacturing
A4C	Engineering and construction
A4D	Cottage industry and handicraft
A4E	Productivity, including management, automation, accountancy, business, finance and investment
A4F	Non-agricultural storage and warehousing
A4G	Research in industrial technology
A5	**Trade, banking, tourism and other services**
A5A	Agricultural development banks
A5B	Industrial development banks
A5C	Tourism, hotels and other tourist facilities
A5D	Export promotion
A5E	Trade, commerce and distribution
A5F	Co-operatives (except agriculture and housing)
A5G	Publishing, journalism, cinema, photography
A5H	Other insurance and banking
A5I	Archaeological conservation, game reserves
A6	**Education**
A6A	Primary and secondary education
A6B	University and higher technical institutes
A6Bi	Medical
A6C	Teacher training
A6Ci	Agricultural training
A6D	Vocational and technical training
A6E	Educational administration
A6F	Pure or general research
A6G	Scientific documentation
A6H	Research in the field of education or training
A6I	Subsidiary services
A6J	Colloquia, seminars, lectures, etc.
A7	**Health**
A7A	Hospitals and clinics
A7B	Maternal and child care
A7C	Family planning and population-related research
A7D	Other medical and dental services
A7E	Public health administration
A7F	Medical insurance programmes
A8	**Social infrastructure and social welfare**
A8A	Housing, urban and rural
A8B	Community development and facilities
A8C	Environmental sanitation
A8D	Labour
A8E	Social welfare, social security and other social schemes
A8F	Environmental protection
A8G	Flood control
A8H	Land settlement
A8I	Cultural activities
A9	**Multisector**
A9A	River development
A9B	Regional development projects
A10	**Unspecified**

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The blue pages are on computer and available either directly via a terminal or micro-computer.

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The cost of these two services has been fixed and are applied from 1989.

To obtain any information concerning PABLI please write, specifying the option chosen (terminal or telex) to:

ECHO Customer Service
177, Route d'Esch
L-1471 LUXEMBOURG
Tél.: 352/48.80.41
Télex: 2181

ECHO is in charge only for PABLI. For general correspondence see page I.

ACP STATES

New projects are printed in italics and offset by a bar in margin at left

Projects under way are marked with an asterisk and with words or phrases in italics

ANTIGUA AND BARBUDA

Road Rehabilitation Programme Phase 2. Resp. Auth.: Ministry of Works and Communications. Estimated cost 3.100 mECU. Reconstruction of the road from Golden Grove to Urlings (11.75 km). Project on appraisal. 6th EDF.
EDF AB 6001 A2d

BARBADOS

Hospitality Studies Project. Resp. Auth.: Ministry of Education and Culture. Total estimated cost 2.5 mECU. EDF 1.6 mECU, local 0.900 mECU. Construction of Tourism Training Centre-cum-Hotel. Project on appraisal. 6th EDF.
EDF BAR 6006 A5c

BELIZE

Belize City Hospital. Phase I. 8.6 mECU. Work constructions and supply of equipment. 4th, 5th, and 6th EDF. Works: int. tender foreseen 2nd half 91. Project in execution.
EDF BEL 6004 A7a

Community Development Programme. Resp. Auth.: Ministry for Social Services. 0.150 mECU. Project preparation study. Short-list done. Project on appraisal. 6th EDF.
EDF BEL 6002 A6b

BENIN

Mono rural development programme. Development of rural production. Cofinancing with BAD. EDF 16,5 mECU, BAD 14.4 mECU, local 4.9 mECU. Project in execution. 6th EDF. T.A.: SCET-AGRI (F)
EDF BEN 6003 A3a

Fish breeding. Applied research and popularization actions. Resp. Auth.: MDRAC. Estimated cost 2 mECU. Project on appraisal 6th EDF.
EDF BEN 6009 A3d

General Import Programme – S.A.P. II. 24 mECU. Hard currency allowance to import ACP and EC goods. There is negative list of items not eligible (military-luxury items). Date financing October 91. 6th and 7th EDF.
EDF BEN 7200 A1c

BOTSWANA

Water development programme. Resp. Auth.: Department of Water Affairs. 2 mECU. Serowe waste water sanitation and T.A. to the Department of water affairs. Project in execution. 6th EDF.
EDF BT 6023 A2b, A8c

Wildlife Conservation in Northern Botswana. Resp. Auth.: Department of Wildlife and National Parks. (DWNP). 6.800 mECU. New tracks, construction of administrative office quarters and accommodation. Supply of equipment (earthmoving — tractors — 4×4 pick-ups). T.A. and training. Project on appraisal. Date foreseen for
★ financing *end* 91. 6th EDF.
EDF BT 6026 A3e, A5i

Airborne Electromagnetic survey in the Ghanzi-Chobe fold belt and Shinamba Hills. Resp. Auth.: Dept. Geological Survey. Estimated cost 1.6 mECU. Investigate mineral deposits and water potential. Production of geological maps. Project on appraisal. 7th EDF.
EDF BT 7001 A1g

BURKINA FASO

Rehabilitation of the road Koupéla – Togo border. Resp. Auth.: Ministère de l'Equipement, Supervision: Direction Général des Travaux Publics. 20.35mECU. 152 km rehabilitation (R.N. 16). Works by int.
★ tender and supervision. *Date financing July 91.* Int. tender no 3344 (conditional) launched in March 91. Opening 1.8.91. 5th, 6th and 7th EDF.
EDF BK 6019 A2d

Structural Adjustment Support – General Import Programme. 22.500 mECU. Hard currency allowance to import ACP and EC goods. There is negative list of items not eligible (military-luxury items). T.A. for monitoring, auditing and follow-up. Date financing October 91. 7th EDF.
EDF BK 7200 A1c

BURUNDI

Socio-economic development of the natural region of Mugamba. Resp. Auth.: CVHA project, OTB, Ministère du Dév. Rural, Direction Générale des Routes. 32 mECU. Works, supplies, T.A. and evaluation. Project in execution. Int. tender for works launched in November 89. Int. tender for supplies launched in July 90. 2nd int. tender no 3379 for vehicles launched in June 91. Opening 30.7.91. 6th EDF.
EDF BU 6018 A3a

CAMEROON

Rural development programme in the Bénoué basin. Resp. Auth.: Mission d'études pour l'aménagement de la vallée supérieure de la Bénoué (MEAVSB). Total estimated cost 30 mECU, EDF part 25 mECU. Road network, schools, health centres, rural water supply. Support to crop production and fisheries. Irrigated agricultural areas, fight against soil and surface vegetation degradation. Works, supplies, T.A. and training Project in execution. 6th EDF.
EDF CM 6002 A3a

Rural development programme in the Logone and Chari. Resp. Auth.: Semry. Estimated cost 12 mECU. Consolidation and extension of existing actions. Project on appraisal. 6th EDF.
EDF CM 6013 A3a

Rural development poles: Saa-ntui, Sang melima, Bafut. Resp. Auth.: Ministères de l'Agriculture et du Plan et de l'Aménagement du Territoire. Total estimated cost 14.625 mECU. EDF 10.300 mECU, local 4.325 mECU. Strengthening of the monitoring structures, improvement and extension of basic socio-economic infrastructures, training, education, popularization of rural development, health. Works: tracks, buildings; supplies for civil works, vehicles, crop inputs, rural equipment. Project on appraisal. Date foreseen for financing 2nd half 91. 6th EDF.
EDF CM 6012 A3a

CENTRAL AFRICAN REPUBLIC

Development programme of the Central and Southern region. Resp. Auth: Ministère du Dév. Rural. 20.3 mECU. To strengthen the coffee plantations in the villages and the infrastructure, diversifications in ex cotton zones; rural health and human hydraulics, T.A., studies, following and evaluation. Short-lists already drawn up. Project in execution. Int. tender for supplies no 3440 launched in June 91. Opening 11.9.91. 6th EDF.
EDF CA 6005 A3a

CHAD

Rural development priority programme in the concentration zone. Resp. Auth.: Ministère de l'Agriculture et de Dév. Rural. 15 mECU. Hydro-agricultural works, infrastructure, education, health. Works, supplies and T.A. Project in execution. 6th EDF.
EDF CD 6002 A3e

Strengthening of the health sector in the Sahelian prefectures. Resp. Auth.: Ministère de la Santé Publique. 12 mECU. Supply of essential medicines, training programme and T.A. Int. tender for vehicles launched in July 90. Project in execution 6th EDF.
EDF CD 6003 A7e

Rural development programme. Phase 2. Resp. Auth. Office National de Dév. Rural (ONDR). 28 mECU. Works, feeder roads, school buildings, agricultural equipment, pumps, T.A., follow up and evaluation. Project in execution. 6th EDF.
EDF CD 6005 A3a

COMOROS

Rural integrated development programme in the north region of Anjouan Island. Resp Auth.: Ministère de la Production agricole, 11.3 mECU. Improvement of crop production, infrastructure, works by int. tender (conditional) launched end June 89. Supply of equipments, materials and vehicles. T.A., training, evaluation, audit. Project in execution. 6th EDF.
EDF COM 6002 A3a

COTE D'IVOIRE

Central Region food crops programme. Resp. Auth.: Ministère de l'Agriculture. EDF 40 mECU. Irrigation, agriculture modernization, young settlements. Food crops production marketing improvement. Works, soil improvement, supplies. T.A. studies, follow-up and evaluation. Project on appraisal. Date foreseen for financing 2nd half 91. 6th EDF.
EDF IVC 6009 A3a

DJIBOUTI

Training programme. 2.2 mECU. New vocational training actions for adults. T.A. for training centres. Training, scholarships and training courses. Works and supplies. Project in execution. 6th EDF.
EDF DI 6101 A6d

EQUATORIAL GUINEA

Essential goods import programme. Resp. Auth.: Presidency of the Republic. Estimated cost 1.5 mECU. Hard currency allowance to import essential goods. Project on appraisal. 5th and 6th EDF.
EDF EG 0000 A1c

Conservation and rational utilisation of the forest ecosystems. Resp. Auth.: Ministry of Agriculture, Livestock farming, Fisheries and Forests. Directorate General for Forests. 5.070 mECU. Land Classification and Use Master Plan — National System of Conservation Units — Forest Training and Research Centre. T.A. and supply of equipment. Project on appraisal. Date foreseen for financing July 91. 6th EDF.
EDF EG 6001 A3c, e, i

ETHIOPIA

North Shewa rural reclamation and development programme. Resp. Auth.: Ministry of Agriculture. Total cost 28.5 mECU. EDF 24 mECU, local 4.5 mECU. Soil and water conservation, reafforestation, rural infrastructure development and feeder roads. Works, supply of equipment, vehicles, T.A. and line of credit. Project in execution. 6th EDF.
EDF ET 6001 A3a

Central Shewa peasant agriculture development programme. Resp. Auth.: Ministry of Agriculture. 53.4 mECU. Buildings, roads, rural infrastructure, agricultural inputs, consumer goods, equipment, T.A., studies, credit line. Project in execution. 6th EDF.
EDF ET 6002 A3a

South Shewa conservation-based rural development. Resp. Auth.: Ministry of Agriculture. 26.2 mECU. Buildings, roads, rural infrastructure, agricultural inputs, consumer goods, training, T.A., micro-projects, credit line. Project in execution. 6th EDF.
EDF ET 6005 A3a

Coffee improvement programme III. Resp. Auth.: Ministry of Coffee and Tea Development. 38.1 mECU. Construction and civil works, supply of equipment, vehicles and agric. inputs, aerial photography, training and T.A. Project in execution. 6th EDF.
EDF 6003 A3a

Lake fisheries project. Resp. Auth.: Ministry of Agriculture, Fisheries Dept. 7.5 mECU. Provision of inputs to fishermen, development of cooperatives, establishment of marketing organisation and infrastructure, training, research and fingerling production centres. Works, supplies and T.A. Project in execution. 6th EDF.
EDF ET 6008 A3d

Aid for refugees. Contribution to the UNHCR and to MSF. Transport sector, water sector, health sector. Project on appraisal. 8.1 mECU. 6th EDF.
EDF ET 6104 A8

Sectoral import programme. III. Resp. Auth.: S.I.P. Steering Committee. 17 mECU. Supply of fertilizers and raw materials. Spare parts. Public sector industrial inputs and private sector. T.A. and monitoring and evaluation. Project in execution. Int. tender no 3408 launched in April 91. Opening 31.7.91. 6th EDF.
EDF ET 6017 A3a

Foreign trade development. Resp. Auth.: Ministry of Foreign Trade (MOFT). 1.5 mECU. T.A.: two-years marketing expert. a team of marketing specialists (short-term consultancy services in Ethiopia). Market research, training in international marketing and international trade, technical seminars. Equipment and supporting services Project in execution. 6th EDF.
EDF ET 6010 A5de

FIJI

Investment and export development. Resp. Auth.: Ministry of Trade and Commerce (MTC) and Fiji Trade and Investment Board. 7.2 mECU. Land purchase for the Tax Free Zone, works, supply of equipment, T.A and training. Project in execution. 6th EDF.
EDF FIJ 6007 A5d

Electrification of the Lakeba, Grau and Koro islands. Estimated cost 2.762 mECU. Supply and installation of diesel power stations, electrical distribution and T.A. Project on appraisal. 6th EDF.
EDF FIJ 6004 A2ai

GAMBIA

Rural Development Programme. Resp. Auth.: Ministry of Finance and Economic Affairs. 14.5 mECU. Rehabilitation of Water schemes, supply of road equipment ★ and materials, T.A. and supervision. ***Date financing July 91.*** 6th EDF
EDF GM 6004 A3a

Import Programme for Petroleum Products. Resp. Auth. Ministry of Finance and Economic Affairs. 4 mECU. Purchase of ★ fuel products. ***Date financing October 91.*** 7th EDF.
EDF GM 6008-7001 A1c

GHANA

Accra Plains Livestock Development Project (APLDP). Estimated total cost 4 mECU. EDF part 3 mECU, local 1 mECU. Provision of veterinary and animal husbandry extension services, including construction of cattle treatment centres, water points and other inputs. Project on appraisal. 6th EDF.
EDF GH 6006 A3a

Twifo oil palm development. Maintenance aid 1988-1991. Resp. Auth: Ministry of Finance and Economic Planning (M.F.E.P.). Total estimated cost 12.6 mECU EDF 5 mECU, local 7.6 mECU. Works, supply of equipment and T.A Project on appraisal. 6th EDF.
EDF GH 6007 A3a

Ghana Ports rehabilitation project. Phase II. Resp. Auth.: Ghana Ports and Harbour Authority. Total estimated cost 22.6 mECU, EDF 20 mECU, Ghana Ports and Harbour Authority 2.6 mECU. Further rehabilitation of Takoradi, dredging of Takoradi and Tema Ports, reconstruction of the Tema access road. 5th EDF. Project in execution.
EDF GH 5028 A2d

Ghana regional Appropriate Technology Industrial Service (GRATIS). Phase II. *Resp. Auth.: GRATIS. 3 mECU. Supply of equipments, vehicules, T.A. and training. Project on appraisal. Date foreseen for financing December 91. 7th EDF.*
EDF GH 6004 A4g

GRENADA

Tourism development project. *Resp. Auth.: Grenada Board of Tourism. 1.120 mECU. T.A. – consultancy services and supplies for a marketing and promotion campaign. Project on appraisal. 7th EDF.*
EDF GRD 5007 A5c

Peggy's Whim Water Supply Project. *Resp. Auth.: National Water and Sewerage Authority (NWSA). 1.580 mECU, local 0.235 mECU. Construction of tanks and access roads, supply of equipment for treatment plant and pipe works. Project on appraisal. Date foreseen for financing November 91. 7th EDF.*
EDF GRD 7001 A2b

Farm and feeder roads project. *Resp. Auth.: Ministry of Agriculture. 1.580 mECU. Construction or rehabilitation. Works by direct labour. Project on appraisal. 7th EDF.*
EDF GRD 7002 A3a

Microprojects programme. *Resp. Auth.: Ministry of Labour, Social Service, Community Development. 0.220 mECU. Water supply, road improvements, repairs and extension of schools, medical and community centre and sports grounds. Project on appraisal. 7th EDF.*
EDF GRD 7102

GUINEA BISSAU

Rural development programme. 23.8 mECU. Improvement of food and fisheries production, line of credit, microprojects, T.A. and training. Project in execution. 6th EDF.
EDF GUB 6001 A3a

Project for the rehabilitation of social and economic infrastructures. Resp. Auth.: Ministry of Public Works. 8 mECU. Road rehabilitation, schools, health centres, urban roads, markets, water and sanitation. Construction of secondary bridges, access roads, supply of a ferry. Works, supplies and T.A. Project on appraisal. 6th EDF.
EDF GUB 6010 A7, A8

GUYANA

Structural Adjustment Support – General Import Programme. *Foreign currency facility to the Bank of Guyana for importation of goods for the non-traditional and traditional productive sectors. 4.5 mECU. T.A. to the Bank (procurement expert) and evaluation. Project on appraisal. Date foreseen for financing December 91. 7th EDF.*
EDF GUA 7200 A1c

JAMAICA

Negril and Ocho Rios sewerage schemes. Resp. Auth.: National Water Commission. 25 mECU. Negril: 17 km of trunk sewers, 13 pump stations and 2 treatment plants. Ocho Rios: 5 km of sewers, 6

pump stations, 1 treatment plant and deep sea outfall. T.A. for supervision. Works by int. tender Project on appraisal. 5th EDF.
EDF JM A8bc

KENYA

Cereal sector reform programme. Resp. Auth.: Ministry of Finance, Agriculture and Supplies and Marketing and NCPB. National Cereals and Produce Board. 65 mECU. T.A., studies, training. Storage and rolling stock, sectoral import programme purchase of agricultural inputs, short and longterm T.A., cooperatives and reserve funds. Studies, T.A. and training: short-lists already drawn-up. Works by int. tender and acc. tender. Supplies by int. tender. Project in execution. 6th EDF.
EDF KE 6008 A3a

ASAL livestock development programme. Resp. Auth.: Ministry of Livestock Development. 9 mECU. Works by restr. tender. Supplies by int. tender. T.A. and evaluation. Project in execution. 6th EDF.
EDF KE 6009 A3a

Strengthening of research resources of the national museums of Kenya. Resp. Auth.: NMK Directorate 3 mECU. Construction, transport, equipment, T.A., training and research links with national, regional and international organizations. Project in execution. 6th EDF.
EDF KE 6020 A6f

Strathmore post secondary educational college. Resp Auth.: Strathmore college. EDF 3.100 mECU, Italy 1.310 mECU. Construction of teaching and administrative buildings, library. canteen, accomodation and catering department. Supply of equipment and T.A. Works by acc. tender. T.A and supplies by Italy. Project in execution. 6th EDF.
EDF KE 6005 A6b

***Rehabilitation Advisory Services.** Resp. Auth.: Ministry of Finance. Estimated cost 2 mECU. T.A. to rehabilitation advisory services. A consulting firm specialized in the rehabilitation of medium scale entreprises. Project on appraisal. 7th EDF.*
EDF KE 6018 A4,A5

LESOTHO

Manpower development project to support Lesotho's natural resources sector. Resp. Auth.: National Manpower Development Secretariat (NMDS). Ministry of Planning Economic and Manpower Development 7.7 mECU. Construction of schools, class-rooms, laboratories, supply of T.A., scholarships and training. Project in execution. Int. tender no 3428 for supplies launched in June 91. Opening 12.8.91. 6th EDF.
EDF LSO 6007 A6b

Queen Elizabeth II Hospital: improvement and upgrading. Resp. Auth.: Ministry of Health and Ministry of Works. 4.9 mECU. Works by acc. tender. Supply by int. tender. T.A. Project in execution. 4th and 6th EDF.
EDF LSO 6012 A7a

'Lesotho Highlands Water Project' – Muela Hydropower Project (MHP). 44 mECU. Engineering supervision and part of ★ the civil works. ***Date financing July 91.*** 7th EDF.
EDF LSO 6001-7001 A2ai

MADAGASCAR

Maize development programme in the Middle West. Resp. Auth.: Ministère de la Production Agricole. 9.5 mECU. Building of a nursery and farmers training. Works, supplies, T.A. evaluation and training. Project in execution. 6th EDF. T.A.: CONSULT-IBERICA (E)
EDF MAG 6006 A3a

Bridge Rehabilitation on the Fanambana river. Resp. Auth.: Ministère des Travaux Publics. 2.3 mECU. Works and T.A. Project in execution. 6th EFF.
EDF MAG 5034 A2d

Local handicraft, improvement Programme. *Resp. Auth.: Ministère de l'Industrie de l'Energie et des Mines. 2.750 mECU. To improve production and marketing. T.A.,* ★ *training and line of credit.* ***Date financing Septembre 91.*** 6th EDF.
EDF MAG 6022 A5d, e

***Rice and fish-breeding promotion and popularization.** Resp. Auth.: Ministère de la Production Animale, des Eaux et Forêts (MPAEF). 2.300 mECU. Fish-breeding and research centres, excavation, rehabilitation, reclaim of swamps, access roads, supply of equipments and T.A. T.A.: short-lists to be done. Project on appraisal. Date foreseen for financing December 91. 6th EDF.*
EDF MAG 6023 A3a

MALAWI

Strategic fuel reserve. Resp. Auth.: Office of the President and Cabinet. Contingency Planning Unit. 4.2 mECU, Construction of tanks for diesel, petrol, ethanol. Associated infrastructure and equipment. T.A. Project on appraisal. 5th EDF.
EDF MAI 5020 A2a

Programme for industrial products imports. 12.5 mECU. Supply of industrial equipment, raw materials and spare parts. Project in execution 6th EDF.
EDF MAI 6019 A1c

Limbe – Thyolo – Muloza Road. Resp. Auth.: Ministry of Works. Estimated cost 30 mECU. Asphalting of 104 km. Works by int. tender (conditional). Project on appraisal. Works: int. tender (conditional) no 3407 launched in May 91. Opening 13.9.91. 7th EDF.
EDF MAI A2d

MALI

Rice-growing intensification programme in the large irrigated areas of 'Office du Niger' and 'Opération Riz Segou'. Resp. Auth.: Ministère de l'Agriculture. 65 mECU. Improvement of the irrigated areas, roads. Supply of equipment for maintenance and for agriculture, study, T.A., training and experimentation. Study: short-list done. Project in execution. 5th and 6th EDF.
EDF MLI 6004 A3a

Support for Structural Adjustment ★ **Programme.** 31 mECU. ***Date financing October*** 91. 7th ADF.
EDF MLI 7200 A3a

***Support programme to S.M.E. creation.** Lines of credit, T.A. and follow up. 13 mECU. Date financing October 91. 7th EDF.*
EDF MLI 6001 A4,A5

MAURITANIA

Aioun El Atrouss hospital. Resp. Auth.: Ministère de l'Equipement. 1.050 mECU. Renovation and supply of equipment for 3 buildings. Works by acc. tender. Supplies by int. tender. Project on appraisal. 5th EDF.
EDF MAU 5012 A7a

Rehabilitation of Nouakchott National Hospital. Resp. Auth.: Ministère de l'Equipement. 4 mECU. Renovation and upgrading for building, supply of medical-technical and surgical equipment. Project on appraisal. 6th EDF. STUDIES: STUDIO BICHARA (I)
EDF MAU 6003 A7a

Support programme for the development of the Gorgol region (PDRG). Estimated cost 35 mECU. Improvement of the irrigated areas, support for traditional crops, regeneration of natural habitats, rural infrastructure, sanitation of Kaedi. Project in execution. 6th EDF.
EDF MAU 6007 A3a

MOZAMBIQUE

Rural telecommunications. Resp. Auth.: Ministry of Transport and Communications. 13 mECU. Supply of radio and telephone equipment. Int. tender (conditional) no 3383 launched in May 91. ★ Opening 20.8.91. **Date financing September 91.** 6th EDF.
EDF MOZ 6021 A2c

Integrated development programme of Cabodelgado. Resp. Auth.: Ministry of Commerce. AGRICOM. 8 mECU. EDF 5 mECU, local 3 mECU. Support to ± 50 000 people in the districts of Mocimboa, Priaia and Mueda. Works, supplies and T.A. Project in execution. 6th EDF.
EDF MOZ 6022 A3a

NIGER

Rice-growing in the river valley. Resp. Auth. Ministère de l'Agriculture. 63.6 mECU. Cultivation of 1,800 ha, electrification, feeder roads. T.A. for management. Project in execution. 6th EDF.
EDF NIR 6001 A3a

Small irrigation programme. Resp. Auth.: Ministère de l'Agriculture. 21.560 mECU. Rehabilitation of the Tarka down valley, irrigation, boreholes and wells. Feeder roads, environmental protection, T.A. Works and supplies. First tender launched in July 90. Project in execution. 6th EDF.
EDF NIR 6002 A3a

Training programme. Resp. Auth: Ministères de l'Education, Commerce, Culture, Plan, Agriculture. 4,366 mECU. Three priority sectors: rural development, business development, cultural development. Supply of equipment T A. and scholarships. Project in execution. 6th EDF.
EDF NIR 6101 A6b, c,i

General Import Programme. Support for structural adjustment. Estimated cost 27 mECU. Project on appraisal. Date foreseen for financing 2nd half 91. 7th EDF.
EDF NIR 7001 A3a

Niamey Say Road Construction. Resp. Auth.: Ministère de l'Equipement — Direction des Travaux Publics. 12 mECU. Construction of 56 Km by int. tender (conditional) launched in May 91 with number ★ 3406. Opening 27.8.91. ***Date financing September 91.*** 6th EDF.
EDF NIR 6022 A2d

NIGERIA

North East Arid Zone development programme. Resp. Auth.: Ministry of Agriculture. 35 mECU. Increase of rural production, livestock development, afforestation and environment control, rural infrastructure development (health, education), commercial services (inputs, credit and marketing system), manpower development, training and research. Works: irrigation, drainage, buildings, supply of seeds, chemicals, fertilizers, dozers, drilling rigs, T.A., training, research. Project in execution. 6th EDF. T.A.: DANAGRO (DK)
EDF UNI 6002 A3a

Research and Training programme. Resp. Auth: Ministry of Finance and Economic Development Training Support Unit (TSU). 30 mECU. Scholarships, seminars, T.A. Teacher training, cooperation between Nigerian Training Institutions and European Training Institutions, exchanges between Nigerian and European research institutions. Purchase of equipment. Project in execution. 6th EDF.
EDF UNI 6004 A6a, b, c, d, e, f

Desertification control and environmental protection programme in Sokoto. Resp. Auth.: Sekoto Environmental Programme (SEP). Direct responsibility of the Office of the Governor. 30.6 mECU. Community awareness, mobilisation and development campaign. Afforestation actions, improvement of range management and livestock development. Rehabilitation of a smallscale irrigation scheme, training and applied research. Works: buildings, nurseries, water points, irrigation networks. Supply of vehicles, motorcycles, generators, media equipment, T.A. Works by acc. tenders. Supplies by int. tenders. Project in execution. 6th EDF. T.A.: SIR MAC DONALD & PARTNERS (UK) — I.N.C. — IL NUOVO CASTORO (I)
EDF UNI 6003 A3a

'Middle belt' programme. Resp. Auth.: States of Kwara and Niger, Executive Committees. Estimated total cost 38.662 mECU. EDF 33 mECU, local 5.662 mECU. Education, health, social infrastructure. Renovation works, rehabilitation, supply of equipment, T.A., training and evaluation. Project in execution. 6th EDF. T.A.: B.M.B. (NL) — TRANSCON LTD. (UNI)
EDF UNI 6007 Aabe

Mambilla Tea Integrated Development Project. Resp. auth.: Nig. Beverages Production Company Ltd. 28 mECU. Civil works: dam, roads, buildings utilities. Supply of vehicles, factory and irrigation equipment. T.A. for management and training. ★ Project on appraisal. ***Date foreseen for financing October 91.*** 7th EDF.
EDF UNI 5004 A3a

Export Development Programme. Resp. Auth.: Nigerian Export Promotion Council. 35 mECU. To transfer export know how to ±250 Nigerian firms. Components: sectors, market, human resources and institutional development. Others: T.A. for management and supervision. Project on appraisal. 7th EDF.
EDF UNI 6011 A5d

General Import Programme. 25 mECU, Hard currency facility to import goods and equipment not specifically excluded via a negative list. T.A. foreseen. Project on appraisal. 7th EDF.
EDF UNI 7200 A1c

Oban Hills National Park Project. *Estimated total cost 30 mECU. EDF 19 mECU, Germany (KFW) 11 mECU. Park management and conservation, support zone development, park research and monitoring. To give the local people an incentive to protect – support the park. Buildings-peripheral facilities, supply of equipment and vehicles, T.A. and research studies. Villages Developpment Funds and recurrent costs. Project on appraisal. 7th EDF.*
EDF UNI 7001 A3c, e-A8f

PAPUA NEW GUINEA

Road and Bridge Rehabilitation Programme. Resp. Auth.: Ministry of Works. Parallel cofinancing with World Bank. EDF, part estimated 21.520 mECU. Works and supervision. Project in execution. 6th EDF.
EDF PNG 6014 A2d

Second Structural Adjustment Programme. General Import Programme. *11 mECU. Foreign currency facility to the Bank of PNG. There is negative list of items not eligible (military-luxury items). Project on appraisal. Date foreseen for financing November 91. 7th EDF.*
EDF PNG 7200 A1c

RWANDA

Food strategy support programme. Resp. Auth.: Ministère du Plan. 51 mECU. Development of rural activity, monitoring, training and maintenance of stable natural environment. Infrastructure, supply of agricultural inputs, vehicles, T.A. studies and training. 2nd int. tender launched in July 90. Project in execution. 6th EDF.
EDF RW 6001 A3a

Special Import Programme. Resp. Auth.: Gouvernement du Rwanda and Banque Nationale Rwandaise (BNR) 12mECU. 6 mECU for petroleum products by int. tender. 6 mECU hard currency allowance to import essential products (malt, oil, sugar, salt, gypsum, pharmaceutical products, fertilizers, pesticides). T.A. (procurement agent) to promote, coordinate and follow up operations. Project in execution. 6th EDF.
EDF RW 6009 A3a

ST. KITTS AND NEVIS

Development of Social Infrastructure – Phase II. *Resp. Auth.: Ministry of Education and Ministry of Works, Communications and Public Utilities. 0.872 mECU. Construction and supply of furnitures for primary schools, supply of equipments, T.A. for supervision of works. Project on appraisal. 5th and 6th EDF.*
EDF SCN 6001 A6a

SENEGAL

Consolidation of the livestock development programme. Resp. Auth.: SODESP. Estimated cost 1.6 mECU. Study under way by Bessel Ass. (UK). Project on appraisal. 5th EDF.
EDF SE A3a

Support programme for the phosphate sector. Sysmin. Resp. Auth.: Ministère du Développement Industriel. 15 mECU. Research for methods to eliminate cadmium from rock and/or from phosphoric acid. Investments in 2 processing plants. Research actions, studies, new humid storage (central conveyor, adjustable stocker, rail scraper, longitudinal conveyor), mining equipment, 3 dumpers, 1 bulldozer, 2 loaders, 1 hydraulic shovel. Project in execution 6th EDF.
EDF SYS SE 17 A4af

SEYCHELLES

Consolidation of the development of the craft industry. Resp. Auth.: Department of Industry and CODEVAR. 1 mECU. T.A. on policy in the sector and specialized for wood, ceramics, textiles and others (to be ★ decided). Training and evaluation. ***Date financing July 91.*** 7th EDF.
EDF SEY 6003-7001 A5d, e

Tuna quay rehabilitation. Resp. auth.: S.F.A. 1.200 mECU. Supply of equipment ★ and works. Project on appraisal. ***Date foreseen for financing November 91.*** 6th EDF.
EDF SEY 6008 A2d

SIERRA LEONE

North Western artisanal fisheries and community development programme. Resp. Auth.: Ministry for Agriculture and Natural Resources (Fisheries Division). 6 mECU. Infrastructure, supply of equipment, line of credit. T.A. Project in execution. 6th EDF.
EDF SL 6004 A3d

Rehabilitation of the Telecommunications network. Phase 2. 7.5 mECU. Works, supplies and T.A. Project in execution. 6th EDF. T.A.: BRITISH TELCONSULT (UK)
EDF SL 6006 A2c

Tourism development programme. Estimated cost 0.850 mECU. T.A. to the Ministry of Tourism and supply of equipment. Project stage: identification. 5th EDF.
EDF SL 5026 A5c

Sectoral Import Programme. Agriculture. Resp. Auth.: SIP Steering Committee: Nat. Auth. Off. (NAO), EEC Delegation and the Ministry of Agriculture and National Resources. 6 mECU. Supply of agricultural inputs, machinery, spares, fishing equipment, T.A. (procurement agent): management and evaluation. Short-list done. Project in execution. 6th EDF.
EDF SL 6002 A3a

SOLOMON ISLANDS

Development of human resources in the rural sector. Resp. Auth.: Ministry of Economic Planning. 4 mECU. Supply of equipment, T.A. and training. Project in execution. 6th EDF. T.A.: D.H.V. (NL)
EDF SOL 6003 A3a

Rural health project. Resp. Auth.: Ministry of Health and Medical Service. 3 mECU. Works by acc. tender. Supply of equipment by int. tender. T.A. Project in execution. 6th EDF.
EDF SOL 6007 A7a

Honiara Urban Development Project. Resp. Auth.: Ministry of Housing and Government Services (MHGS). Home Finance Corporation (HFC). 2m ECU. Works, supplies and T.A. Works partly by direct labour, partly by acc. tender. Supplies by int. tender. T.A.: short-list done. Project in execution. 6th EDF
EDF SOL 6013 A8a

SUDAN

Sudan Railways Support Programme (SRSP). Resp. Auth.: Sudan Railways Corporation. 19 mECU. Supply of materials, tools and replacement parts, for the most immediate repairs and maintenance of the track Khartoum-Port Sudan and those required for a direct improvement of telecommunications. Works and supplies by int. tender. Project in execution. 5th and 6th EDF.
EDF SU 6011 A2d

Post Flood Reconstruction and Rehabilitation Programme (PFRRP). Resp. Auth.: agricultural part: Agricultural Bank of Sudan. Transport infrastructure: Roads and Bridges Public Corporation (RBPC) and Sudan Railways Corporation. 15 mECU. Agricultural sector: supply of spare parts for repair and replacement of 2500 pumps. Int. tender and direct agreement. Supply of maintenance parts for 100 trucks (6t): by int. tender. Supply of 100 pumps by int. tender. T A. for repair, control and credit allowances. Transport ★ sector: ***bridges repair and work supervision.*** Supplies for railways, gabions, pipes by int. tender. Project in execution. 6th EDF.
EDF SU 6020 A2d

SURINAME

Rehabilitation Road Section Jenny – Ingikondre. *Resp. Auth.: Ministry of Public Works. Estimated cost 4.4 mECU. New asphalt surfacing on 37 km and ancillary works. T.A. for supervision and tender dossier preparation. Short-list to be done. Project on appraisal. 5th EDF.*
EDF SUR 5011 *A2d*

SWAZILAND

Rural water supplies programme. Ministry of Natural Resources. 2.6 mECU. Works and supply of equipment for village drinking water supply scheme. Project in execution. 6th EDF.
EDF SW 6008 A3a

Human resources development programme. Resp. Auth.: Ministry of Education. 8 mECU. Works and supply of educational equipment, T.A. and training. Int. tender launched in July 89. Project in execution. 6th EDF.
EDF SW 6010 A6a, b

Rural dam rehabilitation programme. Resp. Auth.: Ministry of Agriculture. 4mECU. Works and supervision. Project in execution. 6th EDF.
EDF SW 6012 A3a

Upgrading of the Manzini-Matsapha Road. Resp. Auth.: Ministry of Works and Communications. Estimated 10 mECU. 8 Km dual carriageway. The existing 2-lane road is to be upgraded to a 4-lane highway. Works by int. tender foreseen 2nd half 91. Short-list done for supervision. Project on appraisal. 5th and 7th EDF.
EDF SW 5016 A2d

TANZANIA

Agricultural sector support programme. Resp Auth.: Ministry of Finance and Planning. 94 mECU. Measures to improve food security, support for coffee production and processing, assistance to cooperative unions, repair and maintenance of vehicles and tractors, feeder road maintenance and assistance to institutions implementing the programme. Supplies by int. tender/restr. tender or direct agreement. Project in execution. 6th EDF.
EDF TA 6001 A3a

Livestock service development. Resp. Auth.: Ministry of Agriculture and Livestock Dept. Estimated total cost 4.2 mECU. EDF 3.7 mECU, local 0.500 mECU. Construction of low-cost houses, vaccination campaign, credit lines, T.A. Project in execution. 5th EDF.
EDF TA 5020 A3a

Management Assistance To Morogoro Canvas Mill. *Estimated cost 2 mECU. Continuation of T.A. for the management. Project on appraisal. 7th EDF.*
EDF TA 6002 *A4b*

Port development Zanzibar and Pemba ports, phase II. *Resp. Auth.: Ministry of Works. Zanzibar. Estimated total cost 13.4 mECU. EDF 10 mECU, Italy 3.4 mECU. Procurement and rehabilitation of cargo handling equipment. Rehabilitation of transit sheds, construction of passenger terminal with RO-RO facilities. Study: design of passenger terminal with RO-RO facilities for Zanzibar port. Short-list to be done. Project on appraisal. 7th EDF.*
EDF TA 6009 *A2d*

Structural Adjustment Support – General Import Programme. *Resp. Auth.: Central Bank of Tanzania. 30 mECU. Importation of goods in the context of Tanzania's open general licence system, subject to a negative list. Project on appraisal. 7th EDF.*
EDF TA 7200 *A1c*

TOGO

Rural development programme in Bassar. Resp, Auth.: Ministère du Dév. Rural. EDF 10.3 mECU. Rural intensification and diversification, soil protection, improvement of infrastructure, support to the small-farmers association, marketing improvement. Works, studies, research, evaluation. Project in execution. 6th EDF. T.A.: S.A. AGRER (B)
EDF TO 6006 A3a

Support programme to the phosphate mining industry. Resp. Auth.: Office Togolais des Phosphates (OTP). 15.7 mECU. Research actions on cadmium problems. Purchase of drying machines and shovels. Project in execution. 6th EDF. Pilot Trials: DUETAG (F).
EDF TO-SYS 6015 A4a

Rural hydraulics in the Savanes and Kara regions. Resp. Auth.: Ministère de l'Equipement. 2.475 mECU. Wells and sources assessment. Supply and installation of 200 pumps. Supervision of works. Project in execution. 6th EDF. T.A.: CINAM (F) SOC. GRENOBLOISE D'ETUDES (F)
EDF TO 6010 A3a

Rural Hydraulics in the Savanes and Kava regions. II Resp. Auth.: Ministère de l'Equipement. 11.750 mECU, EDF 11.2 mECU, local 0.550 mECU. Execution of 600 conclusive drillings and hydraulic fracturation, supply of 600 pumps supervision of works. Works by int. tender (conditional) no 3452, launched in July 91. Opening ★ 9.10.91. **Date financing October 91.** 7th EDF.
EDF TO 6010-7001 A3a

TONGA

Vava'u Airport Development Project. Resp. Auth.: Ministry of Civil Aviation 2.130 mECU. Works. supply of equipment and training. Works by direct labour, supplies by int. tender. Project on appraisal. 5th and 6th EDF.
EDF TG 5003-6001 A2d

Vava'u development programme. Resp. Auth.: Vava'u Committee. 5 mECU. Construction of new market, road improvement and maintenance, education and health facilities, training. Project in execution. 6th EDF.
EDF TG 6002 A8b

TRINIDAD AND TOBAGO

Sectoral import programme: industry. 12 mECU Allocation of currencies to import raw materials and intermediate products. Project in execution. 6th EDF.
EDF TR 6002 A4b

Tourism Development Programme. Phase II. Resp. Auth.: Tourism Development Authority. 1 mECU. To enhance day-visitor attractions, training and tourism education, supplies and T.A. Project in execution. 5th EDF
EDF TR 5011 A5c

TUVALU

Electrification development programme. *Upgrade existing diesel power station – extend provision of electricity for home lighting to households on the outer islands. Supply of photovoltaic systems. 0.880 mECU. Project on appraisal. 6th EDF.*
EDF TV 6004 *A2a, i*

UGANDA

Rehabilitation of Kampala City Roads. Phase II. *Resp. Auth.: Ministry of Local Government. 30 mECU. Rehabilitation of some 33 km of roads in the Kampala City network, improving drainage, construction of side walks and parking areas. Works and supervision. Project on appraisal. 7th EDF.*
EDF UG 6011 A2d

Structural Adjustment Support – General Import Programme. *35 mECU. Hard currency allowance to import ACP and EC goods. There is negative list of items not eligible (military-luxury items). T.A. procurement agent. Date financing October 91. 6th and 7th EDF.*
EDF UG 7200 A1c

ZAIRE

Kivu programme. 40 mECU. Action for crops (coffee, corn, palm-trees, rice) environment (Parc de la Virunga), lines of credit. 1st int tender launched in April 89. Project in execution. 6th EDF.
EDF ZR 6002 A3a

Kinshasa hinterland programme. APEK 25 mECU. To improve crop production. 1st int. tender launched in July 89 Project in execution. 6th EDF.
EDF ZR 6003 A3a

Rehabilitation programme of SNCZ. 7.5 mECU. Supply of raw materials and spares to replace railways system. Project in execution. 6th EDF. T.A.: TRANSURB CONSULT (B)
EDF ZR 6017 A4a

Apek Programme, roads section. Resp. Auth.: Office des Routes. 35 mECU. Rehabilitation of 111 km of surfaced road on the Kinshasa-Kikwit route with works supervision — upgrading of 384 km of major earth roads managed by Office des Routes. Rehabilitation of 496 km of country earth roads managed by local authorities. Bridge repairs, additional technical and economic studies, training programme. Supply of equipment. Project on appraisal. Date foreseen for
★ financing *1st quarter 92.* 6th EDF.
EDF ZR 6006 A2d

ZAMBIA

Smallholder development in copper belt region. Resp. Auth: Ministry of Agriculture and water development. 12 mECU. Basic infrastructure by acc. tender Supply of vehicles and materials by int. tender T.A. Project in execution. 6th EDF
EDF ZA 6004 A3a

Smallholder development in central province. Resp. Auth.: Ministry of Agriculture and water development. 12.35 mECU. Basic infrastructure and social facilities. Works, supplies and T.A. Project in execution. 6th EDF.
EDF ZA 6005 A3a

Lusaka-Kabwe road. Resp. Auth.: Roads Dept. Road rehabilitation 134 km. Estimated cost 36 mECU. Int. tender for works (conditional) launched in June 91 no 3416 — Opening 18.10.91. Project on appraisal 6th and 7th EDF.
EDF ZA 6014 A2d

ZIMBABWE

Small scale irrigation programme. Resp. Auth.: Agritex Irrigation Division. 14 mECU. Irrigation works over 700 ha. Supply of vehicles and equipment. T.A., training, studies Int. tender launched in July 90. Project in execution. 6th EDF.
EDF ZIM 6010 A3e

Human resources development programme. Resp Auth.: Ministry of National Scholarships. 3.4 mECU. T.A. and scholarships, awards, seminars. Project in execution. 6th EDF.
EDF ZIM 6020 A6

Overseas Countries and Territories (OCT)

ARUBA

Airport extension. Extension of airport facilities. Apron, taxiway, new arrival building, car park, access roads, platform buses, fencing, security, peripheral road, technical studies. Estimated cost 14.5 mECU. EDF 6.3 mECU, The Netherlands ± 8,2 mECU. Works, supplies and T.A. (final design, tender dossier, supervision). Project on appraisal. 6th EDF.
EDF ARU 6003 A2d

ST. PIERRE AND MIQUELON

Equipping of the St. Pierre port. Resp. Auth.: Direction de l'Equipement. Estimated total cost 5.5 mECU. EDF 2.6 mECU, France and territorial collectivities 2.9 mECU. EDF part: works. Quay and platform. Project on appraisal. Date foreseen for financing October 91. 6th EDF.
EDF SPM 6001 A2d

ST. HELENA

Sea defences. Resp. Auth.: Public Works and Services Dept. 3 mECU. 2,5 mECU EDF, 0.500 mECU UK. To protect shore facilities at James and Rupert's Bay. Rehabilitation and reinforcement of existing sea walls. Project in execution. 5th and 6th EDF.
EDF SH 5001 A8g

Regional Projects

GUINEA — GUINEA BISSAU — SENEGAL — MAURITANIA — NIGER — MALI

Soil development of the versant basin type in Guinea: Fouta Djalon and Niger Upper Basin. Resp. Auth.: Ministére Guinéen de l'Agriculture et des Ressources Animales (MARA), Direction Générale des Forêts. Estimated total cost 37.5 mECU. EDF 31.5 mECU, Italy 6 mECU. Anti-erosion works, technical and social infrastructure with local NGOs and population. Preparatory studies for programme extension, aerial survey and mapping. Works by acc. tender. Supplies by int. tender. T.A. and training. Project in execution. 6th EDF.
EDF REG 6137 A3a

BURKINA — NIGER

Timber development in the future reservoir of the Kompienga Dam. Resp. Auth: Ministère de l'Environnement du Burkina. EDF 5.9 mECU. Recovery and processing of trees to obtain building and service timber, fuel-wood, charcoal for their commercialisation. Works, supply of equipment and T.A. Project in execution. 6th EDF. T.A.: ANERCO GMBH (BRD)
EDF REG 6102 A3c

BENIN — BURKINA — NIGER

Regional road Godomey-Bohicon. 18 mECU. Maintenance for the Cotonou to Niamey and Ouagadougou road on the Godamey-Bohicon section: 119 Km. Super-
★ vision of works. short-list done. *Project in execution.* 6th EDF.
EDF REG 6158 A2d

Regional project for the management of the 'W' national park and adjoining game reserves. Estimated total cost 10 200 mECU. To establish three management units and 10 bridges and 20 observation posts with their equipment. Building and rehabilitation of administrative, technical and social buildings, tracks and bridges. T.A., training and studies. Project on appraisal 6th EDF.
EDF REG 6122 A5i, A8f

INDIAN OCEAN ACP COUNTRIES

Regional programme of meteorological cooperation concerning tropical hurricanes. Resp. Auth.: Madagascar as Regional Authorizing Officer. 5 mECU. Purchase of specialised equipment by int. tender. T.A. and training Project in execution. 6th EDF.
EDF REG 6508 A2e

Development and management of tuna resources. Phase II. Resp. Auth.: Indian Ocean Commission (I.O.C.). 5 mECU. Installation of a legal structure for management and regulation: regional programme of applied research: collection, exchange and analysis of fisheries statistics: training. Supply of equipment, T.A. training
★ and evaluation. *Date financing October 91.* 6th EDF.
EDF REG 5504 A3a

PACIFIC ACP COUNTRIES

Regional tourism development programme. Phase II. Resp. Auth.: SPEC and TCSP. Development of tourism and tourism related sectors of the Pacific ACP States and OCTs. 7.4 mECU. Works: implementation of programme components, supply of films, promotion and teaching materials, T.A., support for TCSP and project. Project in execution. 6th EDF.
EDF REG 6027 A5c

MEMBER COUNTRIES OF CILSS

Regional programme for soil protection and reafforestation. Resp. Auth.: Cape Verde Ministry of Rural Development and Fisheries. 4.250 mECU. Works, training, supply of equipments and T.A. Project in execution. 6th EDF.
EDF REG 6145 A3e

Information and training programme on the environment. Resp. Auth.: CILSS Secretariat. 10 mECU. Supply of pedagogical equipment, T.A. and training. Project in execution. 6th EDF.
EDF REG 6147 A8f

EAST AFRICAN COUNTRIES

Statistical training centre for Eastern Africa in Tanzania. Resp. Auth.: Secretariat of the centre. 2.0. mECU. Widening of capacity. Construction of classrooms, offices and housing. Project stage: identification. 5th EDF.
EDF REG 5311 A6b

Institutional support to Eastern and Southern Africa Management Institute (ESAMI). Resp. Auth.: ESAMI, Tanzania. Estimated cost 4.5 mECU. Extension of ESAMI installations plus provision of library, audio visual and printing equipment and improvement of kitchen and laundry facilities. Project on appraisal. 6th EDF.
EDF REG 6311 A6b

P.T.A. COUNTRIES (Preferential Trade Area)

Computerisation programme for customs and external trade statistics. Resp. Auth.: P.T.A. Secretariat. 6.7 mECU. Project in execution. 6th EDF
EDF REG 6922 A1b

IGADD COUNTRIES

T.A. for a fight against desertification strategy. Resp. Auth.: IGADD. Supply of specialised T.A. Project on appraisal. 5th EDF.
EDF REG 5361 A3a

BURUNDI — RWANDA — ZAIRE

Institutional support to the Institut de Recherche Agronomique et Zootechnique (IRAZ), at Gitega, Burundi. Resp. Auth.— IRAZ and Ministère des Travaux Publics, Burundi. EDF part 2.430 mECU. Building of administrative and research complex. Works by int. tender foreseen in 91. Project in execution. 6th EDF.
EDF REG 6318 A1a

MEMBER COUNTRIES OF ECOWAS AND CEAO

Automatic processing of trade statistics and customs data. Resp. Auth.: Executive secretariat of ECOWAS. Director-General of the ECOWAS Fund. 5 mECU. Supply of equipment and T.A. Project in execution. 6th EDF.
EDF REG 6163 A1bcef

BURUNDI — RWANDA — TANZANIA — UGANDA — ZAIRE — KENYA

Northern Corridor-Rwanda. Rehabilitation of the road Kigali-Butare-Burundi border. Resp. Auth.: Ministère des Travaux Publics. Estimated cost 8 mECU. Project on appraisal. Date foreseen for financing 2nd half 91. 6th EDF.
EDF REG 6310 (RW....) A2d

Northern corridor alternative. Kericho-Isebania road Kenya. Resp. Auth.: Ministry of Transport and Communications, Kenya. 9 mECU. Rehabilitation of bitumized road of 170 km in the Lake Victoria region. 6th EDF. Project in execution.
EDF REG 6315 (KE) A2d

Musoma — Sirari Road. Resp. Auth.: Ministry of Works — Tanzania — Estimated cost 22 mECU. Upgrading to bitumen standard of existing road. Works, equipment and supervision. Project on appraisal. 6th EDF.
EDF REG 0000 (TA 6005) A2d

TANZANIA — MALAWI

Ibanda-Uyole road. Resp. Auth.: Ministry of Communications and Works, Dar Es Salaam. EDF 9.1mECU. Rehabilitation works on existing bitumen road. 6th EDF. Project in execution.
EDF REG 6402 (TA) A2d

CAMEROON — CONGO — GABON — CENTR. AFR. REP. — EQUAT. GUINEA — SAO TOME AND PRINCIPE — ZAIRE

Conservation and rational utilization of the forest ecosystems in Central Africa. 24 mECU. Buildings, tracks, bridges, supply of equipment, T.A. and training Prequalification launched in October 90. Project in execution. 6th EDF.
EDF REG 6203 A3a

MALAWI – MOZAMBIQUE – ZAMBIA – ZIMBABWE

***Regional Tsetse and Trypanosomiasis Control Programme: extension of preparatory phase.** Resp. Auth.: Departments of Veterinary Services. 22.700 mECU. Research and development, training, environmental monitoring and assessments of the economic and land-use implications of tsetse control, T.A. and supply of vehicles, field, scientific and camping equipment. Project on appraisal. Date foreseen for financing December 91. 6th and 7th EDF.*
EDF REG 5420 A3a

SADCC

Maseru Container Terminal. Resp. Auth.: Government of Lesotho and SADCC. 1.350 mECU. Construction of container terminal and supply of containers, handling equipment. Study required: detailed design of works. Short-list already drawn up. Project on appraisal. 5th EDF.
EDF REG 5421 A2d

Regional Wildlife Training Programme. Resp. Auth.: Ministry of Natural Resources. Tanzania 0.500 mECU. Supply of field training and office equipment, teacher training, restoration of college buildings. T.A.: ★ ***Date financing September 91.*** 6th. EDF
EDF REG 6408 A5i

***International Baccalaureate Studies.** Resp. Auth.: SADCC Regional Training Council. 1.695 mECU. Supply of scholarship programme for selected secondary school graduates from Angola and Mozambique to study for the International Baccalaureate Diploma in Swaziland. T.A. and evaluation. Project on appraisal. 7th EDF.*
EDF REG 6440 A6a

SADCC — ANGOLA

T.A. for the Office of the Lobito Corridor (Project Coordination Unit). Resp. Auth.: Ministry of Transport and Communications. 2.400 mECU. T.A. in 2 phases. Supply of equipment. Project in execution. 6th EDF.
EDF REG 6423 A2d

SADCC — MOZAMBIQUE

Limpopo line rehabilitation. Resp. Auth.: Mozambique Ministry of Transport. 15 mECU, Community contribution to an overall rehabilitation programme for the Limpopo railway line. Project on appraisal.
★ Date foreseen for financing ***end*** 91. 6th EDF.
EDF REG 6421 A2d

Beira port dredging contract. Resp. Auth.: Ministry of Construction and Water. Estimated cost 9 mECU. Dredging for two years of the access channel to the port of Beira. Works: 2 years, 4 million m^3/year. Supervision and training. Project on appraisal. 6th EDF.
EDF REG 6401 A2d

CAMEROON — CENTRAL AFRICAN REP. — CHAD — CONGO — GABON — GHANA — NIGER — NIGERIA

Aeronautical satellite telecommunications. Project for Central and Western Africa. Estimated cost 30.5 mECU. Improvement of air traffic safety. The project will provide high quality voice and low speed data links between the Air Traffic Control Centres in eight countries. Project on appraisal. Int. tender (conditional) no 3442 launched in June 91 — Opening 31.10.91.
★ ***Date foreseen for financing December 91.*** 6th EDF
EDF REG 6038 A2d

BENIN — COTE D'IVOIRE — GHANA — GUINEA — GUINEA BISSAU — TOGO

Regional programme to increase awareness in western coastal African countries of natural resources protection. Resp. Auth.: Ministère de l'Environne-

ment-Togo. Estimated cost 10 mECU. Priorities: fight against bush fires and deforestation and for soil protection. Project on appraisal. 6th EDF
EDF REG 6113 A3e

CARIBBEAN ACP COUNTRIES AND MONTSERRAT

CARDI (Caribbean Agricultural Research and Development Institute). Technology transfer and applied research programme. Resp. Auth.: CARDI. EDF 5.3 mECU. Works supplies, training. T.A. Project in execution. 6th EDF.
EDF REG 6632 A3a

OECS — TRINIDAD AND TOBAGO BARBADOS — GUYANA

Regional fruit and vegetable marketing programme. Resp. Auth.: Caribbean Food Corporation. 6.2 mECU. T.A. and supplies. Project on appraisal. 6th EDF.
EDF REG 6620 A5de

OECS AND MONTSERRAT

Tertiary education. Resp. Auth.: OECS Secretariat. 7.2 mECU. Construction, supply of equipment, training, trainers training, T.A. and evaluation. Project in execution. 6th EDF.
EDF REG 6628 A6bcj

CARICOM AND UK OCT

Regional hotel training programme. Resp. Auth.: Bahamas Hotel Training College (BHTC). 4.4 mECU. Construction region training facility, supply of equipment, scholarships. Project in execution. 6th EDF.
EDF REG 6614 A5c

Student accomodation for Caribbean regional educational institutions. Resp. Auth.: UWI, CAST and CTC. 16 mECU. Construction of residential hostels with a total of 1080 beds and daytime accomodation in six campuses in Barbados, Jamaica and Trinidad and Tobago. Contracts for architectural design will be awarded following a design competition. Works by restricted tender after prequalification. Equipment and furnishings by int. tender. Project in execution. 5th and 6th EDF.
EDF REG 6630 A6b

ACP AND OCT COUNTRIES

ACP and OCT countries participation in trade development actions and services. Resp. Auth.: Programme coordination by Trade Devt. Unit in DG VIII-Brussels and geographical units in DG VIII-Brussels and EEC delegations. 5.800 mECU for ACP's and 0.928 mECU for OCT's. Trade fairs and tourism, seminars, conferences, workshops and symposia. T.A. to prepare programmes and actions and for training. Commercial missions (regional), publication of brochures and documentation. ★ ***Date financing October 91.*** 6th EDF.
EDF REG 7001 A5e

MEDITERRANEAN COUNTRIES

ALGERIA

Integrated training programme on forestry. Resp. Auth.: Ministère de l'Hydraulique, de l'Environnement et des Forêts. 2.5 mECU. T.A. long-term and short-term, equipment, scholarships. Project in execution.
SEM AL A3a

Centre to Develop Pesticides (CDP). Resp. Auth.: CERHYD (Centre de Recherche pour la Valorisation des Hydrocarbures et leurs Dérivés) 1.9 mECU. T.A. and training, supply of equipment. Project in execution.
SEM AL A3a

Support programme for the hydraulic sector. Resp. Auth.: Ministère de l'Equipement Direction de Développement des Aménagements Hydrauliques (DDAH) and Agence Nationale des Ressources Hydrauliques (ANRH). 8 mECU. T.A. for National Water Plan, supervision and monitoring for dams, studies, waste water treatment stations. Supply of equipment. Project ★ on appraisal. Date foreseen for financing ***4th quarter 91.***
SEM AL 183/90 A2b

Pilot project to develop artisanal fishery in Western Algeria. Resp. Auth.: Ministère de l'Agriculture et de la Pêche. 9.770 mECU. Supply of line of credit and specialized T.A. Training and scholarships. Evaluation. Project on appraisal. Date foreseen for financing 2nd half 91.
SEM AL A3a

Financing of artisanal enterprises from 'Société Nationale de l'Electricité et du Gaz (SONELGAZ)'. Resp. Auth.: Ministère de l'Industrie et de l'Artisanat and SONELGAZ. 9.060 mECU. Supply of line of credit for artisanal enterprises, supply of pedagogical equipment, T A. for bank-office in charge of credits. Project in execution.
SEM AL A4d

Support to the development of the artisanal fishery in the Centre and West. *Resp. Auth.: Ministère de l'Agriculture. Agence Nationale Pour le Développement de la Pêche. Estimated total cost 15.6 mECU. EEC contribution 12.6 mECU. Works by acc. tender. Supply of equipment by int. tender. T.A.: short-lists to be done. Project on appraisal.*
SEM AI A3d

EGYPT

IUD production. Resp. Auth.: National Population Council (NPC). EEC 2.100 mECU. T.A., equipment, raw material for local production of IUD. T.A. by Organon (NL) Equipment by int. tender. Project in execution.
SEM EGT A7c

Food Sector Development Programme (FSDP). Resp. Auth.: Ministry of Agriculture and Land Reconstruction, National Oil Crop Council, Livestock Production Council, Animal Production Cooperatives (APC). 55 mECU Animal food improvement. Milk marketing. Artificial insemination (AI) and animal health improvements, edible oil, line of credit. T.A. Project in execution. Int. tender no 3432 for supplies launched in June 91 — Opening 30.7.91.
SEM EGT A3a

Bardawil Lagoon development project. Resp. Auth.: Ministry of Agriculture and Land Reclamation (MOALR) and the General Authority for Fish Resources Development (GAFRD). 3 mECU. Protection of natural resources by controlling and improving the salinity of the lagoon. Improvement of the marketing of fish and reduction of losses. Construction of an additional landing place with basic marketing facilities and improvement of the existing one. Installation of a cool chain including an ice-making machine. Improvement of fishing methods. T.A. for the development and implementation of training and extension programmes. Purchase of equipment and vehicles by int. tender. Project in execution.
SEM EGT 510/90 Aai

Credit line for small-scale industries. Resp. Auth.: Ministry of Industry, Federation of Egyptian Industries (FEI). 8.5 mECU. Credit line and T.A. Project in execution.
SEM EGT 509/90 A4b

Ras Mohammed National Park Sector Development Project. Phase II. Resp. Auth.: Egyptian Environmental Affairs Agency (EEAA). 2.5 mECU. Supply of equipment, transport, T.A. and training. Project on appraisal. Date foreseen for financing October 91.
SEM EGT A8f

JORDAN

Study on underground water-level in the Azraq basin. Resp. Auth.: Ministry of Hydrology and Irrigation. 3 mECU. To collect and interpret all data concerning water region of Azraq basin. T.A. supply of equipment and drilling works. Works by acc. tender. Project in execution.
SEM JO A2a

Project for a national soil and land utilization map. Resp. Auth.: Ministry of Agriculture. 4 mECU. T.A. and training. Project in execution.
SEM JO A1g

Education Improvement. Resp. Auth.: Ministry of Education. 1.8 mECU. T.A. by ten experts and one project director. Scholarships. Project on appraisal. Date foreseen for financing 2nd half 91.
SEM JO 261/90 A6a, A6b

Improvement of agricultural productivity in arid and semi-arid zones. Phase II. Resp. Auth.: Ministry of Agriculture and the University of Jordan. T.A. by a European research institution competent in the development of arid zones. Works by acc. tender. Supply of equipment by int. tender. Project in execution.
SEM JO 570/90 A3a

Ground water investigation in the Hammad and Sirhan basins. Resp. Auth.: Ministry of Water and Irrigation, Water Authority. 4 mECU. Initial studies, drilling exploration, surveys and analysis. Project on appraisal.
SEM JO 589/90 A2a, A9a

Cooperation project in science and technology. Resp. Auth.: Higher Council for Science and Technology (HCST). 3.5 mECU. Supply of specialized equipment, staff exchanges, T.A. training, evaluation. Project on appraisal. Date foreseen for financing October 91.
SEM JO A6f

MALTA

Improvement of infrastructure. 3.1 mECU. T.A. and supply of equipment. Management of natural water resources, long term development plan for 'Telemalta Corporation' Supplies by int. tender. Project in execution.
SEM MAT 88 A9b

Protection of Malta's coastline against oil pollution. Resp. Auth.: Oil Pollution Executive 2.4 mECU. Supply of specialized equipment, training and T.A. Project in execution.
SEM MAT A8f

Upgrading of standards laboratories. Resp. Auth.: Maltese Government. 2.2 mECU. Identification by European T.A. of the present situation of standards laboratories. Training and organizational matters, purchase of equipment. Restructuring of some laboratories. Supply of analytical, microbiological and calibration equipment. Project on appraisal. Date foreseen for financing 2nd half 91.
SEM MAT 1912/90 A1c

MOROCCO

Support to strengthen technological and scientific education structures. Resp. Auth.: Ministère de l'Education Nationale. EEC 40 mECU Completion of Beni Mellal and Settat faculties. Construction of Errachidian and Mohammedian faculties and CPRT of Settat. Supply of equipment for faculties and CPRT, studies, T.A. and supervision. Works and equipment by int. tenders. Project in execution.
SEM MOR A6b

Rehabilitation and protection of the disaster areas in Ouarzazate and La Moulouya. Resp. Auth.: Office Rég. de Mise en Valeur Agricole de Ouarzazate (ORMVAO) and La Moulouya (ORMVAM). Works by direct labour. Supply of equipment by acc. tender. Project on appraisal. Date foreseen for financing 2nd half 91.
SEM MOR 236/90 A3a

Support to strengthen training structures in the textile and leather sectors. Resp. Auth.: Ministère des Travaux Publics, de l'Equipement de la Formation Professionnelle et de la Formation des Cadres and the OFPPT. EEC contribution 28.075 mECU EEC part: construction of three centres. Equipment for six centres, trainers, training and T.A. Project on appraisal. Date foreseen for financing 2nd half 91.
SEM MOR 264/90 A6c, A6d

Support for scientific research. Resp. Auth.: Ministère de l'Education Nationale. 1.375 mECU. Supply of specialized equipment and study fellowships in Europe. Project on appraisal. Date foreseen for financing October 91.
SEM MOR A6f

Support to modernize 'work system' in the Ministry of Finance. Resp. Auth.: Direction du Budget du Ministère de Finance, EEC contribution 0.260 mECU. Supply of computerized equipment, T.A. and training. Project on appraisal. Date foreseen for financing October 91.
SEM MOR A1c

Medical Research Programme. Resp. Auth.: Ministère de la Santé. EEC contribution 0.557 mECU. Supply of specialized equipment and study fellowships in Europe Evolution. Project on appraisal. Date foreseen for financing October 91
SEM MOR A6b, i

SYRIAN ARAB REPUBLIC

Water Supply Bseira and Hama Rural Regions. Resp. Auth.: Ministry of Local Administration. Governments of Deir Ez Zor and Hama. EEC contribution. 7.5 mECU. Drinking water supply. Supply of pipes and fittings and electrical-medical equipment. T.A. Project on appraisal. Date foreseen for financing October 91.
SEM SYR A2b

TUNISIA

Date-palm trees in the Rejim-Maatoug region. Resp. Auth.: Office de Mise en Valeur de Rejim-Maatoug. EEC contribution 15 mECU. Italy 7 mECU. Drilling works by int. tender. Drilling equipment— Italy. Electrical equipment: Italy. Irrigation equipment: int. tender. T.A. Italy Project in execution.
SEM TUN A3a

Mobilization of water resources in the Kasserine Governorate. Resp. Auth.: Ministère du Plan et du Dév. Régional. Commissariat Régional de Développement Agricole de Kasserine. EEC Contribution 7 mECU. Water schemes, dams, drilling. Works by acc. tender. Project in execution.
SEM TUN 254/91 A3c, A9b

TURKEY

Improvement of health services. EEC contribution 5.8 mECU. Master plan, specialized medical equipment, scanner, vehicles. T.A. and supplies. Project in execution.
SEM TU A7ac

Fight against environmental pollution. Resp. Auth. Prime Minister's Office. Directorate General of the Environment. EEC contribution 2.8 mECU. Purchase of mobile system to measure water, air, surface and soil pollution. Supply of laboratory equipment, T.A. Project in execution.
SEM TU A8f

Vocational training programmes for tourism and mining. EEC contribution 5,4 mECU. Seminars, staff, trainers, supply of equipment, studies. Project in execution.
SEM TU A5c, A4a, A6d

Programme to brooden relations between EEC and Turkey. EEC contribution 3.6 mECU. Scholarships, supply of equipment for the University of Ankara and Marmara. Training centre and language laboratory in Marmara. Establishment of a Euro-Turkish 'Business Council'. Project in execution.
SEM TU A6b

Regional centre for training and development for the 'Union Internationale des villes (UIV)' for eastern Mediterranean countries and the Middle-East in Istanbul. EEC contribution 1.4 mECU. T.A. and supply of equipment. Project in execution.
SEM TU A1c

WEST BANK AND GAZA OCCUPIED TERRITORIES

Assistance to the Palestinian population in the Occupied Territories. EEC contribution 10 mECU. Various projects, lines of credit, supply of equipment, T.A. and training. Project in execution.
SEM OT 91 A8a, b, e

Exceptional Aid for the benefit of the Palestinian population of the Occupied Territories. 60 mECU. To counteract the negative consequences of the Gulf war. Grants to extend credit and to create revolving funds, supplies of equipment and other materials and contributions to operating costs, technical assistance and training. Project on appraisal. Date foreseen for financing October 91.
SEM OT 91 E A5e, A8a, b. c

A.L.A. developing countries ASIA and LATIN AMERICA

BANGLADESH

National Minor Irrigation Development Project (NMIDP), Resp. Auth.: Ministry of Agriculture. Estimated total cost 131 mECU. EEC contribution 26.399 mECU. IDA/World Bank and local 66 mECU. Works and supplies. T.A. for environment, training. Project in execution.
ALA BD 9013 A3a

River survey project. Resp. Auth.: See ALA BD 9003 project. EEC contribution 12.6 mECU. T.A. to collect reliable data on discharge, water levels, river velocities and sediment transport, provide reliable hydrographic charts of key areas. Training, special equipment, instruments and SPOT imaging. Project in execution..
ALA BD 9004 A9a

BHUTAN

Strengthening of veterinary services for livestock disease control. Resp. Auth.: Ministry of Agriculture. EEC contribution 4 mECU. Building works by acc. tender. T.A. by restr. tender. Short-list done. Equipment and materials by Specialised Procurement Agent appointed by the CEC in agreement with the R.G.O.B. Vehicles and vaccine, by int. tender. Project in execution.
ALA BHU 9008 A3a

BOLIVIA

Protection of La Paz, Trinidad, Santa Ana, Villa Montes against floods. Resp. Auth.: CORDEBENI, CORDETAR and A.M. LA PAZ. EEC contribution 11.700 mECU. Works, supplies, T.A. and supervision. Studies. Project in execution.
ALA BD 9023 A9a

Potosi water supply. Resp. Auth.: Administraciòn Autonoma Para obras Sanitarias (AAPOS). EEC contribution 0.500 mECU. Connection works and renovation. T.A. Project on appraisal. Date foreseen for financing September 91
ALA BO 9108 A2b

'Quimoa Projects' — Potosi. Resp. Auth.: CORDEPO. EEC contribution 6.100 mECU. Actions to develop Andean crops. T.A., supply of equipment, works by direct labour, research, studies, lines of credit. Project on appraisal. Date foreseen for financing September 91 A3a

COLOMBIA

Microprojects in the Pacific Coast zone. Phase 2. Resp. Auth.: Corporación Regional Autonoma del Valle del Canca (CVC). EEC contribution 11.200 mECU. T.A., works, equipments and line of credit. Training. Project in execution. Int. tender for supplies no 3425 launched in May 91 — Opening 23.7.91.
ALA CO 9020 A3a

'Job creation' for urban youth. Resp. Auth.: National Planning Dept. Consejeria de la Juventud, Mujer y Familia — Codirection with European expert. 6.3 mECU. T.A.: 3 European experts, supply of equipment, lines of credit and guarantee, operating costs and training. Project on appraisal. Date foreseen for financing September 91.
ALA CO 9115 A

INDIA

Doon Valley integrated watershed management project. EEC contribution 22.5 mECU. Rehabilitation and reafforestation, soil conservation, minor irrigation, energy conservation, community participation, agriculture. Works by direct labour, supply by int. tender or acc. tender. T.A. Project in execution.
ALA IN 9014 A3a

Kerala Horticulture Development Programme. Resp. Auth.: GOK Chief Secretary and Steering Committee. 28.7 mECU. Supply of fertilizer, equipment (seeds and industry) works and T.A. (short-term and long-term). Project in execution.
ALA IN 9103 A3a

Kerala Minor Irrigation Project. Resp. Auth.: Irrigation Dept. of Kerala State. EEC contribution 11.8 mECU. Improvement of irrigation systems. Tank and lift schemes. Supply of equipment and T.A. Training, environmental impact studies. Project on appraisal. Date forseen for financing September 91.
ALA IN 9III A3a

INDONESIA

Rural electrification project (hydro-electric micro-power stations). Resp. Auth.: Ministry of Energy and Mines. Electricity and Renewable Energy Dept. EEC contribution 18.9 mECU. Works, supply of turbines, generators, adjusters of 10 KW, 25 KW and 100 KW, vehicles and other equipment, T.A. and training. Project in execution.
ALA IND 8719 A2a

Punggur Utara irrigation project. Resp. Auth.: Ministry of Public Works, Directorate General of Water Resources Development (DGWRD) EEC contribution 29.3 mECU. Civil works: main system, secondary and tertiary canals. Works by int. tender and acc. tender. T.A. for preparation tender dossiers, supervision and monitoring. Project in execution.
ALA IND 9019 A3a

IRAN

Rebuilding of the Manjil and Abbar Tarum Hospitals. Resp. Auth.: Ministry of Health and Medical Education. 13 mECU T.A. for architectural and technical studies and work supervision. Building and equipment by int. tender. Project in execution.
ALA IR A7a

LAOS

Primping the water of the Nam Ngum for irrigation. Resp. Auth.: Ministère de l'Agriculture, Forêts, Irrigation and Coopératives Nationales (MAFIC). EEC 5.5 mECU. Building of four irrigation networks and drainage. Studies, construction of four pumping stations, supply of equipment and T.A. Project on appraisal.
ALA LA 8802 A3a

NICARAGUA

Reintegration of qualified persons for economic reconstruction and development. Resp. Auth.: Organisation Internationale pour la Migration (OIM), Genève 5.1 mECU. Project in execution.
ALA NI 9005 A1b

PAKISTAN

Support to the rural population of the Chitrai region. Resp. Auth.: Aga Khan Foundation, Pakistan, Karachi. EEC contribution 8 mECU. Rural development, health, education. Project in execution.
ALA PK 9018 A3a

Rural roads in the Buner Area. *Resp. Auth.: Provisional Government's Construction and Work Dept. (C & W) and District Council. 5 mECU. Construction of new sections of rural roads, upgrading of existing roads. Works by acc. tender. Supervision by European Consultant. Project on appraisal. Date foreseen for financing December 91.*
AIA PK 9106 A2d

PANAMA

Rehabilitation of Santo Tómas Hospital. Resp Auth.. Ministerio de Salud. EEC contribution 4 mECU. Works, supply of equipment and T.A. for maintenance, training and management. Project in execution.
ALA PAN 9017 A7a

PANAMA — COSTA RICA — NICARAGUA — HONDURAS — EL SALVADOR — GUATEMALA

Regional development programme for agricultural research on cereals in Central-America. EEC contribution 10.8 mECU. T.A. and supply of equipment. Project in execution.
ALA REG 8823 A3a

Regional support programme for fisheries development in the Central American isthmus. Resp. Auth.: OLDEPESCA. EEC contribution 13.4 mECU. T.A., works, supply of equipments, line of credit, training, studies. Project in execution.
ALA REG 9009 A3a

PARAGUAY

Rural settlement. San Pedro and Caaguazu. Resp. Auth.: Instituto de Bienestar Rural. 10.4 mECU. Settlement of 4 000 families. Basic infrastructure, equiment, training and T.A. Project in execution.
ALA PAR 90/24 A3a

EL SALVADOR — GUATEMALA — HONDURAS

Trifinio region development pilot project. Resp. Auth.: Ministros de Recursos Naturales. Comité de Dirección. EEC contribution: 7.170 mECU. Reafforestation works, feeder roads, warehouses, supply of equipment and T.A., feeder roads, irrigation, warehouses and supplies by int. tender. Project in execution.
ALA REG 8814 A3a

PERU

Rural micro-projects programme (Pampa-Puno II). Resp. Auth.: CORPUNO. EEC contribution 21.4 mECU. T.A.: ten expatriates. Supply of trucks, vehicles, equipment, training. Project in execution.
ALA PE 8817 A3a

Irrigation project in Tumbès. Resp. Auth.: Comisión mixta Puyango-Tumbres. Sub-comisión peruviana. EEC contribution 21.4 mECU. Purchase of equipment and materials. Credit line. T.A., training and research. Project in execution.
ALA PE 9012 A3a

Micro-enterprises – Informal sector. *Resp. Auth.: Banco Central de Reserva del Perù (BRC). EEC contribution 13.200 mECU. To improve capacities of the micro-enterprises. Lines of credit, revolving funds, T.A. and training. Project on appraisal. Date foreseen for financing December 91.*
ALA PE 9124 A8d, c

PERU — ECUADOR — COLOMBIA (PEC)

Regional programme: fishing technical cooperation EEC/PEC. Estimated EEC contribution 6 mECU. T.A., supply of equipments and training. Project on appraisal.
ALA REG 8721 A3a

COCESNA — COSTA RICA — EL SALVADOR — GUATEMALA — HONDURAS — NICARAGUA

Radar control for civil air traffic in Central America. EURO MAYA project. Resp. Auth.: COCESNA (Corporación Centroamericana de Servicios de Navegación Aérea) and co-director EEC. EEC contribution 18.5 mECU, Italy 9.5 mECU. Civil works, supplies, four radars and equipment, communication systems. Extension of the Tegucigalpa control centre. T.A. and training. Project in execution.
ALA REG 8819 A2d

PHILIPPINES

Agricultural education programme. Resp. Auth.: Ministry of Education, Culture and Sports (DECS). EEC contribution 10.4 mECU. Parallel cofinancing with ADB. Supply of equipment and agricultural inputs. Pedagogical equipment, furniture, laboratory and audio-visual equipment, books, chemicals, tools, vehicles, T.A. and training. Project in execution.
ALA PHI 8824 A6ci

Earthquake Reconstruction Programme (ERP) (July 90). Resp. Auth: Department of Agriculture, CECAP (Central Cordillera Agricultural Programme). Project Office. EEC contribution 20 mECU. Agricultural rehabilitation, works, supplies and T.A. Hospital rehabilitation: works for two hospitals, supply of equipment and supervision. Studies: 1) Alternative transport strategy study. 2) Urban planning studies for the cities of Bagnio and Dagupan. Project in execution.
ALA PNI 9021 A8a

SRI LANKA

Pilot project for Agricultural Productivity Villages under the poverty alleviation programme. Resp. Auth. Project Implementing Unit. 2.5 mECU. T.A. training and supply of equipment. Project in execution.
ALA SRL 9002 A3a

Minor and medium size irrigation systems in the North-Western province. Resp Auth.: Ministry of Land and Ministry of Agriculture. EEC contribution 6.3 mECU. Work, by direct labour, supplies by int. tender. T.A.. Project in execution.
ALA SRL 9016 A3a

National Irrigation Rehabilitation. Resp. Auth.: Project Coordination Committee. Total estimated cost 41.5 mECU. EEC 3.34 mECU, World Bank 24.67 mECU, counterpart funds from EEC Food Aid 7.59 mECU, local 5.9 mECU. Works, supplies and T.A. Project on appraisal. Date foreseen for financing July 91.
ALA SRL 9107 A3a

THAILAND

Development and extension of fruit and vegetable production in Northern Thailand. EEC contribution 9.45 mECU. Long-term T.A., supply of equipment, line of credit, training, research, follow-up and evaluation. Project in execution.
ALA TH 8812 A3a

YEMEN

Fourth Fisheries Development Project. *Resp. Auth.: Ministry of Fisheries. EEC contribution 13.900 mECU. Construction of access roads, facilities for fish handling, supply of equipments, engines and fishing gear. T.A. Project on appraisal.*
ALA ROY 9122 A3a

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Alain MINC — **La vengeance des nations** (Vengeance of Nations) — Grasset — 273 pages — Bfrs 559 or FF 100 — 1991

This decidedly prolific author produces another book almost every year and one of them, La Grande Illusion, was in fact reviewed in these columns a little over 12 months ago. Some of Alain Minc's theories may well be open to disagreement, but his books, with their profusion of ideas and original, prospective approach to the world of today, are always remarkable.

The basic idea of the present work, a simple one, has been seen before. Mr Minc thinks that the nations are capitalising on a twofold, relative decline, in the international order and at internal level. 'This movement of nations, a bizarre phenomenon, is along two lines. On one side, we have Japan and Germany heralding the nationalism of the 21st century, with domination now an economic, technological and financial thing which has renounced the outmoded idea of territorial sovereignty... On the other are the poor countries, with nationalism back in the rut of the 19th century (if not earlier), turning on identity, land and race, although the words themselves may be censored. Lithuania, Croatia, Transylvania, the Ukraine, Georgia... all thought they had wiped 50 years of Marxism off the slate'.

The author emphasises the development of Southern Europe and is perhaps unrestrained in denouncing the return of a Germany à la Bismarck and France's slide towards a republican monarchy — something the Presidents of the Republic seem very happy with. But he is right to stress the fact that some countries are seeing the emergence of popular nationalism in which, say, Lech Walesa, Saddam Hussein and Boris Yeltsin play very different parts. Oddly enough, other than in remarks on immigration, the developing countries are not mentioned.

What are the conclusions? The nuclear dissuasion-cold war tandem contrived to freeze history after World War II, but now it is on the move and leaping into the unknown. With communism dead, optimism triumphant, capitalism arrogant and democracy recognised, 1989 was the great turning point, but now we can see that some of the assertions needed finer tuning. For this book came out just before the Gulf crisis and could not, perforce, take account of the considerable consequences of recent months. Alain Minc's general conclusion is that 'Nation, yes, but under a government of reason' — an idea already heard at the end of the 18th century and which needs clarification today.○ Alain LACROIX

○○○

'Commerce et développement, le cas des céréales': Stéphane MADAULE: Editions l'Harmattan, 7, rue de l'Ecole-Polytechnique, 75005 PARIS: 175 pp.

This is an interesting book dealing with an important and complex subject matter: the cereals markets. For developing countries, cereals remain by far the most important food item. But also in the developed countries, cereals are a cornerstone of the agricultural sector. Problems in this sector have widespread macroeconomic repercussions in the developing countries. Equally, in developed countries, the cereals sector may strongly affect other sectors e.g. input supply or livestock production.

The author rightly subordinates the notion of food self-sufficiency to the much broader concept of food security. The book contains an interesting brief description of the world cereals market and of the cereals markets in some of the poorest developing countries. The author presents the view that it is an illusion to think that the world cereals market can be steered to the benefit of the developing countries. One of the basic recommendations of the book is that developing countries should set up a system of protection that gives them some insulation from the unstable world cereals market and that takes into account their specific production conditions. Given the small size of their markets, such a system should preferably be set up at the regional level. At the same time, it is also imperative to improve the processing and marketing of local cereals so that they may become more competitive in comparison with imports.

In respect of food aid, there is another interesting recommendation, that more responsibility be given to the beneficiary country concerning mobilisation procedures. The author is also in favour of fully exploiting the potential for triangular food aid operations.

The book does also have some weaknesses. It is sketchy on the effects of macroeconomic and monetary constraints on the food situation. Monetary and exchange rate matters are closely related to protection and competitivity. Furthermore, there is rather a narrow view on the programming of food aid and on the use of counterpart funds. Multiannual food aid is briskly rejected on the basis that one should not send food aid when it is not required, as if multiannual food aid would mean the supply of a constant quantity year after year. On the use of counterpart funds (arising from the sale of food aid supplies) there is a growing consensus that, for maximum effectiveness, this should be planned in a multiannual context.

In conclusion, the book is a very readable and worthwhile contribution to the debate as to what would be the most appropriate cereals market policy. Readers of The Courier may also wish to consult two dossiers which we have published on closely related subjects: no. 114 of March 1989 on cereals and no. 118 of November 1989 on food aid.○

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