

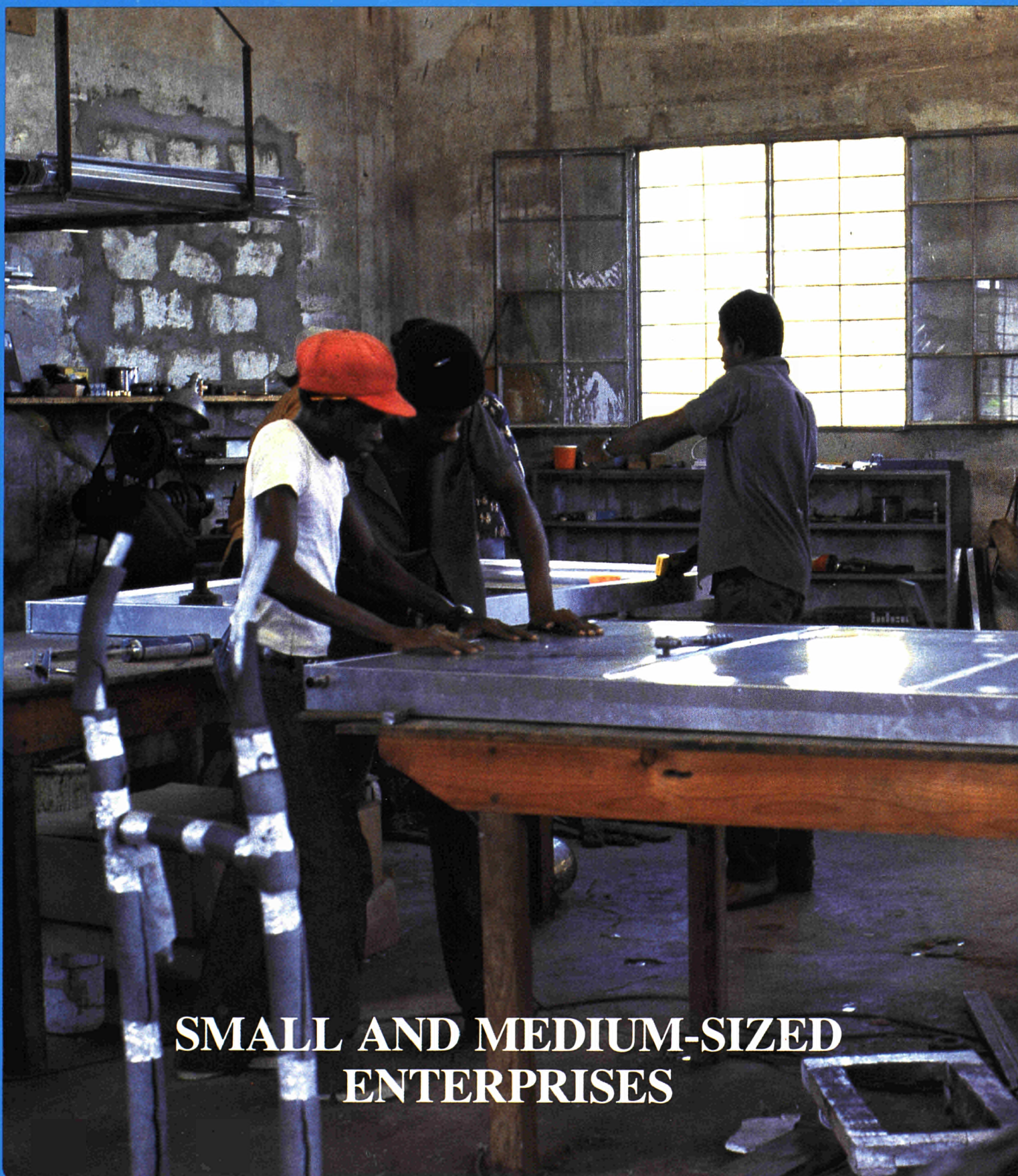


# The Courier

AFRICA-CARIBBEAN-PACIFIC - EUROPEAN COMMUNITY

Published every two months

No 115 - MAY-JUNE 1989



**SMALL AND MEDIUM-SIZED  
ENTERPRISES**



## THE EUROPEAN COMMUNITY

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of States

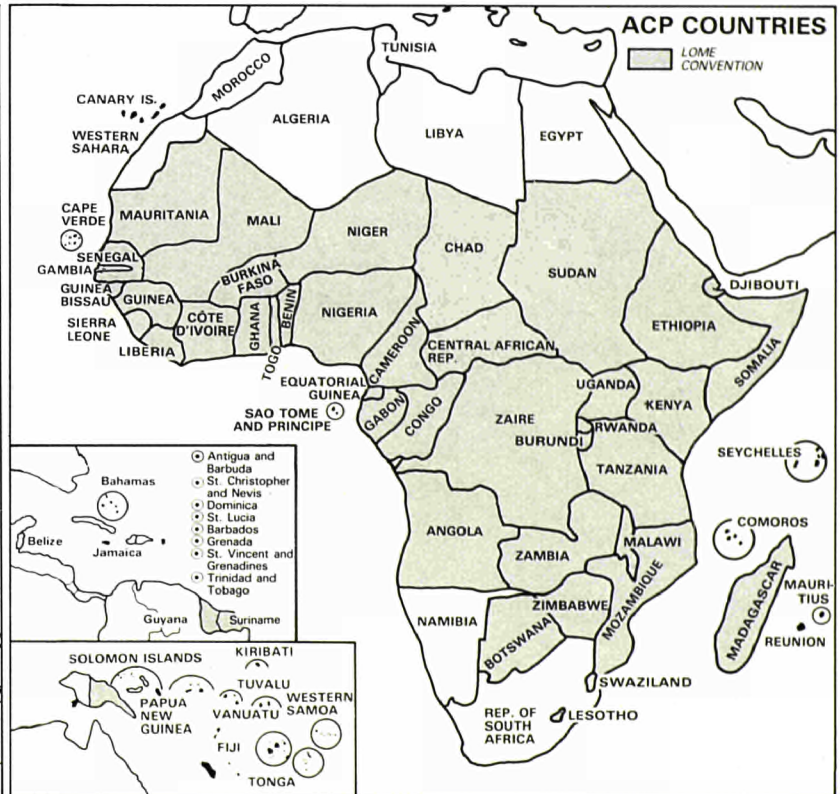
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## THE 66 ACP STATES

ANGOLA  
ANTIGUA & BARBUDA  
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ZAMBIA  
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### FRANCE

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*(Overseas territories)*

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French Polynesia  
French Southern and Antarctic Territories  
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*(Overseas countries)*

Netherlands Antilles  
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*(Country having special relations with Denmark)*

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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.



## MEETING POINT: Idriss Jazairy

Created in response to the first shock-wave of the 1970s oil crisis, the International Fund for Agricultural Development (IFAD) groups together three categories of member states: industrialised countries, oil-exporting developing countries and non oil-exporting developing countries. It is the only international organisation in which countries of the Third World can, by definition, command a majority vote. IFAD's President, Idriss Jazairy, a diplomat skilled in North-South relations, explains the role of IFAD and its novel approach to the fight against one of the root causes of hunger: poverty. **Pages 3 to 6**



## COUNTRY REPORTS



**LESOTHO:** Totally surrounded by, and heavily dependent on South Africa, Lesotho has not lost its unique personality, founded on a deep love of peace and a readiness to face challenges. On the brink of the 21st century, it is returning to authentic political traditions while getting ready to participate in a multi-billion dollar hydro-engineering scheme of considerable complexity. **Pages 21 to 38.**

**ST. VINCENT AND THE GRENADINES:** One of the group of Windward Islands in the Eastern Caribbean, St. Vincent's economy and entire social fabric revolve around its banana trade with the United Kingdom. Rising production and firm prices mean that the industry is buoyant, even if the uncertainty surrounding the 1992 European Single Market clouds the horizon. *The Courier* takes a look at St. Vincent in this, an election year, and the Prime Minister, James Mitchell, speaks of his hopes and plans for the island country's future. **Pages 39 to 50**



## DOSSIER: Small and Medium-Sized Enterprises



The current enthusiasm for the private sector on the part of ACP countries and their cooperating partners has brought back into the limelight the SME sector. Statistics are hard to come by, and even definitions are fraught with danger, but it is without doubt a long-neglected sector which has much to offer developing economies. **Pages 57 to 88**

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### Short story competition

*A review that concentrates on economic, social and financial issues can still take an interest in such things as sociology, science and technology, research, architecture, craft, information and communications, all of them to some extent connected with culture in the broadest meaning of the term, and today The ACP-EEC Courier gives its readers the entirely exceptional opportunity of taking part in what is, for it, and maybe for them, a strange adventure — a literary competition.*

*Why are we embarking on something so far from our usual concerns? Simply because The Courier is an instrument intended to serve ACP-EEC cooperation and, since Lomé III, this cooperation has also—at least—involved culture. There has of course been an arts column for several years now, variously devoted to museums, exhibitions (of the plastic arts especially), music, architecture, drama, the cinema and so on, to reflect events taking place in the world.*

*But The Courier wanted to go further, into the field of literary creation, alongside the ACP-EEC Foundation for Cultural Cooperation, whose activities it regularly monitors. And in fact, thanks to the Foundation, the competition will be a shared adventure. The Courier will provide the opportunity to use its columns (the winning short story will take up about three printed pages) and thus to be seen by far more readers than are on the mailing list, as in Africa and Europe alike, every issue will often be consulted by several people. The Foundation, with its abilities and possibilities, will provide the literary and financial support by setting up a reading committee and a highly qualified selection jury and putting up money for a cash prize.*

*The rules of the competition are in the box.*

*The Courier and the Foundation look forward to receiving writing of a high standard — in large quantities. May the best one win!*

**Raymond Chasle,**  
*Ambassador of Mauritius,  
Secretary-General of the Foundation  
for Cultural Cooperation*

**Marie-Hélène Birindelli,**  
*Editor*

#### Competition rules

This competition is being launched and organised jointly by The ACP-EEC Courier and the ACP-EEC Foundation for Cultural Cooperation. The rules are set out below.

1. Competitors should submit an original (not yet published) short story of their own, on any subject.
2. The author must hold the nationality of an ACP State.
3. The short story, in French or in English, should be presented in the form of a typescript of between 2 000 and 2 500 words (about seven pages).
4. The typescript should reach the offices of The ACP-EEC Courier (which will centralise the entries), by 31 December 1989, at this address:

The ACP-EEC Courier,  
"Short Story Competition"  
Commission of the European Communities,  
200, rue de la Loi,  
1049 Brussels, Belgium.

No typescript will be returned to the author.

5. A reading committee set up by the Foundation will shortlist the works submitted. The best short stories will then go before a literary jury, also set up by the Foundation, which will select the two finalists, one in French and one in English.

6. The winning short stories will be printed in the "Culture and arts" column of The Courier during the course of 1990, once in the original language and a second time in translation into the other language.

7. Each of the winning authors will receive 50 copies of the issue of The Courier containing his or her short story. These can be used to introduce the author to publishers.

8. Each of the winning authors will receive the sum of ECU 1 000, from the Foundation, in his or her national currency.

9. The Foundation reserves the right to publish subsequently a volume containing a selection of the best short stories.



## IDRISS JAZAIRY

*President of IFAD*

### Combating rural poverty and hunger



*IFAD, the International Fund for Agricultural Development, is in some ways a child of the first oil crisis of the '70s. It was set up in 1977. There are three categories of members — first, the industrialised countries with the expertise and the capital to attack one of the root causes of hunger, poverty; second, the oil-exporting developing countries with their recent influx of petro-dollars and the same desire to combat poverty and; third, the non-oil-exporting developing countries which are the main beneficiaries of IFAD action. The Fund has always been the only international organisation in which the Third World has an automatic majority vote, each category having a third of the votes, as opposed to the one vote per country in the UN and the vote proportional to contributions in the IMF and the World Bank, the Bretton Woods institutions.*

*Idriss Jazairy, President of IFAD since 1984 and recently elected to a second term of office, is an Algerian, a graduate of Oxford, of France's National School of Administration and of Harvard and a former Ambassador to Brussels, where he has many friends in ACP-EEC circles. He has always been particularly interested in North-South relations and, in 1978-79, he chaired the United Nations Committee of the Whole on the North-South Dialogue and commented on the Cancun Summit in No 71 of The Courier (January 1982) in this capacity. Now, working in the field at the head of IFAD, he talks about the role and originality of the Fund in this interview, stressing that there are economically viable ways of tackling hunger and poverty and that there is more to it than calling on charity.*

► *Mr Jazairy, can you tell us what IFAD is and does and outline for us what it has achieved so far?*

— The International Fund for Agricultural Development was set up in 1977. It is the first institution of its kind to have the exclusive aim of helping poor populations in rural areas, which is where it differs from other international financial institutions. Its strategy is not just to do something about poverty. It also aims to promote the sort of development that the poor populations themselves can actually keep going. So its job is in fact to finance rural development programmes that are specially designed for a section of the world population that is often overlooked.

Its concern is with stimulating development and attenuating poverty

in the rural parts of the developing world and it has already managed to raise the standard of living of 18.3 million families—about 110 million people—with the projects it has financed.

In 1988, IFAD inaugurated its second decade by helping tap \$242.5 million in loans and grants for 24 projects, 23 of them introduced by the Fund itself and just one on a co-financing basis (at the suggestion of another international institution, the World Bank).

During its first 10 years, IFAD managed to attract other financial institutions and they joined it in co-financing about 60% of its 243 projects, worth \$10 billion, in 91 different countries. The Fund itself gave \$2.5 billion in loans and grants and there

was \$3.4 billion from other funders and \$4.2 billion from the Governments of the recipient populations. This showed that it was able both to mobilise the resources to realise a large number of projects and to make other financial institutions aware of its innovative ideas in the matter of development.

Its special interest in getting to grips with the machinery which perpetuates rural poverty and hunger in the world today has enabled it to design development schemes which provide a specific and original answer to the real needs of the sufferers.

► *What effect do IFAD projects have on food production?*

— Our estimates suggest that the extra food produced through IFAD



projects will give about 110 million people lasting food security — by which I mean daily bread throughout their lives. This represents an IFAD investment of about \$ 14 per head. It has also been estimated that the IFAD projects currently being carried out will make for 2.5 million extra jobs, each one lasting 20 years, for the same investment. That's money well placed!

► *What is the difference between the IFAD schemes and those of the other financial institutions?*

— The first thing about IFAD is the exclusive nature of the duties laid down from the first, whereby it has to focus its efforts and its means on alleviating poverty in rural areas, particularly amongst those sections of the population which progress and development have passed by.

The second thing is the concept and application of the idea of participation in its projects. Our schemes are, above all, based on the real needs of the target populations and we parry the risks of failure by involving the recipients at every stage, from preparation through to implementation.

And the third thing is that we make the Governments aware of the need to put priority on integrating the small

peasants in their development strategies and not marginalising them. This sort of approach means we can both offer food security to the most underprivileged and get them to settle and thereby put an end to the rural exodus.

► *The second council of IFAD Governments took place in January. Where does the third replenishment of the Fund's resources stand?*

— Our resources are replenished in a particularly original way. There are three categories of member country — category one is the industrialised countries of the north, category two is the oil-exporting developing countries and category three the other Third World nations and the main beneficiaries of the Fund and they each have the same number of votes.

From the very beginning, the first two categories have given practical shape to North-South cooperation by agreeing to feed the Fund with virtually equal contributions. So category one contributed \$ 537 million to the original resources in 1978, category two \$ 436 million and category three \$ 16 million and the whole lot was invested in the fight against hunger. And in 1982, a similar amount was collected from the member countries on a similar basis.

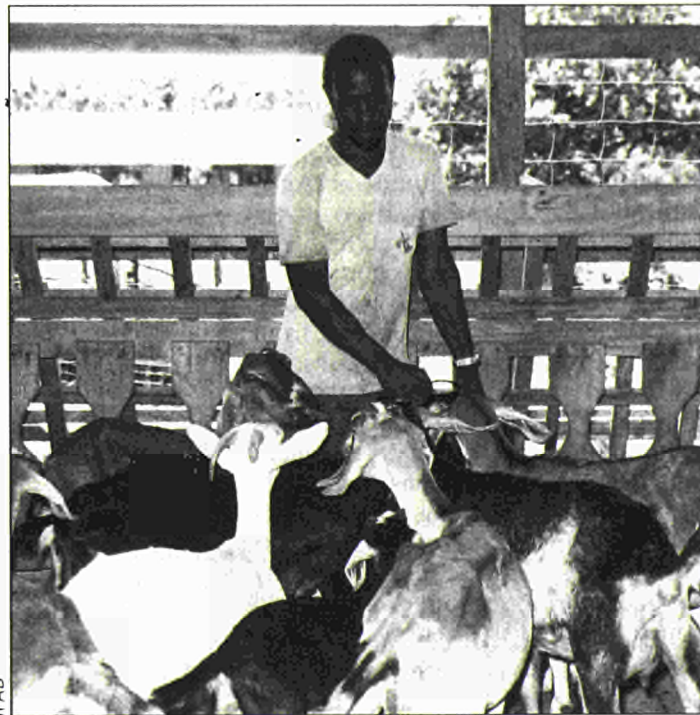
Unfortunately, however, at the time of the second replenishment, in 1986, the OPEC countries had had a drastic drop in their incomes and could no longer pay the whole of the Third World contribution in the name of South-South solidarity. But the Third World kept two thirds of the votes and an appeal was made to category three countries to raise their contribution.

The important things expected for the future include a much larger category three contribution of about \$ 75 million in convertible currency. The industrialised nations in category one have said they intend to make a contribution three times this figure, over and above their basic contribution — which will be \$ 276 million, the same as when the Fund was replenished for the second time. The developing countries in OPEC, category two, are trying to keep to the \$ 184 million contribution they undertook to make at the time of the second replenishment, in spite of the dramatic slump in their revenue. Four countries in this group—Venezuela, Gabon, Indonesia and Nigeria (and the two latter are among the poorest of it)—have already announced that they will be maintaining their previous level of contribution and Iran, which was not involved in the second replenishment,

*Two examples of IFAD schemes — improvements to sorghum production methods in Somalia on the left and a Dominican farmer with goats bought thanks to agricultural credit facilities on the right*



IFAD



IFAD



is about to announce a sizeable contribution to the third. It is hoped that the other countries will follow suit. The spirit of solidarity displayed by the three groups cannot but clearly confirm to just what extent these countries are committed to the joint drive to create a world free from hunger. The success of the third replenishment should open the way for a high degree of financial autonomy for IFAD by the end of the next decade.

► *How does IFAD intend protecting poor peasants from the consequences of structural adjustment programmes?*

— The structural adjustment programmes are run under the sovereignty of the States which apply them. But it has to be admitted that they—or the economic crises which led to them—can sometimes be detrimental to the most underprivileged rural populations. So it is our duty to try and limit any negative effects on these people, maintaining a constant political dialogue with the countries concerned, and to boost our aid to small farmers so they can obtain the inputs they need to ensure food security.

IFAD's target populations are rural populations. They represent between 70% and 90% of the population of sub-Saharan Africa, for example, and most of them are smallholders and landless peasants, living from farming. They alone account for more than 50% of GDP and are therefore a force in the economy. Any structural adjustment aims to rationalise public finances and get the economy off the ground again and success—or failure—will depend on where it puts the rural world in its parameters and how well the rural world accepts it. Since the rural world is IFAD's target group, we are forced to take an interest in the adjustment programmes, so a case study of the effect the adjustment measures have on poor peasants in Ghana, Kenya, Madagascar, Malawi and Niger, now reaching completion, has been introduced.

IFAD did this because it thought there was very little empirical data available on the effects of structural adjustment measures on our target population. Bridging this gap will also help refine and attune the adjustment

measures so that the smallholders and the poor in the rural areas get the maximum benefit from the macro- and micro-economic movement that has once more to be got under way.

The reflexion on structural adjustment "with a human face" concentrated on the need to save the most vulnerable sections of the population from the harshest effects during the period of transition. Protecting these people above all means giving them some sort of compensation—a step in fact inspired by charity. Without wishing to deny that it is important to protect the most vulnerable from too much suffering, IFAD thinks that the success of the structural adjustment programmes in sub-Saharan Africa will depend on how far the poor can improve their material and human productivity during the adjustment phase, thereby contributing to, and benefiting from which the anticipated return of economic growth. IFAD's aim is to find economic ways of alleviating poverty rather than call on charity.

► *Is IFAD involved in getting rural capital mobilised to ensure full achievement of its aims?*

— The principle of involvement also dominates the Fund's current farmer credit policy. All the credit components of most of our projects are based on the principle of collective loans to small, homogeneous groups of peasants or traditional village organisations run by the recipients themselves and responsible for collecting their members' savings.

A project in Mali, a village development fund, is a good example of this. By May 1987, in Year Three of the project that is to say, 85 villages had set up village funds and were getting agricultural credit. And during the same year, village savings totalled CFAF 123 million, a sizeable amount if you remember that the savers are smallholders, most of them subsistence farming in an extremely poor area

Another example is the Nepalese project to help smallholders and landless peasants get organised into homogeneous, polyvalent groups of 10-15 members focused on certain remunerative activities. This scheme, which was based mainly on credit,

was intended to help 50 000 smallholder families, but it exceeded all expectations and more than 5 500 groups were formed, each one responsible for both allocating credit and getting in repayments as well as collecting the members' savings.

An IFAD project in Jamaica is trying to improve the institutional and financial foundations of the agricultural credit facilities to raise the productivity and standard of living of 4 300 smallholder families, giving them the credit and technical assistance they need and encouraging them to acquire a knowledge of soil conservation techniques. Implementation is going smoothly, with 41 branches of the people's banking cooperatives involved in the running of the credit programme.

The funds allocated to the credit component of IFAD projects in both the ordinary programme and the special programme for Africa have increased considerably this year, being more than 40% of the total approved financing as against the 26.5% average of the past 11 years.

In 1988, IFAD-backed credit activities were, typically, concerned with introducing banking services into sectors which had never had them before.

The vital link between credit and the mobilisation of savings has constantly been established and strengthened. The credit associations in the Solomon Islands are one example of a banking system run at village level. Thanks to these bodies, the communities can, on their own initiative, save and use their savings to suit their own particular needs, mainly for welfare—family requirements, school fees and so on.

Another aspect, and one which was emphasised in 1988, is the efficiency of the targeting of credit recipients. The allocation criteria have been further refined and the various ceilings (size of land, income and loans) have been lowered to give the most underprivileged access to credit facilities.

► *Isn't the deterioration of the environment likely to impede IFAD action?*

— This is an area where everyone is responsible, the industrialised



nations first and foremost and the developing nations as well. Rural poverty in the developing world is closely tied up with the state of the environment. And the demographic process has a profound effect on it too, since the weakest sections of the population are edged towards what are, ecologically, the weakest areas.

In 1980, seven years before the World Commission on Environment and Development brought out its report on "Our Common Future" (1), IFAD came up with a soil and water protection and reforestation project for Pakistan. Since then, as the phenomena linking rural poverty to environmental deterioration have become clearer, IFAD has been refining its projects. However, success depends on how far the target groups are attuned to the subject. They have to be made to realise that their future wellbeing depends on the environment being protected.

But some rural populations, especially in the Sahel during the great drought, have caused soil deterioration when subsistence depended on overworking the fragile land they had for food and survival. What IFAD does is to preserve the environment by ensuring that projects have components with positive short-term effects on the poorest populations to encourage them to play a proper part in the preservation of the ecosystem.

In Burkina Faso, for example, an IFAD-financed scheme helped peasants construct small semi-permeable stone dykes when it found that they were reluctant to build and maintain earth banks to preserve soil and water. The stone dykes are easier to maintain so the peasants have more time for their crops and a production increase of between 20% and 40% is expected in the immediate future.

► *With all your experience of North-South relations, now that you are in an operational job, can you see any change in cooperation between rich and poor?*

— It is interesting, I think, to be in my job at the moment — not just because it is a privilege to be able to

devote myself to such a noble task as combating hunger by getting to the root cause, poverty, but also because I think the '70s were, typically, the time of the euphoria of reorganising international economic relations and a desire to find an answer to the Third World's problems with a new balance of power between developed and developing nations — and a balance which we thought came from the emancipation of a group of developing countries, those in OPEC. At the



The Courier

*IFAD aims to find economic ways of alleviating poverty rather than call on charity*

time, the answer to the problems was seen to lie in a change in the balance of international power. I think the '80s have brought us to what are perhaps more realistic and more limited ambitions and that these are reflected in a desire, not so much to reorganise the world, which would be difficult, but to try and tackle practical problems, albeit limited ones, such as debt, which is in everybody's mind, the anti-hunger campaign and poverty and the preservation of the environment and our ecosystem. So now we have aims which are perhaps more for particular sectors than for global reorganisation and the advantage of this, I believe, is that it is more practical and that it doesn't lead us into the ideological discussions which don't get us very far in the end.

One of my greatest causes of satisfaction today, I have to say, is that I can go into the field and see for myself what progress has been made by the people who were very often looked upon in the Third World as a burden on the countries they lived in but who in fact turned out to be an asset in the fight for development and I can see for myself that, with limited means, we can give these poor marginals the means not only of catering for their own needs but of contributing to the national economy too. This is a source of enormous satisfaction because it proves that we can tackle poverty and hunger by economically viable means and not just by calling on charity and appealing to the conscience of people, be they the richest ones in the developing countries or the industrialised countries themselves. I think it is extremely positive.

► *You said in a recent interview that Africa would have trebled its food imports by the year 2000. Is that based on any specific statistics?*

— There I was talking about my particular concern for the countries of North Africa and the Middle East, where food dependency is getting to be a cause for serious concern. It is their food imports that will be trebled by the year 2000. The situation in Africa is of course not reassuring either, so I think it is urgent to help these populations improve their food security. That is not to say they have to be pushed into autarky. Quite the contrary. If the \$200 billion which the developed countries spent in agricultural subsidies were cut a little and if the \$8 billion ploughed into aid for agricultural development in the Third World (including Africa and the Middle East) were doubled or trebled, then the greater purchasing power of the poorest populations would mainly go on food. Not just the food they produce, themselves but the surplus food on the international markets, so there would no longer be a problem of surpluses because there would be takers for them. So you can see I am not planning on autarky for these countries. But you have to be logical. Either they push up their production or we help them boost their income so they can pay for their imports. There's no other way. ○ R.D.B.

(1) See the interview with Gro Harlem Brundtland, Head of the World Commission on Environment and Development, in *Courier* No 108 (March-April 1988).





# ACP-EEC cultural cooperation under Lomé III

by Pierfranco ALLOA (\*)

Most of today's development policies are designed to meet vital needs in the Third World. The aim is usually a purely economic one and it is easy to forget that cultural, social and spiritual values also have a considerable contribution to make in strengthening the economic position, culture, in the broadest meaning of the term, being indissociable from the economy and from every other form of human expression. Culture is the very basis of development and, if full benefit is to be reaped from existing resources, the maximum has to be made of the socio-cultural potential of each country. So the principle applied so far, of providing funds to enable the "late developers" to catch up with the rest, has gradually to be replaced by the principle of self-sufficiency.

The word "culture" was long seen in a restrictive light, as referring to the production and enjoyment of works of intellectual and artistic endeavour. Today, anthropology—and the works of Claude Lévi-Strauss and Margaret Meade spring to mind particularly here—has changed the concept of culture. Today, culture is taken to mean the interaction between man and his environment and, seen in this light, it is a way of being aware of reality, a code, a set of different kinds of rules whereby the individual can communicate with his ecosystem and establish relations to suit his aims. So culture embraces all the ways of life and conditions of living in a society linked by a common substratum of traditions and knowledge and the various forms of expression and realisation of the individual within that society.

Culturally speaking, the position of the ACPs and the Community is unequivocal, since it is clearly set out in Title VIII of Lomé, a large part of

which deals with cultural cooperation in the strict sense of the term <sup>(1)</sup>.

So it is reasonable to say that ACP-EEC cultural cooperation is a significant innovation of the Third Lomé Convention. Cultural cooperation is part of all ACP-EEC cooperation aimed at promoting more autonomous and self-sustaining development in the ACP States by placing man at the centre of the process. By adopting this theme in the Convention, both the ACPs and the Community were anxious to recognise that autonomous, self-sustaining development meant that the ACP countries had to be freed from the western cultural model where it was ill-suited to the realities of the local situation. A cultural cooperation chapter in Lomé is the culmination of the quest for cultural independence which the ACPs by no means intend to lose in the development dynamics which are theirs.

The concept of cultural cooperation in Lomé III involves "the taking into account of the cultural and social dimension in projects and programmes" and "promotion of the cultural identities of the ACP States' peoples, with a view to fostering their self-advancement and stimulating their creativity".

While the first part, "the taking into account of the cultural and social dimension", reflects the meaning of the word 'culture' as used by the anthropologists and sociologists as the system of values, the outlooks and the functioning of a given society or, briefly, the original solutions that this society has sought and is seeking for its problems, whatever they are, the second part, the "promotion of cultural identities" reflects the more conventional meaning as being all cultural goods—art, craft, music, drama, oral and written literature, films etc. and everything which helps develop and disseminate them.

So from Lomé III onwards, culture must be taken into account systematically. It is clear that cultural schemes are not merely accessories, but are intimately concerned in the affirmation of ACP communities—which is why the two parts of the idea cannot be separated.

## Culture in development

Some three years have gone by since Lomé III was signed and it would perhaps be a good idea, if not to produce an exhaustive record, at least to highlight one or two results of ACP-EEC cooperation and give one or two points of reference—both for consideration of the cultural dimension in development and cultural schemes actually implemented.

In the matter of specific consideration of the cultural dimension, it is of course difficult, impossible even, to make any precise assessment of the degree to which this is done in the various development schemes. Hundreds of operations are run in the field and, although it is easy to translate the chronological and financial data into statistics, the cultural effect is not so easy to grasp.

Integrating the socio-cultural dimension is a complex matter. It is not an automatic process and it very much depends on the people who are responsible for the particular development project or programme. Since the signing of the Convention, the Commission has taken a number of initiatives along these lines and the socio-cultural dimension is gradually making its presence felt and being incorporated in cooperation programmes. Here are one or two illustrations:

- inclusion of a chapter on taking socio-cultural factors into consideration in the Manual for Preparing and Appraising Project and Programme Dossiers which the Commission uses. This chapter provides general guidance on socio-cultural matters;
- wide coverage of the factors of a project's socio-cultural viability in the six-monthly follow-up reports;
- alongside this, the examination of some development projects in greater depth to detect the effects of socio-cultural factors on development, implementation and success of operations and dissipate any doubts as to the lack of practical results.

(\*) Assistant in the Directorate-General for Development, Commission of the European Communities.

(1) See the Dossier on Cultural Cooperation in No 100 of The Courier.



One project which clearly shows the importance of prior socio-cultural surveys and studies is the regional development project in Guinea. After satellite photographs had shown bad erosion in this particular region, the Commission was able to have socio-cultural studies run on the population before the anti-erosion schemes proper were started. It thought that the only way of finding a proper solution to the problem of erosion and desertification was to involve the population in the project, as, if these people wanted to stay alive, they had to adapt their way of life to the circumstances in which the environment could be safeguarded. This meant putting the population in the picture and starting up a dialogue. But first of all, it meant getting the population to agree to the dialogue. Thanks to these preliminary studies and interventions, integration of the socio-cultural dimensions became a practical reality.

A second example could well be the Kivu Programme, with its "village projects", in Zaïre. Although this programme is only just beginning, it is already reputed to be working well.

The schemes it includes are geared to village initiative. The exact geographical location has not been pinpointed, but wherever the villagers are sufficiently motivated to contribute labour, cash or kind to "their project", the Kivu Programme will provide technical and financial support. Nothing is done without clear indication that the villagers are willing to help carry out the work and ensure maintenance of the facilities provided. So this is one example of awareness of local cultural realities.

These examples are, albeit fragmentary, illustrations of the impact of the socio-cultural factors. But it has to be realised that they are still not always taken systematically into consideration. What could be done about this?

As experience is acquired, it is important to be able gradually to shape not so much a constraining administrative framework, but practical methods whereby cultural and social considerations can play their proper part at all stages of the project and be, to an increasing extent, used as dynamic elements of development.

Making the socio-cultural dimension operational means making culture an active factor of development—which is ultimately the main aim. Development projects are designed to improve wellbeing and prosperity, and harmonising all the factors of development, culture included, gives us a better chance of achieving this aim. But there is still a long way to go.

### Cultural schemes

In the matter of cultural schemes proper, it is useful to remember that, at the Lomé III negotiations, the ACP partners and the Community did not want any extra resources to go to finance cultural schemes outside the regional and national indicative programmes. This stemmed from a clear desire to make the competent authorities careful about the "opportunity costs" inherent in the financing of particular projects.

Since 1985, 60 or so cultural schemes worth about ECU 4.4 million have been financed. A detailed list is set out in the box.

The schemes financed or co-financed include:

- a project to develop Makonde art in Mozambique;
- films (e.g. a cultural film on the River Niger and a documentary on reforestation in Cape Verde);
- FESPACO (The Pan-African Film Festival in Ouagadougou);
- support for Zaïrean museums;
- a regional oral tradition promotion programme in the Indian Ocean and many other regions too;
- programmes to help the ACP-EEC Foundation for Cultural Cooperation.

Schemes for an amount of more than ECU 8 million—an ECU 5.6 million regional programme for the CICIBA<sup>(1)</sup> and the three-year programme for the ACP-EEC Cultural Foundation—were also identified and a study of the needs of PANA, the Pan-African News Agency, is being run at the moment.

An important step in implementing the Lomé cultural provisions was taken when the Commission adopted a procedure in October 1987 whereby

(1) The International Centre for Bantu Civilisations.

cultural schemes could be financed easily via a global allocation, currently for ECU 10 million, specially designed for cultural cooperation.

The Commission pays particular attention to regional cooperation in this global cultural allocation, for this is a field where funders other than the Community do not usually have the actual possibility of running cultural schemes.

In the Commission's eyes, some cultural sectors should get particular attention under this global authorisation. These are those which, because of their special vocation, seem most likely to promote the ACP cultural identities and the Commission has identified four of them: the audiovisual sector, publishing, the cultural heritage and highly representative cultural events.

Of the four, the audiovisual sector and publishing directly reflect both artistic and economic considerations, which explains their priority position.

All four sectors in fact inter-communicate and overlap. Any form of arts, for example, is also a form of communication.

Here are one or two things which encouraged the Commission to place particular emphasis on these fields.

### The audiovisual sector

Economic, cultural and artistic aspects all come into this sector, which plays a fundamental part both in development and in the promotion of cultural identities. It is both hybrid and flexible. It may be a cultural product just as well as communicating and distributing the other forms of artistic expression. Or it may be a way of backing up the various development programmes by supplying teaching materials and the wherewithal for information and popularisation.

### Publishing

This sector is directly linked to education and therefore to the development priorities of most of the ACP countries. The shortage of suitable textbooks and reference works is one of the major problems which ACPs have to face in handling their educa-



## Global schemes financed under Lomé III

### Global cultural allocation

### Ex-allocation

	ECU		ECU
Cultural educational papers (Gabon)	7 500	FESPACO 1985 – Pan-African Film Festival, Ouagadougou	40 000
Documentary film on the River Niger (Nigeria, Niger, Mali and Guinea)	140 000	Conference on the distribution of African films, Amiens	15 000
Finalisation of the CICIBA "Cultural Guide" (Central Africa)	13 000	Conference on audiovisual facilities and development (Third Horizon Foundation)	8 000
Initial programme of support for the ACP-EEC Cultural Foundation	70 000	Conference on linguistic reform in a multilingual context (University of Mons)	25 000
Production of an anti-desertification film (Burkina Faso, Mali and Niger)	45 800	Conference on the cultural aspects of Lomé III (Club d'Afrique)	39 000
Cultural representation (Mauritius)	20 000	Conference on the cultural aspects of Lomé III (Chantilly)	25 000
Study for the opening of a music training and promotion centre in Niamey (Niger)	40 000	Conference on education and the use of African films in education	10 000
Cultural events for the 25th anniversary of the OAU	60 000	Conference on cultural factors in economic development (University of Dar-es-Salaam)	40 000
Maseru teachers' choir's attendance at the International Eisteddfod in Wales, 1988 (Lesotho)	52 000	Conference on "African writers, unknown writers" (Brussels)	15 000
The Pacific Way activities (Pacific ACPs)	180 000	Production of a film on firewood (Kenya Film Institute)	25 000
Documentary film on reforestation in Cape Verde	100 000	Conference "Tools of communication, tools of development" (Lyon)	25 000
Study of a national socio-cultural strategy in Rwanda	100 000	Conference on African linguistics (Marie Haps Institute, Brussels)	20 000
Attendance at the Fifth Pacific Arts Festival in Townsville, Australia by a cultural delegation from Fiji	20 000	Assessment of rural cinema project in Burundi	10 000
Formation of a National Theatre Company in Guinea Conakry	20 000	Conference on "Cultural identity and development", organised by the ACP-EEC Foundation for Cultural Cooperation	50 000
Makonde art project (Mozambique)	300 000	Nairobi Film Festival	116 000
Oral tradition promotion and preservation programme in the Indian Ocean	80 000	Conference on "The cultural dimension of rural development" (CICIBA)	50 000
FESPACO – Pan African Film Festival in Ouagadougou (Burkina Faso)	300 000	Groundwork for a training programme for art restorers and curators from French-speaking Africa (Intercultura, Rome)	60 000
Seminar on "Human Dignity and the Lomé Convention" in Brussels	40 000	FESPACO 1977 – Pan-African Film Festival, Oudagadougou	60 000
Cultural training programme (Burkina Faso)	150 000	African Film Days (Pérouse)	15 000
Programme for the ACP-EEC Foundation for Cultural Cooperation (financing procedure under way)	228 000	Reciprocal anthropology conference (Berlin, Bologna and Louvain-la-Neuve)	25 000
Western Samoa Cultural Group Tour to Europe	102 000	African Film Festival (Amsterdam)	10 000
"Culture and Development" training courses for Advisers at ACP Embassies in Brussels	25 938	Conference on culture in Botswana (Botswana Society)	4 000
Financing of distribution of the film: "Maman, je veux vivre" (Côte d'Ivoire)	9 000	North-South Encounter (a series of African cultural events: drama, literature, exhibitions, films, conference etc) in Brussels	20 000
Backing for the Institute of National Museums (Zaire)	300 000	Seminar on "Culture and Agriculture" run by the ACP-EEC Foundation for Cultural Cooperation	40 000
Co-production of the film: "Tinpis Run"	105 000	Involvement of young curators from African museums in European culture (Intercultura, Rome)	25 000
Improvement of national language learning	300 000	URTNA Screen III (Nairobi)	8 000
Publication of a book on the history of two lines of descendants	7 000	Creole Festival (Seychelles)	20 000
Co-production of a TV series: "Mille Univers, Une Langue" (Senegal, Mali, Côte d'Ivoire, Togo and CAR)	170 000	PANA feasibility study	27 000
Support for Sudan's national museums	200 000	Preparation of a cultural cooperation programme with CICIBA	200 000
		Preparation of the Niamey Music Festival	24 000
		Cultural event for the IOC, March 1989	32 500
Total:	3 285 238	Total:	1 083 500



tion and training policies. Books, in particular, are especially good when it comes to making people aware of their own culture.

### Protecting the cultural heritage

Schemes in this cultural sector should be able to help root the ACP populations further in their cultural achievements. The main idea is to preserve and disseminate knowledge of the cultural achievements with a view to increasing the self-confidence and creative potential of the different civilisations. One way of doing this might be to restore a historical monument as part of a tourist development programme.

The idea whereby cultural heritage means museum pieces one way or another has to be overcome at all costs. Farming and herding techniques, traditional medicine, metalwork, pottery and basketwork are all technical and cultural traditions which should be able to be used in development.

An effort has been made over the past few years with the oral tradition thanks to organisations such as UNESCO and the ACCT (the Francophone agency for cultural and technical cooperation), but because resources are not up to the scope of the task, activities in this sector have had to be restricted—hence the importance of the Community being able to intervene.

### “Highly significant” cultural events

This is something which the Convention expressly provides for. Support for this kind of event is essential because it makes it possible to promote cultural exchanges between the ACP countries themselves and between them and the Community. It also contributes to a knowledge of and dissemination of ACP cultural goods and services in the Community.

### The ACP-EEC Foundation for Cultural Cooperation

One institution of which particular mention should be made in the ACP-EEC cultural context is the Foundation for Cultural Cooperation, an international association under pri-



Fraternité Martin

*Traditional dances being performed at a cultural event in Côte d'Ivoire*

vate law, which was set up in Brussels in June 1986, mainly at the initiative of Raymond Chasle, the Mauritian Ambassador to the European Communities.

The ACP Council of Ministers welcomed the creation of the Foundation in December 1986. The Ministers felt that it offered an ideal framework for implementation of the Lomé III chapter on cultural and social cooperation and should have all the financial support it needed.

The Foundation itself aims to back and run cultural projects undertaken on the initiative of the ACP partners and the Community, to stimulate complementary initiatives and to run, itself, an intra-ACP and ACP-EEC cultural cooperation action programme. In particular, the plan is to make ACP governments aware of the way culture and development interact, collect and disseminate pertinent information on public and private cultural cooperation schemes, as far as possible to organise the coordination of private cultural cooperation activities and to run studies and research into inter-cultural communication<sup>(1)</sup>.

Consultation took place between the Commission and the Foundation in 1988 to establish a protocol specifying the institutional and opera-

(1) The Courier, No 102, News Round-Up p. V & No 114, News Round-Up p. XI.

tional links between the two parties. It was signed on 16 December 1988 and will certainly be a spur to activities in the socio-cultural sector.

### The next ACP-EEC Convention

Negotiations for the next Convention have begun.

The meetings held so far have seen both ACPs and Community reaffirm the importance of social and cultural cooperation in their relations, since the human dimension of development, as the underlying common denominator, should be apparent in every field.

The ACPs want the next Convention to take even more account of these considerations in the various phases of projects and programmes.

Although cultural cooperation is still a new area of ACP-EEC cooperation strategy and it would not be realistic to imagine that all the possibilities of implementation had yet been exploited, very significant progress has already been made.

Protecting and developing cultural identities is synonymous with protecting and developing man himself. In the case of the ACP States, the affirmation of cultural identity and the defence of their heritage in all its originality reflects an important demand. For years, the ACPs were not only under the political domination of the West, but under its cultural domination too, something which still survives in many ways.

But although a cultural heritage has to be preserved and developed when there are other ways of thinking and other ways of doing things, the quest for, and affirmation of, cultural identity are by no means synonymous with introspection. Quite the contrary. Creativity and innovation are always necessary, as they enable culture and the society that underlies it to evolve without ceasing to be themselves.

So cultural cooperation and the ACP-EEC intercultural dialogue have to be designed as an exchange of cultural experiences for the development, realisation and improvement of a genuinely world-wide awareness. ○

P.A.



# Control of the tsetse fly in Africa and the environment

by Jan MULDER (\*)

The reasons for controlling the tsetse fly are manifold. The tsetse fly is a carrier of parasites which cause sleeping sickness in humans, a disease which, when not treated in its early stages, results in death. Furthermore, the fly transmits trypanosomes which causes trypanosomiasis in cattle. This results ultimately in the death of the animal. Thus, the occurrence of the fly not only makes it impossible to produce milk and beef, but also makes it impossible to optimise agricultural production, as cattle play an important role as a source of draught power.

Since the beginning of the century, several methods have been employed to control the fly.

One of the first methods was the control of the fly by eliminating the natural hosts of the fly, namely wild animals, which were killed in large numbers. Later on, the methods became more refined and only animals of a certain species (warthogs) were shot. This method was abandoned for obvious reasons.

Another early method of control was the clearing of vegetation which the tsetse flies normally frequent.

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The tsetse fly cannot survive in a habitat devoid of trees or shrubs. Therefore, clearing an area of these was a common approach in the past. But the cleared area had to be maintained which is extremely costly and is therefore no longer practised. Sometimes it is argued that human settlement can provide the same effect in rural development projects. This is however, not always the case as certain cultures, banana plantations for instance, have been known to harbour the fly.

## Control and environment

The appearance of insecticides on the scene has made a large difference in the control of tsetse flies. As there are many insecticides, there are many different ways of application as well.

*Ground spraying* is a common method. A heavy dose of persistent insecticide is sprayed on the ground in the areas where the vegetation is attractive for tsetse flies. It is in this case necessary that the insecticide remains effective for a long time. The insecticide that can be used for this method is DDT or Dieldrin, products whose use has been banned in the European Community. For this reason these products are therefore not used in EDF-financed projects either.

However, this does not prevent the method being successfully applied in some African countries. It has been proved that with this method complete eradication can be achieved, but the environmental consequences are serious. As the logistics are complicated, it requires a well-functioning tsetse service to implement this method.

The same persistent insecticide can also be used when sprayed from the air. Results are good with respect to the disappearance of the fly but the environmental havoc it causes makes this method unattractive. It is not used in EDF-financed projects for the reasons already mentioned.

This is not the case with the spraying of non-persistent insecticide from the air. This method which was, among others, developed in Zimbabwe, applies extremely small quantities of insecticide as an aerosol of fine droplets (20 grammes/ha) into the tsetse areas. The spraying is done when the tsetse flies are in the preparatory stage. It is repeated 5-6 times until complete eradication has been achieved. The aircraft flies at low altitude at night and the temperature inversion causes the insecticide to be spread equally under the leaves of the vegetation.

This is one of the methods that is used to control the fly in a EDF-financed project, namely the regional tsetse and trypanosomiasis control project in Southern Africa. The Commission recognised from the beginning that this method might have adverse effects on the environment. It was for this reason that it invited Member States of the EEC to nominate an institute or an expert in an independent environmental control group. This group, which was ultimately composed of experts from eight Member States, was called the "Scientific Environmental Monitoring Group" (SEMG) and gave the green light for the operation. The method is especially suitable when rapid killing of most of the tsetse population over a large area is required. It requires, however, much logistical support.

The method of applying low dosages of non-persistent insecticides has until now only been financed in Zambia and in Zimbabwe.



*Ground spraying in Senegal*



## Trials and research

Another attractive method has been developed in recent years in the latter country, although not exclusively, namely catching the flies by means of traps and targets. It has been found that tsetse flies are attracted by certain colours and by certain odours. The movement and the shape of the object in question also plays a role. It was on the basis of this that several trials were undertaken.

With EDF funds, the application of this method was very much encouraged in Zimbabwe, Zambia and Malawi. On some occasions, simple devices made with blue-coloured insecticide-impregnated cloth kill the fly, or, on other occasions more complicated traps are employed. The perfect odour to attract the fly has not yet been found, but it is already possible to clear certain areas almost completely of the fly. Research to find the optimal odour is being intensively pursued. EDF funds are used to finance research in the Overseas Natural Development Research Institute in the UK the purpose of which is to find the chemical substance which will be the ultimate attractant for the tsetse fly. This ultimate attractant has already been named OMEGA.

As it is well known that cattle, as such, attract the fly, trials have been undertaken in the Zimbabwe project whereby an insecticide is poured on cattle themselves. Subsequently, the flies that land on treated cattle are killed by the insecticide. It has proved to be an effective method, but it can only be undertaken where an effective cattle dipping structure exists. In areas devoid of cattle, this method cannot be undertaken.

The tsetse fly has a low reproductive potential. Once a female fly mates with a sterile male, the female is unable to reproduce for the rest of her life. Releasing sterile males in large quantities can therefore mean that a population is exterminated. This method has been developed especially in the *Centre de Recherche sur la Trypanosomiase Animale* in Bobodioulasso (Burkina Faso), financed by France and by the Federal Republic of Germany. This method is attractive as it is non-polluting to the environment and has been shown to be effective

in field trials. However, the rearing of the tsetse flies is cumbersome and expensive, and this why it is not much used in Africa. The EDF contributes in a small way to this Centre.

Although attention has been paid to this aspect, not much progress has been achieved in the development of predators which attack the tsetse fly. No effective predator has been found and therefore this way of attacking the fly has had to be abandoned. There are a number of therapeutic and prophylactic drugs that control



OMS/R. de Silva

*A laboratory technician dissecting a tsetse fly in Nigeria*

the disease caused by the fly in man and animals. When properly administered and supervised, the use of prophylactic drugs can achieve a satisfactory level of control of the disease in livestock. However, as the vector is not affected, administration of the drug must be permanent. In several EDF-financed livestock projects, there is a component for drug provision.

Another final field of research has to be mentioned. In West Africa, certain breeds of cattle such as the N'dama and the West African Shorthorn show a tolerance to trypanosomiasis. These animals can survive and flourish better in tsetse-infested

areas than animals of the Zebu type. The European Development Fund has in the past financed ranches on which these cattle are multiplied, whereby these animals are subsequently sold to farmers in the area.

Also, research on the cause of the tolerance of these animals is being pursued. This is done with the International Trypanotolerance Centre in The Gambia. The EDF is, via the International Livestock Centre for Africa (ILCA) and via the International Laboratory for Research in Animal Diseases (ILRAD), supporting experts who look into the causes of trypanotolerance and into ways and means of how this tolerance can be transmitted or induced in other animals. This research has not yet yielded any clear results.

From the above, it is clear that the EDF, with regard to tsetse control, is not putting "all its eggs into one basket". The perfect method to combat the fly has not yet been found and it is likely that the fly will have to be attacked on several fronts by a combination of means.

In all aspects of tsetse control, one thing should not be forgotten. One of the causes of desertification in Africa is overgrazing. The EDF does not want to see the land cleared of tsetse fly and subsequently accessible to cattle turned into a desert soon after.

It is therefore together with the eradication of the tsetse fly, that land use development plans are undertaken which should make it possible to keep the right balance between the capacity of the land and the number of cattle. Admittedly this is not always easy, but, on the other hand, the reasoning that when the tsetse fly is present, Africa is kept green, is not always right either. Tsetse-infested areas are invaded by cattle when the prophylactics are available and therefore overgrazing occurs. The general rule therefore is that, as far as possible, tsetse control is undertaken in conjunction with correct land use measures.

The same practice is followed as with animal production projects in general, the object being to increase animal production. This cannot be done by concentrating on one aspect alone. An integrated approach is necessary. ○ J.M.



## Contracts under the Lomé Convention

How are the European Development Fund's contracts awarded? Which country's firms execute the contracts awarded as a result of the Community's development policies in ACP countries and OCTs? That is what these tables show for each of the Lomé Conventions. EDF contracts are, as is known,

restricted—except in rare cases—to firms from EEC Member States and ACP countries, the latter receiving, in order to speed their development, a preferential margin of 10% for works contracts below ECU 4 m and of 15% for supply contracts.

### Allocation of contracts 4th EDF Situation at 31 December 1988 (in mECU)

Origin of firm	Works contracts			Supply contracts			Technical assistance contracts			Total contracts		
	Sum	% Dec. 88	% Dec. 87	Sum	% Dec. 88	% Dec. 87	Sum	% Dec. 88	% Dec. 87	Sum	% Dec. 88	% Dec. 87
Germany	91.731	7.22	7.28	101.652	18.56	18.61	87.364	21.36	21.36	280.747	12.61	21.67
Belgium	66.857	5.26	5.30	36.532	4.84	4.86	29.779	7.28	7.28	123.168	5.53	5.56
France	287.285	22.62	22.56	139.692	23.68	23.59	75.828	18.54	18.54	492.805	22.13	22.07
Italy	140.734	11.08	11.16	76.077	13.89	13.92	49.596	12.13	12.13	266.406	11.96	12.02
Luxembourg	0.000	0.00	0.00	0.023	0.00	0.00	5.211	1.27	1.27	5.234	0.24	0.24
Netherlands	34.243	2.70	2.72	27.879	5.09	5.11	29.928	7.32	7.32	92.050	4.13	4.15
Denmark	2.309	0.18	0.18	3.480	0.64	0.64	9.608	2.35	2.35	15.397	0.69	0.69
United Kingdom	56.007	4.41	4.44	112.621	20.57	20.51	63.634	15.56	15.56	232.262	10.43	10.45
Ireland	1.544	0.12	0.12	0.114	0.02	0.02	8.954	2.19	2.19	10.612	0.48	0.48
ACP/OCT	579.249	45.60	45.42	44.796	8.18	8.20	46.366	11.34	11.34	670.411	30.11	29.96
Other countries	10.254	0.81	0.81	24.756	4.52	4.53	2.745	0.67	0.07	37.755	1.70	1.70
<b>Total</b>	<b>1 270.213</b>	<b>100.00</b>	<b>100.00</b>	<b>547.622</b>	<b>100.00</b>	<b>100.00</b>	<b>409.014</b>	<b>100.00</b>	<b>100.00</b>	<b>2 226.848</b>	<b>100.00</b>	<b>100.00</b>
	57.04%			24.59%			18.37%			100.00%		



Construction of a road financed by the EDF in Somalia



**Allocation of contracts 5th EDF  
Situation at 31 December 1988 (in mECU)**

Origin of firm	Works contracts			Supply contracts			Technical assistance contracts			Total contracts		
	Sum	% Dec. 88	% Dec. 87	Sum	% Dec. 88	% Dec. 87	Sum	% Dec. 88	% Dec. 87	Sum	% Dec. 88	% Dec. 87
Germany	86.520	7.87	7.98	121.295	18.77	19.30	103.326	22.20	23.00	311.141	14.07	14.38
Belgium	38.707	3.52	3.59	24.017	3.72	3.81	40.664	8.73	8.43	103.388	4.68	4.64
France	248.267	22.58	22.62	127.042	19.81	20.38	93.152	20.01	19.38	469.469	21.23	21.29
Italy	102.086	9.28	9.98	66.195	10.24	9.75	45.248	9.72	10.07	213.529	9.66	9.93
Luxembourg	0.000	0.00	0.00	2.125	0.33	0.27	7.701	1.65	1.72	9.826	0.44	0.43
Netherlands	5.068	0.46	0.50	44.193	6.84	5.57	32.627	7.01	7.26	81.906	3.70	3.37
Denmark	0.00	0.00	0.00	1.731	0.27	0.20	17.424	3.74	3.60	19.155	0.87	0.79
United Kingdom	84.655	7.70	8.27	155.918	24.13	24.46	74.732	16.05	15.58	315.305	14.26	14.55
Ireland	0.00	0.00	0.00	11.030	1.71	1.82	12.231	2.63	2.62	23.261	1.05	1.07
Greece	0.00	0.00	0.00	0.807	0.12	0.07	12.293	2.64	2.37	13.100	0.59	0.50
ACP/OCT	512.333	46.60	44.92	81.868	12.67	13.12	26.102	5.61	5.95	620.303	28.05	27.60
Other countries	21.855	1.99	2.14	9.053	1.40	1.30	0.035	0.01	0.01	30.943	1.40	1.46
<b>Total</b>	<b>1 099.518</b>	<b>100.00</b>	<b>100.00</b>	<b>646.273</b>	<b>100.00</b>	<b>100.00</b>	<b>465.535</b>	<b>100.00</b>	<b>100.00</b>	<b>2 211.326</b>	<b>100.00</b>	<b>100.00</b>
	49.72 %			29.23 %			21.05 %			100.00 %		

**Allocation of contracts 6th EDF  
Situation at 31 December 1988 (in mECU)**

Origin of firm	Works contracts			Supply contracts			Technical assistance contracts			Total contracts		
	Sum	% Dec. 88	% Dec. 87	Sum	% Dec. 88	% Dec. 87	Sum	% Dec. 88	% Dec. 87	Sum	% Dec. 88	% Dec. 87
Germany	14 802.90	10.09	8.88	2 641.243	3.93	4.28	22 455.000	12.82	14.81	39 899.140	10.25	10.98
Belgium	0.00	0.00	0.00	5 737.426	8.54	7.99	16 247.000	9.27	4.53	21 984.426	5.65	3.79
Denmark	0.00	0.00	0.00	4.178	0.01	0.02	9 996.000	5.70	1.71	10 000.178	2.57	0.86
Spain	0.00	0.00	0.00	1 191.317	1.77	5.19	1 610.000	0.92	0.08	2 801.317	0.72	1.02
France	2 013.52	1.37	5.48	14 072.120	20.94	37.67	24 757.000	14.31	12.84	40 842.639	10.50	15.29
Greece	0.00	0.00	0.00	0.00	0.00	0.00	3 352.000	1.91	0.66	3 352.000	0.86	0.33
Ireland	0.00	0.00	0.00	167.22	0.25	0.00	4 122.000	2.35	5.67	4 286.218	1.10	2.84
Italy	38 215.17	26.06	0.00	238.059	3.46	3.51	17 857.000	10.09	8.38	58 400.224	15.01	4.87
Luxembourg	0.00	0.00	0.00	200.77	0.30	0.00	2 913.000	1.66	3.46	3 113.773	0.80	1.73
Netherlands	0.00	0.00	0.00	18 402.015	27.38	0.45	18 560.000	10.59	6.63	36 962.015	9.50	3.41
Portugal	0.00	0.00	0.00	4 965.751	7.39	15.98	8 023.000	4.58	5.24	12 988.751	3.34	5.66
United Kingdom	12 473.49	8.51	35.68	13 828.387	20.57	20.62	33 388.000	19.05	31.51	59 689.873	15.34	30.72
ACP/OCT	79 139.21	53.97	49.96	2 717.747	4.04	3.82	11 862.000	6.77	4.33	93 718.956	24.09	18.31
Other countries	0.00	0.00	0.00	957.721	1.42	0.49	78.000	0.04	0.14	1 035.721	0.27	0.16
<b>Total</b>	<b>146 644.28</b>	<b>100.00</b>	<b>100.00</b>	<b>67 213.955</b>	<b>100.00</b>	<b>100.00</b>	<b>175 220.000</b>	<b>100.00</b>	<b>100.00</b>	<b>389 078.231</b>	<b>100.00</b>	<b>100.00</b>
	37.69 %			17.28 %			45.03 %			100.00 %		





# Cassava and appropriate technology — A Rwandan example —

by Solange GOMA LEMBA (\*)

Cassava has begun to be grown in Rwanda only recently. It was propagated in the early '30s to cope with sporadic famine and then used to back up the war effort in the colonies, which meant there were reliable outlets although people had little idea of how to cook it. The tuber (*Manihot Esculenta*) and shrub (*Manihot Glaviosii*) varieties have taken over on the arable land at 1300-1600 m altitude where there are two planting seasons — September-November and April-July. The bitter varieties are grown on the most marginal land in steep, stony places away from the houses. The sweet varieties, which are more likely to be stolen, are grown nearer home on land with greater agricultural potential where they get at least some weeding out during the harvesting of the annual crops with which they are grown in association.

More than half of Rwanda's farms today have less than three quarters of a hectare of land and in 10 years' time, 50% of the holdings will have less than half a hectare. Miniplan (the Ministry of Planning) projections for 1991 suggest an increase in smallholdings of less than 50 ares — those which ensure food security by producing sweet potato, beans and cassava, developing a strategy of intensification by growing cassava in association with other crops and recuperating marginal land by growing bitter cassava on it.

The results of the National Agricultural Enquiry of 1984 and the work of the Labeaume Group in the Gitarama region (1) have shown that cassava is gaining ground in small and medium-sized holdings, with a reduction in the areas under tubers and an increase in varieties with short growing cycles. The way the size of cassava plots are spread over the whole of the nation's arable land sheds further light on the trend, with 79% of plots of less than 0.29 ha totally under cassava, including 40% of those of less than 0.11 ha. Cassava is grown by almost 35% of farmers overall.

Behind this trend is research (recuperation of less profitable land, research

into varieties and the plant health campaign) and distribution (through the popularisation of technical proposals for erosion control and growing practices). The present yields are between six and 12 tonnes per hectare and, in spite of the apparent potential for extension (density, growing zones etc.), the limits of the traditional peasant system are being reached.

## Doing away with the constraints

An enquiry into the nutritional state of the under-fives run by the WHO and the Ministry of Health and Social Affairs (Minisapaso) in 1985 suggests that 74% of households in rural areas do not have food reserves (i.e. stocks not in the earth) that would last any longer than three days. Tubers, which are at the top of the list of endogenously-consumed products, are also a considerable source of income. Each productive family unit is faced with three constraints, reflecting three economic strategies: selling; preserving; capitalising on production.

The present figures on population density in Rwanda (which covers 26 000 km<sup>2</sup> and has 6.2 million inhabitants) show that decisions relating to the internal management of the peasant smallholdings are vital to the maintenance of the food security and economic wellbeing of the family unit.

The quest for better varieties and growing systems cannot but go into the problems of conservation and processing too. When it comes to ensuring that what is to be expanding production is absorbed by a market where fresh produce is standardised, a grasp of the product chains and control of the post-harvest situations are trump cards for the producers.

Work done on an agricultural project in the Gitarama region of Rwanda involved running cassava processing tests to produce derivatives and food preparations that were technically and economically accessible to the local consumer. The main aim was to contribute to the food security of a densely-populated country (about 250 people per km<sup>2</sup>) where there are still many inhabitants in the rural areas. Other aims were to promote agriculture-related activities that were profitable to peasant women and to promote new food products to reflect the changing way of life, especially in the countryside.

Experiments run in two stages (December-January and April-July) were an opportunity to work over two separate periods of agricultural activity and supply (of cassava) to the market. Marketing and consumption as well as production were taken into account. Our method included domestic units of various levels of consumption and potentially dynamic sectors such as utilitarian craft and catering (trade and services).

In the technical choices we made, selection was necessary to integrate the various social categories, diversifying the forms of consumption so as to extend demand and win over those classes which had a poor opinion of cassava — based, the surveys showed, on two things:

- the preparations being boring and unattractively presented;
- cassava being not very nutritious and even harmful.

So that rehabilitation of the main sources of energy (the roots and tubers) also meant promoting the protein and lipid (oleoprotein) and mineral (leaf vegetables and tuber leaves) content of the food.

Our logically-produced sample reflected four particular sections of the population:

- groups and associations;
- groups of women attending the

(\*) Agricultural engineer with SACED (17, Allée Léon Gambetta, 92110 Clichy, France).

(1) Labeaume Group. Method and practice in a work sequence in Rwanda. Volume: The peasants' point of view, 1985.



## Survey locations

Communes	Target groups
Nyamabuye	6 groups and associations with 8-53 members 2 departments of nutrition 3 domestic units (rural sector)
Taba	1 department of nutrition
Masango	1 30-member group 2 departments of nutrition
Kigoma	1 department of nutrition 2 domestic units (rural sector)
Bulinga	2 groups with 15 and 20 members
Mukingi	4 groups and associations with 27-70 members
Musambira	2 groups with 40 and 60 members
Ntongwe	1 125-member association - 3 domestic units (rural)
Tambwe	1 7-member group 3 domestic units (urban and suburban) 1 session with caterers
Mugina	4 domestic units (rural)
Runda	1 11-member group 1 department of nutrition 4 domestic units (rural)
Cyangungu: Karengera	1 union of 7 groups (60 members)
Kigali: Kigali-city	1 association (120 members, all female caterers) 1 union of groups (200 members) 1 domestic unit (urban)
Shyongwe	1 group of female producers (about 60 members)

departments of nutrition in the health centres;  
— professional groups (caterers in urban areas and markets);  
— domestic units (traced through the above).

Over a period of four months, 14 sites for investigation and action were identified in Gitarama and in Cyangungu and Kigali as well.

The prefecture of Gitarama, with its 650 000 inhabitants, contains 17 administrative communes subdivided into sectors, with population densities of 200-380/km<sup>2</sup>. The Cyangungu region, on the frontier of Zaïre and Burundi, is a low-altitude one which is agriculturally, economically and socially distinct from the country's other production zones. And in Kigali, a peripheral agricultural area strongly marked by the urban presence was chosen. Support came from the authorities and private local structures responsible for extension work and technical and social organisation (i.e. the Prefecture Development and Adult Training Centre and the Commune Centres, the Cooperative Services

Centre, the Regional Directorate for Health, the NGO Kora (artisans) and so on).

The tying up of the problems and constraints with the possible solutions was the result of prior talks with the target groups. Run as collective meetings, they provided an opportunity to list local processing resources both for conservation and the direct consumption of the cassava roots and the substances involved in the by-products.

The chart shows the relations expressed between the problems and the solutions and proposals.

The socio-cultural aspects specific to the act of eating in the Banyarwanda (Rwanda, Burundi, Uganda and Zaïre) community were isolated. They are just as effective a contributor as economic considerations to the dissemination and development of alternative solutions in the field of food technology.

### The extreme localisation of the methods of processing

Retailers and wholesalers on the markets in the big rural centres and in Kigali offer dried products of varying quality. There are roots with some of the fibre removed, there are dry roots and there is meal. Fast food sellers offer sweet and sour cakes (rather like Sambusas) made from flour, with cassava meal making up 30% to 100% and wheat flour the rest. These cakes, and the culinary preparations found in the home, are part of a wide range of foods, knowledge and production of which are very localised.

Women are responsible for much of the supply of fresh cassava and the dry and wet products derived from it. When bitter and sweet cassava (A overleaf) are processed, the crushing is all that is done by outside equipment (electric hammer mills), the basic artisanal production equipment being that found in the home.

The variation in the detoxification method is also something for which the women are responsible. Sometimes the roots are soaked without the pith and, in the Cyangungu region, ochre-coloured flour is produced through the detoxification process outlined in B overleaf.

After this, the cassava is watched for two or three weeks to check on the

degree of fermentation through the colour, the mould and the spongy state of the roots. It is then dried in the sun for four days on racks 1.20 m high or on woven mats on the ground. After drying, it is kept in storage (Imiseke or Imbingo) for a year (fully peeled manioc) or for 18 months to two years (with the phelloderm).

The problems of the availability and transport of water are tied to the persistence of this process — and to people becoming accustomed to, and seeking, the specific taste of these products (meal and roots rehydrated during cooking).

The removal of cyanogenetic glucosides from *Manihot Esculenta* (by hydrolysis and enzyme activity) occurs during fermentation and evacuation of the prussic acid continues during drying and cooking.

Tools have improved considerably in production units run by associations or in households where the head of household (man or woman) sells what is produced to cooperatives and wholesalers in Kigali.

The steeping butts (scrap containers bought on the market) and the locally-designed drying platforms are the basic investments of the local processors. The human investment, the sum of the days of work it takes to carry out each operation (which relates to the size of the domestic unit) is considerable. Youngsters can help with the preparations prior to steeping and drying, but an adult is the only one involved throughout the drying process.

### Promoting new foods

To give an idea of what is expected of the present products, and of the new cassava-based preparations, we have listed and numbered the points of interest which we pinpointed in our surveys of the target groups.

The diagrams relating to the frequency of these points in six socio-professional groups of the population which took part in the processing workshops showed that working time and tools (extra equipment) are major considerations when it comes to adoption of the proposed alternatives. But the financial cost of production and then information about how to use the product (whether or not for commercial purposes) emerged as even more important,



while the quality of the product (dependent on the drying) and the commercial possibilities (selling price) ranked equally with working time and tools.

When it comes to innovation, the time and the investment in extra means of production are the first objections to be raised, particularly when there is no more room in the timetable (as is the case with women). Extra investment reflected in the cost of production, which is more common among young people (young workers and artisans) and traders, becomes preponderant.

The fact that the optimum period for processing fresh cassava does not emerge as a priority can be seen as reflecting the attitude of the present supply to the quality of the product. Quality brings no special advantage as far as current prices are concerned, either for fresh cassava or meal.

### Participation, a voluntary commitment

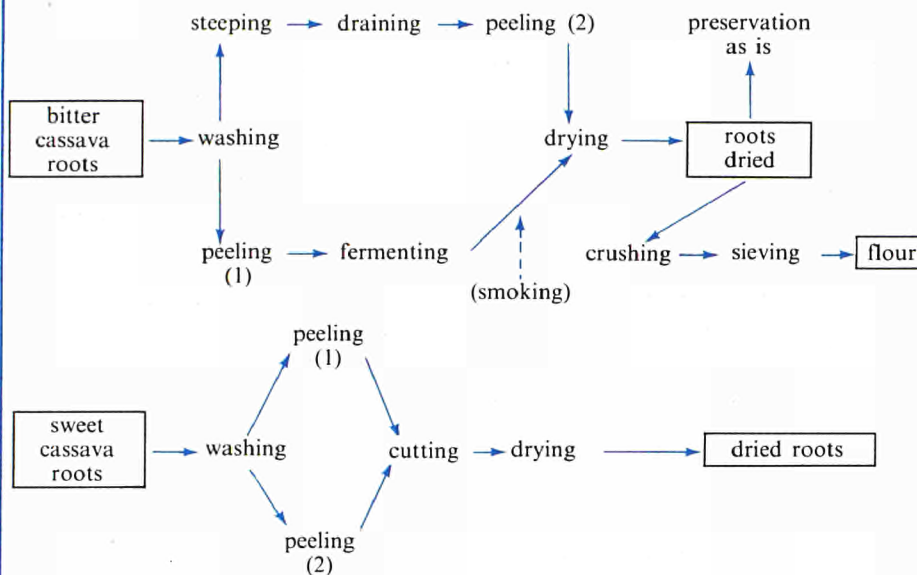
After a first visit to inform the people in the communes, the team ran working sessions where knowledge about processing was exchanged. The meetings, which were held in each unit in the target groups, were the opportunity to prepare processing workshops with the active involvement of the participants.

The production associations and groups put their resources at the disposal of these workshops, providing individual and collective equipment and covering exceptional costs. In the domestic units, additional support in the form of basic products, ingredients and tools had to be provided, as the quantities used were far beyond those usually involved in domestic consumption <sup>(1)</sup>.

The material organisation in the health centres was based on that of the cookery sessions run by the departments of nutrition. The participants supplied individual portions of cassava-based products and locally-produced products and the overall quantities were enough to allow everyone to taste the finished products. Those we picked as being outstanding (animal products, ground-

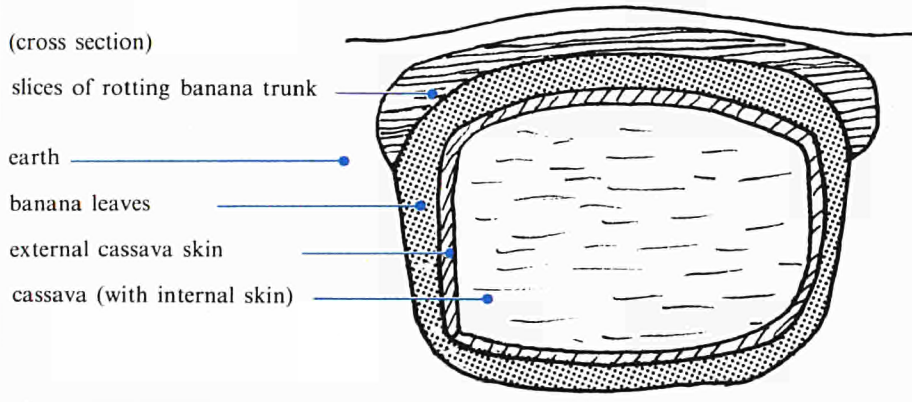
(1) 5-15 kg roots and 3-5 kg meal, according to the product tested.

## A. The various stages of dry product processing



(1) outside skin only; (2) total peeling

## B. Earth fermentation device



## Subjects' reactions to the promotion of innovations in the food sector

Groups	Features
I	peasant groupings (marketing cassava, sorghum, beans, soya and vegetables)
II	same socio-economic characteristics as group I, but an absolute majority of women in this case
III	a grouping managing a mill, a shop and a sales cooperative in an urban environment
IV	same characteristics as above, but with a majority of female caterers
V	individuals in rural and suburban environments
VI	individuals in a privileged urban environment

### Points of interest to list

- 1 — cost of products
- 2 — working time
- 3 — optimum time taken to process the fresh product
- 4 — availability of grating or pressing equipment
- 5 — drying
- 6 — suitability of the present preservation containers
- 7 — knowledge and availability of recipes for dry and fresh products
- 8 — selling price



nuts, preserved fish and frying oil) were supplied by the departments of nutrition<sup>(1)</sup>.

It was important for each group to find the means of ensuring that the workshops could be run, going beyond simply being present at the place of work and adhering to the principles of sharing both tasks and results.

### Running the processing workshops

The first important thing in these sessions was a group discussion of the periods of sampling and harvesting (according to how the product was to be used), the choice of varieties and the best uses for each of them, post-harvest practices, the anticipated results and limitations of conservation (current procedures) and the cassava leaf-, root- and flour-based preparations. Once the group had appointed a spokesman who could write, the work team tested the grating and pressing equipment and organised a discussion on possible developments in local food processing:

- steam cooking, its effects on the quality of drying and the cooking of products (preserved dried after this pre-cooking). Steaming used not to be used locally;
- a comparison of pounding and grating. The various advantages according to the initial quantity and the way the product was to be used;
- the time and energy required and the cost of alternative tools in producing the proposed dry products.

The instructions drafted during the session were gone over stage by stage so that teams could be formed in which each member had specific tasks and the whole team worked on the finished product. While these instructions were being drawn up, the quantitative data were collected without any effect on the trends in production. Changes were made to meet expectations — the cassava paste was to be steamed to make chips (the participants had looked for a way of stabilising the strips during drying and keeping the product in good

condition when frying was not immediate).

There were grating demonstrations using graters sold in the urban centres but unknown in the home. Graters with a similar output were produced from scrap cans and a higher-yield grater with a useful area of 0.35 × 0.15 m, costing RF 450<sup>(2)</sup> and involving two users sitting opposite each other on a wooden plank, the body of the device, was made by an artisan from Mugina. The point of grating is to activate and improve the hydrolysis of the cyanogenetic glucosides and dehydration after pressing.

The conditions of intervention in the rural areas, sometimes in places that could only be reached on foot (with equipment carried on the head), were such that the press designed during the work session could not be tried out everywhere.

The pulp is pressed to remove the toxic juices and cut the drying time. If need be, the juice can be processed separately to produce starch as a by-product. Starch may be required by, say, the food industry, in which case the grated cassava is washed several times to free almost all the grains of starch. Although no fresh tubers are imported into Rwanda, the cereal derivatives and the tubers (13 million t for food and other purposes) imported in 1987 represented RF 605 million — hence the interest of this equipment.

The level of private investment, given the present state of local technological resources, is not such that the agro-industrial market can be envisaged. But there is a demand for independent businessmen who are interested in using artisanal or semi-industrial processes.

The varieties most commonly used for dry products are Gitamisi (bitter) and Nylon (sweet). They contain more cellulose and lose their water faster than Gacyacyali (sweet), which is used in preparations in which the cassava is crushed after cooking. Gacyacyali and Bukarasa, which are farinaceous<sup>(\*)</sup>,

(2) RF 130 = FF 10.

(\*) The flour yield is an average of 25%, with minor seasonal variations. The quantitative sampling during the operations were of:

- the weight and varieties of roots;
- the time each operation took;
- the temperature of the water and the crushed pulp (beginning and end of the preparation);
- the PH of the juice from grating and pressing;
- the nature and the weight of the components.

produced the most popular cakes. The dry products used in the workshops were gari, farinha, cassava "rice" and attieké. They were eaten with local dishes chosen by the groups.

Product data sheets were produced for the tasting phase, covering the various stages of production, an assessment of the look of the product, its organoleptic qualities and the degree of difficulty the preparation, as well as commercial opportunities and the circumstances in which the finished product is consumed (time, place, consumer groups, etc.).

The choices research workers make in the selection of varieties and the guidelines of the extension services have to take this position, which the peasants decide on empirically, into consideration, bearing in mind the constraints of time and energy and the expectations as to the ultimate quality of the products.

### Pursuing the effort

This work highlighted the efficiency of the survey-action approach to a problem of agri-food technological innovation. It pointed to a number of avenues for the active involvement of the peasant producers, the various operators in the distribution networks, the artisans, the consumers and so on.

One of the final recommendations was to create a proper institutional framework independent of the authorities to run these activities in the same way. Capitalising on this know-how and making it available to the technical and social services and vocational training centres may be one of the tasks of this specialised structure, which should also ensure a partnership between the training centres, Minagri (the Ministry of Agriculture and Livestock), the bilateral cooperation projects and the economic operators involved.

Schemes run locally and in the neighbouring countries should be listed to add to the work done at Gitarama. A file on the conditions of basic production, processing and marketing could also include amyloseous products (sweet potatoes, at the head of national production) and soya, beans and oilseeds as well. ○ S.G.L.

(1) These departments have reserves of milk-powder, soya flour and vegetable oil received as humanitarian donations from the WFP. Some of them carry out their own market gardening and rear small animals for both the classes offered to the families and the needs of the cookery sessions.



# Traditional medicine in Zimbabwe

by Chris McIVOR (\*)

A recent study conducted by a sociologist at the University of Zimbabwe revealed that up to 80% of the total population of the country contacted traditional healers for consultation about illness. Figures indicated a ratio of one traditional doctor to 600 people, as compared with one trained medical practitioner to 5 000 people. Eighty-five percent of pregnant women had some contact with traditional midwives, even in urban areas where they had access to other medical services. Many sceptics, claimed the report, believed that in urban areas where other medical services were available the local population would reject traditional medical practitioners and embrace the Western system. Figures revealed, however, no significant difference between the percentage of people attending traditional healers in towns and cities and those attending healers in areas where no hospitals or clinics were located.

The survey also revealed that traditional healers, or *n'angas* as they are called in Zimbabwe, were consulted on a variety of medical problems, including those assumed to be the province of Western-trained medical doctors. While patients were prepared to consult the latter about a variety of illnesses, and believed that they had the ability to affect a cure, many preferred to consult traditional healers who they claimed had a more sympathetic understanding of the nature of their problems and its real causes. Professor M. Gelfand, an authority on traditional medicine in Zimbabwe, claims that "most Zimbabwean patients admit that they are not told the cause of their illness by Western doctors with whom they have little rapport. They would merely be required to point to the painful part and it is thus left to the doctor to make the diagnosis if possible. On the other hand, the *n'anga* identified himself with his clients difficulties and social problems. He learnt about his physical life and whether his home life was good. For instance, he

would enquire whether the patient or his wife had broken the moral code in any way and thus offended their ancestral spirits. All this would give the sick person much greater confidence in his remedies".

## The natural and supernatural

The course of treatment prescribed by *n'angas* involved two components, both of which are essential if a complete cure is to be effected. Within traditional Zimbabwean society illness is largely regarded not as a result of natural causes but as a supernatural event, brought on by a variety of social, moral and religious factors, i.e. antagonism of ancestors by omission of rituals, lack of respect towards elders and parents, jealousy within the community etc. A major feature of treatment by traditional healers therefore, is to locate this ulterior cause of the disease and to prescribe some form of practice (ritual, ceremony, duty) which will placate an offended spirit or expose someone in the com-

munity who wishes evil upon the patient. Only when this has been done can the actual physical treatment of the symptoms of disease begin, by the prescription of herbs, inhalations, scarification etc. Professor Gelfand explains: "It is difficult to know how the findings through divination can help organic disease, but it has been suggested that by revealing the cause of the illness and telling the patient what should be done to remove the causative factor, the *n'anga* allays the patient's anxiety or fear and this in itself greatly facilitates recovery, allowing the prescribed medicaments to operate in a more receptive medium. In this respect he is a true comforter, almost always reassuring the patient and his family with the hope of ultimate recovery".

Despite the fact, however, that traditional healers have occupied such an important medical position within Zimbabwean society for centuries, their recognition by health authorities prior to Independence in 1980 was negligible. Traditional healers, Professor Chavinduka, a sociologist at the University of Zimbabwe claims, were regarded as little more than an African aberration by the colonial regime. This lack of recognition by the

*A traditional herbal practitioner in northern Zimbabwe*



(\*) Coordinator of a British aid agency in Zimbabwe.



authorities and the secrecy under which they operated in colonial times had its negative consequences. The fact that no body was set up to monitor their proceedings, that there was very little open debate and discussion about their role, allowed many practitioners to abuse their positions, and gave rise to a covert but flourishing industry of untrained healers who prescribed inappropriate and expensive treatment to an unsuspecting and uninformed public. The existence of such quacks and adverse publicity about their practices fuelled existing prejudice in official medical circles as to the value of traditional healers. "The view among many Western trained doctors and health personnel was that traditional healers were composed of criminal elements who exploited the public's superstition and ignorance", says a Zimbabwean doctor.

### A monitoring body

After Independence, however, an attempt was made to recognise the importance of traditional healers in Zimbabwean society, and in 1980 an organisation to promote their interests was set up under an initiative from the Ministry of Health. The Zimbabwe National Traditional Healers Association (ZINATHA) aimed to fight for legal recognition by the State, which would allow *n'angas* to function more openly<sup>(1)</sup>. It also sought funds to promote research and training in this previously neglected area. At the same time ZINATHA was to function as a monitoring body, a kind of health professions council for traditional healers, so as to eradicate the kind of malpractices that occurred during the colonial era.

A first step in this direction was made in 1981 when the Traditional Medical Practitioners Act was passed in Parliament. This stipulated that no traditional healer would be allowed to operate for private gain without registration with a council, who would only grant licences to those approved

(1) This is now the trend in Africa. The 4th Pan African Congress on Traditional Medicine was held in Abuja, Nigeria in July 1988. During the meeting a number of scientifically-tested traditional medicines were commercially launched. They include medicines for the treatment of malaria, yellow fever and venereal diseases. (Ed note)

by ZINATHA. The council was also empowered to delete from the register any healer who was found guilty of improper conduct or malpractice.

In the area of research, the University in consultation with ZINATHA and the National Herbarium, began an expanded programme of collecting data on the herbs and plants used by traditional healers in their courses of treatment. Up to 600 plants have been identified as having a medicinal role in traditional healing. At the same time, a group of 15 traditional healers have formed an institute of herbal medicine in Marondera, some 80 km east of the capital, Harare. The institute is designed as a treatment centre for patients from the region, but also hopes to implement a 5-year diploma course in herbal medicine for trainee practitioners.

Nevertheless while the above moves are welcomed by traditional healers, many believe that much more could be done to promote this aspect of medicine in post-independence Zimbabwean society. Actual testing of the effects of herbal treatment, for example, is limited and no attempt has been made to extract medicinal compounds which can be utilised by health services. Several external pharmaceutical companies have approached ZINATHA for information on plants and remedies, and some healers believe that a valuable asset to the country's medical programme is being exported abroad and ignored at home.

At the same time, apart from achieving legal recognition, ZINATHA feels that traditional medical practitioners are still regarded as peripheral to the health care services operating in Zimbabwe and have not been given the support necessary to make them a credible body. Two training schools set up by the organisation in 1983/84 in Harare and Bulawayo, which offered traditional healers courses in hygiene, nutrition, sanitation, preparation of medicines, correct dosages, book-keeping etc., collapsed due to lack of funds, despite appeals to health authorities for financial help. Traditional healers are also pressing for more input into training courses for doctors and other medical staff. These personnel, according to some, still continue the

negative bias towards this aspect of medicine which was current among medical circles in pre-independence Zimbabwe.

This negative bias has adversely affected those points of interaction with traditional medicine which the Ministry of Health has tried to implement. Thus, a programme of training traditional midwives in provincial and district hospitals on the principles of hygiene, nutrition and sanitation etc. has run into difficulties because of a dismissive attitude towards traditional practitioners displayed by trainers on this course.

### The cultural importance

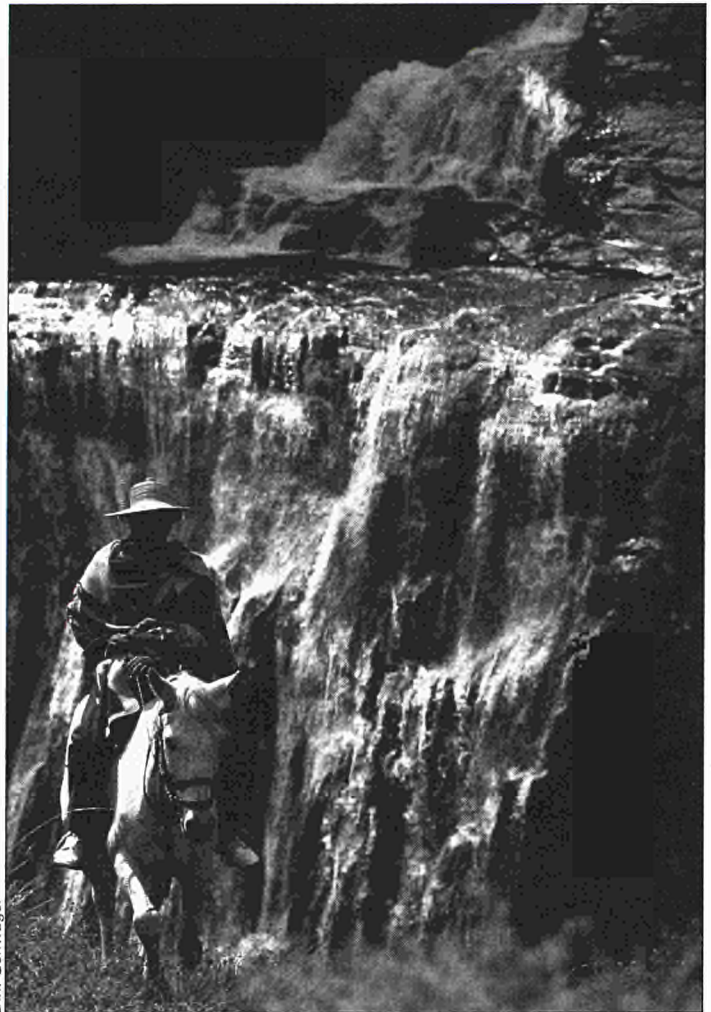
Nevertheless the fact that traditional medicine in Zimbabwe has achieved some kind of legal recognition and that a body does exist to promote the interests of indigenous healers is a major step forward. This legal recognition, it should be pointed out, is not only of medical significance. It is also of major cultural importance. One of the first acts of the British settler regime, when they took over Zimbabwe about a century ago, was to prohibit the activities of traditional healers and relegate them to minor status in Zimbabwean society. These traditional healers were the repository of Shona and Ndebele culture, the guardians of their moral and social traditions. In effect the law that was passed by the colonial regime, limiting the activities of traditional healers, was a blow aimed at indigenous culture, an attempt to erode local identity and consequently limit the resistance to settler rule. The fact, therefore, that traditional healers have now been legally reinstated indicates that some attempt is being made to regain some of that past, to recreate a sense of identity which was lost during the colonial era. "No, this does not mean that Zimbabweans want to return to a former stage of their history", says a Zimbabwean sociologist. "The clock can not be turned back. It does mean, however, that the past which we were taught to ignore or be ashamed of will now be included in the future. The rehabilitation of traditional healers is not only of consequence to our physical well-being but also our cultural and social health." ○ C. Mc I.



## LESOTHO – “My sister is called Peace”

Perched high in the Maluti mountains, entirely surrounded by the Republic of South Africa, is Lesotho, the “magic mountain kingdom”. A black monarchy surrounded by a white-ruled republic; an African country bent on developing winter sports facilities; an economy in which GNP is almost twice GDP; a society in which women produce 85% of the food but have few rights to property; and a political system which will return to authentic local forms to face the 21st century. These are some of the paradoxes which crowd together in this fascinating country.

Basotho cattle-drovers were forged into a nation by King Moeshoeshoe (1786-1870) who made his capital at Thaba Bosiu, east of the present capital of Maseru, and gathered into his mountain stronghold all those who fled from the internecine wars conducted by the Zulu nation, from those who fled their warlike approach, and from the approach of the Boers from the South. The foundation of the kingdom dates to 1824, and, in the decades which followed, it spread outwards to cover a large part of what is now the Orange Free State. By the 1850s, it had come into collision with the expanding Boer republic and after a war lasting two months, President Boshof of the Orange Free State and King Moeshoeshoe met in May 1858 to sign a peace treaty. It was on that occasion that King Moeshoeshoe uttered his famous statement: “My name is Moeshoeshoe and my sister is called Peace. I never liked war in my youth, so how could I like it now that I am old?”



Dirk Schwager

Peace returned, and two years later, in 1860, King Moeshoeshoe met President Pretorius of the South African Republic to regulate relations between the two sovereign and equal peoples. Among other things, it was agreed that there should be no racial discrimination. “Die wet zal gelijk weze voor all”<sup>(1)</sup> stated the treaty. But the peace obtained was fragile one. Moeshoeshoe’s kingdom was forced to contract, leaving the fertile plains of what is now the Orange Free State, and obliged to absorb a number of the refugees whom the Boers dispossessed. By 1868, his situation becoming intolerable, Moeshoeshoe asked the British to assume responsibility for his realm and the magic mountain kingdom became another

British possession, barely known about in distant London, another administrative inconvenience for the bureaucrats. In 1871, Basutoland, as it was called, was merged with Cape Colony for administrative reasons, and in 1872 this latter obtained a degree of autonomy, which it used to oppress the Basotho and to deprive them of the right to bear arms. A futile war broke out between 1881 and 1884 which the Cape Colonists could not win, and in 1884 direct rule from London was reimposed. After the South African war of 1899-1902, Britain was even more keen to be rid of direct responsibility for the troublesome South Africans, and by 1910 granted them a wide measure of internal self-government as the Union of South Africa. Basotho elders, mindful of the troubled past, had

hastened to London in 1909 to ensure that they would not be part of this Union, and from 1909 to 1966, Lesotho was a British colony, an enclave in the mindst of a State growing ever more racist and intolerant.

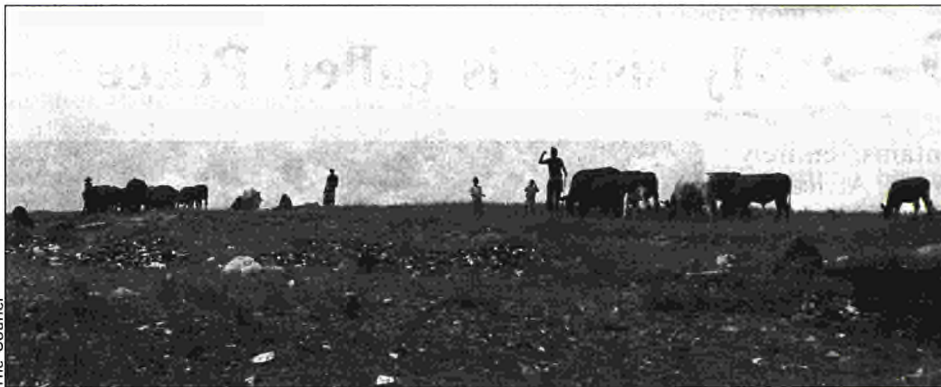
### Living with geography, looking to history

Lesotho’s independence in 1966 was complete — as far as it went. Economically, Lesotho is a tributary of South Africa to this day. 85% of its exports go to South Africa and 95% of its imports come from there. 60% of the Government’s revenue is made up of receipts from the South African Customs Union (SACU) and about 50% of its export “earnings” are the remittances from the 150 000 Basotho miners who dig South

(1) “The law is the same for everyone”.



# LESOTHO



The Courier

*The herding tradition is strong... as is evidence of its destructiveness*



The Courier

Africa's coal and diamonds. In 1986, the GDP was 684.7 m Maloti (about \$ US 330 m) while the GNP was 1 298.5 m Maloti (about \$ US 650 m). Half the country's income, not merely its export earnings, are generated abroad. Its currency, the Loti (the plural is Maloti) is pegged at par to the South African rand, and it is a member, with Swaziland, of the Common (formerly Rand) Monetary Area. This limits to a considerable extent the leeway which Lesotho has in implementing an independent macroeconomic policy. These are the formal limits. There are other, graver, ones posed by geography and history.

History determined geography, and now geography determines economics. Historically, the Basotho are a pastoral people, horse-taming, like the Trojans of Homer's Iliad, counting their wealth in cattle, not in land. A homogenous people, there are no intertribal conflicts, but what disagreements there are concern grazing rights. Chiefs determine grazing rights, and because of the mountai-

nous nature of the country, there is a regular pattern of transhumance, from summer to winter pastures and back again. Thus, there could easily be two sets of pasture to quarrel over, as well as rights of way on the trail from the mountains to the plains. The men are herders, but the women must grow the food, and today 85% of the food grown in Lesotho is grown by women. (The country is not self-sufficient in food; it grows 22% of its sorghum requirements and 50% of its maize requirements. The rest is imported). History also determined that the Boers pushed the Basotho onto mountainous land, so that today, only 13% of Lesotho's land is truly arable and 25.4% of the population is landless. Pressure on land allied to a herding tradition have led to dangerous levels of overgrazing (the ranges are estimated to be overstocked by some 300%) which in turn has led to serious problems of erosion. The land is criss-crossed by deep *dongas* (gullies) made by the periodic rainfall, and smooth rock often shows through the topsoil, like the scalp of a balding man. Basotho men have drawn the obvious conclusion. They are said to like a challenge, provided that it is a manly and honourable one, and, today, 60% of the young males (18-40) migrate at one time or another to South Africa. And above all, men need to know they are working for cash, which can be converted into cattle which can then reflect their status. So agriculture, which employs 60%-70% of the country's households, contributes only 21% to GDP (and that includes livestock) and arable agricultural activity is confined to 13% of the country's land.

Well-meaning experts have pinpointed the economic problems but

have few solutions to offer. The Government is urged to broaden the revenue base and improve revenue collection. This is hard to implement in a country 88% of whose population is rural. Manpower development is urged, but since wages and salaries are four times higher in South Africa, why should Lesotho train doctors and engineers so that they can emigrate to South Africa? Industrial development is a possibility, but the most likely investors are South Africans, and they have found a more conducive investment climate in the "homelands" of South Africa itself. Thus, in a land with little potential, and with no treasures under the soil, the Basotho are victims of geography and history alike. Tom Touane is Principal Secretary of the Ministry of Planning and Economic Affairs and he is, perhaps, tougher on his country for its failure to maintain economic momentum. "Our attempts" he said, "to address the economic problems were not coordinated at the beginning". He saw the 3-year structural adjustment programme initiated in July 1988 as giving the country a fresh start. But there is also a fresh start being made in the political life of the country which may well have a determining effect on which economic options are chosen.

## Dropping the Westminster pilot

It is hardly surprising for your correspondent to find himself in countries which, 20 or 25 years ago started life as Westminster-style democracies, complete with Mr Speaker in a wig, adjournment debates, recorded cries of "Shame!" and "Resign" and the whole paraphernalia of an imposed system. It is also hardly a surprise to find the vast majority of these countries experimenting with alternatives today, thoroughly disenchanted with imposed models. The parliamentary system accentuates division, the one-party state stresses unity, and this is why, in countries which may suffer profound ethnic differences, a one-party state is seen as a major improvement over the parliamentary model. But the Basotho have no patience now with either model. From 1966 to 1970, Lesotho was a multi-party democracy; but the elections of 1970 were declared null





**Vincent Malebo**  
*Minister of Information*

and void by Chief Jonathan, who ruled from 1970 to 1985 without elections, laying the foundations for a one-party state.

In 1985, elections were held, but since candidates had to be proposed in open assembly, and put up 1 000 Maloti (and their proposers 500 Maloti each) and since the assemblies were attended by Chief Jonathan's BNP<sup>(1)</sup> Youth League, there was an understandable shortage of opposition candidates. As Information Minister Vincent Malebo said "Peace had run away from our country". The *coup* in January 1986, led by Major-General Lekhanya, was a response to popular disenchantment with both the Westminster and one-party models and marked the beginning of a search for an authentic national system. Lesotho is not an entirely free agent. It is an enclave in the heart of South Africa, the neurotic white-ruled economic giant, which is always ready to respond with helicopter gunships and commando hit-squads to any political evolution whose motives it suspects. Lesotho was its victim in the final months of Chief Jonathan's government. South African commandos raided an apartment block in which they suspected ANC refugees to be living, killing a number of wholly innocent people in the process. Towards the end of 1985, South Africa closed its borders with Lesotho. There was no power, and food supplies began to dwindle. Thus, when the Basotho cast around for

political models, they know that imported models, so to speak, must be imported via South Africa. And while they deplore apartheid, they are ever mindful of the fact that more Basotho live outside Lesotho in South Africa than inside. As Minister Malebo put it: "We are totally surrounded by another country *and* by our own country". (He estimated that some 3.6 m Basotho live in South Africa and 1.6 m in Lesotho.) The response of the government to these sorts of constraints has been not to import any constitution but to return to their traditions and to build a democratic society through the institutions they have always possessed, and which retain their hold on the affection and respect of the people. As Minister Malebo explained. "In the early days of independence, we were appalled by military *coups* taking place all over Africa, and we asked ourselves where were the safeguards? We couldn't believe our ears when, in 1970, our own elections were declared null and void. This time, we are piling up the cushions — so that when we jump high, as we did 20 years ago, we won't fall on hard ground." What impressed the present government was the speed with which local government could be eroded—Minister Malebo said it was ineffective within a year of independence—and it is this which forms the bulk of



**Tom Touane**  
*Principal Secretary, Ministry of Planning and Economic Affairs*

the "cushions" which it is putting into place. Local government is being taken back to where it began — in the villages. The villages of Lesotho have always boasted the two basic instruments of government — a magistrate and an assembly. The magistrate is the chief, whether statutory or customary, whose office, according to an Act of 1968, exists to "support, aid and maintain the King in his Government, and, subject to the direction and authority of the Government, and in accordance with the laws of Lesotho, serves people in the area of his authority". The chief has responsibility for a variety—often bewildering—of tasks: registration of births and deaths, human and animal health, welfare, education, allocation of agricultural and grazing land, justice, roads, development, immigration, acting as a witness to marriages, transfers of property, certifying ownership, checking licences and so on. Obviously, the administrative burden does not fall on the chief, but it remains his responsibility to notify the competent authorities and act as a first line of administration. To counterbalance this authority, the villages have what is called the *pitso*, or meeting. This was the forum of the village, where debates could last for days and which had, in Basotho eyes, the great merit of being all in the open. No secret ballots, no hidden caucuses, and the chance for everybody to rally to the winning side before an idea was finally decided upon. It is to this system of local democracy that the government is looking, to provide the



*Supermarket in Maseru. Urban tastes have been formed in, and are served by South Africa*

(1) Basotho National Party.



basic "cushioning" of its constitutional structure. Over 1 000 village councils have been set up, and so have the next two layers in the pyramid, the ward and district councils. It is through these latter that the government plans to distribute funds for development activities, leaving the councils themselves to identify and implement the projects which they themselves decide upon. Minister Malebo explained that several district councils were now operating with a development budget of 200 000 Maloti (about 70 000 ECU), and the intention was to turn the budget allocation into a revolving fund, so that councils generated their own development finance. And they would be democratically controlled. "This time around" said Mr Malebo, "our people will know just what representation is about and will not be afraid of electing their councillors openly. And their representatives won't forget why they are there and will report back to their constituents". The top of the pyramid will be a National Council, made up of delegates from district councils which will function as a Parliament. The coup of 1986 also brought back to prominence the great-great-grandson of Moeshoeshoe I, the present King Moeshoeshoe II, who has resumed the traditional role of a Basuto monarch as executive and legislative Head of State, aided by his council of ministers, and who will in future be responsible to a national assembly.

This, then, is the chosen political backdrop to Lesotho's development, a sharp contrast to single-party or even multi-party political systems with their assumptions of underlying ideology. The Basotho have proved too practical a people — they trust the forms and the habits which are part of their culture and not the imported forms and ideas that might be favoured elsewhere.

### **Economic options: examining all the avenues**

If the country's development options are limited, by geography and by history, it is untrue to suggest that no efforts are being made. Tom Touane, Principal Secretary at the Ministry of Economic Affairs and Planning, may be hard on the efforts



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*The BEDCO estate on the outskirts of Maseru*

of the past, but is by no means unconvinced of the validity of current efforts. He offers a keen insight into the efforts which the government will have to make to create jobs at home. "Agriculture is still the main priority" he said, "and farming management needs improving. There is a heavy extension task to be done, just when the government needs to review its expenditure priorities". The limited amount of land available, and the preponderance of women in agriculture are simply two of the constraints that Mr Touane picked out. Further constraints include the weather (Lesotho has not fully recovered from the drought of 1982/3, and its rainfall, though adequate, can come all at once and with great ferocity, which means that root crops are safer than tree crops or bush crops) and the pastoral tradition which means that attention can be lavished on a crop only for certain periods during the year. Diversification remains the preferred solution: it has worked wonders with the asparagus scheme (see *The Courier* no. 112, page 92) where 1 000 farming households and a seasonal high of 360 cannery and process workers have found an extremely lucrative sideline in growing, washing and packing fresh asparagus and canning the surplus — all for export. The General Manager at Basotho Cannery explained that the scheme was slow to get off the ground. "Farmers reasoned that since asparagus was labour-intensive and since they were not going to eat it, what was the use?" Now, he said, trials were starting with green beans, fresh and canned, and with cherries, peaches and gooseberries. Given the constraints and the climate, it looks as if Leso-

tho's future lies with high-value, high-density export items.

The same story goes for Lesotho's traditional export earnings leader—mohair. Future development of the industry, according to Mr Touane, will have to be concentrated on improving the quality of the stock and moving into finished and semi-finished goods and traditional craft items. Mining for diamonds could make a comeback, too, suggested Mr Touane. Lesotho's mine closed in 1982 at the bottom of the slump in world diamond prices, but there is now a possibility that it would be economically feasible to reopen the mines. It was in the tourism field that Lesotho felt it had much to offer. After all, in what other African country does skiing have potential? It does in Lesotho, where there is a good solid fall of snow in the mountains every year, and where snow is an almost annual experience in Maseru, the capital. The country's mountain rivers offer excellent opportunities for canoeing and rafting, and ponytrekking and mountaineering are obvious attractions in a country whose lowest point is 1 400 m above sea-level and which is one of the rare countries in sub-Saharan Africa to be home to horsemen and their sure-footed native ponies.

All these are areas of potential benefit, but Mr Touane recognised that none of them could do as much for employment and revenue generation as a solid manufacturing base. Lesotho established a National Development Corporation (LNDC) in 1967 to attract and promote large- and medium-scale industrial development and the Basotho Enterprise Develop-



ment Corporation (BEDCO) in 1975 for small industries, both under the aegis of the Ministry of Trade. The real problem has been a shortage of funds and consequent caution by the management of the corporations — and, said Mr Touane, a shortage of hands-on business expertise. The Lesotho Technical Institute, added Mr Touane, had been producing young managers, but the country had not always been able to retain them, and they joined the “brain drain” to South Africa. This was something that could not be tackled by political or administrative means, he recognised, adding that “individuals must have the choice to go out and return when they want”. But the result of too much theory, and not enough practical management expertise, had resulted in LNDC and BEDCO overlapping, with BEDCO making a small number of large loans to low-risk major undertakings, and failing to aid, train, finance and develop the small-scale local businessmen it was set up to help. “We are renegotiating BEDCO’s mandate” said Mr Touane “to make sure that it acts as a service unit when appropriate and as a financing agent when appropriate.”

Management was something of a leitmotif with Mr Touane. After all, manufacturing employment increased by 16% a year between 1980 and 1985 and the contribution of the sector to GDP rose from 5% to 8% in the same period. And these figures could have been even higher if LNDC management had been simplified. Now, said Mr Touane, Lesotho was a member of MIGA — the multilateral investment guarantee association — and a simplified investment code was being drawn up. Government, he said, was waking up to the concept of value for money and improved management performance. Much of the work of the present administration seemed to be the clearing-up of abuses left over from the previous ones, which encouraged public sector employment and wage rises whilst making no attempt to get value for money. Parastatals were now being obliged to bill clients regularly and collect the money, public sector wages were under scrutiny, and the private sector, spearheaded by the Chamber of Commerce, was getting involved in certain tasks.



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**Mrs Mattelima Hlalele**  
*Minister for Womens' Affairs*

All discussion of options leads one finally back to the economic giant surrounding Lesotho — South Africa. It is from South Africa that the inputs come for the manufacturing industry. It is from South Africa that industry’s customers come. The tourists are largely South African. Government revenues (as a member of the SACU) are largely South African. In 1988, Lesotho imported M 932 m worth of goods and services—mostly from South Africa—and exported M 77 m — largely to South Africa. Sanctions are viewed as grim possibilities not as high moral gestures. “Do you really want a weak Lesotho?” asked Minister Malebo when the talk turned to sanctions. “These people (the South Africans) must find their own way, as all the peoples of independent coun-



The Courier

*Lesotho's export leader — goats wearing their mohair coats*

tries find their own way. We can help them but, in the final analysis, the decisions must be taken by themselves and cannot come from outside.” And General Lekhanya, in his interview (page 27), made it clear that those pressing hardest for sanctions should help the victims of sanctions as well — compensation by governments applying sanctions, and, where feasible, those corporations disinvesting in South Africa setting up in Lesotho.

## **Tightening the knot: Highlands Water Development**

The only resource which Lesotho has in plenty is water. The mighty Senqu River (known in South Africa as the Orange River) flows through the Maluti mountains. This river will be harnessed to provide a controlled flow of water to South Africa and to generate electricity for Lesotho, which currently imports over 90% of its electricity from South Africa. The treaty setting up this major, multi-billion Rand scheme was signed in 1986, and work has already begun on the series of dams and tunnels which will bring the commodity to where it is needed, and tame the elemental waters to bring irrigation and power. It is a scheme which has attracted much international attention, and in which the EEC is involved — for the hydropower and ancillary elements only. The scheme will do much for the country: it will create new, permanent infrastructure in the form of roads and townships; it will give employment to thousands of semi-skilled and unskilled labourers; it will create jobs for skilled managers and engineers; it will generate cash income for the country through sales of water, and save foreign currency by generating domestic electricity sufficient to provide for the country’s expected base load. But it will tie the knot between Lesotho and South Africa even tighter and make the prospect of sanctions or a violent upheaval there even more frightening. Can membership of SADCC be of help here? Obviously, Lesotho is a member, but she is also a member of SACU, and the two effectively cancel each other out — cement from Mozambique, for example, must pay duty and South African cement is thus favoured. Conversely, Lesotho’s



exports, whether of raw materials like mohair, or finished goods, are aimed at a developed and not a developing market, specifically at South Africa. SADCC has long-term economic significance for the Basotho in the sense that a free South Africa would be a member of it, and thus their brethren inside South Africa. Nobody quarrels with SADCC's goals, either. It is just that they are very hard to realise in Lesotho.

## The silent majority

No survey of Lesotho would be complete without an analysis of the women of Lesotho. Inside the country, they outnumber men by 630 000 to 440 000. 60% of households are headed by women; they produce 85% of home-produced food, mainly sorghum and maize. The decline in agricultural output (maize down by 14% and sorghum by 29% over the past decade) can in part be attributed to the fact that women are given a range of responsibilities and insufficient tools to do the job. Lesotho has a dual legal system — traditional law and Roman Dutch law, but it is traditional law which tends to prevail, especially in the rural areas. Under traditional law, a woman is an adjunct of her husband's family, and treated as a minor — she has no judicial status, and cannot make contracts without her husband's consent or be sued except through her husband. She cannot even use the remittances which Basotho labourers in South Africa are obliged to remit (60% of their wages) since she must have her husband's signature. A divorced woman returns to her father's guardianship, a widow to her eldest son's or father-in-law's.

As to land rights, there were none for women before the 1979 Land Act, when it became possible to designate women as heirs. The 1982 Land Act gave mature single women access to residential land, and widows can now obtain a "certificate of occupation" of land upon their husband's death. Minister of Women's Affairs Mrs Mattelima Hlalele is convinced that more must be done. "Men are men" she smiled, "and that means not very reliable". She recognised that women were *de facto* heads of family and was pushing for a change in the law on

the need for a man's signature before a woman can draw on a joint account, or obtain credit. But, she believes, most women in rural areas don't want credit: mobile banks are already being run by the Agricultural Bank and the Lesotho Bank, and there is a long tradition of banking via the Post Office. Mrs Hlalele thinks that economic opportunities are more important than increased access to credit. More than 200 day care centres have been opened by voluntary organisations in villages; the Opportunities Industrial Centre has created almost 1 500 jobs since its foundation in 1978, jobs for people who could not follow full-time education. "We are looking for training for women to augment their cash incomes at home" she explained, "and to make their lives easier". Money-spinners include tapestry and grass-weaving, leather work and luxury food crops like green beans and asparagus. Time-savers include solar heating and solar-powered stoves using appropriate technology.

Education is undoubtedly a way forward, and women are well to the fore here. Lesotho has a high literacy rate—59%—and, given the traditional male preoccupations with herding and mining, it is logical to assume a very high proportion of women in secondary education, at least until very recently. There is a lot of woman-power in the administration, in social and health services and in the informal commercial sector. Women, too, dominate the *pitsos*, certainly at village level, but the country's cultural heritage means that they tend not to stand for election; and in the churches, women become elders but then vote their menfolk onto the presbyteries and consistories. Tact and a sense of responsibility are the hallmarks of Basotho women: "We must keep our men on our side and not pit them against us" said Mrs Hlalele. The majority in Lesotho may be relatively silent in the country's higher councils, but it represents a powerful force for stability, realism and progress.

In many ways, the country's future is already mapped out: it cannot change its geographical location or its relative lack of resources. It is reliant on one dominant trading partner; its



Dirk Schwager

*Women produce 85% of the food (above) and there is always more for them to do, like mending roads (below)*



The Courier

future prosperity depends on one major development project. But the women of Lesotho are on the move — pushing for better land use, better economic opportunities, more diversified agriculture and a spread of the cash economy. One hundred and thirty years ago, when Moeshoeshoe the Great and President Boshof met to discuss a peace treaty, the world was a man's world, nowhere more so than in the rugged Maluti mountains where Boer horseman faced Basotho horseman, both armed and ready for war. What innate wisdom was it, then, that caused Moeshoeshoe to refer to his "sister, who is called Peace" but the knowledge that, for the future of his country, women were as vital as men? Today, in equally troubled times, the women of Lesotho are again a vital force for the country's future development. ◊

Tom GLASER



## “We can choose friends; we cannot choose neighbours”

### Interview with Major-General Lekhanya, Chairman of the Military Council and Council of Ministers

Major-General J.M. Lekhanya was a career soldier and Commander of Lesotho's Army before seizing power in a military *coup* in January 1986. During the three years since becoming Chairman of the Military Council and the Council of Ministers he has steered through a number of constitutional reforms aimed at restoring national reconciliation and unity. His underlying aims, and his assessment of how they are being fulfilled are outlined in this interview with *The Courier*.



The Courier

► *What was the situation that prompted you to take power in January 1986?*

— A number of reasons prompted the takeover of government from Chief Jonathan, the main reason being the need to restore peace in the country and to reconcile the nation. This nation had, for too long, been plunged into a political quagmire, with politicians unable to solve the country's problems. This country was characterised by hostile factions and victimisation of innocent people within the civil service by the unruly BNP Youth League; in short there was growing lawlessness within the country and those in power seemed not to care, as the perpetrators of crimes had their blessings. What this state of affairs resulted in was unnecessary loss of life, extensive destruction of property and a number of Basotho nationals fleeing the country.

So what we have been trying to do has been to restore true reconciliation and peace and to devote our energies to development of the country instead of spending our energies in useless and divisive political wrangling.

► *What were your aims at the time, and how far have they been achieved?*

— What has been of prime importance to us, then and now, has been the achievement of true reconciliation, the restoration of peace and accelerated development. However, to achieve all this has not been an easy task for this government. We have had problems here and there, but let me not hesitate to point out that, despite efforts from some quarters to frustrate our attempts at reaching our goals, we have been successful. For instance, many people who had fled the country have come back and there are preparations for more to come back and join us in our efforts to rebuild this nation.

Development Councils, which were freely elected by the people from village up to the district levels, are functioning, and concrete results are already realised. The people are now more than ever turning their attention to agricultural activity and, if this atmosphere prevails, our goals of self-sufficiency in food will be realised.

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***“We would... expect... businesses that close down their business with South Africa to consider... ventures with Lesotho”***

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► *Lesotho is very dependent on South Africa, especially financially.*

*What would be the effect of increased sanctions on your country?*

— At present a large percentage of our workforce is in South Africa and, should the boycott of South Africa mean loss of jobs for some workers, this will definitely affect our nationals, who will be forced to come back home. This will mean an increase in our unemployment rate, as at present we do not have jobs that will absorb all of them. However, should this happen, we expect organisations like the EEC and countries that will apply economic sanctions against South Africa to assist us, by helping us create jobs for the victims of such action.

We would also expect those international magnates and businesses that close down their business with South Africa to consider opening similar business ventures with Lesotho that would generate the employment I mentioned earlier on. And again, what we would like to see promoted is improvement in self-employment creation with the country.

I am convinced that serious consideration must be made of countries like Lesotho and other neighbouring countries to South Africa. I normally see it that political independence means economic interdependence. It





*General Lekhanya with Mr Kratz, the EEC Delegate in Lesotho*

negative economic trends. In the light of this, we feel the successor Convention has a crucial role to play in terms of supporting such an effort, especially with regard to the social costs of the programme. We also feel that the successor Convention should take into consideration additional areas such as the alleviation of debt, population issues and the protection of the environment.

In summary, the new Convention must also provide effective, practical and operational schemes: firstly, to assist in transforming ACP commodities, agricultural and mineral, from raw materials into processed and semi-processed products; secondly, to further relax, if not totally remove, the rules of origin, particularly as they affect the least developed countries; and thirdly, to remove all customs barriers and other protectionist measures by the EEC on the agricultural products of ACP countries.

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*"A national council will decide ... without ... political banners and partisan feelings..."*

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► *Your own constitutional moves are in response to a perceived failure of the Westminster model. Now, the Westminster model has failed everywhere in Africa. What do you think are the reasons for it?*

— The reasons for it were that politicians were becoming self-seeking, self-centred and divisionist in nature, and they thus destroyed the moral fibres of the unity of the nation. We haven't got problems with different nationalities but we had party politics. So we have taken this measure of holding the politicians' hands, because we think we must create a proper atmosphere conducive to reconciliation. We must go on from those partisan politics so that we can give the nation time to unite and reconcile and concentrate on unity — and concentrate on accelerating our development.

And as a result, we have established these councils, village, ward and district, and we are on the verge of establishing the urban councils now, which should come very early next year. These councils are freely elected, not put there, but elected according to merit. If we can develop that, then we

is a norm the world over and we don't realise how much we rely on each other. So I think it's of great importance that Lesotho and other countries must be assisted to minimise the impact of sanctions — if that impact of sanctions would bring about change in the form of the necessary and quick dismantling of apartheid.

► *What scope do you see for broadening the range of Lesotho's economic options?*

— Unfortunately, Lesotho does not have many options at its disposal, but it is our prime concern to attract foreign investment to generate employment and to pursue labour-intensive but sustainable projects for both the urban and rural populations.

At present we have embarked on a huge project, the Lesotho Highlands Water Project, which holds a bright economic future for this country, if it succeeds. Villages around the project area will benefit in various ways from this scheme. There will be construction of roads to facilitate the construction of dams. The road network, which will be a permanent feature, will in turn increase the country's tourism potential.

We have also emphasised that, during the construction period, foreign

companies should establish joint ventures with local contractors, so that some of the money from the project remains in the country. There will also be an increase in the level of economic activity in the countryside, as other commercial and small industrial activities to service the areas around the project will emerge. What is also of importance to us is that the project will enable us to generate our own hydropower. At present an estimated 20 million Maloti is paid to South Africa for energy, so this money will be utilised in the country for other projects.

► *Negotiations for a new Lomé Convention have just begun. What would you like to see included in it?*

— As you are aware, the negotiations of the successor arrangement will be taking place in a world environment that is likely to be more unstable and unpredictable in terms of key external economic variables such as export prices, growth rates of developed countries, exchange rates, protectionism and interest rates. Under current projections, the management of our economy would become more problematic since the present imbalance will most likely worsen.

Lesotho has embarked on a structural adjustment programme with a view to tackling current and expected





King Moeshoeshoe II



The Courier

*"As you know, we are surrounded by South Africa..."*

**The trees in the centre line the river which makes the frontier.  
Beyond is South Africa**

are building towards a national council, which will be elected from these councils, plus other sectors of the community that might be involved: private sector, commercial sector, and the rest of it, so that they can form a national central council that will decide on their plans without looking at each other with political banners and partisan feelings.

We think this is what we should have thought of immediately at independence, because divisive politics have been harmful. I don't know whether it's not just a stage of political development, but unfortunately it is one that comes first. Political independence and, thereafter, unity of the nation is of prime importance — unity of purpose which is self-sufficiency, and through that of economic independence.

So this is where we think we are going, and we see great strides have been achieved in this. Everybody takes part — everybody can contribute. Our task as civil servants, or as government servants, is just to formulate programmes—formulate plans in response to the ideas that emanate from the grass-roots level—from the lowest level. This is of cultural significance and in line with the Basotho temperament.

► *Your mention of chieftains leads me on to ask about the position of the King. You brought him from very much backstage, to make him the executive and legislative head of the country.*

*Was this in response to a perceived feeling in the country that they wanted the monarch to take a more active part?*

— Oh, yes indeed. Our chieftainship is not similar to the Westminster type of monarchy or to that anywhere else in the world. The King certainly rules in the government with the legislative and executive powers that he has, but he never does that on his own. It's done by the advice of the Military Council, the Council of Ministers, by other functionaries like the Principal Secretaries, different Ministers in the departments, by other chiefs, principal chiefs in different areas and even, for that matter, you can bring in the village council. Any administrative matter is related to a certain village and he'll get advice from them direct. Unfortunately this was eroded by British influences which were not pertinent to Basotho culture and understanding of the chieftainship, or indeed of the position of the King.

► *Has association with the ACP Group, as a whole, given you ideas on how you might forge new international relationships?*

— Let me attempt to answer this one. The fact is that the rest of the world, ACP and everyone, even SADCC member countries, African sister countries and the rest of them, does understand truly the geo-political situation of Lesotho — and Lesotho

is not apologetic about the situation. We cannot choose neighbours. We can choose friends. They understand the situation and whatever assistance they pledge is that of sympathy to us and understanding of the true situation that we are in, which is not easy to explain within one paragraph or so. It prompts them to even come and see for themselves and indeed to wonder how we survive. We say that's how Lesotho has survived it over 100 years—over 150 years—and we still maintain that we will survive. We will protect our integrity. We will protect our sovereignty and our identity.

► *Has your country's foreign policy changed radically since you took power?*

— Well, it hasn't changed. We still continue with the same policy that we had before. We are still confining ourselves within the Geneva Convention and we are still members of the OAU, the Non-Aligned Movement, the Commonwealth and the United Nations. So really there is nothing that we have changed, except that we believe that we have to have good neighbourliness with our neighbours here, although we differ in political understanding. As you know we are surrounded by South Africa with its policy of apartheid that Lesotho doesn't really recommend. We really believe that if it can be abolished, we would feel very happy about that. ○

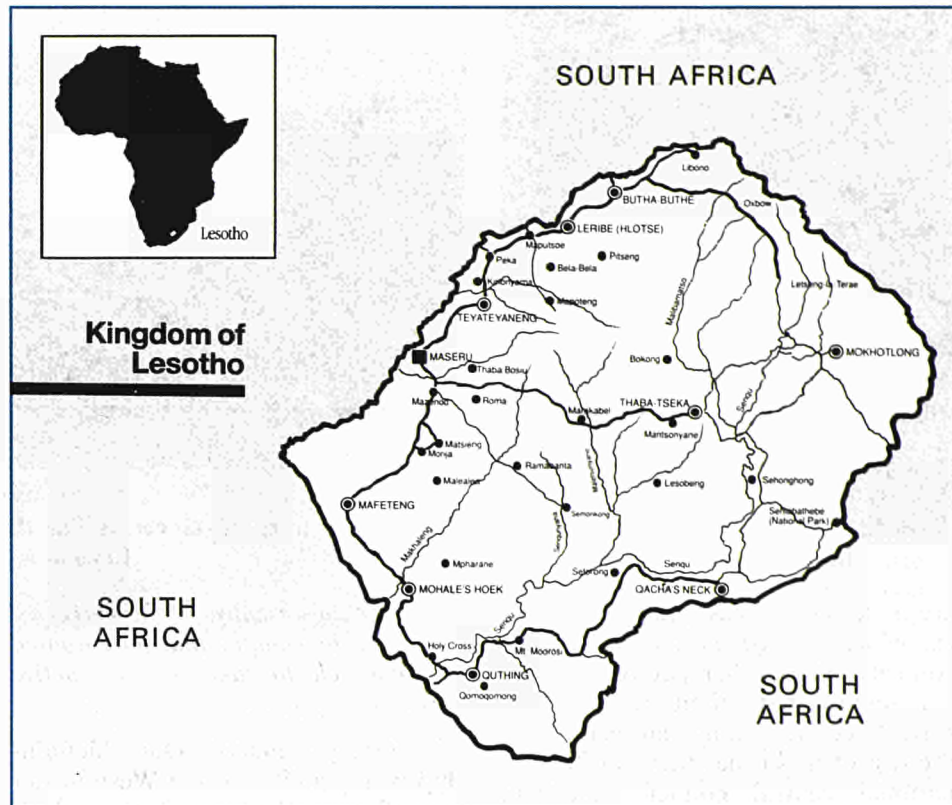
Interview by T.G.



## Lesotho Profile



Schwager



### I. General

*Area:* 30 344 km<sup>2</sup>

*Geographical location:*

- landlocked within South Africa
- capital: Maseru (80 000)

*Climate:* temperate-continental (altitude: 1 500-3 400 m)

*Population:*

- total: 1.56 million
- density per km<sup>2</sup>: 51
- annual growth: 2.3 %
- urban population: 12 %
- agricultural population: 88 %
- adult literacy: high (total literacy rate 59 %)

*Language:* Sesotho, English

*National currency:* Maloti = 0.37 ECU (8/1988)

*National day:* 4 October (1966 Independence)

Lesotho is a member of the United Nations, the Commonwealth and the Southern African Development Coordination Conference (SADCC).

*Head of State:* King Moshoeshoe II

*Head of Government:* Chairman of Military Council and Council of Ministers, Major-General J.M. Lekhanya

### II. Economy

1. *GDP at market prices (1986, million \$):* 301.81  
*GDP per capita (1986, \$):* 193

2. *Main origins of GDP (1986):*

- agriculture, livestock: 21.1 %
- industry, trade: 26.9 %
- building, construction: 12.2 %
- services: 39.8 %

3. *Main natural resources:* water, hydroelectricity

4. *Main exports:*

- Wool and mohair (1986, million \$): 6.8
- Labour: 50 % of GNP (± \$ 300 m)

### III. Finance

1. *Government budget (1986/1987, million Maloti):*

- total expenditure: 375.7
- total revenue: 288.2
- deficit: - 87.5

2. *Consumer price inflation (1986):* 17.2 %

3. *Current account (1986, million \$):* - 9

4. *Public external debt (1986, million \$):* 294.2

5. *Debt service ratio (1965):* 5.7 %



# The EEC and the Lesotho Highlands Water Project

by Achim KRATZ (\*)

## History

The idea of conveying water from the Highlands catchment of the Senqu River in Lesotho through the Ash River to the Vaal River in South Africa has long been one of the most ambitious and spectacular projects in the region and the subject of a number of studies over a period of many years. The feasibility of exporting water was first studied in the 1950s and the project became progressively larger as the water requirement in South Africa grew. The earlier studies did not result in a project because agreement could not be reached between the Governments of South Africa and Lesotho on the payment for the water exported.

The present project studies began in 1978, when the Lesotho and South African Governments appointed a Joint Technical Committee to study further a possible water conveyance project. On the basis of these preliminary studies, the Kingdom of Lesotho and the Republic of South Africa decided to proceed with the preparation of a detailed feasibility study of the project. They also decided that each Government would appoint consultants who would cooperate in a joint feasibility study of the project. The consultant for the Lesotho Government, the Lahmeyer MacDonald Consortium (LMC), was financed by the EEC. The feasibility study commenced in August 1983.

Stage 1 study identified an optimum project layout and concluded that there were no insoluble environmental, socio-economic or legal difficulties. The two Governments then agreed in 1984 to carry out Stage 2 of the feasibility study and to increase the eventual quantity of water to be exported to 70 m<sup>3</sup>/sec. Stage 2 of the feasibility study was completed in April 1986. The proposed project layout includes the construction of four dams for water storage:

- Phase IA Katse
- IB Mohale
- II Masai
- III Tsoelike.

The ultimate water delivery capacity is 70 m<sup>3</sup>/sec, including about 100 km of tunnels and a hydropower plant. The total cost of all phases is about 5.5 billion Maloti or 2.6 billion dollars.

It was decided to start with Phase IA which includes the access roads, the Katse Dam, a 45 km trans-

fer tunnel, the hydropower plant and the 37 km delivery tunnel.

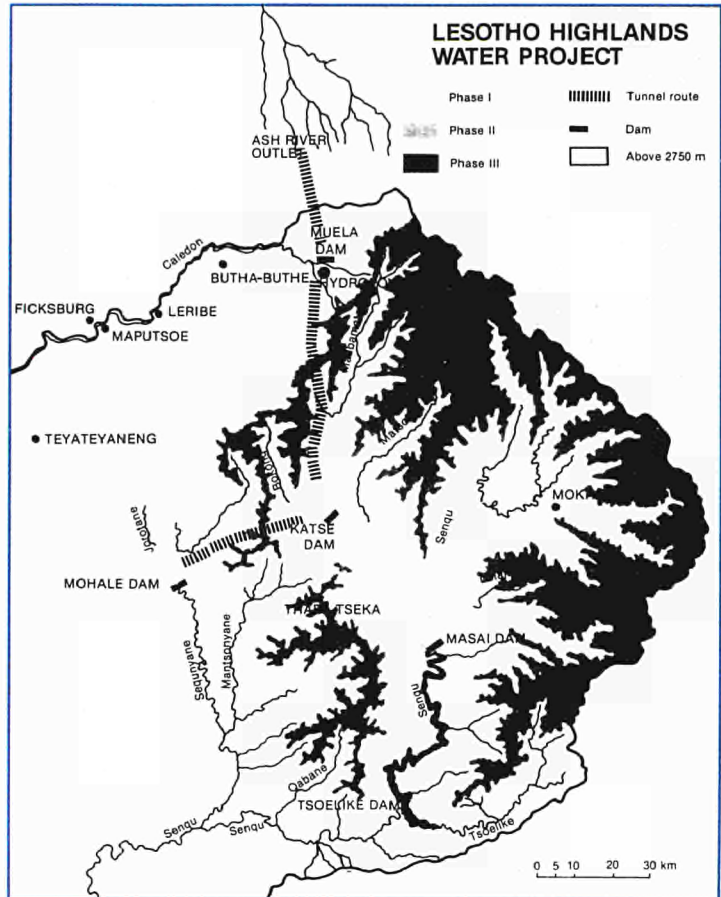
## Lesotho's surplus of water

The feasibility study shows that the total resources of the Senqu/Orange River basin are 150 m<sup>3</sup> of water a second and, even projecting ahead beyond the year 2000, Lesotho's total demand will not exceed 10 m<sup>3</sup>/sec. Moreover, the feasibility study determined that up to 70 m<sup>3</sup>/sec could be abstracted without any resulting shortfalls in supply downstream of

the Lesotho border up to the Atlantic Ocean.

## Legal and financial aspects

The basic agreement between the two countries to proceed with the implementation of the project is the "Treaty on the Lesotho Highlands Water Project between the Government of the Kingdom of Lesotho and the Republic of South Africa". The Treaty, which was signed on 24 October 1986, covers the rights and obligations of each party and lays



**Table: Total cost of all phases (mid-1987 estimate)**

Phase	Yield m <sup>3</sup> /s	Commissioning year	Maloti million	Dollars <sup>(1)</sup> million
IA	16.9	1996	1 774	853
IB	10.1	2002	760	365
II	28.0	2007	2 042	982
III	8.6	2017	875	420
<b>Total</b>			<b>5 451</b>	<b>2 620</b>

(1) Exchange Rate: 1 Dollar = 2.08 Maloti.

(\*) EEC Delegate in Lesotho.





The Courier

## *500 metres under the Maluti Mountains, work is already well advanced*

down the quantities of water to be delivered, the cost-sharing provisions and the calculation of revenue (royalty) payments. The Treaty provides that South Africa is responsible for all costs of the Lesotho Highlands Water Project related to the delivery of water to South Africa. Lesotho itself assumes no financial obligation for the water transfer component. However, it is solely responsible for financing the hydropower component for which the EEC is providing assistance.

One of the immediate consequences of the signature of the Treaty was the formation of a binational Commission (Joint Permanent Technical Commission, JPTC) with monitoring and advisory powers, as well as power of approval over certain key decisions taken by the two parastatals representing each country — the Lesotho Highlands Development Authority (LHDA) for Lesotho and the Trans-Caledon Tunnel Authority (TCTA) for South Africa.

### **Revenue for Lesotho**

The Treaty provides for payment by the Republic of South Africa of a royalty for the delivery of water. These payments are determined by sharing the cost savings accruing to the Republic of South Africa by the construction of the Lesotho Highlands Water Project instead of the more costly Orange Vaal Transfer System. The latter system would pump water from the same river (downstream in the Orange Free State

Province) over long distances and high lifts, making it expensive to construct and operate.

The basis for sharing the savings, which were estimated at about US \$ 0.9 billion at 1983 prices, is established under the Treaty. It allocates to Lesotho 56% of the cost savings. Lesotho would receive a continuous flow of royalties proportional to the volume of water delivered, starting in 1996, with an initial amount of US \$ 10 million at 1983 prices, increasing to US \$ 60 m by 2020. The royalty would be a net benefit to Lesotho as the cost of exporting the water would be paid fully by South Africa.

Moreover, Lesotho will become almost self-sufficient in the generation of electricity. At present 99.9% of Lesotho's electricity comes from the Republic of South Africa, costing the country an average of Rand 10 m (ECU 3.7 m) a year.

### **International Water Rights**

In respect of the international water rights, the Senqu/Orange River, which rises in Lesotho, is an international waterway. It flows through the Republic of South Africa and forms the boundary between South Africa and Namibia before reaching the Atlantic Ocean. Riparian states are therefore RSA and Namibia.

As the Republic of South Africa would be a beneficiary of the Lesotho Highlands Water Project, Lesotho only notified Namibia of the project. The United Nations Council for Namibia, the governing body, mandated under the General Assembly Resolution no. 2248 (S-V) of 19th May 1967, informed the Government of Lesotho in 1985 that it had no objection to the Lesotho Highlands Water Project. Before notifying the United Nations Council, Lesotho had consulted the South West Africa People's Organisation (SWAPO) which also had not objected to the project.

### **Implementation of Phase IA**

At present the first phase (IA) of the project is under preparation. This phase is composed of:

— Katse Dam: 170 m high, double curvature arch dam on the Malibamatso River.

— Transfer Tunnel: 45 km long and 4.35 m in diameter to the Nqoe River.

— Hydropower Plant: Underground powerhouse complex (70 MW) and a tailpond with a concrete gravity dam 50 m high at the Nqoe River in the village of Muela.

— Delivery Tunnel: 37 km long and 4.50 m in diameter.

### **The Muela Hydropower Project**

Within the Lesotho Highlands Water Project, the Muela Hydropower Plant is the Lesotho component of the scheme. This plant, which will generate electricity for Lesotho should be financed by Lesotho. The EEC is to assist Lesotho in this purpose.

The present engineering stage of the project is concerned with the final design, including tender documents for the construction and supply contracts. This engineering phase is being carried out by Alexander Gibb/Sogreah Joint Venture in two stages:

— Stage 1: Conceptual design review and optimisation (completed March 1988);

— Stage 2: Preparation of tender design and documents (to be completed June 1989).

The proposed power complex is situated in the Nqoe Village approximately 30 km north of Butha Buthe on the highway from Butha Buthe to Oxbow — Mokhotlong. The main components of the project comprise the powerhouse cavern and its associated waterways, galleries, adits and access facilities; upstream surge shaft and downstream surge chamber, bypass facilities and a tailpond on the Nqoe River. Phase I of the project will have three turbine generator units with a total installed plant capacity of 72 MW. Power transmission for Maputsoe will be via a 132 kV line from a surface switchyard located above the powerhouse cavern.

The generation of hydroelectric power is due to begin in early 1996. The period of major construction work for water transfer will start in 1990 with the construction of the Katse Dam and water transfer tunnel. Construction of the hydropower plant will not start before September 1992.

A.K.



# Lesotho Highlands Water Project – the environment

by Rony SABAH (\*)

The project to transfer the waters of the Senqu River and those from the Highlands of Lesotho to the dry areas of the Vaal Triangle to the north through a system of tunnels and dams has for decades been an engineer's dream, but often such dreams have become environmental nightmares. The Government of Lesotho, aware of experiences elsewhere, and mindful of the human, natural and ecological risks, ensured that the feasibility study of the overall project funded by EDF looked into the environmental aspects and the likely impact on the project area.

The Lesotho Highlands Water Project is divided into four phases. Implementation on the first phase is scheduled to start in 1990 and the last should be completed in 2025. Construction of support infrastructure such as access roads, bridges, erection of power lines etc... has already begun. The Project will create six man-made lakes which, when filled to capacity, will inundate an area of 207 km<sup>2</sup> and flood a total of ± 182 km<sup>2</sup> of cultivable, arable or grazing land. The figure is comparatively low, because the valleys to be flooded are banked by steep-sided hills and mountains. The total population affected by the loss of arable land is estimated at 20 000. The volume of water transferred will not affect the needs of Lesotho and amounts to only 5% of total run-off water.

Under the terms of its agreement, the EDF is providing a total of ECU 9.5 m. ECU 6.47 m were made available for the design study of the hydropower component, ECU 0.83 m for environmental studies and the remainder for technical assistance and other supportive actions. Funds for environmental studies and the consequent drawing up of the Environmental Action Plan are shared between the Lesotho Highlands Development Authority's own Environmental Unit assisted by the National University of Lesotho and the consultants Environ-



Dirk Schwäger

*The Lesotho Highlands — a safe refuge and now a potential money-spinner*

mental Resources Limited (UK) who were chosen following a tender.

The project will broadly affect three main sectors, the inhabitants of the Highlands, the ecology of the country and the cultural heritage of its people. The studies being undertaken will address in detail various aspects of each of the three broad categories.

A thorough census of the affected population is being carried out, and together with the aerial survey of the area, will establish the precise size of properties likely to be affected. A comprehensive compensation plan will thus be developed with people being paid for their loss or relocated in accordance with their choice. In addition, every dwelling lost will be replaced by another of good quality and of equal size. A full rural development plan will be designed for the area.

A training plan is being developed for the working population in order to enable them to gain skills that could be used during the construction phase through employment by contractors or to gain knowledge in crafts useful to spin-off industries i.e. cloth-

ing manufacture, knitting, forging, bakery etc. These skills, and others, will be useful to the population after construction is completed and will assist in the long-term development of the area.

A market study is looking into the kind of products, industrial or agricultural, that could be produced, their marketability and possible channels to be used to retail them.

The lakes formed by the dams could be a source of food and revenue. Studies are identifying whether the waters are suitable for fish-farming which would be a rare source of protein to the inhabitants of land-locked Lesotho and also of revenue to the country through their export. Lakes and mountains are two important factors for today's adventurous tourist. These could be exploited in a small measure and help attract those seeking the quietude of the vast open spaces and the enjoyment of associated sports activities.

Large hydrological projects have often been the source of major public health hazards. Because of altitude—the reservoirs all range from elevation 1 750 to 2 050 m above sea level—waterborne diseases (bilharzia, malaria, etc.) which are associated with tropical conditions are not prevalent, though these cannot be ruled out for climatological reasons alone and a study on possible occurrence is being carried out. Temperature, purity of water and the high fluctuation in the reservoir levels (mean rise and fall of 10 m) provide inhospitable surroundings for most vectors of waterborne diseases, though the situation will constantly be monitored nevertheless.

During the construction period, a number of large sites will be established employing up to 70 000 workers. Such a large workforce can be the cause of great potential public health dangers. The consultant is looking into these and will put forward recommendations which will be included in all construction contracts. These will cover aspects of health and sanitation as well as the living and

(\*) Civil Adviser, EEC Delegation, Maseru.



# LESOTHO

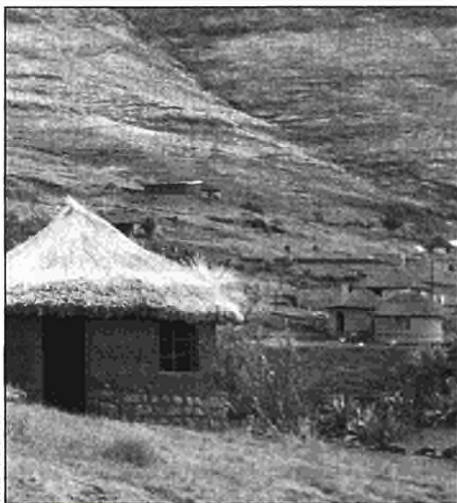
working conditions of the workers and their safety. The health care system thus established will be used later by the local population.

A project of this size and scale, which affects one of the basic resources of Lesotho, could have a serious effect on the ecology of the country.

Research into the quality of water, which will be used for irrigation, the likely type of aquatic weeds that may grow on the lakes and perhaps in the (water) tunnels and which could have a deleterious effect on the turbines as well as the limnology of the lakes is being carried out. This, together with the findings of the water biologist should give a clear picture of changes likely to take place. Preventive steps will therefore be taken sufficiently early, thus safeguarding the local inhabitants' health, the cleanliness of the resource and the good working order of the installations.

The aquatic biology survey has established the existence of a species of fish thought to have been extinct, the Maluti Minnow, and their breeding sites have been identified for protection, even though they are not expected to be affected by the project.

The arable layer of soil in Lesotho is rather shallow, especially in the Highlands region. This fact, coupled with overstocking and range degeneration, as well as the effect of heavy rainfall and flash floods, causes a high rate of erosion. Environmental studies are looking into means of reducing



*The valleys to be flooded could become a source of food and revenue*



*The cultural heritage of the Basotho will be protected*

this loss in general, and studying the effect of resulting sedimentation in the storage reservoirs and waterways and the consequent results on the volume of water retained and the flow through the system which could affect the generation of hydropower and the volume of water delivered.

A programme for monitoring the erosion and sedimentation rates will be established, as well as a pilot watershed management programme.

Lesotho enjoys an alpine climate unique in Africa. This is mainly due to geographical location and its altitude which varies from  $\pm 1\ 500$  to nearly  $4\ 000$  m above sea level. (Lesotho boasts the highest low point of any country in the world!). The mountains and weather make for a most suitable habitat for rare wildlife and plants. Colonies of rare birds such as the Cape Vulture, the Bald Ibis and the Bearded Eagle live in the Highlands area affected by the project. A team from the National University of Lesotho has, over a calendar year, carried out a survey of the existing conditions of the wildlife and plants of the area of the project's first phase. The consultant's specialist studied the findings and found that birds are in no danger except from the power transmission lines, and safety precautions will be introduced in their design and the lines realigned where needed. Rare plants which are threatened by flooding or by the construction of access roads have been identified and will be translocated to safer nearby sites and to the University's botanical garden. The improvement of the national parks services and the possibility of establishing a protected area in the alpine zone are being considered.

Lesotho has a rich heritage and contains a number of archaeological sites of Stone Age man and palaeontological sites where fossils and dinosaurs' foot-prints have been identified, which are of major scientific importance. There are also sites of historical importance to the Basotho nation.

A detailed survey of sites within the project area has been carried out, and the importance of each site is being assessed. If found to be of sufficient significance, rock paintings threatened by flooding will be relocated. It will be many years before sites will be flooded and there is sufficient time to conduct further research and relocation of important finds before they are endangered. The Elliot formation contains evidence of the early stages of evolution of dinosaurs and mammals and is therefore of the highest interest to palaeontologists. Surveys have found that no accessible fossils are at risk.

Some 17 items related to the affected environment are being investigated, and most known consequences of such a project are being studied. The Government of the Kingdom of Lesotho, with the support of the European Development Fund, is making every effort to ensure that in-depth studies being carried out will guarantee that the construction phase of the project will pass in safety and without nefarious effects, but once the implementation phase of the project is completed, and benefits begin to flow, the affected countryside will find once again its natural balance, its tranquil pastoral aspect and the inhabitants will enjoy their development in safety and health. ◊

R. S.



## EEC-Lesotho cooperation (\*)

The Kingdom of Lesotho has had strong historical, economic and cultural links with one Member State of the European Community, the United Kingdom, since the 19th century when the founder of the Basotho nation, King Moeshoeshoe the Great, invited Her Majesty Queen Victoria to forge an alliance that would guarantee him and his people security against harassment of the marauding forces of the time.

Although Lesotho has enjoyed bilateral relations with other Member States of the European Community such as the Federal Republic of Germany and the Republic of Ireland since independence in 1966, it was the Lomé Convention which brought Lesotho closer to Europe in 1975. Since then, relations with the European Community have increased through the implementation of development projects supported by the EEC.

Low exports to the EEC market reflect Lesotho's poor resource endowment and the distance from the EEC market. Official trade data show that most of Lesotho's current exports (85%) goes to or through the Republic of South Africa; the remaining 15% is equally split between the EEC, some African countries and other regions. Wool and mohair make up 38% of exports, the remaining 62% is at present a mixture of agricultural produce and light manufactured products. Imports are approximately 14 times higher than exports. In 1986 imports totalled US \$343 m, while exports were just under US \$25 m. Most of this trade is with the Republic of South Africa. Imports from South Africa constitute 95% of the total import bill.

### Obstacles to development

The development of Lesotho has a series of obstacles in its way. While there is a small amount of relatively good agricultural land, Lesotho is pri-

marily mountainous with most land (88%) suitable only for grazing by the large livestock population (the range is overstocked by as much as 300%). The consequence of overstocking is that soil erosion and degradation are major problems throughout the country. Industrial production has been limited by the small size of the local market and the difficulties of competing against South African companies. The 2.6% annual population growth rate revealed by the 1986 census is a further complication facing Lesotho. In the past many young men found employment in the RSA's gold and coal mines, but the future level of minework employment will at best remain stable or more likely continue the slight decline experienced in recent years. The objective of EEC-Lesotho co-operation is to overcome these obstacles.

### EEC funding

Lesotho received ECU 23 m or 30 m Maloti under the first Lomé Convention and under the second Lomé Convention, an amount of ECU 33 m or 43 m Maloti had been allocated. For the National Indicative Programme for Lomé III (1986-1990), the allocation amounts to ECU 41 m, about 90 m Maloti.

In Lesotho's National Indicative Programme for Lomé III, the focal sectors give top priority to rural development and the development of Lesotho's natural water resources. The health sector was also identified for assistance. Funds were provided under Lomé I for a study of the QE II Hospital, the country's only referral facility, and further funds will be allocated under Lomé II for the improvement of this hospital, as well as for the improvement of the existing system of financing the health services.

### Cooperation in rural development

The objectives of the rural development programme are:

- the development of agricultural and livestock farming;

- the diversification and intensification of agricultural production into high value cash crops to generate employment and improve income;
- the improvement of communications to the agricultural centres in the country.

Under this policy, the following projects are in the process of implementation or preparation.

### Mphaki Development Project – Phase II

Mphaki is a high altitude mountainous area of 146 000 hectares in the south east of Lesotho with limited agricultural potential, the major part being overstocked and degraded rangeland. The area is fairly representative of the rest of Lesotho and has a human population of 51 000.

The actions proposed are based on the result of the Phase I Project and concern organisational, technical and financial support to village communities who are willing to introduce basic rules on land resource, stock control and grazing management. It is further envisaged to generally improve livestock service infrastructure and marketing as well as to provide assistance to increase crop production in the area.

Community support will consist of funding economic infrastructure such as feeder roads, livestock, veterinary and marketing installations and extension staff houses, as well as supplies and technical assistance. Financial assistance will also be provided to village self-help works and for development and extension of improved crop and livestock production techniques.

The main objective to be fulfilled over a project period of five years is to develop systems and methods to reverse the trend of overstocking and land degradation. Beneficiaries will be village communities and groups who are willing to participate in the programme and accept the basic conditions necessary for success.

The Financing Agreement of the project was signed in Brussels on 2 April 1987 and implementation started in June 1987. The EEC funding is a grant of ECU 3.7 m (8 800 000 Maloti).

The project is completed by a proj-

(\*) Article taken from the publication 'Lesotho and the European Community' published by the Development Information Division, Commission of the European Communities in 1988.



**Table 1: National Indicative Programme – Lomé I**

	Project Funds in ECU		Project Funds in ECU
— Multi-Annual Training Programme	3 766 000	— Improvement of Rural Primary School	406 013
— Phuthiatsana River Project	187 842	— Technical Assistance for Survey and Training of Civil Aviation Personnel	17 500
— Basic Agricultural Services Programme	2 255 074	— Study for Queen Elizabeth II Hospital	200 000
— Improvement of Quthing – Qacha's Nek Road	1 000 000	— Study for Manpower Development Strategy for Water and Sanitation Sector	58 284
— Mafeteng – Mohale's Hoek Road Study	79 000	— Rural Primary School Improvement	307 000
— Maseru Industrial Area	2 112 339	— Maseru International Airport	3 000 000
— Improvement of Rural Clinics Programme	299 801	— Study for Technical and Vocational Education	33 000
— Mphaki Development Area	2 260 000	— Technical Assistance to Lesotho Telecommunications Corporation	50 000
— Village Water Supplies	700 000	— Management Study of Queen Elizabeth II Hospital	140 000
— Micro-Projects Programme	190 000		
— Rural Post Offices	1 328 442		
— Micro-Projects Programme	90 000		
— Mafeteng – Tsoloane Road	2 921 000		
— Phuthiatsana Upper Basin Livestock	500 000		
— Multi-Donor Evaluation Mission	43 232		
		<b>Total projects</b>	<b>21 944 530</b>
<b>Exceptional Aid</b>			
— Improvement of Quthing – Qacha's Nek Road	952 416		
— Purchase of 10 Lorries to Transport Goods to Quthing – Qacha's Nek Region	194 067		
<b>Total exceptional aid</b>	<b>1 146 483</b>		

ect of afforestation and soil conservation.

### Asparagus Expansion Programme

After Mphaki Area Development, which concerns agriculture and livestock resources and soil conservation, the asparagus project addresses the second major issue in the rural development policy, that is to say, the production of high value cash crops.

The direct objectives of the project are to increase smallholder asparagus growing from 200 hectares presently, of which 70 are under production, to 510 hectares and to increase production of fresh asparagus from 350 tons at present to 2 550 tons.

Implementation of the projects will be carried out by Basotho Fruit and Vegetables Cannery (BFVC), a company set up for this purpose by the Lesotho National Development Corporation (LNDC).

The results of the programme will be an increase of present agricultural cash income at farm level. At 0.2 hectares per family, asparagus growing will affect a total of 2 550 families by creating for each family 24 days of additional employment per year.

The project is based on a request from the Lesotho Government made in September 1986 and is the expansion of a successful UNDP/FAO pilot project initiated in 1974 and which has reached much of its present level through contributions from EEC Food Aid Counterpart Funds. Quality canned and fresh asparagus from Lesotho have good marketing prospects and are successfully exported to Europe — mainly Germany and France.

The Financing Agreement of the project was signed in Brussels on 22 July, 1987 and its implementation started in July 1987. EEC funding for

this project is a grant of ECU 4.75 m or 11 306 000 Maloti.

### Irrigated Vegetable Project

The purpose of the project is to assist Lesotho in increasing production of vegetables, mainly for the local market, which is currently supplied by South Africa. Ultimately it is envisaged that 173 ha of irrigated vegetable production will be developed by the project. In a first study nine sites were identified. The project is in the process of preparation and will be funded from the EEC Food Aid Counterpart Funds. As for the asparagus project, the objective here is to increase substantially the smallholders' income.

### The improvement of communications to the agricultural centres

The programme comprises the following four components:

1. Reconstruction and supervision of 26.5 km road from Mekaling to Quthing including the spur road to Quthing town.
2. Reconstruction of 30 km of feeder roads to the above-mentioned road.
3. Training programme for Roads Branch, Ministry of Works.
4. Technical Assistance to the Ministry of Works.

The main objectives of the programme are to reduce the transport and maintenance cost of the existing road and to improve communications to agricultural centres in the southern region of the country.

The total cost of the new programme is estimated at ECU 10 m or 23 406 700 Maloti.

The implementation of the programme will commence in 1988.

At independence in 1966, Lesotho had a small road network with the rest of the country almost inaccessible. The first Transportation Study in 1974 identified a road network and proposed a ten year development programme. The Mohale's Hoek — Quthing Road forms part of the Primary Road System defined in this Transportation Study.

The EEC has previously been involved in the reconstruction of the Southern Highway through the co-financing of the Mafeteng—Tsoloane



Road section (23 km) completed in November 1982, and Mohale's Hoek—Mekaling Road (25.9 km) which was completed at the end of 1987.

## Development of Lesotho's natural water resources

The EEC cooperation for the development of natural water resources comprises the Lesotho Highlands Water Project and the Manpower Development Programme linked to the Highlands Water Project (See article p. 31).

## Assistance to health services

The climate and the high altitude protect the population of Lesotho from many endemic tropical diseases. Of particular significance is the absence of malaria which is the cause of substantial morbidity in most other African countries. The main hospital of the country is the Queen Elizabeth II Hospital in Maseru. In addition, there are about 17 general district hospitals operated either by the Ministry of Health or by the Private Health Association of Lesotho. The existing health care system is becoming more and more expensive and increasingly difficult to fund. Queen Elizabeth II Hospital absorbs about 40% of the National Health budget.

As a consequence of this situation, the present EEC co-operation in the health sector has two targets:

- to improve the effectiveness of the Queen Elizabeth II Hospital;
- to increase auto-financing for health services and ensure better use of existing health facilities.

## The Queen Elizabeth II Hospital programme

As a first step, a study was undertaken to examine the management and equipment of Queen Elizabeth II Hospital and recommend practical ways of achieving improvements of its effectiveness.

## Lesotho health financing study

The greater part of Lesotho's capital expenditure in the health sector (about 85% in 1983/84) is financed by foreign aid. The recurrent costs for health facilities which have to be sup-

	Project Funds in ECU		Project Funds in ECU
— Multi-Annual Training Programme	1 500 000	— Study of Identification of Agricultural and Water Supply Projects within the Lesotho Highlands Water Scheme	180 000
— International Trade Fairs	42 000	— Phuthiatsana Upper Catchment Livestock	50 000
— Technical Assistance to the Ministry of Water Energy and Mining	210 000	— Technical Assistance to the Lesotho Institute of Public Administration	450 000
— Study of Financing Scheme to Support Exports	13 723	— Technical Assistance to Lerotholi Polytechnic	390 000
— Lesotho Highlands Water Project Feasibility Study	7 720 000	— Extension of the Rural Clinics Improvement Programme	641 000
— Technical Assistance to Lesotho Airways	2 141 000	— Technical Assistance to the Lesotho Telecommunications Corporation	200 000
— Trade and Tourism Promotion Programme	764 000	— Technical Assistance to the Lesotho Customs Services	130 500
— Mohale's Hoek – Mekaling Road (Supervision)	5 300 000	— Study of the Veterinary Services Development	50 000
— Mohale's Hoek – Mekaling Road (Works)	8 800 000	— Health Finance Study	170 000
— Technical Assistance to Lesotho International Airport	21 000		
— Study of Irrigated Vegetable Production in Lesotho	220 000		
		<b>Total projects</b>	<b>28 993 223</b>
<b>Stabex</b>		<b>Emergency Aid</b>	
— STABEX transfer for mohair 1980	242 279	<b>After South African intervention</b>	75 000
— STABEX transfer for mohair 1981	276 977		
— STABEX transfer for mohair 1982	694 147		
— Mohair Improvement Programme	77 556		
<b>Total STABEX</b>	<b>1 290 959</b>		

ported by the national budget are becoming steadily more expensive, which has prompted interest within the Government in Lesotho in improving cost recovery. The aim of the EEC-funded study, which was carried out in the last quarter of 1987, is to investigate the existing system of financing health services in Lesotho and put forward recommendations to improve the financing of health care by development of existing user charges and insurance arrangements, thus ensuring more profitable and efficient use of available resources.

## European Investment Bank (EIB)

Since the first Lomé Convention came into force, the EIB has granted six loans totalling ECU 9.63 m for investment projects in Lesotho. The whole of this amount has been provided from risk capital resources

drawn from the European Development Fund (EDF) and managed by the EIB.

**Table 3: Summary of Lomé III Cooperation (31.1.88)**

	(000 ECU)
Mphaki Development Project Phase 2	3 700
Asparagus Expansion	4 750
Lesotho Highlands Water Project	9 500
Manpower Development Project	7 700
Technical Assistance: (Study) for improvement and strengthening of the Lerotholi Polytechnic	200
Technical Assistance to Lesotho National Development Corporation (LNDC)	275
Mekaling — Quthing Road	10 300
	<b>36 425</b>



**Table 4: Cereals supply in Lesotho**  
(Marketing Years 1 July-30 June. Includes maize, sorghum, wheat)  
(in tons)

Supply	1983/84	1984/85	1985/86	1986/87	1987/88
Production	121 697	130 279	165 607	130 955	146 941
Commercial imports	128 016	131 650	134 161	150 706	136 379
Food Aid	29 800	35 700	46 100	27 700	42 400
<b>Total</b>	<b>279 513</b>	<b>297 629</b>	<b>345 868</b>	<b>309 361</b>	<b>325 720</b>

In 1980 and 1981 the EIB contributed loans of ECU 130 000, through the Lesotho National Development Corporation for a series of studies aimed at developing the country's tourism and industry.

Also in collaboration with the LNDC, the EIB in 1981 made a global loan of ECU 3 m to finance studies, equity participation in, and loans to small and medium-sized enterprises in industry, mining and tourism. This was followed by a second global loan in 1985. These two lines of credit have so far been used to finance around 15 projects chosen in agreement with the EIB and covering a variety of activities: brewing, steel products, tyres, leather and hides, plastics, clothing, footwear, pharmaceuticals and quarrying. Most of their output is intended to replace imports, although some of the new industries are also export-oriented.

Lastly in 1986, the EIB made available ECU 3.5 m to the Government of Lesotho for onlending to the Lesotho Highlands Development Authority. This loan is to finance geo-technical studies to establish the optimal configuration for the hydropower station, which is part of the larger water supply scheme.

Investigations will determine the design and size of the power station to be installed. They will include test boring, soil studies on site (at altitudes of between 1 600 and 2 000 metres) and laboratory tests. Possible environmental effects will also be carefully considered.

### Regional cooperation

The participation of Lesotho in the regional programme financed by the EEC within SADCC (Southern African Development Coordination Conference) is limited because of the geographical situation of Lesotho.

The projects of regional co-operation are as follows:

#### Maseru Container Terminal (Lomé II)

Assistance was given to the Ministry of Works in the design of a container terminal at the Maseru railroad. Following the feasibility study for the project, the justification of the container terminal was not assured because of doubts in the forecast of the future development of container traffic. An additional study confirmed these doubts and the project may be considered as economically not viable.

#### Regional Customs Training (Lomé II)

The objective of the project is training in customs procedures and administration at basic, intermediate and advanced level in Botswana, Lesotho and Swaziland.

#### Regional Post and Telecommunications Scheme (Lomé II)

The project which provided technical training in Malawi and the BLS-countries (Botswana, Lesotho, Swaziland) was completed at the end of 1987. An evaluation study launched in the beginning of 1988 will advise about an eventual extension of the project.

#### Regional Tourism Demand Study (Southern Africa) (Lomé II)

With regard to the fact that the SADCC Technical Co-ordination Unit for tourism is based in Lesotho, a study was carried out to assist SADCC members to formulate and co-ordinate tourism policy. The study was completed in 1986.

## Cooperation outside the Lomé Convention

### EEC food aid

In recent years, domestic food production as a percentage of total requirements, has averaged 44% for maize, 22% for wheat and 15% for sorghum. As maize is the major food crop, Lesotho is far from being self-sufficient.

The primary objective of agricultural policy in Lesotho is the raising of rural production and productivity. Nevertheless, Lesotho will depend in the future largely on food imports: therefore, EEC food aid is important for the country and highly appreciated.

EEC food aid in Lesotho is provided for sale of products on the local market at prices which are normally charged on the Lesotho market for products of comparable quality. The proceeds from the sales are paid into a special account of the Food Management Unit. The funds are used in agreement with the EEC Delegation in Lesotho for the financing of development projects, preferably in the rural sector.

So far the Food Aid Counterpart Fund has been used mainly to finance investments of the Basotho Fruit and Vegetable Cannery, for the construction of rural clinics, village water supplies and rural area roads. The Ministry of Health was assisted in family planning. Funds were spent to support the construction of laboratories for science in rural high schools.

The funds for 1986 and 1987 are earmarked for the funding of the Irrigated Vegetable Project.

### Cooperation with European Non-Governmental Organisations (NGOs)

Cooperation between the European Community and the NGOs began in 1976. The idea was to enable the Community to take an active part in the expression of solidarity shown by Europe at a non-official level towards the population of the Third World.

So far, 19 NGO projects have been assisted by the EEC in Lesotho to an amount of ECU 344 167. ○



# ST. VINCENT AND THE GRENADINES

## Under the volcano

Ten years ago, on Good Friday, inhabitants of the Caribbean island of St. Vincent awoke to what they imagined to be an unusually violent thunder storm, but which rapidly emerged to be rather more: La Soufriere, lightly dismissed in the tourist literature of the time as St. Vincent's dormant volcano (in whose crater lake the intrepid actually ventured to swim) erupted, marking a truly explosive beginning to the island's independent history. No one was hurt, and, with advances in seismic monitoring it is unlikely that there will be casualties in any future eruptions. What will shake the country in coming years—socially, economically and, as likely as not, politically—will not be Soufriere, but rather a change in the trading arrangements of its economic mainstay, bananas. No one as yet knows if this volcano will erupt, but its present rumblings are worrying St. Vincent's leaders more than La Soufriere ever did or ever will.

St. Vincent and the Grenadines, as the country is properly called, consists of a chain of islands in the Eastern Caribbean, one of the four island states that make up the Windward group, with another to the south (Grenada) and to the north (St. Lucia). St. Vincent itself is the main island in the chain (or the mainland, as it is known), some 18 miles long and 11 miles wide. Mountainous and fertile, it is the tip of a volcanic mountain chain which formed in the area many millions of years ago and is home to 104 000 of the country's 115 000-strong population. The Grenadines, over 30 islands, islets and

cays, of which the biggest are Bequia (7 square miles), Canouan and Mustique, stretch 45 miles or so south of the main island and are distinct in important ways from it. For one thing they correspond perfectly to the romantic perception of the Caribbean, the "shining waters and coral strand" immortalised by Harry Belafonte, ideal escapes for the discerning rich, whether temporarily or permanently. Some of the islands—some what to the regret of Vincentians now, naturally enough—are privately owned, or virtually so (Palm Island, Petit St. Vincent and Mustique, for example), home to royalty or to the

glitterati of the rock or film world, and are to all intents and purposes immune from taxation or government intervention. They help to bolster the exclusive image of the Grenadines, it is true, but their contribution to the country's development is otherwise limited to the employment they attract (including a sprinkling of butlers and valets) and to the stimulus they give to local services. Government has stated that it will not be possible in future for the smaller islands to be bought up by expatriate individuals or expatriate enterprises, and indeed the whole question of the sale of land to non-Vincentians is now strictly regulated, with a requirement that new ventures be demonstrably to the benefit of the country as a whole.

### What future for the banana industry?

St. Vincent lives by bananas, and almost by bananas alone. The marketing arrangement is one that has existed since the 1950s when the United Kingdom, starved of the fruit during World War II, sought a reliable sterling source from which to import. Geest, a British company,



# ST. VINCENT AND THE GRENADINES

buys virtually the entire country's production, and it is sold on the UK market, protected from strong competition from the so-called dollar bananas originating in South and Central America. The arrangement is worth explaining in some detail, because (like the other Windward Islands, which operate in identical fashion) it is of absolutely capital importance to St. Vincent's economic life and entire social fabric. Imports of bananas into the UK from regions other than the Windward Islands and other ACP producers are permitted only to the extent of covering the marketing requirements not met, and the dollar bananas which do enter are subject to a 20% tariff. The arrangement predated the entry of the United Kingdom into the European Community in 1973 and was maintained after its entry in accordance with Protocol N° 4 to the Lomé Convention, commonly known as The Banana Protocol<sup>(1)</sup>.

These arrangements, which have functioned to the general satisfaction of all parties for many years, are now under threat. The European Community is set on achieving a single internal market by the year 1992, and the present machinery for the importing of bananas, involving divergent national legislation and excluding the free circulation of bananas within the

EEC, is not compatible with the objectives of that market.

## Sink or swim?

There is, of course, hope that a satisfactory formula can be found, and assurances to that effect are certainly being meted out from various quarters. But the plain truth must be that no one can yet categorically guarantee that the same marketing conditions will prevail or, if not, that similarly advantageous conditions will be devised. The fear persists that 1992 might simply mean sink or swim. And, given the topography, given the difficulty of making the kinds of economies of scale that the dollar banana industry is able to make and the staggeringly low wages that it is able to pay (commonly as little as a dollar a day), many believe that it would be extremely difficult for the industry in the Windwards to swim.

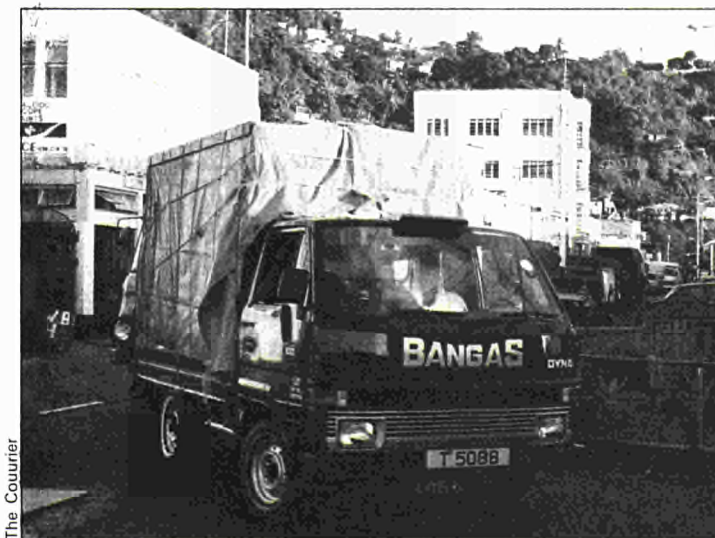
Government, opposition parties and banana producers are united in their concern for the future of the industry, and it's easy to see why. Bananas support something like 85% of St. Vincent's population; they account for 95% of agricultural exports, and agricultural exports account for 98% of total exports. They also represent 15% or so of the country's GDP.

Bananas grow pretty well everywhere in St. Vincent, everywhere where the soil is deep enough to grow anything. The most fertile area is that delightfully named Mesopotamia, but

the trees are everywhere, and gradient is no deterrent. They are an ideal crop for the Caribbean, where the possibility of hurricane damage is a strong disincentive to the growing of crops which require longer to mature. Banana trees "throw" a bunch within nine months of planting, sometimes less, and yields remain good for anything up to 15 years. (More than one bunch on a tree at any one time is rare, and three bunches simultaneously are likely to make headline news). But they are also ideal in that they are not a seasonal crop. Harvesting takes place throughout the year and provides a regular income, week in, week out, for the thousands of smallholder farmers who converge on the capital, Kingstown, with their truckloads of fruit for export. Because Windward production—as opposed to Latin or Central American production—is very much the affair of the small farmer, and is becoming more so rather than less so. Estates or parts of estates have been acquired by Government as part of its land reform programme and are being divided into small farms, typically of five acres, and leased to farmers at concessional rates and with the option of eventual purchase.

The schemes are popular. Former plantation workers, or their children, are strong candidates in the allocation of farms, and the land redistribution is going some way to ease the problem of squatters—landless farmers who work land to which they are not legally entitled. One such scheme, in

(1) "In respect of its banana exports to the Community markets, no ACP state shall be placed, as regards access to its traditional markets and its advantages on those markets, in a less favourable position than in the past or at present".



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*Kingstown on a Tuesday evening. Farmers converge from around the island to deliver their bananas for shipment to the UK*



# ST. VINCENT AND THE GRENADINES

the Orange Hill district (see article on St. Vincent-EEC cooperation) is having a marked influence on the economic revival of the north-east of the mainland, even though it is still in its infancy.

## Phenomenal rise in production

With the value of sterling appreciating steadily against the US dollar over past years, farmers are doing relatively good business. The so-called Green Boat Price, at which Geest sells the produce to ripening depots in the UK, now stands at some £500/tonne. Production is rising phenomenally (see box), partly due to the price incentive, but principally because of greatly improved husbandry. And there is still great room for improvement. Few seem to doubt that output could not reach double its present level, and possibly more.

All this sounds wonderful, except that it makes Government's dilemma even greater. From colonial times on, strenuous efforts have been directed at building up the banana industry, albeit with a consciousness that it is never healthy to put all a country's economic eggs in one basket. Now, just at the time when a cloud hangs over the future of the industry, things are going well. How, then, to persuade farmers to branch out of a crop in which the price is good and the market certain (a crop in which, some go as far as to say, the farmer is spoon-fed) into crops where markets are unsure and where prices may nosedive.

This was the fate of arrowroot, a crop used in the making of starch, of which St. Vincent was the world's leading producer as recently as the early 1980s. Prices rose, to the extent that substitutes became necessary, and were found, and the bottom fell



The Courier

*Marcus De Freitas, Minister of Agriculture, who believes that crop diversification is vital. Below, papaya, for which market niches exist*

continuing to seek ways of cutting costs. Crop diversification is a must and, he stresses, "there are market niches, for crops such as mangoes, pineapples, papayas and avocados, as well as for certain Latin American and Asian crops for which ethnic markets exist in the United States". The Caricom market is important for agricultural produce, too, though trade has suffered badly from Trinidad's recent recession.

## The manufacturing sector

In manufacturing, markets are everything. Which is why most of the factories established in the now-overcrowded industrial estate at Camden Park, a little outside the capital, are



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out of the market, though it has in fact recovered somewhat since. Coconuts, which are also widely grown in the islands, have also suffered in past years. Coconut oil is produced locally (indeed it is the welcoming smell—either loved or loathed—as you arrive at E.T. Joshua Airport), but demand has not been helped by the association of polysaturated fats with heart disease.

enclave industries, stitching or assembling for parent companies in the US or Canada. Labour is plentiful in the island, and easily trained. Wages for shop floor workers are not high (perhaps US\$ 30/week) but the 2 000 or so jobs are keenly sought after. The workers are predominantly women, principally because the men are kept busy by farming, which makes heavier physical demands. But employers often prefer female employees (this is true, as well, in the tourism sector), who, because of the loose family relationships typical of the Caribbean and said to be a legacy of the age of slavery, frequently bear sole responsibility for the upbringing of several children. Their jobs are therefore of vital importance to them, and they tend to make more reliable and more responsible workers.

Typical of the units of the Camden Park Estate is Polly Flinders, a chil-

## Banana production 1981-88

Year	Tonnes
1981	29 421
1982	26 284
1983	27 139
1984	32 488
1985	40 076
1986	37 641
1987	34 828
1988	63 631

## The drive to diversify

Marcus De Freitas, St. Vincent's agriculture minister, believes that the Vincentian banana industry has a future in the wider European market, within the context of the Lomé Convention. "Free trade" he says, "is fine, but it must also be fair". But he also acknowledges that, as producers, Vincentians will have to be more conscious of questions of quality, while



# ST. VINCENT AND THE GRENADINES

dren's wear company whose materials are imported, stitched and smocked at Camden Park, and sold back to the principals in the US for marketing. The company has operated since 1981, and in that time its workforce has grown from 25 to 235, with a further 1 500 women employed throughout the island on a cottage industry basis. Some of the girls and women travel from miles away (public

risky. For one thing the opportunities for genuinely challenging work are few and far between. The pay is likely to be lower, and families who have grown up with the sophistication and verve of New York or Toronto life may be loath to exchange them for a rum punch and a bathe in the ocean.

One Vincentian who has returned recently is Claude Leach, the General

second estate on the drawing board, Diamond, on the Windward side of the island, the funding is not yet sewn up and it may be two years before buildings are available. When it is, Mr Leach is confident that investment will follow, particularly since the industrial relations record—in the private sector at least—is a good one.

## Infrastructural constraints

Another hindrance has been the relative underdevelopment of airport and port facilities. What is needed is not necessarily an international airport, Mr Leach believes, but a jet port. And though the natural harbour in Kingstown is fine (one of the advantages of living on steep mountains is that they tend to descend steeply into the sea), the on-shore facilities—warehousing, cold storage etc.—are inadequate, as is the shipping.

## Upmarket tourism

Port and airport facilities are also of capital importance, of course, to the country's other economic sector of note, tourism. St. Vincent and, especially, the Grenadines, offer a decidedly upmarket product: luxurious, low-rise hotels which do not detract from the country's natural beauty. The very best for those who can afford the very best. But upmarket tourists like upmarket travel, and the prospect of an inconvenient change of planes at the main Barbados gateway, or of the imposition



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*A children's wear factory at the now-overcrowded industrial estate. A new estate planned will certainly attract further manufacturing investment*

transport takes the form of privately-run minibuses, which are frequent, cheap and comparatively safe); others find it worthwhile to stay with relatives in the neighbourhood during the week, returning home at weekends. Murray Bullock, the Vincentian manager at Polly Flinders, has a file, six inches thick, of job applications. Posts never need to be advertised, although, surprisingly, staff turnover is relatively high at 10-15% p.a., due not so much to job dissatisfaction as to emigration.

## Emigration... and homecoming

No one knows quite how many Vincentians live outside the islands—it's difficult to compute, but the figure is probably of the order of 50 000. Many "piggy-back" on relatives in the US or Canada (which has a generous quota for Caribbean immigrants) until they can establish themselves independently. Typically, they would expect to spend the whole of their working lives overseas, saving enough to be able to return to the islands, build a house and spend their old age at home, in the sun.

For the highly-educated to move home in mid-career is much more

Manager of St. Vincent's Development Corporation, DEVCO. His task is to attract industrial investment, both foreign and domestic, and with competition stiff in the region for the industrial opportunities offered on the US and Canadian markets by the Caribbean Basin Initiative (CBI) and Caribcan, the job is a tough one. One of his problems is the shortage of factory shells. Camden Park is as good as full, and although there is a



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*With some of the finest boating waters in the world, St. Vincent and the Grenadines offers a distinctly upmarket tourist product*





*Burton Williams, Minister of Tourism, who is keen not just to consolidate traditional markets, but to tap new ones—particularly West Germany*

of excess baggage charges on the smaller, propeller planes onto which visitors have to transfer, is not universally attractive. Not surprisingly, then, many choose to approach the Grenadines from another angle: by sea. The yachting is wonderful, as, too, is the diving, and for the more sedentary there are the cruise ships.

Over 50 000 people visited the islands this way in 1988, very nearly as many as arrived by air. In Bequia (pronounced Bek-way), the largest of the Grenadines, the only means of arrival at present is by sea. Three of the other islands—Mustique, Canouan and Union Island—have airfields, and Bequia is in fact likely to get one soon. This will not only help the tourist industry there, it will also come as a relief to the less seaworthy islanders or tourists who have had to cross the nine-mile channel between Bequia and the mainland in rough seas. Though the boat did at least have the advantage of teaching Grenadiners the virtue of punctuality: Claude Leach, who comes from Bequia (as does Prime Minister Mitchell) says he can now excuse lateness only with great difficulty. If, as a boy, he missed the boat to Kingstown it was a question of waiting not for a later boat the same day but for the same boat the next day.

The holiday attractions are not limited to sea, sand, sun and scenery. Some visitors come year after year. One couple, Americans, back for the eighth year running, cited "the friendliness of the people, the welcome in the hotel and the interest of

the islands" as compelling reasons for returning. La Soufriere, the volcano, can be climbed and the early 19th century Fort Charlotte can be visited, as can the Falls of Baleine. At Easter there is the Bequia Regatta and in June "Vincy Mas" the country's carnival. There are the Botanic Gardens, the oldest in the Western hemisphere, and in the Botanic Gardens the delightful Archaeological Museum, with its small but fascinating collection of stone tools and pottery lovingly catalogued by a remarkable former veterinary surgeon, Dr Earle Kirby.

**Expansion planned**

The Government is coming to recognise the potential of the mainland, too. There are plans to build a 100-150-room hotel at Ottley Hall on St. Vincent itself, which would make it far and away the country's biggest. As for the marketing strategy, the Minister for Tourism, Mr Burton Williams confirmed, "it has been to build and consolidate on the traditional market: North America—more specifically the Eastern Seaboard—and Europe". But he sees possibilities, too, in the South and West of the United States, as well as in growing European markets, particularly "the most buoyant market in the world today, West Germany".

**Looking to the future**

This year, 1989, is the year in which Vincentians will decide whether the present National Democratic Party, led by Mr Mitchell, will remain in office for a second successive term or whether a change of government will come about. The most important economic and political issue on the hustings must be unemployment, now standing at 30% or more, but the Prime Minister himself has expressed great concern, too, about the present state of education in the country (see interview p. 44). Teachers are unhappy about their conditions of employment, and there is widespread disquiet over falling educational standards and the inadequacy of facilities. The latter have failed to keep pace with population growth and, until recently, a shift system had to be operated in some schools in order to enable all pupils to be accommodated.



*"Vincy Mas", one of St Vincent's attractions. Returning visitors cite the friendliness of the islanders as another...*

Regionally, Mr Mitchell enjoys excellent relations with the other leaders of the Windward group, but progress towards political union amongst the OECS<sup>(1)</sup> states, to which he is strongly committed, has been sluggish.

As for the economy, the measure of consolidation and rationalisation that the present administration has been able to bring about since coming to office in 1984 is paying dividends: GDP has grown by an average of 5% p.a., inflation has been kept to less than 2%, and aid agencies and institutions have been generally receptive to approaches for funding, demonstrating thereby a healthy confidence in the country's future.

Even so, whatever party or parties carry the elections, there is likely to be a tough term of office ahead. Not only will there be the habitual developmental challenges to respond to, there will also be 1992 (which, in the Caribbean, also stands of course for the 500th anniversary of Columbus' discovery of the islands).

St. Vincent and the Grenadines should be undaunted by this additional challenge. It is used, after all, to living under the volcano. ○

Myfanwy VAN DE VELDE

(1) The Organisation of Eastern Caribbean States, whose Member States are the six independent territories of Antigua and Barbuda, Dominica, Grenada, St. Kitts-Nevis, St. Lucia, St. Vincent and the Grenadines and the British colony, Montserrat.



## Interview with Prime Minister James Mitchell

James Mitchell, leader of St. Vincent's New Democratic Party, has headed the country's government since the elections of July 1984. An agronomist by training, his home base is the largest of the Grenadine islands, Bequia, a fact that made his election victory all the more noteworthy.

Since coming to office Prime Minister Mitchell has focussed on bringing Government finances into balance and on creating a climate favourable to private investment and individual productive effort. The land reform, as the interview shows, is a crucial part of that focus. Within the Caribbean, Mr Mitchell is a strong supporter of the Organisation of Eastern Caribbean States (OECS), and a prime advocate of OECS political union. His relations with the other Windward Island leaders, who share many agricultural problems—not least the potential threat posed by the European Single Market in 1992 to the banana industry—is particularly close.

In this election-year interview *The Courier* asked Mr Mitchell which of the country's achievements since 1984—political, economic or social—he most valued, and in which areas he considered there had been disappointments.

— I think our real progress has been with regard to our policy on land reform, acquiring the major estate in this country and conveying that bigger area of land to the farmers and to the workers in that area. I am also pleased that we were able to restructure Government finances, to move from a deficit to a surplus situation. As a result of an improved fiscal situation, we were also able to increase salaries without increasing taxation. We have, in fact, reduced income tax at a personal level and we have been able to keep inflation under 2% and maintain real GDP growth between 1984 and today at 5.7%.

The problems that we have seen are



Prime Minister James Mitchell

really, first of all, slow progress with regard to our proposed political union in the East Caribbean. We've had rather a lot of difficulty, too, with the implementation of certain capital projects. I'm a little concerned about the collapse of the Trinidad market, and the effect it has had on our exports with that CARICOM country. And I am also disappointed with the poor quality of results we are getting in our schools.

► *You mentioned political union as the first of your disappointments. You are then a very firm proponent, not merely of greater economic unity, but actually of political union?*

— Yes. I have proposed this and we have had several discussions — a lot of the discussions got underway following the speech I made in Tortola, a few years ago, but progress has been slow.

► *What is your development strategy for the years beyond 1989?*

— We would want to continue to give very high priority to our land reform project. And we would want to concentrate further on agriculture and in this regard continue our diversification programme.

In terms of projects for the future, I'm very anxious to see the Bequia airport, being funded by the EEC, come on stream. Then we have the Diamond Industrial Estate — the new

industrial estate to get established and to see that the Leeward Highway gets improved. And I would like to see the capital, Kingstown, really rejuvenated.

► *Why do you think that manufacturing industry has been relatively slow to develop in St Vincent?*

— Because our industrial estate is already crowded. We need to get the new industrial estate at Diamond going. We need also to increase our infrastructure. We have problems in St Vincent because we do not have an international airport, and this makes us not as attractive as some other destinations in the Caribbean.

► *And what are the realistic prospects of acquiring an international airport?*

— Not very realistic. The preliminary costings we have done of an extension plan, two years ago, indicated that we required a basic financing of about US\$ 65 million, and I don't see that kind of money coming to us under any concessionary financing at the present time.

► *Is there consciousness of the possible detrimental environmental impact of the development of manufacturing industry? Or are you not yet at that stage?*

— We're not at that stage where industry is affecting our environment



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considerably. The factors affecting our environment are normal problems of sanitation and dealing with plastic and dealing with noise.

► *Where are you looking to for external investment?*

— We would hope to get investment that is linked to technology and to markets. The foreign investment that is most welcome here is the one that will bring the technology with it — and one that is familiar with the market niche that it's intended to supply.

► *You have a high level of education... high enough to be able to fulfil needs?*

— Most of the skills required in the manufacturing industry and the assembly plants does not require advanced education and the kinds of skills required can be trained here.

► *But you're looking for investments beyond assembling, stitching, that sort of thing? You are looking for something with a little more value added?*

— Yes. In which case the people will have to be trained by the manufacturer.

► *You've spoken already about limited accessibility and the constraints that that imposes on manufacturing industry here. Is it also the case for the tourism industry here, or is relative inaccessibility part of the attraction?*

— Well, we do not have many large hotels on the main island of St. Vincent. Most of our tourism, in fact, is in the Grenadines. And the remoteness and the natural beauty of the place constitute the appeal of those places. We would like to get larger hotels on the main island of St. Vincent, but we certainly intend to expand our tourism growth and provide the kind of scene that people require.

► *Is there enough money coming to the island from tourism? Are many hotels owned by nationals?*

— A lot of the hotels and small guest houses are owned by nationals. We do have some foreign-owned hotels, but they contribute significantly to the employment and they

purchase a lot of agricultural materials produced here.

► *To move on to questions of trade, do you feel the country has made maximum capital out of the possibilities offered by the CBI (Caribbean Basin Initiative)?*

— Well, the answer is yes and no. We have certainly had some advantage, but what we expected to get out of the CBI we have not really accomplished. That's partly due to lack of investment, and perhaps lack of the infrastructure to attract that investment. But our exports to the US have gone up quite a bit and will continue to go up.

► *But has it been a disappointment to you?*

— Well it is still there. It is a window of opportunity and we still hope to get something more out of it. We are hoping to stimulate new investments and we are negotiating with new investors to make use of the CBI. It's an ongoing exercise.

► *What about the Banana Protocol as it has functioned to date? Do you feel, again, that you have made maximum use of the "advantages" of the Protocol?*

— We have certainly benefitted quite a lot, and the Protocol has been most beneficial to us. It has stimulated quite a lot of increases in production and in earnings. We exported 32 000 tonnes in 1984 and 63 000 tonnes in 1988. And the export earnings that these figures represent are EC\$ 30 million in 1984 and EC\$ 86.8 million in 1988. I don't think you can want better evidence of the impor-

tance of the Banana Protocol than those figures.

► *And what about the future? You are known to be deeply concerned about the possible threat posed by the European Single Market?*

— We are certainly concerned about maintaining our banana production but at the same time we are also anxious to get on with our agricultural diversification.

► *Are you also managing to persuade producers that they need to improve the quality of the product?*

— We are trying with that all the time, and we have active discussions going on with the Banana Growers' Association to ensure that we can improve the product.

► *Is it easy to make them accept the long-term objective?*

— There are certain things that we as a government have indicated to the banana growers already that need to be done. The bad producers can be identified, and one has to publicise who are the bad producers in each single territory, because the boxes coming from each farm are numbered and known. There's no sense in the country having a bad image because some people are hiding within the system, when the system could identify the bad persons. We have to set about establishing the mechanisms to separate the poor quality producers from the good ones.

► *How are you going about ensuring that the protection that the producers enjoy at present is to be main-*



The Courier

*Schoolchildren in the capital, Kingstown. Disappointment is felt at falling educational standards*



# ST. VINCENT AND THE GRENADINES

*tained? I think you were going to lobby in Europe?*

— Yes. We are doing that lobbying exercise. The last discussions I had on the subject were in Caracas, with President Soares of Portugal, and I requested him to carry the message to the EEC. Portugal, of course, does have a similar interest to ourselves in maintaining special protection for bananas, and we intend to draw to the attention of the European Community the importance of the banana industry to us. For example, the studies done by the IMF indicate that if our banana markets were to collapse we could easily have devaluation of the order of 100%.

► *And that is one of the arguments that you are putting forward strongly?*

— Well, we would hope that we could be kept as a stable supplier of good quality fruit to the Europeans.

► *Do you foresee a day when Caribbean bananas can hold their own in a free market?*

— One day they will have to, or go under. I don't believe that protection is there for ever.

► *And you are working heavily on diversification? Into what?*

— We want to go into other fruits and vegetables. We want to go, for example, into pineapples, other exotic fruit and more intensive production of vegetables. I think that if we were to build up our tourism plant in the region, we could produce quite a lot more fruit and vegetables, even for the Caribbean market.

► *How badly have you been affected by the decline of, for example, the Trinidad market in the past couple of years?*

— Terrible. We have lost about 40% of our trade over the last two years.

► *And that trade was in precisely these things, agricultural exports other than bananas?*

— So this means now, you see,

that a lot of land which produced the goods which went to Trinidad is now going into bananas for the European market, because of the collapse of the Trinidad economy.

► *Presumably, then, you're not very optimistic about the strengthening of CARICOM as a trade entity?*

— Yes. Well we've got to watch and see whether the economy of Trinidad and Guyana revive — those markets are very important to us.

► *Because they don't have what you have?*



*"Too many people think that hard work is slavery"*

— That's right. There has always been a lot of trouble in the Caribbean Community on the movement of certain industrial goods and Trinidad always said to other territories: "Well, why don't you produce what we need, such as St. Vincent does, mainly food". But now some countries cannot even take that.

► *Do you think part of the reason for the stagnation of CARICOM is that there isn't enough sense of regionalism?*

— Well, I think there is some Caribbean sensitivity, but it needs to be improved on, I agree.

► *And do you see any signs of this?*

— It's coming very slowly. What we really need to do in the Caribbean, though, is to develop a stronger work ethic. We have a problem in the Caribbean because of the heritage of slavery: too many people think that hard

work is slavery — and they do not realise that hard work means the way you improve your wealth and your well-being.

► *Do you think you need to acquire "the spirit of capitalism"?*

— Perhaps. Perhaps some people need to get a bit more of that into their thinking. We see it of course in the Land Reform Programme, that people who are working for themselves and for their own families work much harder than if they are working for the plantation.

► *Is there perhaps an argument then for the state giving land to people who are now landless?*

— Well, we aren't giving it to them. We're trying to help them to own it, because very often a lot of the funds that we need to put into those projects are loan funds, for putting in some of the infrastructure. And the land, of course, still has to be bought. The land has to be paid for. So that the people whom we've put on the land, we work out arrangements with them whereby they lease and over a period of years they get title when the land is paid for.

► *May I finish by asking what you will be most proud to have achieved by the end of your next term in office?!*

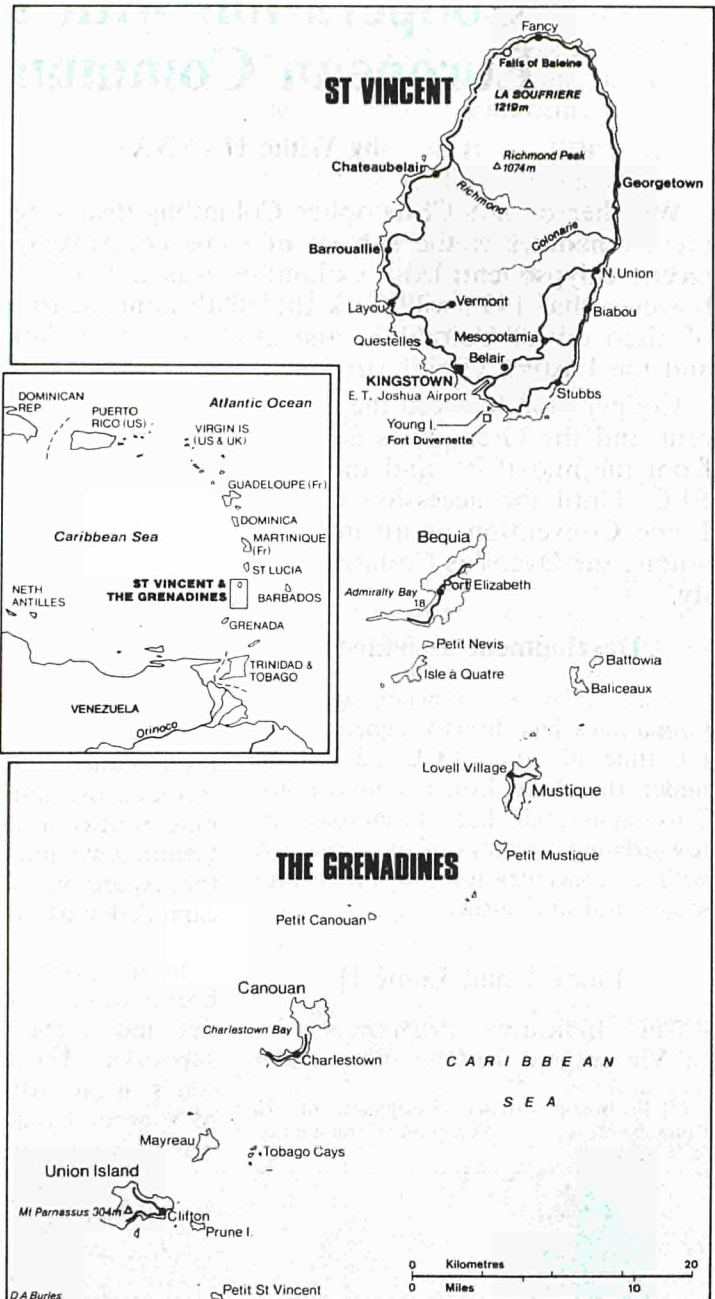
— We have a number of things planned and amongst the things that I would be really happy to see fulfilled is the Bequia airport project, which will certainly enhance tourism in Bequia, in St. Vincent and the Grenadines as a whole and also in the Caribbean region as a multi-destination location. I will be happy, also, to see more of the lands which we are acquiring put into the Land Reform Programme and I hope that, sometime in the life of the next parliament, I can see that we pass the 1 000-mark with regard to farmers settled on the land. I hope we can do a lot more about education and get an A-level college built, and I'd like to see at least one major hotel go up in St. Vincent, so that we can have a flagship hotel for tourism, and for that kind of development in St. Vincent itself. ○

Interview by M.v.d.V.



## PROFILE

<b>Head of State:</b>	H.M. Queen Elizabeth II
<b>Head of Government:</b>	Prime Minister James Mitchell
<b>Ruling party:</b>	New Democratic Party
<b>Independence:</b>	27 October 1979
<b>Area:</b>	St Vincent 212 sq km; the Grenadines 27 sq km
<b>Capital:</b>	Kingstown (pop. 28 000)
<b>Population:</b>	115 000 (1988 estimate)
<b>density:</b>	481/sq km
<b>growth rate:</b>	1.2% (1975-86)
<b>net migration:</b>	- 815 (1985)
<b>Official language:</b>	English
<b>Currency:</b>	East Caribbean dollar (linked to the US dollar)
<b>Education:</b>	primary school enrolment: 90% secondary school enrolment: 80%
<b>GNP per capita:</b>	US \$ 910 (1986)
<b>Percentage contribution to GDP by economic activity (selected):</b>	agriculture (15.6%), manufacturing (10%), construction (10.8%), wholesale and retail trade (11.9%); transport (17.8%); government services (13.6%), tourism (3%)
<b>GDP growth rate:</b>	5.7% (1984-88)
<b>Inflation:</b>	1.2% (1986)
<b>Unemployment:</b>	30% (1988 estimate)
<b>Trade balance:</b>	- US\$ 14m (1986)
<b>External trade:</b>	<b>exports:</b> bananas, vegetables, flour, coconuts, coconut oil, copra, arrowroot <b>main destinations:</b> CARICOM countries, U.K., U.S. <b>imports:</b> foodstuffs, manufactured goods, transport equipment, mineral fuels <b>main sources:</b> U.S., CARICOM countries, U.K., Canada
<b>Tourism:</b>	arrivals by air (Jan. - Oct. 1988) 51 776, by sea 50 741 (Jan.-Oct. 1988); country of residence of visitors: Caribbean, U.S., U.K., France, Canada, West Germany



Credit: Columbus Press Ltd., London.



Department of Tourism

*Vincentians from the Windward coast outside their home*



## Cooperation with the European Community

by Willie HANNA (\*)

Whether or not Christopher Columbus discovered St. Vincent and the Grenadines is the subject of some controversy, and indeed of a recent calypso entitled "Columbus was a liar". There is no doubt however that 1992 will mark the 500th anniversary of the first voyage of discovery of Columbus, and of close historic links between Europe and the Eastern Caribbean.

Cooperation between the modern European Community and St. Vincent and the Grenadines is a much more recent phenomenon, dating from the mid-1970s and the accession of the United Kingdom to the EEC. Until the accession of St. Vincent and the Grenadines to the Lomé Convention as an independent state in 1979 it was numbered among the Overseas Countries and Territories (OCTs) of the Community.

### Development assistance

Since 1976 St. Vincent and the Grenadines has directly benefitted to the tune of some ECU 25 million under the three Lomé Conventions. This assistance had been directed towards most sectors of the economy, with a concentration on the health sector and agriculture.

### Lomé I and Lomé II

The Indicative Programme for St. Vincent and the Grenadines under

(\*) Economic Adviser, Delegation of the Commission of the European Communities, Barbados.

Lomé I was ECU 3 m. For Lomé II the allocation was increased to ECU 3.7 m. For Lomé I and II together the health sector accounted for 60% of programmed resources. Projects included the construction and equipping of two rural health centres in Georgetown and on Union Island and the expansion of the hospital in the capital, Kingstown.

In the agricultural sector a study of beef and milk production was carried out and a livestock farming centre supported. The rebuilding of coastal roads in the east of St. Vincent, part of a general road rebuilding scheme, was of benefit mainly to banana pro-

ducers, since 45% of St. Vincent's banana production comes from that region.

Under Lomé II a small tourism project was undertaken. Promotional material and some training were provided to the Board of Tourism, and a tourism strategy was developed.

In addition, a multiannual training programme provides support for a number of short term courses as well as undergraduate scholarships for four students, all of them attending regional educational establishments.

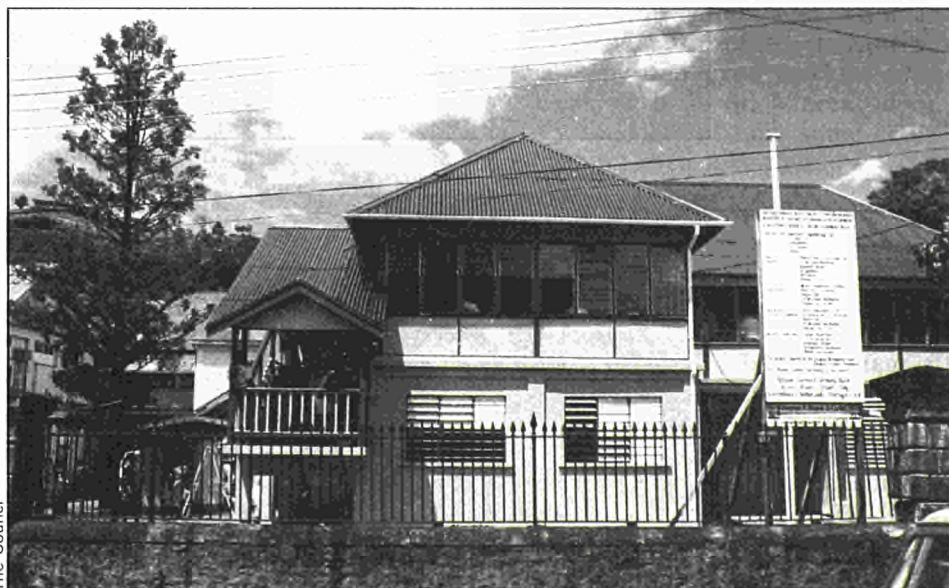
### Lomé III

The Lomé III Indicative Programme, signed on 7 August 1985, was initially set at ECU 5.5 m.

It was agreed that 55% of the resources would be concentrated in the area of rural development. Agriculture remains the most productive sector, accounting for 17% of GDP, generating over 50% of total export earnings, and employing 20% of the labour force. Stengthening the agricultural sector is thus a top priority. The main thrust of the Government's agricultural strategy is in the promotion of crop diversification through a comprehensive programme of land reform. Phase One of this programme is the development of the Orange Hill Estate, comprising approximately 1200 hectares, to be divided into smallholdings. Studies were carried out in 1987 and finance for the project (ECU 3.08 m) was decided in early 1988. The project is being cofinanced with the Caribbean Development Bank and the United Kingdom. EDF resources are being used mainly for farm roads and rehabilitation of buildings.

Some 80 farmers have already signed leases for plots of land and 30 have commenced cultivation of a variety of crops—sweet potatoes, eddoes, peppers, cabbage, tomatoes, paw paw, pineapples and citrus.

Outside the area of concentration EDF assistance has continued under Lomé III to the Kingstown Hospital. Phase II, for a total of ECU 1.8 m, comprises the construction of new operating theatres and ancillary facilities, and the supply of medical equipment. Work began in 1988 and should be completed by the end of 1989.



Kingstown General Hospital. EDF funds have gone towards medical equipment and the new operating theatres scheduled for completion later this year



# ST. VINCENT AND THE GRENADINES

The other Lomé III activity is a small tourism project. Brochures and other tourism literature are being produced and supplied to the Board of Tourism, to be used in promoting the islands, particularly on the European market.

In 1988, following the satisfactory performance of St. Vincent and the Grenadines in implementing the Lomé III Indicative Programme, the allocation was increased to ECU 7.5 m. The Government has earmarked the additional resources as a national contribution towards the construction of an airport on Bequia Island.

## Regional Programme

St. Vincent and the Grenadines is part of the 13-nation Caribbean Community and of the 7-nation Organisation of Eastern Caribbean States (OECS). As such it has benefitted under Lomé I and Lomé II from regional projects in the areas of transport (LIAT airline), education (University of the West Indies), trade promotion (through the Caricom Secretariat), agriculture (Caribbean Agricultural Research and Development Institute and Caribbean Food Corporation), tourism (Caribbean Tourism Research Organisation), and health (Pan-American Health Organisation).

Under Lomé III as well as the pan-Caricom projects there are a number of regional projects specifically directed to the OECS. In September 1988, funding was provided for the first ever OECS Trade Exposition, held in Antigua. This was followed by the decision in December to finance a new Eastern Caribbean States Export Development Agency (ECSEDA) and to support a new automated customs collection and trade statistics system (ASYCUDA). The Financing Agreement for these two projects, worth ECU 4.3 m, was signed by Prime Minister Mitchell, as current chairman of the OECS, and Vice-President Marin, for the EEC, on the occasion of the Joint Assembly meeting in Barbados in January 1989.

Other specifically OECS projects in the pipeline are a tourism programme, assistance for agricultural diversification, and a programme of support for tertiary and first-year university education.

The most important new project for St. Vincent and the Grenadines will be the construction of the Bequia airport, for which the feasibility studies have already been carried out. The project will be submitted for a financing decision later this year.

## Non-Programme Assistance

### STABEX

In 1981 St. Vincent and the Grenadines received a transfer of ECU 913 286 for loss of earnings in bananas. The transfer was used to rehabilitate the banana industry.

### Emergency Aid

St. Vincent and the Grenadines lie in the hurricane belt and regularly suffer from flooding and wind damage to crops, property, and utilities. The country has received Emergency Assistance from the EEC totalling ECU 285 000 in respect of storm and hurricane damage in 1980, 1986 and 1987. The volcano, La Soufriere is active, and erupted in 1979 causing considerable damage. Emergency assistance of ECU 500 000 was provided.

## European Investment Bank

The EIB has made loans to St. Vincent and the Grenadines in the fields of electricity generation, industrial development, and tourism.

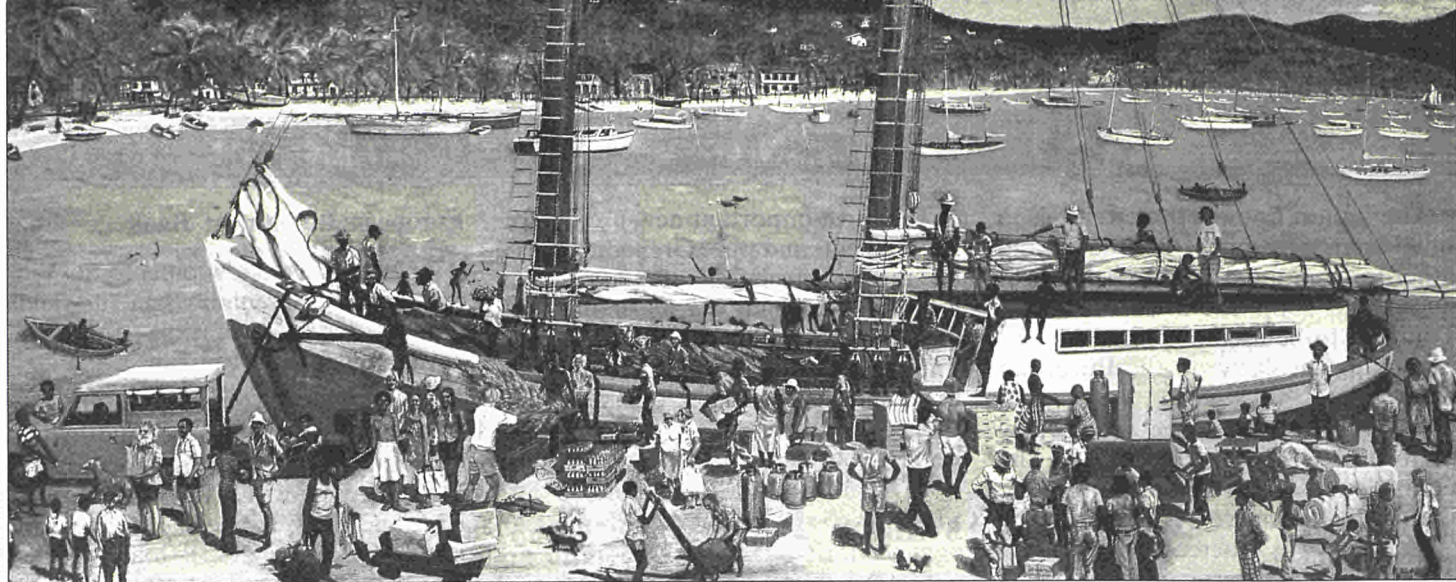
Under Lomé II the EIB provided ECU 2.9 m to the Cumberland hydro-electricity plant, as part of a cofinancing exercise with USAID, CIDA, IDA and the Caribbean Development Bank (CDB). The EIB loan covered the cost of equipment (turbines and generators). Finance contracts for a further ECU 4 m were signed in December 1988. These resources will be used to further improve electricity generation in St. Vincent and in Bequia.

In September 1988 the EIB concluded a loan agreement to provide ECU 1.8 m to the Development Corporation (DEVCO). The funds will be used for onlending to small and medium-sized enterprises and equity participation. The private sector in St. Vincent and the Grenadines is also eligible to benefit from a new loan agreement to provide risk capital of ECU 2 m to the OECS. These funds will be channelled through the Barbados-based Caribbean Finance Services Corporation.



*Sweet peppers being grown at Orange Hill, where a 1200-hectare family-owned estate is being divided and leased to smallholder farmers*





The "Friendship Rose" that plies between Bequia and St. Vincent, as depicted by the artist Sam McDowell. The planned airport on Bequia should provide a welcome alternative to travel by sea

The EIB also funded the Bequia airport feasibility study (ECU 100 000).

### NGOs

Two small NGO project were financed in 1986. ECU 17 973 was provided to the local agency, Projects Promotion Limited, which provided assistance and training to grassroots

development groups. ECU 4 896 was provided to the Georgetown Collective Enterprise to supply equipment for an auto mechanic centre. In 1988 a further sum of ECU 17 853 was provided, through OXFAM, to Projects Promotion Ltd.

### Trade

Given its small size, the economic performance of St. Vincent and the

Grenadines is heavily dependent on international trade, within the OECS, within Caricom, and wider afield. Imports and exports of goods typically represent over 75% of GDP. The recent moves to liberalise trade within the OECS and Caricom are of vital importance to the country. Similarly, the preferential access arrangements to extra-regional markets, as embodied in the CBI initiative (US), Caribbean (Canada), and, especially, the Lomé Convention are of great importance.

The European Community is the largest trading partner for St. Vincent and the Grenadines. In 1987 the EEC accounted for 79.5% of exports and 52.1% of imports.

Exports from St. Vincent and the Grenadines to the EEC are dominated by agricultural produce (98%) and in particular bananas (95%). This explains the importance to the country, and to the other Windward Islands (Dominica, Grenada and St. Lucia) of the Banana Protocol, annexed to the Lomé Convention, which provides preferential access for ACP bananas to the United Kingdom market. Much of the growth in the economies of these countries over the last few years can be attributed to increased banana production for the guaranteed UK market. However, the way in which the Banana Protocol operates cannot be reconciled with the Single European Market after 1992. This matter is of considerable concern to the Windward Islands, as European Parliamentarians learnt when they visited the islands after the Barbados Joint Assembly meeting in January. Lomé Regional funds are being used to study the consequences of 1992 for banana producers, and the options open to them. ○ W.H.

## St Vincent and the Grenadines Cooperation with the EEC

	ECU	Total ECU
<b>Lomé I</b>		
Health	1 156 059	
Roads	1 889 553	
Agriculture	11 385	3 056 997
Emergency Aid	500 000	500 000
<b>Lomé II</b>		
Health	2 848 237	
Agriculture	4 037 765	
Trade and Tourism	139 999	
Training	245 000	3 637 001
Stabex	913 000	
Emergency Aid	200 000	
EIB Bequia Airport Study	100 000	
EIB Hydroelectricity	2 900 000	4 113 000
<b>Lomé III</b>		
Health	1 800 000	
Agriculture	2 823 000	
Tourism	322 000	
Transport Infrastructure	2 000 000	6 945 000
Emergency Aid	85 000	
EIB Hydroelectricity	4 000 000	
EIB Industrial Development	1 800 000	
EDF interest rate subsidies	670 000	6 555 000
<b>Total Lomé I, II, III</b>		24 806 998
<b>NGOs</b>	42 853	42 853
<b>Grand total</b>		24 849 851





# Sahel: promoting butane to combat desertification

by Jean-Luc BAUDET (\*)

Deforestation is a world-wide phenomenon regularly mentioned in the international press but difficult to check. There is a simple reason for this. Although it is a threat to the environment and the conditions in which we live, it has a logic all of its own. Be it in Amazonia, which is being deforested systematically to make way for farming and herding, or be it in the Sahel, which has to be cleared for expanding croplands and increasing wood supplies, to cope with the challenge of demographic growth, the deterioration of our forests has a great deal to do with the fact that the economic context puts emphasis on the present to the detriment of the future.

In the Sahel, where there are three of the world's poorest countries (Chad, Burkina Faso and Mali, with a per capita income of the order of \$ 150 p.a.), more than three quarters of primary energy comes from firewood—which supplies 90% of domestic requirements. An FAO survey in 1980-81 put the annual wood consumption of this region at 0.6 m<sup>3</sup> (more than 400 kg) per head. The population is expanding at the rate of an average 2.5% p.a., the farmers are resistant to change so the land under crop is expanding by the same percentage and it is easy to see what pressure there is on the forest cover. Added to the effects of the expansion of the population in general are those of the 8-9% p.a. urban growth—which explains the expanding circles of land without trees around the towns, with firewood supply radii going from 70 km around Ndjamena to 80 km around Niamey and 90 km around Ouagadougou.

Like many natural phenomena, the effects of desertification are cumulative. The depletion of the wood resources round the towns leads to the substitution of charcoal for wood to cut transport costs, as the case of Dakar shows. By doing this, given the

processing yield (weight 10-15% and energy 25%), they further encroach on the forests and, as we know, the conditions of exploitation in the Sahel are such that the considerations of regeneration which would prevent the forests from disappearing altogether are ignored.

So it is by no means surprising that, in this region, which is particularly fragile because of the poor rainfall (500-600 mm p.a.), estimates suggest that the wood harvest exceeds the natural replacement capacity by a third in Senegal, Mali and Burkina Faso and three quarters in Niger.

The seriousness of the dynamics of deforestation, and the fact that they cannot be altered without a reform of being domestic energy policy, can be gauged from the logic of increasing wood consumption. With alternating drought and normal rainfall to cope with, the rural populations, who are anxious to stabilise and perhaps improve their incomes, collect wood and sell it at prices which bear no relation to its economic value. The result is an incentive to firewood consumption—on which, in the absence of any control over wood exploitation or any alternative fuel, there is no brake. And the wood economy has developed to the point where many people earn their living by supplying firewood to the towns. In Ouagadougou,

*Those gas cookers that exist are hard-wearing but expensive*



The Courier

gou, for example, there are 20 000 people living from the firewood trade and there are an estimated 10 000 selling charcoal in Dakar. These jobs, often informal ones, weigh heavy on any domestic energy policy.

Calculations show that an annual consumption of 13 millions tonnes of wood (11 million tonnes of wood plus the wood equivalent of 360 000 tonnes of charcoal) in the towns puts paid to more than 40 000 hectares of averagely productive forests. So, obviously, priority has to go to combating desertification. The Governments of CILSS (the Permanent Inter-State Committee on Drought Control in the Sahel) are running their forestry protection drive along two lines:

- better management of forestry resources by developing village plantations, controlling wood exploitation, protecting against brush fires and monitoring the woodfuel market. The aim here is to make the village communities take responsibility for managing the forests and to submit forestry to economic considerations, but the effects will only be felt in the long run—hence the need to complete this part of the deforestation campaign with a scheme to encourage substitute energy;
- lower consumption of woodfuels by spreading improved stoves, improving charcoal burning techniques and promoting substitute fuel.

European Community has agreed to help with this promotion of substitute fuels by backing up the CILSS members' "butanisation" policy. At their meeting in Praia (Cape Verde) in October 1986, the national authorising officers of the nine member countries confirmed they were looking for Community support from the regional cooperation funds to stimulate the consumption of gas as an alternative to wood and charcoal.

Let us see look at the details. In 1987, more than 230 000 households (22% of urban families) had gas burners and an annual consumption of 28 000 tonnes. Outside Cape Verde and Mauritania, gas is used only in the towns, obviously because of the nature of this type of fuel, as demand has to be concentrated for the distribution network to be profitable. And it is also because the cost of the gas is

(\*) Principal administrator at the Commission of the European Communities.



too high for industrial quantities to be accessible to non-urban categories of household. The urban nature of consumption is in line with the aim of putting priority on cutting urban wood consumption which, as we know, is particularly damaging to the natural forests.

The gas consumption of the Sahel countries is very uneven. Gas is already in common use in Cape Verde, where the annual consumption per urban household is in the region of 120 kg, with 75% being equipped to use it. It is very rare in Chad, where the figure is 0.7 kg. When it comes to the expansion of consumption, the countries fall into three categories:

— the coastal countries where butane sales are increasing—Cape Verde (+400 tonnes p.a.), Senegal (+1000 tonnes p.a.) and Mauritania (+600 tonnes p.a.);

— the countries where “butanisation” was started in 1985—Burkina Faso (+240 tonnes p.a.) and Mali (+200 tonnes p.a.);

— the countries where sales are stagnating—Gambia, Niger and Chad.

This classification is not just based on natural or economic data. Although “butanisation” got under way earlier on in the coastal countries, where the cost of gas is not pushed up by transport (which doubles the price between Dakar and Bamako, Abidjan and Ouagadougou), and is slower in the countries which have less of a fuelwood crisis (Gambia, Chad and Niger), the best “butanised” countries have still had voluntarist policies of gearing fuel consumption to butane.

Let us take the case of Senegal. The gradual depletion of wood resources around Dakar led initially to charcoal being substituted for firewood. The switch happened without any intervention by the authorities, simply under pressure of the laws of the market. But although it cut the transport costs, it did not solve the problem of excessive wood collection. In 1986, charcoal consumption in Dakar reached 160 000 tonnes (the equivalent of 1 000 tonnes of wood), as against 35 000 tonnes of ordinary wood and 16 000 tonnes of gas. There were two substitute energies to develop here—kerosene, which is

easier to market than gas but has the sort of combustion capacity that is unsuitable for cooking habits in the Sahel, and gas, which calls for investments in distribution (bottling centres and a distribution network) but burns in a way better suited to Sahelian cooking. The 1974 decision to encourage butane consumption by detaxing 3 kg containers and stoves and subsidising refills for small containers was a clear vote for “popular” gas (3 kg containers) as opposed to “conventional” gas (12 kg) and “institutional” gas (35 kg and bulk deliveries) and the idea was to make gas available to Dakar’s working classes, even if only as a top-up.

With its ECU 8.26 million regional butane promotion programme in the Sahel, the European Community intends stimulating domestic gas consumption in the towns and backing up the CILSS members’ policy of encouraging people to replace wood and charcoal by other forms of energy. The aim is to get gas consumption up to 66 000 tonnes by 1992, as against the 28 000 tonnes of 1987, and then to 92 000 tonnes by 1995. The anticipated savings from this programme are 673 000 tonnes wood, with the production of village plantation projects and better productivity from an area of 25 000 hectares. It is suggested that this be achieved, in the same way as in the countries in the region most active in this field, by promoting small cooking appliances with 3 kg and 6 kg containers and acting on the factors determining gas consumption. They are as follows:

— *The poor competitiveness of the price of butane in comparison with the price of wood and charcoal.* If gas is to be competitive, then the price of it to wood has to be 1:7. The figure in landlocked countries and in Gambia and Guinea Bissau is far beyond this. As long as the gas market is only for the better-off, it will be difficult to cut the gas traders’ margins. On examination, gas prices, which are usually approved, can be reduced by cutting the cost of the various operations down the chain—i.e. the cost of transport, bottling and wholesale and retail distribution. Lower gas prices must go hand in hand with a gradual increase in wood prices—which have to be adjusted to production costs. This can be done if an effort is made

at the same time to spread the use of better stoves with a heat yield 30% greater than that of the traditional stone ovens. Programme credits could be allocated for financing to cut the price of gas.

— *The initial investment costs to urban households.* The existing stoves have proved to be strong and very suitable for the housewife. But the price is beyond what the average household can afford and it is vital to bring it down if gas is to be brought to large sections of the population. The States’ detaxation measures must be matched by a reduction of the distributors’ profit margin and a reduction in the cost price of the stove fittings (the pan support), which can be manufactured locally. The programme has provided for the possibility of each State stepping in to bring down the price of the initial fittings by altering these factors.

— *The user’s reluctance to use gas.* This is a major obstacle and a difficult one to overcome in the gas popularisation drive. It is based on the danger of handling gas and the fact that gas cooking is ill-suited to eating habits in the Sahel. The experience of Senegal shows that active awareness campaigns geared to the safety and ease of gas can overcome this lack of enthusiasm and the programme includes funds to finance such promotional campaigns.

The firewood crisis described by anti-desertification experts is highly pernicious, because it cannot, in the Sahel at least, produce a situation whereby alternative fuels take over from wood as long as wood, in spite of becoming rarer, is cheap. Getting out of this impasse means reducing the consumption of wood by raising the price through forestry taxes—which must be strictly collected—and encouraging alternative fuels, gas first and foremost. If left to its own devices the gas market will develop too slowly for the demands of the protection of the forests. What has to be done is to use market forces and help the authorities concerned to embark on an active, coherent policy to promote new energies and speed up the trend. This is what the European Community hopes to do by contributing to the Sahel’s anti-desertification drive. ○

J.-L. B.





# The European Community and SMEs (\*)

*When one speaks of a European firm, the common perception is of a large-scale enterprise, employing thousands of employees, using sophisticated machinery—robots, perhaps—and raising its capital by a series of complex financial arrangements. Reality, however, is otherwise. The tissue of industrial Europe is made up of a host of small and medium-sized enterprises (SMEs), sometimes family businesses, often regional in scope, high-tech or artisanal, independent entities or simple sub-contractors, companies run on pure capitalist lines or cooperatives. These are the kinds of companies which keep Europe going and make it progress, and they are a vital element in the present metamorphosis leading to the Single Market in 1992. Europe's Institutions are therefore very much concerned with the fate of SMEs, and have drawn up a policy in their regard. Of course measures to stimulate enterprises are to a large extent a matter for the Member States. However, it is important to ensure their coherence, in order to maintain sound conditions for competition and to give substance to the Community strategy for encouraging growth and employment in Europe.*

## The importance of SMEs

Each country has its own definition of an SME, generally based on the maximum number of employees, the number ranging from 50 to 500. It is clear, however, that too rigid an application of the criterion of employee numbers can result in misleading evaluations: a company of 500 employees may stand out as a major enterprise in a less developed region, while the reverse may be the case in a highly industrialised zone. The Commission and the European Investment Bank generally use the following definition: an SME is any firm with a workforce not exceeding 500, with net fixed assets of less than ECU 75 million, and with not more than one third of its capital held by a larger company — these three conditions being cumulative. As such, SMEs account for more than 95% of companies within the Community and provide more than two thirds of total employment: approximately 60% in industry and in excess of 75% in services.

As a result of their size, SMEs enjoy important advantages in today's economy: dynamism, flexibility and a readiness to innovate, which enables them to adapt more

easily to new market conditions. They therefore constitute an important source of employment creation and a means of regenerating the industrial fabric. In addition, they make a significant contribution to regional activity. Nevertheless, there are also disadvantages associated with the size of SMEs: keeping track of legislative developments, administrative and fiscal procedures, tariff barriers, problems regarding technical standardisation — all are proportionately more costly for SMEs than for large firms. Their interest in exporting, as well as their openness to the use of new technology and modern administrative methods remain on the whole insufficient. Their access to risk capital, to public procurement contracts and to the major research and development programmes is still too weak. SMEs must be helped to overcome these difficulties while maintaining their autonomy — which is often the very source of their dynamism. An important development in Community policy on SMEs was the creation, in June 1986, of an independent SME task force in the Commission. Concurrently, a full action programme was submitted by the Commission on 7 August and was unanimously adopted by the Council on 3 November 1986. The task force has a dual function: internal coordination (overseeing the interests of SMEs in

programmes developed by other services), and the setting up of projects within the framework of a general strategy to improve the environment in which firms operate.

## The challenge of the large internal market

The entire Community is currently mobilised to complete the internal European market between now and 1992. This represents both an opportunity and a risk for SMEs. It is an opportunity because the full elimination of barriers to intra-Community trade and access to a large market of 320 million consumers represents, for every entrepreneur, a powerful stimulant. It is a risk because, with the abolition of long-standing systems of protection, the disadvantages relating to company size may be multiplied and the reaction may be to retreat, particularly in peripheral zones and less favoured regions. In other words, it is important to ensure that measures to be taken as a result of the "White Paper" on the completion of the internal European market should be favourable to SMEs, by preparing them for the 1992 deadline.

This is why one of the fundamental themes of the SME action programme is to improve the environment in which firms operate. On several occasions, the highest Community authorities have underlined the need to reduce administrative formalities and to apply regulations only within the limits of strict necessity. When agreeing to the action programme, the Council also adopted a Declaration specifically along these lines. This policy must result in legislative and administrative action, at both Community and Member State levels.

On 26 February 1986, the Commission decided that every proposal for legislative or regulatory measures to be submitted by the Community to the Council should be evaluated with regard to its impact on firms and employment creation. This evaluation is carried out in a systematic manner in the Commission services; the task force ensures control *a posteriori*. Thus, a proposal which would result in a noticeable increase in costs for SMEs can be blocked or

(\*) Article based on booklets published by the Directorate-General for Information, Communication and Culture, Commission of the European Communities.



modified before its adoption by the Community. The exercise has required the Commission services to consider more rigorously the economic consequences of their projects. In addition, the Commission undertook a careful study of the impact of Community legislation on SMEs. This inquiry highlighted several possibilities for simplifying matters. By codifying Community law and circulating the legal texts more widely, sector by sector, the Commission helps firms to grasp more clearly the legal context within which they operate.

At the national level, numerous initiatives have been taken to lighten and simplify the laws and the administrative procedures which concern SMEs. The task force has undertaken a systematic exchange of experiences in this regard between Member States.

The reduction of border formalities and the elimination of physical and technical barriers to trade, which are central to the objective to be achieved by 1992, represent, for those SMEs engaged in exporting, an essential aspect of this policy of simplification. For example, the single customs document, to be applied from 1988, will replace some 70 different forms now in use at customs posts.

The tax environment for SMEs is also of great importance. As regards direct taxation, the Commission has undertaken a study of specific measures taken by Member States in favour of SMEs; it will make its point of view known at an opportune time. In the short term, the Commission has decided to emphasize the harmonisation of indirect taxation. In conformity with the "White Paper" already mentioned, the Commission proposed, in July 1987, several directives concerning the approximation of tax levels.

As regards the social and cultural environment for SMEs, there is much scope for action by the public authorities. The social role of the self-employed worker must be respected. In addition, an "SME mentality" must be encouraged from school age, as too many young people still do not consider the possibility of setting up their own business.

The action programme envisages encouraging a spirit of enterprise in schools and taking account of the SME dimension in training programmes. Enquiries have identified a certain lack of motivation, among the managers of small or medium-sized firms, with regard to training, both for themselves and for their staff. Such a tendency has to be reversed, in order to ensure the necessary modernisation of SME production and administrative methods.

In the same context, concrete measures are required to enable SMEs to compete on equal terms in the new markets. The Community is engaged in long-term action to open up public procurement contracts. SMEs should have real opportunities to win such contracts, at the local and national level, and gradually, throughout the whole Community. This implies wide distribution of notices for tenders published in the *Official Journal of the European Communities* including at local level. The proposed directives recently submitted by the Commission concerning public works and public supply contracts should permit increased transparency. For public works, the files relating to costs will have to specify the market share eventually sub-contracted to SMEs. In addition, the task force is assessing national experiences in this matter, including those of Japan and the United States of America, which directly or indirectly favour SMEs in public procurement policy.

The Commission is also anxious to respect competition within the Community. When examining State aid for SMEs, particularly in less favoured regions, it takes favourable account of the needs of small and medium-sized enterprises and their economic and social role. By using simplified procedures, the Commission has been able to accelerate approval for assistance of limited impact.

#### **A new information tool for SMEs: the "Euro-Info Centres" network**

In a world in perpetual change, in a Europe under construction, often

in a quite complex way, information has become more and more important for firms. Very often, SMEs are not in a position to keep track of amendments to legislation nor aware of possible opportunities open to them.

Having considered the experiments already launched in certain Member States, the Commission decided to establish European information centres for firms, called "Euro-Info Centres". These are multi-purpose information offices, situated in specified areas, and intended to assist the SMEs of these areas. The offices are linked up to a central task force team which has access to Community data banks and they manage two-way flows of information. In this way, the task force provides logistical support to existing structures (chambers of commerce, business consultants, administrative centres, etc.) selected for this purpose as part of a pilot phase. It is intended to have 39 centres distributed throughout the Community. The first centres were inaugurated in October 1987 and all are now currently operational.

Each Euro-Info Centre provides Community information (legislation, aids, loans, research programmes, internal market, third country markets, etc.). In addition, when required, the centres also provide advice (for example, concerning submissions in answer to calls for tender) and act as an internal market early warning system (complaints about barriers to trade, competition problems, etc.).

Besides the centres, the Commission continues to deploy other means for providing information.

In 1983, the Commission published a practical handbook on "the operations of the European Community concerning small and medium-sized enterprises". This was widely circulated and has been updated several times.

Since December 1985, the Commission has published a monthly bulletin *Euro-info*, with a circulation of 35 000, providing the business community with information on Community initiatives which might affect SMEs.



In 1986, the Commission, with the technical support of specialised firms, launched a major information campaign on all Community activities concerning SMEs.

The Commission has also implemented the Euronet-Diane system which makes more than 300 computerised data bases accessible to firms.

**Cooperation between firms: an important issue for the Community**

The completion of the internal market in 1992 poses a challenge for the EEC's business community. In the face of such a challenge, the strengthening of cooperation between firms seems to be one way of enabling European SMEs to exploit the Community dimension. Their productivity and competitiveness would be stimulated by a fuller integration of their activities into the European industrial structure.

The Community has a significant role to play in promoting cooperation between firms in different member countries. The Commission helps to further this objective in the following fields:

— *Research*: the Esprit and Brite programmes have positive consequences for industrial cooperation, in particular for SMEs. In addition, in November 1986, the Commission defined the connection between the Eureka programme and the European Technological Community.

— *Competition*: the Commission has always recognised the considerable role played by SMEs in the creation of an economic environment of sound competition. This is why it takes account of the specific character of SMEs in authorising derogations from Treaty rules in favour of *de minimis* agreements, sub-contracting agreements, and agreements on the transfer of technology and research and development.

— *Innovation and technology transfer*: promoting cross-border cooperation among SME advisory services with regard to technology and innovation is one of the priority themes of the Spring programme.

— *Training*: The Comett programme aims to develop cross-

border training in order to assist firms whose industrial and technological development requires skills adapted to the European context.

In addition, the Business Cooperation Centre (BCC), now integrated into the SME task force, aims to provide a European dimension to the search by firms, particularly SMEs, for business partners to engage in technical, commercial, financial or sub-contracting cooperation. In 1987, the BCC equipped itself with a new tool: the business cooperation network (BC-Net) which became operational in 1988.

The BC-Net is a computerised network for furthering cooperation between firms. It provides a link-up between business advisers (approximately 250 during the pilot phase).

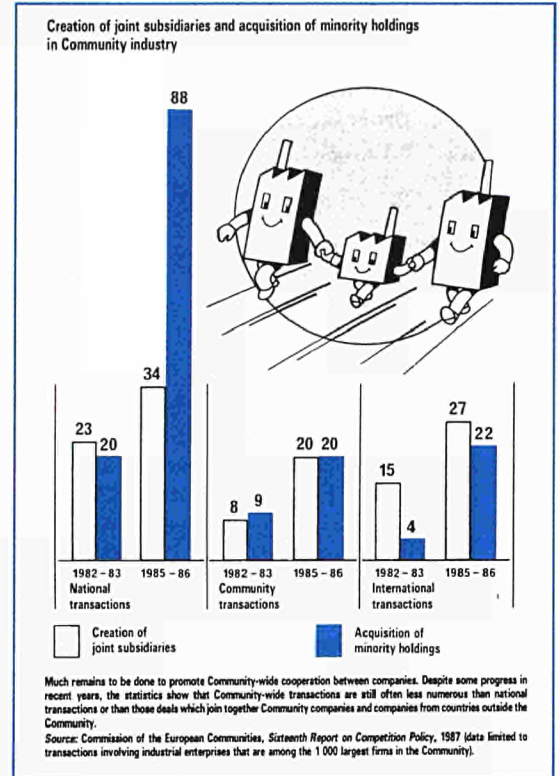
**Legislative and regulatory action**

Free competition between companies remains one of the basic determining factors in the building of Europe. It is the essential economic rule which guarantees consumers the widest possible supply of goods and services on the best terms of price and quality. It is also the most active and efficient stimulant for technological progress.

The principle of prohibiting all forms of agreements remains the rule for eliminating practices that could distort competition within the common market. However, a large number of agreements and forms of cooperation have, within certain limits, no effect on the maintenance of healthy competition (*de minimis* agreements) or can even enhance competition (agreements aimed at research, technological innovation, increased specialisation, etc.). The Commission has adopted a whole series of statements and regulations which define in this light the conditions for the application of the Treaty of Rome.

The communication on cooperation agreements defines the conditions under which company agreements are not affected by the prohibitions dictated by competition policy.

A statement on *de minimis* agreements authorises them as long as



they do not significantly affect conditions of competition in the market place. The thresholds laid down, which are aimed in particular at encouraging cooperation between SMEs, provide that the market shares for the products involved should not exceed 5% of the Community market and that the total annual turnover of the participating companies should be below ECU 200 million.

Apart from these two general statements, the European Commission has also granted various specific exemptions to encourage particular forms of collaboration between companies. These deal with: exclusive distribution and supply contracts; the establishment of research and development projects and the joint exploitation of their results; manufacturing or supply under subcontract; specialisation agreements by which companies either apportion the manufacture of certain products among themselves or, on the contrary, undertake to manufacture the products only jointly; the licensing of patent rights. Finally, there are two other regulations currently being prepared: they concern agreements on the licensing of know-how and the expanding field of franchise contracts. The majority of these exemp-



tions favour agreements between SMEs.

In addition, the Community is in the process of establishing certain elements of a true Community company law, to enable companies to escape from the narrow confines imposed by the juxtaposition of national laws, which are territorially limited and excessively diversified.

As a result economic agents in the Community will from 1989 be able to avail themselves of a new and highly original legal instrument for transnational cooperation. Called the European Economic Interest Grouping (EEIG), this new formula will enable companies, and more particularly SMEs, to merge part of their economic activities in a structure with full legal standing, while continuing to retain their total independence. The formalities for the setting-up and operation of an EEIG are deliberately very flexible: there is wide freedom with regard to the criteria for location within the Community, a broad range of areas for cooperation, open access for highly diversified entities, reduced administrative formalities, significant flexibility as regards financing, simplified management standards, and commercial and fiscal "neutrality" (the results of the grouping are taxable only at the level of its members).

Furthermore, cooperation between companies is affected by a number of provisions envisaged by the Community as part of the completion, by 1992, of the large European internal market. They involve, in particular:

- in the field of company law, harmonisation of the structures of public limited liability companies and, in particular, the proposed "European public limited liability company" stature; procedures for transnational mergers; the status of company branches; company relations within transnational groups; rules governing public purchasing tenders; company liquidation; the annual accounts of certain forms of company;
- in the field of intellectual and industrial property rights, the harmonisation of national laws on trade marks and the future creation of a "Community trade mark"; protection of biotechnological inventions and computer software (following on

the protection already implemented for semiconductor products, or "chips"); the entry into force throughout the Community of the Luxembourg European Convention on the Community Patent; — in the field of company taxation, the removal of various obstacles to cooperation between European companies: the fiscal treatment of parent companies and subsidiaries; a common fiscal system for mergers, divisions and contributions of assets; the elimination of double taxation; the harmonisation of indirect taxation applicable to stock transactions; the harmonisation of company taxation systems; problems associated with carry forward and backward of losses, etc. New joint action is also envisaged to improve the fiscal environment for risk capital and innovation, in particular the non-taxation of capital gains made by risk capital companies when they terminate their holdings.

#### **Various financial instruments available to SMEs**

In the area of finance, the share made available to SMEs has continued to increase since 1980.

*Community loans.* The European Investment Bank (EIB) reserves the major share of its global loans for SMEs. They are provided through the intermediary of financial institutions. For example, in 1986, the opening of credit for SMEs was approved for a total amount of ECU 595 million. This compares with ECU 54 million in 1977.

The Community also allocates other types of global loans: European Coal and Steel Community (ECSC) loans which aim to redevelop the coal and steel regions and which significantly help SMEs; New Community Financial Instrument (NCI) loans for which SMEs can apply since 1982.

Between 1982 and 1984, the total volume of Community loans to SMEs doubled, to represent approximately one quarter of total Community loans. Such a striking increase demonstrates how assisting the financing of SMEs is one of the pillars of Community SMEs policy. This approach was further streng-

thened by the Council decision of 9 March 1987 which specified that the NCI IV, amounting to ECU 750 million, could be exclusively allocated to SMEs, with priority for small firms. In addition, the EIB is to make available an equivalent amount for SMEs, under the same conditions. For the first time, loans can be given in respect of certain types of intangible assets, such as patents, licences know-how, research and development costs — and to facilitate capital contributions.

*Grants.* Since its establishment in 1975, the European Regional Development Fund (ERDF) has supported numerous projects of less than ECU 10 million. The action programme envisages an increasing orientation of the Fund towards recognition for "internally generated development" in the regions involved, and in particular towards SMEs. This especially involves helping the establishment or strengthening of services which assist local businesses or which facilitate their access to risk capital. In addition, since 1986, the integrated Mediterranean programmes (IMP) take account of the economic role played by small and medium-sized enterprises.

*Access to capital markets.* The action programme envisages promoting risk capital and secondary markets for SMEs. With this in mind, the Commission participated, with the European Venture Capital Association (EVCA), in launching a pilot project known as "Venture consort". The aim is to increase finance for SMEs involved in new technologies at the first stage of capital formation. The Commission allocates funds (in general, to a maximum of ECU 200 000) on a case-by-case basis, having regard to the innovative character and the supra-national dimension of the particular investment project. The Commission also participates in the distribution of profits.

Commission services are currently drawing up other projects aimed at stimulating the establishment of SMEs, particularly as regards overcoming problems associated with start-up capital and with the assessment of project feasibility. ○



# SMALL AND MEDIUM-SIZED ENTERPRISES



The Courier

A strong wind has been blowing for some years now over the policies of ACP States — a wind in which many endemic ills are justly or unjustly ascribed to economic policies which favoured central economic direction and control and concentration on large-scale industrial and agricultural undertakings. Borne on this wind are the murmurings of many donor countries whose own economic orientation has shifted towards liberalisation and who now prescribe for ailing ACP economies the same strong economic and political medicine which they have taken or are taking. As negotiations continue for a successor Convention to Lomé III, we hear, more and more often, phrases like “trade not aid”, “liberate the private sector”, and “more power to the small firms”. But, as a recent study pointed out, “small firms must not be regarded as an isolated sector for which suitable solutions must be found, but as the general norm around which everything is organised — currency stability, free trade (including foreign trade), tax incentives, soft loans, etc.”.

The first problem to be overcome in any discussion of small and medium-sized enterprises is one of definition — a small firm in an industrialised country is a massive concern in an ACP State. How small is small, then? Is one man carving local wood, or one woman selling cooked meals, an enterprise? If so, how do they ever get into government statistics? And, with that question, we come to our second problem — the lack of reliable information on the nature and extent of small businesses. Governments, and the institutions they have set up, have tended to concentrate scarce financial and human resources on projects which, like a good story, have a beginning, a middle and an end: on large industrial and agricultural schemes. Advisers are happy to advise the managers of an ailing plantation, bankers are happy to lend to a state-owned steelworks, however precarious its finances, and statisticians are happy to compile data where the information comes from people with similar priorities and education. But nobody bothers to collect data on the Barbadian ice-cream vendor, the borom-sarets of Senegal, or the Queen Mothers of Ghana's markets. Indeed, to some

extent, governments are hostile to these almost-informal operators, seeing in their marginal status an affront to a tidily-organised economy. Bankers do not like giving unsecured loans to precariously-organised businesses. Legislators cannot frame laws for family concerns.

It may also be fairly asked whether an enterprise culture exists in many ACP countries. So many factors militate against it: two and a half decades of nation-building which have put the accent on government, party and administration; a colonial heritage which often implanted an entrepreneurial caste (Syrians and Lebanese in West Africa, Asians in East Africa) to take care of commercial and industrial activity; the extended family system which tends to dilute the Protestant work ethic that characterised the rise of capitalism in Europe; a largely non-monetised population and poor infrastructure which handicap business start-ups.

All these factors have gone to make small and medium-sized enterprises in ACP States the poor relations of development—unlegislated for at home and unknown to donor agencies. But this does not mean that they are without value. Governments *can* legislate for them, as the example of Malawi shows. Banks *can* mobilise savings and invest them, even amongst the poorest of the poor, as the example of the Grameen Bank shows. There *is* a spirit of enterprise, even if it differs from the forms it has taken in Europe, America or Japan. And it is not inevitable that cash surpluses are devoted to consumer spending, smuggling, black marketeering or property speculation. This *Dossier* looks at some of the ways that small and medium-sized enterprises have developed in ACP countries, and what sort of stimuli have helped that growth. It looks at constraints as well, and at what can and should be done to speed SMEs' growth. The theme at this year's SADCC Consultative Conference was “The Productive Sector — Engine of Growth”. The SME sector *does* produce — goods, services, financial flows. It *is* an engine of growth. Previous neglect and current enthusiasm for anything non-governmental should not obscure the sector's real potential and real problems, and this *Dossier* attempts a survey which is based on realism. ○ Tom GLASER



## SMEs in the ACPs

by J. LASSORT and J.L. CLAVIER (\*)

SMEs, in the broadest meaning of the term, include modern industrial firms of up to 50 employees, family units of three or four people, village industries, associations, companies, cooperatives, owner-operators, mini-firms and the self-employed in the non-structured sector of the economy. The term also covers small firms carrying on small-scale, non-manufacturing activities in construction, transport, maintenance and repairs, trade and so on (according to the ILO, 1986).

These SMEs make up the bulk of the economic fabric in the ACPs. Each country produces its own definition of them according to number of employees, level of investment, total assets and turnover.

Any private firm which does not belong to a foreign group, in fact, can be considered to be a SME.

● *First remark.* The SMEs are therefore the majority. However, the laws, regulations and administrative provisions form a framework for them which is:

— often left over from the colonial era;  
— geared to large firms.

● *Second remark.* Most SMEs are in the informal, non-structured subsistence sector and thus are outside the law and its constraints and support.

This brings us to the problem of whether the legal provisions should reflect or constrain the majority and whether they in fact can — and, if so, how.

For almost a quarter century now, the ACPs have been trying to encourage the creation and development of SMEs which have a legal existence, but such firms are in a minority as regards both numbers (compared to all SMEs) and size (compared to the large public and private companies).

The so-called crisis in the industrialised countries and its effects on the developing nations have led to the

emergence and propagation of a pro-SME argument, a myth of substitution which has done nothing to alter the economic reality of the underprivileged regions. Neither does this "surrogate religion" alter the conditions in which firms operate. In all but rare cases—which should be well advertised—failure has followed upon failure with evident regularity.

### The argument

This is threefold:

1. Small firms make more efficient use of input (raw materials, capital and labour) than big ones.
2. They can be places of learning and training for people at all levels and functions (directors, managers, workers, etc.), a capacity that could be used in other sectors of the economy.
3. They facilitate the creation and use of otherwise non-existent or unused savings.

In spite of the inadequacy of the statistics in many areas, many studies have in fact been run and their conclusions are summed up below.

— Although small firms are said to encourage job creation, this has more to do with the sector than the size of the unit and by no means guarantees that creation costs less. And it is almost impossible to demonstrate that they make more productive use of the factors of production than the big firms.

— However, the self-employed artisan, who is highly representative

of the early stages of industrial development on from traditional crafts, is being gradually supplanted by promoters who are more aware of market possibilities. This last category is, however, still all too rare. This encourages the appearance of bosses, with no academic education but a flair for business, who learn their jobs in the small firms.

— Although it cannot be said that the training workers get in small firms is better than they would get in big ones, there is no doubt that it is entirely paid for by the small firm itself, whereas, in the bigger firms, the State makes a big contribution to the costs. However, we still need to know more about the behaviour of small firms in relation to creating an enterprise culture, management and training as a better basis for the appropriate policy for these fields.

— Lastly, a maximum of 25% of small firms have access to bank credit. So the majority use their savings, although we do not know whether this money has actually been set aside or is the result of consuming less. There again, closer analysis of the use of savings and the various forms of credit would clarify the impact of the small firms.

So, even in the least optimistic case, there is apparently nothing to rule out an SME promotion policy.

### Promotion

The failure of promotion is, first of all, heralded in the first remark whereby the SMEs are not covered by the legal framework, which has been designed for big modern firms.

The supporting institutions are essentially bureaucratic ones with



"Small firms make more efficient use of inputs... than big ones."

Boat building in Sierra Leone

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young, untrained managers who are ill-paid and short of professional experience. They have too much to do and therefore achieve little, taking responsibility for the most difficult task — which is that of creating firms.

The credit organisations (the development banks in particular) find it difficult to manage loans to units that are too small to be monitored easily — hence the raising of loan thresholds and the demand for guarantees such as commercial banks would require.

Development projects are designed without:

— the involvement of the ultimate beneficiary;

— any specific preparation of the institution through which it is being channelled (development bank or promotion body);

— account being taken of the project environment (firms are set up, for example, without any favourable legal measures being proposed);

— a monitoring and evaluation system whereby the project can be followed, adapted and improved.

To sum up, the voluntarist promotion policy inspired or implemented by the State has proved, if not contradictory, then at least confused at various levels (laws and regulations, credit, back-up organisations etc.). At all events, it has been inefficient, harmful even, when it comes to the creation and development of small firms in the modern sector — hence the emergence of a second argument, also applied to larger units.

This, like the previous one, is a virtually simultaneous mark-down of the so-called free market ideas advocated in the industrialised world whereby less State means better.

Public corporations are going into liquidation, being privatised and handed over to foreign investors. Or they are selectively kept afloat.

In the informal sector, some countries seem to be moving away from repression (less tax revenue and unfair competition with the small legal firms) to neutrality — necessity being the mother of invention here. Work, goods and services have to be provided for consumers with poor purchasing power. Is this realism? Is it impotence?



The Courier

*“... the self-employed artisan... is highly representative of the early, stages of industrial development*

#### Furniture makers in Kigali, Rwanda

In the modern sector, there are two complementary aspects to the argument and to the practical proposals emanating from it. They are:

— the liberalisation of the economic situation in which the SMEs operate;

— partnership based on many kinds of involvement by foreign firms.

It is too early to measure the effects of the initiatives and programmes introduced with this in mind, but it is worth pointing out one or two objective facts facing them, over and above the details given in the section on promotion.

Two thirds of the ACPs, including all those in the Caribbean and the Pacific, have fewer than five million inhabitants and 32 of them fewer than one million.

The main motivation behind firms investing abroad is the maintenance, expansion or search for commercial outlets for their products. Only 10 or so ACPs have reached the critical threshold of 10 million inhabitants — and those have very modest purchasing power. The power of the importers has in many cases blocked industrial investment projects. Transport and distribution problems in some large countries tend to compartmentalise the national markets and reduce consumption.

Contraband trading and buying habits with a propensity for imported items have a negative influence on the stability of these markets. Logic would suggest that markets be won,

but there are many tariff barriers (covert protection, absence of transport, currency fluctuation etc.) to make them only imaginary outlets.

All this goes some way to explaining the over-capacity and under-use of the productive apparatus. The cost of the inputs in some ACPs can often be higher than originally suggested, particularly because of the poor productivity of the labour force. And the shortage of foreign exchange due to the balance of payments deficit leads both to import restrictions on the factors of production and the equipment local firms need if they are to function, and to implementation of only a restricted number of export-oriented projects, involving free management of such foreign exchange as is available.

Above all, the rare local businessmen look for short-term, low-risk profits, have little motivation and are not really competent to run industrial units.

So it is particularly important to take a rigorous approach. Each country should define its own experience curve and stick to it. Indeed, a social group's cultural models strongly shape the attitudes and behaviour of the economic operators.

Breaking people in to the idea of enterprise, changing outlooks and obtaining technical and managerial know-how are a long-term affair which calls for a long-term view of the desired target. Hence the national development plan putting priority on





SEDOM-Malawi

*"Credit organisations... find it difficult to manage loans to units that are too small to be monitored easily..."*

the SMEs, in particular to respond to the needs of the rural populations, by catering for small equipment and infrastructure schemes, with small plots in the towns rather than large-scale out-of-town developments.

SMEs should not be seen as a specific sector calling for specific responses. They should be seen as the norm on the basis of which everything is ordered — the stability of the currency, the liberalisation of trade (including external trade), tax incentives, interest rates etc. This does not rule out the need for a precise definition of the category of SME—type of activity, location, category of staff etc.—before any training scheme is run.

Consumer surveys of the populations in question may reveal needs, markets and market trends.

Ordinary exemption, perhaps with subsequent verification, would be better than a file involving prior checks and, if files do prove to be necessary, then there should be just one place in each region where formalities can be completed, as this makes it easier to keep the heads of firms informed.

Customs procedures should be simplified by shifting the customs clearance offices so they are nearer the regional firms. The export levies which put national firms at a disadvantage alongside their foreign competitors should also be banned.

A small standard tax could be introduced for micro-firms, thereby avoiding red tape and making the transition to the modern sector easier.

The basic training should reflect economic needs and capitalise on the

role of the businessmen and their spirit of enterprise, from the primary school through to the university. This will be facilitated by collaboration between the SMEs and the Ministry of Education.

Adult training (particularly in the technical sector) will have to offer practical teaching—how to carry out particular operations—and back it up with advanced organisational coaching — how to link up the various operations. This should be then be applied in the firm.

The State should encourage the formation and operation of professional groupings which can be consulted when new regulations and SME assistance programmes are being designed.

SME access to public contracts should be encouraged by dividing work into small lots and awarding contracts after checking on the standard of the suppliers — which could be improved by a training scheme.

As far as private contracts are concerned, large firms should be given the idea that they should help the national SMEs by supplying and subcontracting, and customers should be encouraged to make demands so that the quality of the goods and services on offer can improve.

When it comes to the supporting environment of the firms and promoters, the frequent failure of the SME offices suggests a number of alternative formulae:

1. Reorganisation of the SME offices to make them lighter, more dynamic and more professional.
2. Recourse to consular companies via the provision of uncomplicated

assistance services and the supply of suitable means, on the understanding that:

- their vocation is more one of trade and information;
- they often emanate from the public authorities, although they involve elected businessmen;
- some of them are efficient, especially when it comes to training.

3. Creation of private bodies in which businessmen are in the majority, working as private practices of general interest.

4. (this is compatible with the first three). Systematic recourse to private services geared to the SMEs (legal and tax advice, accountants, management counselling etc.).

This means including recourse to this advice and the financial means required for this in the SME aid programmes and, therefore, organising these professions.

Generally speaking, the offices, consular companies and private assistance bodies tend to act as interfaces rather than fully-equipped counselling services, so they will lean on private professionals if there are enough good ones.

As with assistance, credit distribution must be as close as possible to the firms — hence the importance of the commercial banking network, which naturally collects low-cost savings, public rediscounting and a guarantee fund to complete the system.

In any case, banking staff have to be prepared to look into the needs of the small borrowers and to evaluate the risks.

It should be stressed that the interest rates should be those of the market, otherwise the commercial banks will be unenthusiastic about SME financing.

Other formulae, such as mutual credit, cooperative credit, friendly associations and soon, should also be sought.

Not all these recommendations hold good in all countries anxious to promote their SMEs, but they can be used as yardsticks which are an incentive to success — or an explanation of failure. The specialised articles which follow will be going into points touched on here in greater detail. ○

J.L. and J.L.C.



# Entrepreneurship need not be a problem in Africa

by Vishnu PERSAUD (\*)

The view is even more prevalent than public expressions of it that sub-Saharan African countries are not as capable of growth and modernisation as other countries. Behind this view lurk racist and cultural perceptions of African economic capabilities and propensities which are no more than popular myths.

It was only 40 years ago that Japan, which emerged later as economically the most successful country in the world, was regarded as not capable of Western technological and economic advances. Even more recently, Hong Kong was regarded as only capable of producing cheap and inferior manufactured products. Up to the 1960s India was seen as a hopeless "basket case" and so was Bangladesh in the 1970s. It was inconceivable just three decades ago that Taiwan, Singapore, South Korea and Hong Kong would achieve growth rates which are higher than those ever experienced by today's industrial countries or that India would overcome supposedly insurmountable problems and expand its economy at twice the rate of its population growth and end endemic food problems.

Entrepreneurship can flourish in all countries if the enabling environment exists. There are no racial or genetic constraints. It is true that some cultural traditions are not commercially oriented. But experience suggests that cultural constraints are in no sense permanent and, given the right environment, cultural impediments to economic progress do yield to stronger economic forces, often surprisingly quickly.

In my University days, cultural practices featured prominently as an explanation of Indian underdevelopment which was regarded at that time as endemic. Today this explanation has gone out of fashion. I have no doubt that were India to begin to do half as well as Indian communities overseas, Hinduism would be seen by

some as helpful to development. To those who seek cultural rationalisations for the pace of economic change, let them be reminded that the basic other-worldly tenets of Christianity are more anti-developmental than any Hindu, Buddhist or African cultural principles.

Whatever nationalistic explanations might seek to convey, no long or objective view of history would support theories of long-term racial or cultural disadvantage. Some of today's developing countries in North Africa, the Middle East and Asia were centres of pre-European civilisations. Environmental rather than racial factors offer a better explanation of the variation in the performance of Chinese between South-East Asia and China or Indians between East Africa and India.

## Impediments to African enterprise

Thus, while it is the case that the enterprise culture is largely absent in Africa, this should not be seen as a permanent or even a long-term problem. It is surmountable and its existence must be seen as circumstantial and historical rather than having to do with racial propensities and capabilities.

An enterprise culture emphasises individualism, whereas most African countries have inherited communal traditions including communal land-ownership. Thus, early post-independence policy saw cooperatives and community development as offering continuity with African traditions. However, cooperatives have not lived up to expectations. The experience has shown that their management is very demanding and it is inherent in situations of great underdevelopment that management skills would be in short supply. Thus, some joint production and marketing activities are particularly difficult to organise successfully and aspirations for cooperative development would have to be more modest.

At independence the conditions

were not appropriate for vigorous indigenous entrepreneurship in sub-Saharan Africa. The emphasis was on primary production. Export marketing was in the hands either of marketing boards or transnational corporations. In mining, production was also dominated by multinational corporations. Development policy at that time emphasised industrialisation, and food production for domestic markets was not given priority. And in industrial policy, the absence of vigorous private entrepreneurship encouraged governments to feel that they had to resort to parastatals and other public enterprises if they were to secure the accelerated development that they encouraged their people to expect.

Thus, little economic space existed for indigenous entrepreneurial development. Moreover, the distributive trades became dominated by minority immigrant groups such as Europeans, Asians or Lebanese who, with their established position and longer business experience, made competitive entry by Africans particularly difficult.

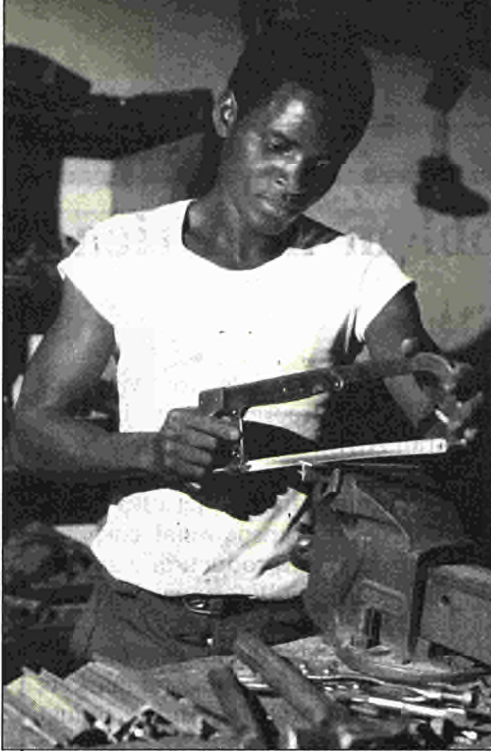
Small-scale farming, micro-businesses and the informal sector are normally the incubators for indigenous entrepreneurship but governments gave little attention to these sectors, especially the informal sector which was regarded as a temporary phenomenon. The prevalence of socialist thinking led to much enmity against multinational corporations and to some indifference to business generally.

In Africa, as in the Caribbean, manufacturing was encouraged on the basis of modern factories rather than cottage industries or micro-businesses. And since indigenous entrepreneurs did not have the capital or management skills to start up and run such factories, attention was given to providing incentives for foreign enterprise in those countries which made an effort to develop the private sector.

In addition little attention was given to business training in the edu-

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Vivant Univers

*"Local people... are likely to be more responsive to improved circumstances at home." Here, a Ugandan mechanical engineer*

cation system or to the encouragement of business skills and attitudes. In fact, in most countries the prevailing left-of-centre ideology did not provide an encouraging environment for the development of entrepreneurial skills and attitudes.

A particular drawback in Africa was the very inadequate attention given to encouraging women into business. They were in the main the food producers and in some parts of Africa, as in West Africa, were substantially involved in petty trading. Thus, a large group with a greater potential for entrepreneurship than their male counterparts was completely neglected.

### **The need for an enterprise culture**

But the situation is changing and the environment could now become more enabling for entrepreneurship. Food production for domestic markets is being given greater attention and so also is the informal sector, both of which could now function as better incubators for entrepreneurship.

The public sector is now in retreat and in some countries a process of privatisation has begun, including areas such as domestic agricultural marketing which could easily be taken up by small businesses. And increased emphasis is being given to assisting small and micro-businesses, including

those operating in the informal sector. Thus, larger economic space is being created for the emergence of local businesses.

An enabling environment is thus becoming available for the emergence of an enterprise culture. But whether Africa needs an enterprise culture is a legitimate question. Could Africa not benefit from the experience of the West and develop new societal models which avoid the pitfalls of Western capitalist development and aspire to societies of a higher quality because of their different economic organisation?

Tempting as such a possibility might sound, societies at low levels of economic development in which there are dire shortages of basic material necessities cannot afford the luxury of large-scale social experimentation. The priority must be to secure for their people adequate provision of basic necessities drawing on the development experience of all societies. And since socialism, statism and high levels of regulation, including authoritarianism, have failed, there is a compelling case for pursuing development through the encouragement of an enterprise culture and through more democratic political and economic processes.

Africa is capable of adopting such a culture and of obtaining results from it quickly. Some countries such as Kenya, Côte d'Ivoire, Botswana and Mauritius have moved in this direction and the good results they have achieved indicate the possibilities. In any case, with the failure of socialist and statist policies, and following the poor performance of cooperative and other communal methods, there is little alternative now but to encourage a large role for the private sector. The experience has also shown that where private initiative has been given scope, it has produced surprisingly good and sometimes stunning results.

### **The importance of local entrepreneurs**

It is the indigenous private sector, however, which requires priority attention. Foreign investment is fickle and would be too slow to respond to the changing environment. It must

not be discouraged, but if quick results are to be achieved, the business potential of local people offer better prospects, especially if steps can be taken to remedy the constraints they face, such as the shortage of capital and management skills. While local people could transfer their funds abroad and could emigrate, they are likely to be more responsive to improved circumstances at home, and their local experience and accumulated business skills make them better able to spot and respond to new opportunities. But it is still the case in some countries that greater incentives are offered to foreign investment.

### **Some policy requirements**

Many African countries are in the process of undertaking structural adjustment programmes which would provide a more enabling environment. However there are constraints to progress in this area. The funds provided by international financial institutions and donors are usually too small to provide sustained support for the difficult structural problems facing developing countries, especially low-income African countries with their large traditional dependence on commodity exports.

Now that African countries are desperately trying to reform their policies for the long-term stable and sustainable development of the world economy, industrial countries should make a special effort to ensure that these reforms succeed. This requires not only increased net capital flows to the developing countries but also the removal of discriminatory restrictions against the exports of manufactured and processed products from these countries. Thus, the industrial countries also have an important facilitative role in the evolution of an enterprise culture in the developing countries.

The continuing recession or slow recovery in African countries is not helpful to encouraging the enterprise culture at this time since prospects for profitable business operations are not good. However, the enterprise shown by small businessmen in recent years in responding to shortages of foreign exchange and essential goods has been helpful to development although where they have concentrated on



activities made necessary by mismanagement and over-regulation, these have meant a misallocation of scarce entrepreneurial resources which could have been more productively used in other areas.

While governments want to do more to encourage the private sector, they are handicapped by the shortage of resources. Where budgets have to be cut, efforts must still be made to ensure increased resources to support private initiatives, e.g. women's activities, micro-businesses or the informal sector.

Rationing of foreign exchange is necessary in most of the countries. In order to help producers, many countries have adopted schemes to allow exporters to retain a proportion of their export earnings so that they could obtain essential imported inputs. However, many small producers do not directly export their products and in such situations they scarcely benefit from these retention schemes. Greater care is needed to ensure a fairer distribution of foreign exchange so that smaller enterprises would not be disadvantaged. A relaxation of exchange controls is usually helpful in securing better distribution.

While many governments have adopted a policy of privatisation, progress is too slow because of weaknesses in financial administration. Often, too, in order to maximise the supply of foreign exchange, assets are sold wholly or largely to foreign investors.

This is not helpful to the development of the local private sector and to making privatisation more acceptable to the population, which could be helpful in encouraging the enterprise culture. Share sales to the local population could also be assisted by the establishment and improvement of stock markets.

A major problem in encouraging the local private sector is the shortage of domestic capital. The need for foreign exchange is also encouraging great emphasis on attracting foreign investment. However, these efforts are not proving effective. Much more could be achieved by the local private sector because of the much larger number of existing and potential entrepreneurs that it could provide.

What is needed, however, is capital to assist local ventures. This could be done by securing more loan capital from abroad to assist local businessmen. There needs to be a better balance in the use of loans from abroad between infrastructural expenditure by governments and the financing of productive investments by businessmen.

Much attention needs to be given to improving the functioning of national and regional development banks and more resources must be obtained for them with more of it being provided for equity financing. The International Finance Corporation of the World Bank has been doing more to help small businesses in Africa especially with its recent establishment, with UNDP, of the Africa Project Development Facility to help African entrepreneurs develop new business ventures. However, what is regarded as small by the IFC cannot be small enough to be very helpful to most indigenous entrepreneurs in Africa and regional and national institutions would have to do more, which is in any case necessary if Africa is to encourage self-reliant development.

Greater efforts need to be made to set up joint ventures involving African and foreign enterprises. The Centre for the Development of Industry, set up under the ACP-EEC Convention, has this as one of its main functions but inadequate progress has so far been made. The new Convention which is being negotiated would have to ensure more effective operations in this area. The Convention on the whole should do more to assist the private sector in the ACP countries.

The financing of local businesses could be greatly helped also if action is taken to establish equity and venture capital funds which would tap foreign capital for portfolio investment in African businesses. The development of stock markets would give encouragement to both kinds of funds. These funds have the advantage over direct foreign investment that they provide foreign capital without foreign control. While such funds are only relevant to the few African countries with established stock markets, they offer good possibilities for

the future. A renewed ACP-EEC Convention should do more to assist equity investment in ACP countries.

Because of the shortage of domestic capital, it is extremely important that capital flight is not encouraged by uncertain political and economic conditions. Africa may not have as large a capital flight problem as Latin America, but policy must endeavour to ensure that, to the extent that it exists, capital flight must be reversed. What experience has shown is that exchange control or legal restraints are not very helpful. What are required are stable, predictable and helpful policies.

Democratic political structures are also helpful to the development of small business. Authoritarian governments with a socialist orientation have persisted with statist policies much longer than experience of their performance should have allowed. Where these governments are private sector oriented, they tend to concentrate their favours on large businesses who are better organised to secure patronage.

In terms of sectoral development, while manufacturing offers better scope for entrepreneurial development, premature emphasis on it could be counterproductive. This has been especially so in Africa where labour availability, wage costs and productivity have not been facilitative of labour-intensive manufacturing. Penetrating external markets with labour intensive exports is going to be a slow process for Africa because of the experience and head start of other countries. A strategy which could be useful for many countries would be to concentrate on resource-based manufacturing such as agro-industries.

An enterprise culture does not require *laissez-faire* economic policies. What is greatly needed is sensible economic direction — strategic decisions have to be made in such areas as fiscal policies, sectoral policies, human resource development, research and development and privatisation. This would give governments much to do without necessitating their involvement directly in production activities which are better done in a competitive environment under market disciplines to ensure efficiency. ○ V.P.



## Building the role of SMEs: lessons learned from credit programmes

by William F. STEEL and Leila M. WEBSTER (\*)

Industrial output in African countries typically is concentrated in large enterprises, often owned by the state or a multinational corporation. Employment, particularly self-employment, is concentrated in the informal sector. The middle range of entrepreneurs, willing and able to make moderate investments in small and medium-scale enterprises (SMEs) with 10-50 employees, is often observed to be "missing". Yet they have a special role to play in the development of relatively small African economies.

### Responsiveness to markets

Industrialisation is a process of learning to combine resources and apply technology to produce goods that satisfy people's needs. SMEs in Africa have often proved adept at adapting local materials, as in the Ghanaian firm that used "outdated" Taiwanese technology to make toilet paper from crushed sugar cane waste (bagasse) when imports were scarce. SMEs generally make greater use of domestic inputs, reducing the demand for scarce foreign exchange.

SMEs' size and flexibility allows them to exploit specialised niche markets, an advantage in fast-changing markets and a promising way to increase manufactured exports. Examples include automobile radiators from Tanzania and military uniforms from Zambia. Most larger firms in Africa have followed an import substitution strategy, importing product designs and production techniques from abroad, but as yet unable to compete with standardised products on world markets.

With increasing emphasis on agricul-

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tural development, rural incomes will be a growing source of domestic demand. Smaller firms can operate in small towns with limited infrastructure and can satisfy local demand at reasonable quality and cost. At village level, seamstresses, carpenters, and blacksmiths are available to meet individual orders.

### Seedbed for future growth

The informal sector has proved to be a vibrant part of African economies, especially in adverse times. Governments tend to harass these "illegal" enterprises, but some countries, such as Kenya, are now recognising their permanent role as sources of income for individual survival and of products for large numbers of low-income people.

The next step will be to reduce the regulatory obstacles that discourage even successful informal entrepreneurs from "graduating" into legal SMEs. Substantial gains in output and productivity can be realised from the skills and entrepreneurial drive embodied in current small businesses if they have greater access to markets, credit, and supporting institutions.

A shortage of experienced indigenous entrepreneurs at independence led many countries to promote industrialisation through large public investments. On the whole, the performance of large,



*The goal of credit programmes is to exploit opportunities for efficient production. Here, a nail and screw factory in Douala, Cameroon*

mostly public, firms has been unsatisfactory. Costs are high, productivity and capacity utilisation is low, and they depend on substantial protection. Lack of managerial experience is often cited as a critical problem in large firms. Growth of the SME sector is an important way for entrepreneurs and managers to learn by doing, accumulating the necessary experience to manage large industries efficiently.

SMEs are under-represented in Africa because the costs of becoming legal enterprises are not adequately offset by commensurate access to benefits. Obtaining legal status subjects an enterprise to licensing requirements, labour regulations, minimum wages, and taxes that informal firms can avoid. The SME advantage in labour-intensive activities is reduced by these costs relative to large firms, which minimise them through economies of scale and capital-intensive techniques.

Whereas informal enterprises are generally funded from family savings, the larger capital requirements of SMEs make credit a critical condition of investment. Small entrepreneurs, however, generally lack access to resources that are allocated through official channels, including credit, foreign exchange, imports, and certain raw materials. Large firms often get credit and foreign exchange below market rates, and they



are more likely to receive investment incentives, tax exemptions and subsidies.

Credit programmes for SMEs can offset some of the costs and increase the benefits of moving from the informal to the formal sector, making resources available to small firms that previously were reserved for the large. Reform of policy and regulatory barriers can lower the costs of entry. The goal of such programmes is to exploit opportunities for efficient production that have been missed because of these biases and constraints and to stimulate a more dynamic process of industrialisation.

### Access to credit

Since the mid-1970s, the World Bank has provided credit lines designated for SMEs on the assumption that inadequate access to credit is a binding constraint on the sector's growth. Commercial banks, in particular, are reluctant to make term loans to SMEs for several reasons:

- their funds come mainly from short-term deposits;
- inflation rates are high;
- credit rationing and fixed interest rates favour large loans because of lower administrative costs;
- they perceive SMEs as especially risky and likely to default; and
- SMEs often lack the collateral and the accounting practices that commercial banks generally require.

Two main channels have been used to increase credit for SMEs. In the first type, credit lines for SMEs are channelled directly through development finance institutions, which are set up to make term loans for development. The second approach involves an apex or refinancing scheme that uses several intermediary financial institutions. Outside Africa, commercial banks have proven effective as intermediaries for SMEs because they have the branch networks to reach smaller borrowers and they are experienced in loan recovery. In Africa, few commercial banks have as yet participated in SME credit programmes.

Project designs ideally include provisions that meet commercial banks' needs for security, efficiency, and profits;

- long-term funds are provided through lines of credit;

- interest rates are freed so that banks can charge enough to provide for costs, profits, and inflation;

- informational and procedural requirements are streamlined;

- guarantee schemes cover a portion of losses; and

- technical assistance is provided to upgrade the skills of both the participating banks and the clients.

The success of SMEs credit programmes depends on a minimum level of economic and political stability. Changes in political orientation increase the uncertainty involved in becoming a formal sector enterprise and disrupt the administration of institutions intended to serve SMEs. Shifts in economic policy undermine SME projects by conveying conflicting signals about feasibility and by raising failure rates.

Efficient, well-run financial institutions are essential to bring down the costs of SME lending and to achieve satisfactory repayment rates. Good project design can strengthen and redirect a strong institution, but poorly functioning institutions cannot be resuscitated by even the best of projects. Banks should meet clearly specified performance criteria, including minimum repayment rates, and be thoroughly appraised before participating in an SME credit operation.

Successful implementation depends on institutional commitment and the evolution of effective working relationships among major players. The government's commitment to the goals and methodology of the project sets the tone. Donors and apex agencies may neglect supervision if their primary orientation is towards transferring funds rather than developing a self-sustaining system. To establish effective SME retail programmes, bank managers must give SME units both resources and prestige. A close supervisory relationship between loan officer and client addresses problems early and builds good repayment records. Although difficult to quantify, political and institutional commitment should be appraised as a precondition for project success.

### Key elements of project design

Where utilised, apex or refinance units should have maximum autonomy

from the host institution so that policies and procedures can be tailored to SMEs. A high level of autonomy also can protect apex units from problems that affect the overall institution.

Roles and responsibilities of apex units differ, depending upon the existing level of sophistication and financial viability of participating banks. Where banks are experienced in term lending to SMEs and maintain high repayment rates, the apex unit can appropriately assume the role of a central project accountant. Where banks are inexperienced in SME lending or their financial viability is questionable, apex units must actively train and supervise operations at the retail level.

Interest rates should be established by the retail banks, and spreads should be sufficiently large to cover transaction costs and contribute to profits. Guarantee funds generally have not operated successfully in SME projects, because compensation has either been too restrictive or it has exceeded resources.

Poor repayment rates have been the downfall of many projects, usually because of poor project selection and inadequate supervision by the retail banks. Procedures for handling arrears should be established before funds are disbursed, as once problems arise, they are very difficult to reverse.

### Conclusion

Access to credit is important if African entrepreneurs are to fill the "missing middle" through new entry or graduation from successful informal businesses. Credit programmes should be designed to foster a broader, more integrated financial intermediation system. The success of SMEs credit programmes depends on committed organisations and competent individuals.

SMEs development over time requires much more than just access to credit. Basic education and appropriately designed vocational training programmes are needed to build the capabilities of entrepreneurs and workers. Technology institutions must aid SMEs in adapting products and processes to local needs and resources. Finally, regulatory and macroeconomic policies must create a business environment that is favourable to SME investment and growth. ○

W.F.S and L.M.W.



## Financing the SMEs

No discussion of small and medium-sized enterprises can be complete without discussion of how they are financed. Is a bank loan an option for a street trader? Does a metalworker want to waste time with the bright young men and women from a development corporation? Conversely, can a small artisan, particularly in rural areas, himself raise the money for raw materials or equipment? And if he can't do it in one go, are there ways of anticipating his financial needs by saving?

In the following articles, the two approaches to financing small and medium-sized enterprises are contrasted. The European Investment Bank has put over ECU 450 m into SMEs over the last 15 years, via development finance corporations, and the results are meticulously analysed, though no firm conclusions can be reached. The International Fund for Agricultural Development has pioneered the approach from the other end — not by “trickle-down” but by mobilising rural savings, often in places deemed incapable of yielding any meaningful sums. Both methods have a part to play in providing the vital finance for SMEs in developing countries.

## The European Investment Bank and SMEs in the ACPs (\*)

### Introduction

As recognised by successive Lomé Conventions the small and medium enterprise (SME) sector is seen as having a critical role to play in the development process. Apart from bringing together indigenous private ownership and management, it is expected to provide strong linkages within the domestic economy through job creation and local resource mobilisation. One of the principal objectives of the EIB, in the Lomé context, is to stimulate this potential. This paper illustrates the scale and impact

of EIB support to the sector and covers the period of activity from 1975 to the end of 1987, thus including Lomé I, II and the first year and a half of Lomé III <sup>(1)</sup>. It reviews the main characteristics of the projects financed, broken down by sectors; geographical areas; nature and origin of financing; size of allocations; types of beneficiaries; objectives and costs, etc. Finally, it attempts to provide some indications as to the “ex ante” economic impact of the projects, by using standard indicators, such as employment, cost per job created, economic rates of return and capital/output ratios.

EIB support to the SME sector in the ACP countries has principally taken the form of global loans and

(\*) Article provided by the European Investment Bank.

(1) In 1988 the Bank signed 7 global loans to 5 dfcs and approved a further 96 allocations.

**Table 2: Use of risk capital**

Purpose of allocation	Number of allocations
Equity participations	29
Condition loans	168
Subordinated loans	17
Feasibility studies	21
<b>Total</b>	<b>235</b>

equity participations granted to national and, in some cases, regional development finance banks or corporations (dfcs). Through this approach the EIB has been able to support, indirectly, a large number of private sector entrepreneurs by providing foreign exchange loans, mainly for manufacturing investment. This arrangement is the most cost-effective way of assisting SMEs. It contributes to local institution-building, and it transfers responsibility for project identification to a local institution which, with its knowledge of the domestic economy, is ideally placed to identify suitable projects. Thus within the limits and the sectors defined in the respective finance contracts, the choice of the projects submitted to the EIB for financing has been left to the dfcs, but the Bank has individually approved each allocation of funds by carrying out a desk appraisal of each project on the basis of detailed documents submitted by the dfcs. Throughout the life of a global loan, the EIB and the dfcs have maintained close contacts which have proved,

**Table 1: Summary of EIB operations with dfcs in ACP countries: Lomé I, II and III (up to the end of 1987)**

Type of resource Type of intervention	Own resources global loans	Risk capital			Total risk capital	Total all resources
		Global loans	Equity participation			
			Direct	Indirect		
Amount (mECU)	277	122	6	26	154	431
No. of operations	41	50	14	18	82	123
No. of countries <sup>(1)</sup>	19	32	9	12	32	40
	(+4 reg.)	(+3 reg.)	(+1 reg.)	(+1 reg.)	(+4 reg.)	(+5 reg.)
No. of dfcs <sup>(1)</sup>	26	36	10	12	42	50
% of total amount	21%	—	—	—	25%	22%
% of total operations	27%	—	—	—	31%	29%
No. of allocations	360	235	—	—	235	595
Amount allocated (mECU)	168	67	—	—	67	235

(1) Because of multiple operations either in one country or with one dfcs columns and rows cannot be directly aggregated.



**Table 3: Average size of allocations approved (mECU)**

	Africa			Caribbean	Pacific
	West	Central	East		
Average size	0.67	0.39	0.40	0.28	0.14

over time, to be mutually advantageous, providing the EIB with a useful insight into the realities of the local investment climate, and the d.f.c.s with the possibility of benefitting from the EIB's broader experience, particularly in the field of project appraisal. Frequently, through successive global loans, the relationship between the EIB and many d.f.c.s dates back 10 years or longer, thus contributing towards rapid, flexible and effective working procedures.

**Table 4: Size of the final beneficiaries (% of allocations)**

No. of employees		Volume of sales (mECU)	
0 - 50	62%	0 - 1.0	42%
51 - 100	14%	1.1 - 2.0	18%
101 - 200	11%	2.1 - 3.0	10%
> 200	13%	> 3.0	27%

### Some general facts

As shown in Table 1, in aggregate terms, the EIB has supported 50 d.f.c.s in 40 ACP countries through 123 operations, mainly in the form of global loans, for an aggregate amount of ECU 431 m. At 31 December 1987, a total of 595 allocations had been approved for the financing of an approximately equal number of projects.

Assistance to d.f.c.s is the single most important activity of the Bank under the Lomé Conventions, accounting for 22% and 29% of total loan commitments and total number of operations, respectively. Both own resources and risk capital have been used. A total of ECU 277 m of own resources have been committed through 41 different global loans for long term lending, while ECU 154 m of risk capital have been used to finance a variety of different types of assistance (Table 2), including pre-investment feasibility studies and equity participations. The latter have contributed to help promoters to

arrive at a better definition of their investment plans and to bridge critical equity gaps that are often a major constraint to successful project implementation. In addition, risk capital has been used to fund direct equity participations by the EIB for the account of the Community in a small number of d.f.c.s.

Support for the SME sector has increased over time. During the period of Lomé I, the Bank committed ECU 95 m, while in Lomé II this amount increased to ECU 179 m and, in the first one and half years of Lomé III, ECU 125 m was made available.

**Table 5: Origins of Shareholding (% of allocations)**

	African	Caribbean	Pacific
Majority foreign	10%	4%	12%
Majority local	88%	96%	85%
Mixed	2%	—	13%

### Sectoral distribution of allocations

Figure 1 shows the break-down of the allocations financed by type of economic activity. As expected, allocations in the agro-industrial sector account for the largest proportion (23% in terms of total amount and 21% in terms of number), followed by tourism (in particular in the Caribbean and Pacific), and textiles. This reflects the factor endowment of most ACPs where the importance of agriculture, the emphasis on food self-reliance, as well as the export potential in this area, often provide attractive investment opportunities. The

**Table 6: Destination of output (% of allocations)**

Export-oriented projects	16%
Import substitution projects	63%
Non tradable	21%

remainder of the portfolio is fairly evenly distributed. No particular trend is revealed when analysing the sectoral distribution over time or across the ACP region. In general, the rate of utilisation of the funds by the d.f.c.s has slowed. This reflects the difficult economic environment in most of the ACP countries and, in recent times, the reluctance of local entrepreneurs to borrow in foreign exchange during a period when local currencies have been subject to large devaluations. The foreign exchange risk (who should bear it and in what circumstances) has become a critical issue when deciding the terms and conditions of the Bank's global loans.

**Table 7: Equity contribution**

Equity funding of project cost	% of allocations
0 / 20%	14%
20 / 30%	17%
30 / 40%	41%
40 / 50%	17%
over 50%	11%

### Size of allocations, cost of projects and type of final beneficiaries

Without attempting to arrive at a definition of what is a small or a medium scale enterprise in the ACPs, which will vary from country to country, the statistics presented below briefly review the size of the allocations, the cost of the projects financed and the type of final beneficiaries. The figures shown in Table 3 confirm the small size of most allocations, albeit higher in the case of West Africa, which incorporates Nigeria. In over 70% of allocations the funds lent financed less than half of total project cost.

An analysis of the size of the projects financed clearly reveals that these fall within the SME sector. On aggregate, the average project had a total cost of ECU 1.4 m. A more detailed analysis reveals, not surprisingly, a strong correlation between the average size of project and the size of the domestic market.

Similarly, an analysis of the size of the final borrower, using as indicators the number of employees and the volume of sales, confirms that, in



**Table 8: Grace period granted by dfc.s to their clients**  
(% of allocation)

Grace period (years)	% of allocations
0 / 0.5	19%
0.6 / 1.0	30%
1 / 1.9	36%
more than 2 years	15%

general, the Bank's global loans have been used consistently with the original objectives of this type of operation (Table 4).

### The ownership structure of the project financed

Almost all the dfc.s in the ACP countries are prevented by statute from funding majority-owned public

**Table 10: Project's ERR (%)**

ERR	% of allocations
0 / 10%	3%
11 / 20%	20%
more than 20%	77%

the remainder supported existing enterprises with 2/3 of the allocations providing finance for expansion programmes, and 1/3 for rehabilitation and modernisation.

In terms of impact on the balance of payments, defining as export-oriented those projects that at the time of appraisal exported more than 50% of their output, the figures indi-

**Table 11: Distribution of project's ICOR**

ICOR	% of allocations
0 / 1	29%
1 / 2	43%
2 / 3	20%
>3	8%

oriented projects has been observed and the reduction in terms of import dependency has been insignificant, suggesting that the expected structural changes in the economy are only just beginning to work through.

### How the projects have been financed

In the case of project financing, the data shows that while, typically, projects have been funded with a standard debt/equity ratio of about 2:1 (requiring, in general, equity contributions in the region of 30 to 50%), as shown in Table 7, the range of gearing has been fairly wide.

It is also apparent that equity requirements are usually significantly higher for new projects than for extension or rehabilitation of existing investments. Although hardly surprising, this corroborates the widely held opinion that the start-up of new enterprises is, almost invariably, the most critical stage, often requiring a level of equity participation that excludes otherwise viable entrepreneurs.

Furthermore, as shown in Table 8, it is possible that the grace periods have been too short. Whilst they may have been adequate to protect the investors during the implementation period, they have offered little margin for the difficulties often encountered in the start-up phase. As a result a number of dfc.s have had little option but to extend the grace period.

### The economic impact of the projects financed

The economic impact of EIB operations in favour of the SMEs is difficult to measure. However, amongst various potential indicators, creation of about 25 000 direct jobs and cost per job created of about ECU 35 000, as

**Table 9: Employment generated**

GDP per capita (US \$)	Africa			Caribbean	Pacific	Total
	West	Central	East			
< 450	522	3 357	5 175	—	—	9 054
450 / 900	5 580	4 162	—	548	273	10 527
more than 900	—	170	2 727	2 339	459	5 695
Totals	6 102	7 689	7 902	2 887	696	25 276

enterprises. Hence the Bank's involvement with the dfc.s has mainly helped to promote private sector development, principally under local ownership, but with frequent foreign participation in management, particularly for larger projects in Africa. Table 5 shows a breakdown of the allocations by regions according to the geographical origin of the project's equity capital.

Table 5 also shows an absence of a mixture of local and foreign shareholding, indicating that, in practice, "joint ventures" in the SME sector are either rare or that they are financed without recourse to the dfc.s. It was found that in 54% of the projects the shareholding was wholly held by one family, or the enterprise was a so called "one man business" where ownership and management closely overlap.

### Types of projects financed

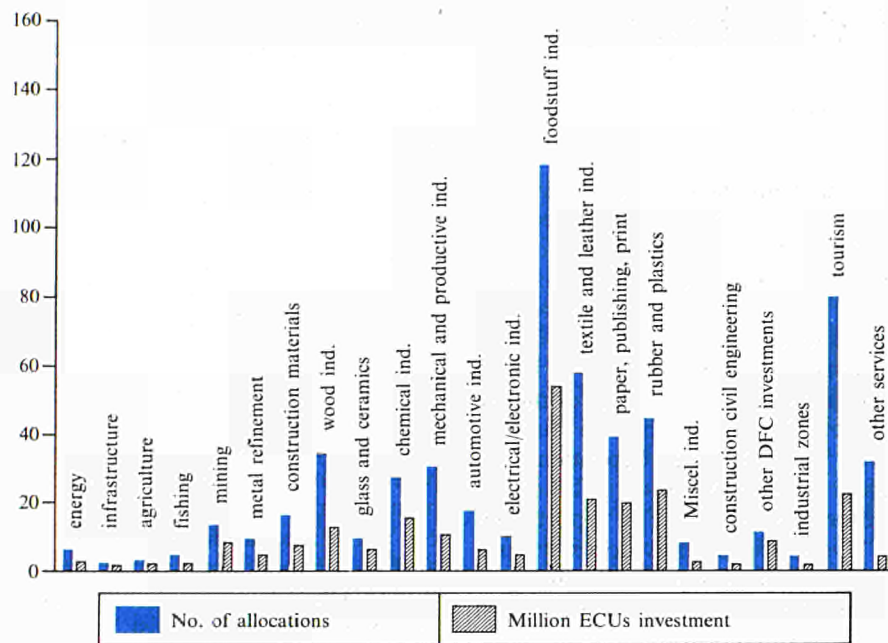
Approximately 60% of the allocations benefitted new projects, while

cate the weak export bias of the manufacturing sector in the ACPs. This is usually heavily dependent on import substitution enterprises which are highly vulnerable to exchange rate fluctuations and to changes in the trade protection régime (Table 6). The preponderance of import substitution projects is one of the principal causes of the deteriorating financial condition of most dfc.s. With large devaluations and trade liberalisation measures, a significant proportion of import-dependent import substitution projects have been unable to face the new economic realities, and a number of them have met serious difficulties. In about one half of the allocations, the projects concerned imported more than 20% of their input requirements.

The recent trend towards greater economic liberalisation should induce a shift away from the import dependent/import substitution type of project. However, so far, only a small increase in the number of export-



Figure: Breakdown of allocations by economic activity



foreseen at the time of appraisal (ex ante), give an illustration of the significant contribution that this type of activity has had on the economies of the ACPs.

The employment generated is well distributed across income groups, with a greater concentration in lower income countries where projects tend to be more labour-intensive. The cost per job is considerably below that found in the Bank's direct lending operations.

The best single measure of the economic impact of a project is its economic rate of return (ERR). Unfortunately the ERR is difficult to calculate accurately and it is sensitive to different assumptions and methods adopted, and accordingly it has not always been possible for the dfc.s to estimate. Bearing in mind these limitations, an analysis of a representative sample of allocations indicates that, compared with a standard cut-off ERR of 10%, a large proportion of the allocations have ERRs greater than 20%. Table 10 gives a more detailed distribution.

This indicates that, in general, the projects financed should provide a good return on the factors employed. More refined analyses, to determine the existence of any significant variations according to sectors, geographical areas and others features, though

of considerable interest, have not been carried out due to the weakness of the data available.

An additional indicator that gives a good understanding of the economic attractiveness of an investment is the incremental capital output ratio (ICOR), which measures the amount of capital required to generate a one unit increase in output. This ratio is important because it determines the impact of individual projects on the overall growth rate of the economy (the lower the ratio the greater the impact). Although the methods of calculation are not always homogeneous and the results presented have to be interpreted with caution, Table 11 illustrates that the projects financed have satisfactory "ex ante" ICORs in the region of 1 to 3.

In spite the apparently high "ex ante" ERRs, recent "ex post" evidence has revealed that many projects have had difficulty facing up to trade liberalisation and exchange rate adjustment that have recently occurred in a number of ACPs. In particular, because of foreign exchange shortages and management problems, implementation periods have been considerably longer than foreseen, and capacity utilisation rates lower. This reveals that in many cases the assumptions made at the time of project appraisal have been too optimistic

concerning the ability of projects to survive in a more competitive environment.

### Summary

The results of the statistical exercise carried out highlight some of the difficulties encountered when financing small and medium scale enterprises. Experience suggests that, in practice, it is difficult to arrive at any meaningful generalisations. On the contrary, the choice of the projects and the methods of financing have to be carefully adapted, case by case, to the practical circumstances and to the specific economic and financial environment within which the projects will have to operate. This requires close collaboration with the local financial intermediaries selected for the channelling of EIB global loans. The importance of being able to rely on efficient, independent and financially sound banking intermediaries in the ACPs has become more and more evident in recent times. With the changes introduced by the ongoing processes of liberalisation and structural adjustment, investment decisions require an increasingly sophisticated understanding of the forces at work. The devaluations of local currencies, the reduction of custom duties and the introduction of market-determined prices, have deeply affected the viability of projects and required difficult decisions. The competitiveness of previously sound projects has often been threatened but, at the same time, new opportunities have been created. Import substitution investments are now looked at with much greater attention, while export-oriented activities, based on the utilisation of domestic resources, are given priority. In the new context, the efficient utilisation of resources for the development of the small and medium scale enterprise sector demands a dynamic and market-oriented decision-making process. For this reason, the EIB is attributing increasing importance to the selection of the financial intermediaries. The strengthening of development banks and, in certain cases, if necessary, a gradual diversification of the intermediaries, are likely to become increasingly important factors to be carefully appraised by the EIB when channelling resources to the ACPs for the support of the small and medium enterprise. ○



## Rural savings: a neglected dimension of rural development

by Farhana Haque RAHMAN (\*)

There is nothing new in the realisation that hundreds of millions of people in the Third World are suffering from hunger and poverty, and that most of them live in rural areas, where they are dependent, directly or indirectly, on agricultural production. There is also nothing new in the awareness that many developing countries face serious short and long term problems due to escalating national debts caused, in part, by an increasing dependence on food imports and foreign currency loans. What is relatively new is the growing recognition of the important role rural savings can and should play in the effort to improve the lives of the rural poor and the health of rural and national economies.

There is widespread agreement that rural families, rural communities and developing countries as a whole must somehow become more self-sufficient in food production and must generate greater internal resources for financing current needs and future development. Programmes undertaken by governments and international development agencies to achieve this goal have taken a host of forms: the introduction of improved agricultural technologies, irrigation schemes, extension services, the provision of credit to small producers and many more. The contribution that personal savings can make, however, has generally been ignored.

Fortunately, this is beginning to change. The importance of mobilising savings was highlighted by the Third United Nations International Symposium on Mobilisation of Personal Savings in Developing Countries held in Yaoundé, Cameroon, in December 1984. The overall context was set by the report of the prior Paris Meeting of Experts in May: "The growth of the developing countries is essential to the economic and social progress of the Third World, which is a necessary condition for a balanced world. This

growth depends largely on the availability of financing. In this connection, it appears that the mobilisation of domestic savings has an increasingly decisive role to play because of the magnitude of the international financial crisis... If development is based to the maximum extent on domestic resources, it is possible to finance growth that is less dependent on external resources, less inflationary and more regular". The report goes on: "Domestic savings do exist on a larger scale than is generally thought, and unused reserves of savings exist as well... Furthermore, the developing countries do have untapped savings potential".

However, in most developing countries where domestic savings programmes exist, mobilisation has concentrated on the urban, industrial sector; the rural sector has been generally ignored. Yet if only because of sheer numbers and the need to channel financial resources into agricultural development, an effective mobilisation of rural savings assumes a high priority and may even be, as Auguste Daubrey claims, a necessity<sup>(1)</sup>.

The benefits of mobilising rural savings are obvious. On the individual family level, savings—even small amounts—can make a significant difference, giving people a measure of independence and control over their lives and future they otherwise would not have. Savings mean capital which can be used to maintain or increase agricultural production through the purchase of seeds, fertiliser, livestock, tools, etc. or investment in small income-generating businesses. Savings also can be used to cover the expenses of such things as weddings, births and funerals, and serve as a cushion against crop failure and other emergencies. They can help free people from reliance on local moneylenders, whose often exorbitant interest rates

trap the poor in a vicious spiral of mounting debt.

On a broader group or community level, an effective savings programme would permit this same self-determination, providing resources to finance collective improvements such as irrigation, planting stands of fuelwood trees, building roads and village centres. On the still-wider national level, it could strengthen the national economy by enabling the agricultural sector to become more productive and self-financing.

This is all very fine in theory, but can rural savings really even play anything but an insignificant role in local and national agricultural development? Isn't the relative neglect based on a realistic appraisal of the facts and past experience? These are questions which cannot be casually brushed aside as defeatist.

One of the problems in assessing the present impact and future potential of savings by the rural poor has been that, for a number of reasons, accurate data on the rural financial market in most developing countries is scarce and vague at best. The assumption that the "penny market" is too minor to warrant serious study has played a part. So has the nature of this "penny market" itself, where a great deal of financial activity is carried on by a thinly dispersed population through an amorphous network of "informal" institutions — moneylenders, traders, relatives, etc. Transactions generally involve small sums, and record-keeping, if it exists at all, is crude and incomplete. Thus, even with the best of intentions, analysis of the present scope and future potential of rural savings is extremely difficult. And much of the data that is available lumps urban and rural economies together, compounding the difficulty.

Added to the lack of reliable data are two broad assumptions that appear to militate against the idea that really meaningful rural savings programmes in developing countries are possible. One is that, despite their huge numbers, small farmers and fishermen and pastoralists are simply too poor to save even if they wanted to. The second is that the logistics of setting up personal savings systems that would actually serve a dispersed

(1) Daubrey, Auguste, "Mobilisation of Savings for Rural Development in Africa", *Savings and Development*, ed. Kessler and Ullmo.

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rural population are insuperable and the costs prohibitive.

These two assumptions are not without basis in fact. The pressures of day-to-day survival, the lack of education, unfamiliarity with, and distrust of, outside, "official" institutions like banks certainly inhibit the ability and even willingness of the poor to save. Often when they do save, it is in kind, not cash — live-stock, foodstuffs, jewellery, etc.; they wish to see and touch their assets, not risk depositing them on invisible paper. And there may be the irresistible temptation to use "excess" income for immediate consumption rather than to save it for an indefinite future.

Rural populations tend to be so widely scattered, especially in Africa and Latin America, that to provide them with saving facilities is a major problem. Even in areas where population density makes reaching the people easier, the cost of staffing and paperwork for handling a large number of small accounts may make the operation uneconomical. A further complication, at least for developing a coordinated national savings system, is the problem of adapting urban-based financial procedures to rural conditions and clientele, and to the competition from local informal institutions. Finally, there is the complex problem of rural credit and its possible negative effect on saving: where interest rates are deliberately set low to make loans more available and attractive, the incentive to save may be undermined; if interest rates on deposits are also set commensurately low, the incentive is further reduced.

However, true as these facts and assumptions may be, there is growing evidence that the problems are not as insurmountable as has been supposed and that, given the right structures and approach, the poor can and will save.

Indeed, the experience of the International Fund for Agricultural Development (IFAD), which for over a decade has been initiating and financing assistance to the rural poor throughout the developing world, has led it to incorporate savings mobilisation in a increasing number of its projects.

Rural savings programmes are not new and they exist in a variety of

forms. Some operate on a national scale, others at a more restricted, local level; some are handled through established formal banks, others through informal, grassroots institutions, while still others have developed from small local initiatives into more structured, widespread operations. Most are linked, in one way or another, to credit, one of the keys to agricultural development. In fact, it is becoming clear that personal or group savings are an important factor in the success of rural credit programmes themselves. Adams and Vogel are not alone in believing that "institutions that mobilise savings as well as lend are more likely to be viable than intermediaries that only lend". "The volume of resources that can be obtained through effective programmes of savings mobilisation and loan recovery", they observe, "is potentially far greater than the most optimistic estimates of the amount of subsidised loans and grants available from governments and donors".

A scheme which has become a model for helping the most destitute of the rural poor, especially women and the landless, is the Grameen Bank in Bangladesh. Started as an experiment in a single village in 1976, the Bank, with the help of IFAD financing, now has over 500 branches serving 10 552 villages. While its primary function is to make credit available to people without resources—people whose lack of collateral makes them ineligible for formal bank loans—savings play a vital role. Groups of five people each constitute the mechanism through which credit is disbursed. Each group must set up two savings funds: a Group Fund upon which members can draw in emergencies and an Emergency Fund to cover possible defaults. The first is built up through regular weekly deposits by each member and by a required contribution of 5% of any loan received; the second is fed by a required deposit of 25% of loan interest. In spite of the desperate poverty of all members, they have been able to accumulate significant savings: by 1986, the combined Emergency Funds held TK 20 million and Group Funds TK 105 million, a total of some \$5 million.

The success of the Grameen Bank has led IFAD to incorporate compul-

sory, regular savings into an increasing number of its rural credit projects. When the Small Farmers Development Project in Nepal was started in 1975, group savings formed an essential part of the credit and extension assistance programmes. The recently launched Smallholder Agricultural Credit Project in Malawi exactly replicates the Grameen Bank's innovative Group and Emergency Funds. In the recently implemented Income Generating Project for the Rural Poor in Indonesia, borrowers must have saved 10-20% of the amount they request for all loans after the first. While the Village Development Fund Project in Mali, initiated in 1982, takes quite a different approach—the entire village is the group which saves and disburses credit—collective savings form the heart of the resources 160 villages can tap for productive investments and general community welfare.

All of these successful programmes share, to varying degrees, five characteristics: 1) regular small deposits by a significant number of people organised into relatively small, cohesive groups; 2) the presence of trained, motivated workers who mediate between the people, and "bank", who often, as one of the mottos of the Grameen Bank puts it, "bring the bank to the people, not the people to the bank"; 3) group self-determination — that is, the freedom of the savers to choose how, when and often under what terms to use deposited reserves; 4) an effective linkage between the savings institution and local economic and social patterns; and 5) the combination of the savings programme with a credit facility for depositors. All demonstrate that effective, economically viable savings programmes can be designed and implemented, and that given the chance and encouragement, the rural poor can and will save.

While the mobilisation of rural savings cannot in itself bring an end to the crisis of hunger and poverty in the Third World or resolve the economic problems many developing countries face, it can make a significant difference. It is a way for individuals, communities and nations to help themselves by providing the resources they need to invest in their own future. ○

F.H.R.



# Training in small and medium enterprises

by Peter BOCK (\*)

## What does SME mean?

As to what SME's are, the Georgia Institute of Technology alone has compiled more than 50 definitions. Without adding another one, it should be clear that we are not only dealing with producing activities according to the International Standard of Industrial Classification (ISIC) but with non-producing activities as well. These activities may be formal or "informal", traditional or modern ones. In short, most people either living in urban or non-urban areas are involved either part-time or full-time with SME activities.

## Small and medium enterprise promotion instruments

Most promotion measures comprising training as part of them, reflect a policy of pursuing desired economic growth, directed to create income generating jobs via technical progress. Industrial estates are widely spread: planned to attract mainly manufacturing enterprises, a plot of land is supplied with infrastructure, e.g. roads, power supply, producing facilities, etc. Further, assistance is offered in fields such as industrial lay-out, production techniques, marketing, and financing. Quite often enterprises on industrial estates depend on imported raw material which has to be paid for with foreign currency. Foreign currency problems may easily lead to the closing down of a complete estate, as well as delay in obtaining spare parts or raw materials.

Next to, or within, an industrial estate are sometimes to be found service centres, outfitted for producing and repairing activities. The centre may offer an active service, e.g. a certain product/tool produced in order to be imitated by customers for local needs, or a passive service, where customers can use the facilities of the centre.

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Similar to service centres are advisory services. They are not outfitted with producing or repairing facilities, but dispose only of advisers, offering active or passive service.

In order to finance industrial settlements, many countries use Development Banks, mainly refinanced with foreign funds. And in order to identify adequate entrepreneurs, so called Entrepreneurship Development Programmes (EDP) are designed. Starting in the 1960s in India, they spread over Asia and to a small extent to African countries as well. These programmes refer to formal classroom-based activities, which include Achievement Motivation Training (ATM), but may cover marketing, financing, management and other skills including technical training. ATM in this context describes formal classroom-based activities which are specifically designed to develop entrepreneurial attitudes rather than to teach particular techniques.

As to training measures for people involved with SMEs, we can distinguish long term training in a respective centre, on the spot or abroad, mainly in modern western institutes, or short term measures, for example based on ILO Module Curricula. These curricula concentrate on short selected training items instead of a complete long term training course, e.g. rather than being trained to become a car mechanic, the trainee only learns specific skills such as repairing a tyre, or servicing a car, thus enabling him to start a small business in a specific field.

## SME training experience

Despite all these seemingly very effective promotion instruments, SME promotion, with the exception of very few countries, can be regarded as a nearly worldwide failure in the Third World and the target of economic growth seems to be further away than maybe two or three decades ago. Catching up on Western technical development apparently does not work in many countries.

Most people involved in SME promotion blame two factors for this failure: the insufficient number of adequately trained trainers for SME promotion and of entrepreneurs. Only a microscopically small number of people can be reached through training and other measures. Therefore most efforts are directed at training more trainers and entrepreneurs, with, up to now, very limited success. But looking closer at the training concepts used, the curricula and the performance of trainers, we find some prevailing characteristics to explain this problem:

— Training is based mostly on curricula for formal training. The SME trainer is acting as "teacher" and the trainee is supposed to be the "pupil". In order to be respected and accepted by the "pupil", the trainer focuses his teaching activities on contents he knows, and very often on modern technical and economic know-how. Elaborate curricula normally do not sufficiently respect existing cultural heterogeneity between the Third World and the Western World. Furthermore, existing traditional skills, regarded as not being up to date any more, are neglected and tend to disappear. And, above all, the huge "informal sector" working force is nearly not touched at all: either because the trainer does not know how to approach this "sector" or does not



*The classical training environment. A practical training course for brick-makers in Malawi, covering selection of soils, new firing techniques and proper business management*



want to be involved with "informal sector" activities.

Furthermore even skilled trainers, either in technical fields (if not already working in better-paying OPEC or other countries) or economic fields, tend to restrict their training activities more and more to pure theoretical classroom activities. The number of service and/or training centres, where the existing equipment is practically unused, is not known but, based on the author's experience in Africa and Asia, must be incredibly high. This tendency of being reluctant to use existing equipment for training and refrain from "fieldwork" can quite often be explained by a certain (un)conscious fear of the trainer when dealing with SME customers of showing his inexperience in practical matters.

The most important first step is the selection of future "adequate" SME trainers. But there is no valid existing recipe on how to select them. After some failures, when selecting candidates based on formal criteria, such as educational background, professional experience etc., the author tried another approach, which might be used in other SME projects. Without relying on any certificate from a candidate, potential candidates were pre-selected through an interview. During this interview the motivation of the candidate for the job as trainer was sought. The candidates were then asked to make a short profile in the form of a table of a village or only of a street next to their normal surroundings containing existing SME activities. This information normally could only be obtained by carrying out dialogues with SMEs. On average only one out of 10 candidates came back with information covering not only some formal, mostly modern, enterprises but "informal" ones as well and was thus recruited.

The selected trainers, advisers or animators following an informal training approach admit to the fact that they do not possess, when starting their job, any specific technical or economic skills. But they should possess the capability within their normal surroundings to carry on a dialogue as respected partners with target group members, including everyone in the family. The same dialogue capability should exist for carrying on

dialogues with so-called "opinion leaders". The informal training then starts as a process which can be best described as "learning by doing". During this process the trainers, a better expression used quite frequently is animators, collect as much information as possible about their respective surroundings with regard to SME activities, and other activities as well, based on dialogues. For quite a long time the trainers are in the role of "pupils" from where they slowly turn into competent partners for specific SME-related activities and others as well. The received information and knowledge is regularly discussed within the team of animators. Within a sometimes lengthy process, the real problems of target group members are identified together with them. In most cases, the first problem stated by the SMEs is lack of capital. But usually cases this problem is not of first priority. Another problem stated quite often is the lack of modern equipment. This problem as well is normally not of first priority. The real problems can be quite different and differ from region to region, town to town, thus making it impossible to elaborate formal training curricula in order to solve them. For "informal" entrepreneurs the fact that they normally do not possess a formal status and risk, maybe every day, being removed by local authorities, can be their biggest problem. Other entrepreneurs may have serious problems dealing with authorities or banks or might be suffering from weak infrastructure. Sometimes they quite simply do not know who in their neighbourhood has a better specific technical knowledge than they have. The trainer or animator in most cases, at least in the beginning, cannot offer a solution himself, but, contrary to most entrepreneurs, he has time to look for solutions and in most cases will find them.

This means in practice that the SME trainer/animator is quite often in the role of a go-between, either between target group members during a process where they try to find solutions on their own, or between target group members and other entrepreneurs, institutes, authorities etc. who can give assistance in a specifically needed field. This approach to SME promotion by a process of "learning

by doing" on both sides has become more and more attractive during recent years. There are main two advantages to this approach: more "informal" entrepreneurs will be contacted and, last but not least, assisted, and, in case of needed technical training, training contents are based on the experience of a village or a town of the respective region. In some cases needed know-how can be found in appropriate technology institutes abroad. Quite important for this informal training approach is the necessity, within SME promotion, not only to look at the enterprise alone but to include all aspects of human life.

As to the status of trainers, or animators, some prefer trainers working within non-governmental organisations (NGOs). This might be correct, but we have to admit that, worldwide, only very few "good" NGOs can be found, and these few are in most cases overloaded with foreign aid. Therefore, depending on the specific situation of a region or a country, two options, either within an NGO or a public agency, e.g. a provincial planning board, can be favoured.

But whether following a formal or informal training approach, it should be clear that SME activities cover the whole so-called "informal sector". According to ILO estimates, varying from country to country, up to 80% of the workforce of a country can belong to this sector. Many of them, not corresponding to a wanted pattern of modern entrepreneurship, are even marginalised. Even with a huge number of qualified SME trainers it should be clear that economic growth and the fulfillment of at least basic needs is not possible for most of them.

Perhaps the most significant lesson for the future of training the managers and operators of SMEs is that training must come to the operators, and not the other way round. And that training itself has probably not been viewed correctly: the real needs are for information, guidance, support and linkages and not formal "chalk and talk" instruction. In the last analysis, trainers must accept that the potential trainees probably know their job best — what they need is help in overcoming the constraints.

P.B.



## Women in SMEs: an African example

by Emmanuel K. BOON (\*)

Interest in the role women play in the socio-economic development of the nations of the world, particularly those of the Third World, was kindled by the declaration of 1975 as International Women's Year, the United Nation's Decade for Women: Equality, Development and Peace (1975-1985) and the three World Conferences on the subject held at Mexico City (1978), Copenhagen (1980) and Nairobi (1985) (1). There have since been numerous contributions by various experts and writers on the subject. The role of women in the development of the Third World has received special attention.

### The problem

The problem of women in socio-economic development, in Africa and the Third World in general, may be summarised thus:

"Women are half the world's population, one third of the world's labour force, have one tenth of the world's income, own less than 1% of the world's property, and number two of every three illiterates" (2).

The rectification of this situation in Africa urgently demands a more active involvement of women in the development process. The constraints that prevent women from participating fully in socio-economic



E.K. Boon

### Commerce: a Market Queen for waxed prints in Accra

*"Queen Mothers are responsible for defending the business interests of the members of their respective markets"*

development in Africa must be identified and corrected. The under-estimation of women's contribution to development is the major problem. Child-bearing and caring as well as subsistence and household chores are performed largely by women, but these activities are often excluded from national accounts. The use of data from such accounts for development planning purposes constitutes a fundamental bias against women.

The 1974 Congress of African and Arab Women held in Cairo, for instance, drew attention to this problem by pointing out the significance of women's activities and their contribution to development:

"Something in the region of 60% to 80%, 90% in some places, of the traditional agricultural work is carried out by females. They clean the fields or prepare the soil for the sowing and reaping. Rain or sunshine, twice or three times a day, they walk for miles to fetch water, at times carrying their little ones on

their backs; they fetch firewood and see to the needs of the children, the old and the adult males of the family. They clean, cook, conserve the produce, and sometimes they look after the domestic animals...

They are expected to perform all this without proper training. In comparison, the man spends less time in the fields, less on housework and has less onerous duties. And he has the training leverage too. And monies women may earn from selling farm produce is customarily handed over to the man; should they then need some extra cash to spend on the families' needs or on food, as often as not, they have to fight for it with the husband or head of family" (3).

It is clear from the above citation that women face formidable problems as entrepreneurs and economic agents. These problems include obsolete traditional, patriarchal and religious values, outmoded marriage norms, polygamy and likely divorce in old age.

A woman's almost exclusive restriction to the bearing of, and caring for, children at home, engaging in strenuous agricultural activities and managing the home in addition does not give her an opportunity to engage in economically lucrative jobs or to become active in public life. Moreover, the arduous nature of tasks women perform has very serious health consequences on them and their children in the long run.

Furthermore, educational opportunities for women are limited and this significantly contributes to the widespread economic discrimination practised against women. By virtue of their better training, men in general tend to appropriate the more lucrative employment opportunities that become available, especially as a result of the introduction of modern technology.

(3) The Ghanaian Woman, July-September 1974.

(\*) Lecturer, Management Studies Unit, School of Administration, University of Ghana, Accra, Ghana.

(1) — The World Conference of the International Women's Year, Mexico City, 19 June to 2 July, 1975, United Nations Publications, Sales No. E 76 IV.1.

— World Conference of the United Nations Decade for Women: Equality, Development and Peace, Sales No. E 80 IV.3 and corrigendum.

— Report on the Role of Women in the Development Process, ACP-EEC Joint Assembly Working Documents 1985-1986, 11 September 1985.

(2) The Courier, No. 91 — May-June 1985.



## Redressing the problem

Small and medium-sized enterprises dominate almost all sectors of the economies of Africa including Ghana's. In Ghana, for instance, it is noted that as far as directly productive activities are concerned, there is a mass of relatively small Ghanaian craftsmen, but is impossible to be specific about the size of their contribution to GNP.

Women are, to a very large extent, involved in the operation of these enterprises. However, the definition of small or medium-sized enterprises varies from one country to another. In fact, it is doubtful whether a definition can be arrived at which will apply with equal validity to all African countries.

Enterprises may, for instance, be said to be small or medium-sized in terms of employment, capital used, sales turnover, physical size or even the number of production units involved. In Ghana, employment seems to be the most important criterion used in defining the size of enterprises. Small-scale enterprises refer to those that employ between 1 and 29 persons and medium-sized enterprises between 30 and 200 persons.

A pertinent question to ask is what role women play in the development of small and medium-sized enterprises in Africa. Ghana is used as a case study and three sectors of her economy—agriculture, commerce and manufacturing—are examined to establish the relative involvement of women. Finally, the problems they encounter in the management of these enterprises are highlighted and proposals suggested for their redress.

## Focus on Ghana

Encouraging women to establish and operate viable small and medium-sized enterprises in Ghana will in the long run lead to a significant improvement in female incomes, greater progress in overall socio-economic development, reduction in poverty and lower birth rates. The agricultural, commercial and manufacturing sectors will now be exam-

ined to find out the participation of women.

## Agriculture

Agriculture is the single most important activity, in terms of employment and contribution to GNP, in Ghana. Agricultural production is dominated by small-scale peasant activities in which women are very much involved. They produce, process, prepare and serve food to their families. Children, particularly girls, are widely engaged in the agricultural sector and increasingly employed as hired agricultural labourers. The practice dates back to the colonial era:

"...a large number of children in this colony are engaged daily in heavy weight carrying. It is in fact their daily occupation... and it is not unusual to see immature children amongst them." (4).

In spite of warnings against the practice, it continued unabated:

"I was forcibly struck by the number of young adults, principally girls, who were carrying loads of cocoa that were evidently quite beyond their physical strength... there is little doubt that such continued physical strain in early adult life would certainly have a very harmful effect on the future of the race."

The significant role being played by women in agricultural production in Ghana is supported by documented statistics. In 1960, the share of female employment in agriculture in the country was 58.4%. The figure fell to 54.5% in 1970 but rose to 56% by 1984. Most women are involved in food cropping which in 1960 accounted for 66.8% of female employment in the sector; the figures for 1970 and 1984 were 70.3% and 73% respectively.

## Commerce

Commerce is the second most important area where women are

actively involved in Ghana. Market women in the country—popularly referred to as "market mammies"—have a long-established role in small retail trade, and some of them have built up substantial business interests and are an important source of finance for other businesses. Ninety-nine per cent of women in commerce in 1960 were retail traders. The figures for 1970 and 1984 were 98.5% and 90% respectively. During the sixties, 85% of the traders who turned up at the various Accra markets were women.

The organisation of markets in Ghana is well structured. They are organised and managed by elected "Queen Mothers" who, in the urban centres, represent retailers selling the same type of goods. In the rural areas, however, they represent both the supplying and trading farmers.

The Queen Mothers are responsible for defending the business interests of the members of their respective markets. They do so to ensure that retailers have a fair share of space and supplies, regulating supplies in times of scarcity to ensure the highest possible selling price, and acting as guarantors for retailers. The Queen Mother is also responsible for settling disputes between traders in her group and represents them in all fora including disputes with other market traders or wholesalers.

## Manufacturing

The participation of women in industry during the last two decades in Africa has increased by almost 3% to just under 20%. This is regarded to be a significant improvement since the proportion of women in the total workforce has not increased.

As far as West Africa is concerned, it is noted that women's participation in small-scale industries and handicrafts is very appreciable, although it is difficult to assess it accurately.

According to industrial statistics in Ghana, there were some 92 095 small-scale industrial enterprises in the country in 1962 engaging on the

(4) "Child Cocoa Carriers". Pro Co 9654626081 (1.7.1914) cited by Van Hear, N., "Child Labour and the Development of Capitalist Agriculture in Ghana", *Development and Change*, Vol. 13, No. 4, October, 1982, p. 501.



average 2.7 employees per establishment and using very simple indigenous technology.

Many of these enterprises were one-man concerns or small family enterprises employing no outside labour. Ninety-two per cent of them had no paid employees, and only 1% had five paid employees. Often, the rural economy, in particular, depends on products made by women engaged in small-scale manufacturing activities. A study conducted by the World Bank in 1987 revealed that there were as many as 130 000 small-scale industrial enterprises in Ghana. These establishments engaged between 10 and 29 persons in urban areas.

Although the manufacturing sector was dominated by men in 1960, by 1970 and 1984, women in the sector outnumbered their male counterparts by 312 000 and 192 000 respectively. The rate of female participation in industry in the capital city of Ghana, Accra, was about 55% in 1965. Most women in manufacturing are found in local food preparation and processing, including fish-smoking, soap-making, palm oil, coconut and groundnut oil extraction and gari processing, etc.

### Problems and strategies

Although female participation in small and medium-sized enterprises in Ghana has increased significantly over the years, their operational efficiency has been hindered by a catalogue of problems. Women in small and medium-sized enterprises in the country have often cited the lack of education and training and access to bank credit as their most serious problems. However, the problems of most female small-scale entrepreneurs in Ghana may be classified into two groups—non-involvement in the decision-making process and lack of effective organisation and co-ordination of women's economic activities.

The latter problem further tends to exacerbate the situation of female entrepreneurs. For instance, without proper organisation, women have only limited access to proper education and training, finance and credit

facilities, raw materials, appropriate technology and markets for their products.

Women should be involved in the policy-making and planning processes. Bodies like the National Council on Women and Development (NCWD), the Ghanaian Enterprises Development Commission (GEDC) and the National Board for Small-Scale Industries (NBSSI) could be of great assistance in encouraging women to participate in the formulation and implementation of policies relating to the promotion and development of enterprises in Ghana.

The limited educational and managerial training opportunities for women in Ghana is a major factor that has prevented their full involvement in the development planning process. Good education is essential for effecting a positive change in the existing negative cultural attitudes and traditional stereotypes which constitute the basis of discrimination against women. Both formal and non-formal education should be provided for women in order to enhance productivity and the economic viability of their enterprises. Women should, for example, be exposed to basic principles of management and book-keeping. The mass media also has an important role to play in the general education of women.

The absence of an effective organisation structure to support women engaged in small and medium-sized enterprises is another problem. A co-operative system of organisation that is based on product lines would be helpful in resolving the problems of access to finance, raw materials and appropriate technology.

The drudgery of women's work and its health hazards should be eliminated through the introduction of improved technologies. More resources need to be channelled into research on innovation and relevant technologies for women. The results of such research should be made known to extension agencies and the mass media who can spread it to women in need. However, the introduction of new technologies for women, especially rural women, should be preceded by an appraisal

of the social and economic factors that affect their daily chores.

Non-availability of credit facilities is a fundamental problem that prevents many women from engaging in productive enterprises or expanding their businesses. Small and medium-sized female entrepreneurs have very little access to bank credit mainly because of bureaucracy and high interest rates which are between 23-30% per annum. There is an urgent need for the banking sector to establish a more favourable interest rate structure for small-scale entrepreneurs.

Secondly, credit guarantee companies established for the purpose of guaranteeing bank loans for women are almost non-existent in the country. The activities of the Canadian University Students Overseas and Women's World Banking Ghana Limited (WWB), an affiliate of Women's World Banking Incorporated, are exemplary indeed. Both organisations provide collateral for women undertaking viable small and medium-sized projects for bank credit for financing their operations.

Marketing is also a serious problem that women in small and medium-sized enterprises face. The problem of marketing is in two parts—the inability of most producers to reach consumers due to transportation difficulties, and the inability of the producers to sell their goods in the market place. The generally low income levels and low quality of products are the main causes of this situation. Female entrepreneurs should be assisted to improve upon the quality of their products and become competitive in the market. In addition, there is a need to assist in the promotion of their products in both the local and international markets.

It is clear from our focus on Ghana that female participation in small and medium-sized enterprises in Africa is steadily increasing and, in fact, outweighs that by the male folk. If serious steps are taken to resolve the problems identified earlier on, the contribution by women to the development of enterprise in Africa will have tremendous socio-economic significance in the long term. ○

E.K.B.



## Micro-enterprises and their role in the development process

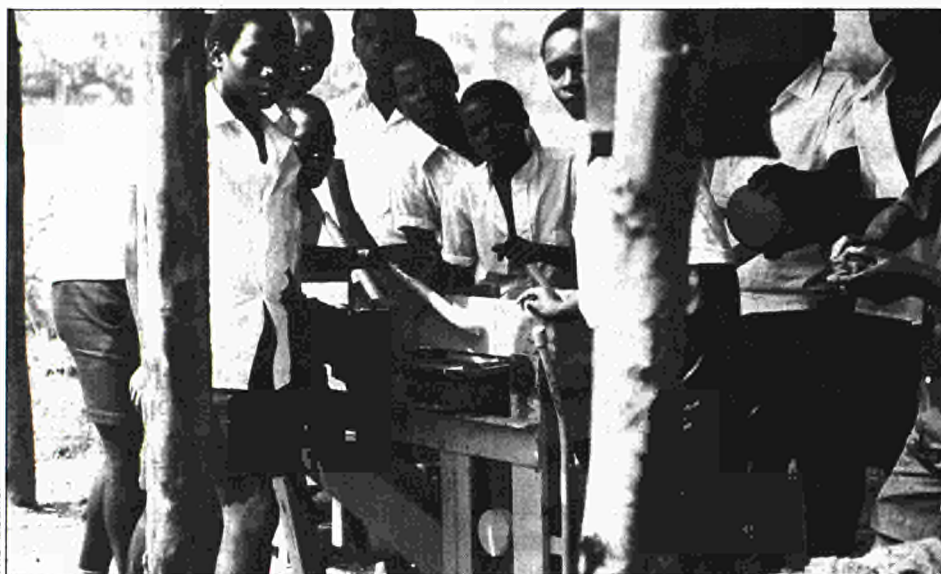
by David MORGAN (\*)

What are micro-enterprises? What is their current contribution to employment and wealth-creation in developing countries? And what can be done to facilitate their growth and prosperity?

As well as being identified by the numbers of people they employ, micro-enterprises share certain other important characteristics. Some of these are associated with the amount of capital which they have at their disposal, others with the size and nature of the market which they serve, and yet others with the type of employment which they provide.

Accurate statistics on the impact of micro-enterprises on employment and on the gross domestic product of developing countries are not easy to establish. However, there are indications that in certain developing countries approximately 10% of rural employment is provided by manufacturing and that between 20-30% of all rural employment is provided by activities other than farming. It is probable that the majority of this work is carried out in micro-enterprises.

It is estimated that in some countries, micro-enterprises account for substantially more than 50% of total industrial employment. There is also evidence from some countries that, as industrialisation proceeds, the portion of overall employment provided by manufacturing in rural areas declines. However, this does not necessarily mean that there is a fall in the total number of people working in rural micro-enterprises but, rather, indicates a tendency, during an industrialisation phase, for manufacturing to increase both in or around urban areas as well as in certain non-rural zones which have particular advantages for certain types of processes. There is also a marked tendency for the numbers of micro-enterprises to



The Courier

*Brick and tile-making are on the vocational training agenda at this Ugandan school. One pupil has become a micro-entrepreneur already and has established a brickworks which is in competition with his alma mater!*

increase as urban growth proceeds, and for the service sector to absorb a high proportion of the labour leaving agriculture as part of rural-urban drift. In some countries this share has been as high as 75% of the migrating workforce.

It is clear that, as developing countries introduce programmes of structural adjustment, there will in many cases be an intensified need for the generation of jobs at low cost. The importance of this sector of the economy therefore becomes even more apparent, since it is this category of enterprise that offers the greatest potential for this form of job creation. The levels of skill available among this workforce clearly play a major role in determining the type of employment that job hunters may find in micro-enterprises, but there are also a number of other elements which determine the type of work on offer (or the lack of it) in micro-enterprises in urban areas. As is mentioned below, the healthy growth of micro-enterprises is dependent on a matrix of factors, and the presence of these is equally essential whether the enterprises in question are urban or rural.

Observers of economic development and those working directly in

the field differ to some extent in their assessments of the contribution of micro-enterprises to the gross national product of developing countries. The impact of this segment of the economy differs from country to country, and depends on a range of factors including demographic, geographic, cultural and religious influences. Furthermore, detailed statistics on these enterprises are hard to come by, owing to the lack of extensive data-bases. It is clear, however, that in many countries their role is extremely important as contributors to the nation's wealth. Experience gained from economies which have exhibited success in developing shows that micro-enterprises are a major engine in industrial and commercial development. These businesses constitute important connecting points between the various sectors of the economy, where flexibility of product and service supply can play a crucial role in the commercial network of a country. They have, in addition, the highly desirable quality of being, in virtually all cases, home-grown enterprises, and as such do not carry with them the same risks, encountered by foreign firms, of seeking to introduce operating methods that are inapplicable to local conditions.

(\*) Principal Administrator, Industrial Cooperation Division, Directorate General for Development, EEC Commission.





*A weaver in a fishing community in Somalia*

How is it possible to facilitate the prosperity and growth of micro-enterprises?

These businesses depend for their success on the presence of a complex matrix of factors which includes:

- an adequate market for the firm's product or service;
- a supply of suitably skilled labour;
- availability of finance at acceptable rates of interest;
- suitable premises;
- good equipment;
- a reliable supply of working materials;
- efficient management practices;
- absence of unnecessary bureaucratic constraints;
- an environment of sound macro-economic policy;
- non-penal rates and thresholds of taxation.

A policy which seeks to improve the quality of these factors is much more likely to succeed than one which aims to intervene, by means of subsidies or similar instruments, directly in the day-to-day operations of individual enterprises. Not only do direct subsidies encourage inefficiency and distort the allocation of resources in an economy, they are virtually impossible to administer to a large population of micro-enterprises.

Actions that can work in favour of

the matrix described above apply, in certain cases, to the entire population of micro-enterprises (for example, suitable government macro-economic policy) and, in others, to specific sectors of micro-enterprise activity (such as craft-specific training programmes and apprenticeship schemes). The following list cannot claim to be exhaustive, but it indicates a range of measures that those with experience of micro-enterprise promotion advocate as important elements in any series of actions destined to help this segment of the economy in developing countries.

### Action to improve the efficiency of agricultural production

Although, at first sight, this type of measure may not appear of direct relevance to micro-enterprises, the existence of a healthy agricultural sector is vital to their prosperity and growth in both rural and urban areas.

An economy which is largely based on subsistence agriculture cannot generate sufficient surplus production per head of population to create the market for goods and services necessary for the healthy development of micro-enterprises. Actions which raise the per capita level of income in the agricultural sector, provided these are environmentally acceptable, therefore constitute an important contribution to micro-enterprise development.

### Provision of training in craft and service skills and in micro-enterprise management

The supply of skilled labour, as has been mentioned above, is a critical factor in micro-enterprise development. Incorporation of technical training into school curricula, apprenticeship schemes and practical training programmes for workers and owners of micro-enterprises can all play an essential role in assuring these businesses of a sufficient supply of those manual and management skills necessary for their success. Planning of such training activities is often a longterm operation and, to be effective, must successfully anticipate the demand for skills likely to be exhibited by micro-enterprises at least five to ten years ahead.



*Motor mechanic in Malawi. "The supply of skilled labour is a critical factor"*

### Actions to increase the supply of finance to micro-enterprises

Increasing attention is being paid to ways of directing finance to micro-enterprises. Whilst emphasis is frequently placed on the need for additional funds from sources outside the developing countries, experts in the formation of grassroots enterprise point to the importance of mobilising domestic savings within these states themselves. If the development of this segment of the economy is to be self-sustaining, action is clearly needed to encourage local savings and to direct these to entrepreneurs by means of savings banks and other networks such as credit and savings associations, and co-operatives.

One way in which national development banks, enterprise agencies and other bodies designed to help develop the private sector may reach the very small commercial borrower more effectively can be by means of closer forms of co-operation with the local savings organisations described above. It is likely that donor countries and international aid organisations will look particularly closely, in the future, at ways in which they can co-operate with bodies working closely with grassroots savings and credit organisations in order to direct finance to the micro-enterprise sector.



### Action to increase the availability to micro-enterprises of premises and equipment at reasonable cost

Suitable premises and equipment are indispensable to the efficiency of a micro-enterprise. Whilst the scale of these will depend on the nature of the enterprise and the type of market which it serves, it is clear that any attempt to improve the productivity of these firms must seek to facilitate their availability.

As far as premises are concerned, government policy on land ownership and tenure may have a significant effect on the decision of a would-be entrepreneur whether or not to set up in business, and on the choice of existing firms to expand or to stay within current output levels.

There is a great deal of potential for improving the productivity of micro-enterprises through actions which increase the supply of reliable, cheap, low-to-medium-technology equipment, and there is every indication that the use of carefully designed modular systems could achieve significant reductions in its cost to the entrepreneur.

### Policies which facilitate reliable supplies of working materials

Businesses, and small firms in particular, cannot normally survive for long if they have to endure major interruptions in the supply of working materials. Indeed it is the fear of potential shortages of essential materials that often dissuades firms from setting up in certain countries. Lack of foreign currency within an economy can often lie behind sudden crises in materials supply. Attempts to control centrally the distribution of certain products can also prove severely damaging to micro-enterprises. Clearly, governments seeking to develop this segment of the economy will have to take considerable care to ensure that action by the state does not interfere with supplies of materials to this segment of the economy.

### Action to provide entrepreneurs with technical and commercial information

Owners of micro-enterprises in developing countries suffer in many

cases from a serious lack of information on the commercial environment in which they manage their businesses and on technical aspects of their operations. Whilst this can be due, in part, to the fact that many of these firms are in the informal sector, the problem of lack of adequate information often occurs generally, afflicting both formal and informal enterprises.

The preparation and provision of practical commercial and technical information to micro-enterprises is of great importance. It is clear that care must be taken to avoid swamping the entrepreneur with information that is not relevant to him, and it is also essential to ensure that information activities are not limited to mere "cosmetic exercises" where, for example, information leaflets do not travel further than the offices of the appropriate information service in the national capital. Government departments and Chambers of Commerce, as well as national and local commercial and technical networks, can play a significant role in bringing quickly to the entrepreneur the information that he or she needs.

### Suitable national economic policies and the absence of unnecessary administrative and fiscal disincentives

Micro-enterprises operate best under sound macro-economic government. Policies which seek to force certain changes in the functioning of the economy, while these may be well-intentioned, can have an exceptionally harmful effect on micro-enterprises. Just one example of this can be seen in the conditions that can result from the maintenance of artificially low interest rates, which has the effect of discouraging the supply of capital onto the formal financial market. Micro-enterprises, unable to offer the same degree of security as larger firms (and some government agencies) with which they are competing for funds, are—as a consequence of this—driven into the informal loan markets where they may pay several times the rates of interest charged in the formal market. There are a good many other cases where policies formulated at macro-level can prove damaging to micro-enterprises. Certain fiscal and administrative burdens resulting from

government measures can be sufficient to drive small firms out of business, or at least to inhibit the creation of new enterprises. There is, fortunately, clear evidence from both developed and developing countries, of an increased recognition on the part of governments that greater attention should be paid to the potential effect of general policies on small enterprises and on micro-enterprises in particular.

An example of an innovation in favour of small and medium-sized enterprises that has already been introduced in certain parts of the world, including Europe, is that of the "One-Stop Office" (or "Guichet Unique", in French), which enables the entrepreneur of a small company to deal with all, or most, government-generated administrative formalities, connected with his or her business, at a single place and with the benefit of qualified advice, rather than having to embark on what can be a complex tour of government departments and agencies which may, on certain occasions, unintentionally offer conflicting information. Entrepreneurs within the informal sector often have a distinct distrust of government organisations and of state formalities. Consequently this type of innovation is likely to prove particularly useful in helping owners of micro-enterprises in developing countries in their dealings with the government, and should prove an important factor in encouraging the entry of hitherto-undisclosed businesses into the formal sector of the economy.

Sound micro-enterprises form the seedbed for future indigenous medium-sized and larger enterprises, and constitute an essential link between those members of a country's population working in primary production activities and the more advanced levels of downstream processing and service industries. Their contribution to the wealth of developing countries is in many cases of crucial importance. The Community and the ACP countries, in the context of their preparations for the next Convention, are likely to devote particular attention to ways of enhancing and broadening assistance in favour of this important segment of the economy. ○ D.S.M.



# SME development financing services in Malawi: retrospect and prospective

by Lewis BEZA (\*)

## SME development efforts 1969 – to date

In 1969 a Taiwan industrial development mission made specific recommendations on small-scale industry and handicraft development. In 1969 the Government Loans Board (GLB) started functioning under the Ministry of Trade Industry and Tourism (MTIT), financed by treasury budgetary allocations. Loans were granted at 8% interest and funds were depleted by 1977 as arrears shot up. By 1973 MTIT had prepared a paper entitled "Small Scale Industry in Malawi" which set out to clarify issues involved in the SME sub-sector and justify the need to actively develop the sector. "Statement of Development Policy 1971-1980" concluded mainly by pointing at the need for more investigations in the sector before implementing a realistic plan of action. Also in 1973, the National Bank of Malawi launched a special loan facility for existing clients only. Each loan did not exceed K2,500.00 and 11% interest was charged. No technical assistance was provided along with the package. In the same year, a UNIDO Senior Industrial Development Field Adviser and a Economic Commission for Africa (ECA) regional adviser on SSI prepared a development programme for small scale and rural industry in Malawi. They also proposed the establishment of a small scale and rural industries unit at MTIT. In 1975 industrial estates were built at Liwonde and Lilongwe by Import and Export Company of Malawi and Capital City Development Corporation (CCDC) respectively. In 1976 the UNIDO Commissioner for Industrial Development drafted a "Memorandum on the Development of Malawian Small Scale Industries". The paper centred mainly on the proposed establishment of three industrial estates. In 1978 a

World Bank/Government of Malawi joint study report recommended establishment of a "nucleus" SME development institution providing a range of non-financial project support services. Before that, in fact in 1976, preparations were made for the establishment of the Vocational Training Institute for service trades, entrepreneurship and management development at Mponela, now called Malawian Entrepreneurs Development Institute (MEDI). It was in 1978 that the Development of Malawian Traders Trust (DEMATT) was in the pipeline with the support of Partnership for Productivity (PFP/USA). Its main objective was to provide training related to setting up and operating business in distributive trades. This was prompted by the need to fill the gap created by non-Malawian traders who had moved away from rural areas. Initially, the Chipiku chain of trading shops had been carrying out this function. In 1980 the Malawian Saving and Credit Organisation (MUSCCO) started gaining more recognition with the saving public. The organisation actively co-ordinated and financed credit associations in rural and urban areas. In the early 1980s the Rural Enterprises and Agro-business Development Project was established, mainly to facilitate the flow of USAID resources to the SME sector.

## SEDOM inception

SEDOM was established in 1982 following in-depth SME development strategy study reports and recommendations by Mr Arbelle of IBRD and Mr De Jong of the EEC amongst others. The recommendations were responsive to the evidence that SME development in Malawi was seriously constrained or faced rigid barriers including:

(i) Failure to gain access to and/or non-availability of institutionalised credit,

(ii) Failure to gain access to and/or absence of desirable and appropriate machinery, equipment and premises,  
(iii) Difficulties in procurement of materials and other industrial inputs,  
(iv) Weakness in general business administration management,  
(v) Under-development of entrepreneurial infrastructure.

In the presence of the above constraints/barriers, the SME sub-sector could not perform and contribute satisfactorily towards overall national economic development. In the real economic perspectives SEDOM was created to contribute towards economic uplift by enabling the SME sub-sector to meet the following socio-economic aims and objectives:

- (1) Creating and supporting employment opportunities for skilled/unskilled labour in rural and urban areas.
- (2) Utilisation of potential productive resources that are not large enough to enable big companies to operate optimally (i.e. raw materials).
- (3) Foreign exchange savings and improvement of balance of payments accounts through domestic production of previously-imported commodities.
- (4) Provision of auxiliary services to large industries.
- (5) Discouragement of labour migration from rural to urban areas in search of employment.
- (6) Economic mobilisation of household savings.
- (7) Motivating and developing a competent entrepreneurial class in indigenous communities.

## Means for achieving socio-economic objectives

In achieving the socio-economic objectives listed above, SEDOM uses the following means:

(\*) Senior economist, Small Enterprise Development Organisation of Malawi (SEDOM).



### Financial Assistance

SEDOM provides loans and not grants to small-scale entrepreneurs with viable and economically worthwhile business ideas. These loans could be as low as commercially justifiable but do not exceed MK75 000.00<sup>(1)</sup>. Loaned monies could be used for either capital investment expenditure or working capital expenditure. Short term loans (mini loans) range from MK100.–MK3 000.00 whereas long term loans (term loans) range from MK3001.00 – MK75 000.00.

These loans are particularly meant for entrepreneurs in the field of manufacturing, repairing, processing, maintenance, mining, construction, agro-business and other producers in the primary as well as secondary industrial sectors. Details of various financing instruments are given in the tables below and on the next page.

### Technical Assistance

Technical assistance in this context refers to all non-financial but practical and logistical support to entrepreneurial undertakings. In this area SEDOM provides management advisory services to both existing and potential entrepreneurs. The advice mostly covers fields like production management, selection and procurement of machinery and equipment, business administration, financial planning and control, marketing and maintenance. Entrepreneurship development training programmes are also provided. Experience and diversification moves of these technical as well as financial support packages are covered in the following chapter.

### Funding

SEDOM's activities can be divided into the following phases:

Phase I – early 1983 to late 1985

Phase II – late 1985 to March 1988

Phase III – March 1988 to March 1991

**Phase I:** was funded by an EEC grant of ECU 3.282 m and Malawi Government contribution of 440 000 MK

**Phase II:** was funded by an EEC grant of ECU 3 m and a special EEC

loan of ECU 1.8 m and Malawi Government contribution of 660 000 MK  
**Phase III:** was funded by an EEC grant of ECU 2.22 m, by a KfW grant of ECU 4.09 m and a Malawi Government contribution of 850 000 MK. In Phase III SEDOM's own generated income will contribute 2 789 023 MK.

### Evolutionary trends of SEDOM and SEDOM services

Evolutionary trends of SEDOM as an institution and its services have invariably been reactive and at the same time pro-active to environmental factors, a managerial phenomenon commonly called the "contingent approach". The main factors or reactors on the environment have been entrepreneurial demand both in structure and level, national policy direction, Government policy direction specific to the SME sector and the emerging roles played by other SME-promoting or supporting institutions.

SEDOM as an institution has had the tough task of efficiently allocating, developing and adapting its limited resources i.e. finance and manpower, in an effort to optimally meet environmental calls.

A closer look at the institution's experiences reveals that SEDOM has gone through three vivid evolutionary stages namely: (1) Take off phase, being the period during which SEDOM devoted most of its effort to institution building, publicising its services and defining its place within the national institutional framework. (2) Growth phase, this being the period during which SEDOM services

and size grew fast in unpredictable proportions and in all directions. (3) Stabilisation phase, being the period in which the organisation critically reviewed its set-up, operational system, and efficiency as well as constructively reformulating its policy and service directions. Below, brief details are presented on major characteristics of these three phases.

### Take-off Phase 1982-1984

During this phase, the institution had no quantitative base to be used for future management planning and decision-making. The overall concept of rural small scale industry financing was relatively new. People doubted the viability of the institution. During this phase SEDOM had to recruit and train its staff in various functions.

SEDOM also lent almost exclusively to manufacturers. The overall key developments over the period are given in the table above.

During the take-off phase it is notable that the staff size was small, and loan financing was limited, as reflected by the portfolio size. Business financed did not run into major economic problems yet. SEDOM could provide prompt and intensive loan-related advisory services, and therefore arrears rates were very low.

The majority of loanees were concentrated in urban areas. These communities were fairly well exposed to economically utilisable information flows; hence they were aware of SEDOM facilities reasonably fast. During the take-off phase about 70% of loan requests by number were for

Variable	1982	1984	1986	1988	84-88 change
Loan Value Approved (K) <sup>(1)</sup>	–	1 039 000	3 666 000	10 714 000	931 %
No. of Approved Loans <sup>(2)</sup>	–	266	1 002	2 300	764 %
Loan Value Repaid	–	243 000	1 648 000	4 671 000	1 822 %
No. of Loans Repaid	–	–	–	1 050	–
No. of Employees	10	39	82	175	+349 %
No. of Professional Staff	5	12	25	43	+285 %
No. of Expatriate Staff	3	4	3	3	–25 %
Average Arrears Rate p.a. <sup>(3)</sup>	–	2.4 %	8.7 %	9.3 %	287.5 %
Average Mini Loan Size (K)	–	–	–	1 604	–
Average Term Loan Size (K)	–	–	–	14 610	–
No. of Loan Applications p.a.	–	682	1 371	1 308	92 %

(1) Cumulative value approved amounts.

(2) Cumulative number approved for total loan portfolio.

(3) Arrears calculated as amount due but not received expressed as percentage of portfolio exposure at any point in time.

(1) MK = Malawi Kwacha  
1 ECU = 2.99 MK





*Making travelling bags in Nesa Village, a SEDOM-supported venture*

working capital expenditures and expansion investment capital expenditures. Only about 30% was for business start-ups. The rate of decline of applications was quite high, 40%, most likely because people were not fully aware of SEDOM support decision criteria. Furthermore, people merely rushed to submit applications for loans before thoroughly appraising their investment ideas. Requests were predominantly for traditional business ideas i.e. maize mills, brick making, tailoring, furniture making, metal craft and garages. Straight mini and term loans were the only basic financing instruments. There were no facilities for venture capital nor operating/hire purchase leases.

**Growth Phase 1985-1988**

This was the period during which SEDOM experienced exponential growth in all aspects. For instance, the loan portfolio jumped from K2 400 000 to K6 300 000 achieving thus about a 162.5% rise. By number, loanees increased from 266 to 2 300. Staff size equally jumped from 60 to 175 although number of staff per project decreased by 8%. The growth was mainly in response to the credit demand SEDOM had stimulated during the take-off phase. Now also rural entrepreneurs earnestly demanded financial support, which implied an increase in operating expenditure through extensive travel for project

pre-financing appraisals and post-financing monitoring. In fact, operating expenditures rose by more than 25% over the same period. The situation was compounded by inflationary factors.

By mid-1984 the organisation had decentralised its operation through the creation of regional offices in the Northern and Central regions of Malawi. The reasons for the decentralisation were mainly to provide services within easy reach of main localities as well as to cut down on travel on the part of SEDOM through permanent field representation. Loan financing instruments had diversified due to the sophistication of credit demand both

in range and quality. The following credit lines or instruments were effected:

**Loan Ceiling:** SEDOM upper lending limit was increased from K50 000.00 to K75 000.00.

**Leasing Finance:** SEDOM embarked on leasing financing to enable entrepreneurs to purchase equipment/machinery that they could only afford to rent and not purchase. The arrangement is such that once adequate cumulative rentals have been paid, the piece of machinery is offered for sale to the entrepreneur at a nominal rate. Ideally, ownership of the item remains with SEDOM which means high risk-taking as the machinery may be rendered obsolete before the end of the lease.

**Building Contractor's Bridging Finance:** This line was created to give builders speedy and easy access to working capital. Normally a loan is approved at tender stage and monies are held to SEDOM, as a "stand-by facility" which is made available to the contractor as and when he wins a firm order.

**Workshop Finance:** This credit instrument was created to enable entrepreneurs acquire presentable and appropriate premises in commercially strategic locations and to avoid exorbitant rental charges. Where renting premises is more cost-effective than building, an entrepreneur is encouraged to take advantage of available premises on a rental basis.

SEEDOM Portfolio				
Key indicator	31.12.87		31.12.88	
Loans Approved (cumulative)	1650 loans for	K 6 453 000	3170 loans for	K 10 714 000
Disbursements		K 8 716 000		K 9 297 000
Gross Repayments (Principal + Interest)		K 2 851 000		K 3 779 000
Arrears %		9.3%		13.9%
Size of Portfolio	1400 loans for	K 3 771 000	2300 loans for	K 6 274 000
Average loan size approved:				
Mini		K 1 492		K 1 604
Term		K 10 783		K 14 610
Total		K 2 865		K 4 118
No. of Loans Repaid		786		1050
Regional Distribution (S:C:N) By Value		63% : 25% : 12%		59% : 28% : 13%
Loans to women		30%		30%



**Credit Guarantee:** SEDOM offers to guarantee up to 80% of an overdraft facility for entrepreneurs either with the National Bank of Malawi or the Commercial Bank of Malawi. This arrangement enables enterprises with high cash-flow fluctuations to comfortably operate an overdraft with a commercial bank. This facility is cheaper than a term loan for the maximum working capital requirement.

**Equity Participation:** Where an economically attractive venture is failing to take off due to equity deficiency, SEDOM takes the risk of putting forward equities with a view to selling out such equities to the venture in due course of operation.

**Training Programmes:** In awareness of the fact that credit enhances business activity, in most cases to an extent that most SME entrepreneurs do not have capabilities to handle such a sophisticated level of managerial demands, SEDOM conducts various training courses.

SEDOM, during the same growth phase, complemented its financing activities with entrepreneurial development programmes mainly to:

- Improve managerial and entrepreneurial abilities for SMEs.
- Share practical experiences of entrepreneurs and adapt its services in order to satisfactorily meet current entrepreneurial needs.
- Publicise SEDOM services.

Besides basic entrepreneurial awareness courses, SEDOM conducted technical and sometimes product-centred training programmes in the following craft/production skills.

- Welding
- Maize mill maintenance
- Soldering
- Furniture making
- Toolmaking for carpentry
- Brickmaking/structural clay products
- Charcoal stove making
- Wood carving
- Bread making
- Edible oil expelling
- Tailoring
- Soap making
- Bee keeping
- Wine making

### Major groups of industries supported by SEDOM

Industry	No of projects		Change in %	Amount approved		Change in %	Characteristics
	as at 31 Dec. 1985	as at 31 Dec. 1988		as at 31 Dec. 1985	as at 31 Dec. 1988		
Tailoring	281	452	60.8%	K 416489	K 949485	128%	Easy to monitor; viable; high competition.
Food processing	119	150	26%	443279	436388	-1.6%	Cannot service big loans; socially desirable but expensive to monitor.
Timber sawing	76	103	38%	144650	324870	126.6%	Good market; difficult to monitor: poor management.
Curios manufacturing	74	57	-22.9%	92815	424056	356.9%	Working capital loans: low product quality.
Bakery & confectionery	64	98	53.1%	164055	383320	133.7%	High success rate; demands skillful marketing.
Misc. repairs	51	33	-35.2%	209631	75574	-64%	Equity represented by skill; need additional tools etc.
Quarrying and other mining	48	57	18.8%	100999	39983	-60.4%	Labour intensive; cement shortages affect project viability.
Livestock & poultry	32	126	291%	55613	390500	602.1%	High success rate, must be in town; to involve ADD's.
Electrical works	21	8	-61.9%	34771	68310	96.4%	Has market; skill based; needs short term loans.
Metal craft	16	82	412.5%	67100	322877	381.1%	Artisan level production; loans for working capital; economically viable.
Total	783	1167	49%	K1729402	K3415363	97.5%	

In some cases an external (foreign) expert was invited to conduct a training programme along with a SEDOM counterpart.

**Portfolio:** As outlined above, SEDOM experienced considerable growth of its lending portfolio. Details for 1987 and 1988 are presented in the table on the previous page.

**Sectoral Performances:** Overall portfolio status by December 1988 indi-

cates a sectoral performance as shown on the previous page. Percentage figures represent number of projects in arrears expressed as a percentage of the total number of projects in the same sector.

**Resource Sharing:** In recognition of SEDOM's level of services, a number of institutions approached SEDOM for use of its loan administration infrastructure. SEDOM now administers revolving loan fund accounts for

### SME financing framework

		Business Risk Level	
		Low Risk	High Risk
Managerial skills requirements	Simple skills	<b>Strategies</b> Normal credit terms (tighten if necessary) Ration credit to chosen locations (needy) Diversification and tech. modernisation credit Solicit market competition protection Focus credit on sectors with high economic/social returns	<b>Strategies</b> Analytical pre-investment studies Attractive credit terms Strategic re-investment Favour sectors with high commercial and socio-economic viability
	Sophisticated skills	<b>Strategies</b> Intensify management advice Ration credit (tie to managerial abilities) Encourage co-operatives Train managers Frequent loanee performance review	<b>Strategies</b> Equity participation Solicit protection Intensive management advice Strategic re-investment planning Attractive credit terms Favour sectors with high commercial and socio-economic returns Frequent project performance review



Best five industries (descending order)	
1. Restaurant and Cafes	6.2%
2. Printing and Publishing	7.2%
3. Structural Metal Products	8.9%
4. Lime and Cement	9.9%
5. Confectionery Products	12.7%
Worst five industries (ascending order)	
1. Forestry (Charcoal)	67%
2. Electrical Repair	70%
3. Fabricating Metal	73.3%
4. Soap Making	76.4%
5. Stone Quarrying	80%

MACOHA (Malawi Council for the Handicapped) and OPC (Office of the President and Cabinet) Rural Growth Centres Project at a nominal charge. The MEDI (Malawi Entrepreneurs Development Institute) revolving loan fund was recently handed over to SEDOM for administration. This arrangement ensures sharing of already-established infrastructure, thus avoiding duplication of costs by SME-promoting institutions. In awareness of the same fact, SEDOM has worked with and through sister SME-promoting institutions including DEMATT, INDEFUND (Investment and Development Fund), MEDI, AFRICARE and others.

### Stabilisation Phase 1989

During the current period SEDOM is critically reviewing its operations and services with a view to reaching an optimal combination of its resources and maximising achievement of its fundamental economic development targets. A number of issues are being addressed, such as:

- What are the institution's strengths and weaknesses that need exploitation and improvement respectively in order to achieve desired or set economic objectives?
- Is the present organisation's structural configuration and resource combination ideal to discharge its main functions satisfactorily?

This critique, amongst other issues, addresses areas including:

- Staff quality and quantity
- Optimal funding level
- Organisation culture and decision process

- Organisation structure
- Organisation decentralisation whether functional or further divisionalisation
- Control mechanisms

A number of areas within the organisation have already been subjected to major reviews during this consolidation phase. These reviews have mainly affected:

**Budgetary allocation requirements:** In order to identify root contributors to emerging SEDOM budgetary shortfalls and/or ascertain external funding requirements, a reputable external consultant was engaged to review SEDOM's financial implications. In general, the report was positive to SEDOM and findings and recommendations of this study are currently being actively considered by the Government and donor agencies.

**Human resource acquisition and development:** Initially SEDOM had active staffing programmes especially during the growth phase. The present informal policy is to slow down additional recruitment as much as possible and concentrate on efficient allocation and/or reallocation of available human resources.

Furthermore, SEDOM had, initially, to employ a multi-disciplinary staff in order to satisfactorily tackle SEDOM tasks which obviously are unusually diverse and complex in nature. The staff had been going through basic entrepreneurial-oriented training, abroad and on the job (mentor arrangement). Members of staff attended various types of courses ranging from craft to professional and academic. Following the strong success of SEDOM, service staff are upgraded in specialised skills in fields like banking, management, accounting, economics and others. This will possibly enable SEDOM to provide more adaptive and higher quality services to entrepreneurs in the future.

**Investment strategy:** SEDOM, encourages entrepreneurs to develop their self-born investment ideas. After all, they are in the field and know better than any outsiders the market demands, and behaviour in their respective localities. By end of December 1988 portfolio sectoral

spread included more than 50 industrial groups. Major portfolio segments are detailed in the table on the previous page including remarks on each group of businesses seen in the light of the promotional agency.

It will be noticed that the spread does not necessarily or exclusively reflect rational risk-taking practices. There have been various reasons that influenced choice of projects by entrepreneurs. These included:

- (a) Social prestige gained through ownership of certain ventures.
- (b) Failure to identify viable untraditional and challenging business ideas resulting from mere copying of competitors' ideas.
- (c) Lack of suitable technology and skill awareness and endowment respectively.
- (d) Absence of essential infrastructure in desired localities.

Up to now, SEDOM has not used variable interest rate charges as a means for influencing efficient reallocation of investment sources. Instead, the organisation is, during this stabilisation phase, using the following investment direction guidance mechanisms:

- (a) Demanding increased equity participation by entrepreneurs as a prerequisite for loan qualification. In some cases, i.e. maize mills, a cash contribution has been strictly demanded.
- (b) Setting a maximum level of permissible competition in a geographical area, i.e. there should be less than a set number of oil expellers per given radius and/or population density before considering an additional application.
- (c) Publishing or promoting awareness of technology and potential viable investment opportunities in appropriate sectors through seminars, workshops and other forums.
- (d) Suspending support in some sectors.

The present approach is basically towards spreading portfolio exposure and responding to, and encouraging, prudent risk-taking attitude/practices in more challenging and diverse non-traditional investment opportunities. The overall approach is reflected in the framework given on the previous page. ○

L.B.



# The Caribbean and small enterprise development

by Lynn ALLISON (\*)

Almost all developing countries throughout the world have rapidly growing populations and increasingly under- and unemployed labour forces. While a part of this force can be utilised in the traditional agricultural sector, it is clear that over the next 25 years, two out of three job seekers will have to seek employment in non-farm occupations in villages, small towns, urban and peri-urban areas.

Thus perhaps the central challenge of development today is to absorb that growing labour force in productive employment. That effort should be targeted to the poor and unskilled to the extent that this is possible. This group can often be best assisted through the creation of small scale enterprise which is generally more labour intensive than larger units. Indeed it is now generally recognised that the Industrial Revolution in the West was accomplished largely through small-scale industries—entities with modest capital, a limited number of workers, and owned and managed by a single individual or family. It was really well after 1900 that really large-scale organisations occurred, with large-scale firms now being the dominant mode.

While large-scale firms based on the Western industrialised countries' model have undoubtedly raised industrial production and productivity levels in many developing countries, it is also true that unemployment has often been correspondingly increased with the consequence that rising output is now often associated with widening poverty. Moreover, large corporations have always had a capital-intensive bias unlike small micro-businesses which use less capital and more labour-absorptive inputs.

If we review the UNIDO research in this field, we can see that small businesses make better use of indigenous talent, provide much greater employment opportunities for more people with much less capital required. Transnationals, on the other hand, tend to hire fewer people, soak up local capital because they are creditworthy and have access to major financial institutions, and generally export their profits rather than reinvest them. In past years, many devel-

(1) Executive Director, Women in Development, Barbados.

opment economists believed that the problems of poverty would be overcome by accelerating aggregate growth, "modernising" institutions and introducing massive technologies. Income distribution policies were also divorced from economic growth because the classic paradigm of development was for the developing world to "catch up" with the developed one so that the retarded economic development of the former could be overcome. Outside foreign capital would reinvigorate stagnant markets, thereby promoting growth, employment, and profits that would finance expansion. This was the era of the "trickle down" point of view.

While we will not recount the sad history of this experience here, we do note that development of small businesses among the poor follows a very different strategy in almost all respects. The basic difference is that we rely on growth occurring through the talent, initiative, and ability of local people living in the country using local resources, local markets, local products, fundamentally traditional consumption practices and indigenous social and cultural mores.

Therefore, the dichotomy between a modern privileged enclave for a few workers earning union wages and the larger under- and unemployed mass of people for whom there are no jobs is basically circumvented.

Interestingly, the limited quantitative data we have on the savings role of small businesses suggests that small entrepreneurs are highly motivated to save and invest and reserve a greater proportion of their business incomes for this purpose than larger companies often owned and/or controlled by outside interests. The research reflects the psychological commitment of the private entrepreneur to his or her enterprise and their inability to obtain financing from conventional institutional sources. Their small business is their best hope for a secure future especially for families at the subsistence level.

A third advantage is that small businesses owned and operated by locals generally use local equipment in their production processes. Small scale, less "efficient" technologies, often secondhand, serve the purpose. This facilitates linkages with other



*Day care centres relieve pressure on this market trader in Kingstown, St. Vincent*



## DOSSIER

small businesses such as small machine shops which are themselves quite labour-intensive. The spread effects are significant although we are generally unable to quantify them at this time.

A fourth advantage lies in the stark fact that economic development, like other forms of development, is in the last resort a matter of human development. It is not only a matter of making a certain amount of money available. Absolutely central to the success of any development effort is an intervention strategy that is ongoing, supportive, critical when necessary, technical when appropriate, that continually supports the clients as they implement their own plans. Development is not automatic; rather it is a complex process, an ongoing learning experience through which the person's ideas about himself/herself, the environment and the community grow in a way that are a necessary and sufficient condition of new enterprise success.

As an established loan programme extends the depth and breadth of its outreach services and the number of clients it serves, the programme's cost-benefit ratio is also significantly improved, which in the long run means that more people can benefit. When we couple this point with the fact that small-scale enterprises generate more jobs per unit of investment than do middle-size or large firms, development of this type can be extremely effective in the attack on poverty. In effect, the small family business which hires relatives and friends, uses local resources and materials, creates a multiplier effect throughout the economic system, and generates jobs cheaply, may well be the indispensable ticket for a poor person to a share in the national income. These enterprises are not necessarily conducted in a "modern" way in the sense that they often may use traditional artisans working in the materials the particular country efforts, or petty traders such as fishmongers in Barbados, or those in the "informal sector" such as transporters, fruit and vegetable sellers, or small scale farmers who provide eggs and poultry to regular consumers and restaurants. The productivity of the business is primarily a function of

labour and goods are produced in relatively small quantities and often in a relatively small geographical area for internal use and consumption.

Naturally, this operational mode of doing business helps to reduce inequalities of income distribution within the business and among local businesses. Nobody may be getting rich but they make enough money to satisfy their basic needs and perhaps to save some as well. These are also production systems which usually have few adverse environmental impacts than larger firms such as massive resorts which have to reconfigure the natural environment to begin functioning. Industrial concentration and the corresponding cost of



*"They can be taught to keep books and to make budgets..."*

intensified and expanded municipal services are avoided so that the public sector does not have the need for more revenue for sewerage, garbage, environmental cleanup, inspection for safety, etc. Small businesses do not require special sites such as industrial parks as they serve markets of limited radius or as subcontractors to other larger groups such as small hotels in the Caribbean.

What is perhaps extraordinary is that national and international macro-level statistics have often not even included the so-called "informal sector" of the developing world partly because economists continue to only count the monetised sector of the economy and partly because only large-scale industry and the activities of the transnationals have been

counted as "important"! Yet in most developing countries, it is precisely in the informal sector where the poor work in handicrafts, repair work, artisanal production, market vending, small-scale processing of primary products, etc. While this group may be perceived as being at the margin of the formal economy, they actually offer goods and services purchased by their peers, many members of the middle class and by tourists in the Caribbean. It is often they who fill local marketing and supply gaps. It is they who are responsive to market trends—otherwise, they will die. Theirs are often the known outlets such as the woman on the corner selling mangoes, the coconut vendor on the highway, the candy and cigarette seller near the hotel, etc.

Since this group of producers has been fundamentally invisible to economists and to government officials as well as business people, they have lacked access to investment and working capital; they have had serious problems in obtaining material inputs, take a short-term view and experience high costs. Their cash is inadequate and their credit non-existent for economical and timely purchases. Their production technologies are at best modest and at worst deficient. They generally have little opportunity to expand. Theirs is not an easy road but they have taken it because there has not been an alternative opportunity. Large and medium sized companies would never hire them as they generally lack the educational credentials, social skills, appearance, and connections requisite to employment in the formal sector. Just as they are preempted from participation in the private sector, so they are excluded from the public one which will neither hire them or facilitate their businesses. Throughout the world, then, this group has had to go it alone without much help from anyone except perhaps a friend or a relative with a little more than they. Naturally they have until recently also been ignored by the international agencies.

Women in Development (WID) finds it somehow ironic that the very characteristics cited by development planners as absolutely central to development projects are inherent in this kind of economic development.



The participation of the clients in the overall process of development has for example been cited as a *sine qua non* for genuine development. Yet to what extent can poor people actually plan a hydroelectric project? Or participate? But a person can be helped to plan his/her own business. People can be taught to make a plan to sell mangoes or eggs or ice cream or fine furniture. They can be taught to market what they sell. They can be taught to keep books and to make budgets and cash flows. This is of course particularly true for many who may already be somewhat involved in some type of small scale business. They may simply need an added input such as some more capital and a little practical advice in how best to employ it.

WID assumes, for example, that every person who steps across its threshold can alter their lives in ways they see as desirable either through getting a job that's already available (Placement Centre), learning a skill on-the-job such as computer operator (Apprenticeship Scheme), or starting something of their own (Loan Programme). If clients do not have the tenacity to persist in one of these three areas, then they leave without recrimination. Most people, however, do not leave as it is our experience over these last eight years that the major missing ingredients has simply been the chance to do something with their lives that is constructive and positive.

The harsh fact is that, according to the World Bank, after two decades of so-called development for about two-thirds of humanity the increase in per capita income has been less than one dollar per year for the last 20 years. The emphasis on production *per se*, that is, on how much is produced, negated the equally important question of the content of that production—bicycles or Mercedes Benzes—and its distribution throughout the society—1 000 bikes or one Mercedes. If the Chinese experience has taught us anything, it is that a high growth rate which consists of luxury items for the rich living either in the country or abroad is not necessarily better or even equal to a low growth rate consisting of necessary goods (e.g. food) and services (health)

more evenly distributed throughout the society.

Prior public investment policies in the developing world have generally created small modern enclaves complementary to the needs of foreign capital. In the Caribbean for instance, the tourist industry serves the needs of tourists but rarely with local materials. For the tourist to have his steak, the steak must be bought outside the country so that the dollars that flow into the country flow out very rapidly to purchase goods the country doesn't itself create. While hotels have brought jobs, they have not created the internal economic linkages necessary for coherence. Thus the money does not move *through* the economy creating producing and servicing opportunities for others beside the hotel workers. The money moves out very quickly to other markets elsewhere thereby diminishing its potential for greater productivity. Moreover, the workers in the hotels enjoy minimum wages and benefits that make them a small privileged group who coexist with others living in the traditional economy less privileged than they. In this way, class differences are exacerbated and most of the labour force becomes marginalised.

In contrast to this, when a WID loan is granted to a client, the first person who benefits is the client who must meet the International Development Bank criteria as a poor person. As the business grows and develops, the client will normally bring in other people he or she knows such as a brother, sister, an in-law or a close friend. Employment opportunity becomes proffered to the immediate extended family, perhaps not even on a full-time basis or paid at the rate of the minimum wage. These decisions are based on the realities of what the business can afford. But everyone in this small circle benefits in this respect from the loan, such as the unwed sister with a small child for whom she is financially responsible. Furthermore, as business inputs are purchased, they are local, such as an ice cream store that WID funded, which buys local fruits from market women nearby to create its fruit ice creams, or a local furniture maker and his wife who purchase West Indian mahogany trees that have been cut down.

As this loan money and the monies it produces move through the economy the multiplier effects are extraordinary and the factor distortions now associated with export-oriented production totally absent. One paradoxical outcome of "development" has been that the original producer has not been able to buy the product in his or her own country because of its price. Hence low and middle-income Brazilians can't afford to purchase the coffee grown in their own country. But Barbadians can buy the ice cream they produce because its components are locally generated and provided by other micro-producers for the milk, fruits and sugar in the final product.

One of the natural concomitants of rapid economic advance can be the destruction of traditional values, products, crafts, games and everyday patterns of life. If the ice cream in Barbados were imported, it would be more expensive and therefore difficult for the average person to purchase. But it would also not incorporate local components, therefore destroying both the chance for other producers to profit and the opportunity to remind the consumer of the importance and validity of the products of his own country. Where local products celebrate either directly or indirectly a country's culture, outside products can threaten the very identities of previously colonised nations who are newly independent. Or they may simply come to have an extrapolated ideology.

In other words, we argue then that many forms of modern economic development tend to alienate people from their own culture and acculturate them to advertising, media, life styles and habits of mind and feeling very different from their birthright. However, when economic development is primarily predicated on the strengths and realities of the country itself and on the people who live in it, then one can strengthen traditional values. As one reviews the broad areas of previous WID loans such as a loan for the production of tamarind balls or chicken and pig farming or a necessity shop or day care, one quickly learns the strictly local bias of the loan portfolio. The people who receive WID loans are not trying to simulate outside modes of production and technology. They are simply try-



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ing to help themselves by using what is readily available.

WID assumes that people in developing countries know what is in their own interests and that, given a chance, they will work for it. People who live in the Eastern Caribbean have positive aspirations that can be harnessed to increasing economic productivity if that is their perception of what is important to them. Furthermore, traditional institutions like the extended family can form part of the basis of economic development. Traditional practices such as the "meeting turn", which is a group of people who contribute a set amount of money on a regular basis to the group, with each person receiving the combined group sum at various intervals, can be incorporated into the somewhat more formal procedures of obtaining a WID loan.

Since WID is entirely staffed by West Indians (with the exception of the Executive Director), managed by a Board of Directors almost entirely West Indian, and serves only West Indians with job placement, apprenticeship opportunities and loans, the institution and its delivery systems are attuned to the local context in which it operates. The quality of WID's staff has been recognised by both the governments of the region as well as international funders. It is this quality that has largely determined its success in the field and its posture that it is largely in partnership with other people has made the organisation an important part of the development process in the Eastern Caribbean.

WID holds regular training seminars and workshops and its staff actively participates in all phases of the decision-making process with respect to field operations and services. Its work in this regard has been cited as an exemplum by the UNDP and it has been funded by a variety of local and international groups such as CIDA, AID, Barclays Development Fund, International Development Bank, Organisation of American States, YMCA Barbados and many, many others.

WID's operations are fully computerised which allows it to keep meticulous and detailed records of how and where staff members allocate their work time, where the process is in

regard to the growth of its more than 200 loans for small businesses, and the individual staff members comments with respect to the on-site visits that are made each week, and monthly reporting to other staff members for their suggestions and advice.

In the area of research, WID has undertaken a number of projects. It is best known perhaps for its *Study of Low Income Women in Barbados* which describes the status of women in certain key areas such as literacy and numeracy, attitudes toward work, employment and business, income level, etc. This *Study* generated national and international interest and has served as the major basis for WID's programmes to assist women to develop the self-confidence, decision-making abilities, and technical and commercial skills required to become independently productive, aware, and contributing members of the larger society.

Other research projects include a study entitled *The Economic Role of Women in Small-Scale Agriculture in the Eastern Caribbean*. In collaboration with other organisations, this research was conducted in St. Lucia to acquire data and general information on the socio-economic characteristics of female agriculturalists, to identify social networks in which rural women function and to assess the perceived needs of women for supportive services.

The focus of WID's efforts, however, is in the outreach effort to its clients especially to participants in the loan programme. Since borrowing money is also a learning process for most of WID's clients, as this may be the first time in their lives that they have formally negotiated a loan, they need ongoing help and encouragement. With its repayment rate of more than 90%, WID has demonstrated the value and importance of this facet of its programme. A repaid loan is usually the indication of a successful business and a competent client and at that point the fledgling business has moved beyond its initial risk stage into using conventional sources of finance.

In a world drastically short of jobs, WID helps people to identify extant job opportunities and to see the extent to which they have the particu-

lar skills required to do the work. Through counselling, people learn how to help themselves by learning to build on what they already know and by pinpointing what it is they need to learn to get where they want to be.

WID's past clients have formed their own group, Friends of WID, with the purpose of supporting the organisation in a variety of ways as they themselves were helped at one point in their lives. This group of 40 people has welded itself into a cohesive organisation and along with the Board of Directors gives WID a firm underpinning in the community and in the nation.

We have attempted in these pages to relate WID's programme to the development issues in the region. Clearly, WID is not a social welfare programme in the sense that we offer the poor a chance to help themselves. We have mobilised a small part of the population to design their own plan built upon their own enthusiasm, time, skills and other resources. In this respect, WID represents the free association and participation of low income people in constructing their own futures in the face of stable and/or declining public sector employment and a limited private sector that is not as yet generating sufficient jobs. In effect, the social structure throughout the Eastern Caribbean today militates against opportunity and mobility for common people, as the migration figures show. WID allows people the chance to take an economic initiative at home through access to assistance, credit and services, thereby providing a kind of social balance to help the poor class.

Participation, equity and self-reliance lie at the heart of this effort not simply as catchwords but as a way of realising structural changes in the economy through development of institutions that not only incorporate the poor in decision-making but are managed and owned by them. Within this production/management framework, we think we are having a significant effect on social development by generating jobs for the most needy sector of the population, thus contributing as an end-result to the creation of the necessary conditions for peaceful social change. ○ L.A.



## Developing the Bénoué Basin (\*)

Cameroon embarked upon agricultural development geared to better exploitation of its regional potential as soon as it became independent in 1960. The idea was to avoid putting too much emphasis on production and on vast units of the *mezzogiorno* or *latifundio* type and one of the things it led to was a programme to develop the Bénoué Basin in the northern part of the country.

The programme for the south-western part of the Basin was put in the hands of the CCCE (France), while the European Economic Community was responsible for the bigger, north-eastern part (see chart).

The financing proposal for phase one of the programme, put before the EDF Committee in May 1973, described the Community contribution and gave reasons for it, saying that there was a discrepancy between population and agricultural resources in North Cameroon and that the result was not general overpopulation but a very uneven spread, with a density of less than two inhabitants per km<sup>2</sup> in the Tcholliré district (Bénoué Department) and as much as 83 per km<sup>2</sup> in some parts of Margui-Wandala, rising to more than 100 and even to 200 in one or two cantons of the Monts Mandara. The north-eastern Bénoué scheme had been devised with a view to the medium- and long-term development of the territory, said the financing proposal, and the immediate aims of EDF intervention were to improve the area's economic and social infrastructure, the vital basis for all further progress, and to run a programme to extend and improve agricultural output with an eye to fertilisation and draught tillage.

And the Community scheme has been running ever since, through several phases, of course, but always with the same aim in view.

In 1984, the Community also began backing a project to develop fishing in the Lagdo reservoir in the same area.

This scheme included applied biological research, extension services for the fishermen, supplies of equipment to catch and process the fish and the development of infrastructure (a laboratory, landing stages etc.).

All the Community aid has been in the form of grants. The only exception is a special loan of ECU 433 000 to make it easier to sell draught equipment on hire purchase through the National Rural Development Fund. Further details of the financing appear overleaf.

The main economic and social infrastructure created over the 1973-87 period was:

Tracks laid (km)	950
Tracks maintained (km)	2 522
Fords and bridges (linear m)	3 000
Bridges built	178
Bridges rebuilt	116
Positive boreholes	75
Hand pumps	163
Dispensaries	10



*The cotton harvest. Social and economic activities have developed in the Bénoué basin*

Dispensing pharmacies	11
Primary classrooms	94
Housing for medical nurses	4
Housing for veterinary nurses	2
Housing for primary teachers	66
Housing for managers	13
Various other housing	5
Offices and stores	7
Warehouses	60
Garage	1
Marine office and laboratory	1
Landing stages	1

The population of the whole of the current programme area had risen from 40 000 in 1973 to more than 150 000 by 1987.

The agricultural output improved as follows:

	1974	1981	1986
Food crops (sorghum and groundnuts)	6 100	12 650	29 200
Cash crops (cotton)	1 316	4 500	17 700

By 1987, about 7 000 people were fishing in the Lagdo reservoir, using 1 570 canoes (126 of them with motors) and landing something like 8 000 tonnes of fish annually.

The present phase of the programme, running from 1987 to 1992 with a 6th EDF grant of ECU 25 million, integrates fishing into a general programme, the main parts of which are:

**(i) basic socio-economic infrastructure:**

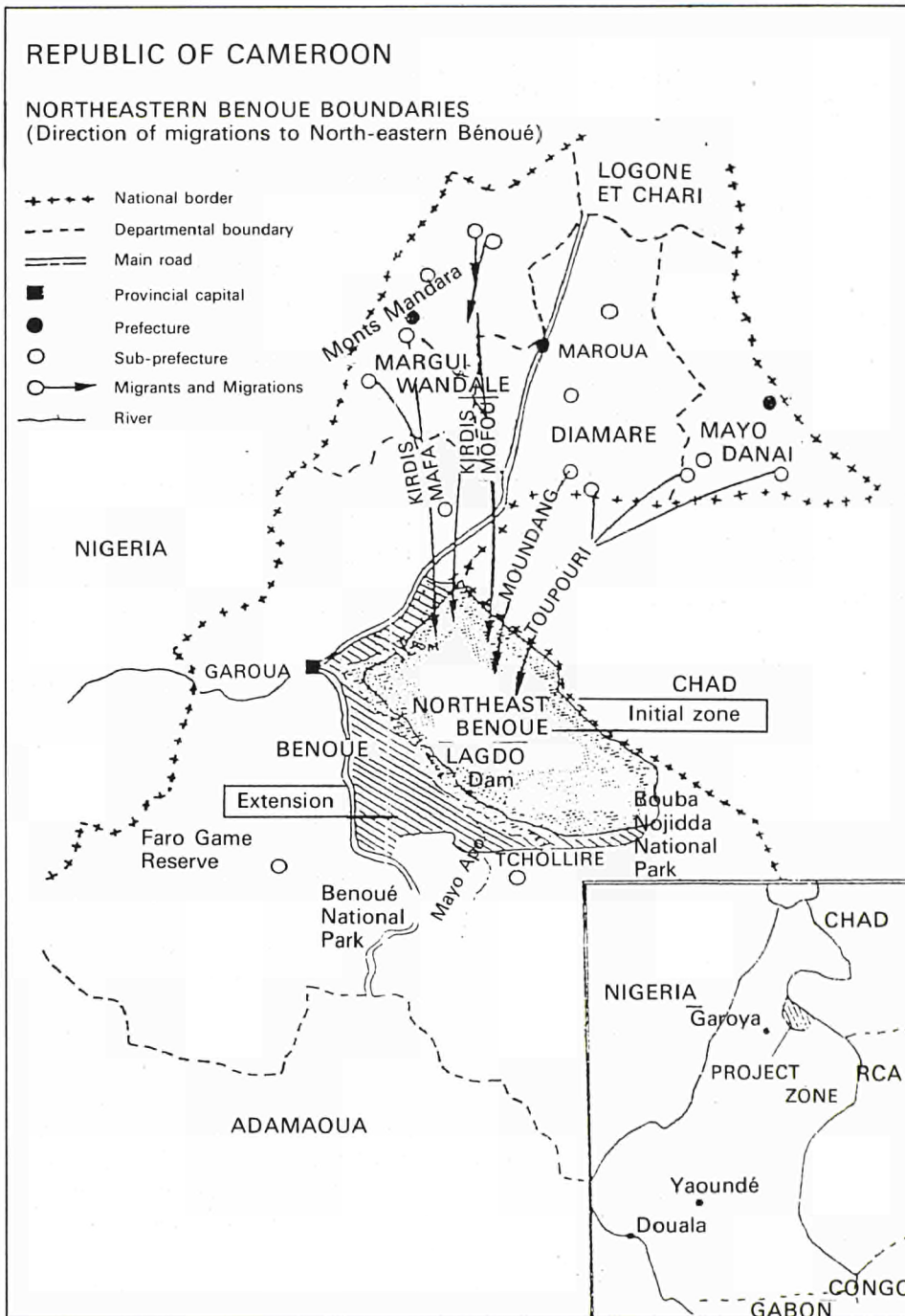
- (a) three fords and 180 km of tracks;
- (b) 150 wells and 50 boreholes with pumps, five health centres, 50 primary schools and 50 units of housing for primary teachers;

**(ii) rural motivation and production:**

- (a) agriculture, with (as an innovation in addition to the already long-standing rainfed crop scheme), hydro-agricultural development with controlled flooding of a 1 000 ha basin on the Lagdo dam for cereals and vegetables and a total of 50 ha on the valley floor for various village crops;

(\*) Based on a Commission report.





(b) fishing, with two aims:  
 — improvements in catching, processing and marketing conditions;  
 — protection of the marine potential;

(iii) **back-up schemes**—erosion control, afforestation, training and microprojects (market gardening, fish farming etc.).

*Outline of EEC contributions to the development of the north-eastern Bénoué Valley*

	ECU 1 000 (current rates)
— Study for Phase One	28
— Implementation of Phase One	4 735
— Technical assistance, 1976-80	361
— Implementation of Phase Two	4 193
— Study for Phase Three	275
— Technical assistance, 1981-87	541
— Aerial photography	400
— Implementation of Phase Three	13 180
— Implementation of the Lagdo fisheries project	2 000
— Implementation of Phase Four, fishing included	25 000

The Bénoué development scheme has afforded an opportunity to create a vast area of economic development in this northern part of Cameroon. Although no exact figures are available, the rapid expansion of the population of the Basin suggests that the programme has triggered a process of development and an increase in the income of the peasants in the region.



*Dried fish from the Lagdo fisheries project*



# Protecting the ozone layer: an issue of great interest for all

by George STRONGYLIS (\*)

1989 will be the year during which the attention of the world will turn to the preservation of our planet. The "greenhouse effect", i.e. the warming of the earth coming from increasing carbon dioxide and other gases in the atmosphere, as well as the depletion of the ozone layer are two of the most serious problems that will occupy scientists, governments and all of us.

The aim of this article is to describe where we are in the effort to protect the ozone layer. Particular attention will be paid to the actions of the European Community as well as those that will be undertaken worldwide during 1989.

## Scientific summary

The ozone layer lies between 10 and 50 km above the surface of the earth. It acts as a shield against the biologically dangerous ultraviolet radiation of the sun. It also plays an important role in the overall structure of the atmosphere because it absorbs the greatest part of the solar radiation in the ultraviolet. Its depletion, allied to increasing amounts of CO<sub>2</sub> being emitted into this layer, threatens the earth with a warming the consequences of which are not possible to evaluate fully at the present.

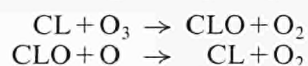
We need to distinguish the ozone of the ozone layer from that which is emitted in our cities, mainly from cars, and affects our lungs when breathed.

Since the beginning of the 1970s various calculations have been made for the possibility that the ozone layer could be decreased. Exhaust gases from high-flying supersonic aircraft as well as chlorofluorocarbons (CFCs) have been pointed to as the agents of this destruction. The relatively small number of supersonic aircraft has

turned the world's attention to chlorofluorocarbons. These chemicals were invented in the 1930s and have become important in our lives, since they are used in refrigeration (freons), in aerosol cans, for the blowing of plastic foams used for furniture, car seats etc., and as solvents in the cleaning of electronic circuits, etc. Another category of chemicals which also destroy ozone are the halons which are used in fire-fighting equipment.

## Ozone in the stratosphere

At about 20 km high, approximately in the middle of the stratosphere, the solar ultraviolet radiation breaks down oxygen and the resulting oxygen atoms form ozone with other oxygen molecules. Ozone is destroyed through a chain of about 100 chemical interactions in the stratosphere. Human activity intervenes in this process by adding the chlorine and bromine components i.e. the chlorofluorocarbons and halons. The chlorine, and in an analogous position the bromine, accelerates the destruction of ozone through catalytic cycles like:



Every chlorine atom destroys more than 100 000 ozone molecules during its stay in the stratosphere.

A very important characteristic of the CFCs is their very long lifetime in the atmosphere, of the order of 75 and 130 years for CFC 11 and CFC 12. Consequently, the CFC content of the atmosphere could increase for many decades to come, even if we stopped using CFCs completely today. The corollary of that is that the already observed decrease of the ozone layer will take many years before it is fully repaired.

## The "hole" in the Antarctic

In 1985 the British Antarctic Survey announced that, according to

their measurements, ozone above the Antarctic was reduced during the early months of spring by about 50%. This great decrease has been confirmed by many scientific expeditions since then in the Antarctic. Scientists say that the chlorine in CFCs is most likely to blame. Apparently the chlorine mechanism acts very efficiently there because of the great cold and the special conditions that exist in the atmosphere of the Antarctic. Research is also being conducted above the Arctic in order to see if similar high seasonal decreases occur also there. An international research effort there has found CLO levels 50 times higher than normal. In other words the agent of destruction is there and it could possibly result in significant ozone depletion in the Arctic stratosphere also.

## Other recent scientific results

On 15 March 1988 an international group of 100 scientists called the Ozone Trends Panel published a report which constituted a new stage in our understanding of the layer. Their basic finding was that, apart from the great depletion of the Antarctic ozone, there has been a 3% decrease of the total ozone layer above the northern hemisphere of the earth — from 1969 to 1986. This depletion depends on geographic latitude and falls to under 1% in the tropical zone.

## Facing the danger

The development of control measures to deal with this coming danger was initially hampered by great uncertainties in the scientific predictions. The USA, however, prohibited the use of CFCs in aerosol cans, while the European Community adopted a more cautious approach, reducing them by 30%. In addition, the EEC froze the production capacity of CFCs in the Community at its 1980 level. In March 1985 most industrial-

(\*) Principal Administrator at the Directorate-General for the Environment, Consumer Protection and Nuclear Safety, EEC Commission, and Chairman of the Economic Panel of UNEP for the Montreal Protocol.



ised countries signed the Vienna Convention for the Protection of the Ozone Layer. The Convention provides for sees cooperation for research and exchange of information towards the resolution of the problem.

The Convention became more operational with the signature of the Montreal Protocol for substances that deplete the ozone layer in September 1987. The Protocol came into force on 1 January 1989 after 33 countries, including the 12 of the Community and the Community itself, signed it and ratified it. It prescribes the freezing of world production and consumption of CFCs and halons in 1989 and their reduction by 20% in 1994 and by 50% in 1999, always with respect to 1986 levels.

Inside the European Community, further action, going beyond the terms of the Protocol, has been undertaken through the negotiation of voluntary agreements with the various industrial users for the greatest possible reductions of CFC use. The first result has been an agreement with the Federation of European Aerosol Manufacturers for a 90% reduction of CFCs in aerosols by 1990. On 2 March 1989 the Council of Ministers, recognising the increasing dangers to ozone, agreed that there is a need for the total elimination of CFCs at the latest by the end of the century and to strengthen the Protocol to this end.

### The London Conference

From 5 to 7 March 1989 the United Kingdom hosted a major ministerial level Conference on "Saving the Ozone Layer". An unprecedented 124 countries attended, out of which 20 promised to become Parties to the Protocol, while another 11 pledged to start their internal procedures for this purpose. The European Community was joined by the USA and most industrialised countries in calling for the phasing-out of CFCs.

Under the Protocol, developing countries are given special status through an exemption from the Protocol's restrictions for 10 years as long as their consumption of CFCs does not exceed 0.3 kg per capita.

At the London Conference some major developing countries like China

and India declared that they did not consider their treatment under the Protocol equitable and that they would like to see major changes to it before they become parties to it. They argued that developed countries have been the major polluters in this area and they should bear the brunt of the cuts in CFCs for the safety of the ozone layer. They demanded that the provisions of the Protocol for technological transfer to developing countries be fully implemented though the establishment of international funds, which would allow them to buy the emerging substitute technologies. They insisted that these funds should not be shifted from those that are currently earmarked for development projects.

The non-adherence of developing countries to the Protocol would threaten to crush all the efforts made by the rest of the world to limit the emissions of CFCs and halons, since because of their great population, developing countries like China have tremendous potential for use of CFCs, in refrigeration for example.

This strong advocacy by the developing countries found its complete recognition on the part of the developed world. The Community, the USA and others pledged to work towards the realisation of technological aid to developing countries.

### The Hague Conference

Twenty-four countries and the Community attended a conference in The Hague, The Netherlands, on 11 March 1989, at the invitation of the Dutch, French and Norwegian governments. Most of the countries participated at the level of heads of government and they represented all continents through the participation of countries like Italy, Senegal, Côte d'Ivoire, Australia, Japan etc.

In the Declaration which they signed those heads of government recognised the need for world action to save the atmosphere of the planet from the menace of the "greenhouse effect", the destruction of the ozone layer, and other air pollution problems. They saw the need for institutionalised world co-operation in the context of the United Nations for the agreement and enforcement of worldwide measures toward this end.

This Conference was the most recent example of the growing awareness that countries of the world must act together to solve their common problems. The lead-up to the United Nations Conference in 1992 based on the Brundtland Report "Our Common Future" will provide an additional forum for those concerned by these developments.

### The future of the ozone layer

The first next step in the international agenda on this subject is the Helsinki gathering of the parties to the Convention and the Protocol from 26 April to 5 May 1989. There is clearly an overwhelming consensus that the Protocol controls need to be strengthened towards a phase-out of CFCs by the end of the century. Currently, UNEP has set up four review panels preparing the ground for the revision by gathering the relevant scientific, environmental, technical and economic data. Article 6 of the Protocol requires that this information determines the further measures that will be proposed to the parties. They in turn will decide upon them six months later, probably by spring 1990. It is evident that developing countries will be able to defend their positions much more effectively if they become parties to the Protocol and participate in the process of the revision of the Protocol. It would also not be possible for the developing countries to export CFC products to the developed world market, since trade provisions in the Protocol would not allow it.

It would be more constructive if the developing world exercises its imagination towards finding a way of combining their development projects with those of environmentally sound technologies. There is no *a priori* reason why producing environmentally good refrigerators, for example, could not be something that they could do as an effort towards sound industrial development. The developed world recognises its responsibility to help in this effort. It is imperative that all the countries of the world unite under the United Nations efforts in the context of the Montreal Protocol, so that the ozone layer is saved forever.

G.S.



## Stone comes back

by Asher SHADMON (\*)

In developing countries, building materials, which constitute 50-80% of the total value of construction, are a major problem. This is due mainly to foreign currency scarcity and high costs. The import costs of building materials by developing countries in 1982 was 35 billion dollars, and this trend has changed little since.

The fundamental importance of shelter or housing to ensure minimal social stability cannot be emphasised enough. Its importance is further illustrated by the estimate that construction usually accounts for over 50% of total fixed capital formation (TFCF) in developing countries.

Name a structural material, as old as our planet, that can be used instantly, that was available when life started and shelter became a necessity... The answer is geomaterials, and more particularly dimension stone, the name for rock which is used and applied in building construction. Stone was there while clay returned to dust—there is no relic of the Tower of Babel or any contemporary structure which, we have been told, were built of bricks.

### A measure of progress

The quantities and qualities of stone, sand and gravel extracted provide one way of measuring progress. High-value commodities, such as metals and fuels, extracted in bulk from poorer areas, seldom contribute to the development of those regions. In contrast, stone materials are usually put to local or regional uses. The statement that in the U.S.A. the average person "consumes" 10 tonnes of geomaterials per year (including 4 tonnes of sand and gravel) says something about the standard of living in terms, for example, of transportation and

communication facilities, housing, and the development of utilities.

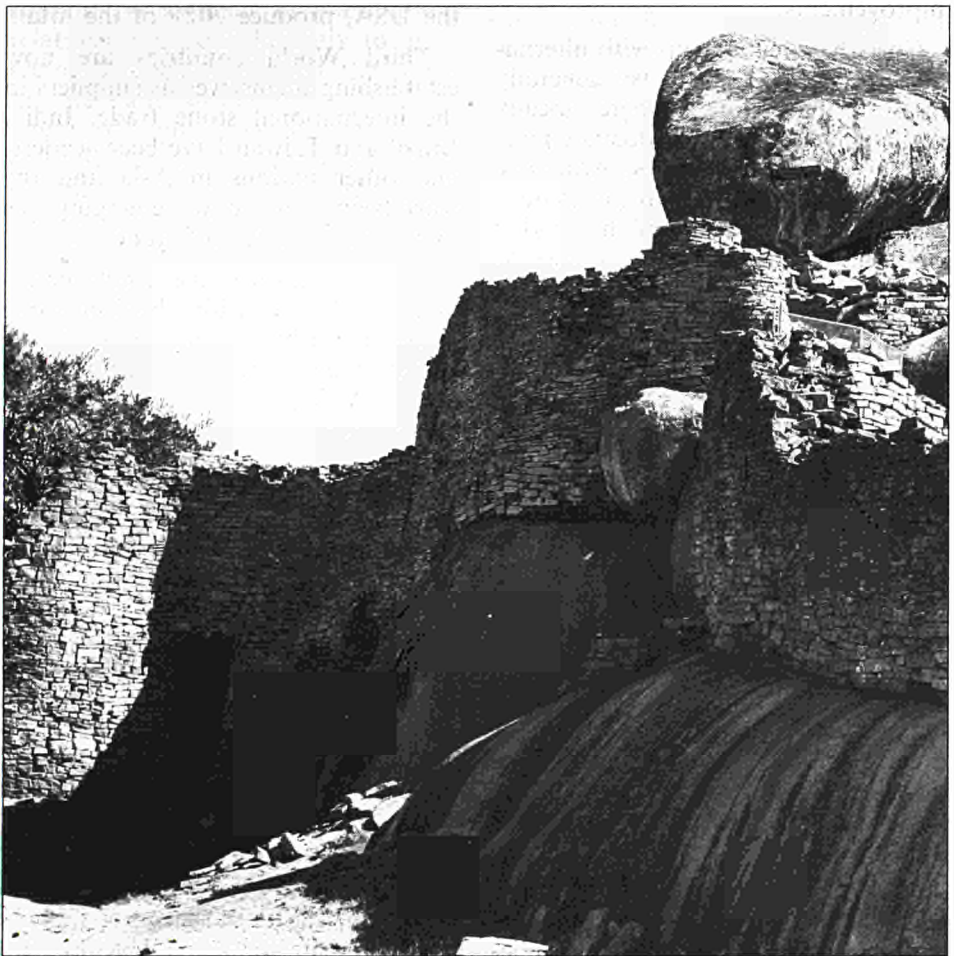
Before 1900, building stone was a major urban construction material in many countries. Dimension stone was an early victim to the use of processed construction materials. With the advent of modern mass building, stone had to give way to brick and concrete, though villagers in the Third World continue today to use mud-bricks, as well as straw, fibres, leaves and forest products in the building of their dwellings.

In the last five years there has been an unprecedented renaissance in the use of stone. Dimension stone in

France attained a production of one million tonnes by the turn of the last century, dropping to 300 000 tonnes by World War II. By the mid-1980s it had reached 3 000 000 tonnes.

### Stone in housing

To take the Caribbean and Central America as examples, Colombia, Costa Rica, Cuba, Guatemala, the Dominican Republic, Haiti, Honduras, Nicaragua, Puerto Rico and El Salvador have taken a more active interest in the past few years in the further development of their dimension stone resources, especially in Haiti and the Dominican Republic where an integrated stone development project has been producing the expected results. These islands, together with Cuba and Guatemala, have already started some exports of marble. A project is presently underway in the Caribbean making exclusive use of local stone for self-help building, with 90% of the materials



*View of the Great Zimbabwe ruins, built without mortar, which have survived for many hundreds of years. "Stone was there, while clay has returned to dust"*

(\*) International Association of Engineering Technology, Jerusalem.



used located within a radius of 10 kms.

Emerging countries which participate in the international stone trade include Brazil and India, both vying for first place in the world rankings of granite exporters, and all that practically within one decade, when India started from scratch.

The market supplied by these countries ranges from the simplest and lowest cost construction to the most prestigious edifices. Whereas a small house can be built with a few cartloads of stone, the 49-storey high-rise Arco Tower in Dallas required 50 000 sq. metres just for the exterior, not to mention the interior application.

In another country, one in this case with a GNP of US \$ 300 per capita, an integrated stone project has fundamentally changed the face of entire areas, urban and rural, as fieldstones replaced conventional materials not only with considerable savings but with aesthetic and environmental improvements.

Costs have caught up with alternatives to stone. It is not yet generally grasped that stone, where locally available and where an adequate market exists, was always less expensive than those alternatives. In some countries in Africa one side of the road is built with attractive rustic stonework, whereas the houses opposite are in concrete or cement blocks. The cement houses are "prestige" houses, whereas the stone ones are "economic" housing. In other countries small shacks may swim in seas of stone, yet they are built of wood or cement blocks, often imported.

The cost of stone for low-cost housing depends on local availability. In many cases the labour costs are confined to the picking up of the stone, the transport, the working costs and the finish required.

Prestige building requires modular units of uniform colours and finishes and are supplied mainly by mechanised processing facilities, yet prices are usually competitive, especially when likely savings on maintenance are considered.

The extractive industry supplies and handles the bulk of the stone materials used. Most of the quarry

materials were, until recently, scorned by mining engineers. Rising costs and steeply increasing demands have changed attitudes, however.

Over 1 000 million tonnes of limestone are produced in the US, not to mention the quantity of rock being moved in mineral excavations. Similarly 1 000 million tonnes of gravel sands and gravels were produced. Past is the time when few respectable mining engineers were willing to work for the quarrying industry.

### International trade

International trade is a catalyst for the improvement of living standards, stimulates the exchange of information and is growing considerably. World-wide production of marble, for example, has increased twelve-fold, and granite production has increased 36 times in the last 35 years, reaching some 15 million tonnes in the mid-1980s. However, 95% of entire world production comes from 27 countries. Six European countries, together with the USA, produce 70% of the total.

Third World countries are now establishing themselves as suppliers in the international stone trade. India, Brazil and Taiwan have been leaders, and other nations in Asia and the Caribbean are now emerging as important suppliers of stone.

Yet, in contrast, the whole continent of Africa, with classical stone areas, contributes only 3% of the world stone trade, and of this figure South Africa takes more than the lion's share.

### Manpower

Would it not have been for its traditional entrenchment, mining might well have been turned into a sector of quarrying. Unlike in mining, there is a lack of systematic analysis of techniques, a paucity of specialised training courses and textbooks dealing specifically with quarrying and stone technology, and a total absence of a college or institution of higher learning in quarrying or, for that matter, in stone technology.

On the vocational level, training is a prerequisite for stone development. The use of stone is dependent on the availability of skilled personnel: often

skilled stone workers are imported for the duration of a project. A recent example is Belgium, a country with strong stone traditions, where Yugoslav specialists were brought in, together with the raw materials for the fixing of 4 000 sq. meters of marble, for the ITT building in Brussels.

Appraisal and exploration of bulk resources with little apparent glamour are not always considered worthwhile. Yet they are of basic importance and disproportionate to the minor investments required when compared with other mineral ventures. Training needs high priority and is a prerequisite to extraction and technology turning into accepted disciplines.

### Integrated Stone Development Programme

The ISDP was conceived to help the Third World in the development of its stone resources and is now applied equally successfully in developed countries. The pattern for stone development is along the following lines: the existing and potential stone resources are inventoried, including conservation and proper utilisation of resources and prevention of improper uses of land. Regard for environmental and energy-saving factors are other elements, together with the introduction of appropriate technologies and improvement of current practices, the establishment of central testing and documentation facilities, training of national personnel and introduction of stone products into local low cost housing schemes and road paving projects. Stone development aspects include low investment requirements, labour intensity that can be freely adjusted to meet requirements, low energy inputs, and the possibility of setting up small artisanal production units. Further aspects are high added value for exports and environmental advantages, and high quality and durability—whether the stone used is as a low-cost or prestige material.

International cooperation is required to ensure that the Third World will benefit from the present stone renaissance and that stone development will contribute to make shelter more durable and habitat more beautiful. ○ A.S.



# European media and the image of the immigrant

by Sange KAPPELLA (\*)

How can the immigrants' image in the media be improved? How can immigrant minorities be better involved in radio and television and the written press? These two questions were the focus of discussion at the international conference on Migrants, Media and Cultural Diversity run in Noordwijkerhout by the Netherlands Ministry of Welfare in conjunction with the Council of Europe (1) and experts had paved the way with proposals for the 21 member countries. The meeting was in fact part of a large-scale European effort to get migrants integrated. In January 1989, for example, France looked at the lot of its immigrants and, in March, Belgium confirmed the appointment of its Royal Commissioners for Immigration, although these two moves came well after the introduction of provisions in The Netherlands, Ireland and Denmark — where the anti-racist word has long since been put into deed!

## A multidisciplinary project

The first communities of migrants settled in several of the Council of Europe countries at the time of the post-war workers' movements. There have been other waves of population since—refugees, students, youngsters born in the host countries and so on—and the authorities now have to cope with them all at a time when the spectre of unemployment is heightening the temptation to turn to social protectionism.

Since 1987, the Council of Europe has been running a coordinated multidisciplinary project on inter-community (i.e. migrant-host population) relations with the idea of getting their countries to improve the links between and make for better understanding among the various groups. The Council's job is to assess the effectiveness of measures taken to check discriminatory behaviour based

on considerations of nationality, tribe or race. The planning of the operation is in the hands of the Steering Committee on Intra-European Migration and the first phase runs until 1991, just before the European frontiers come down. Experts will be meeting on this vital date to check that the harmonious organisation of ethnic relations really is leading to better days in this, the 20th century ...

What do they expect of the media? How can they provide better information on minorities and their culture for editors, journalists and producers and make them realise that they have to be tactful in their presentation of such things?

The EEC Ministers responsible for migratory issues met in Oporto (Portugal) in May 1987 and stressed their support for a policy of international relations applied coherently to every sector of society. One of the things they were anxious to do was to back the migrants' right to respect for their cultural identity and get the education system and the mass media to help — a whole programme in fact, to bring the European Community to the threshold of a multicultural 1992!

The European Parliament took this to heart and, on Wednesday

15 March this year, gave the go-ahead for EEC foreigners to vote in local elections. Will this right in fact become a reality? Yes, if the Council of Ministers of the Twelve approves it unanimously. For the time being, Ireland, The Netherlands and Denmark grant voting rights to all foreigners living and working on their territories, which makes them the most progressive in this particular field.

## Who and how to inform

Government experts met in Strasbourg in November 1987 to take stock of information activities and public relations in inter-community relations. First of all, they noted, none of the Governments had run any major projects — or, if they had, the idea had only been to assimilate minorities. So there was more to it than recognising that minorities had a right to information. The information had actually to be provided. There were other questions too. How did the information have to be passed on to make it useful and effective? How could information transmission be diversified? And how could the role of the intermediaries, the migrants' associations and so on, be improved to ensure that the minorities were



Photo Mapez

*The meeting of nationals from Asia, Africa and Europe is an encouragement to all social groups and organisations, including the immigrants themselves, to help improve relations between the different communities*

(\*) Journalist, Brussels.

(1) Noordwijkerhout, Netherlands, 29 November - 1 December 1988.





Photo Manepz

*Senegalese children come to Brussels to plead for the elimination of racial discrimination at a conference run by the ACP-EEC Cultural Foundation in December 1988*

actively involved in the various structures of the host society?

It had to be admitted that the media were not responsible for stereotyping migrants, although the image they projected did in fact help to reinforce the stereotypes. The perception of the situation of the minorities was on the edge of reality and they were often presented as an "issue" — which confirmed what the viewer, reader or listener thought. This misinformation was linked to the media's search for spectacular events which would attract the public's attention and the negative image was further reinforced by the reporting of the positions of some extremist groups and by the restrictive measures the governments applied to foreigners.

But the media cannot change national attitudes all by themselves. Governments have to make it clear that they want to create harmonious relations.

It is also worth emphasising here that big pro-migrant press campaigns may well be negative, especially if they stem from paternalistic feelings and considerations of charity. There again, there is a risk of only preaching to the converted. Nonetheless, the main aim of the journalistic approach should be to try and show that foreigners are no longer a threat, rather a source of enrichment, and that hostility and xenophobia will not solve the social problems for which they are wrongly blamed.

The Strasbourg meeting mentioned

both the way the various migrant communities were represented in television serials and advertisements and on various TV channels and their involvement in producing and broadcasting programmes about all of them. There is no question of forcing such programmes on audiences, simply of encouraging them.

#### **Policies to follow and measures to take**

This brings us to the international conference in The Netherlands, where representatives had the opportunity of comparing both their personal experience and the image of foreign minorities portrayed by the media and the experts from the United Kingdom, Spain, Denmark, Belgium and The Netherlands.

Michael Phillips, from Britain, said there was a clear tendency for communities of immigrants to go through various phases in their developing relations with the host society. He concluded that the media traditionally lagged behind the objective reality of the migrants' existence in their respective societies, but did not call for a sort of media moral conduct that would lead to a system of equality. This, he thought, was out of the question because of the structure and ownership of the media, considerations of professionalism and the dynamic relations with popular trends and tastes. He felt they should be envisaging reorganising the media's relations in the light of the immigrant

communities' concerns so as to take account of the fact that all sections of society consume their products and they all have a share in the growth and guidance of the societies in which they live.

The Head of the Spanish Institute of Emigration explained the structures which Spain, having a long tradition of emigration, had set up several years ago. The written press and radio and television kept Spanish communities the world over informed daily. The country, an exporter of labour, had recently started to become a land of immigration, so the phenomenon was a new one, which was no doubt why Spain had no specialised mass media for immigrants. Some radio programmes and reviews gave news and reports on immigrants more or less continuously. But for most Spaniards, apparently, foreigners are complete strangers and the mass media make no active contribution to multiculturalism.

Danish radio thought the very broad cultural and ethnic mix was bound to have costs in human and economic terms. Radical solutions, such as massive repatriation, were out of the question. In Denmark, the clear aim of the policy was to integrate immigrants into Danish society. Christian Horst, a sociologist, talked about a multicultural society which accepted, and had fundamental respect for, the Danish State as a democratic institution and where, at the same time, each culture could develop on



its own bases, interacting with society as a whole. Danish radio also had a legal obligation to serve the whole population and there were news bulletins and cultural broadcasts especially for immigrants. The idea of the news bulletins was to provide full, impartial, factual information so the minorities perceived themselves as members both of a given culture and of Danish society and could integrate without losing their own culture or identity. The cultural broadcasts were intended to help migrants conserve and develop their own culture and identity through interaction with the majority Danish culture.

Anne Remiche-Martynow<sup>(2)</sup> of Belgium, said that there was an increasing distinction between the different immigrants in her country. There were Arabs and there were Turks (and there were Africans) on the one hand; there were people from the Community on the other and the problems of each were separate. Her analysis suggested that the emergence of an Islamic group was a fresh challenge to Western societies. "You have to realise that journalists are at somewhat of a loss as to how to cope with this new reality. There is a lot of thinking to do here". She stressed that the subject of immigration involved a number of prejudices and was very often a focal concern in elections. The journalists themselves did not always manage to avoid the trap, although they knew it was there. She thought that immigration was a mosaic of many colours and that it could sometimes be difficult to grasp the profound reality of the immigrants, particularly when journalists often got their information from third parties. She reminded her audience of the logic whereby a news item had to be sold and that, today, in a period of crisis, there were some items that the consumer did not like. Lastly, she came down on the side of the journalists — who say it is increasingly difficult to talk about the subject honestly without giving in to pressure from those who are anxious to deny that the problems exist.

(2) Winner, with Annie Thonon, of the NIKE silver award for the RTBF report "Tan dura es la vida". The NIKE awards were created by the Commission of the European Community for European TV broadcasts highlighting women's role in modern society.

The representatives from Holland maintained that the means of mass communication were to a large extent responsible for forming the public's image of migrants and for determining prejudice towards ethnic minorities. If a fairer and more discriminating image was to be achieved, care would have to be taken to see that a number of essential conditions were met. In other words, the people in charge of printing articles and producing radio and television programmes would have to want to counter the broadcasting of this nega-

International conference on Migrants, Media and Cultural Diversity were based on a twofold premise—the media speak ill of migrants and the situation can only be righted by taking on journalists of immigrant origin—so the question obviously has to be asked. And let us not forget that the journalist's job is primarily to inform and it is not the preferential hiring of immigrants that will solve the problems of xenophobia in the countries of Europe. Or that ethnic minorities in newspaper offices are rare, as they are in medicine, law and



*Isabella Lenarduzzi (from Italy), Hayriye Balci (from Turkey) and Talbia Belhouari (from Morocco and about to become a naturalised Belgian), three lively young women whose video "Bonjour Monsieur Saïdi" has opened the door wide to a multicultural 1992*

tive image and fight prejudice. And this meant the minorities being more involved in communicating through radio and television. Although there is no doubt as to the multicultural nature of society in this progressive country, there is no hint of it in the press. The nationals say the process is bound to take years. There are still all too few immigrants trained as newsmen and Dutch newspapers are still bastions of national culture.

More space should be given to minority groups and their problems in this society ...

### Waiting for Godot<sup>(3)</sup>

Are the media racist? As a fellow writer<sup>(4)</sup> said on her return from Noordwijkerhout: "Put like that, the question seems a terribly simplistic one" ... But the discussions at the

teaching. The media genuinely are the mirror of society as a whole. They are not the only ones to create positive and negative images, but, since they are the means of communication in society, their role in relation to any expression of prejudice about migrants is fundamental. The Government representatives—who often find it hard to try and make the media "responsible" about immigration—are obviously every bit as concerned. Immigrant communities are reduced to wondering whether Godot really is going to come one day ... ○ S.K.

(3) The title of Samuel Beckett's play in which two people wait for something which never happens, Godot being a kind of symbol of a better life.

(4) Martine Vandemeulebroucke, a journalist with the Belgian daily "Le Soir".



## Kitia Touré<sup>(\*)</sup>: "Looking for money saps the creator's energy"

CFAF 80 million. That is the budget the young Ivorian film maker Kitia Touré needed to produce "Maman, je veux vivre", a series of one 25-minute and 11 10-minute films.

This is a didactic series aimed at showing mothers how to make sure their babies have a decent birth and grow up safely.

Kitia Touré screened the film in Abidjan in Octo-

► *Kitia Touré, why did you decide to film the "Maman je veux vivre" series?*

— I gave Nouvelles Editions Africaines a text called "Destins parallèles" (Parallel destinies), a novel for which I'd had to do some research into childhood — one of the three people in the book is in fact a child. In my travels about Côte d'Ivoire, I realised the very simple fact that the country has achieved self-sufficiency in food, so people don't die of hunger, but they do die of malnutrition. They may not die of the big endemic diseases maybe, but they do die or develop handicaps because their mothers don't have the basic training they need to live in a changing society. In 1984, 52 children died in Katiola, in the north, from an epidemic the scientists still haven't explained the cause of. People said witches had poisoned the maize ...

I was fairly bothered about this, because I am not a doctor and I didn't really know what to do. When I thought about it, I realised that countries in the West often make films, not educational ones as such, but to tell the West about the dramas of Africa so that, when they have seen them, the Western donors write out their cheques. I thought we could turn the idea round and take audiovisual aids, make educational-type films to make the people aware of basic health care, teaching women, say, that a six month-old child can be sat up but he can't sit himself up and you mustn't leave him alone or go away and do something else, because if he keels over, water can easily get up his nose and kill him. At that stage, a doctor told me that at his first job, in Koumassi, he had seen 101 cases of children who had gone into a coma because someone had used insecticide to kill their head lice.

ber, then took it on tour in Côte d'Ivoire, showing it in the remotest parts of the country, and has just won the UNICEF award at the latest FESPACO film festival in Ouagadougou.

In this interview, he explains why he made the films, describes the problems he encountered and sums up what they have achieved.

That's where I got the idea. I wrote some scenarios and I got in touch with the local UNICEF office for help — which I didn't get. Then I contacted the International Union for Health Education in Paris to get the texts corrected and see whether the project as I had designed it was in fact educational. But I did insist that the African side of things stayed. I've got a film, for example, called "Plus personne ne me volera mes os". In northern Côte d'Ivoire, whenever there's a polio epidemic, they think its a witch come to take the children away, not an illness at all, and the whole point of the film is to show that, if you vaccinate children, you protect their bones from the witches who can't take them away any more. This kind of story may well make a proof-reader laugh, but I insisted it stay because it's no joke for my particular audience.

My second reason was that western film-makers aren't the only ones with hearts and that their African counterparts, too, can and must make development films between two more major pieces of work and do something about the development of the populations of our countries.

► *Was it difficult to get money to make these films?*

— If you want to make a full-length film, people maybe see the commercial side of it and are often willing to help. But this project wasn't a full-length film and there was no doubt rather a lack of confidence. Did the international organisations think that a young African wouldn't manage it? I had to go all the way to New York, to the people who take the decisions in UNESCO, to hear



Photo Vivant Univers

*Ivorian girls learning to sew. Mothers and future mothers have to be given the basic training to live in a changing world*



that the Organisation didn't have any money. Then I wrote here, to the Ministry of Health in Abidjan, to ask for an application to be made to the EEC, and there I came across a very nice man, Guy Salmon, who took it upon himself to push the case. But there again, the procedures dragged. There had to be prior agreement from the National Authorising Officer and so on ... There was nothing quick about it. They asked me to get the backing of an NGO—which would receive the money—and every NGO obviously wanted to know what would be in it for them. And so on. Until I happened upon Santé Sud in Marseilles, which was willing to guarantee me.

And very fortunately, I had the help of some laboratories, too, Mérieux in particular, which was the first to hand over any money. It was thanks to their support that the French Cooperation Minister also agreed to help. And in Côte d'Ivoire, the Health Minister helped and the Minister of the Interior got the municipal authorities to look after us during the shooting.

Ultimately, I had 50% of the budget financed by the European Economic Community, 12-15% by the Institut Mérieux and 12% by French cooperation and I got the rest in kind from Côte d'Ivoire, with housing, in particular, supplied by the mayors in the communes. And all the doctors agreed to take part in the shooting without payment. Here, I have to say that I did the job without the help of the National Institute of Public Health which is over the Department of Health Education. But doctors in the countryside, whom I should like to take this opportunity of thanking most warmly, agreed to film with me. Midwives, orderlies, heads of hospitals and country doctors all worked for nothing. I think I can say that, with their participation, Côte d'Ivoire's contribution was almost 20% of the budget. However, when it was all over, there was still CFAF 10 million to pay the laboratories and, very fortunately, the Minister of Health had just talked to the Council of Ministers with a view to getting this remaining sum paid.

Looking for money like this saps the energy of the creator, I think. It

takes far longer than the filming itself, when you think that I wrote the scenarios in January 1986 and only started filming in April 1987. By December that year the work was over, but I couldn't have the films until the labs had been paid. It took until June 1988 to find a little bit of money so I could have a copy. That is where we are now.

► *Are there any other problems as big as, or bigger, than the financial ones?*

— Red tape, I think. If there had been one civil servant in one of the ministries who was willing to take my case up and push it, a lot of problems would have been solved. Sometimes all you need is a little authorisation to film somewhere. Just to get a letter from the Minister to the doctor to tell him your team is coming may take a month of running about between the Members of the Cabinet, the Head of the Cabinet and the Minister himself. It's a problem and it's not a small one either.

► *I suppose that you still get some satisfaction from doing this kind of work ...*

— Let me give you an example. Sometimes, in villages where people came to watch what we were doing, children were vaccinated who had never had any kind of vaccination before in their three years of life. The fascination of the cinema brought out children the doctor never saw when he did his vaccination rounds alone. We found this in Melone, in the San Pedro area, and we also found it in Lataha, 15 km from Korhogo — where there is a regional hospital centre which had only rarely encouraged the sort of thing we managed when we went.

► *You've had these films, you said, since June 1988. You've shown them to lots of people and you've even taken them on tour in the countryside of Côte d'Ivoire. What sort of reception have you had?*

— Generally speaking, it's been satisfactory. People in medicine and education, all the professionals in fact, have been unanimous about the standard of the work. For example, I showed two of the films at the Biennale du Film Médical in Amiens, with Gabriel as the head judge. Assi Adou

and others were there, too, and I won the judges' special award. And one of the films was chosen for screening at the Entretiens de Bichat. It was shown three times to an audience of specialists and they all liked it.

As for the non-specialists, the failure and discussion makes me feel that they have learnt a lot from it. I showed the films in San Pedro, Gagnoa, Man, Odienné, Boundiali, Korhogo, Katiola, Bouaké and Abengourou. And I usually chose a village near these towns, if possible one where one of the films was shot, to show it to the villagers. The reactions were very positive every time. "Les Dix Commandements" (The Ten Commandments) probably generated the most interest. The Prefect of Gagnoa told me that, after he'd seen the film, he wanted to hit his wife—preventively—so she didn't make the mistakes which had been highlighted in it! Wherever I went, mayors and prefects asked me to get copies for them. In Nagana Siensou, the whole village turned out to watch the film because at prayers the Imam had said that anyone who didn't go was against God because he didn't want his child to be saved. We had a thousand people come to watch in Fronan, in a square thick with people, and when the film was over, the village chief said that, if there was a woman like the one in the film who had refused to have her child vaccinated against measles in his village, she would be cast out. Women like this are accursed, he said. That shows you the interest the films generated in the villages.

The other thing that surprised these villagers a great deal and that I want to tell you about here was seeing their language spoken on the screen. They're used to television in the villages these days, but it's in French. So, for many of them, it was the first time they had heard their language actually spoken by actors. I think that helped to heighten their interest in the films.

All in all, the experiment has been a largely positive one. The cinema is a language people understand and, above all, it has a terrific impact on those who see it. I think that it should be used more often in our efforts to develop. ◊

Interview by Frédéric GRAH MEL





## Strengthening agricultural research in ACP countries: the role of management training

by Paul BENNELL (\*) and T.M. NARAIN (\*\*)

For the majority of developing countries, the most crucial challenge they face in the coming decades is to achieve rapid, significant and sustainable increases in agricultural productivity, while also conserving the environment and improving the well-being of their burgeoning rural populations.

Most developing countries have exhausted the options of increasing production through expanding into new lands. Progress now depends on improving technologies which increase the combined productivity of all the factors of production—land, labour and capital—and decrease unit costs of production.

These agricultural technologies

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must be created or adapted by research scientists in the developing countries, working in close collaboration with policymakers, the international research community and their most important clients, farmers themselves. It is essential, therefore, that agricultural research systems at both the national and international levels have the scientific and institutional capacities to ensure that this technological challenge can be met successfully.

### The institutional development of national agricultural research systems

In the past, the primary emphasis of governments and the donor community has been to strengthen the scientific capacities of national agricultural research systems (NARS) to generate and adopt new technologies. However, it has become increasingly apparent that this must be accompanied by institutional development of these systems. Otherwise, organisational and managerial weaknesses will continue to seriously hold back the effectiveness and efficiency of the research effort.

From the perspectives of institutional development, a strong and productive NARS requires:

- a coherent research policy designed to meet national development goals;
- an organisation compatible with the objectives and functions the government assigns to agricultural research;
- an integrated set of management policies and practices allowing the system to mobilise and use effectively the required human, physical and financial resources;
- the ability to communicate effectively with its clientele, its partners (the scientific community) and the country's policymakers.

Recognising the urgent need for the institutional development of NARS in many developing countries, the Consultative Group on International Agricultural Research (CGIAR)—an informal association of donors and representatives of developing countries, which supports 13 international agricultural research centres—created the International Service for National Agricultural Research (ISNAR) in 1979. The Service assists NARS of developing countries in strengthening their capacities to use their resources for agricultural research effectively and efficiently.

The generation of agricultural technologies requires trained agricultural research scientists. As agriculture is made up of several disciplines, each having its own set of research methodologies, productive agricultural research requires the combined effort of the scientists working in a team. Teamwork is encouraged by a manager capable of directing scientists highly trained in their subject matter and therefore with a tendency to be individualistic and resisting working with others.

Small island states cannot afford a large team of research scientists even when they are available within the country — which is very often not the case. Such states therefore concentrate on adapting agricultural technologies which have been generated elsewhere. Even this task requires a minimum of scientists who need to be highly trained. Being so few in island states, they are often required to transfer the results of research or adapted technologies to agricultural producers.

The newly independent states do not have experienced scientists who are required not only to conduct or adapt particular types of research, but also to organise and administer research and to ensure the transfer of its results to farmers.



FOA/Y. Nagata

*Progress in yields now depends on improving technologies. Here a research station in Ethiopia*



While the modes of assistance that countries require vary according to specific circumstances, their determination involves an examination of the constraints followed by planning and implementation of the strategies to remove them.

In the implementation of this assistance programme, ISNAR provides the professionals in the several NARS with training in leadership and management skills.

The training programme pursues three activities in particular: planning, organisation and execution of courses, workshops and seminars. Training is aimed at three target groups — policymakers, senior management people, and middle-level managers and administrators. Training events are conducted at international, regional and national levels.

Global workshops and seminars, drawing participants from all parts of the developing world, are designed to bring NARS leaders and policymakers together with experts who can facilitate an inter-regional exchange of perspectives on key issues facing agricultural research systems. They may be issue-oriented—focusing on agricultural research policy, organisation and management—and/or they may test recently developed management approaches.

Regional workshops focus on common constraints faced by systems which, for geographical or historical reasons, have lessons to share. By adapting training materials to particular regions, with the collaboration of specialists from the region, their management capacities can be strengthened.



*The generation of agricultural technologies requires trained agricultural research scientists*

National-level workshops tend to focus on particular constraints faced by national research managers, and on transmitting the skills needed to resolve these problems. National-level events are essential to developing a

critical mass of research managers who use the same concepts and vocabulary, thus becoming mutually supportive in their efforts to improve the system. ○

## The South Pacific Agricultural Research Management Workshop

A good example of the kind of training undertaken by ISNAR in recent years is the South Pacific Agricultural Research Management Workshop held in Western Samoa in October 1987.

The need for effective agricultural research activities in the South Pacific provided the underlying rationale for the workshop. Agriculture remains the dominant productive activity in all the countries of the region. This is as true for the larger islands in the west (Papua New Guinea, Fiji, Solomon Islands and Vanuatu) as it is for the small atoll states, which are mainly in the centre and the east (Cook Islands, Kiribati, Tonga and Western Samoa). Typically, agricultural production accounts for 60-80% of exports, with continuing heavy reliance on coconuts. The overwhelming majority of the rural population engage in subsistence farming, with some cash crop production. In general, agricultural productivity remains very low because traditional agricultural practices prevail, with little use of new crop varieties and low inputs of fertilisers and other chemicals.

Governments in the South Pacific clearly recognise that the success of

their national development efforts hinges on the development of the agricultural sector. Intensification and diversification of agricultural production are urgently required in order to raise rural incomes and generate employment, expand exports and reduce the growing reliance on food imports. The new agricultural technologies that will be needed are not generally available at present, however. Agricultural research is therefore recognised to be critical in the future development of the agricultural sector in the South Pacific.

The workshop itself directly complemented ISNAR's prior advisory service activities in the South Pacific. During the previous five years, ISNAR had already undertaken comprehensive reviews of the NARS in Papua New Guinea (1992), Fiji (1983), Solomon Islands (1983) and Western Samoa (1984). These reviews identified a common set of problems facing agricultural research in these countries. In particular, the need to strengthen the planning and management of agricultural research was considered to be a key priority.

The overall aim of the ISNAR/IRETA workshop was, therefore, to facilitate this strengthening process. The specific objectives were as follows:

- to increase awareness among senior government officials in the region of the role of research as an instrument of agricultural development and, in so doing, to help generate additional support for agricultural research;
- to import skills and techniques that improve research managers' ability to plan and manage agricultural research;
- to strengthen regional capacity to undertake research management training.



More than 34 directors of agriculture, other senior policy makers, heads of agricultural research and senior scientists from 11 countries (Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Niue, Papua New Guinea, Solomon Islands, Tonga, Tuvalu, Vanuatu and the host country, Western Samoa) attended the workshop. In addition, delegates from other relevant institutions from both within and outside the region also participated.

With regard to the second objective, ISNAR's previous experience working with NARS in the region helped to ensure that the content of the two-week workshop clearly addressed issues that were of direct relevance to most of the participants. The workshop also provided a broad introduction to agricultural research planning and management. The topics covered included:

— the role of agricultural research in the South Pacific, its special charac-

teristics in the small-island context and present levels of resource commitments;

— what is special about agricultural research management both in general and in the South Pacific and the scope for improved management in the South Pacific;

— understanding and influencing the policy environment;

— the planning and programming of agricultural research — strategic planning, evaluation and programme planning methodologies (e.g., the logical framework approach, constraints analysis);

— organisational behaviour in agricultural research — perception, motivation, leadership, working in groups;

— communication and the management of research-extension relationships.

A total of over 30 presentations were made during the workshop. However, considerable emphasis was

given to small group discussion and problem-solving in order to ensure maximum participation and effective learning situations. Management case studies and exercises were extensively employed.

The workshop was designed and implemented by ISNAR in close collaboration with the Institute of Research, Extension and Training in Agriculture (IRETA). It was held at IRETA's conference facility at the campus of the School of Agriculture of the University of the South Pacific, Alafua, Western Samoa. By working with IRETA in this way, an important step has been taken in establishing an institutional base for agricultural research management training in the South Pacific that can be developed further in the future.

Regional training workshops of this kind are costly. The South Pacific workshops was sponsored by three organisations: the Asian Development Bank, the Technical Centre for Agricultural and Rural Cooperation (CTA) and the Australian Centre for International Agricultural Research (ACIAR).

Participant evaluations of the workshop were highly favourable. There is clearly a need for more specialised management training for the NARS in the South Pacific. Both ISNAR and IRETA hope to be able to respond to this need.

CTA is pleased to have contributed to the organisation of the workshop which has served to highlight further the special problems facing NARS in small and micro-states.

There are 43 ACP States with populations of less than five million. For most of these countries their NARS will continue to remain small overall with generally fewer than 50 research scientists. This poses special problems, mainly because of the acute imbalance between the number of research problems that need to be resolved and the capacities of the NARS to meet them. These special needs and problems of small countries are being systematically investigated as part of ISNAR's research programme. ○ P.B. and T.M.N.

## ISNAR

*The International Service for National Agricultural Research (ISNAR) began operating at its headquarters in The Hague, Netherlands, on September 1, 1980. It was established by the Consultative Group on International Agricultural Research (CGIAR), on the basis of recommendations from an international task force, for the purpose of assisting governments of developing countries to strengthen their agricultural research. It is a non-profit autonomous agency, international in character, and non-political in management, staffing, and operation.*

*Of the 13 centres in the CGIAR network, ISNAR is the only one that focuses primarily on national agricultural research issues. It provides advice to governments, upon request, on research policy, organisation, and management issues, thus complementing the activities of other assistance agencies.*

*ISNAR has active advisory service, research and training programmes.*

*ISNAR has developed a strategic plan emphasising activities and products to build the national systems. This emphasis is reflected in ISNAR's goal:*

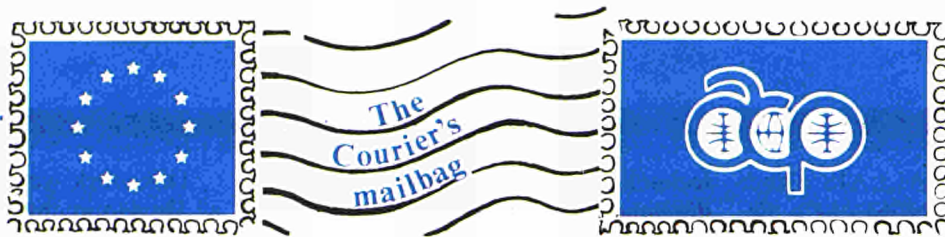
*"To assist developing countries improve the efficiency and effectiveness of their agricultural research systems through enhanced capacity in the areas of research policy, organization and management."*

*ISNAR has defined three distinct and interrelated programmes, and objectives for each, aimed at achieving this goal: its advisory service to NARS programmes; its research programme; its training programme.*

*Some 2 500 research system managers have participated in more than 50 ISNAR workshops. Both to ensure appropriateness to local needs and to build local training capacity, such workshops draw on staff from, or are held in cooperation with, national and regional training institutes in developing countries.*

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## Informatics in agriculture and prospects in the LDCs

Following your Dossier on "Informatics", issue N° 113, permit me to make the following contributions.

Producers, traders, processors, and consumers of agricultural products can make rational decisions if they have timely access to accurate and relevant information on prices and quantities of produce reaching major wholesale markets. If such data is not available, decisions are made by the seat of one's pants.

This is why governments and trade associations around the world have long been involved in gathering, processing and disseminating market data. Access to computers and electronic communication devices have improved marketing information systems more in the last two decades than in the previous couple of centuries.

In North America, electronic marketing started in 1961 with implementation of a teletype network selling slaughter hogs in Ontario, Manitoba and Alberta (Canada). In 1962, a telephone network was used to sell slaughter hogs in Virginia. Since then EMS has expanded to feeder cattle and pigs, slaughter lambs and cattle, as well as to eggs, carcass beef, cotton, fruits and vegetables.

In the 1980s, agricultural marketing specialists have been increasing looking at EMS as a potential tool for improving marketing in Less Developed Countries (LDCs) around the world. So far little progress has been made.

The essence of an Electronic Marketing System for Agricultural Commodities (EMSAC) is a centralised price establishment, which is competitive, transparent, visible, governed by uniform and impersonal rules guiding buyer-seller interactions. In EMSAC, buyers, sellers and products do not gather at a single exchange point. Rather, participants enter the market and engage in negotiations via long-distance communications while a computer—or, in less technically sophisticated systems, individuals—manage the buyer-seller interface.

The market manager, whether computer or persons, facilitates communication among numerous traders in addition to performing such related marketing functions as matching bids and offers, conducting auctions, recording and confirming transactions, invoicing, managing information flows, and enforcing trading rules, compiling and disseminating price reports as well as other market information.

In addition to sales negotiation, EMS allows for non-price terms of exchange to be specified, including time and method of payment, transport costs, terms of delivery, and risk of product loss. By normalising such factors, sales negotiations can focus primarily on a single, variable, price.

EMSAC thus allows for rapid and direct or nearly direct transfer of product from seller to buyer, eliminating costly cross-hauling. Both of these attributes are crucial to food security.

### Years ahead

During the 1990s, the use of EMS will expand rapidly. This is because cost effective communication technology and increased awareness of the economic benefits of electronic systems will force adjustments to changes in industry structure. Concern over adequacy of publicly-available prices and market information will be increasingly translated into new and more progressive ways of marketing. Experiences in the 1980s will provide the foundation on which to build expanded EMSs.

The most important message of the 1980s is that electronic markets work best in situations where: (a) clearly defined marketing problems and inefficiencies exist; (b) an organisation of producers or other participants want to see change; and (c) electronic systems can be introduced with only small changes in traditional trading procedures used by buyers and sellers.

Potential participants tend to resist change because uncertainty inevitably comes in its wake. In contrast to the rosy outlook for EMS in North America, Western Europe and Japan, the possibility for extended use of the technology in LDCs is limited.

The reasons for this lag in EMS use are readily apparent from existing software and hardware infrastructures. Transactions in agricultural products within an electronic market depend on the availability of widely recognised grades and standards. Description terminology must therefore be based on easily recognisable product features or measurements describing characteristics which allow buyers to make accurate value judgments. In LDCs such grades and standards tend to be used primarily for traditional export commodities; they are unusual in foods destined for local consumption.

The EMS hardware can, of course, be put in place within LDCs. But it would be difficult to make it operational simply because the technology is currently inappropriate: telecommunications hardware is unreliable and there are frequent electricity cuts. In short, lowering of software and hardware barriers to effective operation of EMS in LDCs is a time-consuming process. It will take more than the decade of 1990s to make these infrastructures ready for rapid expansion of EMS in most LDCs of Latin America, Africa and Asia.

**Dr Frank Meissner, Bethesda, Md., U.S.A.**



Anne-Sophie BOISGALLAIS and Charles CONDAMINES — **Le Sucre: le nord contre le sud?** (Sugar: North against South?) — Collection Alternatives Economiques no. 19 — Editions Syros-Alternatives, Paris 1988 — 160 pages — FF 49.

"We don't want to go on sweetening our tea at the expense of slaves. Let's boycott American sugar", said militant anti-slaver women in the 19th century. And Flora Tristan, the feminist-before-her-time who had visited Mr Lavalle's sugar plantation on her travels in Peru and seen "four hundred negroes, three hundred negresses and two hundred little negro children" admired their "saintly determination". "A few years more", she predicted, "and beet will be dethroning cane", putting an end to slavery at the same time. That was in 1833.

In 1986, the Swiss held a referendum and decided to go on importing their sugar instead of producing it themselves.

But do we really need sugar? Haven't the new chemical sugars changed the whole issue?

Was Napoleon right to want France to produce its own sugar? Is sugar cane still beggaring the Third World peasants who grow it? How come people are hungry when vast supplies are keeping the market in a state of depression? How can we ensure food security for everyone? Are states more efficient than private-sector firms? What would happen if all the governments stopped subsidising sugar?

All these questions are posed in this book and the authors have answered them after meeting experts, researchers, heads of businesses, cane cutters, beet farmers, nutritionists, top officials and politicians in at least 30 countries, in both North and South.

One or two certainties emerged at the end of this journey to the Kingdom of Sweetness — that the poor countries cannot go on counting on their unrefined sugar exports to pay for their development and ought to be trying to make more of the potential of cane as fodder and energy (fuel).

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Under the direction of Yvonne MIGNOT-LEFEBVRE — **Transferts des**

**technologies de communication et développement** (Transfers of the technology of communication and development) — Revue Tiers Monde, Volume XXVIII, no. 111, July-September 1987 — Institut d'Étude du Développement économique et social, 58 bvd Arago, 75013, Paris, France — FF 95.

Authors of 15 different nationalities have contributed to this book on the various aspects of a doubly difficult problem involving both the transfer of technology and the technology of communication. Any study of it has to cover political, economic and social aspects, as well as the cultural side, possibly the most important of all. And it must all be done, as one of the subtitles of the book says "independently of frontiers" — which, paradoxically, increases the number of cases. So the subject is a complex and constantly evolving one. Two of its components (media and information) were dealt with in Courier dossiers recently and the subject is of such importance to the developing countries that the articles in this first-class collection cannot but be read to good effect. There are too many authors to list here, but special tribute should be paid to Yvonne Mignot-Lefebvre herself, a research worker with the CNRS (France's National Scientific Research Centre) who, in addition to coordinating the work, has also produced an article, and a good one, on the States and national and regional cultures in relation to "the complex systems of information and communication". Hers is the article which contains this splendid description of the present situation in communications technology as "a totally new phenomenon demanding, if it is to be understood, resolutely trans-disciplinary approaches which are only currently emerging".

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J. LECAILLON, C. MORRISON, H. SCHNEIDER and E. THORBECKE — **Politiques économiques et performances agricoles dans les pays à faible revenu** (Economic policies and agricultural performance in the low-income countries) — Development Centre Studies, OECD, 2 rue André Pascal, 75775 Paris, France, Cedex 16) — 223 pages — 1987.

This work was produced as part of a Development Centre programme which began in 1982 with a pilot study on Tanzania and continued with a study of five other countries, Burkina Faso, Kenya, Mali, Nepal and Sri Lanka. The six case studies were published separately, but the analyses of them and the conclusions they led to called for a synthesis — the subject of this book.

Its basic tenet is that "the disappointing agricultural performances in many of the low-income countries cannot just be put down to technical factors or the state of agriculture". It looks at the relations of interdependence between the economic (monetary, sectoral etc.) policies which the authorities decide on and on their impact on the agricultural sector, covering a long (20 years plus) period and different economic systems and, of course, taking account of outside constraints (the trends in the terms of trade in particular). At the end of their analysis, the authors show the "strategic importance of the agricultural sector in the early stages of development" and the dilemma "between the danger of pressurising agriculture and the possibility of making it the driving force for its own growth". Once the development process is on its way and agriculture on the road to lasting growth, there will be, the book says, "a virtually automatic transfer of surpluses to the non-agricultural sectors... with little or no official intervention, via a decline in the domestic terms of trade attendant on the free play of technical progress and market forces. This virtually automatic transfer will constantly help finance the successive stages of development in non-agricultural sectors. It is quite different from the enforced transfer about which the State gives agriculture no choice and which could well interfere with growth in this and other sectors".

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M. VAN DER VEKEN and I. HERNANDEZ — **Women, Technology and Development** — Leuven, ATOL — 1988 — 155 p. — 450 BF.

Why do new waterpumps break down so quickly?

Why do so many improved cookstoves end up as unused gadgets?



# ACP-EEC negotiations for "Lomé IV"

## Hoping to do better

Since the Brazzaville meeting on 15-17 February, the least that can be said is that, although their heart may be in it, the ACP-EEC negotiators are not carried away by enthusiasm. Why, one may well ask, particularly bearing in mind the three previous occasions? Is it the scope of the development issues, as the Congolese Head of State suggested? Is it the international economic situation? Or is it European uncertainty about 1992, in spite of the optimism surrounding the prospect of a large Single Market of 340 million people in a Community of freedom and progress in face of mounting poverty east and south of the "old continent"? It may well be all of them — and may be a degree of doubt on the part of the ACPs too.

"What do we really want?" is what many people are asking, reflecting as they do the feeling, commoner than one may imagine, which reveals the real problem the Group has to cope with — the absence of any global perception of some guiding principles and aims on which all the other aims of cooperation can be focused.

This will come as no surprise to anyone who knows about the origins and development of the ACP Group. History was behind its creation but, today, geography is quite naturally taking its place. The spontaneous harmony of interests between, say, Africa and the Caribbean (cherished by the negotiators of Lomé I) would currently spring from the same dream as economic harmony. Concern is much more of a regional thing now and this is reflected in the conduct of the negotiations at the level of certain of the three components of the Group.

On the Community side, sobriety is the order of the day. Let us be "realistic", Dieter Frisch said at the last central negotiating group (CNG) in April. To anyone who knows the Director-General for Development, a man whose belief in, and commitment to, cooperation with the ACP States is in no doubt, this is a sincere and friendly piece of advice, but revealing of the Europeans' state of mind — or their fear that, unless the objectives are formulated clearly and concisely, the other party will take refuge in prolixity or the "UN-style talking" in which good intentions may win out over the "firm and binding commitments" which are at the heart of ACP-EEC cooperation.

Negotiations between the ACP Group and the Community are of course continuing. And since the Ministers met in Brazzaville, progress, albeit not substantial,

has indeed been made. These first practical results have to do with sectoral considerations, some of them new ones such as cooperation in matters of population and demography and the extension of the notion of the protection of the environment and the natural heritage. Both parties hope it will be possible to present fairly well-drafted texts at the next meeting of Ministers in June so that decisions can be taken. Any delay in fields where broad agreement has already been obtained would be (misplaced) "perfectionism" on the part of the negotiators and hold up discussions in areas where they should be advancing so as to avoid any difficulty. What Mr Frisch said was that "the ground has to be cleared of all the problems which are not really conflictual so that the Ministers can concentrate on questions which cannot be decided in the Commission and the ACP Committee of Ambassadors".

### Position of the main topics of negotiation prior to the June Council

**Commodities.** Discussions in this area include the "special arrangements" which the ACPs mentioned clearly for the first time in Brazzaville. The ACP requests needed clarification, but little had been done towards that when the general negotiating group met on 17 April, and the Community had not made known its reactions on this in early May. However, it was understood that the Community was against the idea of an ACP commodity price agreement and the Director-General for Development feels that "it will be extremely difficult to advance along the lines the ACPs suggest". Why? Because, Mr Frisch explains, "if we take a product like coffee or cocoa, say, where the prices and quantities to be imported to the Community are guaranteed, we would be completely outside the operation of the international market... and this would force the Community to put up other barriers vis-à-vis other suppliers... We cannot guarantee the ACPs a price of 100 if the world price is only 80". The problems attendant on special arrangements, he thought, would be considerable as far as GATT was concerned. And the "European partners in trade with the ACPs are private sector".

What about starting from the basis of the Sugar Protocol, which guarantees the prices and quantities of sugar imported to the Community? "That is very different",

Mr Frisch acknowledged "The Community produces sugar of its own and, at the time, it was much easier to guarantee prices and quantities that were aligned upwards on those that the Community offered to its own beet producers." And when Britain joined, the Community felt obliged to maintain the outlets and export conditions of Commonwealth sugar to the United Kingdom. "A Sugar Protocol-type solution for tropical products might involve isolating the EEC-ACP zone from the outside world", Mr Frisch added, "which is not feasible".

This technically sound solution could well not satisfy the Africans. "The Community still gets more out of the present commodity situation", Raymond Chasle, Chairman of the ACP Committee of Ambassadors, retorted, calling for the Community to find ways of helping capitalise on ACP resources, particularly through industrial processing along the lines of the established ACP target of 50% of all processing, marketing, distribution and transport (PMDT) within 10 years<sup>(1)</sup>. But although the Community shares the ACP concern here, it thinks that the Convention should not contain an actual figure, as achievement of it depends not just on the States but, above all, on private operators. "It is the ACP policies, not what is in the Convention, that will encourage the investors", Dieter Frisch added.

**Financial and technical cooperation.** The Community repeated that the volume of aid arrangements for disbursement would not be discussed before the second phase of the negotiations, which would be in September at the earliest. The volume was of course important, because of the discussion of the sectoral themes and structural adjustment and they had to "avoid cooperation with the EEC that might add to the ACP debt", Frisch said.

But can there be any real innovation in FTC? "Outside a new dimension of structural adjustment, not really", the Director-General replied, suggesting that the Lomé III approach was basically a sound one which should therefore be consolidated and improved upon in Lomé IV. "We cannot change every five years", he said, even when it comes to the question of budgetising the EDF which was requested by the ACP during the negotiation of Lomé III. Although the Twelve

(1) This is an ACP request for Community help in getting a 50% share of these four areas of activity by the year 2000.





Raymond Chasle

currently saw "more disadvantages than advantages to the ACPs" here, the question "would not be brought up again", Mr Frisch made clear, as it was an internal Community matter.

**ACP nationals in the Community.** The arrangements for ACP nationals and students legally present in Europe are the subject of deep disagreement between ACP and EEC negotiators. The ACPs want the Community to ensure legal protection for them and provide living and studying conditions that are no less favourable than those reserved for other foreigners in Europe. The disagreement, Raymond Chasle claimed, came from the fact that, although the Community recognised the need for legal protection, the European institutions in Brussels came up against the national laws of the Member States here, which could involve injustice and even discrimination for ACP nationals. Mr Chasle said the important thing was not recognising the legal protection, but putting it into practice in the places in Europe where ACP workers and students lived.

The question now is whether the Commission negotiators can make any headway with the national legislation in the Member States, along the lines the ACPs suggest. This is what Dieter Frisch, who co-presides the CNG with Raymond Chasle, said: "This is a field within the competence of the Member States and, since the Member States do not transfer questions of national responsibility to the Convention, there will always be differences of opinion on this subject", he pointed out, saying he "feared" that, although he personally intended bringing the subject up again with the Member States, "they won't want to go any further than the present texts" in each of the Member States. "There is no difference in the legal situation in comparison with Lomé III (annexes 9 and 10)", Mr Frisch went on to say. For example, the ACPs had never made use of the possibilities offered by the

Lomé III annexes on defending the rights of nationals where they were under threat. He was "not very optimistic" about this provision being altered in the next Convention.

The idea that, as the Member States are individual signatories of the ACP-EEC Conventions, there should be no problem attached to endorsing a provision devised by the European negotiators with the ACPs, was, Mr Frisch felt, a very complex legal consideration.

"The same problem arises", he said, "with the non-discrimination between ACPs by the Community or for debt". If the Member States had to apply the principle of non-discrimination in their bilateral cooperation policies, it would be tantamount to asking them to share out their financial aid between 66 countries in a non-discriminatory manner", Dieter Frisch emphasised. And "everyone knew that, bilaterally speaking and for reasons of policy and efficiency, each Member State benefitted some countries or areas of cooperation more than others". He also pointed out that the Member States signed the Convention individually for internal Community reasons, "mainly of a financial nature".

**Human rights.** The ACP-EEC agreement to put provisions on human rights into Lomé III (a primarily economic cooperation agreement) for the first time was hard won — as if the economy could do without the people which shaped it. This was now being accepted, the Lomé IV discussions on the subject are primarily concerned with editorial improvements to the way the texts are set out in the new Convention.

Mr Frisch considered that the Community would not be suggesting any significant changes here. "What we want to do is give clearer and more coherent expression to the subject of human rights", he said, "than was the case in Lomé III".

But although the ACPs agree with the Europeans as to the need for clear, coherent texts, they still feel that there are other, more important improvements to be made to the Lomé IV human rights provisions, particularly when it comes to fighting apartheid and racial discrimination in general.

The ACPs maintain that the Europeans are a little too inclined to stress the effects of apartheid. They obviously have to be attenuated, they say, but this should not preclude a reduction in the causes of racial discrimination, as over-concentration on the effects could well cloud the causes. "Justice before generosity". "The Community", Raymond Chasle said, "could finance democratisation and human rights promotion schemes in the ACP States".



Dieter Frisch

**ACP sovereignty over their resources.** When this subject was brought up, there was the feeling that the ACPs were taking political sovereignty to mean the common idea of national independence. What was meant here, Ambassador Chasle explained in Brazzaville, was the ACP States' authority over the resources which were within their international jurisdiction, such things as the resources of the EEZ. The ACPs thought the Community recognised the States' rights over their exclusive economic zones, but failed to recognise the implications — that the ACP States could dispose of and benefit from the products of the 200-mile zone.

There again, the debate seems to be taking more of a legal than a technical turn at ACP-EEC level. The Community recognises the sovereignty which all coastal states have over their exclusive economic zones and particularly their right to regulate access to it by third states. But it does not think that this recognition automatically means that these states have right of ownership of the resources obtained from the EEZ, something which holds good for the Member States too. So the discussion is by no means over.

That, then, is where the main subjects of negotiation stand a month away from the Ministers' meeting of early June. The situation could of course develop before the Ministers meet — although the changes may not be obvious.

The ACPs seem to need to clarify their dossiers on the other subjects of discussion more than had been the case at Brazzaville. In trade, for example, there can be no question of dropping the safeguard clause. And the ACP spokesman on the negotiating group has not made any new suggestion of importance. The ACPs are hoping for "an attenuation of the rigidity" of the rules of origin, so as to encourage processing and the export of their products onto the market of the Twelve. "If there are not many requests for derogation from the ACPs", Mr Chasle said, "it is because there are few processed products". There



## Negotiations progress 7 March to 17 April 1989 (1)

It was agreed at the first CNG meeting of 7 March following the Brazzaville Ministerial Council:

— to build on agreement reached at Brazzaville by drafting key points for areas where there was agreement either to adapt the present texts or to add new provisions;

— to continue the process of clarification to reduce/eliminate the 'grey areas';

— to attempt a process of reconciliation on points of divergence, it being understood that a time of reflection should be allowed as necessary to each side on some issues.

The eight negotiating groups, as well as the CNG, for its specific areas of competence, could therefore resume work without further ado. After having classified the different items under the three above-mentioned categories, they could adopt a work programme and timetable accordingly.

A joint plan has been drawn up of all areas of negotiation and the short-term action to be taken on each. Where possible, drafting groups have met (to produce key points that will eventually turn into articles of the new Convention) and will be reporting back to their main groups.

### Negotiations

Human rights, toxic waste, trade cooperation, commodities, debt and structural adjustment all remain sensitive issues.

Discussion on geographical coverage, duration and financial package has been postponed, so as not to hold matters up.

The sessions of the eight negotiating groups held since the second week of March have enabled good progress to be made in areas where there is agreement, notably on principles and objectives and on clarifying certain other points, such as:

1. agricultural and rural cooperation — key points are being drafted on objectives, principles and priorities. The main subjects requiring clarification here are agricultural research and forestry;
2. environment and cultural cooperation — the key points exercise is under way;

(1) Source: EEC Commission.

3. social cooperation (population, health, women, education and training) — some points are still being clarified but there do not seem to be any major problems and key points should be emerging soon. Some progress has been made on the question of refugees;

4. commodities — key points are being drafted on diversifying ACP exports and on processing. Clarifications expected on other areas such as "special arrangements" and international cooperation on commodities; Stabex and Sysmin are still problematical and require further examination;

5. trade — the ACP States have asked for further liberalisation on access to the EEC market, the relaxation of rules of origin and clarification on the general fate of rum, rice and meat, but will need to make their own requests more specific, since the Community has not made up its mind — hardly anything for drafting at this stage;

6. regional cooperation and services — the key points exercise on regional cooperation is under way while both sides are clarifying their position on services;

7. industrial mining and energy development, enterprise development — the key points exercise is under way for the objectives, while the other aspects still require clarification by both sides;

8. key points have been approved on LDLICs. The link with the SNPA (news substantial programme of action) and the issue of a special fund remain to be clarified;

9. financial and technical cooperation — the drafting of key points is under way while the question of structural adjustment requires clarification, as does the debt issue.

### Also in the yellow pages

- IV. EDF financing
- IX. President Chissano of Mozambique visits Brussels
- X. President Arap Moi of Kenya
- XI. President Moussa Traoré of Mali
- XII. President Mubarak (Egypt) and PMs of Dominica, St Lucia and King Juan Carlos of Spain at the Commission
- XIV. ACP Embassies
- XV. Development of the EMS

should also be a piece of machinery to forge a link between the demand for (EEC) and supply of (ACP) commodities and other products. This is where the "policy of support" would be really meaningful, the Ambassador maintained.

### ACP-EEC Cultural Foundation

Much the same is true in regional cooperation, where the regulation of the movement of toxic waste now needs at most a clarification of positions as regards both agreement and disagreement.

But there is still one subject which is of prime importance to the ACPs and that is cultural cooperation — and the ACP-EEC Cultural Foundation which should be promoting it.

For a reason of principle—that of not increasing the number of Convention institutions—the Community prefers the Foundation to keep its flexible rules rather than give it a legal framework in the Convention. The ACPs see the institutionalisation of this instrument as having far more advantages than a new "mechanism" that would generate red tape. "The ACPs will no longer be of interest to anybody much if their hierarchy of values is entirely lined up on Europe's", was the essence of what Ambassador Chasle had to say. So if the Europeans' interest is to be caught, the first thing is not to be too much like them culturally and if the ACP-EEC Cultural Foundation has rules that are recognised in the Convention, it can set its sights higher as far as capitalising on ACP culture is concerned. This, Mr Chasle said, would enable it to "mobilise its resources more at international level".

### The negotiations on the ACP side

Although the general feeling in April was that not much headway had been made with any of the dossiers, there was still the impression that the ground had been cleared and that substantial progress could be made from June onwards. So the hope of doing better than Lomé III and "getting it signed by the end of the year" was largely shared.

But the ACPs will have to have a better grasp of the subjects of discussion if any breakdown in the conduct of the negotiations is to be avoided when the Chair of the Committee of Ambassadors moves round and the French Presidency of the European Parliament starts.

Experience has indeed shown that the most difficult and most demanding phase of the ACP-EEC negotiations is the one immediately before the conclusion. What is at stake this time round means that the last phase of the discussions will be a real challenge for both parties. ○

LUCIEN PAGNI



## EDF

The Commission had received favourable opinions from the EDF Committee and in March therefore decided to finance the following projects:

### SADCC States <sup>(1)</sup>

**Regional land and water management training centre**  
Sixth EDF  
Grant: ECU 2 460 000

Botswana is the SADCC member responsible for agricultural research, so the SACCAR, the Southern African Centre for Cooperation in Agricultural Research, was set up in this country. Work on the Centre began in 1984 and it was housed in the main agricultural research centre of the Ministry of Agriculture, north of Gaborone.

The Centre for Regional Resources and Training in Land and Water Management is a project devised following a request from the SADCC, backed by the National Authorising Officers of Botswana and Swaziland, on 15 August 1988. It seeks to provide the region with a centre where soil scientists of all levels can obtain practical training and supervision can be provided for applied research programmes covering all aspects of land and water management. It will contain a regional soil physics laboratory, which is very much needed, and be a regional centre for documentation on land and water management.

### New Caledonia

**Agricultural development**  
Fifth EDF  
Loan: ECU 700 000

This project covers the whole of New Caledonia. The idea is to provide extension services close to the territory's young herdsman, particularly those in the Melanesian livestock groups being set up after the land reform.

It involves acquiring know-how via the right sort of learning process, technical backing and close monitoring of the young herdsman. The operation will recruit and supervise 10 field officers for this purpose.

(1) Angola, Botswana, Mozambique, Tanzania, Zambia, Zimbabwe, Lesotho, Malawi and Swaziland.

### French Polynesia

**Temaarua dam**  
Sixth EDF  
Grant: ECU 800 000

The plan here is to lay on a drinking and irrigation water supply system, fed by catchment and overflow from an existing dam, for the village of Taravo and a plot of cropland. Pipes will be laid, therefore, and a hill dam built at Temaarua to regularise distribution. The network will serve several purposes, supplying water for domestic use, irrigation and livestock on the Tiarapu Peninsula in Tahiti.

### Fiji

**Programme of rural electricity supplies**  
Sixth EDF  
Loan: ECU 3 000 000

Fiji comprises more than 300 islands with an estimated population of 716 000. About 77% of Fijians live on the two main islands — Vita Levu (445 000 inhabitants or 62%) and Vanua Levu (103 000 or 15%).

The rural power supply programme, focused solely on these two main islands, involves laying on 28 small power networks in the rural parts of Vita Levu and Vanua Levu and building an electricity generating station.

### States of Central Africa

**Central African industrial forum**  
Sixth EDF  
Grant: ECU 2 300 000

The idea here is to promote industrial cooperation between the Community and the ACP States of Central Africa by facilitating contact between the heads of European and African firms and providing any additional support that might be needed in the matter of technical assistance. The Lomé III provision on industrial development and investment will be applied and regional cooperation will be encouraged too, since the ACP partner countries belong to one and sometimes even two regional organisations.

This project forms part of a series of EEC-Central Africa industrial meetings—the first two were held in Libreville (Gabon) in 1985 and 1987. It involves financing the next two fora and supplying technical assistance before and after to ensure that both projects and contacts are properly prepared before each meeting and properly monitored afterwards.

The countries concerned are Angola, Burundi, Cameroon, the CAR, Chad,

Congo, Gabon, Equatorial Guinea, Rwanda, Sao Tomé and Principe and Zaïre.

### Gambia

**Water supply system**  
Fourth, Fifth and Sixth EDF  
Grant: ECU 1 850 000  
Loan: ECU 1 500 000

This project involves renovating and extending the water supply network in four provincial centres to meet drinking water requirements. Basse, Bansang, Mansa, Konko/Soma and Farafenni are covered by the scheme, which is part of a national water and electricity programme covering the greater Banjul region.

Drillholes will be sunk and a depot will be built at Bansang — where a water supply network will be installed for the treatment facilities.

### Chad

**Rural development support programme**  
Sixth EDF  
Grant: ECU 28 000 000

By pursuing the priority aims of food security, protection of the natural resources and improvement of the standard of living of the rural populations, this scheme is in line with the 6th EDF indicative programme.

The idea is to bring about lasting improvements in the standard of living of the local people through various combined and interdependent schemes intended to:

- improve the conditions of the rural environment, particularly when it comes to village water engineering, health, education, the promotion of women and a greater capitalisation on their productive and educational potential;
- improve the economic security of the rural populations (rural roads and tracks and better conditions of input supply, marketing, storage and processing);
- safeguard the future by protecting or restoring natural resources and fighting desertification;
- develop active participation structures for the rural communities.

This will mean creating infrastructure, supplying materials and equipment, setting up the working capital needed to produce and market the agricultural produce, targeting financial support to the institutions responsible for running parts of the programme and financing technical assistance and development volunteers.



**All ACP States****Programme of aid to improve production and marketing**

Sixth EDF  
Grant: ECU 3 428 000

The idea here is to remove certain impediments to the marketing of coffee, cocoa and oilseeds originating in the ACP States on:

- the traditional consumer markets (in Europe);
- the low-consumption markets (Japan);
- markets with a potential but largely unsatisfied demand (Eastern Europe).

The programme will be run by APROMA, the ACP-EEC professional body, and should ensure that ACP exporters and producers in 28 ACP countries get:

- advanced professional training to reflect new production, transport and marketing techniques;
- help with devising and running sales promotion schemes in the traditional markets and seeking access to new markets.

**Niger****Training programme**

Sixth EDF  
Grant: ECU 4 366 000

The programme combines a series of training schemes primarily intended to back up rural development (in the broadest meaning of the term) projects.

It aims to reach populations which are or will be playing a decisive role in this sector, that is to say children (via schemes in the schools), women and economic operators.

The main idea is to make children aware of environmental and health issues and bring the realities of village life into the classroom. The promotion of village activities run by women, the improvement of women's representation structures, improvements to the private sector, capitalisation on the cultural heritage (particularly traditional music) and the award of grants as a way of improving the ability of people involved at the various levels of these training schemes are also included.

**Chad****Zakouma National Park**

Fourth EDF  
Grant: ECU 1 600 000

The Chad authorities are hoping to fight desertification by making a success of the rehabilitation of the Zakouma

National Park in the south east, so as to reconstitute the nation's flora and fauna and thereby get regional economic and social activity off the ground again.

The proximity and virtual natural continuity of the fauna reserves and hunting grounds of south-east Chad and those of the northern parts of the CAR mean that this project is part of the regional strategy of combatting drought and other forms of environmental deterioration.

**Niger****Aid for repatriates from Algeria**

ECU 750 000

This project concerns 15 000 nomads from the northern regions who are being repatriated from Algeria in reception centres set up in the Tchén Tabardene district.

Building materials, livestock and food aid will be provided, together with assistance for health care and the improvement of rural housing conditions.

The Commission is to finance two projects under Article 204 of the Third Lomé Convention.

**Zaire****Supply of equipment and spare parts**

Fifth and Sixth EDF  
Loan: ECU 7 500 000

The point of this project is to help the Government rehabilitate the Voie Nationale. This is part of the first transport rehabilitation project backed by the World Bank, which is concentrating on the two transport organisations which use the Voie Nationale — ONATRA, the national Transport office, and the SNCZ, the National Railway Company. The total cost of the rehabilitation operation is ECU 228.3 million (US\$ 265 million), ECU 139.3 m (US\$ 161.7 m) of which is going to the SNCZ component, which combines a number of schemes.

The Community aid, ECU 7.5 m, has been earmarked for the SNCZ component, and will cover spare parts, equipment and machine tools for the manufacturing and maintenance workshops in Lubumbashi and Kalemie.

**Dominica****Geneva-Petite Savanne Road**

Fifth and Sixth EDF  
Grant: ECU 1 670 000

Dominica, the biggest of the Windwards in the eastern Caribbean, was devastated by three hurricanes in the

space of 12 months in 1979-80. They damaged the road network beyond the bounds of normal maintenance. So the Government's long-term development strategy has involved setting up a programme to rehabilitate and maintain the road network.

This project, which is part of the drive to continue and complete the programme, under which about 200 km of road have already been rehabilitated, involves improving the Geneva-Petite Savanne road, in the south east, a 9.5 km stretch of the main road around the island.

**ACP States and Caribbean OCT****Regional hotel training programme**

Sixth EDF  
Grant: ECU 4 400 000

Tourism is vital to the CARICOM countries, both because it is an economic activity which contributes 40% of GDP in some cases and because it is often the biggest source of foreign exchange, employing 100 000 people in the hotels, estimates suggest, and 200 000 more in allied activities.

However, the possibilities of an industry which is expanding and using an increasing percentage of gross revenue are limited not only by marketing and infrastructural shortcomings, but by the shortage of qualified labour.

The project aims to expand and improve the pool of qualified labour in the region by providing training on the job and in national and regional centres. This will mean providing technical assistance for peripatetic instructors who will run classes for monitors and trainees. This work will be backed up by teaching equipment and the building of an hotel so that students from the region can attend the classes given at the Bahamas Hotel Training College.

**Uganda****Ugandan national parks**

Sixth EDF  
Grant: ECU 3 400 000

The aim here is to back up the Government's drive to protect the country's natural resources and the national parks especially. It follows on from the 4th EDF nature protection scheme and supplements the 6th forest rehabilitation operation.

The EDF funds will mainly be used to buy road maintenance and logistical support equipment and material for the national parks and game departments. Funds have also been earmarked for building renovation and a contribution to the project running costs. Alongside



technical assistance and training, the other main areas of financing are the development of local communities and the mid-way evaluation of the project.

## **Fiji**

### **Development of coconut plantations**

Sixth EDF

Grant: ECU 1 100 000

The main idea here is to improve productivity on the coconut plantations in this country and reduce the pressure on the arable land by replacing some of the old, worn-out palms by higher-yield hybrids. The Government's ultimate aim is to replant 34 000 hectares currently under coconut palms over a 20-year period.

This means creating a 1 380 hectare coconut nursery on the island of Tavuni, in the northern part of the archipelago, a three-year task.

## **Seychelles**

### **Rural development**

Sixth EDF

Grant: ECU 2 922 000

This project will back up the Seychelles Government's efforts to make agriculture more efficient, to boost the country's food security and combat unemployment, in accordance with the aims of the National Plan (1985-89).

The two objectives are:

- recuperation and development of agricultural land through drainage, irrigation and water supply schemes and by laying access roads;
- improving food security through the promotion of fruit and vegetable and meat and milk production.

Back-up credit, training, research and extension schemes will stimulate the smallholders' output.

## **Mayotte**

### **Rural electricity supplies**

Sixth EDF

Grant: ECU 2 200 000

Loan: ECU 2 000 000

For the past 10 years, the public authorities on Mayotte have been installing basic equipment and administrative structures — roads, hospitals, schools, social housing, water supplies etc. So there is an imbalance between the rural areas and the towns, particularly the main town, Mamoudzou, which has almost a fifth of the total population. A first major scheme to get the rural populations to settle was a water supply project financed by the 5th EDF and the municipal authorities and the Ministry of Agriculture.

Further to this, the rural power supplies which are the subject of this project are a means of economic development supplying energy to the firms, the artisans, the schools and vocational training centres and the farmers — all of which help increase the focuses of development over the territory.

## **Ethiopia**

### **Sectoral import programme**

Sixth EDF

Grant: ECU 10 500 000

Ethiopia is trying to cope with the consequences of the last drought, which caused a serious decline in economic growth. Few exports and rapidly mounting obligations attendant on the external debt have caused the situation to deteriorate further and foreign exchange reserves have plummeted. The possibility of financing imports of essential productive inputs has thus been badly compromised. The good harvests of 1988-89 will help the economic recovery, but the beneficial effect will be delayed, leaving the country with a serious lack of foreign exchange in the short term.

The sectoral import programme (SIP) tries to reduce these constraints by supplying inputs for smallholders to use. This is a sectoral operation involving selling inputs to agencies and paying the resulting currency into a counterpart fund — which will be reinjected into the sector to help lighten the burden on the Government's national budget. The SIP will be run by a committee chaired by the EDF National Authorising Officer and backed up by a technical assistance coordinator who will be in charge of monitoring and evaluating the programme. ◊

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## **EIB**

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### **Zimbabwe: ECU 18 million for improved telecommunications**

The EIB is lending ECU 18 m for the rehabilitation and extension of the telecommunications network in Zimbabwe.

The funds, lent for 15 years at 5%, are provided under the Third Lomé Convention to the Republic of Zimbabwe for on-lending to the Post and Telecommunications Corporation (PTC), a parastatal company fully owned by the State.

The project co-financed by the EIB and by bilateral aid from Denmark,

France and Japan, is costed at ECU 50 m and comprises the most urgent components of a 5-year investment programme of ECU 192 m for which additional financing is being provided by bilateral aid from several EEC Member States (Belgium, Denmark, France, Germany and Italy), as well as from Norway, Sweden, Canada and Japan. The EIB-financed portion will, in particular, improve telex services and the automatic billing system and reduce breakdowns, especially in the capital, Harare.

This is the fourth EIB loan for projects in Zimbabwe under the Third Lomé Convention, bringing total lending to ECU 50 m; previous funding concerned a global loan to the Zimbabwe Development Bank, and loans for the construction of abattoirs and for the expansion of the water supply system in Harare.

### **Guyana: ECU 4 m for small and medium-sized enterprises**

The EIB is granting a global loan of ECU 4 m to support small and medium-sized enterprises in the industrial and agro-industrial sector in Guyana.

The funds from risk capital resources are advanced in the form of a conditional loan, for 15 years at 2%, to the Guyana Co-operative Agricultural and Industrial Development Bank (GAIBANK).

In 1984 GAIBANK received a first global loan of ECU 4 m from the EIB to support small and medium-sized industrial and agro-industrial schemes. The loan was allocated in favour of 12 projects, 7 in the manufacturing sector, and the rest in agro-industry. Nine projects were new ventures and three consisted of the expansion or rehabilitation of existing enterprises.

### **Grenada: ECU 1 m for small and medium-sized enterprises**

The EIB is granting a global loan of ECU 1 m to support small and medium-sized enterprises in the industrial, agro-industrial and tourism sectors in Grenada.

The funds from risk capital resources are advanced in the form of a conditional loan to the Grenada Development Bank. The terms are: 15 years at 4% to the extent that the



proceeds of the global loan will be on-lent in smaller loans, and up to 25 years at 2% to the extent that they will be used to take equity participations.

In 1987 the Grenada Development Bank received a first global loan of ECU 1.4 m for the same purpose. Seven projects—five in tourism and two in industry—were financed out of this global loan. ◊

## FOOD AID

The Commission has granted food aid to the following countries and organisations:

**India: 15 000 tonnes of milk powder**

The aim of this Community operation is to improve the nutritional standards of the beneficiaries, contribute to their balanced economic and social development and to support India's endeavours to increase its milk production under Operation Flood.

**Djibouti: 5 000 tonnes of cereals**

Whilst cereals are not grown in Djibouti, it is estimated that the country's 460 000 inhabitants will need 54 000 tonnes of cereals in 1989. After processing, the food supplied as Community aid will be sold on the local market and the counterpart funds allocated to a horticulture development programme.

**Mozambique: 80 000 tonnes of cereals, 2 000 tonnes of vegetable oil and 5 000 tonnes of leguminous vegetables**

The conflict still affecting the country prevents normal agricultural activities over a substantial part of its territory. Owing to the catastrophic decline in local food production and trade, a large number of displaced persons and the urban population depend almost entirely on food aid. Community food aid will improve the country's nutritional standard and promote its balanced economic and social development. Although these supplies are mainly intended for sale, some of them will be distributed free to schools, hospitals and other institutions.

**World Food Programme: 5 000 tonnes of cereals, 10 000 tonnes of milk powder, 2 000 tonnes of sugar, 4 000 tonnes of vegetable oil and ECU 3 million's worth of other products**

This is the Community's first contribution to WFP projects and to the international Emergency Food Reserve for 1989. It will be used in the "food for work" projects and social programmes run by the WFP and in emergency operations undertaken by the organisation.

**Non-Governmental Organisations: 100 000 tonnes of cereals, 10 000 tonnes of milk powder, 1 500 tonnes of butteroil, 3 500 tonnes of vegetable oil, 2 500 tonnes of sugar and ECU 4 million's worth of beans and dried fish**

The proposed programme is the Community's first contribution to NGOs for 1989 and will be used in development activities, relief work with refugees and socially relevant projects.

The overall financial value of the package is about ECU 150 m.

## LIST OF PRODUCTS FOR 1989

Following the unanimous favourable opinion of the Food Aid Committee, the Commission has established the overall quantities for each product and the list of products that may be mobilised as food aid during the year 1989, as provided for in the relevant Community regulations.

This decision does not constitute a preliminary to decisions on individual allocations to the various beneficiaries, but sets an objective (maximum quantities) and gives an indication of the extent of the food aid programme planned for a given year, even though the objective can only be attained if the appropriate budgetary resources are actually available.

In its decision the Commission has maintained the same overall quantities as those which it had originally adopted for 1988, but with a slight increase for sugar (up from 11 000

tonnes to 14 200 tonnes) and vegetable oil (up from 24 000 tonnes to 40 000 tonnes). The list of products for 1988 has been maintained, although groundnuts have been added, a product of great nutritional value with a high protein content which is used as a basic foodstuff in many developing countries.

## Food aid to be supplied for 1989

— Cereals

(a) a first batch of 927 700 tonnes;  
(b) a second batch which could be as much as 432 000 tonnes.

— Milk powder: a maximum of 94 100 tonnes.

— Butteroil: a maximum of 25 000 tonnes.

— Sugar: a maximum of 14 200 tonnes.

— Vegetable oil (seed and olive) — 40 000 tonnes.

— Other products: maximum quantities of 200 000 tonnes of cereal equivalent.

An inter-institutional "trialogue" (Parliament-Council-Commission) is to be held shortly on the question of budgetary resources for food aid in 1989. Price developments on the world market have affected the two chapters in the budget which cover Community food aid with the risk of wide discrepancies between the amounts available in each of the two chapters and the Community's commitments.

As a consequence of the current sharp increase in world market prices, the appropriations available under Chapter 29 (which are limited to refunds connected with food aid operations) are much greater than requirements, whereas the appropriations available under Chapter 92 (for expenditure on food supplies at world market prices) are substantially insufficient and would lead to a drastic reduction of the Community programme in 1989 by comparison with previous years.

The Commission took this into account when in the summer of 1988 it proposed a "pipeline" solution whereby appropriations would be transferred between Chapters 29 and 92 of the budget in response to the world market situation. Parliament agreed to this solution and called upon its President to enter into a triologue with the Council and the Commission to work out a joint statement along these lines.



The appropriations in Chapters 29 and 92 taken together represent the major part of what is needed for food aid in 1989. ○

## EMERGENCY FOOD AID

### Sudan

Emergency aid of ECU 3 000 000 has gone to Sudan following the meeting which the UN organised in Khartoum in March when emphasis was placed on the fact that the situation arising from the conflict in the south was still very serious for the populations involved.

There are an estimated 500 000 displaced persons in the south, plus 350 000 at Darfour and Kordofan and at least 1 000 000 in Khartoum.

The meeting decided to take steps to send in the aid before the rainy season began in May. It will be implemented by the following organisations.

#### Relief and Rehabilitation Commission (RRC).

ECU 800 000 to shift 800 tonnes of grain by plane to Aweli, in conjunction with the USA and the UN.

**Artsen Zonder Grenzen (Netherlands)** ECU 230 000 for a 6th-month medico-nutrition programme in Wau.

#### Goal (Ireland)

ECU 95 000 to run 20 nutrition centres for 10 000 children in Juba for six months

#### International Committee of the Red Cross

ECU 1 875 000 as a contribution to the ICRC programme to operate seven planes shifting relief in the various parts of southern Sudan.

This decision brings the aid the Community has supplied for the victims of the conflict in southern Sudan to ECU 22.5 million since January 1988. The bilateral aid from the Member States brings it up to more than ECU 50 million.

### Malawi

At the end of March, the Commission decided to send emergency aid worth ECU 650 000 to Malawi, where some 100 000 people have been affected by torrential rains and refugees from Mozambique are crowding in all the time (640 000 by end January).

The aid, to be channelled via the League of Red Cross organisations, the Red Cross of Malawi and the UNCHR, is for Mozambique refugees (ECU 550 000) and the Malawian victims (ECU 550 000) and involves distributing basic necessities.

### Mozambique

The Commission has approved emergency aid of ECU 650 000 for Mozambique under Article 203 of the Third Lomé Convention.

The aid will be used by Médecins sans Frontières (France, Belgium and Netherlands) and by the International Red Cross Committee to provide medical care for some 4 500 000 people affected by the fighting in that country.

### Namibian refugees

The Commission has just decided to send emergency aid of ECU 1 million to finance the repatriation of Namibian refugees under Article 950 of the Community budget.

This aid, which will help finance the UNHCR Namibian refugee repatriation programme, was announced at the donors' conference in New York on 16 March.

This amount, plus an extra ECU 750 000 under Article 204 of Lomé, represents the Community's first contribution—ECU 10 million in all—to Namibia and it was announced by Commission Vice-President Manuel Marin, at the SADCC conference in Luanda (Angola) on 2 February.

### Namibian refugees in Angola

Responding to a request from the World Food Programme (WFP), the Commission is to grant ECU 250 000 in emergency aid for Namibian refugees in Angola.

By the end of the year, the WFP will have 50 000 of these refugees under its wing, none of them able to

fend for themselves. The aid will go towards cofinancing the purchase of foodstuffs to relieve the emergency.

### Ethiopia

1. The Commission has granted emergency aid of ECU 332 000 to Ethiopia to help fight a meningitis epidemic which is sweeping the country.

The aid will be used by the Christian Relief and Development Association and by Médecins sans Frontières-Belgique to provide medical supplies and assistance.

2. The Commission has approved ECU 650 000 in emergency aid for Ethiopia to combat a meningitis epidemic.

The aid will be implemented by the Irish NGO Concern (ECU 300 000) and CRDA, the Christian Relief and Development Association (ECU 350 000).

The aid will cover vaccines, medicines, the cost of sending medical staff etc.

For the same reasons, the Commission had already in February approved ECU 333 000 in emergency aid via CRDA and Médecins sans frontières Belgique.

### Ethiopia

The Commission has granted emergency food aid of 300 tonnes of vegetable oil and 100 tonnes of sugar for Somali and Sudanese refugees in Ethiopia.

The aid comes in response to an appeal from the Office of the United Nations High Commissioner for Refugees, which is implementing an aid and relief programme for the 350 000 Somali refugees in the south-east of the country and the 380 000 Sudanese in western Ethiopia.

### Medical assistance for Angolan refugees in Zaïre: ECU 675 000

This scheme, to be implemented by Médecins sans Frontières-Belgique, covers medical assistance for the numerous Angolan refugees in the Shaba region. The project will pay for medical staff and medicines to be sent out, training of local personnel and restoration of infrastructure. ○



## STABEX

The Commission has just decided to make Stabex transfers for lost export earnings in 1988.

ACP State	Product	Amount (million ECU)
Equatorial Guinea	Cocoa	0.9
Senegal	Groundnut products	0.4
Chad	Cotton	3

These advances are part of the total due for 1988. The rapid payment of these advances will mean that the ACP recipients can go some way towards solving the problems posed by their declining export revenues and thereby preserve the all-important flexible nature of the Stabex system.

## VISITS

### President Chissano in Brussels: peace, cooperation and reconstruction for Mozambique

The President of the People's Republic of Mozambique, Joaquim Alberto Chissano, paid an official visit to Belgium and the Commission of the European Communities from 15-17 March. The visit, which took place at the invitation of Baudouin,

### Protecting African elephants

The Commission has approved a Council of Ministers' communication on protecting African elephants, whose numbers are declining rapidly.

It intends bringing in restrictions on ivory imports so as to rule out the importing of all ivory of illegal origin, all ivory produced outside the framework of the Washington Convention and all ivory not obtained as part of a valid management programme. It will be backing up the World Wildlife Fund's drive to protect Africa's elephants.

The Commission has allocated ECU 500 000 to a programme which the WWF is to run in such countries of Africa as apply for its help with protecting their elephant herds.

The programme will mean that protective measures can be stepped up and the African States and the main environmental and fauna protection organisations (i.e. the WWF, the International Union for the

Conservation of Nature and Natural Resources (IUCN), Wildlife Conservation International (WCI) and the Commission of the European Communities) are currently working on an integrated action plan, with the involvement of the CITES Secretariat.

The idea is to help assess the situation and the way elephant populations are developing, as well as to run schemes in the field to help the African Governments protect their herds, particularly in the natural parks.

Africa's elephant population has fallen from 2.3 million in 1970 to less than 700 000 today. About 80 000 die every year, most of them killed for their ivory. An estimated 800 tonnes of ivory is put on the international market every year and the European Community and the USA account for more than 40% of the market in worked ivory.

Elephants have a vital part to play in maintaining the ecological balance of the continent and they are an important source of tourist earnings. ○

King of the Belgians, provided an opportunity for discussions with members of the Belgian Government, and with Belgium's Prime Minister Wilfried Martens in particular.

The discussions with the Belgian authorities focused on improving and expanding bilateral cooperation.

President Chissano also made his first official visit to the Commission and ACP House, where he was most

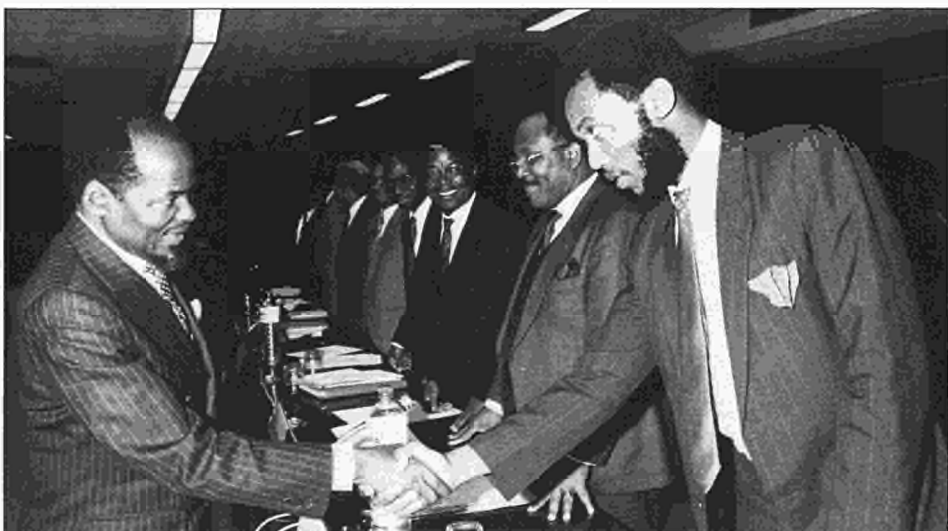
warmly received by his hosts. At the Commission, he held talks with President Jacques Delors and Vice-President Manuel Marin, who is responsible for Development and Fisheries, and with various top officials.

Mozambique (see Country Report in No 114) has a number of serious economic difficulties to cope with, most of which stem from the political problems of Southern Africa and the internal instability occasioned by the RENAMO, the anti-Government movement.

President Chissano asked the Community to "play an active part in changing the situation" in this part of Africa, particularly as regards the anti-apartheid campaign and the forthcoming Namibian independence.

When it came to economic cooperation with the Community, the talks ranged over the search for solutions to the debt of the ACP States in general and those of Southern Africa in particular and the future of ACP-EEC relations with the Single Market of 1992.

The Commission also promised to provide Mozambique with a substantial amount of food aid—something



President J. Chissano at ACP House

MAPEZ



like 80 000 tonnes of cereals worth ECU 28 m, as against the ECU 25 m of 1988—in 1989.

The Community again confirmed that it was willing to provide financing to back the transport projects (the Nacala, Beira and Limpopo Corridors) which are so important to the development of the landlocked countries in this region.

It will also be helping to finance the economic recovery programme, providing emergency aid especially for refugees (there are almost a million in Malawi, Zimbabwe and Swaziland), and assisting with the civil protection of development projects. Community support will also aim at reducing the harmful social effects of structural adjustment.

At a press conference at the end of the visit, President Chissano reaffirmed the need for cooperation between the European Community and Mozambique. He insisted on cooperation and "not aid", he said.

On the subject of the political situation in the region, the President told journalists that he himself had suggested to P. W. Botha, the South African President, that the USSR be involved in any negotiations, along with the USA. If, as some sources suggested, the superpowers were indeed to hold such a meeting on peace in Southern Africa, then he personally would be very pleased, because, when he had made his suggestions, the psychological conditions were not right and he had not been "officially followed".

The President mentioned economic sanctions against South Africa, saying that the citizens from his country "down South African mines were no reason" not to take such sanctions against Pretoria. "To use the presence of these Mozambican workers in South Africa not to apply economic sanctions would be a pretext", Mr Chissano said.

The Head of State admitted that his country could well suffer from the economic sanctions against South Africa, but he thought that it would give higher meaning to the sacrifice of the people of Mozambique if the sanctions led to the end of apartheid. He also said that he was "frustrated" at the Community's approach to Pretoria, although "not disappointed", because he did not despair of seeing the Twelve get more involved in further action against apartheid.

## At ACP House

Joaquim Chissano also answered questions about his country's political and administrative organisation. The institutions were being reformed, he said, to make them more efficient. One of the important things here was creation of the job of Prime Minister, although, for the moment, he added, there was no room for a multiparty system yet.

Before this, the President had been to ACP House, where he was received by the Committee of Ambassadors and its Chairman Raymond Chasle (Mauritius). Mr Chasle, the doyen of the ACP diplomatic corps in Brussels, made a remarkable speech paying great tribute to the "worthy successor" of President Samora Machel, who was killed in a plane crash in South Africa in 1986.

The Ambassador recalled President Chissano's qualities as a fighter for the nation's freedom, and as a promoter of internal peace in the region today, stressing the major part he had played in seeking dignified solutions for the peoples of Southern Africa. Mr Chasle then reassured the President of the ACP Group's determination to seek the best ways and means of speeding up the developing situation in Southern Africa with the Community. The present negotiations (for Lomé IV), he said, are "an opportunity for the ACPs to reformulate their demands for the fight against apartheid".

President Chissano said he hoped that the new Convention would make for a substantial improvement in ACP-EEC cooperation, in particular

through an agreement on the special arrangements for commodity prices, a greater volume of financial and technical cooperation and equitable solutions to the problems of debt and the flow of ACP exports to the Community. ○ L.P.

## KENYA

### President Arap Moi in Brussels

The President of Kenya, Daniel Arap Moi, visited ACP House and the Commission in March 1989.

He informed diplomats that the international economic situation in recent years had been highly unfavourable to the ACP States and that he was watching with interest what was happening in the European Community, the ACPs' biggest trading partner, and the biggest market in the world, which is bound to be stronger with the advent of 1992.

Although he had personally been assured by the Commission that the Single Market would have no adverse effects on the ACP States, the Group, he said, would need more than mere assurances. It must guard against losing its trade preferences and safeguard its share of the EEC market, especially when it was aware that the European Community had been signing trade agreements with other regions of the world.

The ACP-EEC Convention, the President said, must be seen as an instrument of support for ACP economies. It was up to ACPs to make a better job of them, he said, warning,



President Arap Moi welcomed by President J. Delors (r.) and Vice-President Manuel Marin



however, against adopting "tailor-made models of development".

The next Convention must, nevertheless, be different from the previous ones in both form and content. It should address, among other things, the issue of the dumping of toxic waste in Africa and the situation in Southern Africa, and, in particular, ways and means of dismantling apartheid.

## MALI

### President Moussa Traoré in Brussels

#### For cooperation and solidarity

Mali's Head of State, General Moussa Traoré, the President-in-office of the OAU, made an official two-day visit to Brussels on 10 and 11 April. During his stay in the Belgian capital, the home of many of the European Community institutions, the President held "very useful" talks with the Belgian authorities and members of the Commission, including President Jacques Delors and Vice-President Manuel Marin, who is responsible for development and fisheries.

The discussions with the Commission leaders paid particular attention to the current negotiations on the renewal of Lomé III, the African nations' debt and general economic cooperation—and of course UN resolution 435 on Namibia and the anti-apartheid campaign. In spite of the recent incidents (savage fighting between SWAPO and South Africa) which dismayed the Namibian nationalists in the north, the President echoed the UN Secretary-General's hope of bringing the process of independence of Africa's last colony back on the rails with Europe's help. It was obvious that this would happen, the Head of State said, but it could have been stopped.

President Traoré announced a possible major seminar on debt in Cairo (Egypt) in September and urged major countries, the Community and the Member States in particular, to take part. He also hoped to see active involvement by international organisations such as the IMF and the World Bank. The aim of this international conference, the President said, was not to get Africa's creditors to discharge the debt, because that was not what Africa wanted. The idea was to



President Moussa Traoré

seek the right solutions so that Africa would be in a position to pay back what it owed. If the debt continues, he said, "there will be no more development and no more State".

#### Visit to ACP House

The President was also very warmly welcomed to ACP House by the ACP Group and the Group of African Ambassadors in Brussels. The Chairman of the ACP Committee of Ambassadors, Raymond Chasle (Mauritius), made an important speech recalling the General's long struggle in the fight for freedom in Africa and what he had done for the development of the Namibia situation as President of the OAU, stressing the useful part the Organisation had always played in the various negotiations between the Africans and their international partners.

Mr Chasle also said that it was Mali which had provided the ACP Group with its first Secretary-General, Tiéoulé Konaté, who had been a competent and dignified holder of this post.

President Traoré responded to the Chairman's speech, assuring the ACP Group of his own and the OAU's support in its present work drive to negotiate as sound a Convention as possible with the Community. He

insisted on the need to find an answer to various problems and particularly debt, commodities and toxic waste.

#### No to the waste from technology

As far as commodities were concerned, President Traoré said, the time had come to tackle the problems of the deterioration in the terms of trade. But "the ACP partners will only really be able to act if we are in a position to lead them to it, because it would cost more if we got our partners to reorganise us". He gave the example of the cotton sector, where West Africa imports CFAF 800 million-worth of processed goods<sup>(1)</sup> as against only CFAF 250 million of raw cotton exports. Africa, he thought, and the ACP Group in general, should negotiate to try and reverse this global trend in ACP-EEC trade.

Moussa Traoré was very firm about toxic waste, condemning the export of these harmful products to the countries of Africa. "We asked for technology and they send us the waste of technology", he said, "and we don't want it".

#### Greater solidarity and cohesion

He wound up his speech by saying he hoped to see greater solidarity in the ACP Group. But he had, he pointed out, as Head of the OAU, also called on the African group for greater solidarity and cohesion and a broader vision of the issues of the continent. It was the strength and internal cohesion of the largest component which would consolidate the ACP Group as a whole and ensure the greatest chance of success, as it had in 1973-4 when Lomé I was negotiated. Human groups did not spontaneously create order and reason was not inherent in any *de facto* community. The ideal would be for this solidarity and cohesion to be apparent in both external and internal issues. ○

L.P.

## EGYPT

### President Mubarak at the Commission

Egyptian President Hosni Mubarak made an official visit to the Commission in March, when he met President

(1) CFAF 1 = FF.02



Jacques Delors and Vice-Presidents Andriessen and Matutes.

They discussed the Middle East and Mr Mubarak stressed that Europe's role there was of importance because of both geographical proximity and Europe's weight on the international scene.

For the first time in its recent history, he said, Egypt had sound relations with both the West and Eastern Europe, the USSR, he felt, being "open to the problems" of the Middle East. He then emphasised the usefulness of finding an answer to the difficulties in this part of the world, as peace would open the way for economic development — on which the money currently going into buying arms could be spent.

In Egypt, Mr Mubarak said, economic reforms were being run and the support of both the population and international financial institutions such as the IMF was needed. However, the IMF was not always ready to listen to Egypt's problems, although he thought it was important to have its backing with the gradual reforms which would avoid social upheaval. ○

## **DOMINICA and St. LUCIA**

### **The Prime Ministers meet Manuel Marin**

Two Caribbean PMs, Eugenia Charles from Dominica and John Compton from St Lucia, met Manuel Marin, Vice-President of the Commission, on 7 March.

In a discussion on bananas, the two PMs expressed their concern about what the fruit's position would be once the internal market of 1992 was with us, for bananas are of major importance to the economies of both these and other Caribbean countries.

Commissioner Marin emphasised the fact that the Commission and the Council recognised the importance of the banana output in many an ACP country and the dependence on the Community market here. He reasserted the Community's attachment to the aims of the present "banana protocol" and particularly that of maintaining the advantages of the traditional ACP suppliers. The Community was anxious to continue these aims after 1992, he pointed out, and it was ready for close consultation with the ACP States on this.

## **Visit of Vice-President Marin to Mali**

Manuel Marin, Vice-President of the Commission and Commissioner responsible for Development was in Bamako on 3 April for an official visit to General Moussa Traoré, President of Mali and current chairman of the OAU. Vice-President Marin used the occasion to congratulate President Traoré on the efforts which the OAU had deployed under his chairmanship to promote dialogue wherever possible to quell regional conflicts in Africa.

President Traoré and Vice-President Marin also used the meeting to range over the major economic and political problems facing Africa at the moment, in particular the evolution of Namibia's progress towards independence. They stressed the active support being given by both the OAU and the European Community to ensure that the process continues smoothly, this being a key element for ensuring peace in the entire region.

The OAU Chairman and Vice-President Marin also raised the problem of debt and expressed the hope that forthcoming meetings on the subject at international level would find concrete solutions to this grave problem which faced the majority of African countries. Vice-President Marin underlined to President Traoré the efforts which the European Community would make to arrive at a solution of this problem. The debt situation was not only a financial problem, it was stressed, but one of economic development of the countries concerned and that viable solutions could be sought only by looking at the long term.

Vice-President Marin took the opportunity during his brief visit to Bamako to discuss the implementation of EEC-Mali cooperation with Modibo Keita, Minister of Foreign Affairs and International Cooperation and Anthioumane N'Diaye, Minister of Planning, and all three pronounced themselves satisfied with the progress being made.

## **SPAIN**

### **King and Queen visit the Commission**

King Juan Carlos and Queen Sophie of Spain paid an official visit

to the Commission of the European Communities in March. The King held talks with the President of the Commission, Jacques Delors, and various other Commissioners, including Vice-President Manuel Marin, who is in charge of Development and Fisheries, and Vice-President Frans Andriessen, in charge of External Relations.

The King and the President discussed the Single Act and the single market of 1992. Various problems relating to the Community's external relations, particularly with Japan and the USA were also covered, with Commissioner Andriessen informing King Juan Carlos about this latter aspect of Community policy.

## **Politics and morals**

"Brothers and sisters" — not the usual way for an ACP-EEC press conference to start, but how one held in Brussels on 2 March did in fact begin. The conference was being given by African representatives of a kind rarely present in economic or political meetings, those of the Christian churches of Africa and particularly the heads of the All-Africa Conference of Churches (CETA), on the protestant side, and of the Symposium of Episcopal Conferences of Africa and Madagascar (SECAM), on the catholic side, all of whom were visiting Brussels at the invitation of the European Ecumenical Organisation for Development (EECOD)\* to let the ACP and EEC authorities know what they, as believers, felt about the negotiations for the new Convention.

Monsignor Sarr (Senegal), Pastor Mayela (Zaire) and Mr Ben Masilo (Kenya) were just some of the people who said that, without wishing to stand in for either the African governments or diplomatic representatives, they were anxious to get a hearing for the voice of the most underprivileged — to whom they were close and whose living conditions and problems they knew about.

"We are genuinely distressed" Monsignor Sarr said. "We feel condemned to suffocate and die and we refuse to accept it. We are human

(\*) 23, av. d'Auderghem, B-1040 Bruxelles.



## APARTHEID

### Special programme for apartheid victims

beings and it is God's will that human life should flourish". The problems of hunger, thirst, illiteracy and underemployment must be solved, he said. An answer must be found for the debt — which has "its revolting and immoral sides, with the poor paying back the rich" and prevents the governments from financing development. The prices of African goods have to be reviewed. And there has to be an end to apartheid, which is crushing human beings in South Africa.

The principle of structural adjustment was rejected. "We can only see its terrible side", Masilo said, "and although our Governments have accepted it, they did so because they were forced to, for there was no other choice". But, Abbé Ngindu (Cardinal Malula's theological adviser, from Zaïre), claimed that realism was called for. "If there has to be adjustment", he said, "then it has to have a human face", so as to keep any harmful social effects to a minimum. "We are neither technicians nor economists", Monsignor Sarr added, "but we are men of faith and we have come here to say that we realise that a great deal has been done for Africa — but that there is more and better to do. We call for justice in the name of the Gospel".

Mrs Harley (a Ghanaian and Vice-President of the General Council of CETA) answered a question about where the Christian churches of Africa stood on demographic growth, saying that this was only a problem for some countries and, where the question arose, the protestant churches were not against family planning. Monsignor Sarr's reply, however, was that the catholic church, which is in favour of "responsible parenthood", was far from being the last to draw attention to the problem — which should not be solved by methods that failed to take any account of individual dignity.

The African visitors were received at a high level at the ACP Secretariat-General, the Commission and the Council of Ministers of the European Communities and the European Parliament, and talked with the heads of protestant and catholic churches in Europe. They then left for Washington where one of the people they were to meet was Michel Camdessus, the Director-General of the International Monetary Fund. ○

Commission Vice-Presidents Andriessen and Marin met the Commission's South African and European partners involved in running the special programme of support for apartheid victims and underprivileged populations of South Africa in March.

The Commission's partners recognised the steps the Community had taken vis-à-vis the South African Government in relation to the situation in South Africa and thanked it for all its support.

They gave the Commission an evaluation of the effects of the new legislation, particularly the Disclosure of Foreign Funding Act, which will force organisations which receive external financing and are appointed by the Government to reveal details of the source and of how it is used in projects and programmes.

The South African Council of Churches, the Conference of Catholic Bishops of Southern Africa and the Kagiso Trust, the three biggest bodies involved here, said they would not be doing what the Act prescribed in relation to collecting information.

They also mentioned their specific concern about the condition of the prisoners currently on a hunger strike in South Africa and they drew attention to their own and the church leaders' solidarity with the aims of the hunger strikers — i.e. the liberation of all the prisoners, the abolition of detention without trial and the lifting of the state of emergency.

They also pointed out that the state of emergency had now been going on for nearly three years and insisted that an effort be made not to extend it again in June this year.

The Commission's partners also recalled the declaration of the Ministers of the Ten, Spain and Portugal at the political cooperation meeting of 10 September 1985 and particularly the fact that they could re-examine their attitude towards restrictive measures if no significant progress was made in South Africa and that they would evaluate the situation regularly.

Both Mr Andriessen and Mr Marin stressed the Community's continuing

commitment to the total abolition of apartheid and the Commission's determination to back up its South African partners, assuring them, above all, that everything would be done to ensure that the special programme could be continued.

Since the special programme began in 1985, the Commission has lent support of a total ECU 55.9 million to 222 projects. Of this 42% was in education and training, 34% in social assistance, 12% in legal assistance and 12% in humanitarian aid.

The Commission is also planning to take a decision on 21 more projects for an extra sum of ECU 5.2 million in the very near future.

### Disclosure of Foreign Funding Act

After the South African Government's recent adoption of the Disclosure of Foreign Funding Act aimed at restricting aid to apartheid victims, Vice-President Manuel Marin summoned the South African Ambassador in Brussels in March to convey to him the Commission's growing concern about the situation in this country, particularly since this serious measure, whereby the organisations named in the Act as having to provide reports and receiving financing from abroad are forced to reveal where such financing comes from and how it is put to use in projects and programmes.

The South African Ambassador was told of the Commission's recent contact with the South African partners involved in running the Community's Special Programme for Apartheid Victims and underprivileged populations in South Africa. These partners, the South African Council of Churches, the Conference of Catholic Bishops of Southern Africa and the Kagiso Trust (the three main bodies receiving Community financing under this programme) explained that they would be unable to adhere to the rules on the gathering of information as laid down in the new law.

Marin reiterated the importance that the Commission attached to the flexible running of the Community programme. If the new law was used to interfere in projects or programmes



which the Community was backing through its South African partners, there would be serious complications in relations between it and South Africa. The Commission, he said, would be monitoring the Special Programme closely and continuing to back up what its partners were doing in South Africa to bring about the peaceful abolition of apartheid and create a multi-racial society for the benefit of all South Africans. ◊

## DEBT

During preparations for the spring meetings of the IBRD and the IMF in Washington on 3 April, European Ministers reached the following conclusions on debt.

They said they were in favour of looking at trends in the strategy to be applied to the debt of middle-income countries with heavy borrowings pursuant to principles already adopted. They welcomed the role played by both the Community and Member States in the useful initiatives relating to easing the debt of the low-income countries.

They agreed with Treasury Secretary Brady that the issue had its economic, political and social sides and were pleased that there were no preconceived ideas here. They were interested in the Brady proposals for improvements to the debt strategy, some of which coincided with proposals already made by some of the Member States of the EEC, and they agreed that a thorough examination was called for.

The vital condition for a return to lasting growth in the debtor countries, which was essential if the debt problems were to be solved, was to run in-depth economic reform policies in these countries. A greater effort had to be made to stop capital outflows. These two aims meant more open markets. And the industrialised countries should offer open, growing markets—of which the Community is a fervent supporter—particularly under the Uruguay Round.

The Ministers agreed that a voluntary reduction in the debt or its servicing on a case-by-case basis could make an important contribution to the success of valid economic plans. They were also convinced that, in

some cases, regulations and tax measures should be altered to make it easier for the commercial banks to go in for a voluntary reduction of the debt. They agreed to look at the role of the IMF and the IBRD to examine the possibility of these organisations providing financial support to help reduce the debt and the servicing of it. They hoped to ensure the IMF a sound financial position by reaching a consensus on increasing the quotas and they welcomed the USA's recently adopted attitude on this. ◊

## ACP EMBASSIES

Five new Ambassadors—for Senegal, Lesotho, Trinidad and Tobago, Suriname and Papua New Guinea—have presented their credentials to the Commission of the European Communities.

### Senegal



Falilou Kane, the new Senegalese Ambassador in Brussels, a 51-year old graduate in law and economics (1960), is a top civil servant who has held many posts of responsibility in the national and international administration.

In August 1960, for example, he was Head of the UN Division and Technical Adviser at the Ministry of Foreign Affairs, moving to the Ministry of Justice in 1962. His diplomatic career began in 1966 when he was appointed Minister Plenipotentiary at the Senegalese Embassy in Washington—where he was to be Ambassador to the United States later on (1984-88). He has also been Ambassador to Canada and Tunisia and held the portfolio for Trade (1981-83).

Ambassador Kane is also a skilled negotiator, having represented his

country at more than 15 rounds of international negotiations, while he has also been Secretary-General of OCAM and is the author of a number of publications.

The new Ambassador, a family man with seven children, takes over from Seydina Oumar Sy, who had been in Brussels for 15 years.

### Lesotho



Mabotse Lerotholi, 39, the latest Ambassador from the Kingdom of Lesotho, left his country after his secondary schooling to pursue his higher education in Pittsburgh (USA). He returned home with a Master's in Public International Affairs (MPIA) and Economic and Social Development and was appointed to the Ministry of Planning (1977). After a spell in the Embassy in Brussels in 1984, he returned to the home civil service in the Ministry of the Interior (1987-88) before taking up his present post.

### Suriname





Donald Aloysius McLeod, the recently appointed Ambassador to the Community, is no stranger to Brussels, having already held the same post there in 1982-84, prior to becoming Ambassador to Washington in the USA. Mr McLeod, a 55-year old father of three, is a graduate of Leiden (Netherlands), where he obtained a doctorate in social science. He has held many posts in the home civil service in Suriname and has also represented his country in Venezuela.

### Trinidad and Tobago



The new Ambassador in Brussels, 54 year-old Terrence Baden-Semper, who replaces Mr St-John, studied first mathematics and physics and then law in London and diplomacy in New York before starting in foreign affairs in 1964. His first job was as administrative attaché to his country's

Embassy in London. Rapid promotion followed and he became Deputy High Commissioner and Chargé d'affaires in London, Kingston (Jamaica) and Georgetown (Guyana) over the years 1971-83, with a spell in Brussels (1973) also, and with the home civil service during this time.

### Papua New Guinea



The PNG Government has just appointed Mr Brown Bai as its Ambassador in Brussels. The new Ambassador, a 38-year old father of two, qualified in economics at the University of Port Moresby. His more prominent posts before coming to Brussels were as Head of Planning and Secretary to the Prime Minister and he has also worked in his country's provincial administration. ○

entire participation in the system of the pound sterling, with the same margins as the Deutschmark and the French franc. What, however, would the real repercussions of this be, both in Great Britain and further afield?"

"Joining the EMS right now would clearly tell the financial markets that the British Government's undeniable political will to fight inflation had now been institutionalised", he continued. This gesture alone would make the objectives on the inflation front easier to reach, which would lower the cost of the production sacrifice attendant on moving from inflation of more than 7% down to 2% or 3% — which is what Germany and other countries had. Great Britain would not find it nearly so difficult to cut inflation if it was in the EMS".

"Nor should there be the slightest doubt that full and entire participation by Great Britain would place the country in a much more propitious position when it came to orienting future development. "This is an aspect worthy of particular consideration in looking at the Delors Report, which is to be discussed at the Madrid Summit in June this year", he said.

### Advantages to commercial and industrial firms

"Furthermore, Sir Leon continued, "full and entire membership of the EMS would bring a practical and lasting advantage to Britain's commercial and industrial firms by giving them a framework in which, for the very first time, their revenue from exports to the Community could be planned in sterling.

This is particularly important for the small firms. They do not have access to the elaborate—and expensive—methods of covering the risks of exchanging or selling currency of the big firms. A 15% fluctuation in the exchange rate over a year—which is by no means impossible—can make all the difference between a good profit and an irretrievable loss. Other countries in Europe have this advantage, so why not Great Britain?

This of course works both ways, the small firms in the Community getting the same advantages when they export to the United Kingdom. The net result would be greater competition and lower prices and the winners would be the consumers throughout the Community.

## EUROPEAN COMMUNITY

### Development of the EMS

The European Monetary System (EMS) was set up in the early '70s. It began as a "snake" and gradually changed into a monetary system with a single means of payment, the ECU — not yet a currency, although the European authorities hope that, with the Single Market, it soon will be. Sir Leon Brittan, Commission Vice-President, spoke to the European Business Institute in London on the occasion of the 10th anniversary of the EMS in March.

The EMS, he said, has managed to become a structure within which the movement of the various currencies of the participating Member States is

very limited. The role of the Deutschmark as an anchor has led the countries in the exchange system to converge on a low level of inflation and this trend has been extremely positive both for these countries and for the cohesion of the Community as a whole.

### Sterling participation

"But the EMS is still a provisional and incomplete structure", stressed Sir Leon. "The original idea was in fact for it to evolve after two years of operation. For several years now, I have thought and maintained that the next stage ought to be the full and



It is interesting to see here that intra-Community trade has developed twice as fast as trade with the rest of the world over the past 15 years. The emergent internal market explains a lot. But there is also the zone of monetary stability which the EMS has given the Community."

### Enlarging and adapting the EMS

"We should also look at the repercussions of sterling membership on the EMS itself. The Government's decision to do away with all exchange controls as soon as it arrived in power in 1979 consolidated the importance of sterling as an instrument of financial transactions the world over. It is clear that the entry of sterling into a system where the Deutschmark has been the anchor so far is likely considerably to increase the pressure which markets exert on the system. In the exchange machinery, sterling entry would be counterproductive if it led to a reduction in effectiveness."

So, sterling participation means enlarging and adapting the structure and operation of the EMS. And it means a period of consolidation before any further (careful) attempt at institutional development is made.

How would the EMS work if Great Britain was a full part of it? If the enlarged EMS is to remain effective, first of all—and this is most important—the exchange markets must be convinced that the Member States are determined to make the necessary provision for maintaining the agreed parities. This means that the monetary policies will have to be decided on in the light of this aim, within the framework of consultation between the central banks on compatible monetary objectives and the best way of attaining them.

If the interest rates had to be altered to maintain the agreed parities, that would be nothing new. The United Kingdom has not deprived itself of altering the interest rates outside the European monetary system and the experience of the countries involved in the EMS shows that greater monetary stability does not have to mean greater instability of the interest rates.

"Lastly, as full and entire EMS membership of sterling came to be seen as a permanent phenomenon, the difference in real interest rates

between the United Kingdom and the other members (which is vital to fight the inflationary pressures in fact currently penalising the British borrowers) would decline.

In this way, our common aims in the Community—i.e. fighting against inflation and establishing stable conditions that are conducive to lasting growth—could fit into what we might call a medium-term European financial strategy.

So what we need, alongside a more explicit agreement on the medium-term objectives, is a clear commitment to mobilise the large amounts currently available for intramarginal interventions on the exchange markets. By clearly specifying that these amounts are not only available but have to be used if they are needed, we would, paradoxically, need them less. The strength of the EMS is its flexibility ...". ○

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## STEEL

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### ECU 34 m for 1989

In 1989 the Commission of the European Communities is expected to fund Research and Development projects in the steel sector amounting to ECU 34 m. In all, 87 research projects and 10 demonstration projects will benefit.

The projects concentrate on two aspects of the competitiveness of European steel:

- greater viability in the production and processing of steel, with an improvement in product quality;
- improving the marketing and consumption of steel on the Community market and in export markets, by improving on existing products and by developing new types of steel, improved both in performance and in viability. ○

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## FISHERIES

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### EEC and Senegal sign Protocol

The Protocol setting out the fishing rights and the financial compensation provided for in an agreement between

the Government of the Republic of Senegal and the European Community for the period from 29 February 1988 to 28 February 1990 was signed in Brussels on 17 March 1989 by Mr M'Baye Diouf, Senegalese Minister responsible to the Minister for Development, with special responsibility for animal resources and Mr José Loira Rúa, Secretary-General for sea fishing at the Ministry of Agriculture, Fisheries and Food (Spain), representing the Presidency of the Council of the European Communities and Mr Manuel Marin, Vice-President of the Commission.

This Protocol, which has been in force since the end of February 1988, is of particular importance for the Community in its relations with African countries in the matter of fisheries, by reason of the extent of fishing possibilities for Community fishermen, as the framework agreement with the Republic of Senegal—signed in 1979—was the first fisheries agreement which the Community concluded with a country in Africa.

Under the provisions of the new Protocol, the categories covered are seine, pole-and-line and longliner tuna fishing vessels.

Fishing possibilities made available by the issue of annual licences, for fish, cephalopods and shrimp are fixed at a total of 30 250 grt/year, with wet trawlers accounting for 9 250 grt and freezer trawlers for 21 000 grt. On the basis of seasonal licences for 4-month specified periods, fishing is authorised for 1 250 grt of shrimp and for 3 000 grt of fish and cephalopods. Catches are to be landed partly in Senegal.

In return, the Community pays financial compensation totalling ECU 22.9 m covering the period of validity of the Protocol.

The Protocol also makes provision for a Community financial contribution totalling ECU 550 000 for the period in question to the financing of Senegal's scientific programme as well as the grant by the Community of study and training awards amounting to 660 months at a total cost of ECU 550 000. These awards relate to the various scientific, technical and economic subjects connected with fisheries and may be used in the Community, in Senegal or in any other state linked to the Community by a cooperation agreement. ○





# INDUSTRIAL OPPORTUNITIES

PUBLISHED EVERY TWO MONTHS

N°67 : MAY-JUNE 1989

## CDI AT AFRICABAT - 35 NEW PROJECTS

**H**eld in Dakar, Senegal, from January 23 to 28 and sponsored by the Union of African Architects, AFRICABAT was the first international exhibition of building and public works to take place in Africa. Professionals and decision makers from no less than 35 African countries attended.

Opening the exhibition, Abdou Diouf, President of the Republic of Senegal, outlined the problems and the tasks that faced the building industry in Africa. Housing shortages, an increasing number of neighbourhoods that lacked basic services, environmental pollution and waste disposal problems would all get worse if neglected.

Africa had the means to be fully self-sufficient in the sector by making full use of economical local materials and products and by reinforcing capacity. The exhibition, said Abdou Diouf, would be the forum for a dialogue between the planners and decision makers of Africa and their potential partners in the industrialized world, leading to a denser technology transfer network and genuine partnership.

### EFFECTIVE FOCAL POINT

The President's last remark admirably summed up the objectives of CDI's presence at Africabat. An eye-catching stand, especially designed as a meeting place for prospective partners and presenting the adapted technologies promoted by CDI in the building materials sector, proved to be an effective focal point. Le Soleil, Senegal's leading newspaper, wrote: "Every day this ACP-CEE assistance organization's stand is literally invaded by private promoters who want to take advantage of its support to make a success of their entry into the era of small and medium-sized industries."

The stand attracted much attention from press, radio and television journalists from both Africa and Europe, effectively publicizing CDI's role.

CDI experts present on the stand, which was jointly run with the United Nations Industrial Development Organization - UNIDO



*Flags of African countries flying outside the Africabat exhibition in Dakar.*

(see Industrial Opportunities no. 65), were Anani Adade-Helledy, Regional Officer for Central Africa, Jean-Marie Delchambre, who has been in charge of CDI's activities in the building sector and has now taken over responsibility for the East African Region, Diarmuid Peavoy, in charge of publications, press and external relations and Acquah Dodet, Assistant to the Industrial Operations Division.

Also sharing the stand were Ms. Isabelle Hénil of UNIDO's Industrial Investment Division, and UNIDO consultant, Sid Boubekeur. Fifteen African promoters and five prospective European partners were also invited to Africabat, their travel expenses subsidized by CDI and UNIDO.

### THE NEXT STEP.

A total of 35 projects initiated in Benin, Burkina Faso, Cameroon, Congo, Guinea, Senegal and Zaire were discussed during the exhibition.

The projects include the production of compressed earth blocks, timber frames, doors and windows, stone quarrying and paving stones, kerbstones and gravel and cement paving, beams, piping and roughcasting. A plaster production project was also initiated.

One third of these projects came from African promoters identified on the stand during the exhibition.

The projects are now being followed up by CDI jointly with UNIDO. Feasibility studies will be carried out, additional European partners identified, and assistance provided in negotiating agreements.

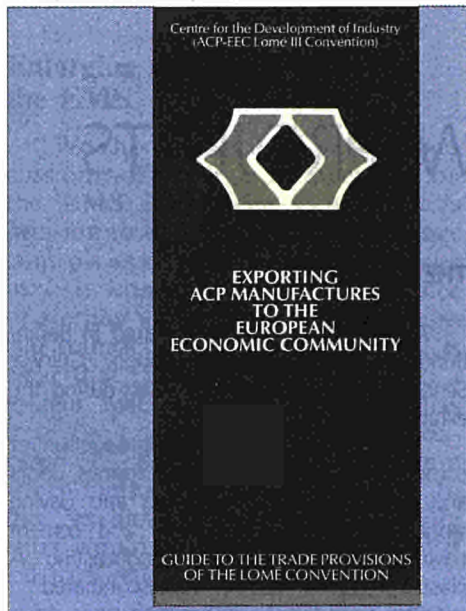
CDI's assistance will also be available for production start-up and training. In this way CDI will play a significant role in forging that genuine partnership envisaged by President Abdou Diouf at the opening of Africabat.

*The CDI stand was a popular and productive meeting point for African promoters, CDI and UNIDO experts, and prospective European partners.*





# EXPORTING TO EUROPE



A new CDI guide to assist ACP industrialists, investors and trade promotion agencies to get more out of the Lomé Convention.

**"E**xporting ACP Manufactures to the European Economic Community" is the title of a new guide published by CDI, containing information about the unique aid and trade package that gives ACP entrepreneurs important opportunities and advantages.

Most ACP products enjoy duty-free entry to EEC markets, giving them an advantage over imports from other countries. The trade regime is liberal, designed to encourage ACP businesses to sell manufactured and processed products in Europe alongside their traditional exports of commodities and raw materials. ACP exports can benefit from a wide range of trade development and marketing measures financed by the EEC.

## ASSISTANCE FUNDS

The Guide explains how a range of industrial and fisheries projects and programmes can be funded by the EEC. These include industrial and artisanal activities, industrial promotion, technology transfer, industrial

and technical training, marketing and sales promotion and technical assistance for project studies. Financing comes mainly from the European Development Fund (EDF) and small and medium-sized enterprises get priority treatment. There are microprojects, for example, especially for the benefit of rural communities and involving the active participation of local people.

Problem areas such as rules of origin are also discussed in the Guide.

## APPLYING FOR ASSISTANCE

The Guide explains how grants and loans are administered, how you should go about preparing your application for assistance and to what local organization you should apply. CDI's role in promoting joint ventures between ACP and EEC countries and providing marketing assistance is also summarized. Finally, you will find some tips for marketing manufactured goods in Europe and some notes to help you put together a project dossier.

The Guide is being widely circulated to ACP export promotion agencies, ministries and institutions actively involved with CDI projects and to ACP chambers of commerce. CDI's antennae will also have copies available for distribution.

## ITALIAN INDUSTRIAL COOPERATION WITH CDI SHOWS STEADY INCREASE

*Close ties between the Italian Institute for Foreign Trade (ICE) and CDI has resulted in 29 projects involving Italian industrialists since 1986.*

**S**ince ICE and CDI signed an agreement in 1986, the close ties that they have developed have made a large contribution towards the growing involvement of Italian industrialists in ACP-EEC cooperation.

The agreement envisaged a joint financial effort by the two organizations to assist in feasibility studies, short term technical assistance and industrial training for ACP projects in which Italian industrialists were involved. It also foresaw general joint promotional activity in Italy, in the framework of the Lomé Convention.

### JOINT PROMOTION

To this end the two organizations have held joint information meetings in the important Italian economic centers of Bari (1986), Milan (1987) and Verona (1988), where they told Italian industrialists about the assistance that CDI could offer. Furthermore, CDI financed eighteen missions of Italian industrialists to discuss projects in the Bahamas,

Botswana, Guyana, Gabon, Lesotho, Mozambique, Nigeria, St. Lucia, St. Kitts, Senegal, Somalia, Zambia, Zimbabwe and Western Samoa.

### ECU 3 MILLION FROM ITALY ...

Finally, as reported in Industrial Opportunities No. 65, The Italian Ministry of Foreign Affairs has decided to earmark Ecu

3 million to assist small and medium-sized industrial projects sponsored by CDI in ACP countries. The financial procedures are yet to be worked out for this decision to take effect.

*An Italian expert provides technical assistance for the modernization of a marble cutting and polishing operation in Jamaica.*





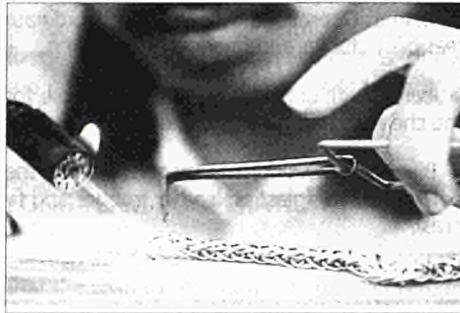
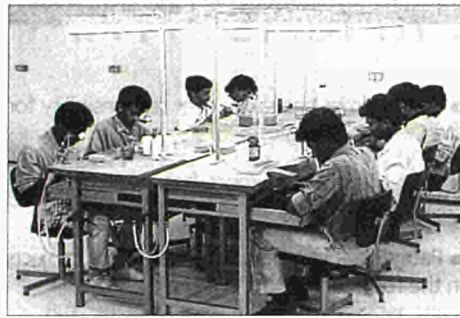
# A PARTNERSHIP WORTH ITS WEIGHT IN GOLD

*A jewellery manufacturing company in Mauritius gets off to a flying start, in partnership with a French company.*

**I**GP, (International Gold and Platinum) Ltd., was incorporated and admitted into the free zone of Mauritius in January 1988. It is a joint venture between a Mauritian company, Poncini Ltd., the French development finance company Proparco, and the French jewellery manufacturers, Gay Freres.

However, four months before the formal incorporation, two Mauritians were already receiving basic training at the Gay Freres factory in Annemasse, France, which would enable them to tackle manufacturing start-up. And the following month Gay Freres' Production Manager was in Mauritius to inspect the still empty premises and determine layout, safety measures, power supply requirements, etc.

Gay Freres specified and supplied the necessary tools and machinery, which were des-



*After training, Mauritian employees at IGP quickly achieve a satisfactory level of productivity while respecting quality norms.*

patched in December 87 and January 88. However, I.G.P. purchased this and subsequent material on the principle agreed by the partners that the new company should stand on its own feet.

The factory produces gold chains, necklaces and bracelets. The various stages of manufacture began to be undertaken progressively, as the Mauritian staff were trained to carry them out. At the beginning Gay Freres supplied the finished gold links for IGP to assemble into gold chains. Then a finishing unit was established with the help of a Gay Freres technician sent out to provide special training. Then came other stages of production: polishing and striking, assisted by more training by a Gay Freres specialist. And the training continues in 1989.

Gay Freres report that this gradual introduction of the different stages of manufacture, coupled with a constant fluctuation in the numbers of staff due to the training programme, has called for good communication between the partners and systems for maintaining a flow of information.

The results are positive. From a technical point of view the Mauritian partner has quickly attained a level of productivity close to the standard; and quality norms are respected.

As Gay Freres state: "The future of IGP lies in the training of its Mauritian staff." It is in this vital area that CDI has made its contribution to an on-going success story. In collaboration with the French Ministry of Cooperation, it met the cost of the initial training in France of the two Mauritians and continues to contribute to a three year technical assistance programme.

## QUICKER DECISION MAKING

In all, since 1986, Italian industrialists have accounted for 29 projects (see table). In general their participation has consisted of technical assistance and training.

Italian entrepreneurs seem a little hesitant to commit themselves to capital investment. They attribute this hesitancy in part to the

discouraging length of time taken to reach decisions in some ACP countries. Entrepreneurs often need quick decisions in order to seize market opportunities when they are there.

However, there are signs that Italian firms are beginning to look more positively at the investment possibilities afforded by ACP countries.

## ITALIAN PARTICIPATION IN ACP PROJECTS

COUNTRY	PROJECT	A	B	C	D
Barbados	cosmetics	•			
Botswana	pencils		•		
Burkina Faso	dairy plants		•		
Burkina Faso	tiles			•	
Burundi	plastic houseware		•		
Cameroon	electro-domestic appliances				•
Dominica	shoes	•			
Djibouti	marble quarry	•	•		
Ethiopia	metal furniture			•	
Ethiopia	salt works			•	
Fiji	wooden furniture	•			
Fiji	garments				•
Ghana	fruit juice	•			
Jamaica	marble	•	•		
Nigeria	shoes			•	
St. Lucia	stone cutting			•	
St. Kitts	brewery			•	
Senegal	steelwire	•			
Tanzania	soap				•
Togo	pasta				•
Trinidad & Tobago	footwear				•
Trinidad & Tobago	asphalt plant	•			
Trinidad & Tobago	tiles	•			
Zambia	shoe production and tannery	•			
Zaire	chalks	•			
Zaire	metal furniture		•		

Key: A = feasibility studies B = technical or start-up assistance C = Diagnostic, rehabilitation or expansion studies D = training

## SYNTHETIC LEATHER GOODS/FIJI

### EEC PARTNER SOUGHT

A well-known private company manufacturing imitation leather goods in Fiji would like to increase its production.

If the plant's potential production capacity is fully utilized, the current annual output of 16,000 units could be increased up to 40,000 units, destined for export markets.

The sponsor seeks an EEC partner able to offer technical training and marketing assistance.

Enquiries should be addressed to CDI, quoting the reference number:

**FIJ.8193.PL.00.**



# NEWS IN BRIEF

## STAFF RESHUFFLE

**I**n order to make the most effective use of CDI experts' particular skills and experience the following reassignments of functions took effect on the 1st March.

● Daniel Nairac has taken over responsibility for contacts with companies and organizations in the Northern EEC countries.

● Patrick Keene is now responsible for the legal aspects of various forms of industrial cooperation and direct liaison with the European Commission and UNIDO for the preparation and follow-up of investment/industrial fora.

● Gary Aylmer has taken over responsibility for the Caribbean Region.

● Jean-Marie Delchambre has taken over the East Africa Region.

● Paul Chotard is now responsible for projects in the food sector.

● Eckhard Hinzen has been transferred to the Industrial Operations Division to coordinate feasibility studies and financial engineering.

● Jean Razafindrasoava is now responsible for the chemical and ceramic sectors.

● Bienvenue Quenum is responsible for the polymer sector (plastics, leather, rubber and fibres).

## INTERNATIONAL CERTIFICATION FOR ETHIOPIAN WELDERS

**T**he Ethiopian Food Corporation (EFC) employs 6000 people and runs the major food processing plants in the country. Equipment suppliers and insurers demand that highly qualified welders erect and maintain the high pressure pipes and vessels used in the EFC's processes. Such specialists are usually brought in from abroad. EFC requested assistance from CDI who agreed to subsidize the cost for three of their own welders to be trained to internationally approved standards at the Welding Technology Centre of Bowford Engineering Services Ltd., in the United Kingdom. The standard required, ASME IX, is extremely difficult to attain.

However, the three Ethiopians, Wondimu Abegaz, Wondafrash Tufa and Samuel Ayele, were successfully trained in just twelve weeks and all three were awarded international



*The three Ethiopian welders during their training in the UK.*

certification by Lloyds of London, for Manual Metal Arc and Oxy-Acetylene welding processes.

This is a good example of the transfer of high-level specialist skills to a developing country.



## VISITORS TO CDI

**R**ecent visitors to CDI included the Ambassadors of Liberia and of Niger to the European Community, H.E. Robert C. Tubman and H.E. Sani Bako respectively.

Winston Dookeran M.P., Minister of Planning and Mobilization of Trinidad and Tobago also visited CDI's Brussels headquarters as did Mr. Tom Hayes, the new Secretary General of the Customs Cooperation Council.

*H. E. Sani Bako, Ambassador of Niger to the European Community.*

## COOPERATION WITH GREECE

## EOMMEX AGREEMENT ACHIEVES GOOD PROGRESS IN 1988

**C**DI signed a cooperation agreement with EOMMEX, the Hellenic Organization for Small and Medium-sized Industries and Handicrafts in 1987. The agreement provides funds from EOMMEX to co-finance projects with CDI.

Good progress was achieved in 1988 with a total of eight projects financed in Somalia, Chad, Burkina Faso, the Seychelles and Niger. The projects involved diagnostic missions, training and marketing and the industries included leather, wood, plastics, cosmetics and food. In addition EOMMEX identified potential Greek partners in the building materials sector on their own account.

One Greek company participated in CDI's recent Regional Industrial Cooperation meeting for Southern Africa in Harare, with promising results. Finally, CDI assisted three Greek companies to participate in the Dakar Forum. Here too the results appear promising. For 1989 EOMMEX has allocated a budget of Ecu 130,000 for cooperation with CDI.

The organization's newly appointed President, Angelos Zissimopoulos, paid a visit to CDI early in the year. Among the promotional activities planned for 1989 is a workshop in Athens to which ACP entrepreneurs will be invited in order to discuss projects with potential Greek partners.

*Angelos Zissimopoulos, the new President of EOMMEX, in conversation with CDI Director Dr. I. A. Akinrele, during his recent visit to Brussels.*





# A FRESH LOOK AT BUSINESS PARTNERSHIPS

*Not all industrial partnerships between EEC and ACP firms demand taking a financial stake. Patrick Keene, CDI expert on the legal aspects of collaboration, explains.*

**S**ince its inception CDI's mission has been to encourage industrial collaboration between ACP and EEC firms. In the early years priority was given to encouraging joint venture agreements which involved the European firm taking a stake in the development or creation of the ACP firm.

However, with the economic crisis affecting almost all the ACP countries more and more each day, CDI has observed two apparently contradictory trends. On the one hand, the small and medium-sized European businesses who have the know-how and technology that are the key to economic development have become very hesitant about investing in countries where the market is continually shrinking.

And, on the other hand, ACP entrepreneurs are basing their hopes for development more and more on agreements with the small and medium-sized European businesses which, because of their scale, are more likely to transfer the right kind of industrial expertise and working methods.

Faced with this situation which might appear to lead to an impasse, CDI has been encouraging ACP and EEC businessmen to take a closer look at the concept of partnership. There are, in fact, several possible types of partnership, not all of them necessarily calling for the EEC partner to take a stake in the ACP firm, at least in the first phase.

## A GUIDE TO PARTNERSHIPS

Realizing that neither ACP nor EEC entrepreneurs had too clear an idea of the various possible alternatives, CDI decided to produce a Guide to Partnerships in Industry, giving practical information on different forms of association and the kind of legal and financial arrangement that they involve, such as licensing, franchising and technical assistance agreements. The Guide also covers joint venture and marketing agreements.

With this Guide, CDI hopes to demonstrate to EEC firms that transferring know-how can and should be part of their business development strategy. It allows them to exploit their experience and to find new markets or sources of supply.

But, to be acceptable, this transfer must envisage a remuneration that is related to the performance of the ACP firm rather than a fixed sum payable at the outset which is usually too great for the ACP firm's limited funds to bear.

## LONG-TERM COOPERATION

To ACP firms, CDI hopes to demonstrate that the road to development lies in long term technical cooperation agreements with EEC firms, whether or not they go together with financial participation.

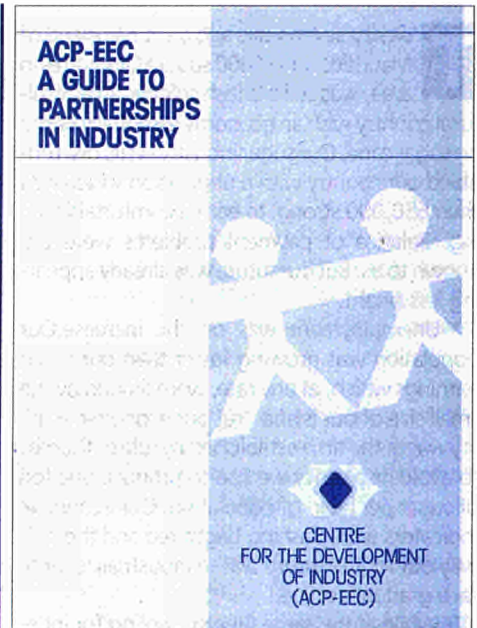
But it must be underlined that the remuneration demanded by European small and medium-sized enterprises for their assistance will be more reasonable if the agreement is not conditional on their taking a share of the equity. (In any case, the equity is often recouped by increasing the price of the equipment). They may also charge less if they expect to make profits in the long run from the successful operation of the ACP enterprise.

We are not concluding that every project should be based on a technical cooperation agreement with the European partner that does not involve financial participation. Clearly, after a certain level of investment is reached, financial partnership with a European partner becomes more realistic and involves larger European companies which are in a position to take greater risks.

But if it is a question of preparing a recommendation to encourage industrial partnership between European and ACP small and medium-sized firms, then the development finance organizations must agree to use commercial or technical partnership as one of the best avenues, and one that can lead in time to joint venture operations.

## EVALUATION AND NEGOTIATION

That is why, apart from its Guide to Partnerships in Industry put at the disposal of entrepreneurs, CDI offers its assistance in evaluating and negotiating technical and commercial partnership agreements as well as joint ventures involving investment by the foreign partner.



D. PEANUY CDI

CDI is not only interested in registering European industrial companies interested in technical partnership agreements. We would also like to register the names of business consultants and lawyers, jurists and notaries specialized in preparing agreements and in company formation and the related fiscal and financial questions. The appropriate forms are available from CDI on request.



# MANUFACTURING AND EXPORTING FROM INDUSTRIAL FREE ZONES

*by Benoit Arouff, Chairman, The Mauritius Export Development and Investment Authority (MEDIA).*

*This article is condensed from an address delivered at the first Regional Industrial Cooperation Meeting, East Africa, held by CDI in Nairobi in February 1987.*

**T**wenty-seven years ago our small island of Mauritius, only 1800 square kilometres in area, was still a British colony; an agricultural country with an economy essentially based on sugar cane. Our sugar industry on its own enabled our country with a population which was then 650,000 strong, to earn a comfortable living. Balance of payment problems were unknown to us. But our future was already appearing less bright.

Unemployment was on the increase. Our population was growing faster than our sugar earnings which, at any rate, were limited by the small size of our island. Yet our economic viability was at the time established by rule of thumb; to avoid insolvency we had to produce one ton of sugar per head of population. Our economic indicators were flashing bright red and the only way out for the future was to industrialize, or to face gradual decline.

While at the same time struggling for independence, achieved in 1968, the government vigorously grappled with the task.

## THE FIRST ROUND

By 1968, when Mauritius proudly joined the community of independent nations as a democratic state, it was already poised for industrialization. It was producing a wide variety of goods for the local market like foodstuffs various articles of clothing as well as leather items, metal goods and many chemical products. We were making our own copy books and even our cheque books.

In a word, we had, along with independence, won the first round of our economic struggle. We were gradually emerging from an agricultural into an industrial society, with the new discipline and know-how this transition required. By 1970 more than a hundred companies were in operation, producing for the local market with the benefit of a development certificate.

## THE SECOND ROUND - THE FREE ZONE

We had won a battle but the industrial war went on with renewed vigour. We knew what industry meant but we had also become aware

of our limitations. The exiguity of our local market stared us in the face. It limited the scope of our enterprises while keeping the number of jobs created at a relatively low level. We could not benefit from economies of scale. For the larger number of products our local market was definitely too small and inadequate to justify the setting up of a profitable unit. We were fast reaching the end of our potential with import-substitution industries.

There was only one way out: to export and boldly face international competition. It dawned on us in that hour of challenge that, in order to export, we had to break the bonds of insularity and ourselves go out to study further afield. We had also to open our frontiers to overseas entrepreneurs, to invite them with appropriate incentives to come to our shores with their wealth of industrial and export experience, their advanced technology, their up-to-date management systems and their already secured markets. If we were to export we needed quality products and marketing skills.

A coalition of various political parties was set afoot in order to guarantee the necessary stability for such a revolutionary move. Once this was done we embarked on overseas missions to attract investors from abroad with a glamorous package of incentives and, to study the various free-zone systems. Then our own Export Processing Zone saw the light of day in December 1970.

## A MAURITIAN CONCEPT

What formula to adopt for our free zone? We took into account three factors; the small size of our island, our lack of funds to put up a geographical free zone cut off from the rest of the country and, most importantly, the urgency of action. Our minds were made up. The concept would be Mauritian and nothing else, the whole island would be a free zone.

Without further ado the Export Processing Zones Act, 1970, was passed. In terms of the Act, special privileges were granted to those wishing to manufacture for export: ten years of tax holidays to the companies themselves, going up to 20 years in very exceptional cases; five years of tax-free dividends (in the hands of shareholders)

which could be freely repatriated along with the profits and the capital invested; duty free importation of raw materials and intermediate products; special rates for electricity, privileged labour regulations to ensure productivity at work and many other benefits.

Whoever made an application in conformity with the set criteria would be issued with an EPZ certificate and could immediately start operating anywhere on the island under a simple system of bonded warehouses, subject to customs control.

It was, at the political level, a drawn battle. There was talk of exploitation of our labour by foreigners. The work was too hard, too inhuman, the pay packet too small. We knew for a start that we could not afford to pay high wages if our products were to be competitive on the export market. Strike action was taken. However, most of the workers were women who had abandoned menial jobs and gone to the factories where, at any rate, they earned better pay, worked regular hours and earned overtime for extra work. So they stood the test and, in the meantime, in the face of countless criticisms, the government continued to encourage the influx of foreign investors who, for their part, had no difficulty in finding local partners. There was no obligation, legal or otherwise, for Mauritians to have control of the enterprise: our formula was flexible and realistic.

## THE FIRST SIX YEARS : 1970 - 1976

The first investors came from Hong Kong. For them, even more attractive than our wage rates was our associate membership of the European Economic Community. We had become an ACP country. Our products could be exported to the EEC countries duty-free and quota-free, provided the criteria of the rules of origin were met. To achieve this some vertical integration was required. Fabrics had to be made in Mauritius instead of being imported from Hong Kong.

The example of Hong Kong industrialists was quickly followed by investors from other countries, including the EEC itself. Our main trump card in the free zone was textiles. As a result sub-contracting units were put up to



manufacture other inputs like thread, buttons, zip fasteners and packing material. Such an integration was of considerable benefit to the Mauritian economy.

We also moved into new areas like the manufacture of watches, diamonds, toys, fish hooks, boat models, electronic chips, and the range kept spreading. By the end of 1976, 17,403 jobs had been created in our free zone.

Times were, however, changing. The tripling of oil prices by OPEC countries had dealt the world economy at large a severe blow. A period of grim recession led to a shrinking of export markets. At home we had made a great mistake. Booming sugar prices had produced a temporary windfall. Our government yielded to pressure from unions and decided that labour be paid throughout the island first a thirteenth month and then a fourteenth month, with retroactive effect for one year. This suddenly damped the enthusiasm of both local and foreign investors, already labouring under the world recession.

Meanwhile, competition was growing from the increasing number of other free zones around the world and, to crown it all, the political situation was becoming rather unstable. There was talk of nationalization. The growth of our free zone slowed down almost to stagnation.

However, we took advantage of the lull to consolidate our infrastructure. We overhauled our road network, our water network, our electricity supply as well as our telephone and telex services. Unemployment had reached about 21% of the economically active population. During six years only 6000 jobs had been created in the free zone whereas the yearly flow of youngsters into the labour market was about 9000.

## THE REVIVAL

The *laissez-aller* of these painful years had irritated the population with the result that a general election ended up with a landslide victory for the opposition. The new government immediately initiated a serious structural adjustment of the economy.

Since then the international situation, as well as the economic, political and social climate inside the country after another change of government, have considerably improved. The recovery of the U.S. and European economies has been favourable to us. In the country itself the government took all the fiscal and administrative measures possible to inject confidence into the business sector. The Mauritius Export Development and Investment Authority (MEDIA) was set afoot in order to promote industrial investment and exports as well as to provide factory accommodation to investors and give them every possible guidance and assistance from Day 1.

The management of this institution was entrusted to a board of five directors, three of whom came from the private sector, including the Chairman. MEDIA embarked on a number of overseas missions and the results were

quickly felt. Investors poured in, contributing to a spectacular revival of investment which led to the establishment of numerous units and the creation of some 30,000 jobs in 1984 and 1985.

Export promotion went hand in hand with investment promotion and in 1986 MEDIA participated in about ten fairs abroad. MEDIA appointed representatives in some ten countries. In Europe it opened the first of a series of offices, situated in London.

## REALISTIC PACKAGE

To attract investors the government took bold fiscal steps. For the free zone it was decided that newcomers would pay 15% corporate tax for the whole life of the enterprise (instead of zero tax in the first ten years, 25% in the next five and 50% in the following five years). Industrialists prefer this system as it introduces an element of stability to their accounts. The tax free period for dividends was doubled from five to ten years. What is even more important is that the Mauritian enterprise which invests in industry for the local market under a development certificate now enjoys the same privilege: it pays 15% corporate tax like the expatriate who invests in the free zone and enjoys ten years of dividends free of tax.

Thus, on the one hand the overseas investor no longer has to look elsewhere after ten years, while the Mauritian investor is quite happy to launch into industry on the same footing as the expatriate as far as corporate tax and dividends are concerned.

The rest of the package of incentives, namely the duty free importation of inputs and machinery, the tax free repatriation of invested capital, profits and dividends, etc., for investment in the free zone, has remained unchanged, being very much the same in all free zones.

It is important to note here that company taxation in general has been drastically reduced in recent years, from 55% to 35%, thereby stimulating development in all sectors. The top bracket of individual income tax has been reduced from 70% to 35% and there now prevails a more healthy and businesslike environment. The gradual removal of exchange controls is beginning.

## FUTURE STRATEGY

We have so far achieved success with textiles and have even become the third biggest exporter of woollen pullovers in the world. Yet we must be cautious, especially because of the protectionism which prevails in spite of international agreements.

We must diversify our industrial operations into other fields in order to broaden our industrial base and protect our economy from any sectoral hazard. In both cases, I think, the secret lies in training. We must create textile schools in

order to reduce our dependence on foreign technicians and cadres. We must also mauritianize the know-how and thus facilitate the employment of Mauritians while saving precious foreign currency. Better still, we shall teach Mauritians to launch their own enterprises and to manage them properly. Already it is a matter of pride and satisfaction to us that 50% of the free zone industries are owned by Mauritians.

## SOME OF THE RESULTS

- Exports from the free zone (5 billion Rupees\*) exceeded imports into the zone (3.8 billion Rupees\*) by 1.2 billion Rupees. It is thanks to the free zone that we now have a favourable balance of trade and a positive balance of payments.

- The free zone now represents 54.3% of our total exports (i.e. some 5 billion out of 9.2 billion Rupees\*). It has now surpassed sugar which in 1986 supplied some 43.5% of our total export earnings (as against 99% 30 years ago). Yet the GNP contribution of sugar is still higher in view of its higher added value.

- In 1986, 20,560 jobs were created in the free zone, bringing the total to some 74,000. The proportion of male to female jobs has risen from 1:5 in 1979 to 3:7 in 1986.

- Direct contribution to government revenue includes 15% corporate tax plus taxes paid by technicians and experts. Shareholders of companies more than ten years old also pay dividends (35% highest bracket).

- Vertical integration has progressed rapidly over the years. For example, in textiles many factories which started with the final process of garment manufacture are now involved in spinning, weaving, dyeing and finishing.

## SNOWBALL EFFECTS OF THE FREE ZONE

- Multiplicity of sub-contracting activity

- A booming construction industry

- High demand for craftsmen, technicians and professionals

- Thriving retail sector due to increasing purchasing power

- A buoyant economy: 7% growth in 1987, inflation 2%, unemployment reduced from 21% to 12% in three years.

(\* ) 1 Ecu = 15.9 Rupees.





## INDUSTRIAL PROPOSALS FROM EEC FIRMS ACP ENTREPRENEURS, PLEASE REPLY

The proposals outlined below have been put forward by EEC firms interested in setting up production in ACP countries under joint venture, franchising, licencing, sub-contracting, marketing, management or other agreements with local businessmen.

ACP entrepreneurs interested in any proposal are invited to write to CDI quoting the reference number. However, CDI will not be in a position to act upon letters received unless ACP entrepreneurs provide all the information requested at the bottom of the page.

Where a joint venture is proposed, the EEC companies are willing to consider contributing (depending on the country and the project) some 20% of the equity investment. For other proposals, the companies are committed to entering into long-term agreements for the creation of profitable ventures.

Where second hand equipment is suggested, CDI may sponsor an evaluation by an independent expert of the quality, cost, suitability and condition of such equipment.

All equipment costs are quoted in Ecu (European currency units). The value of the Ecu may easily be ascertained from its relationship to other European currencies. Thus, on 3 April 1989: 1 Ecu = £ 0.65, or FF 7.02, or DM 2.08

Please ALWAYS mention the CDI reference numbers when reproducing these proposals.

**89/26 LE** PORTUGAL  
SHOES AND BOOTS

**Minimum capacity:** 1 million pairs a year for an investment of Ecu 585,000.  
**Cooperation proposed:** Equity participation, technical assistance.

**89/23 MT** ITALY  
METALLIC BUILDING MODULE

*Metallic structures for civil and industrial buildings and camps or settlements.*  
**Minimum capacity:** an annual production valued at Ecu 8.5 million for a minimum investment of Ecu 1.28 million.  
**Cooperation proposed:** joint venture agreement.

**89/16 EX** ITALY  
MARBLE/STONE QUARRY

**Minimum capacity:** 1 500 000 m<sup>3</sup> a year of marble and stone blocks for an investment of Ecu 180,000 to Ecu 260,000  
**Cooperation proposed:** equity participation, license (for equipment manufacturing), technical assistance, training.

**89/28 EL** SPAIN  
ELECTRIC AND  
TELEPHONIC CABLES

**Minimum capacity:** a minimum investment of Ecu 420,000 but the capacity would depend on the types and dimensions of cables being manufactured.  
**Cooperation proposed:** licensing agreement, technical assistance.

**89/34 RU** SPAIN  
LATEX GLOVES

**Minimum capacity:** 20,000 pairs a day for an investment of Ecu 800,000 (2nd hand equipment).  
**Cooperation proposed:** licensing agreement, technical assistance.

**89/22 MC** SPAIN  
METAL STRUCTURES  
FOR BUILDINGS

*Structures for industrial and domestic buildings.*  
**Minimum capacity:** 4 000 tonnes a year with an investment of Ecu 1,130,000.  
**Cooperation proposed:** equity participation, technical assistance, training.

**98/41 MC** FRANCE  
KITCHEN EQUIPMENT

*Equipment for use in restaurants, kitchens.*  
1. Ovens, chip makers, pots, tables, sinks.  
2. Meat and fish preparation units.  
**Minimum capacity:** 200 units a year for item 1 and daily production of units for handling 500 kg to 1 tonne a day for item 2, for an investment of Ecu 284,000 (item 1) plus Ecu 43,000 for the main equipment (item 2).  
**Cooperation proposed:** equity participation, licensing agreement, technical assistance, marketing agreement, training.

**89/42 EX** PORTUGAL  
BLOWN GLASSWARE

*Table and decorative glassware.*  
**Minimum capacity:** 10 tonnes a day for an investment of Ecu 8,900,000.  
**Cooperation proposed:** equity participation, licensing agreement, technical assistance, marketing agreement, training.

### Information required of ACP entrepreneurs when replying

- Show why it would be worth-while to manufacture the products in question in your country, e.g. give market data, indicate that raw materials are available locally, etc.
- Describe your present activities plus your industrial and/or commercial experience, enclosing any available information such as your latest balance sheet.
- State how much capital you yourself could contribute.
- State the maximum portion of the equity your country legally allows to an EEC partner.
- Can you obtain finance and if so from where?
- If you need a foreign loan or supplier's credit, can you obtain a local guarantee?
- Is your project a national priority?
- Outline the incentives your country offers to foreign investors.



# OPERATIONAL SUMMARY

No. 51 — May 1989

(position as at 20th April 1989)



## 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) and Lomé III (8 December 1984), 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 in 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

<b>A1</b>	<b>Planning and public administration</b>	<b>A5B</b>	Industrial development banks
A1A	Administrative buildings	A5C	Tourism, hotels and other tourist facilities
A1B	Economic planning and policy	A5D	Export promotion
A1C	Assistance to the normal operations of government not falling under a different category	A5E	Trade, commerce and distribution
A1D	Police and fire protection	A5F	Co-operatives (except agriculture and housing)
A1E	Collection and publication of statistics of all kinds, information and documentation	A5G	Publishing, journalism, cinema, photography
A1F	Economic surveys, pre-investment studies	A5H	Other insurance and banking
A1G	Cartography, mapping, aerial photography	A5I	Archaeological conservation, game reserves
A1H	Demography and manpower studies		
<b>A2</b>	<b>Development of public utilities</b>	<b>A6</b>	<b>Education</b>
A2A	Power production and distribution	A6A	Primary and secondary education
A2Ai	Electricity	A6B	University and higher technical institutes
A2B	Water supply	A6Bi	Medical
A2C	Communications	A6C	Teacher training
A2D	Transport and navigation	A6Ci	Agricultural training
A2E	Meteorology	A6D	Vocational and technical training
A2F	Peaceful uses of atomic energy (non-power)	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.
<b>A3</b>	<b>Agriculture, fishing and forestry</b>	<b>A7</b>	<b>Health</b>
A3A	Agricultural production	A7A	Hospitals and clinics
A3B	Service to agriculture	A7B	Maternal and child care
A3C	Forestry	A7C	Family planning and population-related research
A3D	Fishing and hunting	A7D	Other medical and dental services
A3E	Conservation and extension	A7E	Public health administration
A3F	Agricultural storage	A7F	Medical insurance programmes
A3G	Agricultural construction		
A3H	Home economics and nutrition	<b>A8</b>	<b>Social infrastructure and social welfare</b>
A3I	Land and soil surveys	A8A	Housing, urban and rural
		A8B	Community development and facilities
<b>A4</b>	<b>Industry, mining and construction</b>	A8C	Environmental sanitation
A4A	Extractive industries	A8D	Labour
A4Ai	Petroleum and natural gas	A8E	Social welfare, social security and other social schemes
A4B	Manufacturing	A8F	Environmental protection
A4C	Engineering and construction	A8G	Flood control
A4D	Cottage industry and handicraft	A8H	Land settlement
A4E	Productivity, including management, automation, accountancy, business, finance and investment	A8I	Cultural activities
A4F	Non-agricultural storage and warehousing		
A4G	Research in industrial technology	<b>A9</b>	<b>Multisector</b>
<b>A5</b>	<b>Trade, banking, tourism and other services</b>	A9A	River development
A5A	Agricultural development banks	A9B	Regional development projects
		<b>A10</b>	<b>Unspecified</b>



**\*\* From January 1989 PABLI will be updated twice monthly.**

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**L-1471 LUXEMBOURG**

**Tél.: 352/48.80.41**

**Télex: 2181**

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# 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

## ANGOLA

**Rehabilitation of the Americo Boavida Hospital.** Resp. Auth.: Ministry of Health. Estimated total cost -25 mECU. EDF 19.5 mECU. Italy 5.5 mECU. Works, supply of medical-technical equipment. T.A. for installation, maintenance and training. Works: int. tender (conditional) launched in October 88. Project in execution. 6th EDF. EDF ANG 6004 A7a

## BARBADOS

**Barbados export development.** Resp. Auth.: Barbados Export Promotion Corporation (BEPC). 1.3 mECU. T.A., training, studies, for marketing exports of rum and to develop new rum-based exports. Project on appraisal. Date foreseen for financing June 89. 6th EDF. EDF BAR 6002 A5d

## BELIZE

**Belize City Hospital. Phase I.** Estimated cost 8.6 mECU. Work constructions and supply of equipment. 4th, 5th, and 6th EDF. Project on appraisal. Date foreseen for financing May 89. 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

**Upgrading of health service infrastructure.** Resp. Auth.: Ministère de la Santé Publique. Estimated cost 14.3 mECU: renovation and construction of the hospital building and equipment. Project in execution. 5th and 6th EDF. EDF BEN 5010 A7a

**Mono rural development programme.** Development of the rural production. Cofinancing with BAD. EDF 16.5 mECU, BAD 14.4 mECU, local 4.9 mECU. Project in execution. 6th EDF. EDF BEN 6003 A3a

**Petroleum products import programme.** Resp. Auth.: Ministre du Plan — Société Nationale des Produits Pétroliers (SONACOP). 11 mECU. Supply of 65 000 t finished petroleum products. Int. tender. Project in execution. 5th and 6th EDF. EDF BEN 6012 A4ai

**Fish breeding. Applied research and popularization actions.** Resp. Auth.: MDRAC. Estimated cost 2 mECU. Project on appraisal. 6th EDF. EDF BEN 6009 A3d

**Sectoral import programme: industry.** Resp. Auth.: Ministre du Plan. 16 mECU. Supply of industrial inputs, spare parts, raw materials. Direct agreement and int. tenders. T.A. Project on appraisal. Date foreseen for financing May 89. 6th EDF. EDF BEN 6013 A4b

## BOTSWANA

**Manpower development for sustainable resource utilisation.** Resp. Auth.: Ministry of Finance and University of Botswana. 4.4 mECU. T.A. and training for basic science, ground water exploration and management, environmental resource and sustainable agriculture. Project in execution. 6th EDF. EDF BT 6003 A6

**Support programme to Botswana copper-nickel mining industry.** Resp. Auth.: BCL Ltd (Bamangwato Concessions Ltd). 21.650 mECU. Works, exploration drillings, supply of mining equipment by int. tender. Replacements parts by direct agreement. T.A. to prepare int. tender dossier, evaluation and follow-up of the tender. Project on appraisal. Date foreseen for financing March 89. 6th EDF. EDF BT SYS 6019 A4a

## BURKINA FASO

**Ouagadougou-Kaya Railway.** Resp. Auth.: Government of Burkina Faso. 1.7 mECU. Supply by restr. tender of 96.000 T of ballast (25-55 mm granit or dolerite) local origine. Project in execution. 5th EDF. EDF BK 5019 A2d

**Hydro-agricultural development in the Douna plain. (Intermediate phase).** Resp. Auth.: Ministère de l'Eau. 2.1 mECU. Improvement of 400 ha. Construction of quaternary canals, training and monitoring. Project in execution. 6th EDF. EDF BK 6005 A3a

**Rural development programme in the Sissili province.** Resp. Auth.: Ministère de l'Eau, Ministère de l'Agriculture et Elevage, Ministère de la Santé Rurale, Ministère de l'Education nationale. 31.5 mECU. Same programme: see BK 6001. Project on appraisal. Date foreseen for financing May 89. 6th EDF. EDF BK 6004 A3a

## BURUNDI

**Rehabilitation of the R.N. 1-Bujumbura-Rwanda border.** Resp. Auth.: Ministère des Travaux Publics. Estimated cost 22 mECU. Rehabilitation works plus the town section up the port of Bujumbura. Study to be done: technical study for the execution and int. tender dossier preparation. Short-list already drawn up. Project on appraisal. 6th EDF. EDF BU-REG 6305 A2d

**General import programme.** Resp. Auth.: Banque République du Burundi. 12 mECU. Special programme debt. Hard currency allowance to finance import and to establish counterpart fund in Burundi Francs. Project in execution. 6th EDF. EDF BU 6014 A1c

**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 on appraisal. Date foreseen for financing May 88. 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. Roads network, schools, health centres, rural water supply. Support to crop production and fishery. Irrigated agricultural areas, fight against soil and surface vegetation degradation. Works, supplies, T.A. and training. Study to be done: sectoral studies to implement different sectors of the programme. Short-list already drawn up. 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

## CAPE VERDE

**Town development of Praia.** Estimated cost 19.8 mECU. Works and supply of equipment, T.A. and supervision of works. Project in execution. 6th EDF. EDF CV 6001 A2d

**Sectoral Import Programme for building materials and equipments.** Resp. Auth.: Ministère du Plan et Entreprise Publique d'Approvisionnement (E.M.P.A.). 4 mECU. To purchase cement, iron, medical equipment and pavings. Project on appraisal. Date foreseen for financing March 89. 6th EDF. EDF CV 6002 A4c

## CENTRAL AFRICAN REPUBLIC

**Conservation programme for the ecosystem in the North.** National game and natural reserves. Supervision for protected areas. Monitoring, management. Supply of infrastructures. EDF 25 mECU. Project in execution. 6th EDF. EDF CA 6002 A3a

**Development programme of the Central and Southern region.** Resp. Auth.: Ministère du Dév. Rural. 20.3 mECU. To strengthen coffee plantations in the villages and the infrastructure, diversifications in cotton zones; rural health and human hydraulics, T.A., studies, following and evaluation. Short-lists already drawn up. Project in execution. 6th EDF. EDF CA 6005 A3a

## CHAD

**Rehabilitation and preservation of Zakouma national game.** Resp. Auth.: Ministère du Tourisme et de l'Environnement. Direction du Tourisme des Parcs Nationaux et des Réserves de Faune. 1.6 mECU. Works by direct labour. Supply of vehicles and equipments by int. tender. T.A. and training. Date financing March 89. 4th EDF. EDF CD 4017 A5i



**Sectoral import programme. Supply of petroleum products.** Resp. Auth.: Ministère des Finances et de l'Informatique. 9.5 mECU. To prepare int. tender dossier and offers evaluation: short-list not yet drawn up. Project on appraisal. Date foreseen for financing April 89. 6th EDF. EDF CD 6008 A1c

**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. 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, scholar buildings, agricultural equipment, pumps, T.A., follow up and evaluation. **Date financing March 89.** 6th EDF. EDF CD 6005 A3a

**Strengthening of the operational services for vegetables defence. Fight against locust.** Resp. Auth.: Ministère de l'Agriculture. Direction Protection des Végétaux. 0.900 mECU. Supply of equipments and T.A. Project on appraisal. Date foreseen for financing June 89. 5th EDF. EDF CD 5026 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) in February-March 89. Supply of equipments, materials and vehicles. T.A., training, evaluation, audit. Project on appraisal. Date foreseen for financing April 89. 6th EDF. EDF COM 6002 A3a

## CONGO

**FEDAR (EDF regional action for the Pool and Cuvette).** Resp. Auth.: Ministère du Plan. 36 mECU. Roads, wells, rural infrastructure, supervision of works, line of credit, monitoring. Project in execution. 6th EDF. EDF COB 6002 A3a

## COTE D'IVOIRE

**Rural oil palm plantations for the 2nd palm plan.** Resp. Auth.: Ministère de l'Agriculture. EDF 20.850 mECU. 22,945 ha in rural areas. Project in execution. 6th EDF. EDF IVC 6001 A3a

**Collection and grouping centres.** Building of 3 centres in Kotobi (vegetables), Sinematiali (mangoes) and Meadji (plantain bananas). Works by acc. tender. Supplies by restr. tender. T.A., animation, promotion, training, follow up and evaluation. 2.150 mECU. Project in execution. 4th and 5th EDF. EDF IVC 5027 A3a

**Support to the livestock development.** Continuation and completion of the Marahoué Ranch (T.A., investment, training) and support to "Centre National d'Elevage Ovin". **★11 mECU.** Project on appraisal. **Date foreseen for financing May 89.** 6th EDF. EDF IVC 6003 A3a

## DJIBOUTI

**Rural development programme.** Resp. Auth.: Ministère de l'Agriculture. 6.1 mECU. Improvement of the rural development, farm and livestock monitoring, rural hydraulics, palm-tree plantations, pump-station maintenance. For the infrastructures works acc. tender (conditional) and for urgent supplies int. tender (conditional) in November or December 88. **Project in execution.** 6th EDF. EDF DI 6001 A3a

**Urban development programme.** Resp. Auth.: Ministère des Travaux Publics, de l'Urbanisme et du Logement et Ministère de l'Intérieur. 4 mECU. Rehabilitation, construction of waste water controlled network, works and supplies, road assessments to improve rain waters. Studies for rehabilitation and to prepare int. tender dossiers (drainage, roads, drinking water, fire protection): short-lists already drawn up. Project in execution. 6th EDF. EDF DI 6002 A2d

**Support for information.** Resp. Auth.: Secrétariat Général à l'Information. 1.1 mECU. Establishment of a Documentation Centre. Supply of equipment and staff training for the National Printing Office. Project in execution. 6th EDF. EDF DI 6005 A1e

**★ Training programme. 2.2 mECU.** New vocational training actions for adults. T.A. for training centres. Training, scholar-ships and training courses. Works and supplies. Project on appraisal. **Date foreseen for financing May 89.** 6th EDF. EDF DI 6101 A6d

## DOMINICA

**Geneva-Petite Savanne road.** Resp. Auth.: Ministry of Communication and Works. Public Works Dept. 1.670 mECU. Road rehabilitation on 9.5 km. Works by direct labour. **★Date financing March 89.** 5th and 6th EDF. EDF DOM 6003 A2d

## EQUATORIAL GUINEA

**Forestry support programme.** Resp. Auth.: Ministère des Eaux et Forêts. 8.4 mECU. Assessment of the forest feeder roads network. Support to the definition and application of governmental measures to preserve forest patrimony. Support to improve timber export control. Project on appraisal. 6th EDF. EDF EG 6001 A3c

**Essential goods import programme.** Resp. Auth.: Présidence de la République. Estimated cost 1.5 mECU. Hard currency allowance to import essential goods. Project on appraisal. 5th and 6th EDF. EDF EG 0000 A1c

## 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, reforestation, 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. Estimated cost 53.4 mECU. Buildings, roads, rural infrastructure, agricultural inputs, consumer goods, equipments, 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. Estimated cost 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 equipments, vehicles and agric. inputs, aerial photography, training and T.A. **Project in execution.** 6th EDF. EDF 6003 A3a

**Sectoral import programme.** Resp. Auth.: EDF National Authorising Office and Commission Delegate. 10.5 mECU. Purchase by int. tender (conditional) of ±18 000 t of urea and ±2 000 t of compound. Veterinary products, insecticides and pesticides. Spare parts and equipments for lorries, supply of row materials and T.A. **Date financing March 89.** 6th EDF. EDF ET 6009 A3a

**Lake fisheries project.** Resp. Auth.: Ministry of Agriculture, Fishery Dept. 7.3 mECU. Provision of inputs to fishermen, development of cooperatives, establishment of marketing organisation and infrastructure, training, research and fingerling production centers. Works, supplies and T.A. Project on appraisal. 6th EDF. EDF ET 6008 A3d

## FIJI

**Vanua Levu Road. Phase 3.** Resp. Auth.: Public Works Dept. 2.125 mECU. Section of 25 km and bridge. **Project in execution.** 6th EDF. EDF FIJ 6002 A2d

**Rural electrification programme.** Resp. Auth.: Fiji Electricity Authority. 3.3 mECU. Construction of 28 small electrification schemes and installation of a small power plant. **Date financing March 89.** 6th EDF. EDF FIJ 6004 A2ai

**Coconut rehabilitation and improvement programme.** Resp. Auth.: Ministry for Primary Industries. Estimated total cost 1.350 mECU. EDF 0.900 mECU, local 0.450 mECU. Clearing of 300 ha of land, establishing of a hybrid seed garden (150 ha) develop a research centre. **Date financing March 89.** 6th EDF. EDF 6005 A3a



## GABON

**Experimental rural rubber tree cultivation programme Mitzi/Bitam.** Resp. Auth.: Ministère de l'Agriculture et du Développement Rural. 2.3 mECU. Special loan to support development of rural rubber tree cultivations in the concentration area assisted by the EEC. Works, supplies and T.A. Project in execution. 6th EDF. EDF GA 6004 A3a

## GAMBIA

**Development of the non-industrial fisheries.** 3 mECU. Works and supplies. Project in execution. 6th EDF. EDF GM 6003 A3d

**Development support for the "Upper River Division".** Resp. Auth.: Ministry of Economic Planning. 7 mECU. Rehabilitation and improvement of feeder roads, rebuilding and equipment of 6 health centres, rehabilitation of 18 primary schools and 2 vocational training craft centres, rehabilitation of 20 new wells. Credit lines. Works by acc. tenders, supplies by int. tenders. T.A. Project in execution. 6th EDF. EDF GM 6004 A3a

**Provincial Centres Water Supply.** 3.350 mECU. Rehabilitation of water supply of Basse, Farafenni, Bansang, Mansa Konko/Soma. Works, supplies, T.A. and supervision. **Date financing March 89.** 4th, 5th and 6th EDF. EDF GM 6009 A2b

## 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

**Sectoral import programme.** Resp. Auth.: Ministry of Finance and Economic Planning (MFEP). 20.5 mECU. 1st phase: supply of 25 000 t of fertilizers and vehicles. 1st int. tender (conditional) launched in August 88. 2nd int. tender for 30 000 t fertilizers foreseen in July 89. Hard currency allowance (11.5 mECU) for import. Project in execution. 6th EDF. EDF GH 6010 A3a

## GUINEA

**Rural development programme in Upper-Guinea.** Resp. Auth.: Coordination team composed by representation from: Ministère du Plan et de la Coopération internationale, Ministère du Finances, Secrétariat d'Etat à la Décentralisation, Ministère du Dév. Rural, 30 mECU. To modernise agricultural systems and to improve the way of living. Development of the crop production, infrastructure (roads, social, rural hydraulics),

micro-projects, lines of credit, T.A. and training. Supplies: int. tender launched in February 88. Project in execution. 6th EDF. EDF GUI 6002 A3a

**Rural development programme in Maritime-Guinea.** Resp. Auth.: Coordination team (see EDF GUI 6002). 40 mECU. Crop production and fishery, road network, social infrastructure, rural hydraulics, micro-projects, lines of credit, research actions, vulgarisation, T.A. and training. Supplies: 2 int. tenders launched in March 88. Int. tender for wells and pumps launched in October 88. Project in execution. 6th EDF. FED GUI 6001 A3a

**General import programme.** Resp. Auth.: Banque Centrale de la République de Guinée (B.C.R.G.). 12.5 mECU. Hard currency prices CIF covered by the project. Project in execution. 6th EDF. EDF GUI 6009 A1c

**Friguia alumina plant rehabilitation project.** Resp. Auth.: Société Friguia. EDF 35 mECU, EIB 13 mECU, Friguia 30.4 mECU. Works, supply of equipment, feeder road construction. T.A. for S.M.E. Project in execution. 6th EDF. EDF GUI-SYS 6010 A4a

## GUINEA BISSAU

**Minor bridges.** Resp. Auth.: Ministère de l'Équipement Social. Estimated total cost 3.7 mECU. Construction of 4 bridges to open four agricultural regions. Works and supervision. Project on appraisal. 5th EDF. EDF GUB 5011 A2d

**Rural development programme.** 23.8 mECU. Improvement of the food and fishery production, line of credit, micro-projects, T.A. and training. Project in execution. 6th EDF. EDF GUB 6001 A3a

**General import programme.** Resp. Auth.: Unité de Gestion de Balance de Paiement auprès de la Banque Nationale. 6 mECU. Hard currencies allowance programme. Italy: 2 mECU to supply fuel and lubricants to the Bissau Power Plant during 1 year. Project in execution. 5th and 6th EDF. EDF gub 6005 A1c

## GUYANA

**Economic infrastructure sector support programme.** Resp. Auth.: Ministry of Finance. 15 mECU. Rehabilitation of sea defences, quarries, transport, water supplies. Supply of equipment, training. First int. tender ★ for supplies foreseen in the **2nd quarter 89.** Project in execution. 6th EDF. EDF GUA 6003 A2b, d

**Sysmin-Rehabilitation of the Bauxite Industry.** Resp. Auth.: Guymine. EDF part 31.5 mECU. Supply of equipments, spare parts, T.A. at Linden and Kwakani. Project in execution. 5th EDF. EDF SYS GUA 5024 A4a

## JAMAICA

**Rural water supplies. Phase I.** Resp. Auth.: National Water Commission. 6.7 mECU. Extension, upgrading of five existing water supply schemes: South Manchester,

Elderslie/Niagara, Castleton, South Chapelton. Works and supplies. Project in execution. 6th EDF. EDF JM 6003 A2b

**Montego Bay airport. Charter terminal.** Resp. Auth.: Airports Authority of Jamaica. 7.1 mECU. Works and supply of equipments. Works by acc. tender. Supplies by int. tender. Supervision. Project in execution. 6th EDF. EDF JM 6004 A2d

## KENYA

**Minor roads rehabilitation and maintenance programme.** Estimated cost 5 mECU. Works by direct labour. Project stage: identification. 6th EDF. EDF KE 6002 A2d

**Agricultural research programme.** 20 mECU. Soil and water management research. Soil fertility and plant nutrition. Civil works and libraries. Project in execution. 6th EDF. EDF KE 6003 A3e

**Development of commerce and industry.** Estimated cost 5 mECU. Export promotion and marketing, trade development promotion and support to informal sector and small scale industries. Studies, short-lists already drawn up. Project stage: identification. 6th EDF. EDF KE 6004 A5de

**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 long-term T.A., cooperatives and reserve funds. Studies, T.A. and training; short-lists not yet 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

## 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., scholar-ships and training. Project in execution. 6th EDF. EDF LSO 6007 A6b

**Queen Elizabeth II Hospital: improvement and upgrading.** Resp. Auth.: Ministry of Health and Ministry of Works. 4.8 mECU. Works by acc. tender. Supply by int. tender. T.A. Project on appraisal. **Date foreseen for financing June 89. 4th and 6th EDF.** EDF LSO 6012 A7a

## LIBERIA

**Bong Mining Company. Rehabilitation project.** Resp. Auth.: Government and BMC.



49.3 mECU. Supply of specialized equipment, shovels, conveyor belts, dumpers, locomotives, spare parts. Project in execution. 5th EDF. EDF LBR/SYS 0000 A4a

**South-East development programme.** Estimated cost 27 mECU. Works, supplies and T.A. Project in execution. 6th EDF. EDF LBR 6002 A3a

## 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. EDF MAG 6006 A3a

**Housing and health assistance for urban population.** Resp. Auth.: Ministère de la Santé et Travaux Publics. 5.5 mECU. Supply of medicines and platforms for housing. Supervision. Project in execution. 6th EDF. EDF MAG 6009 A7, A8a

## 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

**Rural health programme.** Resp. Auth.: Ministry of Health and Ministry of Community Services (MOH and MOCS). 9.3 mECU. Construction of an hospital, two health centres supply of equipments, T.A. Works by acc. tender. Supplies by int. tender. T.A.: short-list drawn up. Project in execution. 6th EDF. EDF MAI 6009 A7a, e

**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

## MALI

**Rice-growing intensification programme in the large irrigated areas.** Resp. Auth.: Ministère de l'Agriculture. 66 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 on appraisal. 5th and 6th EDF. EDF MLI 6004 A3a

**Food security programme in the 5th region.** Resp. Auth.: Gouverneur de la région. 24 mECU. Soil and ground water resources, rehabilitation of Bamako. Mopti road. Works, supplies, supervision, study, T.A. training. Project in execution. 5th and 6th EDF. EDF MLI 6005 A2b, d

**Import programme for essential goods.** Resp. Auth.: Ministère des Finances et du Commerce. 25 mECU. Purchase of 28,000 T white sugar, weed-Killers and sprayers and 38,000 m<sup>3</sup> of oil and natural gas. All by int. tender. Project in execution. 6th EDF. EDF MLI 6007 A1c

## MAURITANIA

**Aioun El Atrouss hospital.** Resp. Auth.: Ministère de l'Équipement. 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'Équipement. 4 mECU. Renovation and upgrading for building, supply of medical-technical and surgical equipment. Project on appraisal. Date foreseen for financing 1st half 89. 6th EDF. EDF MAU 6003 A7a

**Support programme for the development of the Gorgol region (PDRG).** Estimated cost 35 mECU. Improvement of the irrigated areas, support to the traditional crop, regeneration of the natural habitats, rural infrastructure, sanitation of Kaedi. Project in execution. 6th EDF. EDF MAU 6007 A3a

**General import programme.** Resp. Auth.: Ministère de l'Économie et des Finances. Banque Centrale de Mauritanie (BCM). Hard currency allowance for essential goods imports. **Project in execution.** 5th and 6th EDF. EDF MAU 6008 A1c

## MAURITIUS

**Programme to diversify productive sectors to improve, employment prospects (1st part: industry).** 10 mECU. Actions to strengthen export and industry promotion institutions, actions to incite development of small enterprises. Project in execution. 6th EDF. EDF MAS 6002 A5e

**Craft industry development.** Resp. Auth.: Ministère de l'Emploi et du Tourisme. Estimated cost 1.9 mECU. To set up workshops: training and products promotion. Project in execution. 6th EDF. EDF MAS 6005 A4d

**Programme to diversify productive sectors (2nd part: agriculture).** Resp. Auth.: to purchase equipments: Ministère des Finances. Tender board. 8 mECU. Works, rural development, supplies, T.A. and training. Project in execution. 6th EDF. EDF MAS 6006 A3a

## MOZAMBIQUE

**Rural rehabilitation in the Inhambane Province.** Resp. Auth.: Ministère de l'Agriculture. Direction Nationale du Développement Rural (DNDR). 4.5 mECU. Dry and irrigated agriculture, marketing for rural inputs and crop production, rural hydraulics, training and education. Works, supply of agricultural equipments, T.A. Works: acc. tender or direct labour, supplies by int. tender. Project in execution. 6th EDF. EDF MOZ 6019 A3a

**Second import programme.** Resp. Auth.: UCPI (Unité de Coordination des Programmes d'Importation et Délégation de la Commission. 30 mECU. Sectors: rural, fishery, transports and industry. Supply of seeds,

equipments, raw materials, lorries, spare parts. **★T.A. audit and valuation. Project in execution.** 6th EDF. EDF MOZ 6025 A1c

**Rural telecommunications.** Resp. Auth.: Ministry of Transports and Communications. Estimated cost 5 mECU. Supply of radio and telephone equipment. Technical study for project appraisal to be done: short list not yet drawn up. Project on appraisal. 6th EDF. EDF MOZ 6021 A2c

**Integrated development programme of Cabodelgado.** Resp. Auth.: Ministry of Commerce. AGRICOM. Estimated total cost 8.2 mECU. EDF 5.3 mECU, local 2.9 mECU. Support to ±50 000 people in the districts of Mocimboa, Praia and Mueda. Works, supplies and T.A. Project on appraisal. **Date foreseen for financing June 89.** 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 preparation study: short-list already drawn up. Project in execution. 6th EDF. EDR 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. Studies: short-lists already drawn up. Project in execution. 6th EDF. EDF NIR 6002 A3a

**Mining research: gold and coal.** Resp. Auth.: Ministère des Mines et de l'Énergie. 12.450 mECU. Gold: photogeological and photomorphological study on existing aerial photos. Revision of all available data. Strategic prospecting. Site exploration and pilot plant. Coal: study and building of a washing plant. Study on the coal field of Anou Araren-Solomi. T.A. and training. Drillings by int. tender. Supplies by int. tender. Project in execution. 6th EDF. EDF-SYS-NIR 6011 A4a

**Training programme.** Resp. Auth.: Ministère de l'Éducation, Commerce, Culture, Plan, Agriculture. 4,366 mECU. Three priority sectors: rural development, business development, cultural development. Supply of equipments, T.A. and scholarships. **Date financing March 89.** 6th EDF. EDF NIR 6101 A6b, c,i

**Sectoral import programme: medications and pedagogical equipments.** Resp. Auth.: for medications: Ministère de la Santé Publique, des Affaires Sociales et de la Condition Féminine (MSP/AS/CF). Import operations will be conducted by PNPCC (Office National des Produits Pharmaceutiques et Chimiques). For pedagogical equipment a committee composed by: Ministère du Plan, de l'Éducation Nationale, du Commerce. For the total programme: the Delegation of the Commission in Niamey. 14 mECU. Supply of T.A. and valuation. Project in execution. 5th and 6th EDF. EDF NI 6014 A6e, A7e

**Improvement of the access road to the Centre Hospitalier Universitaire de**



**Niamey**. Resp. Auth.: Ministère des Travaux Publics et de l'Habitat. 0.750 mECU.  
★ Bituminized road. Works by acc. tender. *Date financing March 89*. 5th EDF.  
EDF NIR 5037 A2d

## NIGERIA

**Rural electrification project**. Resp. Auth.: National Electric Power Authority (NEPA). 7.5 mECU. Supply and installation of transformers, conductors, poles and cables and ancillary equipment for connections totalling 300 km. Supervision and evaluation. Project in execution. 5th EDF.  
EDF UNI 5017 A2ai

**Oil Palm Belt Rural Development Programme (OPBP)**. Resp. Auth.: Ministry of Agriculture, Water Resources and Rural Development. 68.840 mECU. Flood protection and drainage works in the Niger Delta. - 20 000 ha. Rural infrastructures, micro-projects, T.A., training, research, supervision of works, management. Project in execution. 6th EDF.  
EDF UNI 6001 A3a

**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.  
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

**Rural health facilities project**. Resp. Auth.: Federal Ministry of Health. 6.100 mECU. Construction of premises and upgrading existing ones. Building and furnishing of maintenance workshops. Supply of equipments, management, supervision and training. Works by acc. tenders. Supplies by ★ int. tenders. *Project in execution*. 5th EDF.  
EDF UNI 5018 A7a

**Desertification control and environmental protection programme in Sokoto**. Resp. Auth.: Sokoto 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 small-scale irrigation, training and applied research. Works: buildings, nurseries, water points, irrigation networks. Supply of vehicles, motorcycles, generators, media equipments, T.A. Works by acc. tenders. Supplies by int. tenders. Project in execution. 6th EDF.  
EDF UNI 6003 A3a

## PAPUA NEW GUINEA

**Smallholder Cocoa and Coconut Rehabilitation Programme**. Resp. Auth.: Dept. for Agriculture and Livestock. 4.7 mECU. Feeder roads, housing, supply of vehicles, boats, motorcycles, equipments, T.A. and training. Project on appraisal. 6th EDF.  
EDF PNG 6005 A3a

## RWANDA

**Food strategy support programme**. Resp. Auth.: Ministère du Plan. 51 mECU. Development of the rural activity, monitoring, training, maintaining of natural environment stability. Infrastructures, supply of agricultural inputs, vehicles, T.A. studies and training. Project in execution. T.A.: Short-list done. 6th EDF.  
EDF RW 6001 A3a

## ST. LUCIA

**Roseau agricultural resettlement and diversification project. Phase II**. 1.4 mECU. Works, supply of equipment and T.A. Project in execution. 6th EDF.  
EDF SLU 6001 A3a

**Rural development. Social Infrastructure**. Resp. Auth.: Central Planning Unit. 3.645 mECU. Works and supply of equipment and T.A. Project in execution. 6th EDF.  
EDF SLU 6002 A3a

## SAO TOMÉ & PRINCIPE

**Riberia Peixe rural development**. Resp. Auth.: Ministère de la Coopération. Development of agricultural output (palm oil) and industrial exploitation. Estimated total cost: 6.79 mECU as follows: EDF 4.00 mECU, EIB 2.00 mECU and local 0.791 mECU. T.A., works, training and supplies. T.A.: Short-list done. Project in execution. 6th EDF.  
EDF STP 6001 A3a

## SENEGAL

**Consolidation of the livestock development programme**. Resp. Auth.: SOD-ESP. Estimated cost 1.6 mECU. Study under way by Bessel Ass. (UK). Project on appraisal. 5th EDF.  
EDF SE A3a

**Sanitation of Dakar. Phase 3**. Resp. Auth.: Direction de l'Hydraulique Urbaine et de l'Assainissement. 2 mECU. Sanitation of Medina and Gueule Tapée districts. Works by acc. tender (conditional). Supplies by direct agreement. T.A. Project in execution. 5th EDF.  
EDF SE 5043 A8b, c

**Rehabilitation of the Saint Louis Hospital. Phase 3. Works**. Resp. Auth.: Ministère Urbanisme-Habitat. Cofinanced by EDF and Luxembourg. Estimated total cost 5 mECU. Final phase for the rehabilitation and extension of the capacity up to 400 beds. Works, supply of equipments and supervision. Works by restr. tender after prequalification. Prequalification (conditional) launched in October 88. Project on appraisal. 5th EDF.  
EDF SE 5044 A7a

## SEYCHELLES

**Rural development project**. Resp. Auth.: Ministry of Nat. Dev. 2.922 mECU. Support to small farms, research, soil improvement. Cofinancing with Italy. Works, ★ T.A. and training. *Date financing March 89*. 6th EDF.  
EDF SEY 6004 A3a

## SIERRA LEONE

**North Western artisanal fisheries and community development programme**. Resp. Auth.: Ministry for Agriculture and Natural Resources (Fisheries Division). 6 mECU. Infrastructures, supply of equipments, 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 on appraisal. Date foreseen for financing April 89. 6th EDF.  
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

## SOLOMON ISLANDS

**Coconut industry development project**. Resp. Auth.: Ministry of Land and Natural Resources. Study under way by Agrar and Hydrotechnik (D). Project stage: identification. 5th EDF.  
EDF SOL 5009 A3a

**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.  
EDF SOL 6003 A3a

**Small holder development project**. Resp. Auth.: Ministry of Agriculture. 3.32 mECU. EDF 3 mECU, local 0.320 mECU. Works, supplies, T.A. and training. Project in execution. 6th EDF.  
EDF SOL 6006 A3a

**Development of rural fishing enterprises**. Resp. Auth.: Ministry of Natural Resources. 0.500 mECU. Construction of boats and houses by acc. tender. Supply of outboard motors, fishing gear, echo sounders, refrigerators, SSB radios, motorcycles by int. tender. Project in execution. 6th EDF.  
EDF SOL 6010 A3d

## SOMALIA

**Bardheera Dam**. Resp. Auth.: Bardheera Dam Authority (BDA). 600 mECU. (Estimated) Dam Project 500 mECU. Powerline to Mogadishu 100 mECU. Funding: EDF, Italy, Germany, France, Saudi Arabia, Abu-Dhabi, Kuwait Funds, FADES, Isl. Dev. Bank. Local. Power and river regulation for agricultural development. Construction of a concrete gravity dam with hydro-power station, associated infrastructure and electrical transmission lines. The dam will provide water, flood protection and power for up to 223 000 ha of irrigated agriculture in the Juba Valley, and energy to Mogadishu. Civil works: first int. tender launched in 1984. Transmission lines int. tender in 1989. Equipment: powerhouse



main equipment and auxiliary equipment, int. tenders in 1989. Gates, valves, intake equipment, int. tender in 1989. Int. tender with prequalification launched in February 86 for hydraulic tests. Project in execution. 5th EDF.

EDF SO 5003 A2a

**Upgrading of the road Afgoi-Shalambot-Goluen.** Resp. Auth.: Ministry of Public Works. Works by int. tender. Supervision of works. Studies: AIC. PROGETTI (I). Project on appraisal. 5th EDF.

EDF SO 5017 A2d

**Hargeisa airport rehabilitation.** Resp. Auth.: Ministry of Land and Air Transport. Estimated cost 3 mECU. Works and supply of equipment. Project on appraisal. 6th EDF.

EDF SO 6001 A2d

**Satellite telecommunication links with Europe and the Gulf States.** Resp. Auth.: Ministry of Post and Telecommunications. 5 mECU. Project in execution. 6th EDF.

EDF SO 6003 A2c

**Sectoral Import Programme (SIP).** Resp. Auth.: Ministry of Finance. 15 mECU. Provision of a hard currency facility to the public and private sectors for imports: agriculture, livestock, fisheries, industry and transport. T.A. Project in execution. 6th EDF.

EDF SO 6006 A1c

**Juba valley road.** Resp. Auth.: Ministry of Public Works. Estimated total cost 74 mECU. EDF - 61 mECU. Construction of an all-weather unsurfaced road from Gelib to Baardheere (230 km) prior to the construction of the Baardheere dam. Project on appraisal.

★ **Date foreseen for financing July 89.** 6th EDF.

EDF SO 6007 A2d

**Essential drug programme (EDP) for animal health.** Resp. Auth.: Ministry of Livestock, Forestry and Range (MLFR). 2 mECU. Supply of veterinary drugs by int. tender and T.A. Project on appraisal. Date foreseen for financing April 89. 5th EDF.

EDF SO 5029 A3a

**Sectoral import programme: petroleum products.** Resp. Auth.: Ministry of Finance. 16 mECU. Supply of refined oil products and T.A. Project on appraisal. 6th EDF.

EDF SO 6009 A4ai

## SUDAN

**Sudan Railways Support Programme (SRSP).** Resp. Auth.: Sudan Railways Corporation. 19 mECU. Reconstruction of five major and 18 minor bridges and 7 culverts in the line Kosti-Babanaousa. Supply of materials, tools and replacement part, 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 (PFRP).** Resp. Auth.: agricultural part: Agricultural Bank of Sudan. Transport infrastructure: Roads and Bridge Public Corporation (RBPC) and Sudan Railways Corporation. 15 mECU. Agricultural sector: supply of spare parts for repair and replacement of 2 500 pumps. Int. tender and direct agreement. Supply of maintenance parts for 100 trucks (6 t): by int. tender.

Supply of 100 pumps by int. tender. T.A. for repair, control and credit allowances. Transports sector: bridge construction (5 × 25 m) at Geneina, repair and work supervision. Bridge by acc. tender. Supplies for railways, gabions, pipes by int. tender. Project in execution. 6th EDF.

EDF SU 6020 A2d

**Telephone cables for Sudan Telecommunication Public Corporation (STPC).** Resp. Auth.: STPC. 7.5 mECU. Replacement and extension of the cable networks in five towns. Supplies and T.A. and works supervision. Project on appraisal. **Date foreseen for financing May 89.** 6th EDF.

EDF SU 6022 A2c

## SURINAME

**Biomass energy project at Wageningen.** Resp. Auth.: Government. Installation of an energy generator on the basis of rice husks. Project stage: identification. 5th EDF.

EDF SUR 5009 A2a

**Sectoral import programme.** Estimated cost 8.5 mECU. Creation of a revolving funds for imports of inputs (fertilizers and chemicals for the rice sector). Project on appraisal. Date foreseen for financing March 89. 6th EDF.

EDF SUR 6001 A3a

**New Nickerie Secondary School.** Estimated cost 1.4 mECU. Construction and supply of equipment. Int. tender for works (conditional) foreseen in the 1st half 89. Project on appraisal. 5th EDF.

EDF SUR 5014 A6a

## 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. 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

## TANZANIA

**Agricultural sector support programme.** Resp. Auth.: Ministry of Finance and Plan-ning. 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. T.A.: Short-list done for restr. tenders. Project in execution. 6th EDF.

EDF TA 6001 A3a

**Incentive goods production programme.** 6 mECU. Provision of imported raw materials and other inputs, spare parts, bicycles. Project in execution. 6th EDF.

EDF TA 6003 A4b

**Sectoral Import Programme.** Resp. Auth.: Government of Tanzania. 24.5 mECU. Allocation of currencies to import raw materials and spareparts for agriculture, transport and the production of basic consumer goods. Purchase of trucks spareparts for the transport sector. Project in execution. 5th and 6th EDF.

EDF TA 6010 A1c

**Secondary roads improvement project.** Estimated cost 20 mECU. Repair and rehabilitation works on Songea-Mbinga and Iboma-Mlangali-Madaba secondary roads to improve transport of agricultural produce. Roads and bridges. Project on appraisal. 6th EDF.

EDF TA 6007 A2d

## TOGO

**Support to the draught animals cultivation.** Resp. Auth.: Ministère du Développement Rural. EDF 5.47 mECU. Extension of the Adélé ranch, introduction of new techniques, line of credit. Works: feeder roads, bridges, wells, housing. Supply of vehicles, equipments, veterinary products, T.A. and training, research. Project in execution. 6th EDF.

EDF TO 6005 A3a

**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-farmer association, marketing improvement. Works, studies, research, evaluation. Project in execution. 6th EDF.

EDF TO 6006 A3a

**Sectoral import programme.** Supply of fertilizers and T.A. (follow up and execution). ★10 mECU. **Project in execution.** 5th and 6th EDF.

EDF TO 6008 A3a

**Road programme.** Resp. Auth.: Ministère de l'Équipement. Estimated cost 22 mECU. France 0.8 mECU for T.A. to the Ministère de l'Équipement. Rehabilitation of the road Blitta-Sokodé (South-North) and the urban section of the Lomé-Kpalimé road. Works, supply of equipments, supervision. Project on appraisal. 6th EDF.

EDF TO 6007 A2d

## 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

**Integrated regional development study for Vava'u.** Short-list done. Project stage identification.

EDF TG A3a

## UGANDA

**Forestry rehabilitation programme.** Resp. Auth.: Government of Uganda. Estimated total cost 32 mECU. EDF part 8.5 mECU. Natural forest protection and management; reafforestation; improved charcoal



production, fuel wood plantation preparation. Works, supplies, T.A. and training. Project in execution. 6th EDF.  
EDF UG 6003 A3c

**Rural health programme. Phase 2.** Resp. Auth.: Ministry of Local Government. 4 mECU. Rehabilitations, supply of equipments, training. Project in execution. 6th EDF.  
EDF UG 6012 A7a

**Special programme debt.** Resp. Auth.: Ministry of Planning. Bank of Uganda. Delegation of the Commission. 15 mECU. Provision of hard currency to import agricultural inputs, spare parts, vehicles, printing equipment, building materials. Supplies by acc. tenders and int. tenders. Project in execution. 6th EDF.  
EDF UG 6016 A1c

**National parks.** Resp. Auth.: Ministry of Tourism and Wildlife (Board of Trustees of the Uganda National Parks). 3.4 mECU. Works by acc. tender. Supply of vehicles, maintenance plants, equipments by int. tender. T.A. evaluation and training. **Date financing March 89.** 6th EDF.  
EDF UG 6014 A5i

**Kampala infrastructure.** Resp. Auth.: Ministry of Planning. Project Coordination Unit. 20 mECU. Provision of equipment, machinery, vehicles, supplies and T.A. Works for water and sewerage system in Kampala by int. tender launched in February 89 (conditional). Project on appraisal. 6th EDF.  
EDF UG 6011 A2b, A8b

## VANUATU

**Coconut development project. Phase II.** Resp. Auth.: Ministry of Agriculture. 1.8 mECU. Works, supplies and T.A. Project in execution. 6th EDF.  
EDF VA 6004 A3a

**Forestry development.** Resp. Auth.: Ministry of Agriculture, Forestry and Livestock, Forest Service Directorate. 1.8 mECU. T.A. by U.K. Works, supply of vehicles and equipments, training, follow-up and evaluation. Project on appraisal. Date foreseen for financing April 89. 6th EDF.  
EDF VA 6005 A3a

## WESTERN SAMOA

**Afulilo hydro power project.** Estimated total cost 18 mECU. EDF part 7.5 mECU. Construction of a dam, reservoir, penstock, 4 MW power station, 40 km transmission lines, T.A. and training. Cofinancing under discussion with EIB, IDA and Asian Dev. Bank. Project stage: identification. 6th EDF.  
EDF WSO 6001 A2a

## ZAIRE

**Kivu programme.** 40 mECU. Action for crops (coffee, corn, palm-tree, rice) environment (Parc de la Virunga), lines of credit. Project in execution. 6th EDF.  
EDF ZR 6002 A3a

**Kinshasa hinterland programme.** APEK 25 mECU. To improve crop production. Project in execution. 6th EDF.  
EDF ZR 6003 A3a

**Matadi-Kinshasa-Kenge road.** Resp. Auth.: DG Travaux Publics et Adm. Territoriale. 22.5 mECU. Road rehabilitation and training for the staff of "Office des routes". Project in execution. 6th EDF.  
EDF ZR 6006 A2d

**Sectoral import programme.** Resp. Auth.: Banque du Zaïre. Estimated cost 30 mECU. To import spare parts, raw materials and intermediary inputs for industry and agro-industry sectors. Project on appraisal. 5th and 6th EDF.  
EDF ZR 6016 A1c

**Rehabilitation programme of SNCZ.** 7.5 mECU. Supply of raw materials and spares to replace railways system. **Date financing March 89.** 6th EDF.  
EDF ZR 6017 A4a

## ZAMBIA

**Rehabilitation of 3 grain silos.** Resp. Auth.: Ministry of Agriculture. NAMBOARD. 9.6 mECU. Works, supplies and work supervision. Project on appraisal. Date foreseen for financing 1st half 89. 6th EDF.  
EDF ZA 6007 A3f

**ZAMSTEP. Zambia Mathematics and Science Education Project.** 3.5 mECU. Supplies, training and management. T.A.: Short-list done for restr. tender. Project in execution. 6th EDF.  
EDF ZA 6002 A6a

**Smallholder development in copper belt province.** 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

**Batoka cross-breeding ranch. Phase II.** Resp. Auth.: Ministry of Agricultural and water department. Veterinary Dept. 1 mECU. Provision of further equipment and refurbishment and continued T.A. Project in execution. 6th EDF.  
EDF ZA 6006 A3a

## ZIMBABWE

**Zimbabwe export development programme.** Resp. Auth.: Ministry of Trade and Commerce, Export Promotion Dept. Estimated total cost 6.3 mECU. EDF 4.4 mECU. Sector and market development, human resource development and institutional development and T.A. Project in execution. 6th EDF.  
EDF ZIM 6001 A4a

**Land Use Project for Kanyati and Gatshe-Gatshe Communal Lands.** 3 mECU. Cultivation and development and proper utilisation of wildlife potential. Works, supply of vehicles and rural equipment and T.A. Project in execution. 6th EDF.  
EDF ZIM 6004 A3a

# Overseas Countries and Territories (OCT)

## NETHERLANDS ANTILLES

**2nd line of credit for the Netherlands Antilles Development Bank (OBNA).** 1.5 mECU. **Date foreseen for financing May 89.** 6th EDF.  
EDF NEA 6009 A5ab

**Tourism development programme.** Resp. Auth.: Ministry of Development Cooperation. 18.100 mECU. Programme for 5 islands. Optimal use of tourism potential. T.A., training, promotion and investments in tourism infrastructures. Works, supplies, T.A., training. Project on appraisal. 6th EDF.  
EDF NEA 6007 A5c

**Business development scheme.** 1.5 mECU. T.A. for marketing, management, product, company and strategy development. T.A. and training. Project on appraisal. 6th EDF.  
EDF NEA 6013 A5c

## MAYOTTE

**Rural electrification.** Resp. Auth.: Collectivité Territoriale. EDF 4.20 mECU, France 6.86 mECU. Supply of 125 km transmission lines with 60 transformers and 11 circuit breakers. Int. tender (conditional) launched in September 88. **Date financing March 89.** 6th EDF.  
EDF MY 6002 A2ai

## NEW CALEDONIA

**Poindimié vocational training centre.** Resp. Auth.: Chambre de Commerce et d'Industrie. EDF 0.165 mECU, France 0.055 mECU. Project in execution. 6th EDF.  
EDF NC 6003 A6d

**Popularization of melanesian stock-breeding.** Resp. Auth.: Direction du Développement de l'Economie Rurale (DIDER). 0.700 mECU. Recruitment of 10 local agents. **Date financing March 89.** 5th EDF.  
EDF NC 5004 A3a

## FRENCH POLYNESIA

**Temaarua dam.** Resp. Auth.: Service de l'Economie Rurale du Territoire. 0.800 mECU. Drinking water supply for Taravao Village. **Heath-dam construction by acc. tender.** **Date financing March 89.** 5th EDF.  
EDF POF 5007 A2b

## WALLIS AND FUTUNA

**Electrification of Futuna.** Resp. Auth.: Administration Supérieure de Wallis et Futuna. 11 mECU. Supply of cables and pylons for L.T. and M.T. Project on appraisal. **Date foreseen for financing June 89.** 6th EDF.  
EDF WF 6001 A2a

## CAYMAN ISLANDS

**Community college.** Works and supply of equipment and T.A. Project in execution. 6th EDF.  
EDF CI 6001 A6d



## TURKS AND CAICOS ISLANDS

Replacement of Grand Turk Dock. ★ Resp. Auth.: Ministry of Works. 3.40 mECU. Works and T.A. Project on appraisal. Date foreseen for financing May 89. 4th, 5th and 6th EDF. EDF TC 6001 A2d

## Regional Projects

### GUINEA — GUINEA BISSAU — SENEGAL — MAURITANIA — NIGER — MALI

Soil development of the versant basin type in Guinea: Fouta Djallon and Niger Upper Basin. Resp. Auth.: Ministère 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 NGO's 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

### CEEAC (COMMUNAUTÉ ÉCONOMIQUE DES ÉTATS DE L'AFRIQUE CENTRALE)

Industrial forum EEC-Central Africa. Preparation execution and follow-up of 2 industrial fora in Central Africa. 2.3 mECU. ★ T.A., studies and valuation. Date financing March 89. 6th EDF. EDF REG 6213 A4

### BURKINA — NIGER

Timber development in the future reservoir of the Komienga Dam. Resp. Auth.: Ministère de l'Environnement du Burkina. EDF 5.9 mECU. Timber trees recuperation and processing to obtain building and service timber, fuel-wood, charcoal for their commercialisation. Works, supply of equipment and T.A. Project in execution. 6th EDF. EDF REG 6102 A3c

### SENEGAL — GAMBIA — GUINEA BISSAU

Dakar-Banjul-Bissau: Ziguinchor-Mpack part. 4.4 mECU. 17 km works and supervision. Works by acc. tender (conditional). Project on appraisal. Date foreseen for financing July 89. 6th EDF. EDF REG 6136 A2d

### ZAIRE — CONGO — GABON — SAO TOME AND PRINCIPE — EQUATORIAL GUINEA — CAMEROON

Fishery development in the Gulf of Guinea. 6.7 mECU. T.A. to prepare these projects: Short-list done. Project in execution. 5th EDF. EDF REG 5206 A3d

## PACIFIC ACP COUNTRIES

Regional agriculture development programme. 6.8 mECU. Ten pilot project. T.A. works and supplies. Project in execution. 6th EDF. EDF REG 6704 A3a

Regional telecommunications. Resp. Auth.: SPEC. 5.550 mECU. Coastal radio stations, earth satellite stations, T.A., training. Equipments by int. tender. Works by int. tender and direct agreement. Project in execution. 6th EDF. EDF REG 6705 A2c

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. Estimated total cost 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

Pacific regional marine resources programme. Resp. Auth.: SPEC-FFA (Forum Fisheries Agency in Honiara), CCOP/SOPAC (Committee for Coordination of Joint Prospecting for Mineral Resources in South Pacific Off-shore Areas in Suva), SPC (South Pacific Commission in Nouméa). 10.7 mECU. Five actions. Three first actions for FFA: support for the programmes: management, information services, data bases and telecommunication network. Construction of a new regional conference centre. Supply of T.A. and equipments. 4th action for the tuna tagging programme by SPC. Fifth action: ocean bed prospecting for mineral resources by CCOP/SOPAC. Works: conference centre, prospecting and tagging. Supplies: telecom, computer equipments, ocean vessel, T.A. ★ (scientists and statisticians) training. Project in execution. 6th EDF. EDF REG 6709 A3d

## MEMBER COUNTRIES OF CILSS

Improvement of permanent diagnostic instruments for regional food security. Resp. Auth.: Secrétariat Exécutif Ouagadougou. EDF and Italy cofinancing. EDF 7.705 mECU, Italy 2.795 mECU. Supplies, T.A. and running costs. Project in execution. 6th EDF. EDF REG 6110 A3a

Programme to utilize photovoltaic solar energy. Resp. Auth.: CILSS. Total estimated cost 30 mECU. Supply of 1 500 units for pump, refrigeration and light. Supply by restr. tender after prequalification. Prequalification launched in March 88. Project on appraisal. Date foreseen for financing March 89. 6th EDF. EDF REG 6116 A2ai

Regional programme to promote the use of butane gas. Resp. Auth.: CILSS 8.260 mECU. To substitute wood and charcoal. Actions to inform, to make aware, to promote LPG (Liquid Petrol Gas). Financial aid to reduce costs. Stocks for gas cylinders (3 and 6 kg). Gas fund in each country. Support to improve ovens and supporting plates, purchase of rail tanks, T.A. Rail tanks ★ by int. tender. Project in execution. 6th EDF. EDF REG 6106 A3a

Regional programme for soil protection and reforestation. Resp. Auth.:

Ministère du Dév. Rural et de la Pêche du Cap Vert. 4.250 mECU. Works, training, supply of equipments and T.A. Project on appraisal. Date foreseen for financing April 89. 6th EDF. EDF REG 6145 A3e

Information and training programme on environment. Resp. Auth.: CILSS Secrétariat. 10 mECU. Supply of pedagogical equipment, T.A. and training. Project on appraisal. Date foreseen for financing April 89. 6th EDF. EDF REG 6147 A8f

## MEMBER COUNTRIES OF U.A.P.T.

Satellite telecommunications project. Resp. Auth.: U.A.P.T. Secretariat in Brazzaville. R.P.C. Parametric study under way by national organisations of I, UK, F and D. Project stage: identification. 5th EDF. EDF REG 5307 A2c

## EAST AFRICAN COUNTRIES

Statistical training centre for Eastern Africa in Tanzania. Resp. Auth.: Secretariat of the centre. 2.0 mECU. Widening of the capacity. Construction of class-rooms, 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

## 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 — TANZANIA — UGANDA — ZAIRE — KENYA

Central corridor (emergency programme for T.R.C.). Resp. Auth.: Tanzania Railway Corporation. T.R.C. 13 mECU. Supply of railway equipment. Wagons, locomotives, spare parts, T.A. Project in execution. 6th EDF. EDF REG 6306 (TA 0000) A2d

Northern Corridor-Rwanda. Rehabilitation of the road Kigali-Butare Burundi border. Resp. Auth.: Ministère des Travaux Publics. Estimated cost 20 mECU. Project on appraisal. 6th EDF. EDF REG 6310 (RW....) A2d

Central Corridor-Tanzania-Bukombe-Isaka road. Resp. Auth.: Ministry of Works. Estimated cost 35 mECU. Asphalt covering of - 130 km. Project on appraisal. 6th EDF. EDF REG 6309 (TA....) A2d



**Block trains (Tanzania Railways Corporation, TRG).** Resp. Auth.: TRC. 28 mECU. Provision of main line and shunting locomotives and wagons. Project on appraisal. 6th EDF. EDF REG 6313 (TA....) A2d

## SOMALIA — DJIBOUTI

**Djibouti-Zeila (Somalia) road.** Resp. Auth.: Ministère and Ministry of Public Works. Estimated cost 26 mECU. Construction of a road between Djibouti town and Zeila town in Somalia. Project on appraisal. 6th EDF. EDF REG 6301 A2d

## 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

**Land and water management project.** Resp. Auth.: SACCAR. EDF 2.636 mECU. UK (ODA) 1.562 mECU. Training programmes and T.A. Building of a resource center. Works and supply of equipment. *Date financing February 89.* 6th EDF. EDF REG 6415 A3a

**Mananga: agricultural management training.** Resp. Auth.: Mananga Agricultural Management Centre (MAMC). 1.6 mECU. Supply of T.A. Project on appraisal. *Date foreseen for financing June 89.* 6th EDF. EDF REG 6425 A6ci

## ANGOLA — MOZAMBIQUE — SADCC

**Training of railways staff.** Resp. Auth.: Ministry of Commerce. Estimated cost 7.3 mECU. Training of Inhambane school and in the Northern regional centres, Southern and Central. Project in execution. 6th EDF. EDF REG 6409 A6d

## SADCC — MOZAMBIQUE

**Beira-Machipande road.** Resp. Auth.: Ministry of Construction and Water. Maputo 5 mECU. Repair works. Project on appraisal. 6th EDF. EDF REG (MOZ....) A2d

## KENYA — SUDAN — ZAMBIA

**Field oriented research on the control of tse-tse and livestock ticks.** Resp. Auth.: ICIPE (International Centre of Insect Physiology and Ecology). 2 ECU. Support to the ICIPE for the research on two parasites. Project in execution. 6th EDF.

## ASECNA

**Regional air safety training schools at Douala and Niamey.** Resp. Auth.: ASECNA. 7 mECU. Building and equipping of schools in Douala and Niamey. Works and equipments by int. tender. T.A. Project on appraisal. *Date foreseen for financing June 89.* 6th EDF. EDF REG 6057 A6d

## CARIBBEAN ACP COUNTRIES AND MONTSERAT

**Regional trade development programme.** Resp. Auth.: CARICOM Secretariat. Estimated total cost 10 mECU. EDF 6.1 mECU, CARICOM 3.9 mECU. Short and long term experts, seminars, training, market promotion activities, evaluation. Project in execution. 5th EDF. EDF REG 5681 A5de

**West Indies university.** Resp. Auth.: UWI and National Authorising Officers. 6.2 mECU. Renovation and rehabilitation works, supply of technical and scientific equipment, T.A. and training. Project in execution. 6th EDF. EDF REG 6601 A6b

## ORGANISATION OF EASTERN CARIBBEAN STATES (O ECS) AND BRITISH VIRGIN ISLANDS

**Eastern Caribbean States Export Development Agency (ECSEDA) and Automatic System for Customs Data (ASYCUDA).** Resp. Auth.: OECS secretariat in Castries, St. Lucia, ECSEDA headquarter in Roseau, Dominica. 4.430 mECU. T.A. and supply of equipment and computers. Project on appraisal. *Date foreseen for financing December 88.* 6th EDF. EDF REG 6610 A5d

**OECS integrated tourism programme.** Resp. Auth.: OECS secretariat. Estimated cost 3 mECU. Cooperative marketing in Europe, T.A. and tourism training. Project on appraisal. 6th EDF. EDF REG 6613 A5c

## O ECS — 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

## 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. *Date financing March 89.* 6th EDF. EDF REG 6614 A5c

## MEDITERRANEAN COUNTRIES

### ALGERIA

**Scientific cooperation programme with "Ministère de l'Enseignement Supérieur" (MES).** Resp. Auth.: MES. EEC contribution 2.5 mECU. Supply of technical and scientific equipment, training and T.A. Project in execution. SEM AL A4g

**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, equipments, scholarships. Project in execution. SEM AL A3a

## EGYPT

**Egyptian Renewable Energy Development Organization. EREDO.** Resp. Auth.: Egyptian Government. EEC contribution 7.7 mECU. Construction and equipment for the centre. Works and supplies: int. tender with prequalification foreseen in 2nd half 88. T.A.: GET/KFA (D). Int. tender dossier: Phoebus (I). SEM EGT 1002 A2a

**Industrial training advice for SME.** Resp. Auth.: Federation of Egyptian Industries (FEI). 2 mECU. Short-term advice, seminars training, T.A. Project in execution. SEM EGT A5bc

## JORDAN

**A.T. to the Royal Scientific Society-Phase II.** 2 mECU. Supply of equipment, training, scholarships and seminars. Project on appraisal. SEM JO 2006 A6a

**Wala and Nukhelia dams studies.** Resp. Auth.: Ministry of Hydrology and Irrigation. 2 mECU. First phase A: financial and economical aspects and technical faisability. Phase B: final procedure for design and conception and preparation tender dossier. Phase C: T.A. and supervision. Phase A: short-list done. Project in execution. SEM JO A2a

**Study on underground water-level in the Azraq basin.** Resp. Auth.: Ministry of Hydrology and Irrigation. 3 mECU. To collect and exploit all data concerning water region of Azraq basin. T.A. supply of equipment and drilling works. Works by acc. tender. Project in execution. SEM TO A2a

**Project for a national soil map and land utilization.** Resp. Auth.: Ministry of Agriculture. 4 mECU. T.A. and training. Project in execution. SEM TO A1g

## MALTA

**Tourism industry modernisation.** 2.4 mECU. Tourism development plan, promotion, institut for hotel management and tourism, restauration of the St. Jean Cathedral. T.A. and works. T.A.: short-list not yet drawn up. Works by acc. tender. Project in execution. SEM MAT A5c

**Improvement of infrastructure.** 3.1 mECU. T.A. and supply of equipments. Management of natural water resources, long term development plan for "Telemalta Corporation", Marsaxlokk port project and "Malta Dev. Corporation". T.A.: short-list not yet drawn up. Supplies by int. tender. Project in execution. SEM MAT A9b



## MOROCCO

**Drinking water supply for small centres.** Resp. Auth.: Office National de l'Eau Potable (ONEP). 11.888 mECU. Pipes, equipments civil works, transmission lines, access roads and fencing, studies and supervision. Works by int. tender. Project in execution.  
SEM MOR A2b

## SYRIA

**ISSAT. Institut Supérieur des Sciences Appliquées et de Technologie.** Resp. Auth.: State Planning Commission. Estimated total cost 70.3 mECU. EEC part: supply of teaching and training equipment for the institute and T.A.: 8.250 mECU. Project in execution.  
SEM SYR 2002 A6b

**Rural Water Supply Suweida Region.** Resp. Auth.: Ministry of Local Administration and Ministry of Housing and Utilities. EEC 3.8 mECU. Project in execution.  
SEM SYR 2001 A2b

## TUNISIA

**Sejnane-Joumine water-main.** Resp. Auth.: Direction Générale des Grands Travaux Hydrologiques. EEC contribution 10 mECU for supply of pipes and ancillary equipments. German participation (KFW) -23 mECU for works and supplies. Soviet Union funded revision of studies. EEC part by int. tender. Project in execution.  
SEM TUN A2b

**Rural development project for the South-West of Kef.** Resp. Auth.: Office de mise en valeur du Kef. Ministère de l'Agriculture. EEC contribution 10 mECU. Purchase of 3 bulldozers, 2 motograders, 5 tractors with 5 t trailers, 5 tanks (3 000 litres each) 2 4x4 vehicles by int. tender launched in November 88. Works by direct labour. Project in execution.  
SEM TUN A3a

## TURKEY

**Geothermal energy in Western Anatolia.** Resp. Auth.: MTA - Institut de Prospection et Recherches Minérales. EEC contribution 8 mECU. Supply by int. tender of specialized equipment for wells, boreholes and for laboratory analyses. T.A. and training. Project in execution.  
SEM TU A4a

**Improvement of health studies.** EEC contribution 5.8 mECU. Master plan, specialized medical equipments, 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, control, water, air, surface and soil pollution. Supply of laboratory equipment. T.A. Project in execution.  
SEM TU A8f

**Vocational training programme 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 deepen association 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 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 2.971 mECU. Various projects, lines of credit, supply of equipment, T.A. and training. Project in execution. Second int. tender for supplies launched in December 88.  
SEM OT A8a, b, e

# A.L.A. developing countries ASIA and LATIN AMERICA

## ASEAN

**Aquaculture development and coordination programme.** 6.77 mECU. Project in execution.  
ALA ASN 8604 A3d

**Industrial standards and quality control programme.** 5 mECU. Project in execution.  
ALA ASN 8609 A4a

**Marine fisheries resources assessment.** Resp. Auth.: South-East Asian Fisheries Development Centre (SEAFDEC). EEC contribution 0.652 mECU. Supply of equipments and T.A. Project in execution.  
ALA ASN 8618 A3d

## BANGLADESH

**Road materials and standards study.** Resp. Auth.: Ministry of Communication and Roads. Roads and Highway Dept. (RHD). EEC contribution 2.2 mECU. Short-list not yet drawn up for restr. tender. Project in execution.  
ALA BD 8808 A2d

**Improvement of food grain storage depots (LSD's).** Resp. Auth.: Ministry of Food, Dept. of Food (MOF/DOF). 15 mECU. Rehabilitation and improvement of 130 LSD's. Works and supply of T.A. Works by acc. tender. Project in execution.  
ALA BD 8816 A3a

**Thikana project.** Resp. Auth.: Thikana Village Development Fund (TVDF), Committee and Promotion, Planning and Management Unit. EEC contribution 9.5 mECU. Establishment of the Village Fund, and T.A.  
★ **Project in execution.**  
ALA BD 8815 A3a

## BHUTAN

**Water supply.** Resp. Auth.: Inter dep. Commission on water and sanitation. Works by direct labour. 4.5 mECU. Supplies int. tender or direct agreement. T.A.: UNICEF. Project in execution.  
ALA BHU A2b

**Development of agricultural support activities.** Resp. Auth.: Ministry of Agriculture. EEC contribution 3.4 mECU. Building of regional centres, soil analyses laboratory, supply of equipments and vehicles, T.A. and training. Project in execution.  
ALA BHU 8809 A3a

## BOLIVIA

**Regulation-prevention programme of the TDPS basin.** Resp. Auth.: CORDEOR for urgent works. 5 mECU. T.A. by EEC expert for 2 years for works and T.A. by a multidiscipline team for TDPS study. Purchase by int. tender of 2 dredgers, equipments and specialized equipment for study. Works by direct labour. T.A. direct agreement after restr. tender. Project in execution.  
ALA BO 8723 A3a

## BURMA

**Foot-and-mouth disease fight project.** Resp. Auth.: Ministry of Agriculture. Animal Husbandry Dept. EEC contribution 3.45 mECU. Purchase of equipment, vaccins, vehicles, T.A. training and evaluation. Project in execution.  
ALA BA 8718 A3a

## CHINA (PEOPLE'S REP.)

**China-EC centre for agricultural technology.** Resp. Auth.: Ministry of Agriculture, Animal Husbandry and Fisheries (MAAF) and EEC Commission. EEC contribution 5.9 mECU. Chine will construct the centre. EEC part: supply of equipment, documentation, training, european staff, T.A. and works  
★ supervision. **Project in execution.**  
ALA CHN 8821 A3, A6

**Maize and sunflower research development project in the Jilin province.** Resp. Auth.: Jilin Province Commission for Foreign Economic Relations and Trade (JPCFERT). EEC contribution 2.7 mECU. Supply of specialized equipment by int. tender on direct agreement. Training, T.A. and evaluation. **Project in execution.**  
ALA CHN 8813 A3a

## COSTA RICA

**Productive projects programme for refugees in Costa Rica.** T.A. and line of credit. 3.6 mECU. Project in execution.  
ALA CR 8501 A8b



**Integrated rural development of the region of OSA/GOLFITO.** Total cost 21.635 mECU. EEC 9.95 mECU. Supply of equipment, infrastructural works, maintenance, lines of credit and T.A. Project in execution.  
ALA CR 8506 A3a

## ECUADOR

**Rural development in the region of the Chambo river.** Resp. Auth.: Institut Equatorien des Ressources Hydrauliques (INERHI). EEC 9 mECU. T.A. and training, irrigation works, line of credit, supply of equipment. Project in execution.  
ALA EC 8701 A3a

**Reconstruction Programme. (After March 87 earthquake).** Resp. Auth.: Banco Ecuatoriano de la Vivienda (BEV). EEC contribution 3.5 mECU. Housing and T.A. Project in execution.  
ALA EC 8810 A8a

## EL SALVADOR

**Programme for the Development of Handicrafts in deprived areas.** Resp. Auth.: Interministry Committee with the leadership of the Ministry of Culture and Communication. EEC 6 mECU. T.A., studies and supply of equipment and vehicles. Project in execution.  
ALA ES 8710 A4d

**Construction of a hospital in Zacamil.** Construction and equipping of a 200 beds hospital. 12 mECU. Works and supplies by int. tender. T.A. for supervision and management. Project in execution.  
ALA ES 8712 A7a

## GUATEMALA

**Support to the rural diversification in the Pacific Region (Montellano and San Carlos Malaga).** EEC 5.5 mECU. Supply of equipment, infrastructural works, lines of credit. T.A. and training. Project in execution.  
ALA GU 8707 A3a

**Programme for sustainable development of the Lake Atitlan Basin.** Resp. Auth.: Ministerio Desarrollo Urbano e Rurale (MDUR). Pilot programme of microprojects. EEC contribution 3.5 mECU. Works and infrastructures. Supply of equipment, line of credit, T.A. and studies. *Project in execution.*  
ALA GU 8822 A3a

## HONDURAS

**Water supply, health in the rural sector.** Resp. Auth.: Consejo Directivo de Saneamiento (CODISA), and Ministerio de Salud Publica. EEC contribution 14.5 mECU. Supply of equipment, materials, vehicles, T.A. and training. Project in execution.  
ALA HO 8620 A8bc

## INDIA

**Coconut development, Kerala.** Resp. Auth.: Kerala Kera Karshaka Cooperative Federation (Kerfed). EEC 45 mECU. Supply of equipments, oil plants, T.A. and evaluation. Project in execution.  
ALA IN 8709 A3a

**Inland Fisheries Development.** Resp. Auth.: National Cooperative Dev. Corp. (NCDC) with Dept. of Fisheries (DOF). EEC contribution 22.1 mECU. Works, T.A. and supply of equipments. Project in execution.  
ALA IN 8804 A3a

**Tank Irrigation System, Tamil Nadu, Phase II.** Resp. Auth.: Dept. of Agriculture. EEC Contribution 24.5 mECU. Works, supplies and T.A. Project in execution.  
ALA IN 8811 A3a

**Agricultural markets in Kerala.** Resp. Auth.: Ministry of Agriculture. 18.4 mECU. Construction of three larger regional markets and three smaller markets along the east-west trade routes. Site development, shops and storage facilities, roads and parking areas. T.A. and training. Project financed through counterpart funding from sale of -260 000 T of muriate of potash (MOP). Purchase by Minerals and Metals Trading Corporation ★(MMTC) Int. tender in 89. *Project in execution.*  
ALA IN 8818 A3a

**South Bhagirath: II. Integrated watershed management.** 8.4 mECU. Reafforestation, soil protection, T.A. Project financed through counterpart funding from sale of 115 000 t of muriate of potash by MMTC in 89. Int. tender: see ALA IN 8818. ★*Project in execution.*  
ALA 8820 A3a

## INDONESIA

**Evaluation of the pelagic fishery in the Java Sea.** Resp. Auth.: Agricultural Agency for Research and Development (AARD) and RIF. Cofinancing with France. EEC contribution 2.20 mECU, France 1.20 mECU, local 0.45 mECU. Supply of equipment, T.A. and training. Project in execution.  
ALA IND 8717 A3a

**Rural electrification project (hydroelectric micro-power stations).** Resp. Auth.: Ministry of Energy and Mines. Electricity and new 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

## LAOS

**NAM NGUM water, pumping irrigation.** Resp. Auth.: Ministère de l'Agriculture, Forêts, Irrigation and Coopératives Nationales (MAFIC). EEC 5.5 mECU. Building of 4 irrigation networks and drainage. Studies, construction of 4 pumping stations, supply of equipments and T.A. Project on appraisal.  
ALA LA 8802 A3a

## NEPAL

**Rural Development in Gulmi.** Resp. Auth.: Ministry of Panchayat and Local Development (MPLD). EEC 2.710 mECU. Works, supplies and T.A. Project in execution.  
ALA NEP 8706 A3a

## NICARAGUA

**Rural integrated development in San Dionisio and La Meseta.** Estimated cost 8.5 mECU for the EEC contribution. Supply of equipment, vehicles, T.A. and training. Project on appraisal.  
ALA NI 8614 A3a

**Crop production development in the La Meseta region.** EEC contribution 5.6 mECU. Works, supplies, T.A. and training. Project in execution.  
ALA NI 8630 A3a

## PACTO ANDINO MEMBER COUNTRIES

**Regional programme for technical cooperation: APIR (Accelerate Process on Regional Integration).** Resp. Auth.: JUNAC. EEC participation 7.3 mECU. T.A. for studies, training and advising. Supply of small equipment. Project in execution.  
ALA JUN 8806 A1b

**Satellite Telecommunications Andean System (SATS) Preparation - Phase 2.** Resp. Auth.: JUNAC. 2.2 mECU. Project in execution.  
ALA JUN 8803 A2c

## PAKISTAN

**Buner development project.** EEC contribution 10.6 mECU. Works, supplies and T.A. Supplies by int. tender. Project in execution.  
ALA PK 8715 A3a

**Primary education in rural areas.** Cofinancing with CIDA and IDA. EEC contribution 15 mECU for works, T.A. and scholarships. Project in execution.  
ALA PK 8716 A6a

**Baluchistan agricultural college.** Resp. Auth.: Baluchistan Department of Agriculture. Directorate of Agricultural Education Services. Estimated total cost 28 mECU. EEC contribution 18 mECU. Design and construction of the college. Supply of pedagogical equipment and vehicles. T.A. to prepare tender dossiers for works and supplies. T.A. for supervision of works. Works by acc. tender. Supplies by int. tender. Project in execution.  
ALA PK 8807 A6ci

## PANAMA — COSTA RICA — NICARAGUA — HONDURAS — EL SALVADOR — GUATEMALA

**Regional programme to strengthen cooperatives.** Cofinancing with Spain. EEC contribution 22 mECU. Spain 2.5 mECU, local 15.5 mECU. Supply of T.A., lines of credit, training. Project in execution.  
ALA REG 8714 A5f

**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

## 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 equipments and T.A. Feeder roads, irrigation, warehouses and supplies by int. tender. Project in execution.  
ALA REG 8814 A3a

**EL SALVADOR — GUATEMALA — HONDURAS — NICARAGUA**

**Regional programme to eliminate rabies in Central America.** Resp. Auth.: Pan-American Health Organisation (PAHO). EEC contribution 2.9 mECU. Supply of equipment and materials and T.A. Project in execution.  
ALA REG 8625 A8c

**PERU**

**Lake Titicaca. Reconstruction-prevention programme.** Resp. Auth.: Corporacion de Desarrollo de Puno (CORPUNO). EEC contribution 5 mECU. Studies, works and supplies. Project in execution.  
ALA PE 8603 A3a

**Rural micro-projects programme (Pampa- Puno II).** Resp. Auth.: CORPUNO. EEC contribution 21.4 mECU. T.A.: ten expatriates. Supply of trucks, vehicles, equipments, ★training. **Project in execution.**  
ALA PE 8817 A3a

**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, 4 radars and equipments, communication systems. Extension of the Tegucigalpa ★control centre. T.A. and training. **Project in execution.**  
ALA REG 8819 A2d

**PHILIPPINES**

**Cordillera development programme.** Resp. Auth.: Ministry of Agriculture and Food (MAF). EEC part 18.5 mECU. Rural micro-projects in the Northern Luzon. Irrigation, roads, bridges, water supplies, rural credit. Supply of equipment, T.A. and train. Project in execution.  
ALA PHI 8616 A3a

**Agricultural education programme.** Resp. Auth.: Ministry of Education, Culture and Sports (DECS). EEC contribution 10.4 mECU. Parallel cofinancing with ADB. Supply of equipments and agricultural inputs. Pedagogical equipment, furnitures, laboratory

equipments and audio-visuals, books, chemicals, tools, vehicle, T.A. and training. **Project in execution.**  
ALA PHI 8824 A6ci

**SRI LANKA**

**Integrated rural development of the Mahaweli right bank region. System B.** EEC contribution 25 mECU. Works and supplies. Prequalification for works foreseen in the 2nd half 88. Project in execution.  
ALA CE 8703 A3a

**THAILAND**

**Mae Kok water resource study.** Resp. Auth.: Electricity Generating Authority of Thailand. EGAT and Royal Irrigation Dept. (RID). EEC contribution 2.8 mECU, local 0.45 mECU. T.A. and training, supply of equipment. Project in execution.  
ALA TH 8708 A3a, A9a

**Joint secretariat Office.** Resp. Auth.: Ministry of Agriculture. EEC contribution 1.8 mECU. T.A. and supply of equipment. Project in execution.  
ALA TH 8805 A3a

**Development and extension of fruit and vegetable production in Northern Thailand.** EEC contribution 9.45 mECU. Long-term T.A., supply of equipments, line of credit, training, research and follow-up and ★evaluation. **Project in execution.**  
ALA TH 8812 A3a

**INQUIRY**

If you have suggestions for improving the presentation, format and print used in the "blue pages" operational summary, please send them to:

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How is it that women were seen to return to traditional methods after trying modern handmills?

How to explain that women are extremely hard to motivate for the introduction of animal traction?

What is it that enables men to appropriate newly mechanised processes, even when traditionally they were women's tasks?

Why do bankers hesitate longer when women apply for a loan?

How is it that men always seem to be the ones assigning the tasks, while women are the ones to execute them?

How is it that women are in a majority whenever jobs are unskilled and badly paid?

What to think of a women's sector in a project? Should we give preference to exclusive women's projects?

How to conduct a preparatory field research in order to identify the real needs and priorities of women?

All these questions are answered in **Women, Technology and Development**, written in close collaboration with the ATOL research group on "Women and Development", who have been studying the issues raised here for many years.

By publishing this book ATOL is making a specific contribution to the common effort of voluntary organisations (or NGOs) to improve the quality of their interventions in the field.

The unique feature of the book is the link made between women and technology. Only recently, planners have realised what enormous wealth women possess in technical know-how and practical skills. Their involvement is vital to the success of any serious development policy or effort.

The concept of appropriate technology may help project directors and all others concerned to orient their activities to the real needs and priorities of women in the Third World. With its concrete ideas and suggestions, the book constitutes a rich source of information and inspiration, fully acknowledging the crucial role actually played by women in society.

ooo

Paul STARKEY — **Animal-Drawn Wheeled Toolcarriers: Perfected yet Rejected**. A cautionary tale of development. Deutsches Zentrum für Entwicklungstechnologien — GATE in: Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH. Braunschweig: Vieweg, 1988 — 161 pages — 101 figures — DM 24,50.

The author unravels the remarkable story of the animal-drawn wheeled toolcarrier. These implements have been universally hailed as "successful" and yet they have never been accepted by farmers. By carefully fitting together information from more than 30 different countries around the world, the author provides a detailed and fascinating illustrated history of three decades of research, development and promotion.

Despite credit and subsidies, the multipurpose implements that proved highly efficient in the ideal conditions of research stations have been conclusively rejected by farmers faced with reality. As institutions and aid agencies have been afraid to admit problems, reports have continued to be highly optimistic so that further organisations have gone on the sponsor wheeled toolcarrier projects.

What starts as a detailed analysis relating to animal traction broadens

in scope to become a well-argued plea for more open discussion and more farmer involvement in research. The conclusion has implications for all involved in development: "negative lessons" should only be seen as "failures" if individuals and organisations ignore them.

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**Manuel d'élevage du mouton Djallonke** (Djallonke sheep rearing handbook) — Institut de Médecine Tropicale "Prince Léopold", Antwerp, Belgium — 85 pages — 1987 — 250 BF.

This handbook, sold by the Department of Tropical Zootechnology at the Institute of Tropical Medicine in Antwerp (Belgium), is a concise outline of several years' field work by Department staff—mainly Luc Obounou Zibi, Micheline Pernerder-Nielsen and Chantal Symoens—with considerable reference to the work of Jean Belot and Johann Dubois, coordination by Jacques Hardouin and some major improvements by Pasteur Kageruka.

It deals mainly with herding in the villages, where the main job of owners of small ruminants is farming. Experience has shown that productivity in this type of herding can be improved by simple means.

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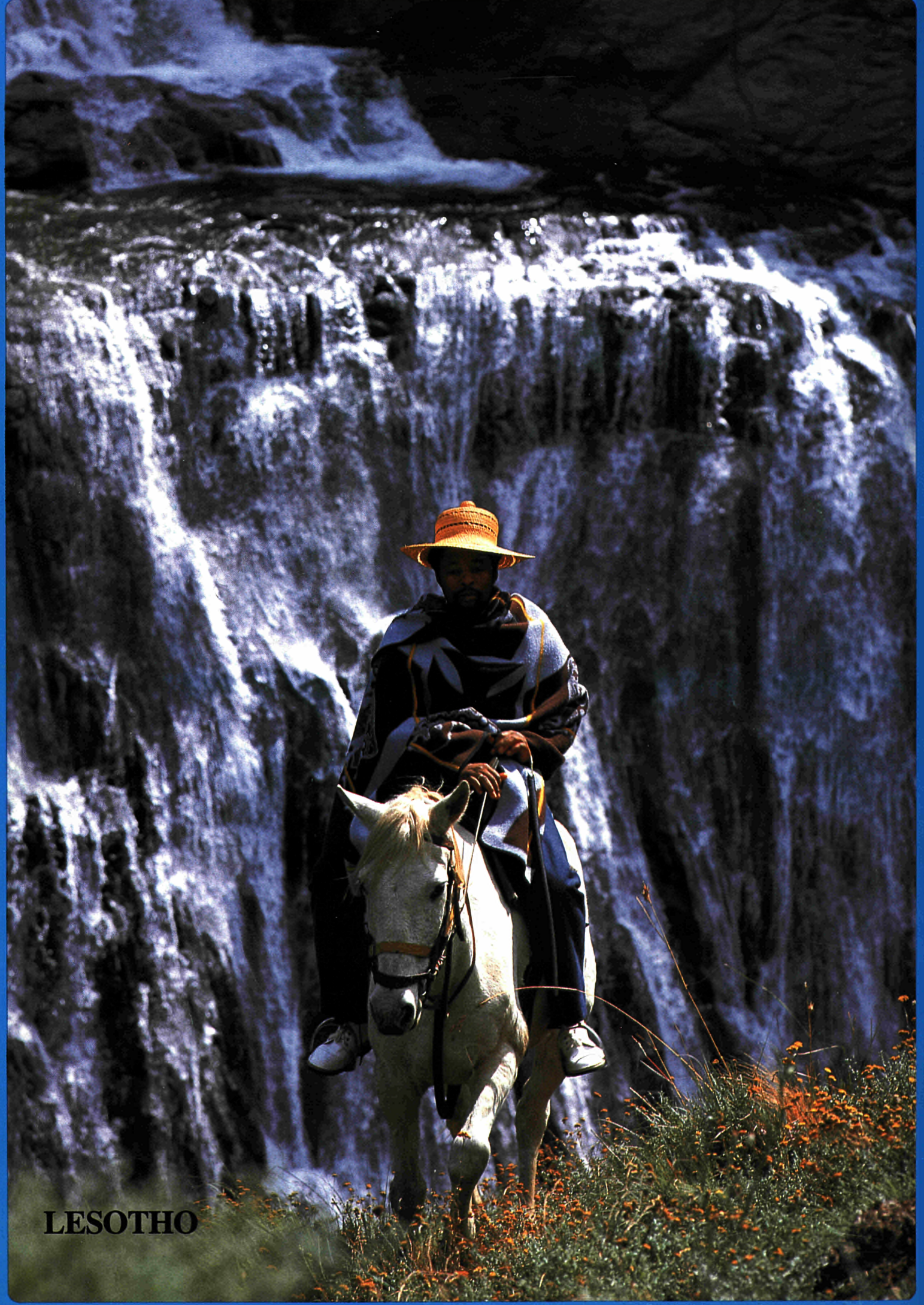
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