AFRICA – GENERAL

1996

JAN. – DEC

# Africa's ailing state-owned airlines need to unite

## A joint effort could turn around the continent's fortunes and get the industry off the ground

Star 5/1/96 (1)

Many of Africa's state-owned airlines are no different from most of the continent's public enterprises. They are mainly grossly inefficient, loss making and neck-deep in debt.

Salvation for the carriers lies in regional joint ventures to fight off stiff international competition brought about by an "open skies" policy, experts say.

The prestige of owning a national carrier is proving an expensive luxury. Few are safe from heading the way of Zambia Airways, which went bust last year and was replaced by a private carrier, Aero Zambia, owned by mainly Belgian investors.

"At a time when airlines from other continents are pulling their resources together for greater market shares, aviation authorities in Africa are content running small non-profit making national airlines," says an airline official in Ivory Coast.

"At the same time they can be heard complaining about their markets being taken over by multinationals. But it is a game of competition," a source that wished to remain anonymous said.

But if African airlines had gone ahead and implemented the "Yamoussoukro Declaration" their governments signed seven years ago, it could have been a different story.

African ministers responsible for civil aviation met in Yamoussoukro, Ivory Coast, in October 1988 and worked out a new African air-transport policy which set out clearly what needed to be done to save African airlines from going to the wall.

They called for integration. "We commit ourselves, individually and collectively, to make all the necessary efforts to achieve the integration of our airlines within a period of eight years," signed the 40 aviation ministers who attended the meeting.

Integration was to have been achieved through the strengthening of existing co-operative structures and the creation of new entities either on a sub-regional basis, or through practical affinity. The integration process was to be implemented in three phases. Seven years on, phase one is yet to become airborne. When aviation ministers met recently in Mauritius they attributed their tardiness to a lack of commitment.

The market-driven "open skies" policy – the deregulation brought about under economic reforms – represents a new challenge.

In southern Africa – where some of the most profitable routes on the continent lie – major European airlines carry 80% of traffic between Europe and 11 of the 12 southern African states.

Today, almost every airline on the continent is heavily indebted. The largest, Air Afrique – owned by 11 Francophone countries in West and Central Africa and Air France, DHL and Abidjan Catering – has debts of $408-million (about R1 469-million).

Zimbabwe's national carrier, Air Zimbabwe, owes the government about $50-million (about R180-million) in debt despite making an operating profit of $20-million (about R72-million) in 1995, according to Air Zimbabwe general manager Huttush Muringi.

According to the Organisation of International Aviation, Africa represents only 3% of international traffic. International airlines carried 1 203-billion passengers and nearly 20-million tons of cargo in 1994, but Africa accounted for little more than 5%.

Airlines in the region are operating below the acceptable level of seat occupancy. To counter this trend, regional airlines want a reduction in the number of gateways and hubs granted to European airlines.

The airlines are now urging that the right to pick up passengers and cargo from a particular foreign country should be traded in favour of intra-regional joint ventures.

They fear that if European airlines continue to dominate the region's skies, this would naturally damage the traffic and revenue of regional services, which, to a significant extent, depend on interline connecting traffic to and from intercontinental services.

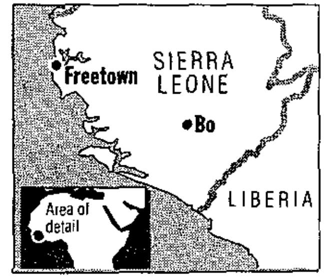
About 60% of traffic and revenue in the case of Air Botswana is from interline connecting traffic to and from intercontinental services.

This clipping of the wings of national carriers through privatisation may offer a part solution. Rwanda may be the exception that proves the rule. It boasts a healthy state-owned air service.

"Our company is healthy despite the economic slump the country is going through," said Air Rwanda technical services manager, Denis Shyirambere. "Our activities have known a tangible boost and we are not afraid of competing on a regional level," he said – Sapa-IPS.

# A country sliding to the heart of darkness

**Almost imperceptibly, another African nation has joined the ranks of those convulsed by bloody conflict. GREG BARROW reports from Bo in the West African state of Sierra Leone, where South Africa has significant diamond interests.**




ARG 6/1/92 (1)

IT started as an ordinary day. Sally Goba rose early to gather firewood to cook her family's morning meal of maize porridge. Her chores were interrupted rudely when she encountered a group of strangers near her village. The men did not prove friendly.

Mrs Goba, 35, was dragged screaming into bushes by the three scruffy rebel soldiers who stripped her naked. She feared she would be raped but became confused when the men simply forced her arms over a log.

She passed out when she realised what was happening. The men were hacking her limbs off with machetes.

The attack was just one horrific episode in a wave of violence sweeping through Sierra Leone, the once-peaceful west African country now sliding towards the heart of darkness. In spite of the horror of losing her arms, Mrs Goba was one of the luckier victims of the anarchy. Some have had their organs eaten.

The scale of the violence has prompted predictions by some observers that the country, a former British colony and a member of the Commonwealth, will mirror the carnage in neighbouring Liberia, where intervention by a west African peacekeeping force has failed to bring an end to four years of genocidal civil war.

The slaughter in Sierra Leone began after an uprising by forces supposedly determined to help the country's impoverished people.

The omens are not good. Guerrillas of the Revoluntionary United Front (RUF) are driving peasants from the countryside in waves of forced migration aimed at wrecking Sierra Leone's economy. Farms have been deserted, causing famine, and thousands of people are fleeing to towns and cities in the hope of finding safety in numbers.

Ostensibly, the war erupted over the plundering of the country's rich mineral reserves. Foday Sankoh, the mysterious RUF leader, was welcomed initially by peasants who saw in him an African Robin Hood who stole from the rich diamond and mineral prospectors to give to the poor. Somewhere it all went wrong, badly .

Sankoh's rebels, poorly trained and ill-disciplined, are now out of control. Like the lawless bands of insurgents who have terrorised Liberia, they have become a scourge. High on drugs and potent home-brewed alcohol, they spend their time looting and raping the peasants they set out to help.

The latest horror is mass amputations, after which victims such as Mrs Goba are sent back to their villages as a warning to others not to work the land.

Evidence of the carnage is visible everywhere in Bo, a shanty town southeast of Freetown, the capital. The city's population has quadrupled to almost 500 000 since attacks on civilians intensified. People spend their days staring into space, unable to come to terms with what they have been through.

Michael Esmaila had struggled to feed his family but decided to stay in the countryside where he could grow food, in spite of the increasing risks:

"I came across a large number of rebels, maybe 500," he said. "They held me and threw me to the ground. I begged them not to do it, but they cut off my hands and stabbed me in the back before leaving me to die."

When Esmaila's brother found him, he was lying in a pool of blood with a message scrawled on a piece of paper hung round his neck. The note carried a warning: Anybody who ventured into the countryside could expect the same punishment if caught by the rebels.

The stumps of his arms are still swollen and the skin is stretched were it has been sewn together with makeshift stitching. To the people of Bo, such wounds are proof of the terror in the bush.

As Esmaila spoke, a woman nursed a three-month-old baby whose face had been crushed by a rifle butt. Beside her, a young man whose arms had been chopped off at the elbow was fed warm rice by his neighbour. Such sights are commonplace.

The peasants do not fear only the rebels. Government troops have copied their tactics, plundering the villages they had vowed to protect from Sankoh's thugs. They, too, are apparently out of control.

It is not what Captain Valentine Strasser, 30, who became leader in 1992 on the back of a pledge to crush the rebel threat, had intended. He and his fellow-officers were known affectionately as "the boys".

"There's no rhyme or reason to the fighting anymore," said Lahai Jalloh, who fled his village and now scratches a living selling paper cones of peanuts. "It's got to the point where it's almost impossible to identify the armed groups who attack us. It could be the rebels ... it could be the army ... it could just be boys with guns."

Many of the rebels and government soldiers are children, lured to war by the promises of high living and adventure. They have taken to it with enthusaism.

"They've done some very gruesome things," said Joe Aquarm, a Ghanaian aid worker with Unicef, which helped establish a project to rehabilitate child soldiers. "They say they would dismember somebody, take out the heart or lungs and eat them."

Kaba Williams, 14, spent three years at war. "We killed many,' he said. "When we were afraid, we smoked cannabis mixed with the residue of burnt gunpowder from bullets. It made us brave and we didn't care about killing. But, when you kill unnecessarily, it is bad, because the blood comes back and it will haunt you."

# UN's failure in Africa

(1) ARG 8/1/96

**THALIF DEEN** of International Press Services reports from New York.

UNITED Nations diplomats are decrying the lack of international support for peacekeeping missions in Africa.

According to UN Secretary-General Boutros Boutros-Ghali, missions in Africa continue to suffer from the slow deployment of troops and equipment.

These difficulties were dramatically underscored in the "painfully slow" expansion of the UN Assistance Mission for Rwanda (UNAMIR) in May last year, the Secretary-General says in a report released this week.

"At a time when scores of people were being massacred every day, it took about three months to obtain the necessary troops, prepare them for deployment, procure essential equipment, and transport the troops and equipment to the mission area," the report says.

This delay eventually compromised UN mission itself.

"Any effort to examine means of strengthening capacity for peacekeeping in Africa should, therefore, address these constraints as a priority," he points out.

The troubled peacekeeping missions in Africa include the now-defunct UN Operation in Somalia (UNOSOM), the UN Observer Mission in Liberia (UNOMIL), the UN Verification Mission in Angola (UNAVEM) and the UN Mission for the Referendum in Western Sahara (MINURSO).

Addressing a debate on peacekeeping last month, Ambassador Ngoni Francis Sengwe of Zimbabwe cited the "sterling job" done by the UN in its peacekeeping operations in Mozambique and South Africa.

"But many have asked why the patience of the UN seemed to run out faster when the organisation is handling peacekeeping missions in Africa," he said. "That continent has been host to an inordinate number of aborted or abandoned peacekeeping missions."

Sengwe said the application of double standards in determining conditions for the deployment or withdrawal of peacekeeping missions clearly undermined the credibility and universality of the UN.

Subramaniam Thanarajasingam of Malaysia said there was a sense of disillusionment with UN peacekeeping operations.

The UN Protection Force (UNPROFOR) in the former Yugoslavia cost the Organisation about $4-million a day and has as yet failed to safeguard the victims of ethnic cleansing and aggression.

"What were the prospects for mounting operations given the organisation's financial crunch? Would financial considerations become the sole determinant of UN peacekeeping operations? Or would peacekeeping relapse into the pattern of the pre-Cold War era or would it be franchised to the major powers?" he asked.

He singled out the UN mission in Rwanda as an instance when the Security Council failed to assume its responsibilities.

In his report, Boutros-Ghali says that the UN has been increasingly joining hands with the Organisation of African Unity (OAU) in peacekeeping efforts in Africa.

Since 1990, the United Nations and the OAU have cooperated in initiatives to prevent, manage or resolve, conflicts in many parts of Africa, including Angola, Burundi, Lesotho, Liberia, Mozambique, Rwanda, Sierra Leone, Somalia, South Africa and Western Sahara.

"Yet, there is a need to strengthen further mechanisms for coordination, consultation and cooperation in the respective headquarters as well as in the field," he says.

The Secretary-General has proposed the posting of a UN liaison officer at OAU headquarters in Addis Ababa in order to strengthen the relationship between the two organisations in peacekeeping.

The Secretary-General says he is also exploring the possibility of building up a stockpile of military equipment in Africa for use at short notice by African contingents.

"This would require the UN to procure either the estimated equipment or to solicit equipment donations from other member states," he says.

But he warns that both options will cost money.

"I have not as yet received indications that member states are prepared to undertake, through the UN, the up-front costs of equipping the contingents of a peacekeeping operation," he says.

Meanwhile, the UN has established at Brindisi, Italy, a UN Logistics Base for the storage of mostly surplus non-military equipment from defunct peacekeeping missions.

The UN says that if the need arises, some of this equipment can be shipped to virtually any port in Africa within two to three weeks.

— Sapa-IPS

**UN Secretary General Boutros Boutros-Ghali. He has warned of the dire consequences of the lacklustre performance of UN peacekeepers in Africa and has called for better co-operation between the UN and the Organisation of African Unity.**

# Africa will not look West for salvation

While hundreds of thousands of people from the Sahel are filtering into West Africa's wealthier cities, some development experts are adamant that massive African urbanisation is neither desirable nor inevitable. Do such arguments pertain to South Africa as well?

(1) Star 10/1/96

**By David Robbins**

Urban geographers working at CRAU (Centre de Researches Architecturales et Urbaines) at the University of Abidjan told me that the population of the Ivory Coast is growing at a rate 3,5% per annum. The population of Abidjan itself, however, is increasing by a massive 10% each year, and most of the new inhabitants are coming south from the impoverished Sahel.

"It's definitely a regional problem, even though the Ivorian authorities must shoulder the bulk of the responsibility," said geographer Kouadio Aka, whose doctoral thesis highlighted the probability that around 40% of the city's population is not Ivorian, coming instead from such Sahelian countries as Mauritania, Senegal, Mali, Burkina Faso and Niger.

"The impact of the devaluation (of the African franc-zone currency early in 1994) has been to increase the economic disparity between the export-rich Ivory Coast and the export-poor Sahel. The result will be that Abidjan, with a population of nearly 3 million, will soon be bursting at the seams."

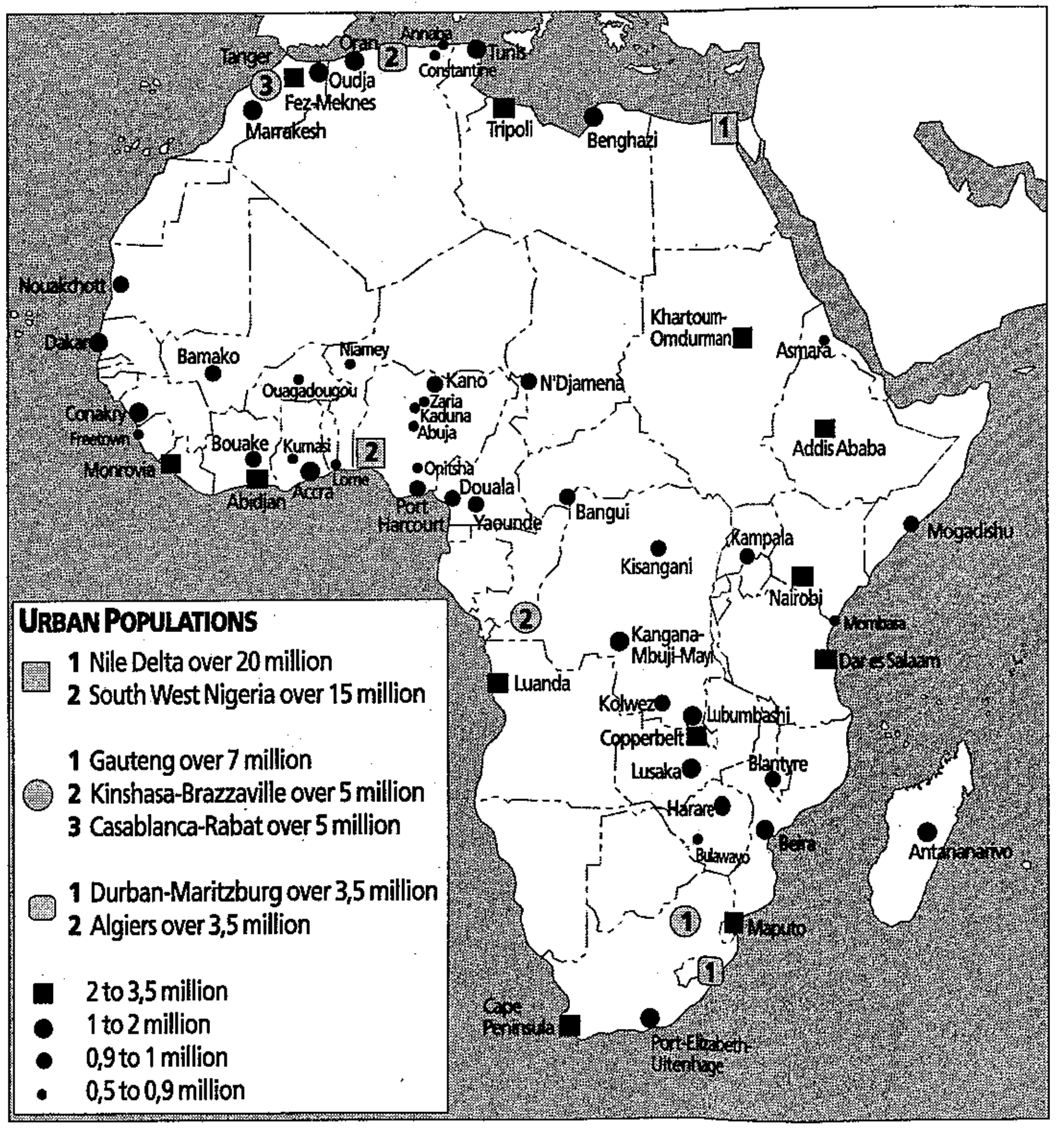
It's not far off that now, as Aka showed me on a tour of some of Abidjan's informal settlements and slums. Familiar enough sights for anyone with a passing interest in South Africa's own urbanisation crisis. The old homelands, and not a few neighbouring countries, have long served as South Africa's Sahel from which an apparently endless stream of have-nots find their way to the possibilities of survival which our cities appear to provide.

Taking their cue from the history of the developed Western nations (all of which are over 90% urbanised), many have argued that urbanisation is a necessary corollary to economic development. Of course there is truth in this. But the pace at which urbanisation is overtaking African cities like Abidjan and greater Johannesburg may well prove to be counter-productive, with massive unemployment, security and health problems threatening to undermine whatever economic development does take place.

Now into this somewhat gloomy context comes a new voice which holds important messages for us all.

"I don't believe that urbanisation represents a viable future for humanity. Economic development in the cities hasn't a hope of maintaining the necessary growth. Urbanisation simply isn't a sustainable model for the future."

Meet Bruce Wilkinson. He's the director of World Vision International's West Africa Region, with projects situated in Senegal,




Mauritania, Mali, Niger, Ghana and Nigeria. I talked with him in his office in Dakar, asking whether World Vision worked in some of the region's burgeoning urban conurbations as well as in the countryside.

His reply was immediate. "My belief is that the move to the cities is nothing more than a relief project for most Sahelian people. When the situation improves, they always move back to where they think of as home. I have become convinced that de-urbanisation is the only sustainable development model available to us in Africa."

Wilkinson is an American with degrees in development economics and management. He has worked in Africa for over a decade and is currently taking an MBA degree from Cambridge University in England. His approach is firmly pro-rural.

I had already seen something of the World Vision (WV) response to the development needs of marginalised Sahelian people. In Senegal alone, the organisation has drilled 520 boreholes since 1986, all of which have been partially financed by the communities they now serve.

That's more than one a week at an average cost of $15 000 each. Even more impressive, though, is what has occurred around the boreholes. Far from simply dispensing technological largesse and moving on, WV has encouraged the growth of community organisation and self-sustaining economic activity around each well drilled.

Take a few examples. Water committees administer the wells (a small levy is charged to families using the facility); and women's organisations run the gardens which surround them.

These same organisations engage in small-scale income generation activities, and the profits from these have often been used to buy sorghum mills.

WV-trained bush technicians maintain the simple hand pumps erected over the wells; and these technicians have now merged into economically viable collectives which buy in spares, and service the pumps across large areas of Senegal's sandy interior.

The establishment of reliable water supplies has also led to remarkable developments in community-based health care provision. Health committees now operate in hundreds of villages served by the boreholes, and basic preventive, promotive and curative care is provided in conjunction with the Senegalese department of health.

Wilkinson's philosophy is not difficult to grasp. Development efforts should be directed to helping people maintain themselves. But what is so special about these often primitive rural situations?

"If Africans lose their spiritual understanding of their environment and their relationship with it, they will have lost their most important asset," Wilkinson replied. "And I don't believe that they're willing to sacrifice that. The West too often sees this as an inability to move forward. But it's part of a conscious choice that is taking place. Africans are not willing to be told what they are. They want to work that out for themselves, while holding on to the old values and relationships.

"Many African societies have taken centuries to adapt to their specific environments, and how can we be so sure that these environments aren't going to begin to recover in the future? Too often, Western development agencies bring in short-term solutions to short-term problems."

For this reason, Wilkinson concluded, the sanest approach for any development effort was to work closely with the people to realise their own aspirations.

"Neither are large projects the way forward. We simply can't employ in the developing world, and especially in Africa, the same approach that was used in Germany and Japan after World War 2. Small and detailed support for the people's aspirations is the only sustainable way forward."

It would be surprising if these principles did not apply to the situations in the vast rural areas of both west and southern Africa.

# A Liberal credo for Africa

■ Disappointment crowds into the African continent: unfilled bellies, untreated and untreatable disease; unschooled children and unfinished wars; corruption omnipresent; some of the best minds in exile; hunger and crime on the highways of major cities; apathy and cynicism commonplace. Can Africa reverse this dismal trend?

**By SIR DAVID STEEL** ARG 24/2/96

*President of Liberal International* (1)

Picture: HANNES THIART, Staff Photographer

□ **LIBERALS ALL:** Eminent British politician and president of Liberal International Sir David Steel, second from left, delivered the keynote address at a meeting of the Organisation of African Liberal Parties (OALP) in Cape Town this week. With him are, from left, Ousmane Ngom, Senegalese Minister of Health and Social Affairs, Democratic Party MP and secretary general of the OALP Colin Eglin and John Cheyo, a recent presidential candidate of the United Democratic Party of Tanzania.

TWO fundamental features have contributed to the general malaise of several African states.

The first is wholly inexcusable and has been best described by Professor Ali Mazrui as the development of "personal monarchies" with their kleptocratic sycophants who have plundered the assets of the state for the benefit of family and clan.

In many cases there has been nothing less than organised theft of national resources. For example, Zaire no longer has an economy or civil society in any ordinary sense. President Mobutu owns the country rather than rules it. He is supported by a clan of 100 rich families. Below them are 40 million people living in primitive and poor conditions.

When Mobutu goes the subsequent struggle in Zaire could be terrible, because he has bled the state and left no worthwhile traditions or institutions to sustain it.

Western governments cannot escape a share of responsibility for having propped up this international robber in charge of Africa's second largest country, endowed with massive potential mineral and agricultural wealth. There are several mini-Mobutus in charge of other African states.

The second feature of post-independence Africa is much more excusable and understandable, though in the end also destructive. That is the flirtation of Africa from the 1960s with socialism.

Kwame Nkrumah set a trend which was followed by others such as Kenneth Kaunda and Julius Nyerere, who tried to rationalise their authoritarian regimes in a benevolent but straitjacket manner embracing what the world now sees as a failed political philosophy marked by excessive power of the state and its institutions, stifling individual enterprise and initiative.

Liberalism advocates a market economy. It is not opposed to regulation, but believes that state interference should be minimal. It allows individual economic freedom, the freedom to put into practice one's own ideas. This freedom unleashes the potential inherent in human beings.

This has made possible the staggering increase in material wealth during the last two centuries in those countries that opted for a market economy. The benefits of the market economy are greatest when coupled with free trade.

The rule of law is essential for a market economy. The right to property gives individual independence. It is therefore a pillar of liberty. It is essential to give the poor a chance to benefit fully from the market opportunities.

Left to its own devices, markets often produce concentration of economic power. The state therefore has an important role to keep markets competitive by prohibiting monopolies and other forms of market dominance and by keeping access to markets open. The government needs to be strong — but not fat — to enforce the rules of the economic game.

The state has another important task with regard to social and physical infrastructure. Development needs an educated and healthy population, and it is the duty of the state to enforce universal compulsory education and to ensure that people have access to primary healthcare. The market will not provide this on its own.

These responsibilities do not mean that the state has to do everything itself. The kind of role that the government has to play in an economy will depend on its state of development. Ideally, the state could create an enabling framework within which private initiative can thrive.

For a Liberal, democracy and the market economy are indivisible. In the long run, you just can't have one without the other.

Of course, we must not pretend that economic freedom automatically generates political and social freedom. Determined political efforts are needed from inside and from outside if democracy is really to be achieved.

All the same, the fact remains: if you treat people as mature citizens in the economic area, and if you wish them to play an active role as producers or consumers of goods and services, you cannot in the long run deny them political maturity as well.

"Multiparty democracy" means more than having several parties in state. The expectation that the mere creation of a multiplicity of parties would bring popular participation and government accountability has been frustrated by a belief that winning an election itself is the sole purpose of political parties and is an end in itself rather than the means to a broader end — that of implementing policies aimed at achieving political stability and economic development.

The concept of functioning opposition with a right to question the policies and actions of government and to criticise constructively has not sufficiently developed in most states. There are five universal pre-conditions before you can describe any state as a genuine democracy.

■ First, freedom of assembly. It is quite unacceptable that in many African states licenses are required before you can hold a public meeting or a rally. In others political organisations themselves are required to register with a government before they are allowed to operate. Liberals must oppose such restrictions on the right to assembly.

■ Second, independence of the judiciary. Judicial authority cannot be respected if judges are simply the mouthpieces of government with their promotion dependent on their compliance with the dictates of the rulers of the state. The courts themselves should be final arbiters in electoral disputes.

■ Third, transparency and accountability. There must be full and thorough financial accountability for all government expenditure to democratic parliaments. Sadly, this is rare in this continent.

■ Fourth, freedom of press and broadcasting. In very many countries the press, but especially radio and television, are wholly controlled by the government, as SABC used to be, and are simply the outlets for partisan propaganda.

■ Fifth, independence of the electoral commission. It is vital in any country that the body organising the election be genuinely independent of government. This can be done in a number of ways. One is to ensure all persons nominated to it are acceptable to all the political parties. Another is to allow each party to nominate a quota.

There are two other areas of policy where Africa is entitled to look for international support — debt reduction and the spread of arms. These are both areas where Liberal International has been active on your behalf but African parties themselves should become more vocal.

Of all the problems in Africa's post-independence legacy that now have to be resolved, few are more burdensome and debilitating than external debt. In 1962, the outstanding debts of all sub-Saharan African countries were less than $3 billion (R12 billion) and by 1990 external debt exceeded $146 billion (R584 billion).

The debt burden on African states is an insurmountable obstacle for those attempting to reform and reconstruct their economies; it prevents the economic empowerment of communities and individuals and serves to maintain low welfare provision and widespread poverty.

The development of civil society and democracy in Africa requires not only political will but the right economic conditions. In countries like Poland, 50 percent of its debt was written off by the West — in contrast to the unwillingness to do anything comparable for Africa.

If the West were more confident that full debt forgiveness would automatically be matched by a growth in spending on things like schools and clinics, then the zeal with which it pursued debt-forgiveness might be greater. But the conviction too often remains that any extra money in the government coffers will somehow find its way into the pockets of the country's leaders.

■ The other scourge of Africa is the flood of weaponry fuelling both ethnic conflicts and urban crime. I would like to see us at least make a beginning in recognising that the conventional arms trade is itself responsible for much of the denial of human rights in our world today, and for the denial of that most basic right — to live in peace without fear.

We must do something to turn the present limited UN register of arms sales into an effective instrument of control and supervision.

We need to discover how to replace arms security with human security. The developing world spends more than R150 billion of its scarce foreign exchange reserves on arms imports. Nations that cannot feed and educate their children should not pretend that such expenditure helps the security of their citizens. Liberal parties should be committed to control that.

The rise of ethnic conflict is a major challenge facing Africa.

To guard against ethnicity becoming the source of political strife Liberals must emphasise the role of minority rights and warn against "the tyranny of the majority".

The protection of individual and minority rights is best assured in two ways. First, the introduction of the bill of rights to which the power of the state must conform. And second, the growth of transnational co-operation reducing the emphasis on the sovereignty of the state. The European Union, SADACC, and the OAU have to be turned into building blocks of the next century's world order.

■ *Extracts from the keynote address by former British Liberal Party leader Sir David Steel at the Organisation of African Liberal Parties meeting in Cape Town on Thursday.*

# African aid groups accused of corruption

## Disaster response appears to have become a multimillion-dollar industry in sub-Saharan Africa, claim many aid organisation officials

(1) Star 12/11/96

**By Joe Khamisi**
Independent Foreign Service
Nairobi

The recent expulsion by the Rwandan government of more than 40 aid agencies has raised fresh questions about the role of international humanitarian organisations in sub-Saharan Africa.

Kigali officials accused the agencies of political bias and irregularities at a time when the country was struggling to rehabilitate itself following ethnic massacres last year.

An estimated one million people were killed in fighting between majority Hutus and minority Tutsis.

The latest Rwanda action follows other more serious allegations by governments that foreign non-governmental organisations (NGOs) may be diverting to other uses funds and supplies meant for humanitarian relief in war-torn nations.

But NGOs are not the only organisations considered guilty of impropriety.

Last year a major financial scandal was unearthed in the Unicef Kenya operations.

More than $10-million (R30,6-million) could not be accounted for during an audit of the 1993/94 transactions.

Most of the money was intended for disadvantaged women and children in the country.

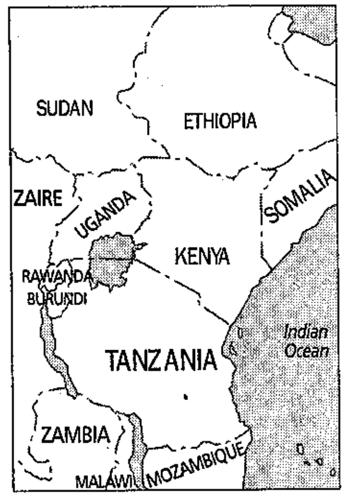
Consequently, a sweeping restructuring of Unicef Kenya was put in motion.

In another action last September, Tanzania expelled three officials of the UN High Commission for Refugees, accusing them of helping to smuggle refugees into the country.

But with internal crises in Somalia, Sudan, Rwanda and Burundi it is the NGOs that appear to receive the brunt of official criticisms.

During the height of the Somali crisis two years ago, an estimated 50 aid agencies were operating in the tiny nation of 5,5 million people.

They ranged from UN agencies to the International Red Cross and other fringe organisations representing churches, the Islamic religion and other humanitarian interests.




Hundreds of relief "experts" were airlifted into Somalia ostensibly to "save" the country from total collapse.

Budgets ran into hundreds of millions of dollars yet regular accounts were never publicly provided.

For the past decade, disaster response appears to have become a multi-million dollar industry.

Last March, a controversial documentary on Australia's Channel Nine exposed massive irregularities in the handling of relief supplies to Rwanda by Care Australia.

The organisation was accused of donating 10 tons of relief food meant for Rwandan refugees to President Daniel arap Moi.

The consignment – part of a 22 ton load donated by Canberra schoolchildren – was allegedly to influence Moi to register Care Australia as an independent body from Care International.

The Australian Age Newspaper even suggested that the donation was "a scheme to bribe President arap Moi".

Care Australia sought Kenyan registration after it was forced to de-register itself from the international body following revelations of irregularities in the Rwanda campaign.

Care Australia admitted some of its supplies may not have reached Rwanda but explained that it was distributed to the poor in Kenya.

The damaging reports which were carried extensively by a local weekly in Kenya elicited no reaction from the Kenya government.

In the case of Somalia, warring warlords accused some NGOs of interfering in politics by channelling relief supplies to favoured factional areas.

The same accusations appear to have resurfaced in the case of Rwanda.

The Tutsi-dominated Kigali government complained that some of the agencies were aiding Hutu elements wanted for genocide.

They were also frustrating official efforts to repatriate Rwanda refugees from camps in eastern Zaire.

Government officials also grumbled that the organisations' high profile presence was in contrast with the misery of the local inhabitants.

Provided with bodyguards and equipped with four-wheel drive vehicles, satellite phones and tons of western food supplies, foreign relief workers often live in comparative luxury while the people they are meant to assist exist in squalor and insecurity.

In Somalia, the wide disparity in lifestyles drove locals to extreme action against foreigners by kidnapping and killing them.

In a report last year, the International Red Cross admitted that the growing backlash against NGOs may have to do with "the way we behave and our ethical professional standards".

We should not have to function with armed escorts, the World Disaster Report for 1995 said.

# Donors call on Africans to take greater responsibility

(1) CT (BR) 12/1/98

By John Fraser

Brussels — The international community is calling on Africans to do more to resolve conflicts on their own continent.

The call was made at a conference in Brussels this week, which brought together the main aid donors to Africa and representatives of international bodies, such as the United Nations, the European Union and the Western European Union.

"Since the crises in Somalia and Rwanda, we feel we need a better strategy for dealing with crises," said Belgian ambassador Jean de Ruyt, who chaired the meeting.

"The Africans must take more responsibility, and we have agreed on the main principles for this to work.

"Western donors would still supply money and equipment, know-how and training. However, African governments could take a greater responsibility in trying to resolve conflicts, through preventative diplomacy, and supplying peace-keeping forces.

"We believe that the Organisation for African Unity and the Southern African Development Community should play a role in trying to head off crises — they are better placed for this when events take place in their region."

He explained that the situation in Africa has changed a lot since the polarisation of the Cold War.

"It is now far easier for African nations to come to the assistance of their African neighbours, in a way that was not possible before because of strong ideological divisions and spheres of influence," said De Ruyt.

"There has also been a change in thinking. Before, it was thought only neutral troops from very far away could be sent for peacekeeping.

"Now, more and more, it is clear that the neighbouring countries which are stable can play a positive role — projecting their own stability into a neighbouring region.

"We are now keen to help Africans to take more responsibility in dealing with crises erupting on the African continent, and we have agreed on the main principles.

"The international community is not abandoning its responsibilities, but we do think the Africans should deal with problems in Africa."

He said South Africa should play an major role in helping to deal with future conflicts. In this new context, where Africans can take more responsibility, the way South Africa has changed is an important element.

"We hope South Africa will be a country which will be able to spread and to project its own stability and capacities outside."

In his opening address to the conference, the Belgian foreign minister, Erik Derycke, said South Africa had become "a fundamental factor of hope" in Africa.

He also said that he is deeply worried about the dangers of tribal and ideological divisions in Africa spilling into fresh conflicts.

He, too, stressed that African problems cannot automatically be solved by outsiders.

"In the new African context, no longer can democracy or economic structures, security and stability be imposed from outside," he said.

"Having lived through colonialism and imperialism, Africa now finds itself, for the first time, fully in charge of its own destiny.

"It must choose its own destiny. When a crisis erupts between two countries, or inside a country, those who are most interested in avoiding it spreading are the neighbouring states — the states of the region, and in the next stage, the states of the continent.

"Logically, they must take the major role in managing crises on their own doorstep." He argued that international action from outside Africa should be kept as a final recourse "after local and regional efforts have failed or have proved to be insufficient".

The message is clear: just as Europe and North America have taken the leading role in dealing with Bosnia, so African nations must now take the leading role in solving crises on their continent. — Independent Foreign Service.

# Malaysia looks to import west African cocoa

(1) ET(BR) 19/1/96

BY DAVID GAULT

Abidjan — Malaysian cocoa processors, keen to cash in on a growing Asian chocolate market, were looking to import cocoa from west Africa to help make up for a shortage of home-grown beans, a top Malaysian cocoa official said.

"There is a net shortage of beans for the grinding requirements of our factories," the chief executive of the Malaysian cocoa board, Hashim Wahab, said earlier this week.

"We have production of about 150 000 tons and our grind is about 110 000 tons, but we export beans as well."

Wahab was speaking at the end of a visit to the Ivory Coast but could not say how much west African cocoa Malaysia was likely to import, nor when first shipments might be.

"Our trip is exploratory, looking at the procedures," he said.

"I have with me (staff from) three grinding companies and it will be they who decide whether they would like more Ghanaian or more Ivorian cocoa." The team was to leave for Ghana yesterday.

Wahab said Malaysia imported more than 20 000 tons of cocoa last year. "Up to 95 percent of imports have been from Indonesia and it will continue to be important unless we have some favourable alternative sources."

He said Malaysian processors did not view African cocoa as just a bulk commodity to keep their factories running. Quality was an important aspect too.

"We are not only looking at it from a shortage point of view but from blending considerations," Wahab said.

He said blending would help Malaysian processors sell their finished chocolate products in the growing Asian market.

"The Asian market will eventually be a big market.

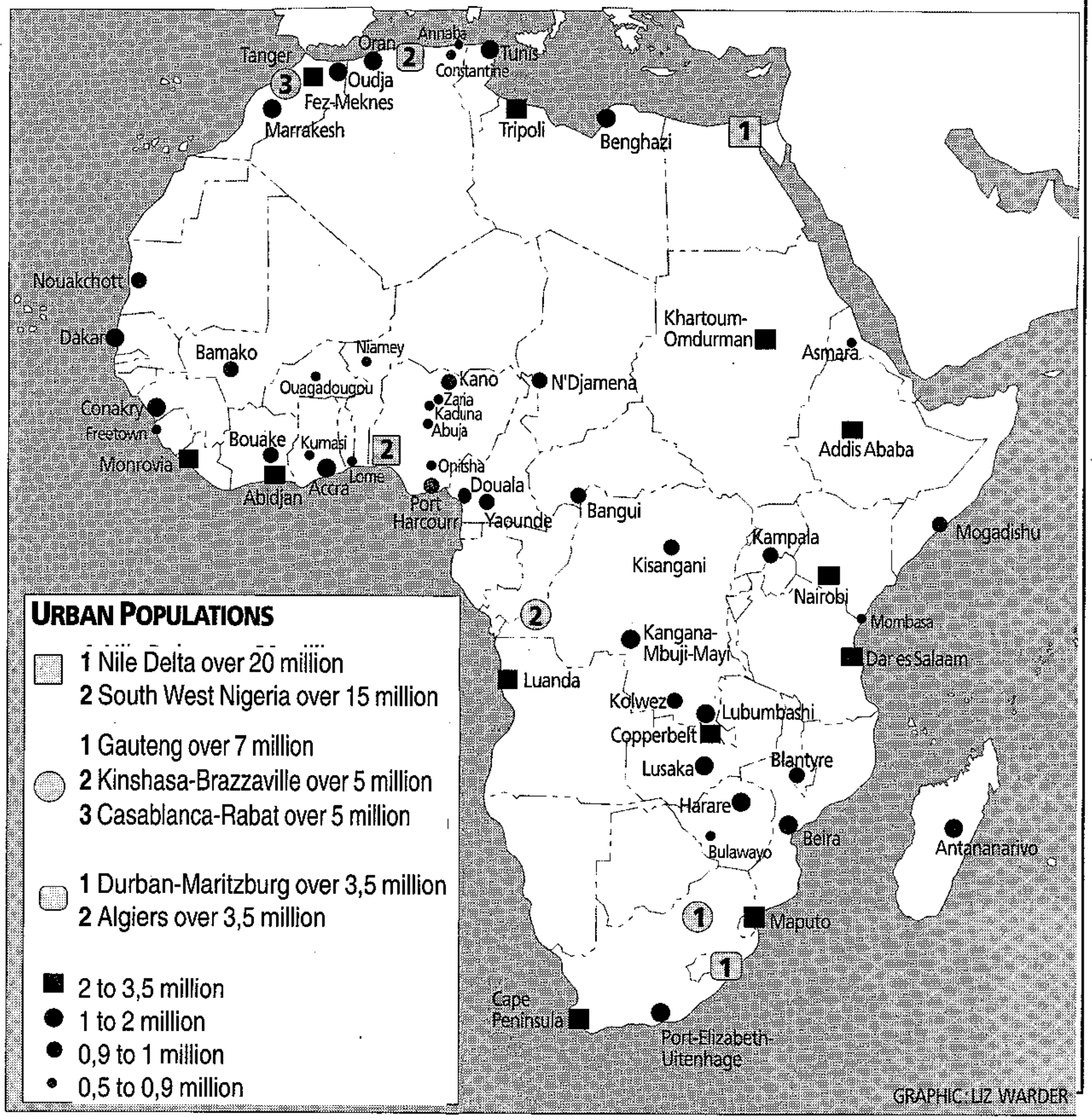
"Although current consumption may be low, looking at what potentially it could be, it is something that we could perhaps exploit together (with African producers)," he said.

His team had met Ivorian government officials, the Caisse de Stabilisation's marketing board and exporters, and their response had been positive, Wahab said. — Reuter

# Africa will not look to West for salvation

**While hundreds of thousands of people from the Sahel are filtering into West Africa's wealthier cities, some development experts are adamant that massive African urbanisation is neither desirable nor inevitable. Do such arguments pertain to South Africa as well? Argus Correspondent DAVID ROBBINS examines a complex issue.**

(1) ARG 29/1/96




URBAN geographers working at CRAU (Centre de researches architecturales et urbaines) at the University of Abidjan say the population of the Ivory Coast is growing at a rate of around 3,5 percent a year.

The population of Abidjan itself, however, is increasing by a massive 10 percent each year, and most of the new inhabitants are coming south from the impoverished Sahel.

"It's definitely a regional problem, even though the Ivorian authorities must shoulder the bulk of the responsibility," said geographer Kouadio Aka, whose doctoral thesis highlighted the probability that around 40 percent of the city's population is not Ivorian, coming instead from such Sahelian countries as Mauritania, Senegal, Mali, Burkina Faso and Niger.

"The impact of the devaluation (of the African franc-zone currency early in 1994) has been to increase the economic disparity between the export-rich Ivory Coast and the export-poor Sahel. The result will be that Abidjan, with a population of nearly 3 million, will soon be bursting at the seams."

It's not far off that now, as Aka showed me on a tour of some of Abidjan's informal settlements and slums.

Familiar enough sights for anyone with a passing interest in South Africa's own urbanisation crisis. The old homelands, and not a few neighbouring countries, have long served as South Africa's Sahel from which an apparently endless stream of have-nots find their way to the possibilities of survival which our cities appear to provide.

Taking their cue from the history of the developed Western nations (all of which are over 90 percent urbanised), many have argued that urbanisation is a necessary corollary to economic development. Of course there is truth in this. But the pace at which urbanisation is overtaking African cities like Abidjan and greater Johannesburg may well prove to be counter-productive, with massive unemployment, security and health problems threatening to undermine whatever economic development does take place.

Now into this somewhat gloomy context comes a new voice which holds important messages for us all.

"I don't believe that urbanisation represents a viable future for humanity. Economic development in the cities hasn't a hope of maintaining the necessary growth. Urbanisation simply isn't a sustainable model for the future."

Meet Bruce Wilkinson. He's the director of World Vision International's West Africa Region, with projects in Senegal, Mauritania, Mali, Niger, Ghana and Nigeria.

I talked with him in his office in Dakar, asking whether World Vision worked in some of the region's burgeoning urban conurbations as well as in the countryside.

His reply was immediate. "My belief is that the move to the cities is nothing more than a relief project for most Sahelian people. When the situation improves, they always move back to where they think of as home.

"I have become convinced that de-urbanisation is the only sustainable development model available to us in Africa."

Wilkinson is an American with degrees in development economics and management. He has worked in Africa for over a decade and is taking an MBA degree from Cambridge University in England. His approach is firmly pro-rural.

I had already seen something of the World Vision (WV) response to the development needs of marginalised Sahelian people. In Senegal alone, the organisation has drilled 520 boreholes since 1986, all of which have been partially financed by the communities they now serve. That's more than one a week at an average cost of $15 000 (about R54 000) each.

Even more impressive, though, is what has occurred around the boreholes. Far from simply dispensing technological largesse and moving on, WV has painstakingly encouraged the growth of community organisation and self-sustaining economic activity around each well drilled.

Take a few examples. Water committees administer the wells (a small levy is charged to families using the facility); and women's organisations run the gardens which surround them.

These same organisations engage in small-scale income generation activities, and the profits from these have often been used to buy sorghum mills and groundnut presses, simple equipment which significantly reduces rural women's workload.

WV-trained bush technicians maintain the simple hand pumps erected over the wells; and these technicians have now merged into economically viable collectives which buy in spares and service the pumps across large areas of Senegal's sandy interior.

The establishment of reliable water supplies has also led to remarkable developments in community-based health care provision. Health committees now operate in hundreds of villages served by the boreholes, and basic preventive, promotive and curative care is provided in conjunction with the Senegalese department of health.

Wilkinson's philosophy is not difficult to grasp. Development efforts should be directed to helping people maintain themselves in their rural situations, rather than accepting as inevitable the rush to the cities. But what is so special about these often primitive rural situations?

"If Africans lose their spiritual understanding of their environment and their relationship with it, they will have lost their most important asset," Wilkinson replied.

"And I don't believe that they're willing to sacrifice that. I think they've already made a conscious choice not to do so.

"The West too often sees this as an inability to move forward. The West even sees it as obduracy and stupidity sometimes, but it's part of a conscious choice that is taking place."

"Africans are simply not willing to be told what they are. They want to work that out for themselves, while at the same time holding on to the old values and relationships.

"Many African societies have taken centuries and centuries to adapt to their specific environments, and how can we be so sure that these environments aren't going to begin to recover in the future?

"Too often, Western development agencies bring in short-term solutions to short-term problems. But today's solutions often turn out to be tomorrow's problems; that's certainly been the pattern in the past."

For this reason, Wilkinson concluded, the sanest approach for any development effort was to work closely with the people to realise their own aspirations. Urbanisation did not figure in these aspirations.

"Neither are large projects the way forward. We simply can't employ in the developing world, and especially in Africa, the same approach that was used in Germany and Japan after World War 2.

"Small and detailed support for the people's aspirations is the only sustainable way forward."

It would be surprising if these same principles did not apply equally to the situations in the vast rural areas of both west and southern Africa.

JASTON BINALA
Foreign Service

# 'Kaburus' no longer Africa's pariahs

ARG 17/2/96 (1)

DAR ES SALAAM. — A plump white man in khaki shorts and a white T-shirt walking down a busy street in Dar es Salaam looks different, somewhat out of place among the black crowd.

But he is obviously comfortable as he talks to street-side curio sellers who "accept" him.

Attitudes towards white people have changed in this part of Africa following what is regarded as South Africa's "independence" and its adoption of a multi-racial democracy.

This new attitude is a far cry from the recent past when virtually every white man was suspected of being a South African spy who might be looking for freedom fighters of Swapo, the African National Congress, or the Pan Africanist Congress.

Whites who came to Tanzania risked being attacked by people who were overly suspicious. Nearly every white person was suspected of being a kaburu, a derogatory name for white South African farmers from the term boer. Nobody wanted to be known as a kaburu.

Two Baptist missionaries were, on two separate occasions, mistaken for South African spies. Don Smith was detained at Kigurunyembe Teachers Training College at the Uluguru Mountain near the town of Morogoro. His drive was too close to the institute for the defence force's comfort.

Ervil Senter was arrested at Mzinga village at the foot of Uluguru by soldiers who were convinced he was a kaburu. He was saved by Harry Mwasanjala, a Tanzanian preacher who vouched for the American missionary. On another occasion a male tourist was brutally manhandled at Urafiki Textile Mills in Dar es Salaam. He had taken a picture of the factory and was suspected of being an arsonist.

But all the suspicion and hatred have now vanished. People smiled and cheered when a South African gunship and submarine docked in Dar es Salaam recently.

Michael Okema, a senior lecturer in political science at the University of Dar es Salaam, says hatred against kaburus started to subside when Nelson Mandela was released from prison in 1990. The crumbling pillars of apartheid have also greatly improved attitudes.

Tanzania had been a major training ground for freedom fighters sice its independence. They later returned to their home countries in the southern African region to remove "Makaburu" from power.

Tanzanians were highly politicised. They felt a part of the "struggle". Primary schools sang hate songs against apartheid South Africa every morning.

But as Pretoria gave in, Mr Okema observed, and as the kaburus' last stronghold moved closer to a multi-racial democracy, the hatred became worthless. Both black and white South Africans began to gain acceptance, to such an extent that South African investors have also moved here and find Tanzania to be a good country in which to trade.

One of the pioneer companies to move here is South African Breweries. Through its subsidiary company, Indol, SAB has pumped $42 million (R151,2 m) into Tanzania Breweries Limited to enter into a joint venture with the Tanzania government.

Danny Nimandt, Indol representative in Tanzania and also executive managing director of Tanzania Breweries, says he feels accepted and receives numerous phone calls from fellow South Africans who would like to move their investments here. Mr Nimandt said areas for potential investment included agriculture, tourism and mining.

By abandoning apartheid, South Africa had transformed a long-time enemy into a friend he said.

The new attitude is probably best typified by Miki Tasseni, a columnist at The Guardian newspaper in Dar es Salaam. "Whenever I see the word kaburu in a story for publication I simply scratch it out. It does not mean much any more," he said.

"The feeling that South Africa is accepted in this country can also be measured by the volume of people wanting to migrate South," says Mr Okema, who adds: "Intellectuals, peasants, young people, you name it — everybody wants to go south. Everybody realises that it is no longer the enemy."

Mr Okema argues, however, that the absence of the word kaburu is superficial. White South Africans will always be makaburu, albeit only a name.

"You have to understand the Tanzanian culture to get what I mean. A derogatory word can very quickly turn into a joke here," Mr Okema said. "So for Tanzanians, white South Africans will always be makaburu; but it does not mean anything. It is just to give them an identity. Nothing more."

# Internal conflicts limiting progress in Africa, says OAU

Star 1/2/96 (1)

Ouagadougou – Internal conflicts in Africa have claimed the lives of 25 presidents and led to 78 unconstitutional changes of government in the past 30 years, according to the Organisation of African Unity.

OAU secretary-general Salim Ahmed Salim said ideological wars and wars between countries had become "ever rarer", while internal conflicts had multiplied.

Speaking at a conference of African finance ministers, organised by the United Nations Development Programme, he said that in 1989 and 1990 only one of the world's conflicts was waged between different countries.

Ethnic factors, power-sharing and the control of resources had been behind many such wars, he said of the growing number of internal conflicts.

He also highlighted "the refusal to give minority groups the chance to exercise political power" as a reason for conflict.

"Religion has also become a major source of internal conflict," he said, adding that religious extremism had increased in Africa.

Other factors included the absence of a culture of tolerance and the collapse of unified authority.

Salim added that conflicts in Africa had limited the success of development programmes. However, such programmes had erred by not taking into account potential conflict.

He said the fact that Africa lagged behind other developing nations also favoured conflict.

Salim criticised the attitude of donors, using Liberia as an example. "Out of \$144-million (about R533-million) plegded, only \$10-million (about R37-million) was specifically directed to the disarmament process," he said.

Salim admitted that the OAU's Mediation, Reconciliation and Arbitration Commission had been "practically inoperative since its creation". – AFP.

# Europe to help Africa

(1) Sowetan 2/2/96

EU turns its attention to Africa in an attempt to prevent a bloodbath in central Africa and also plans to grant South Africa preferential trading terms, explains **Shada Islam**

EUROPEAN NATIONS TOOK vital steps towards an enhanced involvement in Africa this week, pressing for a conference to end ethnic conflicts in central Africa and promoting an ambitious free trade agreement with the south.

At a meeting on Monday in Brussels, foreign ministers of the European Union urged international support for a planned conference to resolve ethnic and other problems facing Africa's so-called "Great Lakes" region.

They said such a conference was the only way to stop looming genocide in the central African state of Burundi.

And the ministers promised to start negotiations soon with South Africa on a new pact to promote trade and investment links.

EU officials said the bloc wanted to appoint a special "peace envoy" with a mandate to end ethnic strife in Rwanda and Burundi. The EU has so far avoided backing US calls for an international military intervention force to stop ethnic violence in Burundi, preferring to promote its plans for a regional peace conference.

European countries want to get more involved in helping to resolve conflicts like those in Rwanda and Burundi.

## Peace strategy

"We need a long-term peace strategy for the Great Lakes," said an aide to European Development Commissioner Mr Joao de Deus Pinheiro. "The idea is to raise international awareness of the problems facing the region."

Pinheiro, increasingly worried that after Rwanda, which was ravaged by ethnic violence in 1994, Burundi could also be heading for genocide, has appealed to EU capitals for "more commitment" in preventing ethnic strife in Burundi.

"We have to focus on conflict prevention rather than humanitarian help," an EU official said.

The proposed conference will also have to look at the region's refugee problems. The issue has been discussed by European Commission President Jacques Santer and Boutros Boutros Ghali, the UN Secretary General, but officials say finding a long-term solution for displaced people will not be easy.

## Unlikely to go home

For one, the thousands of Hutus who fled the advance of the Tutsi-led Rwandan Patriotic Front in 1994, are unlikely to go home in the immediate future – and not only because of fears of continuing ethnic strife.

"With the decline in soil fertility in Rwanda and the rapid growth in population, the probability of food shortages and disputes over land ownership, seem very high," says an expert at the European Commission.

Others argue that it's only when the perpetrators of the Rwandan genocide are brought to book that refugees will feel confident enough to return home. "The current disarray in the Rwandan legal system has to be resolved," the Commission official agrees.

## Resettling refugees

The United Nations is looking at the possibility of resettling refugees in so-called "available areas" in Tanzania or Zaire. But the EU believes that the plan will be difficult to implement. The camps could help "sustain" a political opposition in exile. At the same time, suitable land may not be readily available.

The EU is hoping that the proposed conference will also look at other key issues linked to the future economic development of Rwanda and Burundi. EU officials suggest that donors should look at ways of restructuring the two countries' economies so that the focus switches from agriculture towards other sectors, particularly services.

"The civil strife of recent years has caused enormous disruption even to the rudimentary education system already in place but a special effort by the international community to support the development of the human resources of these countries would be a major contribution towards solving some of the underlying problems," an EU official commented.

Other issues to be discussed should include the development of the region's food capacity and the possible seasonal migration of labour to areas in neighbouring countries which are developed for private sector investment in agriculture or industry.

The EU envoy for the region will be responsible for organising the Great Lakes conference in close coordination with the United Nations and the Organisation of African Unity.

## New trade agreement

Looking at relations with South Africa, EU Foreign Ministers said they would be ready to start negotiations on a new trade cooperation agreement with Pretoria by early March.

Ministers asked the European Commission to draw up a report on the general impact of free trade agreements on the EU and its trading partners before negotiating with South Africa.

Such a study will be "very general", says the Commission.

Demands for such a study have come from France, Germany and Portugal. France has been adamantly opposed to giving additional tariff concessions to South Africa's farm exporters, fearing that this could create problems for its own farmers. But, French officials insist they remain committed to the objective of "free trade" with South Africa. – *Sapa-IPS.*

# UN spotlight on Africa

## 'Hot spots' set to dominate Security Council agenda

ARG 5/2/96 (1)

NEW YORK. — This year is shaping up as the year of Africa for the United Nations Security Council which has its agenda crowded out with African conflicts.

The war in former Yugoslavia, which along with Iraq has dominated UN deliberations for the past five years, is no longer a major issue following the signing of the Dayton peace accords in December.

Botswana ambassador to the UN, Legwaila Legwaila says that as a result, "unfortunately" African issues are likely to dominate debate in the UN's main decision-making body this year.

"This symbolises the fact that there is too much instability in Africa," he says.

Botswana is a Security Council member until the end of this year. The president of the 15-member council is currently the United States, whose UN ambassador Madeleine Albright just returned from a high-profile African tour.

From his 35th floor office in the UN tower, UN Assistant Secretary General for African Affairs Lansana Kouyate surveys the "hot spots" in Africa.

Burundi seems headed for the same ethnic bloodletting that decimated Rwanda, while the governments of Sierra Leone and Niger in west Africa have recently been overthrown and clan warfare has returned to Somalia in the Horn of Africa.

Liberia and Angola are balking at implementing a peace process and there is also concern about the democratisation process in Nigeria and political tensions in Zaire.

Sudan was added to the UN list of concerns last week after being formally accused by the Security Council of supporting terrorism.

Mr Kouyate, a Guinean, said that the continent was suffering from the fact that the democratisation process in Africa was happening at a time of financial restraint in donor countries.

"There is a gap between the commitment to democracy and the lack of resources to back economic development," he said, noting that economic crisis was "one of the main reasons for unrest" in Africa.

With the burning issue at present the tensions in Burundi, Botswana's Mr Legwaila warned that the Security Council could not impose solutions on countries which did not want peace.

He said that the UN should only intervene if African nations failed to settle their own problems. — Sapa-AFP.


**GREETINGS** *Young Frelimo supporters welcome President Joaquim Chissano to the Mozambican city of Nampula* PHOTO: FERHAT MOMADE

# Economic reforms unlikely to restrict political transformation in Africa

(I)CT(BR) 9/2/96

By Darius Bazargan

London — The introduction of political freedoms in Africa is unlikely to hamper economic reforms, according to a report compiled by Sussex University's Institute for Development Studies.

"The important thing about this study is that it demonstrates some of the major opportunities created by the process of political reform for the more effective implementation of economic reform, among them structural adjustment," said the institute's Mark Robinson, who was one of the report's authors.

"In particular it creates opportunities to discuss economic policy with a wider range of groups who wouldn't normally be involved in that process of dialogue — business groups, farmers, trade unions and so on."

For many years, Western donors found it acceptable for the recipient governments in Africa to be undemocratic, provided they accepted stringent conditions on economic policy.

But towards the end of the 1980s, partly because of the end of the Cold War, donors became less willing to support undemocratic regimes even if their economic policies were acceptable.

As a result, recipient states were obliged to pursue economic reforms in tandem with introducing greater political freedoms.

"There is no doubt that insufficient attention was given originally to good government, to political acceptability and to poverty alleviation," Baroness Chalker, Britain's overseas development minister, said last year.

"Conditions were often agreed with non-representative governments, without any attempt to build a broader constituency for change," she said.

"Negotiating adjustment was straightforward. Implementation was not."

Some feared that it would become difficult, if not impossible, for governments to introduce tough and unpopular economic policies if they were susceptible to public opinion.

The study, which focuses in detail on Uganda, Mozambique and Senegal, concludes that donor concerns about democracy undermining economic reform are largely unfounded.

The usual theory is that devaluation — a crucial part of most economic packages — reduces the real income of those who work in the state sector. This group includes politically influential civil servants who can directly affect government policy.

Conversely, the main beneficiaries of devaluation, like small-scale farmers, have limited political clout, are scattered and generally poorly organised, if at all.

The expectation is that however necessary devaluation is, it creates political difficulties for the government that introduces it.

This is the common explanation for why so many policy changes were reversed, leading to adjustment programmes being abandoned by governments or suspended by the International Monetary Fund and the World Bank.

But this does not necessarily apply to countries attempting to recover from extreme economic disaster.

> **'Insufficient attention was given to good government and poverty alleviation'**

In Mozambique and Uganda, the economies were devastated and the state sector had shrunk after many years of war. As a result, most people derived much of their income from the informal sector.

"The situation in Uganda was rather unusual in that the economy didn't have to go through such traumatic change due to the introduction of economic reforms," said Tim Lamont, an economic adviser to the Ugandan finance ministry and one of the authors of the report.

"The large majority of the population were in subsistence farming or the civil service — which was not being paid at all.

"People had to work in the informal sector and actually benefited from the reforms through their informal-sector activity. So the restructuring of the civil service and the continued low wages didn't affect them so much."

The dominance of parallel markets undoubtedly reduced political opposition to economic reform in Uganda and Mozambique.

The civil wars had caused the breakdown of many of the political institutions and organisations in civil society that might have offered concerted resistance to the new economic policies.

The report argues that where the formal sector of the economy has shrunk so that most people operate in parallel markets, adjustment has taken place for most people and they are largely unaffected by changes in the formal sector.

Ultimately, some economic growth appeared in all three of the countries surveyed, financed by increased inflows of aid. But these mainly funded public-sector infrastructure and services.

Though aid is a necessary prerequisite for private-sector recovery, it may not be sufficient to induce private-sector investment. This causes the risk of political disillusionment in the long term if expected inflows of foreign capital fail to materialise.

But the study warns that such expectations are unrealistic and can lead to disappointment.

Many observers believe that technocrats wishing to initiate a policy of macroeconomic reform and stabilisation need a certain amount of insulation from popular pressure to launch potentially unpopular programmes.

But others now argue that if such policies are to persist over the longer term a wider debate and the involvement of key interest groups is necessary.

The report argues that the introduction of competitive elections does not appear to threaten the economic reform programme.

Many observers have suggested that political liberalisation allows interest groups to organise against economic reforms.

But the report argues that interest groups in Africa are generally weak and that those that might be in a position to influence macroeconomic policy are relatively unusual. — Sapa-IPS

# No peace for Africa's press

(1)

MtG 9-15/2/96

Stefaans Brümmer

THE media are under renewed attack in some African countries, if a recent spate of arrests and bannings, and an apparent assassination attempt are anything to go by.

*The Post* of Zambia, long a thorn in the side of President Frederick Chiluba, this week came under the strongest censure from government yet, when an edition of the paper was banned, the newspaper offices were searched by plain-clothes police and three editors arrested.

Meanwhile, a Zanzibar newspaper has been banned from publishing after it carried a series of articles critical of the island government; a Nigerian newspaper publisher reportedly survived an assassination attempt; and the deputy editor of a Zimbabwe publication came under fire for publishing a story critical of President Robert Mugabe.

*The Post* managing director Fred M'membe and editors Bright Mwape and Masautso Phiri were charged on Tuesday for "possession of prohibited publications" — reference to their own newspaper, the Monday edition of which Chiluba banned by presidential decree — and for a "transgression" of the Official Secrets Act.

Before their arrest on Tuesday, M'membe and Mwape told the Media Institute of Southern Africa (Misa) that Chiluba had warned members of the public that anyone found with the Monday edition was committing a crime. Police were attempting to confiscate all copies.

The Official Secrets Act charge appears to relate to the reason the paper was banned: M'membe said the Monday edition carried an article exposing authorities' secret plan to force through the country's disputed draft constitution next month. The newspapermen's lawyer said the state was claiming his clients had received classified information for the article.

*The Post* has carried a string of exposés claiming Chiluba was not born in Zambia and that he had lied about his academic qualifications and parentage. Phiri and M'membe were charged last year with criminal libel after *The Post* published a story in which a woman claiming to be Chiluba's mistress said she had been tortured by police.


**Against the wall: Graffiti can support Tanzania's opposition, but the media cannot** PHOTO: STEFAANS BRÜMMER

In the other incidents:

- The privately owned Zanzibar newspaper *Majira* was banned by the island's information ministry a fortnight ago. The ministry cited a number of articles questioning President Salmin Amour's political conduct after the elections in October last year.

*Majira* editor-in-chief Anthony Ngaiza told Misa he had published, among others, an editorial referring to Amour as a "hooligan" when members of the main opposition party, the Civic United Front, were "harassed and detained without trial". Ngaiza said he believed the ban was "an attempt to cover up on the rising tension between the opposition and the ruling Chama Cha Mapinduzi". The paper was taking legal action to challenge the ban.

- Alex Ibru, publisher of Nigerian independent newspaper the *Guardian*, was reportedly shot in his car in Lagos by unknown assailants last week. He survived.

- Trevor Ncube, deputy editor of Zimbabwe's *Financial Gazette*, was suspended by his newspaper for a month this week after he published a story, but was reinstated on Wednesday. The story was supplied by Reuters news agency, claiming that Mugabe had asked his pilots to "jump the queue" at Maseru airport.

Reuters Southern Africa acting bureau chief Ian Mackenzie said later: "We are satisfied with the sourcing of our story from Maseru."

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The Official Secrets Act charge appears to relate to the reason the paper was banned: M'membe said the Monday edition carried an article exposing authorities' secret plan to force through the country's disputed draft constitution next month. The newspapermen's lawyer said the state was claiming his clients had received classified information for the article.

*The Post* has carried a string of exposés claiming Chiluba was not born in Zambia and that he had lied about his academic qualifications and parentage. Phiri and M'membe were charged last year with criminal libel after *The Post* published a story in which a woman claiming to be Chiluba's mistress said she had been tortured by police.


**Against the wall: Graffiti can support Tanzania's opposition, but the media cannot** PHOTO: STEFAANS BRÜMMER

In the other incidents:

- The privately owned Zanzibar newspaper *Majira* was banned by the island's information ministry a fortnight ago. The ministry cited a number of articles questioning President Salmin Amour's political conduct after the elections in October last year.

*Majira* editor-in-chief Anthony Ngaiza told Misa he had published, among others, an editorial referring to Amour as a "hooligan" when members of the main opposition party, the Civic United Front, were "harassed and detained without trial". Ngaiza said he believed the ban was "an attempt to cover up on the rising tension between the opposition and the ruling Chama Cha Mapinduzi". The paper was taking legal action to challenge the ban.

- Alex Ibru, publisher of Nigerian independent newspaper the *Guardian*, was reportedly shot in his car in Lagos by unknown assailants last week. He survived.

- Trevor Ncube, deputy editor of Zimbabwe's *Financial Gazette*, was suspended by his newspaper for a month this week after he published a story, but was reinstated on Wednesday. The story was supplied by Reuters news agency, claiming that Mugabe had asked his pilots to "jump the queue" at Maseru airport.

Reuters Southern Africa acting bureau chief Ian Mackenzie said later: "We are satisfied with the sourcing of our story from Maseru."

# Africa takes its place on the mining map

(1) MtG (BM) 9-15/2/96

**Lynda Loxton**

AFTER years of neglect, the African mining industry is attracting unprecedented attention from as far afield as North America and Australia.

This was borne out strongly this week as more than 500 delegates from Africa and elsewhere turned up for the first annual Investing in African Mining Conference/Indaba in Cape Town.

The reason for this interest was spelt out by delegate after delegate — African countries had largely abandoned their various failed post-colonial economic experiments, had knuckled down to serious economic reforms and were becoming less regulated and more "investor friendly".

They warned, however, that this trend had to continue and had to be accompanied by political stability and a lack of corruption.

For their part, African mining ministers said they had heard the message and spelt out what they had done, and would continue to do, to attract investment. About 30 African countries have made significant changes to their mining investment codes over the last 10 years.

Financial advisers attending the conference confirmed the increasing popularity of Africa as an investment destination — but warned that there was still a long way to go until Africa was as popular as the booming South East Asian markets, despite its enormous reserves of untapped wealth.

"The economic tigers of South-East Asia and the rapidly developing economies of Latin America are likely to remain the investment focus, but the smaller markets — and particularly those undergoing restructuring — will undoubtably command increasing attention," says Michael Spriggs, director of SBC Warburg in London.

These included the small, but well established markets of Southern Africa (Namibia, Botswana and Zimbabwe) and the embryonic markets of Central Africa (Ghana and Kenya).

Spriggs said the single largest factor holding back investment in Africa was investor views on country risk. Quantifying this risk was "problematical because it inevitably involved subjective judgments" but a useful reference was the estimates published by the Economist Intelligence Unit (EIU).

EIU ranked about 85 countries, with scores ranging from 100 (Bosnia and Iraq) to five (Singapore). Fewer than half of these had developed markets, and not all had significant mining industries.

Spriggs said the 21 countries included from Africa fell into three broad groups:

- low-risk markets of Southern Africa (South Africa, Namibia, Botswana) and North Africa (Morocco, Egypt and Tunisia);
- moderate risk markets (Ghana, Zimbabwe and Kenya);
- high-risk areas of North Africa (Libya, Algeria) and Central Africa (Zaire, Sudan).

These rankings inevitably vary with changing circumstances in individual countries, mainly political movements but, as the crisis in Mexico in 1994 showed, economic policies and debt management are also important.

Other important considerations for investors include: security of tenure, right to repatriate profits, management and equity control and a consistent tax regime.

Africa's efforts have begun to show some tangible results. A recent review by the *Financial Times* of the spending plans of 154 mining companies showed that 12% of their combined exploration budgets were destined for Africa in 1995. Planned expenditure in Africa rose 61% to $320-million.

The challenge for Africa is to transform these "exploration dollars" into long-term investment — and judging by the many serious one-to-one meetings held between African and Western mining companies and investors at this week's conference, they might just do it.

# Govts poach bankers in Africa

(1) BD 12/2/96

ABIDJAN — The Central Bank of West African States watches over the monetary affairs of the region's franc-zone states but for a growing number of its staff it is proving a stepping stone into government.

Soldiers taking power in Africa, as they did in Niger last month, invariably turn to technocrats to take charge of economic matters and reassure hostile Western creditors.

This has obvious advantages for new rulers, whose countries are often among the world's poorest, in need of economic guidance soldiers are ill-equipped to offer.

But former bank staff are also playing a key role in more stable countries such as the Ivory Coast and Senegal.

"The major issues for governments in our area are macroeconomic and governments need more and more to provide assurances to foreign partners," said a regional banker in the Togolese capital Lomé.

"The political powers here have come to believe that the best argument (before creditors) is the technical ability of the prime minister or finance minister," he said.

The bank is the central bank for seven former French colonies among 13 countries in Africa sharing the French-backed CFA currency. The seven — Benin, Burkina Faso, Ivory Coast, Mali, Niger, Togo and Senegal — are also grouped in the UEMOA monetary union. The Yaounde-based Central Bank of Central Africa serves the other CFA-zone members, which are all former French colonies with the exception of formerly Spanish Equatorial Guinea.

This month alone central bank economists were appointed prime minister in Niger, following the coup there, and in Burkina Faso, where a former military ruler is reforming the economy.

Finance ministers of four of the seven states — Ivory Coast, Niger, Mali and Senegal — are former central bank staff.

Prime Minister Daniel Kablan Duncan, the driving force behind Ivory Coast's privatisation and investment programmes, was a senior technocrat at the bank.

His predecessor, Alassane Ouattara, was the central bank's governor when late independence president Felix Houphouet-Boigny brought him home to rescue an economy in the throes of recession.

Ivorian President Henri Konan Bedie, like Benin's Nicephore Soglo, is a former World Bank official.

International bankers say Western creditors faced with piles of unpaid loans to countries in the region, need reassuring.

However, some Western experts involved with World Bank and International Monetary Fund adjustment programmes say working for the central bank is no guarantee in itself of suitability to run one of the member countries' economies.

The role of the French treasury, as guarantor of the CFA franc which has been pegged to the French franc since 1948, limits the scope for monetary policy decisions by the bank.

One expert rated the bank higher than national finance ministries in terms of macroeconomic expertise but another said attractive salary packages had a negative impact on decision-making, making people keen to hang on to their jobs.

"Ultimately it depends on the individual," said one expert. — Reuter.

# Africa's 'decade of democracy' hits potholes

(1) BD 14/2/96

ONCE confidently hailed as Africa's decade of democracy, the 1990s are proving that the path to multiparty politics and market-driven economic policies is a bumpy one.

Recent coups in Niger and Sierra Leone, unrest in Equatorial Guinea, the deepening crisis in Nigeria and the failure to restore order in Zaire, Liberia, Sudan, Rwanda and other crippled sub-Saharan African states are the most obvious signs of stress.

Adding to the concerns of international donors, who are anxiously looking for evidence that their policies are helping Africa recover from its disastrous post-independence record, has been the weak performance of government and opposition alike in many of the continent's new democracies.

"The wind blowing from Europe has begun to sweep Africa," enthused former French president Francois Mitterrand in 1990 as the end of the cold war and the democratisation of communist regimes helped inspire African electorates frustrated by years of dictatorship. France, Britain, the US and other leading donors added to the pressure on authoritarian regimes by linking aid to what they called "good governance".

Military rulers succumbed to democracy and one-party civilian regimes gave way to demands for multiparty elections.

In several, notably SA and Namibia, democracy has taken root, adding them to the ranks of Botswana and Mauritius. But in most the outcome has been flawed or fragile.

Is it because the democratisation of a continent burdened by arbitrary boundaries and the lop-sided economic legacy of the colonial era is bound to be "gradual, messy, fitful and slow, with many imperfections along the way", as US political scientist Larry Diamond has suggested?

Or have the donors got their priorities wrong, forcing the continent to "follow mindlessly the present politically correct and stridently advocated view that democracy is the precondition for economic development", as Singapore's senior minister Lee Kuan Yew put it in a speech in 1993.

Taking multiparty elections as a yardstick of change, the continent has been transformed. In the past few years parliamentary elections have been held in 35 out of 48 sub-Saharan countries. Encouraging though this is, say African analysts, the transition to democracy is far from complete or secure.

Marina Ottaway, visiting professor of African Studies at Georgetown University, Washington, reports that in 17 countries "these elections did not bring about significant change in the direction of democracy".

In seven countries (Burkina Faso, Cameroon, Ethiopia, Gabon, Guinea, Mauritania and Togo) elections were "seriously flawed". In another four (Angola, Gambia, Nigeria and Burundi) election results "were voided by subsequent non-democratic interventions"; and in six (Congo, Djibouti, Ghana, Ivory Coast, Kenya and Senegal) the elections "were at best marginally free and fair".

For aid donors this record poses questions.

Although economic reforms — competitive exchange rates, trade liberalisation, privatisation — have gone hand in hand with political change, the link is not borne out by the Asian experience, as Lee pointed out. Nor, he could add three years later, is it self-evident in Africa either.

It was Ghana that blazed the African economic reform trail in the early 1980s, making it the World Bank role model, a status enhanced when the military government of Jerry Rawlings held multiparty elections in 1992.

However, in the run-up to the polls, the government relaxed monetary and fiscal discipline and eased back on reform measures, including privatisation. Although the ruling party won the election, it paid a high price: money supply rose, inflation climbed and foreign investors held back.

Now Uganda has taken over as the star performer, registering annual average economic growth of 5%-6% during the past decade. President Yoweri Museveni, however, presides over a de facto one-party state, tolerant of opposition, but allowing no fundamental challenge to his administration.

Had the record of opposition parties in Africa's new democracies been more encouraging, donors would be on firmer ground.

As it is, the opposition performance has been weak, whether in Ivory Coast, Kenya, Zambia, Tanzania, Zimbabwe or elsewhere. Ethnic loyalties, not policy, have determined voter allegiance, while the institutions which should buttress democracy — the Press, judiciary, public service, trade unions — have yet to recover from the era of autocratic rule.

Meanwhile the donors' own shortcomings have become increasingly apparent. Trade or security concerns frequently take precedence over strict enforcement of the principles of "good governance", a fact many donors do their best to conceal by conducting discussions in secrecy.

They are divided also within their own ranks, and often inconsistent in their approach, making multiparty politics a condition of aid to Kenya, but not Uganda, for example. Critics have pointed out that the same donors have not allowed human rights to stand in the way of increased trade with mainland China.

For donors trying to steer a course between principle and pragmatism, rewarding reform as well as punishing transgression, the decisions are often difficult.

As Ottaway points out, there is always a danger that the aid community can be outwitted: "African leaders are learning that foreign donors can be appeased without a complete surrender to the voters' choice.

"They are becoming adept at holding elections that are just open enough not to incur sanctions by the international community, while protecting themselves against excessive competition." With the leaders of Ghana, Zimbabwe, Zambia and Kenya all facing elections in the coming months, no doubt opposition parties and donors will be bearing this in mind. — Financial Times.

# Depressing perceptions about Africa fuel growing financial crises

(1)

Star 16/2/96

## Discussions organised by the OAU to generate ideas on how to improve economic conditions in Africa kept returning to the need for better governance and stability

**New York Times News Service**
Ouagadougou, Burkina Faso

When heads of state and finance ministers from all over Africa gathered in this dusty capital this week, the ostensible purpose was to exchange ideas on how to launch an economic take-off for the world's poorest continent.

Throughout the discussions organised by the United Nations Development Programme, two themes, better governance and stability, repeatedly cropped up as the critical elements missing from any formula to move this continent forward.

"There is a clear recognition among leaders that as long as there is conflict, all the talk about economic development will remain just that: talk," said Salim Ahmed Salim, secretary-general of the Organisation of African Unity. "And as long as this conflict remains so widespread, the outside world will just not care about Africa."

But even while strategies were being thrashed out on questions ranging from debt relief to conflict resolution, participants were fighting perceptions, fed by the week's news, that Africa's leaders are either powerless or lack the will to halt their continent's dangerous drift.

As the UN conference began, soldiers in neighbouring Niger overthrew a democratically elected government, citing the inability of the president to work together with a prime minister who was drawn from the country's opposition.

But if the affairs of state in Niger seemed blocked under a fledgling democracy, the military coup brought about an immediate suspension of most foreign aid.

It also imperilled a nearly completed agreement with the International Monetary Fund that would have included the payment of civil service salaries for the first time in three months in one of the world's poorest countries.

Even before they could digest the news of what had happened in Niger, word came from nearby Guinea that another elected head of state, Lansana Conte, had come under attack from soldiers who burned down the presidential palace in a mutiny that began over demands for better pay and nearly resulted in the government's overthrow.

### Is Africa ready for Western democracy?

"What is happening to our continent?" asked one participant as he left the conference to return home. "It seems that for every step forward we take, there are two steps backwards."

Others questioned whether Africa was ready for Western-style democracy.

Some officials here said that the developments held answers to Africa's predicament that are rarely addressed at forums like this.

Although elected in 1993, Guinea's president is perceived by diplomats as having won through voting irregularities that received little international condemnation then, but which effectively minimised the importance of his mandate.

"If we are serious about helping democracy get started in Africa, we have to be clear about what democracy means," a UN official said.

"It does not mean stealing elections or rewriting the laws to prevent legal challenges."

Making matters worse, Guinea, a mineral-rich country which has never managed to take off economically, has been poorly governed for years, including during the term of Conte, who has been unable to achieve such elementary results as paying salaries on time or keeping the streets safe from policemen who are known to rob citizens at gunpoint.

Likewise, in Niger, the difficulties of mastering democratic processes three years after the country's first free elections were compounded by a stark financial crisis. Dominated by a near-desert landscape and spreading drought, the country has become dependent on two dwindling sources of income: the sales of uranium ore and foreign aid.

"The international partners of Niger really should have done more to help this country through its crisis," said Ellen Johnson Sirleaf, deputy administrator for Africa of the United Nations Development Programme.

"Now we are reduced to taking a reactive stance, and that is not so very helpful at this point."

# 'Kaburus' no longer Africa's pariahs

ARG 17/2/96 (1)

**JASTON BINALA**
Foreign Service

DAR ES SALAAM. — A plump white man in khaki shorts and a white T-shirt walking down a busy street in Dar es Salaam looks different, somewhat out of place among the black crowd.

But he is obviously comfortable as he talks to street-side curio sellers who "accept" him.

Attitudes towards white people have changed in this part of Africa following what is regarded as South Africa's "independence" and its adoption of a multi-racial democracy.

This new attitude is a far cry from the recent past when virtually every white man was suspected of being a South African spy who might be looking for freedom fighters of Swapo, the African National Congress, or the Pan Africanist Congress.

Whites who came to Tanzania risked being attacked by people who were overly suspicious. Nearly every white person was suspected of being a kaburu, a derogatory name for white South African farmers from the term boer. Nobody wanted to be known as a kaburu.

Two Baptist missionaries were, on two separate occasions, mistaken for South African spies. Don Smith was detained at Kigurunyembe Teachers Training College at the Uluguru Mountain near the town of Morogoro. His drive was too close to the institute for the defence force's comfort.

Ervil Senter was arrested at Mzinga village at the foot of Uluguru by soldiers who were convinced he was a kaburu. He was saved by Harry Mwasanjala, a Tanzanian preacher who vouched for the American missionary. On another occasion a male tourist was brutally manhandled at Urafiki Textile Mills in Dar es Salaam. He had taken a picture of the factory and was suspected of being an arsonist.

But all the suspicion and hatred have now vanished. People smiled and cheered when a South African gunship and submarine docked in Dar es Salaam recently.

Michael Okema, a senior lecturer in political science at the University of Dar es Salaam, says hatred against kaburus started to subside when Nelson Mandela was released from prison in 1990. The crumbling pillars of apartheid have also greatly improved attitudes.

Tanzania had been a major training ground for freedom fighters sice its independence. They later returned to their home countries in the southern African region to remove "Makaburu" from power.

Tanzanians were highly politicised. They felt a part of the "struggle". Primary schools sang hate songs against apartheid South Africa every morning.

But as Pretoria gave in, Mr Okema observed, and as the kaburus' last stronghold moved closer to a multi-racial democracy, the hatred became worthless. Both black and white South Africans began to gain acceptance, to such an extent that South African investors have also moved here and find Tanzania to be a good country in which to trade.

One of the pioneer companies to move here is South African Breweries. Through its subsidiary company, Indol, SAB has pumped $42 million (R151,2 m) into Tanzania Breweries Limited to enter into a joint venture with the Tanzania government.

Danny Nimandt, Indol representative in Tanzania and also executive managing director of Tanzania Breweries, says he feels accepted and receives numerous phone calls from fellow South Africans who would like to move their investments here. Mr Nimandt said areas for potential investment included agriculture, tourism and mining.

By abandoning apartheid, South Africa had transformed a long-time enemy into a friend he said.

The new attitude is probably best typified by Miki Tasseni, a columnist at The Guardian newspaper in Dar es Salaam. "Whenever I see the word kaburu in a story for publication I simply scratch it out. It does not mean much any more," he said.

"The feeling that South Africa is accepted in this country can also be measured by the volume of people wanting to migrate South," says Mr Okema, who adds: "Intellectuals, peasants, young people, you name it — everybody wants to go south. Everybody realises that it is no longer the enemy."

Mr Okema argues, however, that the absence of the word kaburu is superficial. White South Africans will always be makaburu, albeit only a name.

"You have to understand the Tanzanian culture to get what I mean. A derogatory word can very quickly turn into a joke here," Mr Okema said. "So for Tanzanians, white South Africans will always be makaburu; but it does not mean anything. It is just to give them an identity. Nothing more."

# Brown lauds the private sector

(1)

CT (PR) 23/2/96

FROM REUTER

Nairobi — The private sector is the best source of investment for Africa.

That was the message the US Secretary of Commerce, Ron Brown, took with him yesterday, when he left Nairobi for Kampala, Uganda on the fourth leg of a five-nation African tour.

While in Nairobi, Brown said that many countries had accepted that bilateral, donor, and multilateral assistance were being relegated to a less important role in the growth drive.

"The only source of alternative investment is the private sector, be it domestic or foreign. This historic rebalancing of the fulcrum has already shifted in some developing countries. It must now shift in Africa," he said.

Potential private-sector investors constantly cited political instability as the main condition they sought to avoid, Brown said. "When government expands society's political space to accommodate diverse views and interprets laws to encourage dialogue, then investors are assured."

Brown had also been widely expected to make a candid challenge to Kenya to stamp out corruption and streamline bureaucracy to spur investment.

But after talks with Kenyan President Daniel arap Moi, Brown said the United States was pleased to hear about the Kenyan government's efforts to tackle corruption at the East African port of Mombasa.

More than three dozen port employees were suspended and two dozen charged in court in relation to tax evasion and fraud.

# Bankers' crisis is over, but Africa's debts remain (1)

CT(PR) 23/2/96

By Paul Vallely

London — They called it Third World debt and 10 years ago it seemed that it could send the world banking system into spasm.

It was designated a crisis when it became clear that a succession of major banks had lent too much money to developing countries who could not pay it back.

Today, the crisis is over, at least for the bankers. They have gradually spread their activities into other areas to lessen the risk. But for almost a decade another massive debt has remained untreated and largely out of public sight. This hidden debt is owed to international financial institutions such as the World Bank and the IMF.

These debts are now 400 percent higher than they were in 1980. Today, about half of the interest payments made by poor nations go to these multilateral creditors.

After years of insisting that multilateral debt was not a serious problem, the directors of the IMF met this week to discuss what could be done. The burden of repaying falls on the shoulders of some of the weakest people in the world. Third World governments have been coerced for a decade by international monetary authorities to repay the debt by implementing packages of economic adjustment which axe food subsidies and cut health and education budgets.

About £400 million was transferred from the poor to the rich in interest and capital repayments every day between 1982 and 1990. This was as much as the entire Third World spent on health and education combined, and considerably more than was sent in aid.

Over the past decade, in visiting Africa I have come across many examples of how the poor suffer under structural adjustment packages which are draconian, inflexible and crammed into unrealistic timetables.

There was the copper miner I met in Zambia who lost his job under an IMF-inspired redundancy scheme and then found that a cut in food subsidies doubled the price of maize; his children ate only a small bowl of porridge once a day. There was the baby dying of measles in Uganda where the government spends $3 a head on health compared with $17 per capita repaying multilateral debt.

In Mozambique, I visited a school which had three pencils for each class of 50 children and no books. What the country pays in debt service every year is 10 times what it would cost to provide free books for every school child.

An Oxfam report released this week is more comprehensive. It shows that between 1990 and 1993 Zambia spent 35 times more on the interest on debt than it did on primary education, where fees have been introduced. School drop-out rates are rising.

Fees at clinics have resulted in a drop in attendance and a 20 percent rise in child mortality in the past 10 years. The picture in other countries is depressingly similar. The old mass literacy campaigns have disappeared and diseases that once seemed eradicated are returning. After years of improvement in the post-colonial era, Africa is in decline. Many developing countries are no longer developing.

Debt is not the whole problem. Third World leaders spend too much on defence, on prestigious projects and subsidies to inefficient and often corrupt nationalised industries. Economic adjustment is necessary, though not at the speed and under the conditions imposed by the IMF.

But debt is now the single biggest obstacle to development. High debt stocks deter foreign private investors. Repayments gobble up a quarter of all aid. About 10 000 separate debt rescheduling negotiations over the past 15 years have diverted the Third World's most able people from real development tasks. And the debt still grows as unpaid interest is capitalised.

There were a number of highly technical options on the table at the meetings in Washington on Wednesday and the final recommendation will not be clear until the world's finance ministers meet in April.

But the moral imperative on our politicians to do something radical could not be clearer. — The Independent of London

# East African hopes high as neighbours resume links

(1) BD 29/2/96

NAIROBI — Unremarked by the outside world, an event of note took place last month when the MV Bukoba, carrying 16 passengers from the Tanzanian port of Mwanza, steamed across Lake Victoria to dock at Kisumu on the Kenyan shore.

As incredible as it might seem for countries that are neighbours, with a lake offering a natural thoroughfare, the event marked the resumption of passenger services after an 18-year break.

Regular services halted when the East African Community, under which Kenya, Tanzania and Uganda shared railways, airlines, harbours, posts and telecommunications, broke apart, destroyed by the personal antagonisms and divergent political philosophies of the leaders of the day.

Transport links were interrupted, borders closed for years, common assets seized by the countries holding them, triggering years of acrimonious negotiations.

Today the East African Community is back on the cards again, pushed as an idea by Tanzania and Uganda, with Kenya recently — and somewhat reluctantly — joining in.

At a summit in Kampala last month Kenyan President Daniel arap Moi, regarded until then as the main obstacle to a new community, promised to end a year-long stalemate by naming an appointee to a secretariat to oversee the process from the Tanzanian town of Arusha..

But while few doubt the gains the region stands to make from increased co-operation, many fear a repeat of history, as the factors that sabotaged the original community — jealousy and suspicion between the individual leaders — bubble below the surface.

When it was established in 1967, the East African Community was regarded as one of the best examples of co-operation in Africa, but it took only 10 years to collapse.

President Julius Nyerere, Tanzania's high-minded then head of state, wanted to be free to follow his own socialist path and clashed with Kenya's pro-western capitalist president Jomo Kenyatta. He also refused to sit at the same table as Idi Amin, Uganda's brutal dictator. Tanzania and Uganda accused Kenya of hogging the benefits of the community.

The breakup of the community, with all it implied in terms of border checks, tariffs and restrictive regulations, acted as a dampener on trade while encouraging smuggling among communities straddling the frontiers.

Cut off from its neighbours, each country found itself struggling to develop a manufacturing industry for a small local population with limited buying power.

Kenya's industrial sector, the giant of the region, is stagnating for want of new markets. Uganda chafes at its lack of access to the sea. Tanzania suffers from a shortage of consumer goods. As for foreign businesses, the prospect of tackling three separate sets of national regulations to win access to a market of only about 70-million consumers has been a disincentive.

With the encouragement of the IMF and World Bank, talks on a new EAC were launched seriously two years ago. The three agreed to set up a secretariat, with an annual budget of $1,2m. Kenya, the biggest industrial power, was to appoint the secretary-general.

In theory, the regional climate is far more conducive than in 1977. The bloodletting in Uganda is over. Tanzania, Kenya and Uganda have swallowed the medicine prescribed by the IMF and their economies now share many characteristics.

"All three have relatively open trade regimes," says Anand Rajaram, World Bank resident economist in Nairobi.

"Together as a beacon they should be sending out a message to the rest of the world — we have liberal regimes and harmonious regulations, come and invest here," says Rajaram.

But this is to reckon without the hostility that has long brewed between Moi and President Yoweri Museveni of Uganda. The Kenyan president, from the old school of post-independence politicians, suspects his younger, charismatic counterpart of imperialist ambitions.

When the three leaders met last month Moi emphasised his commitment to the community, and the mood was mellow. But Kenya's procrastination has meant that the secretariat, originally supposed to open last March, is now a year behind schedule.

"Even if a secretary-general is named, the community will not get off the ground until there is a new president of Kenya," predicts one diplomat. "You have to have like-minded people, and in Moi and Museveni you don't have that." But optimists argue that the movement has already gained such momentum at a lower level, with transport, police and central bank officials already co-operating, *that something will have been achieved* even if the presidents fall out.

The IMF has praised Tanzania's new leadership for commitment to economic reforms and elimination of corruption, seen as crucial in kickstarting growth in the impoverished nation, Reuter reports from Nairobi. An IMF delegation and Tanzanian officials were due to continue meetings yesterday on steps to revamp the economy. — Financial Times.

# East Africa stumbles towards union

(1) CT(BR) 8/3/96

By Joe Khamisi

Nairobi — The leaders of Kenya, Uganda and Tanzania are to meet for a watershed summit in the northern Tanzanian town of Arusha next Thursday.

It will be the latest in their efforts to revive the East African common market disbanded almost 19 years ago.

But the union is already in trouble because of unresolved political differences between Kenya and Uganda, lack of defined integration targets and suspicion among the leaders themselves.

The relaunch of the union is already behind schedule; a functioning secretariat was to have been set up in Arusha by March last year.

But Daniel arap Moi, the Kenyan president, outraged by what he claimed were Ugandan-backed clandestine plans to destabilise his regime, refused to appoint a secretary-general as provided for in the co-operation agreement.

For a whole year the two neighbours engaged in hostile verbal attacks over mundane issues.

In the meantime, Yoweri Museveni, the Ugandan president, sitting out his last term in office, saw no need to intervene. Enter new Tanzanian president Benjamin Mkapa last December.

A staunch supporter of regional co-operation, Mkapa convinced the two antagonists to patch up their differences and allow the relaunch to proceed. It was then that Moi agreed to appoint the union head.

A summit held along the common border between Moi and Museveni, however, made no attempt to examine unresolved difficulties. Both countries hold dissidents they refuse to surrender.

For example, there is the question of self-styled brigadier, John Odongo, whom Moi claims has a secret army in Uganda waiting to overthrow his regime.

Moi wanted the rebel leader repatriated to face criminal charges. Museveni refused.

Instead, the Ugandan leader negotiated with Ghana.

Jerry Rawlings, the president of Ghana, accepted Odongo as a political refugee after it became ominously clear the two countries were heading for war.

In what amounts to a reprisal of some sort, Kenya now refuses to hand over one of Uganda's most wanted rebel leaders, Major Herbert Itongwa.

Instead, it has placed the man who is wanted for plotting an insurgency in Uganda, under the protection of the United Nations High Commission for Refugees.

There is also the question of political realignments in a region torn by civil strife.

Moi's close relations with Sudan and his support for Hutu rebels also appear to preclude a full normalisation of relations with Uganda.

Kampala and Khartoum are at odds as each country accuses the other of arming dissidents.

Also, while Uganda supports the Tutsi-dominated government in Kigali, Rwanda, Moi continues to shield former Hutu government officials who enjoy hospitality in Kenya.

Museveni wants the officials apprehended and handed over to the UN war tribunal to face genocide charges related to the 1994 civil war in Rwanda. Moi remains noncommittal.

At the centre of all this is the private belief in Dar es Salaam that the union may be hijacked by the more developed Kenya to the detriment of Tanzania.

Observers fear that these lingering suspicions could spell doom for the anticipated union simply because the agreement of co-operation provides no mechanism for conflict resolution among partners.

The three countries have also not given any details about the nature of their co-operation.

"So far," said Oduor Ong'Wen, a Kenyan analyst, "we have yet to be told what the nature of the East African co-operation is. Is it a free trade area, a custom union or a common market?"

Ong'Wen said lack of proper definition could lead to the disintegration of the arrangement.

During a seminar of legal experts in Nairobi this month, speakers said regional co-operation would be untenable unless there were fundamental constitutional reforms in each member state.

"Unless the international constitutions of the partner states allow for a law under which presidents can be corrected, we shall have no certainty of ratification of the decision taken at the regional level," said Benna Lutta, a retired Kenyan judge.

The present constitutions vest unlimited powers in presidents. For example, neither the industrial and financial sectors, major players in the success of the union, have not been consulted on how the community will function.

The three countries have indicated they would like to see free movement of people and goods as well as co-operation in the fields of trade and commerce, security, communication, customs and excise, education and culture. — Independent Foreign Service

# Africa to sign nuclear-free zone accord

(1) BD 13/3/96

GOVERNMENT leaders and ministers from all 53 African countries are set to sign a treaty outlawing nuclear weapons throughout the continent next month.

African diplomats said yesterday they hoped the accord, drafted with UN support, could serve as a model for a nuclear weapons-free zone in the Middle East.

The African nuclear weapon-free zone treaty, also known as the treaty of Pelindaba, is the third regional pact barring nuclear weapons, following those of Latin America and the South Pacific.

The Pelindaba accord commits countries to renounce the development, acquisition, testing or stationing of nuclear arms on their territory.

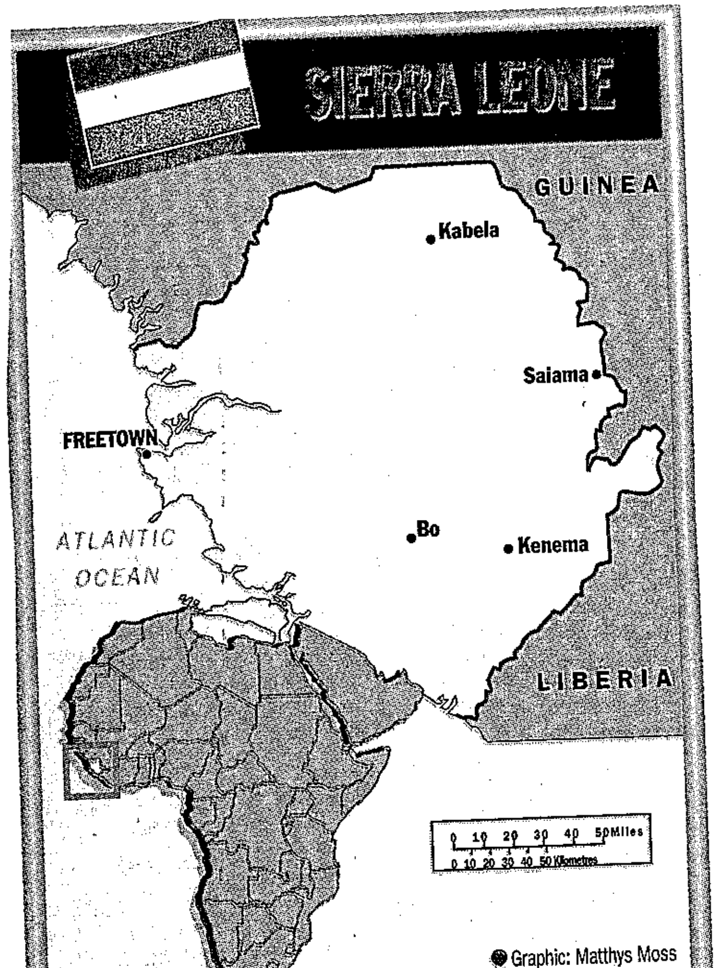
It also prohibits the dumping of imported radioactive waste.

The five declared nuclear-weapons states — the US, Russia, France, Britain and China — have been asked to sign two treaty protocols guaranteeing not to attack treaty members with nuclear weapons or to carry out nuclear tests in the region.

They have not yet given a firm response to their invitations to next month's ceremony in Cairo, but Jacob Selebi, SA's ambassador to the UN, said yesterday he was "very confident" all five would sign.

A third protocol commits France and Spain to observe the treaty for their own territories in Africa.

The treaty, which will come into force after ratifications by 28 African nations, allows members to decide whether to allow visits or transit by foreign ships and aircraft which may be carrying nuclear weapons. — Financial Times.



Graphic: Matthys Moss

# Sierra Leone lights glimmer of hope in West Africa

(1) CT 14/3/96

**TWO WEEKS** ago Contributing Editor **ALLISTER SPARKS** witnessed Sierra Leonians defy rebel bullets to participate in their first democratic elections in nearly 30 years.

TWO years ago, in an article in Atlantic Monthly magazine which strongly influenced Western attitudes towards Africa, American writer Robert Kaplan portrayed Sierra Leone as the epicentre of a spreading blight of governmental disintegration, political anarchy, scarcity, crime, overpopulation, tribalism and disease that he believed was destroying the social fabric of the planet.

This noxious degeneration, Kaplan contended, had already engulfed all of West Africa and was now advancing across the rest of the world to pose what he predicted would be the main global security issue of the early 21st century.

In a vivid analogy, he likened the inhabitants of the developed world to passengers in an air-conditioned stretch limo cruising through a Third World wilderness of physical and moral decay.

Although Kaplan did not intend his thesis to cause the First World to turn away from Africa — "we ignore this dying region at our own risk", he wrote — that is what happened. Diplomatic interest in Africa nosedived and Sierra Leone in particular slid to the bottom rung of US foreign-aid recipients.

But just two weeks ago I watched Sierra Leonians light a glimmer of hope in West Africa as they defied rebel bullets and the unpredictable violence of a rabble army to participate in their first truly democratic elections in nearly 30 years, that may — just may — set them on a road to recovery.

It was the most unlikely election imaginable. The ruling military junta was clearly unenthusiastic. A revolutionary movement which had been trying to topple the military government and take over power itself had vowed to stop the elections by force — and strove vigorously to do so.

The poorly trained and undisciplined Sierra Leone army was itself more of a threat than a stabilising force, with many conscripts being labelled "sobels" — soldiers by day, rebels by night — as they, too, harassed and looted the local population.

The situation on the ground was hopelessly unstable. The five-year rebel war has displaced half the 4 275 000 population, driving some into refuge camps in neighbouring Guinea and Liberia and thousands more into the urban centres of the country. Large parts of the country are no-go areas, and road transportation everywhere is unsafe.

Media expectations were so low that there was not a single international journalist present. Not one television camera.

Yet the elections took place, with a 60% poll nationwide. Five international observer teams pronounced them fair and a legitimate expression of the will of the people of Sierra Leone.

I watched these elections as a member of a Commonwealth Observer Group from the south-eastern town of Kenema, on the edge of a no-go belt that stretches to the Liberian border 50km away.

The town has an estimated population of 400 000, double what it was before the rebel war sent thousands of refugees streaming in from the ravaged villages all round.

As our observer group settled in at a pastoral centre on the outskirts of Kenema, news reached us each day of encroaching rebel attacks on nearby villages. Then, early on the morning of election day, all hell broke loose.

The polling stations were due to open at 7am, and at exactly 6.15am the rattle of small-arms fire broke out around the centre where we were billeted.

For about 2½ hours the battle raged. At times the fighters came within 50 yards of us and we could hear rebel voices shouting "No election! No election!" between their bursts of AK-47 fire.

Then, indistinctly at first but gradually increasing in volume, we heard a counter-chant coming from the direction of the town centre: "We want vote! We want vote!"

Thousands of people were pouring into the streets, and as the chanting crowd swelled they ran through the town waving palm leaves. An electoral commission van drove ahead of the crowd, with an election song blaring over its loudspeaker system and the voice of the local electoral commissioner calling on the people to come out of their houses and join the throng.

Whether it was this display of public courage or a successful counter-attack by the local military was unclear, but the rebels began to withdraw and the shooting subsided.

The polling stations opened late, some not until the afternoon, but electoral commission workers toiled frantically to open extra stations and by the time the polls closed at 6pm nearly every registered adult in Kenema had voted.

In spite of everything that was ranged against them, the elections took place across most of the country with no sign of irregularities. There was no outright winner of the presidency. This means there must be a run-off election on March 17 between the two leading contenders, Tejan Kabbah, 62-year-old leader of the Sierra Leone People's Party, and John Karefa-Smart, a sprightly 81-year-old who was a leading member of the government when Sierra Leone gained independence from Britain in 1961.

Now the task is to make Sierra Leone's tenuous hold on democracy sustainable. If there is no improvement in the quality of life, then it will be back to Robert Kaplan's doomsday. If it is to succeed, Sierra Leone will need help from the international community.

# UN unveils R97-bn plan for African development

(1)

Star 15/3/96

## The problems facing the continent are daunting and unlikely to be resolved by investment alone

By Mike Littlejohn
Star Foreign Service

The United Nations has unveiled an ambitious programme for development in Africa, in a response to charges by African leaders that its problems go largely unheeded in the industrialised world.

However, the $25-billion (about R97-billion) scheme, over 10 years, appears as a mere drop in the bucket for a continent whose external debt load alone is estimated at $313-billion (R1 220-billion).

UN secretary-general Boutros Boutros-Ghali was scheduled to join World Bank president James Wolfensohn at the New York launch ceremony yesterday.

But, having attended the anti-terrorism summit in Egypt, he travelled instead to Geneva to take part in the UN's programme there.

Later, he was leaving for official visits to China and Japan.

The aim of what is designated the System-wide Special Initiative for Africa is to expand basic education and health care, promote peace and better governance, and improve water and food security.

UN agencies will devote the first year to mobilising political commitment and support for the enterprise.

The World Bank has agreed to lead in mobilising more than 85% of the target sum, the bulk of which will be for education and health services.

James Gustave Speth, head of the UN Development Programme, called the programme the world body's largest ever co-ordinated action plan.

Prospects for African development were now much improved, he said, warranting a higher level of priority.

The problems faced, however, are daunting and unlikely to be resolved by a $5-billion-a-year (R19-billion) investment.

Crippling external debt problems have been worsened by a steep decline in Africa's share of foreign direct investment flows since 1989. These are now stuck at about 4%.

Also, non-fuel commodity prices are projected to dip again this year. The population growth rates remain the highest in the world, per capita food production fell again last year and infant mortality is unacceptably high.

### Poverty still predicted to increase

Africa is the only region in the world where poverty is projected to rise over the next decade.

Looking for positive signs, the UN said far-reaching economic reforms had begun to yield results in some countries and growth rates in three of them actually exceeded 8% a year over the past few years, while a dozen more attained levels of up to 6%.

The end of long-running conflicts in Angola and Mozambique and "the demise of apartheid in South Africa" were mentioned along with greater democracy in many countries as omens for "a stable and prosperous future".

# EU hopes to cut aid bill by reducing strife

CT (BR) ~~218~~ 15/3/96 (1)

By Shada Islam

Brussels — The European Union is trying to hammer out a new strategy to prevent wars and conflicts in Africa — reducing, in the process, the millions of dollars in humanitarian aid dished out to the continent's crisis-ravaged nations.

"Development aid should more consistently address the root causes of conflicts in Africa — social, ethnic and political tensions, and economic inequalities," said Joao de Deus Pinheiro, the EU development commissioner.

"Our aim should be to prevent conflicts at the earliest possible stage, thereby avoiding tragic consequences for the African people."

The EU has spent more than $400 million in aid operations in Rwanda and Burundi over the past two years. Most of the money has been used to supply desperately needed food, medicines and shelter to thousands of people displaced by ethnic wars.

However, Pinheiro and other EU aides believe there has been too much emphasis on relief operations and not enough attention paid to the reasons for Africa's political upheavals.

"The message now is that development aid should be at the service of conflict prevention," said an aide to Pinheiro. "This will involve a thorough and targeted analysis of national and regional situations."

While the prime responsibility for preventing wars — and ending them — must rest with "Africans themselves", the EU says it can play a "supportive role".

"What we are saying is that we can help the OAU by supplying funds, technical assistance and expertise," said an EU official.

African diplomats say their governments will be happy to work with the EU. "This is an excellent initiative," an African envoy in Brussels stressed. "The emphasis must be on conflict prevention."

"We've had enough of the EU playing the role of fireman, extinguishing Africa's conflicts and fires after they've started burning. What we need is someone who can prevent the fires," he added.

While the international community is continuously called on to handle African conflicts, European Commission officials say the use of UN peace-keeping operations and humanitarian aid has "proved costly, sometimes ineffective, or even counter-productive in relation to the long-term goal of achieving peace".

At a time when development budgets are under pressure worldwide, aid money should also be used to prevent potential conflicts by fostering peace, democracy and human rights, said the commission.

It will not be easy, however. The commission runs a $15 billion development programme, with most of the funds channelled through the Lomé trade and aid convention and used for projects such as the building of roads, bridges and airports.

What the commission lacks is expertise in identifying and reacting to political and diplomatic crises. Pinheiro has suggested that the commission's development division should start liaising with other agencies to study the reasons for African conflicts.

"We need a high degree of information exchange, common analysis, and co-ordination and co-operation within the EU, but also with other members of the international community," the commission says.

Co-ordination with the UN and the OAU will be a top priority.

"Analysing the root-causes of African conflicts ultimately means touching upon the issue of the distribution of power and resources within a state, and in a wider sense, forms of democracy and self-governance," the commission says.

African diplomats emphasised that the focus of EU action must be on improving their continent's economic and social conditions. "As long as social and economic inequalities continue to exist in Africa, neutralising conflicts will be difficult," said one African official.

European non-government organisations, which play a key role in channelling EU funds to African countries, say Pinheiro's ideas must secure the support of European governments.

"The commission must consult universities and non-government organisations in order to develop this strategy," said Sam Biesemans, a spokesman for the liaison committee of European non-government organisations. "This must not be left in the hands of the military."

EU officials say Europe's former colonial powers, which were instrumental in defining Africa's national borders, must take the lead in helping to solve the continent's conflicts. "We have a prime responsibility in Africa," said an aide to Pinheiro. — Sapa-IPS

**HEALING RIFTS** *Building a school in Mozambique. Pressure on budgets is forcing the European Union to examine its African aid strategy*

PHOTO: STEVE HILTON-BARBER

AFI

# UN announces African plan

CT(BR) 15/3/96 (1)

By Mike Littlejohn

New York — The United Nations today announced an ambitious programme for development in Africa in response to charges by African leaders that its problems went largely unheeded in the industrialised world.

But even as the 10-year, $25 billion plan was formally launched in New York, there was evidence of the low priority accorded to Africa in the global agenda.

Boutros Boutros-Ghali, the secretary-general of the UN, had been scheduled to preside over the ceremony, joining James Wolfensohn, the president of the World Bank.

However, Boutros-Ghali, the first African head of the UN, was instead on his way to China and Japan after attending the anti-terrorism summit in Egypt.

Several African diplomats commented negatively on Boutros-Ghali's absence.

The aim of the UN system-wide special initiative for Africa is to expand basic education and healthcare, promote peace and better governance and improve water and food security. UN agencies would devote the first year to mobilising political commitment and support for the enterprise.

The World Bank has agreed to lead in mobilising more than 85 percent of the target sum, the bulk of which will be allocated to education and health services.

James Gustave Speth, the head of the UN Development Programme, called the initiative the UN's largest-ever co-ordinated action plan. He said that prospects for African development had improved, warranting a higher level of importance.

The problems faced, however, were daunting and unlikely to be resolved by a $25 billion investment. Africa's external debt alone at the end of 1994 was about $313 billion and the continent's share of foreign direct investment flows has fallen sharply since 1989 and was stuck at about 4 percent.

Non-fuel commodity prices are projected to dip again this year. Population growth rates remain the highest in the world, although per capita food production fell again last year and infant mortality was unacceptably high. Africa is the only continent where poverty is projected to rise over the next decade.

Looking for positive signs, the UN said far-reaching economic reforms had begun to yield results in some countries and growth rates in three of them actually exceeded 8 percent a year over the past few years. Another 12 countries attained levels of up to 6 percent.

The UN said the end of long-running conflicts in Angola and Mozambique, the demise of apartheid in South Africa and greater democracy in many countries augured well for a stable and prosperous future. — Independent Foreign Service

# Donors kill plan to rebuild war-torn Africa

(i) CT(BR) 18/3/96

By Rose Umoren

Washington — A special programme put forward last year by the World Bank and the IMF to finance the reconstruction of war-torn African countries has died, but a strategy to rebuild Bosnia has been created.

The Africa programme would have rebuilt such countries as Rwanda, Liberia, Mozambique and Angola, but the dominant Western shareholders of the World Bank and the IMF have snuffed out the plan, according to World Bank officials.

"It didn't pass," one disappointed official said. "The Western shareholders only approved a special programme for Bosnia."

With the special Africa fund shot down, African countries recovering from war and badly in need of assistance, are left to look to the traditional Western donors' meetings convened by the World Bank. Loan pledges at such meetings are, however, up to each Western country and many pledges are never fulfilled.

In Angola's case, a donors' meeting has been tentatively scheduled for next month.

Angola is plagued with transport problems, agricultural production is almost at a standstill and the cash-strapped country even has to import water.

Antonio Franca, Ndalu, Angola's ambassador to the United States, said his country needs all the assistance it can get. — Sapa-IPS

# UN project focuses on Africa

BD 18/3/96 (1)

Theo Rawana

EXPANDING basic education and health care in Africa would take the bulk of the $25bn resources the UN System-wide Special Initiative on Africa had, a local UN representative said on Friday.

David Whaley, resident co-ordinator of the UN System for Development in SA, told the launch of the initiative in Pretoria on Friday that the 10-year programme's largest slice — between $12,5bn and $15,5bn — would go towards ensuring basic education for African children. The initiative also aimed to promote peace and better governance and improve water and food security on the continent.

The UN initiative arose as a follow-up to secretary-general Boutros Boutros-Ghali's discussions on the continent's development challenges in late 1994 with the heads of all UN organisations gathered in the administrative committee on co-ordination, Whaley said. It would be funded mostly by African governments re-ordering priorities in their budgets and reallocations of existing levels of multilateral and bilateral official development assistance.

Whaley said the programme contained practical actions which would make a major difference to the continent's future.

"The initiative also aims to help rationalise development assistance to Africa and maximise its impact. Indeed, an effective partnership with donor countries and institutions is critical to its success."

A major thrust of the 14-component initiative, and its largest resource commitment, was to greatly increase the provision of basic education and health care to ensure that African children had vastly improved opportunities for productive and rewarding lives.

Accomplishment of these goals would also help empower women, which would have a clear impact on development through more manageable population growth rates and enhanced human welfare.

"The World Bank will lead the financial mobilisation for this component which, at between $12,5bn and $15,5bn, is the initiative's largest."

He said, however, progress in this component would require a significant re-allocation of resources as well as a long-term commitment by African and donor governments to the principle of education for all on a continent where up to half of all adults were illiterate.

The initiative would aim also to boost the capacity of Africa's health systems to reduce the most common causes of morbidity and mortality.

# Mbeki heads RDP summit team

BD 18/3/96

Theo Rawana

SEVERAL cabinet ministers and Deputy President Thabo Mbeki are to take part in the reconstruction and development programme summit at Midrand next month, organisers say.

Minister without Portfolio Jay Naidoo, Housing Minister Sankie Mthembi-Nkondo, Public Works Minister Jeff Radebe, Education Minister Sibusiso Bengu, Health Minister Nkosazana Zuma, Public Enterprises Minister Stella Sigcau and Trade and Industry Minister Trevor Manuel would attend the RDP Showcase on April 19, Conference Corporation commercial director Karen Oosthuizen said.

The alliance of government, parastatals, non-governmental organisations, the communities and the private sector would assemble to plan and expand their future roles in the RDP — to forge partnerships and alliances "based on a thorough understanding and knowledge of the RDP guidelines and benefits", the hosts said.

Private sector organisations involved are Iscor, Southern Life, Alpha, MTN, Corobrik, Absa and African Business, they said.

The conference would seek to address the critical success factors in RDP involvement and to identify the co-operation required to achieve economic success in any RDP venture.

Supporters and developers of the RDP would meet to forge mutually beneficial partnerships, investment potential within the industry and RDP sectors would be identified, and delegates would be able to lobby for visible and tangible results to maintain national and international commitment to development. They would share complementary business interests.

# UN announces plans to bring prosperity and the rule of law to Africa

CT(BR) 18/3/96 #(1)

By Ross Herbert

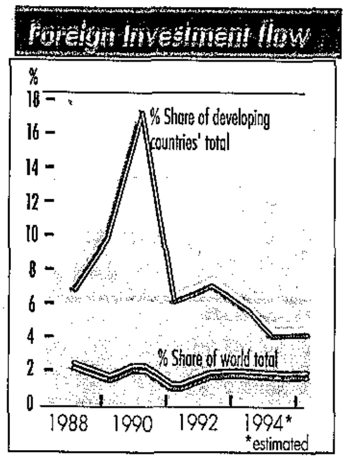
Johannesburg — A $25 billion, 10-year special initiative to bring peace and prosperity to Africa was announced by the UN on Friday.

This antidote to donor fatigue is a sign of the UN's recognition that a strong private sector, free media and the rule of law are fundamental prerequisites to development in Africa.

The initiative is intended to improve the effectiveness of development aid going to Africa. It has 14 components, including programmes to improve basic health and education, good governance, food security, water, sanitation and conflict resolution.

The announcement also focused on the need to promote free trade and foreign investment in the private sector, and boost the personal savings rate of Africans.

The $25 billion price tag does not represent new spending. It is a combination of money already slated for African development through the UN and bilateral aid programmes, and a hoped-for realignment of spending by African governments themselves. Initiatives by the private sector and non-governmental organisations will also be encouraged.




The UN will not fund and manage all the elements itself, but will lead the effort in a "catalytic role". The first step in the programme is a year-long effort to galvanise political and financial support for Africa.

The lack of detail in some parts of the initiative led several South African-based UN officials to concede that it is partly public relations. It comes on the heels of a damning report on UN involvement in Rwanda.

UN efforts in Bosnia, Somalia and a host of west African states are viewed in the United States and Europe as failures. Also, the UN faces a severe budget crunch and a growing inclination, particularly by the US, to cut foreign aid.

The initiative marks a recognition within the UN that it must manage itself more effectively and deliver concrete results.

The announcement made clear that opinion on Africa is by no means uniform within the UN. George Saitoti, Kenya's vice-president, who launched the initiative in New York, criticised the foreign media for portraying Africa as a continent beset by poverty, famine and social strife.

"While it is accepted that some of these problems do exist in isolated countries, blanket categorisation of the continent as one that moves from one crisis to another is neither objective nor fair," he said.

However, Africa has been the site of more than 82 armed conflicts in the past three years.

Describing the initiative as a reflection of his personal determination, Boutros Boutros-Ghali, the UN secretary general, wrote in a letter that "the situation has reached a critical stage. Of the 47 least-developed countries in the world, 32 are in Africa. Africa is the only region in the world where poverty is expected to increase during this decade".

Despite its good intentions, the initiative leaves some significant holes. For example, its main thrust in promoting peace is to strengthen the conflict-resolution capabilities of the OAU. Yet the OAU is notoriously unwilling to challenge dictators. Only two of its members condemned Nigeria's hanging of Ken Saro-Wiwa.

The language used in the announcement was woolly enough to make several local UN officials shrug. It stated, for example, that the UN wanted to "develop a database and analytical capability to track precursors to violent outcomes of blocked political processes".

A plan to use radio and print media to strengthen civil society and good governance was outlined. South African-based UN officials said the recent wave of African repression of the press was a highly sensitive issue, but UN agencies would not directly use their clout or aid to challenge repressive governments.

Among the most tangible and critical issues for Africa will be debt relief. The continent's foreign debt stood at $313 billion in 1994 and debt service amounted to 234 percent of the continent's earnings from exports. The World Bank and major industrialised countries are still negotiating debt relief schemes.

One proposal involves selling between $5 and $10 billion of the IMF's gold reserves over 10 years and using the proceeds to reschedule debt. On March 3, the Paris Club agreed to write off 67 percent of Zambia's $550 million foreign debt.

# UN unveils a 10-year, $25bn plan to aid Africa

(1) BD 18/3/96

**Own Correspondent**

GENEVA — The UN has launched a 10-year, $25bn plan to ease the problems of the world's most poverty-stricken continent.

UN secretary-general Boutros Boutros-Ghali called on the international community to stand together with Africa.

Hopes are higher for the success of the plan, since unlike previous schemes this "System-wide Special Initiative on Africa", as it is somewhat grandiosely entitled, has substantial support from the World Bank. And the IMF is also involved in it.

UN officials say the plan will not suffer from the world body's present state of near-bankruptcy, since major "resource mobilisation" will be in the hands of the Bank. Funds will come largely from non-UN donors and the redirection of existing resources.

In a preface to the 38-page document giving details of the plan, Boutros-Ghali notes that of the 47 least-developed countries in the world, 32 are in Africa. He says 220-million Africans live in conditions of absolute poverty, and Africa is the only region of the world where poverty is expected to increase in the coming decade.

Africa's total debt in 1994 was $313bn, 234% of export income.

The plan also points out that Africa's eventual way out of debt dependency lies through trade and investment.

However, with the drastic fall in commodity prices, prospects are bleak, and the UN document also shows that Africa has been marginalised in the flow of foreign direct investment.

UN officials call on African governments to spend less on arms and conspicuous consumption. —

# Central Africa makes move to peace

(1) Star 19/3/96

Tunis – Participants at a five-nation summit, concerning refugees from Rwanda and ethnic bloodletting in neighbouring Burundi, wound up their talks here yesterday, announcing measures to resolve the problems.

Former US president Jimmy Carter, who chaired the meeting between five heads of state from the Great Lakes region of central and East Africa, said they had agreed to carry out commitments made at a first summit in November, while recognising that difficulties persisted.

On Sunday, the five leaders went before video cameras to tape an appeal to refugees from Rwanda, recovering from the genocidal civil war of 1994, and Burundi, prey to violence between its own Hutu majority and Tutsi minority, to go back to their homelands.

In doing so, the presidents of Rwanda, Burundi, Uganda, Zaire and Tanzania were hopeful that confidence will return to refugee camps in the region.

Carter said the main obstacles to resolving the problems were concern for the security of refugees who go home, continuing bloodshed in the two small highland nations, and cross-border incursions by rebels. – AFP

# UN launches $25-billion initiative

MtG 22-28/3/96

Farhan Haq at the United Nations

THE United Nations is launching what it claims is an unprecedented $25-billion effort to improve Africa's basic education, health care, governance, and water and food security.

Announcing it last Friday, UN officials said the world body's Special Initiative on Africa involves a whole spectrum of UN agencies and affiliates, including the World Bank, and claimed it is the first time a UN initiative has been based on a broad consultative process with African governments.

"This is, for us, a very serious test of our commitment to African countries," said Stephen Lewis, deputy executive director of the UN Children's Fund.

The UN intends to focus international attention and resources on specific development goals. The aim is to concentrate official development assistance (ODA) more on those targets.

The UN-supported programmes include a 10-year campaign to provide basic education to all African children; the reduction of the most common and preventable diseases, including malaria, Aids and tuberculosis; improved governance by boosting civil society and better bureaucracy; and regional peace-building.

UN officials stress that, unlike previous, unfulfilled plans for Africa, this initiative comes with explicit costs and stated commitments to meet them. Lewis said commitment separated the new initiative from the "amorphous, general nature" of such previous UN projects as the New Agenda for the Development of Africa, which has petered out.

As part of the money-raising effort, the World Bank for the first time committed itself to mobilise more than 85% of the $25-billion which the UN is seeking.

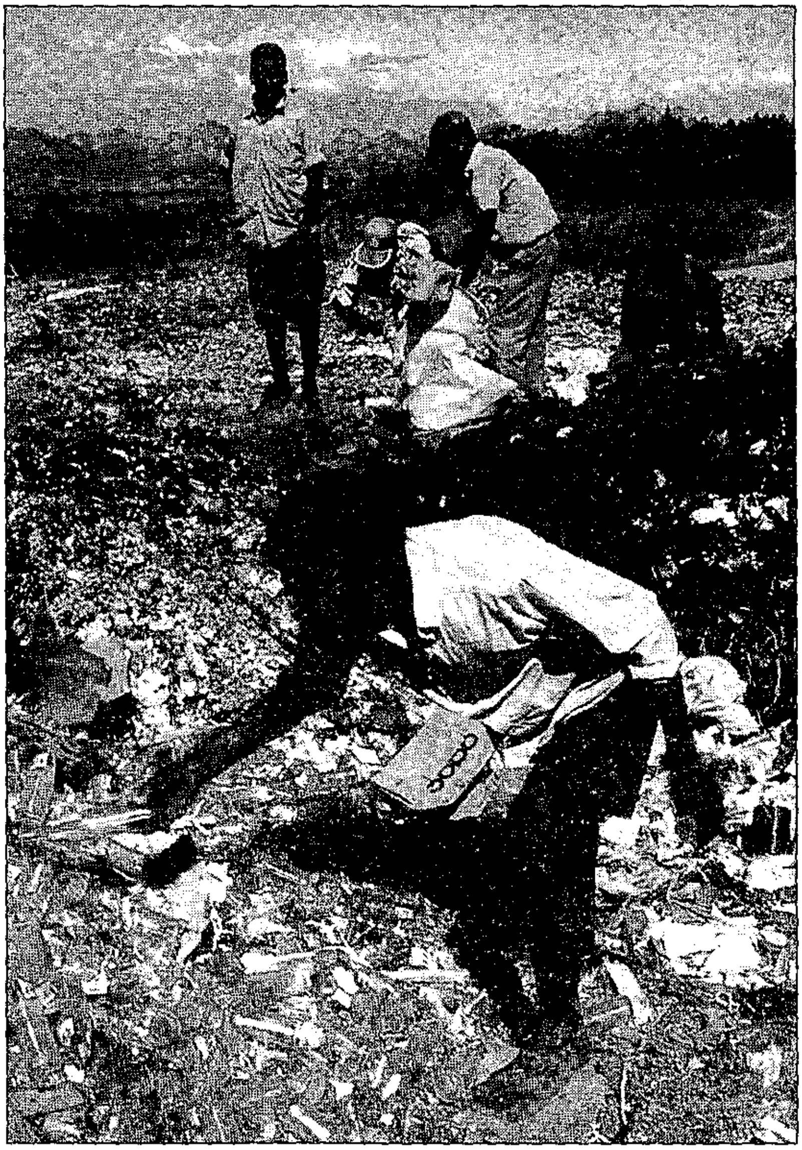
But UN officials may be hard put to obtain even this money for the initiative's goals because of the sharp, and ongoing, decline in aid to Africa among industrialised nations.

Ellen Johnson Sirleaf, director of the UN Development Programme regional bureau for Africa admitted that declining ODA levels, and the threat by the United States Congress to cut back the World Bank's "soft loan" branch — the International Development Association — could compromise the World Bank's commitment.

But there are other storm clouds overshadowing the new set of goals for Africa. The debt burden for the entire continent is now some $313-billion — far more than the UN initiative seeks to garner.

Moreover, the initiative remains vague as to which country will obtain what amount of funds, and for which specific goals.

"This is just more talk," said one African diplomat. "The debt is growing, and without any serious plan to reverse that, this new effort will achieve nothing." — *IPS/Misanet*



**Malawian poverty: The UN's special initiative aims to improve conditions on the African continent** PHOTOGRAPH: HENNER FRANKENFELD

# Africa targeted by investors

(i) ~~PAB~~ ARG 23/3/96

## Fund managers expect continent to rank next to Asia within the next few years

Within the next few years sub-Saharan Africa could rank alongside Asia as a major destination for foreign institutional investment, claim fund managers who have bucked the trend and invested heavily in the region.

Michael Power, manager of the all-Africa, $30 million Simba Fund opened in London last year, sees new investor interest in Africa – an estimated $500 million worth of investment in the past five years – as "a sign of things to come".

"Quite a few fund managers are excited about Africa," he says, "and I'm one of them. Initially, Africa was a novelty. Today it is a known quantity. Tomorrow it will be regarded as just another investment opportunity, just as south-east Asia is."

Mr Power's optimism about Africa's increasing attractiveness as an emerging market is obviously matched by other fund managers who are avidly seeking investment opportunities in the region.

They include the US-based GT Management's $75 million All-Africa Fund, Foreign and Colonial's Emerging Markets Fund – which has invested 10 percent of its $237 million portfolio in the region – and the New York-listed Morgan Stanley Africa Investment Fund, which, with a portfolio worth $250 million, is by far the largest Africa-specific fund.

One side effect of this interest is the speed with which stock markets are being established or consolidated in the region. There are now well over 20 bourses in Africa – many set up within the last four or five years – with a market capitalisation of $260 billion, including the longer-established ones in Botswana, Cote d'Ivoire, Egypt, Kenya, Nigeria, South Africa and Zimbabwe.

The Kampala Stock Exchange is expected to begin trading before the end of the year.

"There is no doubt that Africa is becoming very interesting indeed, and the growth of local stock exchanges can only help in this dramatic transformation," says Neil Gregson, manager of Credit Suisse's South Africa Fund.

But, is the talk of an 'investment renaissance' in Africa just hype by self-interested fund managers whose commitments leave them no option but to promote the region?

Rob Fisher, an analyst at Flemings' Save & Prosper (S&P) gives a qualified yes. The region does have potential, but it is presently dormant. "I would adopt a wait-and-see attitude," he says.

"Although it seems things are picking up in Africa, you never know. Things may change – there are still risks. South Africa is definitely where the action is."

A recent survey by London-based Fund Research found that almost 80 percent of new investment in the region was going to South Africa, reflected by the Johannesburg bourse's market capitalisation of $250 billion.

Cautious S&P, which opened a Southern Africa Fund two years ago, say they are not in a hurry to diversify in the rest of Africa. The fund is producing extremely good returns. Last year alone it was an above-average 58 percent.

However, Mr Fisher's evaluation of Africa's prospects are not shared by many in the investment community. Markets are ruled by sentiments and many analysts are not as dismissive of the region as S&P.

QUOTE

**R500-m investments in past five years a sign of things to come.**

*Michael Power*
*Simba Fund*

Credit Suisse's Mr Gregson says interest in Africa will last. He says the only reason why their fund is South Africa-specific is because that market was undersubscribed. They have the whole of the region in their sights.

Although new investment is significantly skewed in South Africa's favour, analysts welcome a distinct broadening of foreign institutional foreign investment. Aside from the bourses in South Africa, Zimbabwe, Swaziland and Botswana, the next best-performing stock exchanges are in Ghana, Cote d'Ivoire, Egypt, Kenya, Tanzania and Zambia.

Many reasons are given for the change, among them increasing democratisation, implementation of IMF and World Bank economic 'reform' and the determination of political leaders to find alternative funds as Western aid dries up.

But the main reason remains Africa's enormous potential as producer of mineral and agricultural products and the generational shift from a fiercely nationalist, isolationist political elite to a technocratic, business-oriented outward-looking community.

Mr Power believes that industrialisation in the 'tiger' economies of Asia will lead to increasing demand for Africa's agricultural and mineral products by the powerful Asian economies.

"Yes, I believe that the central reason for this interest in Africa is because Asia is becoming very interested in Africa's resources," he adds. "There will come a time when Africa's resources will be one of the driving forces of the Asian economies.

"So we are positioning ourselves. We have faith in Africa and we have entered early to capitalise on the opportunities that are obviously there. Of course, there are risks, but all investments carry risks. Investment in African stock exchanges is a way of tapping into growth in the 'tiger' economies."

Since 1985 diamond consumption in Asia has grown six times, with the region accounting for five of the top seven diamond buying nations. Gold consumption has trebled in Asia, where eight of the top 10 markets for gold are situated.

Their demand for many primary commodities – including tea, cocoa, rice, tobacco, coal, cotton, timber, cement, chromium – is also increasing.

Says Sean Magee, director of corporate relations at London's Commonwealth Development Corporation, which has nearly $1billion invested in over 15 countries in Africa: "Africa's time has arrived. We knew this would happen and we were investing there even when it was not fashionable." – Sapa-IPS.



# Privatisation can

**Business Editor**

INCOME from privatisation should be used to repay state debt or to pay for infrastructural expansion, says Afrikaanse Handelsinstituut (AHI) president Mof Terreblanche.

In a statement following a meeting

# UN programme for Africa draws criticism

(1) CT(BK) 29/3/96

By L Muthoni Wanyeki

Nairobi — The United Nations systems-wide special initiative on Africa, a new programme to boost African development, has aroused scepticism in the Kenyan capital.

The programme was launched on March 15 by Boutros Boutros-Ghali, the secretary-general, along with the heads of the World Bank and UN special agencies.

"What is new about the special initiative is that it comes from the whole UN system under the leadership of Boutros-Ghali, with the participation of the World Bank and in close consultation with the OAU," said Leah Josiah, the information officer for the UN Development Programme.

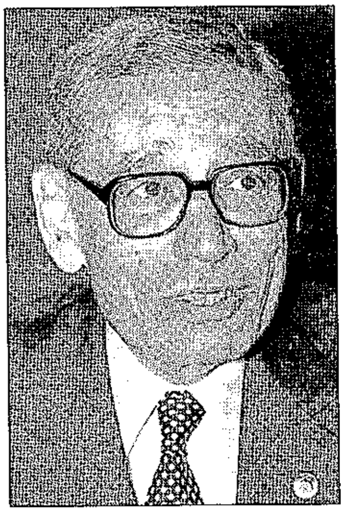
"The World Bank has come in and is willing to contribute more, especially in resource mobilisation".

The initiative focuses on four key areas: creating the conditions for meaningful socio-economic development, including peace and supportive external economic conditions; providing basic health, education and employment; ensuring good governance; and catering for basic needs such as water and food.

The programme is expected to cost up to $25 billion over the next decade, and has come in for criticism on a number of key issues.

There was very little consultation among local experts before the initiative was compiled.

"The first we heard of the special initiative was ... a week before the launch," an official from the development programme said. "Then we were told to publicise it. The more I speak (to) my colleagues, the more I realise how unexpected it was. Not many people knew about it, even within the UN."



**OFFICIAL** *Boutros Boutros-Ghali, the secretary-general of the UN*

Many UN officials felt the co-ordinated focus on health and education was commendable but redundant.

Many of the actions outlined in the initiative were already covered by the work of other agencies and the co-ordinated approach should be seen as an expectation rather than an innovation, they said.

"That's the whole absurdity of the initiative," the official said. "There's the focus on basic education and health, but ... Unicef (the UN International Children's Fund) and Unesco (the UN Educational, Scientific and Cultural Organisation) are already doing good work in those areas. As for co-ordination, that should be happening already. Unicef's and Unesco's offices are less than 500m from each other, so (each) should already know what the other is doing.

"There are monthly UN agency co-ordination meetings, but really I'd call them more information-sharing meetings."

Many analysts lamented the World Bank's position of leadership in the education and health programmes. "Historically, on the issues of health and education, the World Bank has failed," said David Dechand, a Kenyan political scientist. "The conditionalities attached to international financing organisations under structural adjustment programmes are responsible for the deterioration in the provision of social services."

Josiah responded: "To be honest, we don't know yet if conditionalities are to be attached to the World Bank money. We would hope not, but we're not sure."

Dechand also wondered whether the UN was in a position to deliver on its theme of peace and supportive external economic conditions. "On the issue of conflict resolution, the UN has utterly failed in Africa. I think it's contradictory for it even to be talking about peace in Africa. They took sides in Somalia, participated in Rwanda's genocide and are doing nothing in ... Sudan."

He also criticised the initiative's lack of commitment on debt relief.

In 1994, Africa's total debt was $313 billion — 234 percent of the continent's export income — yet the initiative went no further than stating that the secretary-general would ask the Paris Club to "consider reducing" Africa's debt burden, while multilateral creditors would be "urged to apply measures to" ease it.

"Admittedly, UN agencies can't do much about debt relief but countries of the UN can, and the World Bank can. Europe and North America have not invested in Africa at the same rate as they did in Asia or Latin America. The World Bank has no new vision for Africa in this document," Dechand said.

UN officials also speculated as to who would benefit from the initiative. "It's interesting that the special initiative appeared at a time when all UN agencies are being severely cut back," the development programme official said.

"The special initiative being implemented by UN agencies allows the ... system to sustain itself," he said.

"My personal opinion is that the special initiative is a purely political move. On the one hand, (it will) assure Boutros-Ghali of the African vote for his re-election, and on the other (it will) assure the American UNDP administrator (Gustav Speth) of African support for his re-appointment, given that the Republican American Congress doesn't want him there." — Sapa-IPS

ICA

# East Africa needs more reforms to grow

(1) CT(BR) 3/4/96

By Manoah Esipisu

Nairobi — Jimnah Mbaru, the head of the Nairobi Stock Exchange, on Monday called for more economic reforms in east Africa.

He said these would lead to vibrant bourses and encourage the rapid growth of trade and industry.

Mbaru said moves towards greater democracy in the region of 65 million people meant east Africans had more political and economic freedom and urged leaders not to turn back from the path of reform.

"The leadership must exhibit firm commitment to economic reforms, liberalisation efforts, respect for property rights and nurturing the free enterprise spirit," Mbaru told a symposium of business students in Nairobi.

"There has to be serious commitment to developing and supporting big business and strong industrial groups," he said.

"Their growth, expansion and profitability should not be perceived as a threat to political leadership; they can only contribute to faster economic growth and creation of jobs."

He stressed the need to continue the reform process, especially because the parties which held power under the one-party political systems had retained power while opposition parties remained weak, fragmented and ineffective.

He called for financial sector reforms to help find the capital required to finance economic development in east Africa, from domestic and international sources.

Domestic savings could be increased through reforms of social security systems and pension funds.

The governments of the region could contribute to increasing savings and investment by running budget surpluses, which would have the added advantage of bringing inflation down, as had been done in Botswana and Japan.

Mbaru said he wanted to see reforms in the commercial banking sector to create a shift from what he called a short-term lending mentality and a preference for collateral-based trade financing.

"The commercial banking sector should be allowed to take up equity in some of its industrial clients; this will enable them to have a longer-term outlook towards their clients," he said.

He pointed out that economic reforms would not continue without political reforms and regional co-operation: "(Only the) twin effects of political and economic reforms will have fundamental effects in our region."

He said reforms in Kenya, Uganda and Tanzania had been necessitated by political and economic mismanagement that had nearly led to the collapse of the three countries.

Uganda had spent much of the time since its independence in chaos, particularly in the nine years of Idi Amin's rule.

Mbaru credited Yoweri Museveni, the president and a former guerrilla leader, with rebuilding the country.

Uganda will hold direct presidential elections next month when Museveni will run in his first election.

Tanzania was brought to its knees by the socialist policies of Julius Nyerere, its first president. Ali Hassan Mwinyi, his successor, began the reforms which Benjamin Mkapa, the current president, was continuing.

The Kenyan treasury fraudulently dispensed billions of shillings to individuals and banks in the years leading up to the country's first free elections in 1992. — Reuter

# Africa needs protection

(1) Sowetan 4/4/96

By Maxwell Pirikisi

AFRICA is increasingly becoming an "endangered species" and desperately needs protection against marauding economic saboteurs and other commercial cannibals from within itself and the international community.

Institutions like the International Maritime Organisation (IMO) come in handy where Africa's own defence clubs like the Organisation of African Unity (OAU), the Southern African Development Community (SADC) and the Common Market for East and Southern Africa (COMESA) are being short-changed by " big brothers" from the so-called first world.

The IMO, Britain's Overseas Development Administration (ODA) and the World Bank say they are ready to back the new global initiative aimed at protecting Africa's coastlines from major oil spills.

The objective of the initiative is to help developing countries protect their coasts from oil spills by implementing the 1990 Oil Pollution Preparedness and Response Convention, established jointly by the IMO and the International Petroleum Industry Environmental Conservation Association.

The three institutions have agreed on a draft memorandum of understanding and co-operation to guard against careless transportation of oil products by sea.

Proposed checks include ensuring that oil carriers comply with IMO standards and that adequate insurance covers are in place before any oil tanker takes to sea.

It is widely believed that the existing regulations are not punitive enough to discourage oil transporters from taking chances with old and unfit tankers.

Many cash-strapped African governments have not been able to put in place IMO's plans to deal with a major oil spill, especially in states that do not have an oil industry.

Following the running aground of the Liberian-registered Sea Empress tanker off the Welsh coast in the United Kingdom late last year, concern has been growing over potential damage to coastlines, fishing communities and the environment by further major oil spills.

# Adapting to change

The IMF and World Bank have come to realise that structural adjustment programmes need the support of civil society in Africa. Business Editor **Mzimzulu Malunga** reports on seminar in Zimbabwe...

(1) Sowetan 4/4/96

THERE IS GROWING CONSENSUS in Africa that structural adjustment programmes SAPs– led by powerful international financial institutions – is the only way forward for the continent's battered economies.

Even trade unions, which were initially opposed to SAPs – nicknamed the Suffering African People – are now saying the process should continue.

At a journalists' seminar in Zimbabwe last weekend, representatives of the International Monetary Fund, World Bank, International Labour Organisation and some African unions agreed that economic reforms should go ahead.

The seminar was one of a series that have been held in Southern Africa in an effort to interact with the region's civil society. It was followed on Monday by a two-day seminar for unionists from across the region.

The two seminars were organised jointly by the IMF, World Bank and ILO.

Similar seminars are taking place throughout the continent and the developing world as the World Bank and the IMF, in particular, seek to improve their image among Africa's disgruntled masses.

## Marketing offensive

This new marketing offensive by these institutions comes at a time when the labour movement has begun looking beyond just labour market issues as the way forward in fighting underdevelopment.

Luckily for the IMF and World Bank, this new approach comes at a time when there is not only flexibility on the part of labour organisations, but it also coincides with the democratisation process in Africa, which has facilitated vigorous debate on development.

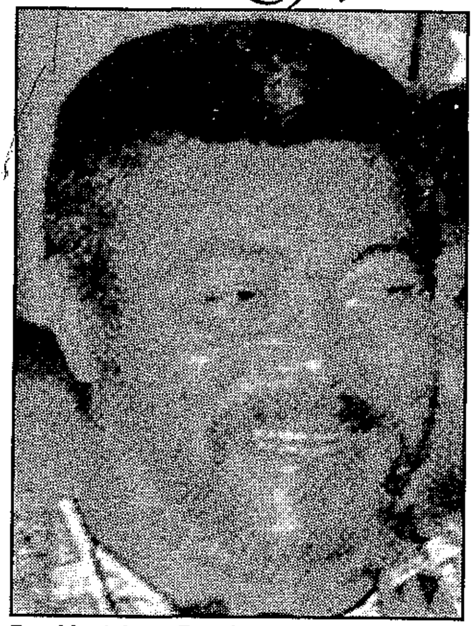
Although organisations such as the ILO make it clear they still have reservations about some components of the SAP, they agree with some parts of it, particularly the phasing out of import tariffs.

The ILO says it is attacked by the labour movement for its stance on tariffs. However, says ILO representative Peter Preek, "protectionism is against the interest of workers".

He says tariff reduction, while painful in the short term, leads to expanded trade in the long term, "which is beneficial to workers". But, adds the ILO, some economic reforms spearheaded by the IMF and World Bank need to be revisited.

"This medication has been provided for a few years now but the state of health of the patient has not improved," argues Preek.

The ILO also feels that there should be a broader consultation process as SAP packages are painful initially and affect mainly the poor.



**President Jerry Rawlings ... the turn-around in Ghana's economy has led to cautious optimism.**

This view is shared by the IMF and World Bank as well as the African labour movement.

While the IMF and World Bank are still rigid when it comes to forcing countries to abolish their tariffs, cut expenditure, balance the books and do away with subsidies on food prices, they appear to be taking cognisance of the fact that for their policies to succeed, they need the support of African civil society over and above government commitment.

Hence the change in tune of these institutions and talk of the need to build Africa's institutional capacity and establish "safety nets" to ease the pain of harsh economic adjustments.

Also high on the agenda of these institutions is encouraging countries to follow policies that are "pro-poor" – another new phrase which appears to be aimed at making them acceptable to the masses.

Ten years ago, when SAP first reared its head in Africa, the IMF and World Bank did not seem prepared to listen to anyone critical of their policies in Africa. Most of the time, they operated in secrecy.

For instance, IMF or World Bank officials would sneak into a country and it would only be known once they had compiled their report and were safely back in Washington that a delegation had been around.

While IMF and World Bank Press conferences were a regular feature in the industrialised countries, it was not so in developing countries, particularly in Africa.

It was this apparently secretive conduct that made a lot of people in Africa suspicious of the real agenda of these two institutions on the continent.

Even the IMF's deputy director for the African department, Anupam Basu, agrees that the fund has not done well to market itself in the past.

But all that is changing now as the key words in relation to African development are capacity-building, consultation and consistency. These three ingredients have been identified as the missing link for SAP to begin bearing fruit in Africa.

Capacity building is aimed at strengthening civil society and the bureaucracy that is crucial to the delivery process, while consultation seeks to popularise SAP and inform people that the programme can only succeed if they support it.

## Need for consistency

Consistency is highlighted as the most important of all the ingredients as a lack of it is cited as one of the reasons why most African economies are still in the doldrums.

"You can't stand on one leg because sooner or later you are going to get tired and fall," says Basu.

In Africa, governments have the tendency of starting adjustment programmes – only to stop them a few years later when elections approach. It is this stop-start approach that the IMF and World Bank says is harmful and prolongs suffering.

But, overall, African pessimism is steadily making way for "cautious optimism" as economies like those of Jerry Rawlings' Ghana and Yoweri Museveni's Uganda start showing signs of a real turn-around.

The message is clear to Africans: the world is not going to wait for us; we need to do everything in our power to catch up if we are to end our marginalisation.

# African nations in nuclear pact

ARG 11/4/96 (1)

CAIRO. – African nations today signed a landmark treaty declaring the continent free of nuclear weapons.

At a ceremony in the Egyptian capital, 50 of the continent's 53 nations signed the Treaty of Pelindaba, banning the possession, testing or storage of nuclear arms. The treaty also commits parties to destroy any existing nuclear weapons.

The Treaty of Pelindaba, named for the headquarters of South Africa's Atomic Energy Corporation where the agreement was concluded, creates the world's third nuclear-free zone, after similar pacts by Latin American and South

# Nuclear arms treaty signed

(1) BD 12/4/96

CAIRO — African nations signed a landmark treaty declaring their continent free of nuclear weapons yesterday.

At a ceremony in the Egyptian capital, 50 of the continent's 53 nations signed the Treaty of Pelindaba, banning the possession, testing or storage of nuclear arms.

The treaty also commits them to destroying any existing nuclear weapons, and vows to promote "the use of nuclear science for peaceful purposes".

The treaty, named after the headquarters of SA's Atomic Energy Corporation where the agreement was concluded, creates the world's third nuclear-free zone, after similar pacts by Latin American and South Pacific countries.

Madagascar, Somalia and Seychelles did not attend the signing for "political or technical reasons", the Egyptian foreign ministry said.

Four of the five nuclear powers — the US, France, Britain and China — were also present to sign an annex to the pact promising not to threaten or use nuclear weapons against any African country.

However, Russia baulked at signing, citing the presence of a US military base on the Indian Ocean island of Diego Garcia, considered African territory under the treaty, the Russian embassy in Cairo said in a statement. — Sapa-AFP.

Trade and Industry Minister Alec Erwin, left, with Deputy Foreign Affairs Minister Aziz Pahad, right, at yesterday's briefing on the UN conference on trade and development. Picture: GARTH LUMLEY

# Conference 'could help reverse African fatigue'

BD 12/4/96 (1)

John Dludlu

SA, WHICH will host this year's UN conference on trade and development (Unctad), could play a pivotal role in reversing "African fatigue", Deputy Foreign Affairs Minister Aziz Pahad said yesterday.

Pahad was speaking at the launch of the ninth Unctad gathering in Midrand, which would be held in SA between April 27 and May 11.

He said SA and the conference could help reverse Africa's misfortunes in the run-up to the next century. Africa was the only continent facing dire economic prospects in the coming years.

Pahad, who has been appointed national co-ordinator of the conference, said the conference would be a turning point in relations between the north and south countries. "We hope this will be an important period in the history of developing countries to have a more equitable world order."

At the same conference, Trade and Industry Minister Alec Erwin — who will be appointed Unctad's president as head of the host delegation — said about R16m had been set aside for organising the conference.

He promised to take the conference's rotating presidency "seriously, not because of the prestige" involved, but because SA's destiny was linked to that of other countries.

During the presidency, SA planned to liaise closely with its partners in the 12-nation Southern African Development Community (SADC) on strategies of making a success of the presidency for the region.

There was no conflict in SA's hosting of the conference and its role in the SADC, despite claims from SA's neighbours of continued adherence to a protective trade regime.

David Whaley, head of UN development programme mission in SA, said the benefits for SA in hosting the conference included marketing the country as an investment destination and "respect and better understanding" of the new SA.

The conference, expected to attract nearly 3 000 people, would be attended by the conference's 188 member states, headed by government delegations. The conference would be opened by UN secretary-general Boutros Boutros-Ghali and would be addressed by President Nelson Mandela.

## Crime forum

Mduduzi ka Harvey

THE Business Against Cri
tive plans to unify business
ference this month, in a bi
crime and finalise a three-ye
The conference aims to
some companies have cont
making SA safer, and to cha
ness's energy into combating
The initiative was launch
gust in answer to a call by
Nelson Mandela for busine
hands with government in
against crime and corruption
Business Against Crime
Fourie said the conference
vide an update on crime
trends, as well as introducin
plans to meet the challenges

Deborah Fine

TRANSVAAL attorney-general Jan D'Oliviera has accused the Public Services Commission and the Central Bargaining Council of being unappreciative of the plight of state prosecutors and "unable or unwilling to treat professionals as professionals".

In the April edition of the SA attorney's journal De Rebus, he said a crisis

# East Africa puts trade behind legislation

ET (BR) 16/4/96 (1)

By Joe Khamisi

Nairobi — Kenya, Uganda and Tanzania, the partners in the recently launched East African Cooperation, will have a busy schedule in the next six months.

The organisation was launched three weeks ago in a pompous ceremony at the Arusha conference centre in northern Tanzania.

It is still frantically trying to recruit technocrats, identify suitable housing and put together an independent infrastructure to transform theories into a concrete plan of action.

Francis Muthaura, the secretary-general of the organisation, had to dash back to New York immediately after the launch to complete his formal departure as Kenya's permanent representative at the United Nations.

Officials said he would be back in time to oversee a meeting in Arusha on April 23 that would seek to make the three nations' currencies convertible. The meeting would be attended by the governors of the three central banks, they said.

The currencies should have been aligned last December but uncertainty over the organisation's inauguration delayed the move.

The uncertainty was underscored by bitter confrontations between Kenya and Uganda over political differences.

The three countries plan to cooperate in transport and communication, trade and industry, investment, customs, security, immigration, energy, tourism, agriculture, fisheries, animal husbandry and environmental protection.

The free movement of people and goods across borders is a key element in the agreement.

> *'The free movement of people and goods across borders is a key element in the agreement'*

The countries' immigration chiefs will meet on May 6 to discuss a standard travel document and the reopening of border crossings.

Presidents Daniel arap Moi, Yoweri Museveni and Benjamin Mkapa of Kenya, Uganda and Tanzania, believe free passage is the backbone of regional cooperation.

The three countries will also rejuvenate the Lake Victoria fisheries organisation established in 1994.

The body has been moribund largely because Kenya did not ratify a joint pact.

The relevant ministers will meet on May 20 to deliberate on the mapping of the lake for safe navigation. They will discuss the planning of port infrastructure and the free movement of vessels and their maintenance.

Officials will also discuss traffic laws, the organisation's budget for the next year, a unified air space and measures to combat the serious problems of water hyacinth on Lake Victoria.

Trade, the most crucial element in the agreement, is likely to lag behind the other areas for a while to allow the countries to harmonise legislation in that area.

East Africa has a combined market of more than 70 million people.

Kassim Owango, the chairman of the Kenya National Chamber of Commerce and Industry, has identified several key areas he says impede trade between the three countries.

These include customs tariffs and procedures, taxation policies, duplication of investments and lack of capital within the region.

He says there is also a need to realign banking services to enable banks to lend across national boundaries.

Officials hope to hold a meeting on investment opportunities and easing the flow of goods between the three countries before the end of the year.

Signs of cross-border trade are already evident, however: traffic through border crossings has increased immensely since the corporation's inauguration.

The governments are improving inland container terminals and access roads to the frontiers.

Nitin Madhvani, Uganda's leading industrialist, says he plans to export power to Kenya and Tanzania from his new hydro-electric plant in Jinja, east of the capital, Kampala.

Observers say the upbeat spirit demonstrates the seriousness of the countries' intention to revive the common services abandoned in acrimony 18 years ago. — Independent Foreign Service

① 18/4/96

# Oh Africa! Why do you lag so far behind?

(1) Star 18/4/96

'Afro-pessimism' is the new term experts use to describe Africa today, and one reason the continent is not making progress may be its pervasive handout mindset

By Ross Herbert
Harare

Independence brought huge government deficits, mismanagement, corruption and economic decline.

One hears such laments here in Harare or Johannesburg or Pretoria every time the newspapers carry another batch of bad news. Some sun-blotched, crusty old-timer will lean over his Castle and say: "That's Africa, pal.".

Africa's economic decline in the past 20 years as well as its recent binge of warfare – 80-something civil conflicts in the past three years by UN count – has led to the new term, "Afro-pessimism".

Economists at the World Bank and IMF have even begun studying what they call "the Africa effect" where normal economic stimuli such as lower taxes, interest rates or inflation don't seem to have the same positive impact in Africa as in the rest of the world's economies.

What is at the root of the problem? The "that's-Africa" school of thought cites corruption and mismanagement as the main culprits. Both have been significant negative forces. Misguided, excessive borrowing has squandered foreign currency reserves. Bloated government and parastatal staffs have drained taxes from productive ventures to fund unproductive ones.

But there is more to the question. Instead of analysing Africa's record carefully, many world leaders, from Boutros Boutros Ghali to SADC officials, are defensive, attributing the question itself to too many negative stories in the press.

First the good news. Africa has lagged the rest of the world on a number of key economic measures, but it has made progress. The amount of investment capital flowing into Africa increased by about 60% last year – particularly into mining.

The end of the cold war and the withdrawal of former Soviet advisers and mining companies have opened west and central Africa, Ethiopia and Eritrea to a flood of international investors and prospectors.

However, the rate of investment growth in the rest of the developing world was even faster, leaving Africa slightly further behind in relative terms.

According to Roger Grawe, head of the population and human resources unit for the World Bank in southern Africa, even when compared with developing countries with similar levels of education and infrastructure, Africa's economic growth compares unfavourably with other developing nations.

## Gargantuan 'honey-pot' dropped in economies

The World Bank cites several key reasons for the difference. Foreign currency controls, unnatural fixed exchange rates and tariffs have created huge economic distortions. As a result, many entrepreneurs have focused on exploiting cross-border price differences rather than creating new wealth.

In Zimbabwe, the rigid foreign exchange controls before 1991 and high inflation created a flourishing business for individual traders who travel to South Africa, Zambia and Tanzania to buy consumer goods for resale at huge markups in Zimbabwe. Such traders are shrewd, hard-working and entrepreneurial but create no new wealth.

Foreign aid organisations will rarely admit it, but the sheer size of aid donations to Africa has warped thinking. It is as if a gargantuan honey-pot was dropped into African economies. Instead of focusing attention on creating new businesses, the honey-pot has inspired African businesses to focus on how to make a buck off aid agencies.

Another phenomenon holding Africa back is what economists describe as the amount of "friction" in the economy. Every transaction is made more difficult by poor communication systems and excessive government red tape.

Africa also lags the world in establishing the rule of law needed to provide business with the assurance that contracts made will be honoured, property rights respected and industries allowed to operate in an environment of stable tax rates.

Grawe points out that a significant part of the Africa effect stems from the multiplicity of languages in many African countries. That is, Africa's economic performance lags the developing world but is comparable to that of other economies that also must deal with many languages.

Countries with a common language are simply more efficient and can absorb new ideas faster from the outside world. One of Japan's secrets to success has been an early and heavy emphasis on teaching English in schools.

The World Bank maintains that Africa's industrial sector grew up in a protectionist age. Recent industrial job losses across the continent arise, bank economists say, because Africa is now slowly leaving industries that were fundamentally never economical without protectionism.

In 1978, according to the bank, 66% of the world population lived in countries largely cut off from world trade. By 2000, fewer than 10% will. The message: there is no going back to protectionism. True, but it ignores perhaps the most significant factor affecting Afro-pessimism: technology.

## Lagging far behind in technology and design

World over, the technology of manufacturing, design and industrial logistics stayed relatively the same from the 1930s to the 1970s, the period during which most of Africa's manufacturing plants were founded.

Since the 1970s, manufacturing in the industrialised countries has undergone a technological and management revolution. The 1970s oil shocks, the rise of Asian competition and the acceleration of the computer age drove the industrial world to aggressively pursue alternative methods.

For example, the high cost of fuel and transport was really the driving force behind such innovations as the juice-box, which allows more juice to fit in a smaller space while saving on the weight of heavy bottles.

Africa, like the old Soviet world, continued to play the manufacturing game as the rules were written in the 1940s: cheap labour, simple assembly lines, the boss gives the orders. But the rules have changed.

While Africa, including South Africa, coasted with old-line technology, the world rushed ahead, pioneering whole new fields of design to make maintenance and assembly simpler.

Giant steel plants of the 1960s began to give way to low-cost mini-mill technology in the 1980s. Just-in-time manufacturing, outsourcing, computerised inventories and rapid design methods all have changed the way the world does business. All of that largely bypassed Africa.

That technological revolution justifiably raises a question of perspective when considering Afro-pessimism. If the pace of change had not accelerated in the past two decades, would Africa now look so economically backward?

One reason Africa is not making the same progress as India or central America is its pervasive handout mindset, which looks at foreign markets as something to be given instead of taken by wit and strategy. If African textiles can't compete with Asian goods on price, change strategy and create unique designs that win on style instead of price.

Africa is now debating whether economic structural reform should go ahead, as if one set of changes would do the trick. Yet the rest of the world has undergone wave after wave of reform, forcing management to invent new ways of thinking.

Africa's first priorities should be cleaning up its government, cutting excessive spending and focusing on learning those new ways of thinking and managing. - Independent Foreign Service.

# Blair and Mugabe take gay row to Durban

(1) ARG 13/11/99

## British-Zimbabwe relations plummet at Commonwealth meeting

PETER FABRICIUS
AND ROBERT BRAND

When the 47 Commonwealth heads of government fly from Durban to the luxury resort Fancourt in George today for a retreat to ponder the problems of the world, one hopes that the organisers have not placed British Prime Minister Tony Blair and Zimbabwean President Robert Mugabe in neighbouring chalets.

If they have, Mr Mugabe will spend the weekend agonising not over global poverty but the possibility of a "gay gangster" attack from his neighbour, while Mr Blair will be in danger of being drowned in a flood of abusive verbiage. That is if their conduct towards one another continues in the same vein of the last few weeks.

The relationship between the two leaders and their respective countries has plummeted to extraordinary and unprecedented new depths in the wake of a "citizen's arrest" of Mr Mugabe in London recently by gay activist Peter Tatchell of Outrage! on charges of persecuting gays in Zimbabwe.

Mr Mugabe immediately accused Mr Blair's government of being responsible for the incident. Mr Tatchell seized him by the arm as he was getting out of his limousine and the war of words has not stopped since then.

The row has dominated the British coverage of the Commonwealth Heads of Government meeting. At a media reception yesterday an unrepentant Mr Mugabe again accused Mr Blair of being behind the attack by Mr Tatchell.

He dismissed another denial by Mr Blair that the British government had anything to do with the "citizen's arrest", saying that Mr Blair had "gays in his government" and they belonged to the same organisation as Mr Tatchell, clearly implying that the British government was behind the attack.

Mr Mugabe also told the British press corps that Zimbabwe had a better human rights record than Britain, because it did not discriminate against other races. He described how his government tolerated former leader Ian Smith.

His comments were in response to a report by a British Labour Party think-tank, the Foreign Policy Centre. The report, entitled Re-inventing the Commonwealth, called for Zimbabwe to be suspended from the Commonwealth because of its human rights record.

The row dominated a briefing given by Mr Blair's spokesman, Alastair Campbell, who said: "We don't get too wound up about this. The government does not direct and control the police or the think-tanks. We would dispute his claim about our human rights record."

Mr Mugabe said the row would be discussed in a meeting between the foreign ministers of both countries.

The clash between the two leaders, although not without its comic aspects, is also emblematic of the deeper problem of trying to entrench democracy among the Commonwealth members, which is dominating this meeting.

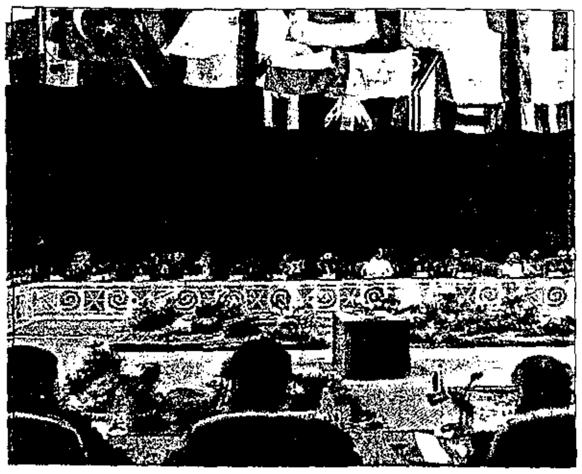
That commitment to intolerance of despotic rulers was reinforced by President Thabo Mbeki and others at the start of the meeting and was likely to result in the Commonwealth giving itself a wider mandate to act against member countries that violated its Harare Declaration of 1991 – a statement of commitment to basic principles of democracy, human rights and good governance.

Although the details of the new policy were only scheduled to be released late last night or today, it has emerged that the next terrain of the Commonwealth's struggle for greater democracy will be taking punitive action against members that suppress opposition political parties directly or indirectly.

This issue could prove divisive in the organisation as several countries are guilty of the violation. – Independent Foreign Service

COMMON CAUSE: President Thabo Mbeki and Queen Elizabeth applaud during yesterday's opening ceremony

TALKING HEADS: British Prime Minister Tony Blair and other heads of state at the start of the summit



NATIONAL STANDARDS: Commonwealth heads of state attending the first session of the summit at Durban's international conference centre

## Red carpet nailed down lest it trip up Her Majesty

A wayward red carpet got nailed at the last minute to preserve Queen Elizabeth's dignity at the opening of the Commonwealth Heads of Government meeting in Durban yesterday.

The 47 heads of government arrived through the basement of the International Conference Centre, coming up into the foyer via an escalator to be greeted by President Thabo Mbeki and Commonwealth secretary-general Emeka Anyaoku.

For them, a length of red carpet was laid from the top of the escalator to where Mr Mbeki, Mr Anyaoku and their wives were waiting.

But for Queen Elizabeth, who as head of the Commonwealth was to arrive in style through the front entrance, a special strip of red was laid from the point where her car would stop into the foyer.

Unfortunately, organisers had not reckoned with the stiff sea breeze that rippled the flags outside. When they opened the door, well in advance of her scheduled arrival, the wind kept flipping up a section of the carpet in the doorway.

One official stood with a foot on the rebellious floor covering until at 9.18am three men armed with hammers and nails arrived and made sure the carpet stayed flat.

The Queen, accompanied by her husband, the Duke of Edinburgh, drew up in a silver-grey Jaguar barely six minutes later – and the carpet behaved itself.

Earlier, one of the conference centre staff, in a grey suit, knelt not on the carefully brushed carpet but next to it to delicately burn off a few frayed threads with his cigarette lighter. – Sapa

## Flowers soothe miffed president

PETER FABRICIUS

The smallest country in the Commonwealth caused the biggest protocol fuss at the start of the Commonwealth Heads of Government meeting in Durban this week.

President Rene Harris of the Pacific island state of Nauru – all of 21km², population 9 500 – was mistaken for the leader of another small Pacific island state – Kiribati (717 km², population 83 000) – and taken to the wrong hotel in the wrong car.

When he realised that he had been received as the leader of another state, Mr Harris, whose sense of his country's importance is not proportional to its size, demanded to be taken back to Durban airport and given a proper reception befitting the dignity of Nauru.

Since there had been no great fanfare accompanying the reception of any of the Commonwealth heads – just a fairly straightforward greeting by Deputy Foreign Minister Aziz Pahad – the South African protocol officials could not accommodate his demands. It was also Mr Harris's birthday.

Eventually the South African government smoothed over the hiccup in relations by giving Mr Harris a large bouquet of flowers as a birthday present and driving him in proper style to his correct hotel – but not via Durban airport. – Independent Foreign Service

# Easy to cultivate, protein rich soya bean could save millions in Africa

(1) Star 25/4/96

## A population boom has caused arable land to diminish, increasing the demand for protein from fish, goats and cattle

**By Moyiga Nduru**
Nairobi

Millions of people in Africa need not be undernourished if the consumption of soya bean, a relatively cheap source of protein, is encouraged, nutritionists say.

"Soya has the highest vegetable protein of any known plant," explains Derek Waymark of the German Technical Programme (GTZ) which is promoting the legume in Kenya. "It contains up to 40% protein and up to 20% oil.

"What you need is just one part of soya and three parts of maize per person per meal and you have a balanced diet. That's why it is used as relief food around the world."

Soya originated in China more than 2 000 years ago. It is a staple in south-east Asia, and was introduced to Europe and the United States at the beginning of the last century when its versatility gained it popularity.

"You can do anything with soya. You name it. It can be manufactured into baby food. It can be used for baking bread, chapatis, cakes and producing milk. And the residue can be used for animal feed," explains Waymark.

The bean can also be used as a meat substitute and it has an advantage over other crops. "It has a long shelf life of two to three years. You can keep it in the house and it won't deteriorate or lose its nutritional qualities like maize."

Soya is easy to grow. Moreover, Waymark points out, "it takes three to four months to harvest. And, as a rotational crop, you can put it in with maize or wheat".

Yet despite these advantages, few people in Africa eat soya. The continent consumes just 600 000 tons of the 125 million tons produced every year worldwide and only a few of its countries grow it – mainly South Africa, Nigeria, Zimbabwe, Zambia and, on a smaller scale, Malawi, Uganda, Kenya and Egypt.

"It has taken so long for the crop to come to Africa because of a number of reasons," explains Waymark. "First, the people of Africa, especially those in Kenya, like consuming meat. Secondly, there hasn't been so much land and population pressure in Africa in the past 30 years."

However, with arable land diminishing as the population booms, says Waymark, "the demand for food increases, causing an increasing deficit in protein from fish, goat, sheep and cow meats".

As a result, malnutrition is rife on the continent. According to Jacques Diouf, director-general of the UN Food and Agriculture Organisation (FAO), the number of chronically undernourished people in Africa is projected to swell by about 50% to more than 300 million by 2010.

Kenya is no exception. More than 34% of Kenyan children under the age of five were moderately or severely stunted in 1993. To combat undernourishment here, local firms, in co-operation with the UN Children Fund (Unicef) and the World Food Programme (WFP), have been developing high quality foods made from soya.The food has been used to feed refugees from Rwanda, Burundi, Ethiopia, Somali and Sudan.

But Kenya, whose annual demand is estimated at 30 000 tons, continues to import soyabean from neighbouring Uganda and, unless production is stepped up, it is likely to import more.– Sapa-IPS.

# UN spotlight on Africa

(1) Sowetan 30/4/96

Africa's numerous political squabbles and other social ills seem to highlight the United Nations' shortcomings. Boutros Boutros-Ghali wants to change this perception. Foreign Editor **Dale Lautenbach** explains why...

THE BIG QUESTIONS FACING the future of the United Nations are nowhere more pertinent than in Africa, the continent that best seems to highlight the UN failures and hide its gains in the awful shadows of war and deprivation.

Boutros Boutros-Ghali, the secretary-general of the organisation, was in Johannesburg at the weekend for the opening of the UN Conference on Trade and Development (Unctad) at Midrand.

"A present for you," he said, signing for me the copy of his latest book, *The United Nations and Apartheid*, hot off the presses in New York just a few days ago.

"As we enter the new millennium," reads its introduction, "we believe that the United Nations will be strengthened in its endeavours to play a leading role in the efforts to achieve peace and justice across the globe."

The voice is President Nelson Mandela's in his foreword to the text. It is an article of faith for a bleak continent.

### Dangerous posibility

Boutros-Ghali defines one of his tasks as the raising of international awareness about the marginalisation of Africa, that dangerous possibility that lurks under the fattening belly of economic globalisation.

He believes the recently launched UN System Wide Initiative for Africa – deploying about R100 billion over 10 years in a newly structured plan demanding cooperation among UN agencies, including the World Bank and the International Monetary Fund – will make a difference because of its new focus.

It looks not so much at infrastructure – the old road and bridge-building measure of development – but at people, at their education, at their governance.

### Important symbol

And while Unctad might be just another conference to many of us, and an awfully big one at that, Boutros-Ghali sees its location in South Africa as an important symbol.

He has just written a letter to the G7 countries prior to their meeting in New York, raising the issue of Africa's marginalisation. He did the same before the Halifax summit.

His meeting this week with all UN agency heads in Nairobi, instead of Geneva or New York as usual, and the signing of the African Nuclear Weapons Free Zone Treaty in Cairo are symbols and signals, he insists, putting Africa in the world's eye and putting development on the map.

"We are trying to put the limelight on development, and the continent which needs most attention is the continent of Africa," he said.

**UN secretary-general Boutros Boutros-Ghali, President Nelson Mandela and Trade and Industry Minister Alec Erwin at the opening of the ninth session of Unctad at the weekend.** PIC: AFP

He believes strongly that the world will have little choice but to address some of its most pressing problems as an international family: right now the much-criticised UN is the only forum for that fractious gathering.

His conviction that the world needs the UN is not a smug one. He, after all, has 185 bosses to consider in the form of the member states, sovereign all and so aware of it.

His conviction is also not a doomsday view of the future. It is simply there, the reality of the globalising post-Cold War world: "I believe they (the member states) will be compelled to pay more attention to the UN. Maybe not now, maybe not in the next few years but they will.

"Why? Because more and more the international community will be confronted by global problems, and global problems by definition cannot be solved by one country or two. They will need the cooperation of the family of nations and, for the time being, the only forum existing is the UN."

The secretary-general, at the top of an organisation whose members do not pay their dues – members owe the organisation R12 billion – is acutely aware of the contradictory trends that tear at his organisation.

"We have to explain to the international community what we have done, we have to correct our image, we have to streamline our administration ... we have to do many things on our side.

"But the real problem for me is that after the end of the Cold War, there is a kind of return to a neo-isolationism, to a kind of ultra-nationalism. People think now we have finished the war, a terrible war that was putting the whole world in danger, let us take care of our own problems. And they are not taking consideration of globalisation.

"So the problem is how to attract the attention of public opinion and to say today international problems are as important as domestic problems. Domestic problems will not be solved unless you solve certain international problems and this is the message."

The man is not a visionary. We have all paid lip-service to the global reach of the problems he identifies: the environment, drug-trafficking, transnational crime, mass displacement of peoples.

But the member nations have to have the political will to use their joint instrument to address these problems. "The UN is practically the result of the member states: if they want to have a strong UN, they will have a strong UN," said Boutros-Ghali.

The opposite also applies. It is the choice of all nations. – *Independent Foreign Service.*

# Aid dries up for African states

(1) Sowetan 30/4/96

By Maxwell Pirikisi

## A gloomy picture of changing global aid patterns emerges at Unctad

AFRICA IS THE WORST-HIT region in the changing global aid patterns, *Sowetan Business* has learned.

The debates which took place at the ministerial round table at the start of the ninth United Nations Conference on Trade and Development (Unctad) at Gallagher Estate over the weekend centred on Africa's need to re-engage foreign investment and recapture international aid.

It emerged that the proportion of income that the world's industrialised nations are prepared to provide as official development finance to the continent is fast shrinking.

Capital outflows from industrialised nations to the developing world are soaring but commercial lending and investment from these countries to both developing countries and multilateral organisations ranks far below official aid flows.

In its latest report on development cooperation given to *Sowetan Business* this weekend, the Organisation of Economic Cooperation and Development (OECD) notes that industrialised countries and international finance institutions will from this year on release less money to poorer nations.

Such a gloomy prediction confirms last month's UN warning of aid cuts to Africa by international funding agencies. In addition to tackling aid programmes and financial flows from the world's industrialised nations, the OECD report contains some discouraging information on the aid programmes of other countries.

Gone are the days when developing countries could look to the oil-rich Gulf states as a major source of development funding. It remains to be seen if Unctad will be able to address some of the issues in global economics and win back aid and investment for Africa.

# The future remains bleak for Africa

Sowetan 30/4/96

By Maxwell Pirikisi

THE winds of change are getting stronger as the end of the 21st century approaches – in global politics, social life and economics.

For Africa the future continues to look bleak as the continent appears headed for split and marginalised economies into the year 2000. Differences in trade preferences among Southern African states threaten to promote selfish and individualistic economic policies.

While most African countries are still nursing colonial wounds and panelbeating dented economies, the rest of the world is already calling for globalisation and trade liberalisation – the catch-phrase at the current 9th United Nations Conference on Trade and Development (Unctad IX) meeting at Gallagher Estate in Midrand.

Southern Africa in particular is seen as a place where Africa's economic history can be rewritten, but the region still lacks socio-economic and political stability – which are essential ingredients for growth and development.

Recent incidents of instability in countries like Swaziland and Lesotho, the on-going gun-totting and mayhem in KwaZulu-Natal, the emergence of Robert Mugabe as a despot in Zimbabwe and human rights abuses in Malawi and Zambia, are not doing the region any good in the eyes of people with money.

**‘Such a scenario undoubtedly points to an unfriendly investment climate’**

Such a scenario undoubtedly points towards an unfriendly investment climate within the entire region. Even South Africa's current situation does not promise lasting political stability, despite the imposing presence of President Nelson Mandela.

The future is clouded with uncertainty and this is something South Africans need to come to terms with.

Due to its history, investors are always quick to point out how "repulsive" and "hostile" to investment Africa is.

This is also reflected in the way international investors are now grudgingly coming into Africa, and into Southern Africa in particular, as well as the declining aid flows.

According to a World Bank bulletin released over the weekend, Africa's share of the over R900 billion of foreign investment in developing countries in 1995 was far less than one percent at below R8 billion. Some analysts have in fact disputed this figure, charging that it is actually less than R4 billion.

This drop in development funds has been further worsened by the drastic cut in Western "aid' budgets by about 12 percent in the 1993-94 and 1994-95 financial years, as a result of a major fall in bilateral and multilateral concessional flows.

Regional governments gathered for Unctad IX in Midrand for the next two weeks are privileged to meet with leaders of international finance institutions like the International Monetary Fund and the World Bank.

The challenge for them is to market the region to these funding agencies and other potential international investors.

# Few invest in Africa, but returns high for those who do

ARG 8/5/96

MIDRAND. – Every so often the international spotlight focuses on Africa and how the continent can drag itself out of the depths of underdevelopment.

So far no magic wand has appeared that offers a fix-all solution, but delegates at the ninth United Nations Conference on Trade and Development (Unctad IX) agree that what is needed desperately is more foreign direct investment and policies to diversify African economies, largely dependent on commodity exports.

Unctad says out of every 10 developing countries, eight draw more than 70 percent of their total merchandise export revenue from commodities. The ratio is even higher in Africa, where most countries depend on one or two commodities for more than 90 percent of their export earnings. They have been hard hit by shrinking commodity prices, which fell annually by 5,2 percent in the 1980s.

According to the World Bank, it is countries like these that have been the slowest to integrate into the global economy. Those that have grown fast have diversified into non-traditional commodities such as fruits, vegetables and shrimps. Examples of such countries are Thailand, Malaysia and Chile, but opportunities for growth continue to elude many other nations.

"If they have nothing to sell they will not trade," notes British Trade Minister Anthony Nelson.

"If the goods they make are not competitively produced they will lose out. And, if they do not provide a stable economic environment they cannot attract and retain investment. Countries too heavily reliant on commodities will remain vulnerable to external shocks. Those who are ignorant of trading opportunities or who cannot communicate effectively with the outside world will be equally disadvantaged."

It is in manufacturing and industry that the greatest challenge lies, according to South Africa's Deputy Trade Minister, Phumzile Mlambo-Ngcuka. She says the continent faces enormous challenges "to dynamise the continent's economies and broaden its manufacturing and industrial bases".South Africa has taken over the four-year presidency of Unctad, whose ninth session – which has drawn 3 000 delegates – ends here on May 11.

Unctad sees foreign direct investment (FDI) as an instrument through which capital, technology and managerial skills can be channelled to developing countries.

Although returns from FDI are high in Africa, very little investment flows in. In 1995 Africa attracted only two percent of global FDI even though the rate of returns for US subsidiaries in Africa in recent years has been higher than in both developing and developed regions, the conference noted. – Sapa-IPS.

# US document on African trade raises criticism from all

(1)

By Rose Umoren

ET (BR) 8/5/96

Washington — United States investors, analysts, and Africa activists are criticising their country's African trade policy after the publication of a document drafted by 19 agencies of the US government.

The Comprehensive Trade and Development Policy for Africa aims to expand US business on a continent that has been the bastion of Europe for centuries. Complaints about the document come as Congress begins work toward legislating the policy, which was submitted to the Bill Clinton administration last February.

Even Edward Barber, the director of African affairs at the US Treasury and one of the policy's architects, concedes that it is "not as bold as we would have liked". He blames "domestic concerns".

Africa activists call the policy a tool for US exports, while the business sector charges that it focuses more on development than on trade.

"Given the prominence of aid-related programmes, the report has more of a developmental tone than it does a private sector or business orientation," said Witney Schneidman, whose Washington-based firm Samuels International advised a variety of US companies doing business in Africa.

But a coalition of 18 non-governmental organisations that focus on Africa charges that the policy "adopts a one-size-fits-all approach to development, the many flaws of which have repeatedly been identified by critics in Africa and around the world".

African diplomats, for their part, say the policy is dictatorial and shows no interest in understanding their continent and its problems.

"It says, 'this is what we want you to do for US business', not what we will do for African business," said Tombong Saidy, the charge d'affaires at the Gambian embassy in the US.

Commissioned by Congress in December 1994, the 58-page document orders a range of government agencies to design special programmes for US trade and investments in Africa. Washington, for its part, would pursue bilateral and sub-regional trade treaties with an overall view to establishing joint free trade areas.

The policy expects African governments to accelerate compliance with the World Trade Organisation agreement on intellectual property rights. As part of the policy, US ambassadors would lobby senior African officials on behalf of US companies that are competing for contracts.

But the Samuels International official says that by not budgeting new funds for the policy's implementation, the administration has not given it teeth to confront the Europeans, South Africa, and other economic players in Africa.

"As reference is made to several government agencies and committees, it is hard to understand who ultimately is responsible for implementing and co-ordinating (the policy)," Schneidman told a trade forum on the policy last week.

The NGO coalition is especially peeved that the document is based on an "unambiguously favourable depiction of structural adjustment policies" at a time when even the World Bank is giving serious consideration to objections to the model.

The model, the coalition charges, "has obstructed the efforts of African leaders, the United Nations agencies, and many non-governmental organisations to identify and implement programmes more consistent with sustainable development".

They also complain that the document offers no initiative on Africa's crippling debt burden.

In summary, the coalition says, the US has failed to use its first African trade policy to discharge its share of responsibility for Africa's woes. — Sapa-IPS

# NEWS

## Sub-Saharan Africa posts record economic growth

CT(?) 8/5/96

By Fiona Leney

Johannesburg — The countries of sub-Saharan Africa, often seen as the world's economic basket cases, posted record growth rates last year and should use continued modest growth rates as a spur to open their markets to foreign trade, the World Bank said in a report published yesterday.

In its sixth annual report on global economic prospects and the developing countries, the bank painted a mixed picture of the sub-Saharan region.

Though economic growth rates averaged 3,5 to 4 percent last year, the highest growth so far in the 1990s, income from trade fell by a record amount.

The contribution of trade to GDP in the region fell 0,2 percent a year between 1985 and 1994, while it grew 1,2 percent a year in the rest of the world.

Masood Ahmed, the director for international economics at the bank, said though some countries, such as Uganda and Mauritius, had recorded economic growth of between 6 and 7 percent last year, others' economies had contracted by the same amount.

"Too many developing countries are failing to open up to the world economy," Ahmed said.

"This creates severe disparities and the threat of a permanent gap between fast and slow integrating economies."

Trade tariffs have come down negligibly since the late 1980s; they remain at 25 percent or more in many countries.

Even South Africa, the only country in the region which attained an investment-grade rating, should go further towards opening its markets, said Judith Edstrom, the chief of the South Africa mission at the bank.

The bank said the growth registered in the region last year could help set the stage for better long-term growth prospects. Output growth over the next decade was expected to average 3,8 percent a year in the region, compared to 1,7 percent from 1986 to 1995. That growth should be underpinned by improvements in export performance and domestic investment.

***SET STAGE*** *Masood Ahmed, a director at the World Bank*

PHOTO: JOHN WOODROOF

Some of the factors which had helped push up growth over the last few years, such as higher commodity prices, were likely to be short term, the bank said.

Others, such as better economic policies, the political transformation in South Africa and greater civil peace in many areas, were expected to give the region longer term benefits, however.

The integration of markets, or how free trade was, was an indication of how well an economy was performing.

"Fast growth tends to promote a more open economy ... hence lagging integration is a sign of underlying policy deficiencies," the bank said.

From 1985 to 1994, the ratio of world trade to GDP rose three times faster than during the previous decade.

In the same period, foreign direct investment doubled as a share of global GDP.

# Foreigners move in as Africa privatises

(1) BD 10/5/96

MOROGORO — The state's gradual withdrawal from the economy in sub-Saharan African nations has given foreign investors an opportunity to cash in on a high-yield market.

However, privatisation has generally not satisfied local business people's hunger for a stake in former state enterprises, according to studies jointly carried out by management institutions in Tanzania, Zambia and Zimbabwe.

Researchers from the three nations said during last week's workshop at this Tanzanian venue that when state enterprises were auctioned off foreign bidders had an unbeatable advantage, because of their ready capital, technology and managerial competence to revive ailing firms.

Indigenous people did not have the money to enjoy the benefits accruing from privatisation of state-owned enterprises, a study on privatisation as an incentive to foreign investment in Tanzania and Zimbabwe found.

**Unveiled**

Researchers from Tanzania's Institute of Development Management (IDM), the National Institute of Public Administration of Zambia (Nipa) and the Zimbabwe Institute of Public Administration (Zipam) presented their findings at the workshop.

Zipam pointed out that the need to balance foreign and local investment was crucial in Zimbabwe, where a widely held view was that privatisation should "solely benefit the indigenous population" since it was economically disadvantaged in the days of settler colonialism.

The general feeling in Tanzania is that "if due care is not taken to maintain a balance, the trend will reflect wholesale foreign ownership of the privatised enterprises," the IDM found in a public opinion survey.

The general thrust of privatisations in sub-Saharan Africa was precisely to lure foreign investment providing governments with sorely needed hard currency.

However, foreign investors have not been in a great hurry to buy out state firms. In fact, the ratio of foreign direct investment to gross domestic product in sub-Saharan Africa decreased by half last year, the World Bank said.

The researchers attributed this to a lack of macroeconomic stability, limited access to bank credit, the ailing state of enterprises up for sale, as well as politicians' unpredictable commitment to divestiture.

In Zambia, for example, privatisation had become an issue that the opposition had been harping on to curry favour with voters this election year, said Nipa's Lushinga Kawila.

Some opposition parties had threatened that if they came to power they would renationalise firms and reinstate employees who had lost jobs due to privatisation.

They could, however, be swimming against the tide, since the majority of Zambians seemed to believe that state firms should be sold.

The researchers also found that, in the three countries, privatisations had been shrouded in secrecy — this had caused suspicion among employees and other interested citizens.

In a survey carried out by Nipa in Zambia, 83% of respondents were in favour of privatisation, but knew little about the way it was being implemented.

If decision-makers failed to adopt a process acceptable to the people, Kawila warned, this could cause conflict in the future, especially if governments changed.

The state of some public enterprises had also inhibited prospective buyers. Out of 137 put up for sale in Zambia, about 28% had found no takers. They were either too deeply in debt, or seen as irrecuperable.

**Institutions**

"Some of these firms are not worth anything and people are not ready to buy them," said Kawila. He felt Zambia's government should "be courageous enough to turn them into schools, hospitals or other useful public institutions".

Some business people in Tanzania had managed to get a stake in state firms that had been sold. About 65% of the 125 companies listed for sale since 1994 were now being run as joint ventures between local and foreign investors.

Timber and household dealer Ray Kweka felt, however, that more should be done to ensure more of Tanzania's entrepreneurs could benefit from privatisation.

"Government and banks doing business in (Tanzania) should aid indigenous entrepreneurs to get investment capital in order to form joint ventures with genuine, foreign firms and to acquire technology," Kweka said.

"We have a large, intelligent labour force here but the trouble is finding work for them ... Foreigners buying state-owned business are retrenching workers instead of creating new jobs," he said.

He also felt, like other Tanzanian business people, that government should encourage only investors whose industries suited local needs.

"We do not need foreigners coming to invest in hatcheries or in other petty production," Kweka said. — Sapa-IPS.

*Global interest has just begun*

# SA 'pivotal' to mining in Africa

(1) CT (BR) 16/5/96

From Sapa

Sydney — South Africa will play a pivotal role in the mining development of the continent, Willo Stear, the general manager of Rand Merchant Bank's mineral resources division, said yesterday at the Bell Securities 1996 Emerging Gold Producers Conference.

"The changing trend towards greater global interest in Africa has only just begun," he said. Stear said global exploration in Africa outside of South Africa, was still small, but had more than doubled since 1993.

"It has been said that Africa could become the next Latin America as capital becomes available through the anticipated increase in the number of sub-Saharan capital funds which are likely to be established over the next few years."

Stear attributed the growing interest in the potential of Africa's mineral resources to a decline in civil conflict in many mineral-rich countries, an improved investment climate in most sub-Saharan countries and the passing of legislation encouraging private investment and reducing state involvement.

Another factor was the influence being exerted by South Africa, through its foreign policy and trade, to improve the African macro-economic environment.

He said the growing wave of gold exploration and new mining project developments in sub-Saharan Africa had centred on West Africa, mainly in Ghana.

However, there was an increasing interest in the gold deposits around Lake Victoria, and in the gold mining districts of Tanzania, Uganda and Kenya.

Exploration tentacles were also being spread into Ethiopia and Central African countries such as Gabon and the Congo. South African corporations were among those companies setting their sights on the state-controlled Zambian-Zairean copperbelt, and the gold and diamond fields of Zaire and Angola.

"Modern technology in the fields of mineral exploration has not been applied to many of the mineral-rich regions of Africa, thus enhancing the scope for new discoveries," Stear said.

The commitment of South African mining expertise, technology and finance "is one of the more significant factors which will influence the future ability of companies to raise equity capital and stimulate growth in Africa's emerging minerals industry", he said.

# Debt burden a major obstacle to African growth

ARG 17/5/96 (1)

PARIS – Foot-dragging by international financial institutions and some industrialised countries in seeking solutions to the poor nations' debt burden is exasperating non-governmental organisations.

Jim Barnes, consultant to the environmental group Friends of the Earth International (FoE), criticised the international financial institutions and certain rich nations for failing to see that the debt overhang could thwart poor countries' economic growth.

A seminar entitled "Deepening structural reforms and policies for growth in Africa" was organised jointly by the Japanese Finance Ministry and the International Monetary Fund (IMF) and held this week in Paris.

The seminar brought together experts to study what lessons African countries could derive from the so-called East Asian 'miracle' to accelerate the growth of African economies.

"African people are eager to stand on their own feet and we need ideas on how to cooperate with African people. You don't have one formula for development and we need to hear what kind of aid is needed," said Japanese Finance Minister Hideichiro Hamanaka.

The discussions, however, ignored the debt-burden pressing down heavily on many African countries and stressed that Africa's economic growth would be spurred by macroeconomic stability, liberalisation and other reforms.

In his concluding remarks, IMF Policy Development and Review Department Director Jack Boorman said "one must ask whether the relative costs and benefits for Africa of opening up its markets only slowly are the same as those faced in Asia".

> "African people are eager to stand on their own feet and we need ideas on how to co-operate with African people. You don't have one formula for development and we need to hear what kind of aid is needed," – Japanese Finance Minister Hideichiro Hamanaka.

The message that came through the discussions, said Boorman, "seemed to be that the cost of acting slowly and foregoing the benefits that faster access to outside capital and technology can provide is too dear."

Boorman said African countries had been reasonably successful in implementing the early stages of structural reforms. But the record on the more difficult adjustments, involving revenue mobilisation, public enterprises, privatisation and the financial sector, had been much more uneven.

He pointed out that the bulk of global foreign direct investments had been going to some eight to 10 countries, many of them Asian. If, however, African countries could provide the right environment, they could attract foreign capital.

But Barnes disagreed. "It was very glib to simply say that there is agreement on the need for further structural adjustment and ignore completely the debt overhang and the price it exacts," said Barnes.

"If no solution is found to this debt problem, which sucks up 50 to 60 percent of poor countries' hard currency, there will not be much left to invest in social development like education and health," he added.

According to Barnes, Japan and the IMF have been two of the most serious obstacles to a conclusion of ongoing negotiations for a multilateral debt facility (MDF) that is intended to fix the problems of severely indebted poor countries.

At the end of the spring meetings of the World Bank and the IMF in Washington last April, Barnes said all NGOs were extremely disappointed that governments and the institutions made no progress on setting up an MDF.

The alternative the IMF had suggested, Barnes said, would take some pressure off poor countries but did not treat the more essential problem posed by their foreign obligations.

"If you look at what East Asian countries actually did to register such growth, you will see heavy state intervention and high protectionism. There was also heavy stress and investments in education and health," he pointed out.

A "glib set of assumptions" underlined comparisons between the East Asian "miracle" and Africa, Barnes said. "It is unreasonable to say that African countries can attract inflows from the market the way a small number of Asian countries have.

"There is a complex set of reasons why a few countries have attracted huge capital flows and they have little to do with opening to the global economy," he added.

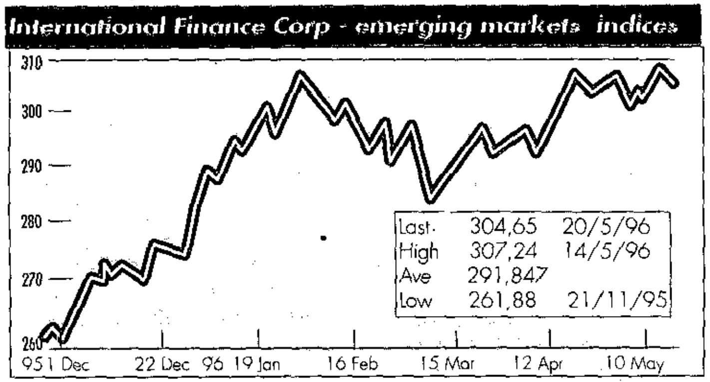
"Take China — it has opened some doors but not as much as the international financial institutions want. People are investing in China because it is a huge market of two billion people," said Barnes. – Sapa-IPS

*Commonwealth Development Corporation prepares companies for stock listing*

# British agency revives sub-Saharan businesses

(1) CT 22/5/96

By Daniella Gluck




London — Chilanga Cement in Zambia was a rundown state-owned company when the government asked a British agency to salvage it.

The Commonwealth Development Corporation (CDC) invested money and management expertise and last year a revived Chilanga Cement became the first company to list on the Lusaka stock exchange.

Chilanga Cement is typical of the type of work done by the British government agency, which invests in businesses in Third World countries.

Of the agency's total £1,5 billion invested worldwide, about 30 percent goes directly into sub-Saharan African companies. Among its projects are a cattle ranch in Botswana, a cut-flower grower in Gambia and a sugar cane producer in Swaziland.

"We have seen Africa turn around over the last few years and I think there is a lot more potential for making good investments in Africa," said Roy Reynolds, the CDC's chief executive.

The agency buys controlling interests in businesses, usually state assets earmarked for sale, then runs the company with its own management, which prepares it for a stock listing.

The Chilanga share sale, for instance, served to create the Lusaka stock exchange.

The Commonwealth agency holds 50,1 percent of Chilanga's shares. The rest is held by institutions, Zambian companies and employees under a share option plan.

Though the African continent trails Southeast Asia in development, it offers plenty of investment opportunities.

The Nigerian stock exchange grew 92,6 percent last year, making it the fastest-growing stock market in Africa and the Middle East, figures from Foreign and Colonial Emerging Markets show. Money was invested despite the government's reputation for corruption.

James Graham-Maw, the sub-Saharan fund manager of Foreign and Colonial Emerging Markets, welcomes the attention the British agency brings to the region.

"It brings more to the economy and should stimulate a culture of savings and investment," he said.

Michael Powell, the director of Emerging Markets-Africa for Baring Asset Management, is heartened by the regional governments' sale of state assets, but also understands the risks.

"They're very good on the agricultural side, but less good at industrial programmes," Powell said.

"There's a lot of money that needs to be spent. Africa has been starved of capital for a long time."

Powell cautions against expecting unrealistic returns from buying shares in newly sold state assets, especially in such an underdeveloped region.

He cites African telecommunications companies that probably will not meet investor expectations for high returns because, in most cases, basic infrastructure does not exist.

Fund managers tend to stick to investing in company equity and foreign direct investment is left to those with a taste for high risk. That is where the Commonwealth agency steps in.

"In Africa, there are still not enough players and companies that are prepared to take the risk and put the money into a privatised company," Reynolds said.

"In countries where maybe there is greater risk, you will find that CDC is almost alone as an organisation (that) is prepared to make those investments," he said.

In March the agency signed an agreement with the government of the Ivory Coast to acquire the assets of Domaine Heveicole de Cavally, a 800ha rubber estate being sold under the government's plan to dispose of state assets.

**A lot of money needs to be spent. Africa has been starved of capital**

The agency also plans to invest £6 million in the development of a rubber factory and to plant 1 000ha of rubber trees. A further 2 000ha of smallholdings will be incorporated into the development.

"We believe we can play a role in Africa, but where other private companies can come and do that, we are very happy that they take the first shot," Reynolds said.

"The problem is that there are few good, viable projects that fund managers are willing to take on."

Investors know the agency brings not only money, but also the management skills that are often lacking in developing countries and which the African governments welcome, Reynolds said.

The agency also ensures that jobs in the projects do not get handed out to those within the inner circles of government.

"Whenever we're involved in a privatisation, it's essential that we, or let's say government, have a minority share," Reynolds said.

The agency aims to involve the local population in the share pricing of initial public offerings.

"I don't think flotations work very well with the local population if, in two years' time, they find their stock isn't really worth what they paid for it," Reynolds said.

"That isn't a sensible way forward. So, I think you must be conservative in the way you price it, such that people can see that privatisation and buying shares is something that is a good thing to do." — Bloomberg

# Africa: On a fast road to nowhere?

(1) AR G 30/5/96

CITIES in Africa, fuelled by the continuous migration of people in search of jobs and a better life, are growing faster than any in the world.

This growth is a reflection of peoples' hopes of escaping the lack of facilities and opportunities in rural areas, and the hope that the bright lights of the cities may ease their plight.

But the truth of the matter is that formal employment in Africa's cities is not growing, and informal sector job growth is not likely to keep pace with the anticipated growth rates in the working-age population.

The quality of life in many African cities is increasingly threatened. Urban infrastructures already are under great stress, and shrinking budgets for social services have left schools overcrowded, medical services understocked, transport less reliable, and basic water and electricity supplies increasingly intermittent.

Most African cities were developed as colonial administrative and trading centres rather than industrial and commercial centres equipped to support the large growing population.

A generation after independence, well serviced but expensive city cores are surrounded by rings of development supporting most of the population, where the quality of housing and services varies greatly.

Urban authorities providing administration and services have been unable to keep up with the explosive growth of squatter communities and shanty towns.

Slow economic growth and poor transport have limited the relocation of industry and industrial suppliers, impeding job growth in secondary cities and fuelling the continued migration into larger cities of people in search of work.

Economic liberalisation has encouraged external assistance to some African countries and although this can help to stimulate developing markets and generate employment, the lack of sufficient infrastructure often reduces the value of the investment.

And as employment stagnates and services deteriorate, social and economic conditions continue to worsen. As a result, crime and homelessness increase and family systems break down especially under the added strains of internal political turmoil and the ravages of the Aids virus.

So it appears that although conditions may vary from country to country, there are opportunities throughout Africa for progress if the most stubborn and persistent problem, the needs of the urban poor, is addressed.

# Slavery in Africa under spotlight

(1)

ARG 1/6/96

**■ Church leaders from around the globe will converge on Africa to address the continent's most pressing problems. Number one on their list is the Sudanese slave trade.**

HARARE – The eighth assembly of the World Council of Churches (WCC), scheduled for Zimbabwe in September 1998, will present an opportunity for Africans to highlight the problems on the continent, principal among which are the crushing debt crisis, wars and the expansion of slavery in southern Sudan.

This is the second time the ecumenical organisation, grouping some 135 churches worldwide, will be coming to Africa.

Although the meeting has adopted the theme "Turn to God, Rejoice in Hope", the council will be tackling issues that need much more than hope.

Most pressingamong them is the expansion of the slave trade in southern Sudan. The slave trade was rife in 19th century Sudan. It supplied Egypt and other Middle East countries, but was stopped when Britain conquered the territory in 1899 and closed the south to the Arab slave traders.

But the practice has resurfaced in war-torn post-colonial Sudan, where the southerners have rebelled against their northern rulers. Muslim fundamentalist leaders in Khartoum have denied allegations of a resurgence of slavery.

The Christian leaders meeting in Harare will also have to contend with the fact that African leaders have remained silent on the issue for fear of antagonising the powerful Arab faction within the Organisation of African Unity (OAU). The OAU has consistently sidestepped the question because of its potential to split the organisation, leaving groups like the WCC to champion the cause of Sudan's African minority.

"It's one of the islands of oppression which needs to be freed," said the Rev Murombedzi Kuchera, secretary-general of the Zimbabwe Council of Churches, the principal organiser of the summit. He added that the story of slavery in southern Sudan needed to receive urgent attention at the meeting.

The conflicts in Liberia, Somalia and Burundi would also be discussed, he said. The council would target countries that stoked the conflicts by supplying warring factions with weapons, Mr Kuchera said.

The council would also make a representation to the World Bank and the International Monetary Fund to scrap Africa's crushing debt, estimated at over $300 billion (R1 260 billion), he said. Prominent economists have concluded that many African countries will not be able to make meaningful progress if they have to use most of their export earnings to repay loans while the prices of primary commodities keep falling on the world market.

"The working of the market economy will also be looked at as to whether it is not marginalising the majority," said Mr Kuchera.

The council also has a special relationship with Africa. It embraced liberation struggles in countries such as Zimbabwe and condemned apartheid in South Africa as a sin at a time when liberation movements in both countries were branded as evil communists by Western countries.

The council's decision to hold its eighth assembly and 50th anniversary celebrations in Zimbabwe ahead of other bidding cities, including its birthplace Amsterdam, underscored the organisation's solidarity and concern for the problems in Africa, Mr Kuchera said.

The council was founded in 1948 as a "fellowship of churches which accept Jesus Christ our Lord as God and Saviour". Its first African visit was to Kenya in 1975.

The Christian community in Zimbabwe is being mobilised to help prepare for the assembly, which expects to see which over 3500 visitors.

The congress is expected to cost more than 10 million Zimbabwe dollars (R22,5 million) of which 3,5 million Zimbabwe dollars (R7,8 million) will be raised locally.

The Zimbabwe Council of Churches is appealing to the about 30 Christian and Orthodox churches and organisations and the business community to help raise the money.

"The convergence of the world community in Zimbabwe will be a great honour for us," Mr Kuchera said. The world's negative attitude towards the problems of Africa will be made naked." – Sapa.

# ‘African Oxfam’ to help Africa help itself

BD 3/6/96

SOMERSET WEST — The Organisation of African Unity should establish its own humanitarian organisation, along the lines of the British-based Oxfam, an African peace conference decided on Saturday.

Former Ugandan Foreign Minister Olara Otunnu, who chaired the meeting, said Africa had the resources, land, food, wealth, doctors and engineers, to establish such a body to serve its own needs.

"If there is a desperate food shortage in Tanzania, for example, one has had to run to Oxfam to bring food in," Otunnu said. "Why should we have to rely on expatriate charities to do this when there is a heap of food lying in Kenya next door?"

Otunnu was speaking at the end of a three-day conference aimed at involving civil society in African peace efforts. It was jointly sponsored by the OAU, the University of Cape Town's Centre for Conflict Resolution and the International Peace Academy.

About 100 academics, diplomats and non-governmental organisation representatives from various African countries attended the conference.

Otunnu, who is president of the 26-year-old, independent, New York-based Peace Academy, said an "African Oxfam" would require logistics and communications and a group of experts ready to act.

Oxfam, which has always had a strong presence in Africa, is an international agency focusing on the alleviation of poverty and hunger.

The conference's proposal will be further refined by a task team before being presented to the OAU in Addis Ababa, Otunnu said.

The delegates also called for a process to create an African code of conduct. This would "enshrine core values derived from African traditions and modern international techniques concerning behaviour during conflicts and methods of resolving conflict."

Other initiatives to come out of the meeting include "an agenda of assistance" which can be offered to the OAU, through a caucus of scholars and academics. The caucus will be expected to help by offering research, seconding experts to work with the OAU, and by collating information. "Between now and the end of the year, we hope to make this operational," Otunnu said.

Another suggestion was to establish a stronger network of women's organisations throughout the continent, dedicated to ensuring that women — who, delegates insisted, are a powerful force for peace — are included in conflict management.

Burundi delegates suggested Burundian women's groups could be given specific training in mediation and conflict management in an effort to defuse the growing ethnic tensions in their country. — Sapa-AFP.

# Africa abandoned

(1) Sowetan 10/6/96

## Africa is being neglected, says the International Confederation of Free Trade Unions in the latest issue of its publication *Free Labour World...*

FOREIGN INVESTORS, their sights set on the emerging markets of East Asia and Latin America, have abandoned Africa's 660 million inhabitants, half of whom today survive on incomes bordering on extreme poverty.

Worse still, the meagre amount of private capital still trickling into Africa continues to melt away like snow.

In 1994 Africa attracted about R20 billion of direct foreign investment from the R348 billion windfall earmarked for the developing countries.

One year later, while East Asia and Latin America received R165 billion and R78 billion respectively, Africa's share dropped to about R10 billion – a drop of 33 percent.

Neither is Africa's position in world trade particularly encouraging.

Its exports account for only 2 percent of the R17,792 billion total value of goods traded on the world market every year, and a large proportion of the income which African countries earn from this is swallowed up by debt payments.

Africa also has a dubious honour of being the world's most indebted continent.

According to the World Bank's 1996 report, at a time when all the developing regions have seen their debts reduced, the total debt of the 47 states in sub-Saharan Africa has increased by 5 percent to reach a total of R970 billion.

The result is that servicing the debt of sub-Saharan African countries has on average exceeded public investment in their education and health sectors.

According to the United Nations (UN), the average amount of expenditure involved in servicing the debt per inhabitant is about R187, compared with R152 for expenditure on education and health.

### No surprise

So, it is hardly surprising that 30 percent of African children under the age of five are below the weight required for healthy development, or that – according to some forecasts – between now and the beginning of the next millennium some 20 million people will become infected with the Aids virus and four times that figure will die of preventable diseases in Africa.

While all observers agree that to join in the process of globalisation and reap its benefits Africa will have to opt for a market economy, this is easier said than done.

Structural adjustment programmes implemented in most countries have until now produced only perverse results: less expenditure in the social sector, massive privatisation and redundancies in the in the civil service (which was admittedly overstaffed in some countries), and a general drop in purchasing power.

Two thirds of urban workers are today employed in the 'informal' sector.

Industrial real earnings plummeted in the 1980s, with an annual fall of 12 percent recorded in countries where reliable data is available.

This makes for gloomy prospects for the 60 million young Africans who will enter the job market at the start of the next millennium, unless in the meantime the feeble signs of recovery are confirmed.

Africa is also seeing some success, however. Indeed, some African countries are doing reasonably well – about 20 countries have a growth rate of between 3 percent and 8 percent, several armed conflicts have recently been resolved and democracy is progressing in some countries.

It was precisely with a view to encouraging this trend that the UN last month launched an 'unprecedented' programme which should mobilise all the UN agencies and up to R108 billion over the next 10 years.

This action is largely in keeping with the proposals put forward over the past few years by the International Confederation of Free Trade Unions, since it focuses on education and health.

This ambitious programme should be launched in April at the meetings of the International Monetary Fund and the World Bank, which is responsible for gathering and managing the funds needed for the UN's special initiative.

### Increase aid

The campaign to increase aid to Africa seems to be bearing its first fruits. In response to a letter from the ICFTU advocating special treatment for Mozambique, whose foreign debt is 14 times as high as its exports, IMF director-general Michel Camdessus has said that he fully shares the views of the ICFTU.

Support has also come from French President Jacques Chirac who, in a letter to ICFTU General Secretary Bill Jordan, reiterated that France's main aim was to enable the poorest countries to become financially viable.

# Africa is 'a new land of opportunity'

CT(Bor) 26/6/96(?)

By Ross Herbert

Accra, Ghana — If Africa were a share, there would still be brokers in the trading pits yelling "Sell!" but a few bulls would be quietly arguing that it is a cheap buy with good fundamentals.

Africa has 10 percent of the world's population but gets less than 2 percent of foreign direct investment. Africans lose 3 to 5 percent of potential economic growth because of bad roads and the average African has to wait 4,6 years for a telephone.

Such numbers, cited at a UN-sponsored conference in Ghana on reviving investment in Africa, spell opportunity. Democracy has come to 30 African countries and many have reformed tax and investment-promotion laws. A wave of privatisation is sweeping many of them and promises to grow as donor countries continue to cut their foreign-aid budgets.

President Jerry Rawlings of Ghana said his country had realised consistent 5 percent GDP growth in the past decade through fiscal reform and privatisation. The once-moribund Ashanti goldfields has lured a great deal of private investment and aggressively expanded in Africa since the government sold its majority stake. At least 76 mining companies are prospecting in Ghana.

Ghana has privatised, liquidated or sold equity stakes in 159 state-owned enterprises since 1991. It is looking for a 30 percent equity partner in the state telephone company and plans to permit a competing telephone operator to enter the market. At least 69 private ventures are looking for foreign equity partners in fields from chemicals to forestry.

Rawlings and many others bemoaned Africa's negative reputation in the world. But if the conference is a fair indicator, there is growing commitment to the private sector and market reform among Africa's once highly government-orientated regimes. — Independent Foreign Service

# Broad vision needed for Africa's dream of economic unity

(1) DD 28/6/96

WENDY LUHABE

AFRICAN unity is a concept intended to inspire the continent into becoming a self-sufficient force in the world. It is difficult to imagine what was in the minds of those who had this vision — how it was to be achieved, and who was to achieve it.

The reality, many years later, is that we are one of the poorest continents, with the highest infant mortality rate.

We have underdeveloped economies, high illiteracy levels and insufficient financial, engineering and technical skills.

Ironically, we are also one of the richest continents, possessing substantial mineral, precious metal and raw material resources, and with the highest human potential, offering marvellous growth opportunities in a partnership with the developed world.

We should not be discouraged by the glaring disparities that have marked First and Third World coexistence, nor should we resign ourselves to helplessness.

In seeking African economic co-operation for the advancement of the continent in the next few years, there are some basic requirements from industry players, and all of us who have a job or run a business.

Strategies have to be formulated in the context of factors such as privatisation and the restructuring of state assets, global competition and our unproductive performance levels, and the relaxation of exchange controls, with all the consequences that will have — for instance, in the motor industry.

Strategies must encompass increased reliance on technology and computer networking capacity, and accountability and transparency, as required by the latest corporate governance guidelines.

Companies are faced with prices driven by a market that wants to see more value for money, not just price hikes based on inflation levels. They must increase their profitability by narrowing their focus, removing all forms of cross-subsidisation which lead to uncompetitiveness and a poor performance.

They must meet the demands of affirmative action by widening employee participation and opportunities in management, concentrating on employee development in the core competencies that are going to make their businesses succeed.

Until SA gained its political emancipation, we had never regarded Africa as a single geographical zone that required an integrated strategy to compete with the world.

We may have underestimated the damage suffered from the economic colonisation of the continent — without doubt, the worst crime against humanity.

Many people cannot think for themselves, have no self esteem and confidence, and a very weak skills base.

They have therefore resigned themselves to a life of slavery and dependence on those who control and own the resources.

Africa is written off as a major aid recipient — a delinquent debtor for loan and interest repayments and a polyglot of nations in a constant state of political turmoil.

Fundamentally, the focus on Africa remains on the negative portrayal of the continent, obviously to the advantage of the developed world, so that it can justify the continued plundering of raw materials and its failure to invest in the development of Africa.

We thus face a major challenge in changing the image of the continent and embarking on a campaign to market its potential.

It could be said that political liberation in Africa has not quite succeeded in extending economic citizenship to the previously disenfranchised members of society. At least it did not happen automatically. SA, in its late appearance on the world scene, thus has a unique opportunity to define economic priorities for the continent.

There must be a shared vision that seeks to identify and leverage our competitive strengths. For example, we have one of the lowest unit costs in the provision of electricity. We could, as one of our focus areas, provide power or sell our expertise to the continent and other developing nations.

We could also take advantage of the fact that SA is not regarded entirely as an emerging market, but is considered a developed market, particularly when it comes to financial services. We could also build on the small to medium-sized business culture that has developed over the years by encouraging entrepreneurship, following the example of the industrial nations where 80% to 95% of all new jobs are created by entrepreneurs.

Looking towards the 21st century, we could identify and combine the diverse strengths in the region and translate these into an integrated and sustainable strategy to develop a strong economy.

We need to graduate from a survival economy into a growth economy that attracts investment to the productive sectors, as well as focus on areas that can alleviate unemployment. Of course, we must develop an export strategy which focuses on industries with the potential to be internationally competitive.

More stability is essential to making the region a safe destination for investment, so we must manage the social tensions inherent in the paradoxical reality of the continent, and move away from foreign aid not leading to self-sufficiency.

Improving productivity naturally entails developing the human resources needed to manage key economic areas.

This begins with education, and striving for greater compatibility between education and economic requirements.

With improved education will come better jobs, professional efficiency, a culture of savings, independent thinking and a sense of responsibility.

Coupled with the need for the development of human resources is the task of improving the infrastructure where people live — the housing, the roads, the environment ... even simple things like putting up street signs.

We have wasted enough time feeling sorry for ourselves, blaming the world and opting out. It is time we defined the agenda for our prosperity, and rose above just wanting to survive.

**□ Luhabe is managing partner in a Johannesburg-based human resources development company. This article is an edited version of an address to the recent African Insurance Organisation conference held at Sun City.**

# Co-operation the key to African peace effort

(1) BD 27/6/96

JAKKIE CILLIERS

WORKING towards peace in troubled parts of Africa is one of the major challenges facing the countries of the continent — but they need to make sure that the "donor fatigue" syndrome does not result in them being landed with sole responsibility for the task.

From June 3 to 6 I attended the first military chiefs of staff meeting of member states of the Central Organ of the Organisation of African Unity (OAU) in Addis Ababa. I attended as part of the OAU secretariat since the Institute for Defence Policy is co-ordinating a survey for the OAU of peacekeeping training which is presently being provided in African states.

The purpose of the meeting was to see how Africa's military could collectively contribute to peace, security and stability on the continent. The niceties of the terminology aside, the OAU's so-called Central Organ is part of its mechanism for conflict prevention, management and resolution.

The mechanism was established in 1993 and aims to provide structures and processes to provide early warning of conflict, to mediate and prevent conflict, to provide observer missions and, in circumstances where conflicts have occurred, to undertake peacemaking and peacebuilding functions.

The chiefs of staff meeting aimed to go one step further. In the opening words of the OAU secretary general "... even though the OAU may wish to focus its efforts on the prevention of conflicts, it cannot exonerate itself in some circumstances from undertaking activities of a peacekeeping nature".

Although maintenance of global peace and security is the primary responsibility of the UN's Security Council, the OAU council of ministers resolved in June last year, in Addis Ababa, that an enhanced capacity for peacekeeping "would enable Africa to participate in peacekeeping operations either under the aegis of the UN, or in exceptional cases that warrant the involvement of the OAU, in some limited peacekeeping and observation missions".

That meeting had already encouraged member states to set aside or earmark "ready" contingents to be given specialised training in peace support operations. Against this background, the chiefs of staff meeting was convened to deal with technical issues linked to setting up of standby peacekeeping capacities.

The report and recommendations which emerged from the meeting did not, perhaps, meet the expectation of the secretary-general for "...concrete and practical recommendations on such issues as logistics and administrative arrangements, command and control, standby arrangements, training and funding".

In effect, only seven concrete recommendations were formulated, largely as a result of a co-ordination problem within the meeting. But among the recommendations, the meeting "...recognised that certain exceptional circumstances can arise which may lead to the deployment of limited peacekeeping or observation missions by the OAU".

Dramatic as this may appear, the OAU military chiefs merely formalised a situation that already existed with (admittedly disastrous) deployment of the Inter-African Force in Chad in 1981, and the much more limited and useful deployment of the OAU's Neutral Military Observer Group in Rwanda, and the Burundi mission in 1994.

On the other hand, this resolution, supported by SA, contradicts the requirement of the national defence White Paper that the SANDF will only participate in peacekeeping missions that have been authorised by the UN Security Council.

It reflects the contradiction between the desired option which the country may wish to follow and the pressure it is sure to experience, from Africa and the international community, to contribute to peace and stability on the continent.

Nevertheless, this recognition by the OAU of its responsibility for peace, stability and security on the continent is a welcome development. The major challenge now is how to ensure Africa does not marginalise itself by "regionalising" peacekeeping where peacekeeping in Africa becomes the sole responsibility of Africans.

Given the extent of donor and peacekeeping fatigue among the major funding and troop contributing countries, this is of crucial importance. Africa is part and parcel of the international community and it is therefore important to maintain and preserve any globality and universality of peace and security.

Rather than isolating itself by a "go it alone" attitude, Africa should ensure it enters into partnerships with the broader international community — assuming own responsibilities, but drawing on the help and resources of the wider community in executing these tasks.

This can be done by starting to forge partnerships and close relationships with specific developed countries in the provision of training, material, logistic support and other special assistance.

It can also be done by enhancing the capacity of indigenous, that is, African, military training institutions. This could be a first step towards providing African military forces with a legitimate external mission and enough professionalism to counteract a leaning towards domestic political intervention.

□ **Cilliers is director of the Institute for Defence Policy.**

LETTERS

# ADB head sees African investment revival

(1) Sowetan 1/7/96

AFRICAN stock exchanges last year delivered investor returns respectable enough to lead the head of the African Development Bank to predict that the revival of African investment is already underway.

Despite international sanctions aimed at Nigeria, its stock exchange rose 144 percent last year, according to information released by Omar Kabbaj, president of the African Development Bank.

The Ivory Coast exchange was up 57 percent; the exchanges in Namibia and Zimbabwe rose by more than 50 percent, while Swaziland's jumped by 17 percent.

"The reform process has swept most African countries in recent years. Throughout the continent there is a new emphasis on private-sector development, deregulation, liberalisation and privatisation," Kabbaj said.

At least 20 international investment funds now specialise in African shares, and 12 new funds with more than R5 billion in assets have been formed in the past two years.

Stock exchanges are operating in 13 African countries and new exchanges are planned in three other countries, including a regional exchange, to be based in Ivory Coast, that will support share trading in seven west African countries.

Africa's fledgling exchanges face significant hurdles. One of the biggest is lack of trained traders, corporate financiers and regulators.

## Regional exchange

Lack of trained staff is likely to delay the launch of the Ivory Coast regional exchange until 1997. Yet the new Capital Markets Forum, announced this week, will only have the capacity to train five to 10 people a year.

Weak and inconsistent financial reporting and auditing requirements also diminish trust in African securities.

Slow settlement systems are an issue and African markets are affected by political turmoil in neighbouring countries.

Major currency devaluations, driven by high government deficits which fuel high inflation, can easily erase any gains from African share investment.

Currency volatility has been more pronounced in Africa than Asia or Latin America, according to International Finance Corporation figures.

For example, Ghana's stock exchange realised a 6,3 percent gain when measured in local currency in 1995. But in US dollar terms, the market lost 21 percent.

Government policy remains a key obstacle in many countries. Privatising parastatal companies would be one way of improving the low liquidity of African exchanges and cutting the deficit spending that drives inflation and currency devaluation.

To boost traded volumes and broaden ownership, Zambia is working to expand unit trusts into which government pension funds can be invested, according to Mumba Kapumpa, head of the Zambian Securities and Exchange Commission. – *Independent Foreign Service.*

# Leaders demand partnership, not aid

(1) Sowetan 1/7/96

AFRICAN leaders who met last week in Ghana at a major investment conference have expressed disappointment at the low direct foreign investment in the continent despite the adoption of investor-friendly policies by most countries.

At a round-table summit which was part of the international conference on reviving private investment in Africa, the leaders said they were seeking partnerships and not aid from developed countries.

The summit, characterised by emotional pleas by presidents or their representatives, brought to the fore Africa's shortcomings in attracting investment.

Some leaders, including Zimbabwean president Robert Mugabe, were sceptical about how much economies should be opened up without sacrificing sovereignty.

"We are not asking for welfare," said host president Jerry Rawlings, "because we have appropriate skills to do a lot of things for ourselves."

Rawlings said privatising crucial sectors such as telecommunications could be retrogressive as most government bills would be inflated.

"It is not everyone who goes into telecommunications for economic reasons," agreed Mugabe. "Some want to have their ears everywhere."

Mugabe warned that some investors expected to control economies and politics of countries in which they invested.

## Role of investment

"We have to look at whether the role of investment is for the development of economies or to extend political control," he said.

Mugabe and Rawlings emphasised that investment should be based on partnership.

President Alpha Konare of Mali said African countries should improve their political democracy.

"The period of life presidency, which contributed to political instability, is gone," he said.

Konare said Africa should build her economic capacity through "friendship and partnership".

Investor representatives said economic policies should be fine-tuned to match the conducive environment which had been created.

They said governments should review tariffs to bolster international trade, adding that the devaluation of African currencies depreciated the value of assets.

Bureaucracy and rigid foreign currency regulations should be scrapped, said delegates from the United Kingdom, the United States and Malaysia.

South African deputy president Thabo Mbeki said western governments determined the flow of investment to Africa.

Developed countries, he said, should show confidence in the continent's economies first for business people to be convinced there is a future in investing in Africa. – *Sapa.*

# Democracy is being 'rolled back' in most African states

(1) Star 9/7/96

Reasons given for the failure of this system of government are complex, but they include the notion that in many cases elections were only held to appease Western donor nations or gain a facade of legitimacy for their rulers

**Los Angeles Times**
Freetown, Sierra Leone

When rival soldiers overthrew the military regime led by 30-year-old Capt Valentine Strasser in January, few believed the new junta's promise to allow democratic elections.

But fed up with nearly three decades of corrupt dictatorships, five years of bloody civil war and growing anarchy in one of the world's poorest nations, citizens insisted.

Against all odds and expectations, a heavy turnout of voters braved gunfire and intimidation to cast their ballots in February.

When an extra voting day was added, "people slept in polling stations with the ballot boxes to protect them", Kadi Sesay, head of the National Commission for Democracy, said. "It was wonderful to see."

After a March 15 runoff, the military handed over power to civilians. Rebel forces agreed to a ceasefire.

Today, the tiny West African country has a parliament, a free press and, most important, a sense of hope after decades of despair.

"Sometimes I still wonder if it really happened," said Amy Smythe, a former teacher who is now a government minister. "It seems like a dream."

But the dream may not survive. Sierra Leone's "people power" revolution was a stunning start to a year when 18 African nations have held or planned elections, the most since Africa began to emerge from European colonialism nearly 40 years ago.

Unfortunately, the unlikely triumph defies the trend on a continent where democracy is struggling to gain ground against grinding poverty, ethnic divisions and grotesque misrule.

"If anything, democracy is being rolled back in Africa rather than pushing forward," said Sarah Pienaar, director of the South African Institute of International Affairs in Johannesburg.

Some of this year's elections are notable. The vast desert nation of Chad, for example, went to the polls for the first time on June 2.

Actually, polls went to the voters in some areas: ballot boxes were driven to remote nomad camps in all-terrain vehicles.

Most other elections this year will render verdicts on governments formed since 1990, when a post-Cold War wave of multiparty elections swept at least half of the 48 nations south of the Sahara.

From Mali to Malawi, first-time voters discarded dictatorial "Big Men" and toppled one-party regimes.

Results of what was dubbed Africa's second independence movement varied widely in an area so vast.

**Even Nelson Mandela struggles to maintain a balance**

But this much is clear: the elections produced few truly representative or accountable governments.

Some polls were rigged or hijacked, leaving tyrants in control of Burkina Faso, Cameroon, Gabon and Togo. Another sham election was held in Equatorial Guinea in March. Brig-Gen Teodoro Obiang Nguema Mbasogo extended his 16-year reign of terror by winning 99% of the vote.

Civil wars derailed poll results in Angola and Burundi. Repressive military regimes overthrew civilian governments in Gambia and Niger, and voided election results in Nigeria, Africa's most populous country.

The Central African Republic has fended off two coup attempts so far this year.

Other supposedly democratic countries, including Kenya, Ivory Coast and Zimbabwe, have become *de facto* one-party states, led by autocratic rulers who muzzle the media and jail or harass their opponents. After nearly 15 years in power, Ghana's authoritarian president, Jerry J Rawlings, is expected to win another term as well.

The reasons for democracy's apparent retreat are complex. Perhaps most important, in many cases elections were held only to appease Western donor nations or to gain a facade of legitimacy for rulers who made sure they kept a firm grip on the army and central bank.

But democratic growth is also stunted by other conditions. Many Africans vote based on ethnic, regional or religious loyalties, not policy. Rival political parties are often denied access to state-run media or prevented from raising funds or holding rallies.

Institutions crucial to building a democratic culture – a free press, independent judiciary and trade unions – are usually weak and harassed. And pervasive corruption, ruinous economic policies and debilitating poverty subvert reforms, leaving voters more concerned with survival than politics.

The result is that democracy appears to be taking root in only eight nations in sub-Saharan Africa – Benin, Botswana, Madagascar, Malawi, Mali, Mauritius, Namibia and, most prominently, South Africa.

A decade ago, there were four: Botswana, Gambia, Mauritius and Senegal.

Even Nelson Mandela's South Africa, a model of constitutional government since apartheid gave way to majority rule in the first all-race election two years ago, struggles to balance the legacy of the past with the competing demands of a modern democracy.

The key to South Africa's transition has been power-sharing. Instead of the winner-take-all system used in many other African countries, the 1994 election gave losers a role in government and a stake in the future.

Headlines, of course, focus on Africa's catastrophes, from the aborted UN mission to bring peace to chaotic Somalia in 1993 to the genocide in Rwanda in 1994. Burundi threatens to explode into ethnic slaughter. Liberia, Africa's first independent republic, is under siege by vicious warlords.

But Africa's boosters in the West, including Brian Atwood, director of the US Agency for International Development, insist that political and economic reforms are gaining momentum despite the obvious setbacks.

"We've erased the East-West conflict from Africa," he said during a recent visit to Burundi and Rwanda. "We've basically sold them on the notion of democracy and free-market economies, or at least that they are the future."

There is other good news. The World Bank reported in May that after more than a decade in which living standards actually fell – most Africans are poorer today than they were in 1970 – income is rising again.

About 30 nations saw more than 3% growth in gross domestic product last year, the World Bank said.

In addition, major wars have ended in southern Africa as well as in Ethiopia and Eritrea, and cross-border wars in West Africa have not materialised.

# West is asked to invest far more in Africa

(i)

Star 9/7/96

## Mandela calls for some reciprocity after efforts to bring economies into line

**By Jovial Rantao**
Political Correspondent

President Mandela yesterday called on world economic powers to grant African countries more access to international markets, for better handling of the African debt burden and a commitment to invest in the continent.

In an address to the Organisation of African Unity heads of states summit in Yaounde, Cameroon, Mandela said world multilateral financial institutions had to reciprocate the actions of various African countries who have brought their economies in line in the hope of more access to markets and a commitment to invest in the continent.

Mandela said African countries had had to endure the same "unjust system" of international relations.

"The point needs to be made that most countries on our continent have taken deliberate measures to bring their economies and trade regimes in line with the market imperatives prevalent in the world today; and in accordance with the advice of multilateral financial institutions.

"But the question has been rightly posed: Has there been reciprocal action by those who control particularly the resources required for sustainable development, such as investments and markets for exports?

"We have also become painfully aware of the interdependence of development and sustainable use of the environment.

"In many instances it becomes a matter of life and death, touching on our striving to banish hunger and our ability to cope with drought. Modern environmental challenges extend far beyond the capacity of individual countries."

On the return of several African countries to democracy, Mandela said appropriate mechanisms to guarantee human and people's rights on the continent would come under scrutiny, and so would the successes and failures in preventing, managing and resolving conflict.

SA would support joint efforts by the OAU aimed at restoring democracy and stability in conflict-ridden countries.

"To the limit of our capacity, we pledge not to shirk our responsibility in contributing our fair share, for we know from our own experience the priceless value of joint efforts, solidarity and sacrifice.

"Such joint efforts should find expression no less in the commitment with which all of us respond to the call by the secretary-general (Salim Ahmed Salim) to ensure that the OAU is resourced to conduct its work for the benefit of the continent's people," Mandela said.

He added that SA would continue to assist in the programme towards lasting peace in Angola and Rwanda and in the efforts to resolve the conflicts in Burundi, Liberia, Somalia and Sierra Leone.

▶ **OAU summit**
... Page 4

# Africa 'now more market-orientated'

① BD 9/7/96

Tim Cohen

PRESIDENT Nelson Mandela said yesterday most African countries had reformed their economies to make them more market-orientated, but questioned whether the rest of the world had reciprocated with investment and market access.

Mandela told the Organisation of African Unity (OAU) conference in Cameroon that most African countries had taken "deliberate measures" to bring their economies into line with market imperatives. This was in accordance with the advice of multilateral financial institutions.

"But the question has been rightly posed: has there been reciprocal action by those who control particularly the resources required for sustainable development, such as investments and markets for exports?"

Mandela avoided sensitive subjects such as SA's relationship with Nigeria's administration, but emphasised the need for developing peace and human rights in Africa.

He said an African renaissance was at hand, "and our challenge is to steer the continent through the tide of history". However, he warned: "It should not be, that, because of its leaders' own behaviour, anyone should discern any tendency on our part to wallow in the marshes of self-satisfaction with the transient trappings of power."

Mandela said that because of Africa's past, when it had been the victim of "the greed and power of nations from across the oceans", Africans were justified in demanding a fair share of economic benefits accrued in large measure at the continent's expense.

Sapa-AFP reports OAU leaders closed ranks in defiance of the US by endorsing UN secretary-general Boutros Boutros-Ghali for a second term.

The endorsement, which the UN chief had counted on to keep his hope of a second term alive, did not come easily. The OAU meeting started nearly five hours behind schedule as African heads of state and governments debated in private whether to support Boutros-Ghali in the face of US threats to veto his re-election.

The Clinton administration accused Boutros-Ghali of being too slow to reform the world body and has threatened to use its veto power on the UN Security Council to oust him.

OAU spokesman Ibrahim Degash said Rwanda was the sole opponent to the resolution, which says Boutros-Ghali should serve a second term when the decision is made in six months.

While the leaders' endorsement was an ego boost for Boutros-Ghali, it cannot save his job if the US uses its veto power on the UN Security Council.

A US official at the summit said whatever the Africans wanted, Washington's decision was "irrevocable".

Rwanda, whose government blames the UN inaction for the 1994 genocide in that country, opposed the endorsement. Rwanda and its equally troubled neighbour, Burundi, were shaping up as the punching bags at the summit.

# IFP claim ANC bias in Durban council

BD 9/7/96

Farouk Chothia

DURBAN — Talks over an ANC-IFP alliance in the Durban metropolitan council came under strain yesterday after the IFP rejected a deal proposed by the ANC.

IFP local government spokesman John Aulsebrook said the ANC was motivated by a "greed for power" and had "thrown crumbs" to the IFP in the third round of negotiations held yesterday.

Aulsebrook said the ANC had decided to keep the seven mayoral posts — for the Durban metro and its six substructures — for itself. The ANC had also kept all seven posts of chairmen of executive committees.

The ANC had offered the IFP the posts of deputy chairman of the executive committees of the south and north substructures. The IFP had one member each on the two executive committees. If the deputy posts were accepted, the IFP would be "tied up" on the two committees, he said.

Aulsebrook said the IFP was also concerned that the ANC had "totally excluded" the NP and had failed to adequately accommodate the DP and Minority Front.

# Africa's sham democracies

(1) ARG 10/7/96

**Africa's wave of elections have produced few truly representative or accountable governments reports BOB DROGIN of The Los Angeles Times in a review of the continent's "decade of democracy".**

WHEN rival soldiers overthrew the military regime led by 30-year-old Captain Valentine Strasser in January, few believed the new junta's promise to allow democratic elections.

But fed up with nearly three decades of corrupt dictatorships, five years of bloody civil war and growing anarchy in one of the world's poorest nations, citizens insisted.

Against all odds and expectations, a heavy turnout of voters braved gunfire and intimidation to cast their ballots on February 26.

Today, the tiny West African country has a parliament, a free press and, most important, a sense of hope after decades of despair.

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That dream may not survive. But Sierra Leone's "people power" revolution was a stunning start to a year when 18 African nations have held or planned elections, the most since Africa began to emerge from European colonialism nearly 40 years ago.

Unfortunately, the unlikely triumph defies the trend on a continent where democracy is struggling to gain ground against grinding poverty, ethnic divisions and grotesque misrule.

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Another sham election was held in Equatorial Guinea in March. Brigadier General Teodoro Obiang Nguema Mbasogo extended his 16-year reign of terror by winning 99 percent of the vote.

Civil wars derailed poll results in Angola and Burundi. Repressive military regimes overthrew civilian governments in Gambia and Niger, and voided election results in Nigeria, Africa's most populous country.

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After nearly 15 years in power, Ghana's authoritarian president, Jerry Rawlings, is expected to win another term as well.

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Perhaps most important, in many cases elections were held only to appease Western donor nations or to gain a facade of legitimacy for rulers who made sure they kept a firm grip on the army and central bank.

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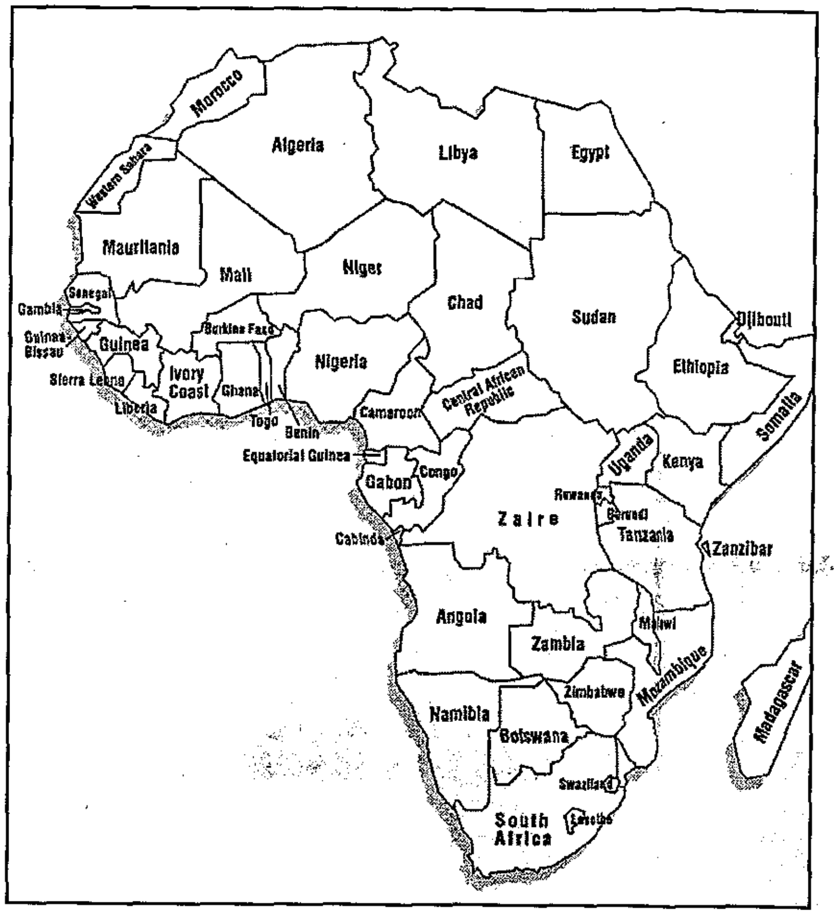


holding rallies.

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Uganda is using a different approach. Yoweri Museveni was elected president in May, 10 years after he won a gruesome civil war. Since then, the Marxist turned free-marketeer has brought stability and a fast-growing economy.

What Museveni didn't bring was full democracy: He banned political parties from organising or campaigning in the election, arguing they would exploit ethnic tensions and rekindle bloodshed.

Since his election in 1992, Kenya's autocratic president, Daniel Arap Moi, has "deliberately manipulated and instigated" violent conflict between ethnic groups "in order to undermine ... political pluralism," according to the independent human rights group Africa Watch.

Even Nelson Mandela's South Africa, a model of constitutional government since apartheid gave way to majority rule in the first all-race election two years ago, struggles to balance the legacy of the past with the competing demands of a modern democracy.

The key to South Africa's transition has been power-sharing. Instead of the winner-take-all system used in many other African countries, the 1994 election gave losers a role in government and a stake in the future.

Headlines, of course, focus on Africa's catastrophes, from the aborted UN mission to bring peace to chaotic Somalia in 1993 to the genocide in Rwanda in 1994. Burundi threatens to explode into ethnic slaughter. Liberia, Africa's first independent republic, is under siege by vicious warlords.

Other countries are wards of the international community, their economies propped up by steadily shrinking infusions of foreign aid.

Crippling foreign debt, the Aids pandemic, widespread illiteracy and rocketing population growth erode progress at all levels.

Africa's boosters in the West, including Brian Atwood, director of the US Agency for International Development, insist that political and economic reforms are gaining momentum.

The new politics clearly has led to new freedoms. Independent groups that monitor human rights have proliferated. And many more independent newspapers are published.

Indeed, Nigeria, one of the most repressive states, probably has Africa's best newspapers.

There is other good news. The World Bank reported in May that after more than a decade in which living standards actually fell – most Africans are poorer today than they were in 1970 – income is rising again. About 30 nations saw more than 3 percent growth in gross domestic product last year, the World Bank said.

In addition, major wars have ended in southern Africa as well as in Ethiopia and Eritrea and new cross-border wars in West Africa have not materialised.

# IMF chief tells African leaders to 'rule well for economic growth'

(1) BD 11/7/96

YAOUNDE — The head of the IMF told African leaders on Tuesday that their continent had made significant strides in recent years and encouraged them to continue with restructuring and ensure better management of Africa's resources.

Michel Camdessus, the IMF director-general, told reporters that he had advised the 31 heads of state and government attending the Organisation of African Unity (OAU) meeting in Yaounde, to realise the potential of growth that lay on the continent.

Camdessus stressed that good governance coupled with better management of resources, restructuring of public finance systems to remove unproductive expenditure as well as the continuation of structural adjustment programmes, was certain to ensure positive growth.

"I am totally confident of the performance of a new democratic continent," said the IMF chief after holding talks with the leaders gathered for the 32nd annual OAU meeting.

Asked about the response of the African leaders to his talk, Camdessus said: "I had the impression that they were listening not only with courtesy but with attention, and they were generous with their applause."

Camdessus was upbeat that Africa was poised for positive economic growth in coming years.

"I am confident there is a possibility of success ... because we are observing that things are moving, things are changing," he said.

However, he stressed that these changes would not apply to states at war or in some form of political struggle.

He said 40 African countries presently posted positive per capita growth compared to only 20 five years ago.

**Economic growth**

He predicted an average continental economic growth of about 5% or more this year compared to just 1% five years ago.

For the success of the programmes, Camdessus urged co-operation from the rich nations.

Camdessus called on the industrialised countries to make a significant effort and to "have a special responsibility to promote world economic growth and stability by adjusting their own structures and co-operating among themselves to minimise potential sources of instability".

The world had to open its markets to products from Africa, he said, while creditors had to show their commitment to the reform programme by reversing the declining trend in official development assistance.

"The lamentable experiences of the past two years during which official development assistance has fallen at a time when there have been 'peace dividends' must be offset," he said.

Thirty one of Africa's 53 countries are undergoing economic reforms, on the continent where 33 of the world's least developed countries are located.

He called on the bilateral creditors to ensure that necessary resources were rapidly provided so long as they were within the framework of comprehensive programmes of macroeconomic stabilisation and structural reform.

On debt — Africa's perennial burden, which is expected to reach $320bn by the end of this year — he said he was opposed to its cancellation, but rather preferred reduction to bearable levels.

Camdessus urged bilateral creditors and multilateral finance institutions to support the UN special initiative for the development of Africa.

The UN last month promised a new partnership for development with the continent. — Sapa-AFP.

*UN commission head rejects the notion that his World Bank background will mean financial orthodoxy*

(1) CT (BR) 17/7/96

# Plotting Africa's socio-economic renewal

By Peter da Costa

Addis Ababa — The atmosphere portends a religious gathering as several hundred men and women in tailored outfits file into the largest auditorium of the yet-to-be-completed multimillion-dollar United Nations conference centre.

This is no Baptist convention, but the issues of leadership, belief and renewal are central to what these staffers of the UN Economic Commission for Africa (ECA) are about to hear.

Less than a year after his appointment as the ECA's executive secretary, Kingsley Amoako takes the podium to give the latest in a series of briefings about the renewal process he hopes will reinvent the institution to serve Africa better.

The raison d'etre of the commission, set up in 1958 by a UN Economic and Social Council resolution, is to encourage sustainable socio-economic development in Africa and to increase economic co-operation on the continent and with the rest of the world.

One of the UN's many regional commissions, the ECA reports to its conference of ministers, which represents the 53 African member states.

It may not act without their agreement and the ECA will submit all significant proposals to the council.

The commission has lost its way over the past 10 years. A damaging period of turbulence, as one insider said, began before the departure of Nigeria's Adebayo Adedeji after about 16 years at the helm.

He led the ECA in its heyday, but left most of the staff in an intellectual and productive backwater because of his habit of working with small teams.

The decay had started even before the conference of ministers approved the commission's controversial African alternative framework to structural adjustment programmes for socio-economic recovery and transformation in April 1989.

Adedeji's combative approach had already landed him in the bad books of a number of the ECA's erstwhile partners.

"Adedeji got into trouble with a lot of powerful opponents," said a senior ECA insider.

"The World Bank and IMF as well as the G-7 countries were unhappy with him, and as a result extra-budgetary funds began to disappear very fast."

Adedeji left in July 1991 and the Guinean Issa Diallo, a special assistant to the then UN secretary-general Javier Perez de Cuellar, was drafted.

Diallo had little effect in an environment rife with in-house intrigue and with morale at an all-time low.

*Amoako hopes the commission will become a thinktank and a catalyst for ideas*

In late 1992 Boutros Boutros-Ghali, the UN secretary-general hired the Algerian Layashi Yaker as the substantive executive secretary.

Yaker had impressive political credentials, but lacked a hands-on grasp of the socio-economic issues that are the ECA's credo. His manner alienated staff and the Organisation of African Unity, and his departure in March last year was inevitable.

It was in this context that the Ghanaian economist Amoako, with 19 years at the World Bank where he became the director of the bank's education and social policy department, was recruited to turn the ECA around.

Amoako's World Bank background led some African and southern NGO activists to warn that he might impose further top-down economic orthodoxy upon African countries, in line with the objectives of the Bretton Woods and Group of Seven industrialised nations.

Amoako rejects this. He says he has worked in Africa for the bank and in Latin America, "and deep down I'm an Africanist".

He says the issues he has dealt with — finance and policy, gender and issues of macroeconomic policy — are all important.

"I think the bank has also learned some lessons about areas in which it has not done too well," he says.

Others argue that the issue is not the past employment of the new incumbent, but a question of evolution. They see the World Bank increasingly ceding policy dialogue and policy reform to the ECA, which they argue can work more effectively and sensitively with African governments.

The bank was affected by the perception that the first generation of structural adjustment policies were deeply flawed.

"The bank cannot work with mechanisms of consensus-building, but the ECA can," says John Sande KaNyarubona, an ECA regional adviser on development issues.

"The bank is very keen to see the ECA revived and active, because the bank has faced problems with ownership of reforms.

The major focus at the ECA will be on policy dialogue with governments about how policies and poverty will impact on marginalised groups."

Amoako's joining the council in August last year was preceded by a lengthy period of dialogue with staff and member states. Before completing his blueprint for reform, he organised participatory meetings where staff could air their views.

Amoako says it was clear from the process that most of the staff considered change to be necessary.

He aims to transform the ECA into "a thinktank for Africa, a clearing house for best practices, a policy integrator and a catalyst for people with good ideas."

Strategic focus is central to Amoako's plan. A change management team made up of insiders and consultants is working at refocusing the commission's work into five new priority areas where the institution is seen to have a comparative advantage.

These are: facilitating social and economic policy analysis; ensuring food security and sustainable development; strengthening development management; harnessing information for development; and promoting regional co-operation and integration. Gender and capacity-building are themes that will cut across all five programme areas.

Amoako, whose years at the bank also included a spell as assistant to the vice-president for personnel administration, is aiming for the ECA to meet UN system-wide reform targets a year ahead of the 1998 deadline.

By January 1 all ECA staff are to be matched to the new programme's areas of focus.

At the briefing, Amoako tells his staff "there will be no promotions..." But neither will there be any sackings or redeployments to other parts of the UN system.

Staff will be placed in the new divisions at their current level. A number of vacancies are frozen, but anyone will later be allowed to apply for them. Amoako promises to implement in-house training to give staff the skills needed by the new ECA, before evaluating their performance.

***The ECA has lost its way over the past 10 years***

He says he will recruit from outside where necessary to "get together a team that will help me lead the commission".

The next six months at the ECA will be a period of profound transition.

Existing programme structures will remain, but the work programme for next year is being revised with staff and the bureau of the commission.

If all goes according to plan, by January 1 next year, the new-look ECA will be ready to start work.

Meanwhile, substantive ECA work goes on unabated.

Amoako's leverage with member states and his profile within the UN system is significantly enhanced, say analysts.

Not least because of the ECA's co-chairing of the 10-year, $25 billion UN system-wide special initiative on Africa launched in March with the UN development programme.

Boutros-Ghali says that in many important aspects the ECA is at the vanguard of the renewal and reform of the UN system. — Sapa-IPS

# Africa's retreat from democracy

African countries which embarked on democratic reforms are beginning to renege on their promises and in many countries freedom of expression is being rolled back. **GRAHAM LINSCOTT** reports on a conference in Strasbourg on freedom of expression in Africa.

(1) ARCT 19/7/96

DEMOCRACY in Africa is going through a contradictory process of advance and retreat. In spite of the re-awakening of democratic impulses and free expression, the old dictators seek to continue in their old ways, while the new democrats fall victim to the logic of power and bureaucratic state systems.

This was the message to an international conference in Strasbourg, France, of Akoto Ampaw, a Ghanaian barrister and general secretary of the New Democratic Movement in that country.

The conference, on Freedom of Expression, was jointly organised by the Friedrich Naumann Foundation (closely linked to Germany's Free Democrat Party) and the Washington-based Centre for Justice and International Law.

According to Mr Ampaw, advances certainly have been made, notably in South Africa, but this has to measured against the "roll-back" process elsewhere and against the fact that countries such as Somalia, Sierra Leone, Liberia, Burundi and Rwanda continue to be torn by war, while naked dictatorships in Nigeria, Zaire and Sudan affront Africa.

"Across the continent generally, freedom of expression has witnessed a re-awakening.

"The collapse of the one-party system or military dictatorship across the continent, followed by the promulgation of constitutions guaranteeing freedom of expression and other fundamental human rights, the introduction of multi-partyism and the installation of democratically elected governments all tended to create conditions favourable to a culture of openness and freedom of expression.

"Not surprisingly, therefore, there has been an appreciable increase in the independent or private press. Equally significant has been the slow and painful process of deregulation of the radio and, to some extent, television broadcasting in a number of countries.

"But even in these countries that initial wind of freedom of expression won by the people has given way to the manipulation of the judiciary and the resurrection of anachronistic criminal laws to repress freedom of expression, particularly of the media."

He gives two examples – Zambia and Ghana. In Zambia, the Movement for Multiparty Democracy government has, since its election, launched an all-out offensive on the independent Press and freedom of expression generally.

"It has reneged on all pledges to reform repressive legislation on the media and instead is employing the formal legal process in an attempt to clamp down on, or at least tame, the independent Press.

"This has been facilitated by pressures on the judiciary by the government, including constitutional amendments to undermine the independence of the judiciary."

The repression in Ghana was nowhere near as blatant. The independently-owned press has burgeoned over three or four years to about 60 titles, mostly weeklies. But the bold and critical stand of these newspapers has made them and government mortal opponents.

"The government, in response to this situation, has adopted the strategy of using ancient legislation still on the statute books to harass and intimidate journalists and stifle free expression. At the moment there are a number of important cases before the Supreme Court of Ghana on the constitutionality of a number of media laws.

"Notable among these are legislation criminalising false speech, likely to injure the reputation of Ghana or the government, and legislation authorising an agency of the executive organ of state to grant licences for the use of frequencies for broadcasting.

"Meanwhile, the institution of civil libel suits against the independent press by state functionaries and ministers of the ruling government has reached unprecedented proportions."

In West Africa and Algeria, Mr Ampaw says, the Press is most severely threatened. Nigeria is "an ominous and barbaric autocracy" that not only threatens internal press freedom but the peace and security of the entire region.

The position in The Gambia is similar, following the coup of 1994, though not quite as extreme as in Nigeria. In Algeria, a free press is simultaneously threatened by extreme fundamentalism and by military rule.

A general concern, he says, is the continued monopoly governments have over state-owned media, which are dominant in Africa. This has led to calls for privatisation but, he says, the state-owned media still have an important role to play in building democracy.

Better to develop the cultural, political and legal processes that would free them from government control and manipulation.

"That, regrettably, will be achieved only over a process of struggle and time."

# Now West Africa can surf the Net

(1) Star 3/8/96

Abidjan, Ivory Coast – African states hoping to leapfrog into the age of technology are lining up to join a $15-million US initiative to connect them on the Internet.

In West Africa, the scramble for Internet access has spread from Sierra Leone to the Ivory Coast, US officials and industry analysts say.

Experts from the US aid agency USAID, the National Aeronautics and Space Administration, the US Navy, the State Department and the private sector have begun country-by-country installation of Internet services in some 20 selected states under the so-called Leland initiative. The Internet now has more than 20 million users worldwide.

Its use in Africa is limited by the lack of local gateways or nodes located within African countries and the cost of dialling to nodes abroad. The US scheme will help to ease the cost of installing local gateways in Africa that will cut communications costs. – Reuters

WORLD

# Rights watchdog to sharpen teeth

(1) BD 6/8/96

NAIROBI — Efforts are under way to turn an intergovernmental watchdog into a mechanism to help prevent massive human rights violations in Africa.

A technical meeting of the African Commission on Human and People's Rights late last month worked out proposals aimed at speeding up and improving the commission's response to emergency situations on the continent.

The commission was formed to implement the OAU's African charter on human rights which came into force on February 5 1987 and has been ratified by all but three African nations: Ethiopia and relative newcomers to the OAU, Eritrea and SA.

However, it has been unable to address critical human rights situations or prevent them from deteriorating.

"The range and number of human rights emergencies in Africa are on the increase rather than the decline," says Chidi Odinkaru, who heads the Africa desk of InteRights, a London-based human rights organisation.

The list of nations which, since 1990, have had emergencies ranging from civil wars and ethnic violence to massive rights abuses by the state, includes Algeria, Angola, Burundi, Congo, Ghana, Kenya, Liberia, Mali, Mauritania, Niger, Nigeria, Rwanda, Sierra Leone, Somalia, Sudan and Zaire.

While the commission lacks human and material resources, due in part to the failure of some OAU member states to pay their dues, its ineffectiveness had also been attributed to its mandate as outlined by the charter.

According to Article 58 of the charter, the commission's task is to draw the attention of the OAU assembly of heads of state and governments, under which it falls, to urgent human rights situations.

The assembly can then ask it to study the case, report its findings and give recommendations.

"Legally, the commission appeared to have given up on Article 58 because it took it to suggest it was not able to do anything," says Odinkaru.

"The intention behind Article 58 is to ensure there is warning about urgent human rights situations with a view to possibly preventing them," says commissioner Oji Umozurike. "The commission has not been satisfied with its operations under Article 58."

While "the commission has no enforcement or executive powers" and its role "is limited to making recommendations to the assembly", Umozurike notes, "the idea now is to see what we can practically do to ensure human rights protection".

The commission feels it should not wait for a formal complaint before it takes action. Other proposals seek to ensure that even if unco-operative governments drag their feet on permission to investigate in their countries, this does not block the commission's work. Options it is considering include informal fact-finding visits by single commissioners rather than formal missions. — Sapa-IPS.

*Africa will not be 'zeroed out'*

# US to boost trade and investment ties

(1) CT (PMR) 6/8/96

By Abid Aslam

Washington — When the 104th US congress convened last year, Africa watchers were concerned that the Republican majority would seek to "zero out Africa".

But a group of Republican and Democratic lawmakers are seeking to reverse creeping US disinterest in sub-Saharan Africa.

The group, led by James McDermott, a Democratic congressmen, and Philip Crane, a Republican, is proposing a policy to increase trade and investment in Africa at a time when US foreign aid is falling.

Their proposal is the subject of continuing congressional hearings. It would move $300 million from the aid budget into investment funds, ease Africa's access to financing from the US Export-Import Bank and open negotiations on a US-Africa free-trade area.

The policy would enable African firms to export $3,5 billion a year worth of textiles and clothing to the US. The proposals would also open up other sectors, notably transportation and telecommunications.

Only about 15 of the 48 sub-Saharan African countries meet the policy's strict demands for economic liberalisation.

Last year, the US bought $12,7 billion in African exports. The bulk consisted of commodities, including crude oil, gemstones, metals and cocoa. The US bought only $413 million in clothing and textiles from sub-Saharan African countries, about 1 percent of its total textile and apparel imports.

At the same time, US exports to Africa increased from about $4,4 billion to $5,4 billion. South Africa imported half of the amount, said Jeffery Lang, the deputy US trade representative. Nigeria was the second-largest market, absorbing more than $600 million in US imports.

The new plan started with Kenya's fledgling textile industry. Two years ago, the US limited Kenyan textile exports. Before the move, Kenya had more than 40 textile companies employing 14 700 workers.

Many were owned by Asian firms drawn by the absence of US import restrictions. But US trade officials imposed a quota when they spotted the surge in Kenyan exports.

As a result, 10 000 Kenyans lost their jobs, more than 30 companies closed and Kenya's plans for textiles-led economic growth were ruined.

"The Kenyans got an infant industry going and suddenly they got stepped on," McDermott said. "That seems to be in the interest of neither Africa nor the US."

Not everyone likes the proposals. "It's bound to displace American jobs," said John Spratt, a Democratic congressman.

John Hicks, the assistant administrator for Africa at the US Agency for International Development, objected to the proposed diversion of aid funds.

"There's too little to begin with," said Amos Midzi, Zimbabwe's ambassador. "Additional sources need to be found." US economic co-operation with Asia did not come at the expense of aid, he said.

It might not seem fair to rob the shrinking aid budget, an east African diplomat said. The proposals' main weakness, he said, was co-ordination. He welcomed a proposal by Michael Samuels, the former US ambassador to Sierra Leone and the General Agreement on Tariffs and Trade, to install a US trade representative for Africa.

The US trade representative's office considers talk of a free-trade area to be premature given the variety of trade policies among African governments. The office's priority is to persuade more African countries to join the World Trade Organisation, Lang said.

Debt reduction remained a key outstanding issue, Jeffrey Sachs, a director of the Harvard Institute for International Development, said.

"If I had the choice between wiping the slate clean and pouring in new money for new projects on top of the old, I'd choose wiping the slate clean," he said.

Imani Countess, the executive director of the non-governmental Washington Office on Africa agreed.

"Failure to resolve this issue could undermine the prospects for new investment, aid initiatives or trade-related credits, even for many countries that have been most consistent in implementing economic reform packages," she said.

There is some dispute about the value of Kenyan exports to the US before the quota was imposed. US trade officials say Kenya was exporting about $100 million in shirts and sheets to the US. Kenyan diplomatic sources claim the figure was closer to $100 000.

The quotas will disappear in 2005, when the agreement on textiles and clothing forged during the Uruguay Round of Gatt talks takes effect.

Jesse Helms, the senate foreign relations committee chairman, and Mitch McConnell, the foreign operations appropriations subcommittee chairman, said that overall aid would be reduced and reserved for countries where US economic and security interests were at stake, according to Herman Cohen, assistant secretary of state for African affairs in the Bush administration.

Africa, they said, was of "no significant interest" to the US.

Neglect of sub-Saharan Africa predates their arrival. In real terms, US assistance fell by about 25 percent between 1989 and last year, Cohen said. What was left was increasingly vulnerable to "urgent needs elsewhere".

The key to stimulating interest in Africa is through "projects that can be linked directly and visibly to American exports, and therefore American jobs," he said in the magazine Africa Report.

The surest way to do that is to award contracts to US construction, electronic, and telecommunications firms under infrastructure projects.

"The trade and development agency has identified 50 transportation projects in Africa with substantial US export potential," Lang said. In September, US firms will meet sponsors of the African project to discuss business opportunities. — Sapa-IPS

# Information flow in Africa 'a trickle'

The right to know, a yardstick of any democracy, is more or less okay in South Africa but often a travesty elsewhere, reports Marika Sboros

(1) Star 13/8/96

By Marika Sboros

If the free flow of information is the lifeblood of democracy, then most African countries suffer an acute case of blocked arteries.

The severity of the ailment in different parts of the continent was diagnosed at a conference on The Right to Know: Access To Information In African Countries held in Harare at the end of July, organised by the International Federation of Journalists (IFJ) as part of its Media for Democracy programme.

Delegates from Benin, Burkina Faso, Cote D'Ivoire, Cameroon, Ethiopia, Ghana, Kenya, Mauritius, Namibia, South Africa, Tanzania, Uganda and Zimbabwe attended.

The conference heard that when it came to access to information and vital communication between the government and the people, South Africa showed the most positive prognosis.

For the rest, Zimbabwe looked only relatively better than other countries that displayed various symptoms of chronic or terminal illness, thanks to the draining effects of predominantly state controlled media, and debilitating oaths of secrecy.

Professor Geoffrey Feltoe, an academic lawyer at the University of Zimbabwe, said much stress was rightly laid these days on the need for transparency and accountability as pre-requisites for accountable and responsible government.

The free flow of information was fundamental to the protection of a range of human rights and freedoms, Feltoe said. The United Nations General Assembly had thus described freedom of information as "the touchstone of all freedoms".

The media played a pivotal role in transmitting information to the public.

They could not perform their vital watchdog role of checking that public officials were properly performing their duties, without real access to official information, he said.

Nigeria, for example, had a law under which journalists could be prosecuted if they published anything bringing public officials into disrepute, even if it was true.

The Togolese Penal Code made it an imprisonable offence for anyone to attack the President by "speech, screaming, threats, writing, printing, drawing, engraving, painting, emblems, images or any other medium".

> **Prosecuted, even if the report is true**

Kefale Mammo, president of the Ethiopian Journalists Association, painted a sick picture of the situation in his country, including repressive measures against independent journalists aimed at "killing the free press by a process of attrition".

Despite government protestations to the contrary, and a new Press Law that came into effect in 1992, Mammo said, there was not an environment in which the media could be expected to act as vigilant watchdogs of the public interest against the abuse of power by those in government.

Journalists were not the only ones who paid dearly for being even an unwitting part of attempts to free the flow of information: with government consent, Ethiopian police have assaulted and arrested street vendors of independent newspapers, Mammo said.

Journalists and publishers of independent publications were routinely harassed, intimidated, detained and jailed for terms ranging from six months to three years for "spreading false information and inciting the people against the state".

One example of the many anomalies that exist in the journalistic profession in African was in delegate Victoria Mukasa, who is both a state journalists and president of the Ugandan Journalists' Association.

She said her country had what was considered a relatively free press in the African context, with a constitutional guarantee of the right of access to government information. In practice, she said, stringent limitations muzzled the press effectively in practice and landed journalists in courts of law "on flimsy charges".

Ghanaian delegate Kabral Blay-Amihere said the country's return to constitutional rule in January 1993 had led to media pluralism.

This was offset by a constitutionally enshrined secrecy oath, binding government members, and by extension all public servants, that ensured the continuation of the historical net effect of a "one way traffic in which news has been largely managed by governments of the day".

Feldtoe pointed to the example set by South African president Nelson Mandela in 1994, when he declared that the press had to enjoy the protection of the constitution so that it could protect citizens' rights.

In other African countries a climate of secrecy prevailed, he said, and governments were under no legal obligation to supply information or reply to questions from the media.

There was an urgent need for Freedom of Information legislation in countries that did not have it.

And while South Africa looked promising, the conference heard that were were no laurels on which to rest yet.

Efforts to unclog vital arteries of free flow of information appeared initially healthy, beginning with a constitutional acknowledgement of access to official information as a fundamental right, and the appointment of a task group in 1994 to draft an Open Democracy Bill, an initiative taken by executive Deputy President Thabo Mbeki.

But there were unsettling signs that the proposed Bill, described as the most progressive in the world, may not live long.

Freedom of expression Institute executive director Jeanette Minnie said indications were that unless the Bill became law soon, it would not become law at all.

One signal was Mbeki's increasing irritation at what he saw as, in many cases, the media's unreasonably negative treatment of the Government.

Cost implications were one reason being bandied about for possible premature demise of the Bill. But more significant were concerns that some Government members feared the Bill's implications and would be happy to see it die a political death.

No conference on access to information would be complete without some reference to advances in information technology in general and the Internet in particular, and the Harare meeting was no exception.

David Lush, a member of the Media Institute of Southern Africa, said the Internet was a powerful means of overcoming censorship and limitations to the free flow of and access to information.

> **Reaction is to regulate and control**

Not only could it solve problems of distance, it was also relatively cheap, making it potentially powerful on a continent where information was scarce and largely inaccessible,and where more conventional systems for collecting and distributing information (telephone and post) were among the world's most expensive and inefficient.

The Internet was appropriate technology, Lush said, but not perfect, and was subject to limitations, regulations and controls, like any other medium.

"As the use of the Internet increases and its power as an information resource is more widely realised, it can be guaranteed that attempts will be made - as indeed they already are - to reduce its potency," he said.

In April last year, at a conference in Addis Ababa attended by African telecommunications experts and communication policy makers, a committee was appointed to draw up policy for the continent's communications ministers on the development of the Internet in Africa.

The policy draft did not address freedom of expression and freedom of information, nor did these fundamental freedoms drive formulation of Internet policy elsewhere in the world, he said. He ascribed this largely to the drafting being done by technocrats, with little or no input from civil society in general, and freedom of expression organisations in particular.

He voiced a concern of many journalists about governments' attitudes to the Internet, and not only in Africa: "(their) instinctive reaction will be to regulate and control the Internet rather than promote the free flow of information through it".

The conference ended with a final declaration that reiterated support for the principles of the IFJ's1991 Windhoek Declaration on Promotion and Independent and Pluralist African Press which calls on African states to provide constitutional and legal guarantees of freedom of the press and freedom of association.

The declaration also called on African states to introduce Freedom of Information Laws that embodied the principle of the right of access to information as a fundamental right not only for journalists but for civil society in general.

It recognised that the need for access to information was not limited to government information, and said journalists had to have the right of access to any information held in the private sector which had an impact on public affairs and where its publication was deemed in the public interest.

The declaration called for a full and expeditious review of legislation affecting media, including penal codes, official secrets acts and civil defamation at national level to remove all legal obstacles to press freedom.

A sad irony of the conference was the speech delivered by Zimbabwe Information Minister Joyce Mujuru at the official opening.

While the country's President Mugabe was relaunching his xenophobic campaign against the country's small gay community, Mujuru declared expansively that among the most cherished human rights none received more attention than "the back bone of all other freedoms – free expression".

Even more depressing from a human rights perspective was the lack of protest from Zimbabwe journalists – and others in Africa, including South Africa – who support Mugabe's bigotry on "cultural" grounds.

# Paratroopers deployed in Cape policing drive

CAPE TOWN — Paratroopers have been deployed in the battle to restore law and order in the Western Cape and put an end to clashes between the community group People against Gangsterism and Drugs (Pagad) and gangsters.

Western Cape Safety and Security MEC Gerald Morkel on Saturday said the deployment of extra police and troops on the Peninsula was not enough.

A top-level meeting to discuss the formation of a Western Cape metropolitan police force has been scheduled as a matter of urgency, he said.

"It is pointless to go for the 2004 Olympic bid or to encourage people to come and see us and invest in the Western Cape when we just can't offer them stability," Morkel said. BD 19/8/96

In addition to the SANDF parachute battalion being deployed on the Cape Flats, he said a metropolitan force was needed to permanently ensure the safety of the province's citizens.

Premier Hernus Kriel said that the Western Cape government would restore law and order. He will meet Cape Town mayor Theresa Solomon and other ANC councillors today to garner support for the formation of a metropolitan police force.

The creation of such a force has already drawn the backing of top-level NP members from five of the six new municipalities and the metropolitan council.

In an address to a workshop on crime in Bellville in the Western Cape on Saturday, Justice Minister Dullah Omar said although he did not want to divert or stop communities from mobilising against crime, there had to be a closer relationship between communities and the authorities in the fight against crime.

He said it was not a lack of resources or poor salaries that made some police officers corrupt. Serious attention had to be given to the problem of police dockets disappearing, and whether police or the courts were responsible. — Sapa.

# Police meet over white collar crime

(1) BD 19/8/96

HARARE — African police officials start a two-day economic conference in Zimbabwe today to discuss how to combat rising white collar crime on the continent.

Delegates from 23 English-speaking African states will take part in the meeting as a follow-up to a conference held on the subject in Tanzania last year.

"The fact that we are finding it necessary to exchange notes this regularly and to keep track from a common platform means we clearly realise that we have a big problem unfolding before us," said a Zimbabwe police official.

"Many African countries are reporting a steady increase in white collar crime and it is crucial that we discuss what forms it is taking and how we can curb it," he added.

Statistics were not immediately available.

White collar crime and drug trafficking, he said, were growing in parallel, with some common characteristics, and required common cross-border efforts to fight them effectively.

"One of the expanding fronts is the area of money laundering, laundering drug money, and this invariably overlaps with white collar crime."

African politicians and business leaders say the fight against white collar crime is essential for the continent to attract vital foreign investment.

Assistant police commissioner Steady Tonde said white collar crime was difficult to detect and the conference would discuss ways of tracking it.

The conference will also be addressed by officials from the international police organisation Interpol and from Zimbabwe's banking sector which has been the victim of regular white collar crimes over the past few years.

## Interpol

Interpol opened a southern African regional office in Zimbabwe last month — its second on the continent after the one in Ivory Coast — to help co-ordinate police work in 12 countries with emphasis on white collar crime and drug trafficking. It says it is considering opening another office in Kenya to cover East Africa.

Zimbabwean police say their country is slowly being turned from a largely drug-free state into a market where an increasing number of people are consuming hard drugs such as cocaine and heroin, and that it acts as a transit point for drugs being smuggled to neighbouring SA. — Reuter.

*Marketer complains about over-bidding for coffee and cocoa*

# Donors review Ivorian deals

(1) CT (MR) 28/8/96

By David Gault

Abidjan — The World Bank and other donors are studying ways of modifying Ivory Coast's cocoa and coffee contract auctions after complaints that a few shippers dominate business by posting excessive bids.

Shigeo Katsu, the head of the World Bank mission in Abidjan, said Caistab, the marketing agency, had complained that the present system tended to induce bidders to over-bid. "Different options are being discussed but there are no firm proposals," he said.

The present system allocates contracts in two daily auctions sessions to the highest bidder prepared to take the full amount on offer.

A European Union (EU) official said one option was for Caistab to take bids from at least five firms in each auction session and then share the export contracts between them on a pro-rata basis, with the highest bidder getting the most.

Exporters said two European-backed firms had been bidding unrealistically high prices to secure export contracts, and other firms had been unable to compete.

"There is a double speculation here because the futures market is a type of speculation and the same goes for the auctioning system," Guy-Alain Gauze, the commodities minister, said last month.

René Amany, Caistab's chief executive, was not available for comment.

Caistab launched the auction in May as part of a $150 million World Bank loan deal with the Ivory Coast. The World Bank, EU and other donor agencies reviewed its performance last month.

Katsu said the bank was receptive to Caistab comments about the auction, but the evaluation was made at an early stage and further studies would be needed.

The World Bank and the International Monetary Fund have been pushing for liberalisation of Ivory Coast's cocoa and coffee sector in a bid to improve marketing transparency and efficiency and to cut costs so farmers can get more of the world price.

Some exporters have said Caistab's previous telephone-based method of allocating export contracts was unfair because there was no guarantee deals were done on price alone. They said the auction was a good idea in principle, but it needed to be modified to keep contract prices realistic.

Another donor-backed reform involves the forward sale of at least 70 percent of the forecast cocoa crop before the season starts. Sources close to last month's review said Caistab's advance-sales programme appeared to be on track.

They said Caistab had sold 600 000 tons of the 1996-97 crop using its traditional over-the-phone method before the auction was in place. Another 50 000 tons was sold by auction between May and July. — Reuter

## Tanzania forecasts two poor coffee-production seasons

By Mark Dodd

Moshi, Tanzania — Capricious weather, crop disease and the psychological effect of a lack of frost in Brazil would force a decline in Tanzania's coffee production for two seasons, the country's chief coffee official said.

Edward Sannda, the managing director of the Tanzanian Coffee Board, said the lack of frost in Brazil had particularly affected local production. Farmers who believed their earnings would rise on a Brazilian frost had now discovered that was not to be.

Erratic distribution of chemicals and fertiliser and unseasonal rains were also contributors to a decline in production, he said yesterday.

Sannda said many key growing areas had no rain during the flowering season and disease had been prevalent in the highlands.

He forecast production this year at 50 000 tons, declining to 42 000 next year. The coffee board's figures put last year's crop at 55 000 tons.

Sannda also saw a fall in earnings. "We are expecting a much lower price — between $1,50 and $2 a kilogramme this year," he said. Comparative prices last year were between $2,50 and $3,50 a kilogram.

Coffee exports earned Tanzania about $140 million last year but earnings this year were expected to fall to about $110 million.

Sannda played down recent reports that liberalisation of the Tanzanian coffee industry since 1994 had contributed to a decline in quality.

"We've put more effort into quality control this year at the buying centres to make sure quality will be taken care of."

He said the number of coffee estates under cultivation, which accounted for 5 percent of production, was in decline. Smallholders produce about 95 percent of all coffee in Tanzania.

# Race to find Africa's riches

BD 28/8/96 (1)

AFRICA could become the third largest destination for spending on mining exploration as foreign companies probe the continent for mineral riches, a senior mining industry official said yesterday.

JCI geology GM Frank Gregory told delegates at a mining investment conference in Johannesburg that spending on exploration in Africa rose to $320m last year from $199m in 1994, the greatest increase recorded worldwide.

"Given this trend, exploration expenditure in Africa could overtake Canada this year, placing it third after Latin America and Australia," Gregory said.

Indications were that the rise in exploration spending was sustainable, with 23 companies committing more than $1m to exploration last year. Mining in Africa had become a more viable option in recent years, due to a change in many African governments' attitudes towards investment.

The continent remained "hugely under-explored" as a result of past isolationist policies and instability, and modern techniques had not yet made an impact.

Gregory said global metals consumption was expected to accelerate as emerging countries moved towards industrialisation.

He said local mining companies were becoming major players. Anglo American Corporation said it would spend R218m on African exploration this financial year.

Gregory said foreign investment through the private sector remained the only viable means for African economies to grow and develope. — Reuter.

*Development bank seeks funds for recapitalisation*

# SA may raise its AfDB stake

CT (BR) 30/8/96 (703)

By Sean Feely
FINANCIAL SERVICES EDITOR

Johannesburg — The African Development Bank (AfDB) plans to increase its capital base, which will create an opportunity for South Africa, its newest member, to increase its stake in the continent's development loan agency.

Omar Kabbaj, the president of the institution, which is based in the Ivory Coast, said in Johannesburg yesterday that an ad hoc committee would meet at the start of next year to discuss the timing and sourcing of funds to raise the bank's capital base from $24 billion.

"This would be an occasion for South Africa to adjust its share in the bank," said Kabbaj, who has met Trevor Manuel, the finance minister, and representatives of the Development Bank of Southern Africa and the South African Chamber of Business on his trip to the country this week.

South Africa officially joined the bank in December last year after being excluded because of the previous all-white government. It took a 1 percent stake in the AfDB.

That disappointed some countries that expected South Africa, as the largest economy on the continent, at least to match the largest stake, which is held by Nigeria. Nigeria is the second-largest African economy and contributed 10 percent of the bank's capital.

"Some of the board members expressed regret (South Africa) didn't take a higher share given its weight in the African and world economies," Kabbaj said.

However, South Africa will become the first African country to help finance the bank's concessionary African Development Fund. It has promised to contribute a still-to-be-decided amount towards the fund's $3 billion replenishment.

The AfDB, which has premier credit ratings from global rating agencies, needs to raise its capital base to protect its creditworthiness. It has cancelled loans worth $2 billion because some of its member countries could not repay their loans and also because it wanted to have adequate reserves to lend new money.

Kabbaj became the AfDB's president last September. He said he expected the bank's yearly meeting next May to approve a general capital increase. Non-African member states of the AfDB, known as non-regionals, are keen to lift their stake in the bank from 33 percent through participation in the general capital increase.

They want a bigger say on how money is disbursed, after an independent auditing firm's report last year found considerable financial mismanagement at the bank.

Nigeria has opposed an increase in the non-regionals' interest in the bank, saying it should remain an institution owned by Africa.

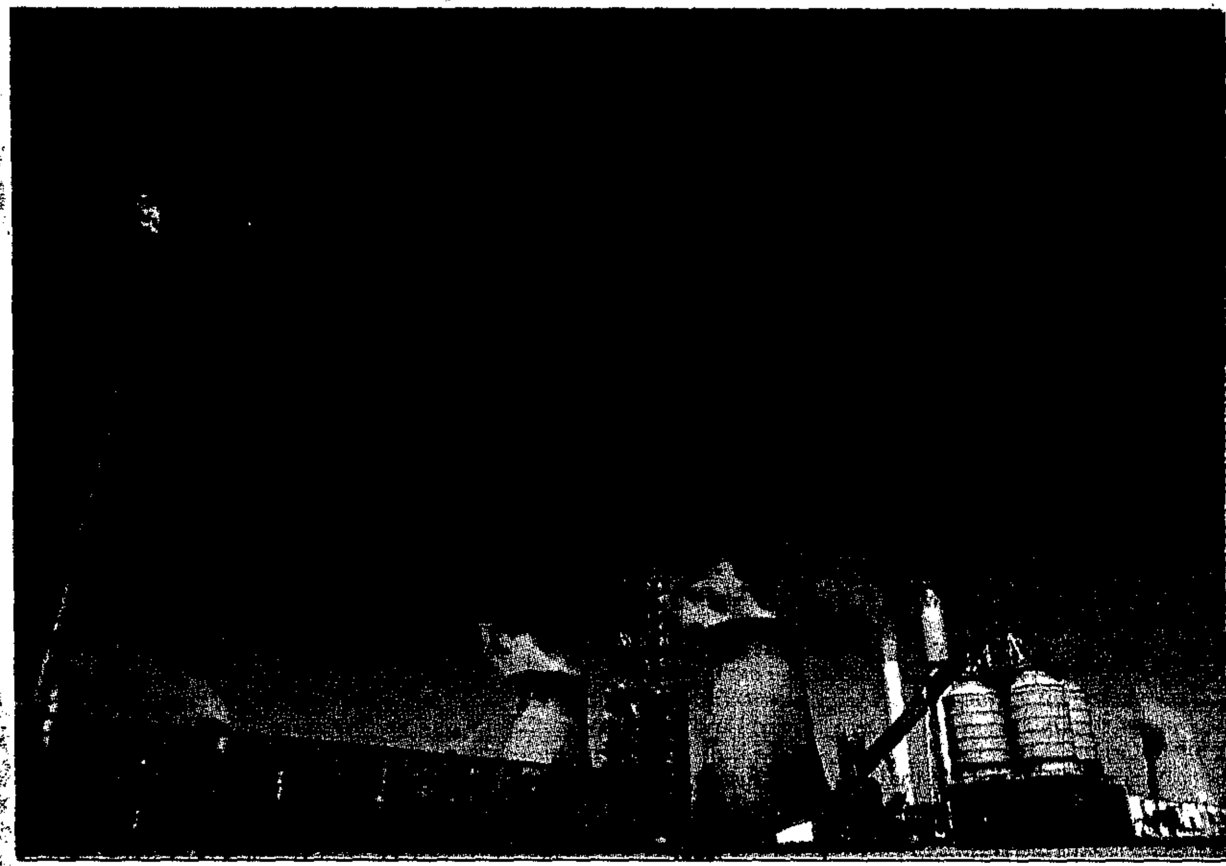
Kabbaj, who has tightened the bank's credit policies and introduced widespread reforms, said the non-regionals, mostly developed industrial nations such as the US, Germany and Japan, were likely to be allowed to increase their stake to between 33 percent and 49 percent.

MAIL & GUARDIAN September 20 to 26 1996

# Africa must set the stage for oil rush

(1) M+G 20-26/9/96

Without the appropriate investment incentives, foreign firms will not dash to develop Africa's oil resources, reports **Lynda Loxton**



Black gold: Some countries are 'producing at levels well below the capacity of their reserve bases'

PHOTOGRAPH: HENNER FRANKENFELD

TOP oil industry representatives at this week's Africa Upstream conference in Cape Town warned that Africa should not expect an "oil rush" unless African countries did a lot more to provide the kind of investment incentives and stability the oil majors needed to move into the as yet untapped vast reservoirs of gas and oil on the continent.

Big multinationals are always looking for new resources to tap into, especially when sporadic Middle Eastern political tensions send shivers through the oil markets.

But even Nigeria, Africa's oil giant, has seen investment and therefore reserves decline in recent years because of unfriendly attitudes towards foreign investors, never mind political turmoil.

Energy Africa managing director John Bentley told the conference that African production now accounted for some seven million barrels a day, or 10% of world production, despite the fact that it had about 6% of total world reserves, making it the third most important region after the Middle East and Latin America.

Of those oil reserves, Libya and Nigeria took up about two-thirds, and while countries such as Gabon and Egypt were increasing output, "others are producing at levels well below the capacity of their reserve base".

Bentley said: "It is not surprising that countries that have been the most successful in exploiting their reserves tend to be those that are the most open to investment."

There had been a marked increase in exploration activity, mainly because of a "string of recent drilling successes, particularly in deeper waters" off West Africa. These included the Nkossa field off Congo, the Moho discovery and the Zafiro field off Equatorial Guinea.

These successes had been made possible by several new technological developments, which reduced risks.

But there were other risks as well, said Mobile North Sea Limited president and chairman John Cousins.

Doing a regional "SWOT" analysis, Cousins said that although exploration costs in Africa were generally competitive, many countries lacked adequate infrastructure and the kind of domestic markets that would encourage the development of gas fields. Good examples here were Mozambique's Pande gas field and Namibia's Kudu field, which were awaiting "anchor" industrial projects in South Africa before they could be exploited.

Political instability was also a problem in some areas.

Several speakers said, however, that without "fiscal certainty", attractive incentives, and stable policies, investment was unlikely, especially by the newer independent oil exploration companies coming on to the oil market.

Particularly vulnerable were countries with smaller energy deposits which would not attract the oil majors no matter what the local risks and problems were.

In contrast, Cousins said that a good example was Cameroon.

"Here, through enlightened and creative thinking, new marginal field legislation has been implemented. This has successfully attracted investment for a new oil field in the Kribi Basin, the first for many years," he said.

(1) CT(BR) 23/9/96

# Independents the key to African oil boom

By Marc Hasenfuss

CAPE EDITOR

Cape Town — The increased involvement of independent exploration and production companies boded well for the development of a thriving African oil industry, John Bentley, the managing director of Energy Africa, told the Africa Upstream conference last week.

Energy Africa, which is 60 percent held by Engen, is a South African-based oil and gas exploration company with interests in West and southern Africa, Oman and the North Sea.

Bentley said that while the large oil companies and state oil companies had traditionally been the key players in Africa, the industry was changing rapidly in certain African countries.

He said barriers to entry for independent exploration and production companies were being lifted and a greater diversity of companies was operating in oil-producing countries throughout the continent as a result.

"While barriers to entry, like high capital costs, large long-term projects, complex licensing procedures and high state 'take' have traditionally precluded small independents from participating in onshore and off-shore projects, governments — in many cases — have taken steps to attract smaller investors to maximise existing and potential reserves."

But more could still be done by governments in improving fiscal terms, facilitating project finance, easing the transfer of interests and improving access to data, he said.

Bentley indicated there were lucrative attractions even in relatively mature oil areas, where opportunities existed for smaller companies with low overheads to take over small or declining fields from the majors.

"Technological advances aid the process, as does the relative ease with which services and even operations may currently be outsourced. In several areas, there is now existing infrastructure, making smaller discoveries economically attractive."

He added that many African governments had started adopting far more attractive fiscal terms and recognised the need for flexibility to facilitate development in marginal fields.

Bentley believed the independent players would assist in cost-effective development of Africa's petroleum reserve, stressing that currently many African countries were producing at levels well below capacity.

He also said that Africa's production growth had been in excess of 30 percent over the last 10 years while world production growth over the same period was 10 percent. Bentley argued that fresh ideas brought to the industry by the independents could also lead to the reworking of fallow ground or old discoveries too small for the majors.

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*Foreign companies are poised to invest*

# African oil boom may be imminent

CT (BR) 23/9/96 (1)

By Melanie Cheary

Cape Town — Foreign companies are poised to pour money into Africa's rich oil and gas deposits, provided partnerships can be forged with national oil companies (NOCs) within investor-friendly environments.

"We're going to invest several billion dollars in Africa over the next few years. Our production is growing in Africa. Africa is becoming increasingly important," Mobil Oil Europe and Africa vice-president John Cousins said on Friday.

While praising Africa's discovered and vast untapped oil and gas reserves, major oil exploration and development companies represented at the Africa Upstream 1996 conference also preached collaboration with NOCs.

"We're a global business, and major companies go where the business environment is most favourable. Countries, companies and NOCs have to work together to come out with value at the end of the day," Cousins said.

Companies also emphasised the importance of speedily applying advanced geological and drilling technology to bring as yet unexploited reserves to fruition.

Focusing on the deep water of Africa's west coast, Janet Stoner, exploration and production vice-president for Texaco, said Texaco was successfully applying to those waters advanced technology proven in the Gulf of Mexico.

British Petroleum was also looking at the west coast. "The possibility that we have in mind is that future production opportunities lie off Africa in the deeper water," said David Bamford, head of BP's sub-Saharan Business Unit.

Shell International exploration and production vice-president Erik van Scherpenzeel said the company estimated that about 50 billion barrels of oil and 350 trillion cubic feet of gas could still be discovered in Africa.

The conference saw the launch and inaugural meeting of the African Institute of Petroleum (AIP), whose membership base includes representatives from companies, governments and NOCs.

"The aim of AIP is to facilitate collaboration and partnerships, to create a sharing of synergies between major companies and NOCs. Good business is good for all parties," said AIP president Samuel Dossou-Aworet, who is also chairman of Petrolin UK, an adviser to Gabon on petroleum affairs.

But the Seychelles is having a tough time trying to convince oil companies that it is a good prospecting bet. "Our problem is that Seychelles is such a nice place that when technicians try to convince their management that prospectivity is good, they take it with a pinch of salt," Seychelles National Oil Company managing director Eddie Belle said.

But, Belle said, there were other countries as enticing as the Seychelles, such as Indonesia and Malaysia, which were producing oil. Asked why Seychelles wanted to get into the oil production business, he said that although tourism was the mainstay of the economy, income fluctuated depending on economic conditions in Europe.

"We would like to have other economic activities that will not make us rely too heavily on tourism," Belle said. He added that "that is one of the reasons we are also trying to promote our fishing and oil industry".

Belle admitted that the country's natural beauty was not the only factor working against its bid to become an oil producer.

*Foreign companies are poised to invest*

# African oil boom may be imminent

CT (BR) 23/9/96 (1)

By Melanie Cheary

Cape Town — Foreign companies are poised to pour money into Africa's rich oil and gas deposits, provided partnerships can be forged with national oil companies (NOCs) within investor-friendly environments.

"We're going to invest several billion dollars in Africa over the next few years. Our production is growing in Africa. Africa is becoming increasingly important," Mobil Oil Europe and Africa vice-president John Cousins said on Friday.

While praising Africa's discovered and vast untapped oil and gas reserves, major oil exploration and development companies represented at the Africa Upstream 1996 conference also preached collaboration with NOCs.

"We're a global business, and major companies go where the business environment is most favourable. Countries, companies and NOCs have to work together to come out with value at the end of the day," Cousins said.

Companies also emphasised the importance of speedily applying advanced geological and drilling technology to bring as yet unexploited reserves to fruition.

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# Africa to get fund to aid investment

BD 30/9/96 (1)

Greta Steyn

WASHINGTON — Commonwealth finance ministers had endorsed the creation of a Commonwealth Africa Investment Fund at their meeting in Bermuda before the AGMs of the IMF and World Bank, Botswana finance minister Festus Mogae said at the weekend.

Mogae said the fund had been created partly because Africa was missing out on the billions of dollars of capital flowing to developing countries. He said sub-Saharan Africa was receiving only 3% of capital flows, with Asia getting the lion's share and Latin America and the Caribbean also getting a large slice.

"The imbalance cannot be allowed to go on," Mogae said, pointing out that the capital flows were skewed despite many African countries now notching up "respectable" growth. "African countries grew faster than Europe over the past two years . . . I come from a middle income country that has performed better than some of the (Asian) tigers."

African GDP was growing at about 5% in real terms.

Mogae said he was "excited" that an enabling environment for investment in Africa had been created through the establishment of the fund.

Investors often did not discern between African countries, and he wanted to remind them that Africa was a continent and not a country.

Mogae said that the fund's start-up capital was about $100m, which had been put up by richer member countries, including SA and Botswana, Britain, Canada and Malaysia.

The fund would be managed by the British government-owned Commonwealth Development Corporation, a non-profit organisation dating back to colonial times, which invested in projects in sub-Saharan Africa.

The corporation would be used to manage the process because it was familiar with the countries, but investments would be made on a commercial basis.

The intention was that the finance would go to fixed investment projects rather than listed securities.

A major topic of discussion at the meeting was plans for debt relief for poor countries — the main issue on the World Bank and IMF agenda.

The topic is of importance for SA, which also attended the Commonwealth meeting, because it has just joined the English-speaking African constituency at the IMF.

Finance Minister Trevor Manuel is understood to have used the opportunity in Barbados to underscore SA's solidarity with the rest of Africa.

British Chancellor of the Exchequer Kenneth Clarke, who has been an enthusiastic supporter of debt relief for poor countries, said he was concerned about the length of time that countries with good economic track records would have to wait for relief, as well as the inflexibility of the World Bank and IMF proposals.

The Commonwealth finance ministers also addressed the IMF and World Bank's perceived interference with sovereignty in policy decisions.

The two organisations' emphasis on "unproductive" expenditure, such as military spending, is becoming increasingly controversial.

The Commonwealth ministers said they recognised the need for good governance, but called on the World Bank bank and IMF to approach the issue in a sensitive manner, taking full account of each country's circumstances.

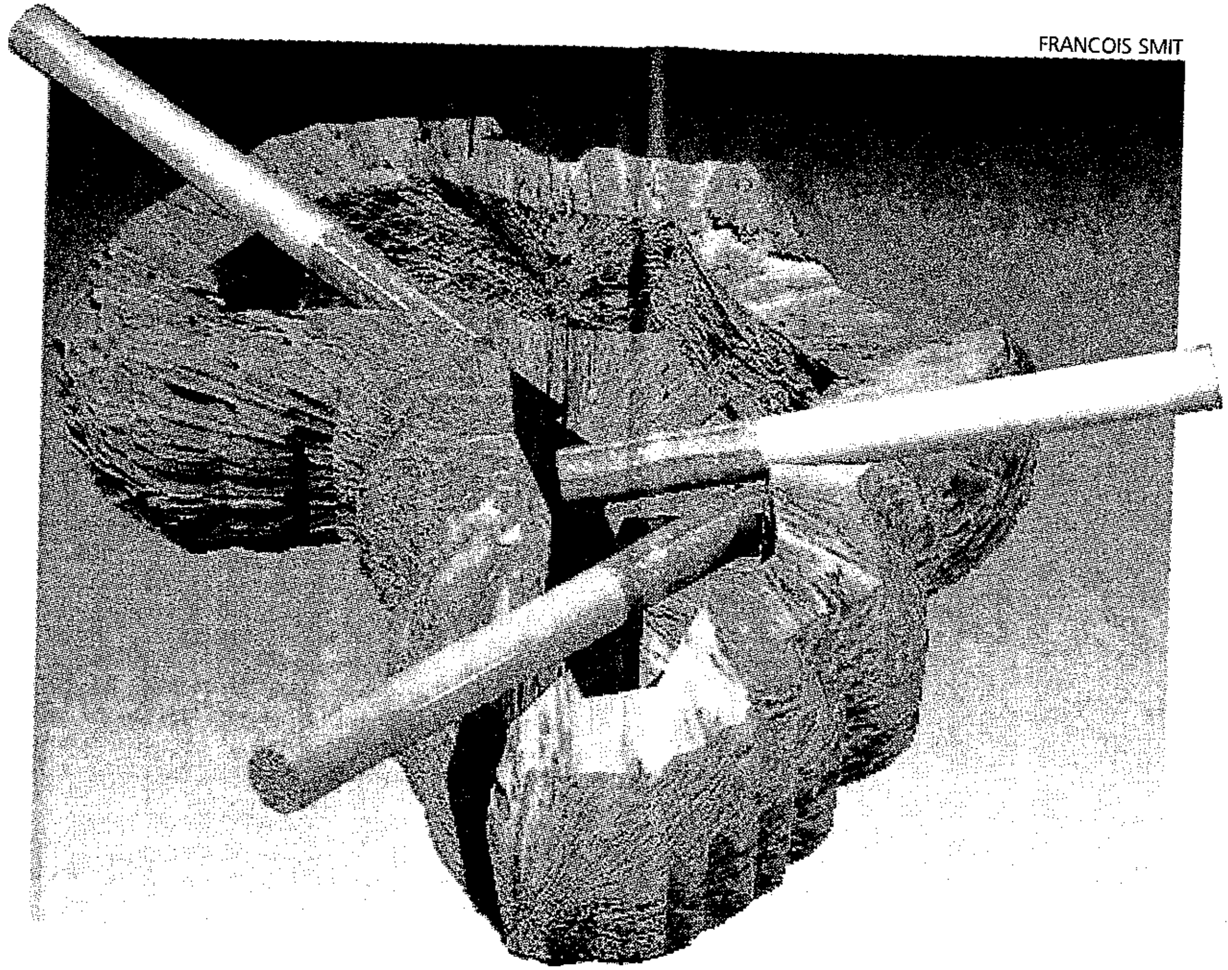
See Page 10

# Africa could become ashtray of the world

(i)

Star 30/9/96

## The continent is a target for assault in the dirty global tobacco wars. Janine Simon reports



FRANCOIS SMIT

There's nothing smoky about the screen the United States is trying to erect between tobacco marketers and impressionable teenagers.

For a start, the government's progressive "we-won't-let-you-tempt-our-kids" approach prohibits marketing tricks, such as distributing free cigarette samples, selling funky hats and T-shirts sporting cigarette logos, and billboard advertising outside schools.

A new law proposed by the Food and Drug Administration makes it a federal offence to sell cigarettes to anyone under 18 and limits tobacco print advertising to boring black-and-white, text-only formats in publications with a large youth readership.

But US and British tobacco companies looking for new markets have long focused their attention on the less comprehensively protected Asian Tiger countries across the Pacific.

**Smoking will kill 8,4 million by 2020**

One in three cigarettes smoked in the world today is smoked in China, the world's largest producer and consumer of tobacco. And tobacco already kills 500 000 Chinese people every year.

The Chinese government is finally taking note. So far, it has established a national co-ordinating organisation on tobacco; banned electronic and print media advertising; is encouraging smoke-free cities and has initiated health education campaigns, says Dr Derek Yach of the Tobacco Control Commission for Africa.

The parallels between South Africa and the Asian theatre of war are "compelling", says Professor Judith Mackay, who heads the Asian Consultancy on Tobacco Control, the regional anti-tobacco strike force.

South Africa has a responsibility to the rest of Africa and its decisions on tobacco control extend far beyond its borders, she said on a recent visit here.

In Asia, the tobacco industry claims that the International Convention on Civil and Political Rights gives them de facto freedom of commercial expression.

"They have challenged the Hong Kong and Australian government, and will almost certainly challenge the South African constitution too," Mackay says.

Meanwhile, in Hong Kong, next year's handover of the colony to China is being used to fight off tobacco restrictions. Tighter tobacco controls are held up as another example of "freedom's collapse", Mackay says.

The territory has backed off from a comprehensive advertising ban, a development which has left her discouraged for the first time in 20 years of campaigning for tobacco controls.

The battle against the global tobacco epidemic, Mackay says, has moved from researchers and doctors to lawyers, who are best able to fight the must-have advertising techniques of the tobacco industry.

The epidemic is spreading and is shifting to developing countries, which already account for 800 million of the world's 1,1 billion smokers. And it will get worse before it gets better, she says.

Smoking is expected to become the largest cause of death in the world within the next 25 years, with 8,4 million deaths due to smoking expected in 2020, almost triple the number in 1990.

Developing countries need to take urgent national action. But, says Mackay, who cut her campaigning teeth on issues like women's taxation and the concubine law in Hong Kong, Asian countries are not used to the complexities of a non-communicable disease epidemic like tobacco and many have never faced a tobacco company lawyer.

As a lobbyist whom the industry has dubbed "one of the three most dangerous people in the world for the tobacco industry", Mackay has had more than one encounter with the breed. Some of the most unpleasant included death threats, being likened to Hitler, and being called a "putrid mass of flesh".

But Mackay has had occasion to grin: the most notable, listening to a leaked recording of the tobacco companies' Asian regional meeting in which harassed managers discussed her in "ludicrous" terms.

She says the companies portrayed her pragmatic five-year plan to make Asia tobacco-free by 2000 as formidable.

"It was just an attempt to justify their budgets and their failures," she laughs.

Personal attacks go with the territory, but the one Mackay really objects to is being called anti-smoker.

**Firms are locked into denying health risks**

"I want to help smokers give up. The tobacco industry is 'anti-smoker': they're killing half their clients with their products. You can't get more anti-smoker than that!"

Her sympathy for the tobacco-addicted began with her own short stint as a student smoker: "I fell for every image in the book, and I can see why children want to do it," she says.

Tobacco companies are, understandably, locked into denying the health risks because of the threat of litigation, but their drive to circumvent at least the spirit of the law on advertising is ruthless, Mackay says.

Advertising has to be clearly defined and comprehensively banned: China's ban on electronic and print media advertising only opened it to a "horrendous invasion" of tobacco sponsorships of sports, arts, pop stars, charities and sponsored radio programmes.

Since the introduction of health warnings on cigarette packs in South Africa, tobacco companies have shifted their support to sport, cultural events and research, and they have erected brand-name boardings above cigarette outlets.

As Asian countries like Japan, South Korea, Taiwan and China became affluent enough to afford American cigarettes, they fell prey to the threat of Section 301 of the American Trade Act, a presidential sanction which bans or imposes a prohibitive tariff on foreign imports, Mackay says.

In practice, it's blackmail, and even countries with public health policies, like Japan and Taiwan, have allowed US tobacco companies to advertise in the face of the threat of losing their US export markets.

Singapore, says Mackay, is the only country in the world where government attaches no "but" to tobacco controls, and smoking there has been reduced to practically a "private act between consenting adults".

Usually, she says, she has to recognise obstacles and explain and debate around them to help governments realise that tobacco always produces an economic loss for a country.

Speed is everything: the more advertising is entrenched, the harder it is to implement restrictions. The controls Mongolia put in place two years ago would not have happened now.

Mackay says countries like South Africa – where advertising sectors fear new controls – should take note that there is a solution to the economic hardship theory punted in opposition to an advertising ban, and it's been working in Australia "like a dream" for eight years: a 5% levy that goes towards an independent health promotion fund to take over sports and arts sponsorship and promote health.

Advertising revenue in Singapore and Thailand never flagged after the ban, because others took up the prime advertising space that had been vacated, she adds.

But anti-tobacco lobbyists are realistic and rank a reduction of 1% a year in national smoking rates as very good.

Nevertheless, Mackay says increasing litigation in the US, more and more states claiming health-care costs from the tobacco industry, senior industry scientists breaking rank and retirement and pension plan funds disinvesting in tobacco are among the many indications that the tobacco citadel is starting to crumble.

Star 9/10/96

The Star ... Wednesday October 9 1996

# US wants to form an African crisis response force

## Secretary of State Warren Christopher is on an African safari to discuss his country's proposals

**By Rich Mkhondo**
Washington Bureau

United States' Secretary of State Warren Christopher is on an African safari to discuss the US proposal for the formation of an African crisis response force (ACRF) with President Nelson Mandela and other leaders, US State Department officials said yesterday.

US Assistant Secretary of State for African Affairs George Moose said while Christopher's trip was intended to underscore the US commitment to democracy and economic development in Africa, President Bill Clinton's foreign minister will also discuss the formation of the ACRF.

The force would be sent to trouble-torn African countries to intervene in the fighting by establishing safe areas where civilians could gather and receive humanitarian assistance.

"We hope the formation of the ACRF will move forward very expeditiously. We have been having discussions with our partners in Europe and Africa for some time. Now we hope to translate the proposals and ideas into concrete operational reality," Moose said in an interview.

During his South African visit from October 13 to 15, Christopher will hold discussions with President Mandela, his deputy Thabo Mbeki, Foreign Minister Alfred Nzo, Archbishop Desmond Tutu and other leaders.

South Africa will be his last stop on the African trip which began in Mali on Monday October 7. From Mali, Christopher will visit Ethiopia, Tanzania and Angola before arriving in South Africa on October 13.

President Mandela will be briefed on the ACRF as chairman of the Southern African Development Community and commander-in-chief of one of Africa's strongest armies.


Mandela ... chairman of the SADC


Christopher ... wants to establish safe areas


Salim Ahmed Salim ... OAU secretary-general


Jose Eduardo dos Santos ... has problems

Moose said a dozen other countries have responded favourably to the formation of the ACRF.

"What we are proposing is a partnership between the US and Africa's other external partners ... to create a capacity to respond more quickly to crisis situations in the African continent, whether they be conflict situations or humanitarian assistance or response to natural disasters," Moose said.

"Obviously what motivated us and many others to form the ACRF is our particular concern about the situation in Burundi ... We will continue with our diplomatic initiatives. But if our diplomacy fails, we must have some means to respond, and in this case the ACRF will be the best solution," Moose said.

"The force will be strictly used for humanitarian missions. It will provide zones where civilians can be protected. It is not intended to impose peace on warring factions, but to protect innocent civilians," Moose said.

He said it would cost between $25-million (R113-million) and $45-million (R204-million) for the equipment and training of the force. More money would be needed for its deployment.

"We have our own financial obligations. We will pay our fair share of that," Moose said.

A State Department official said the ACRF would not be complete without the participation of South Africa.

While the US had been the driving force behind the formation of the ACRF, it had to involve the majority of Africa's 53 states, all members of the OAU. European Union member states have also been invited to get involved. During the past months, Moose has visited almost half of the African states and Europe to discuss the ACRF.

The ACRF is intended to help African countries develop their own capability to respond to wars in their own continent.

A State Department official said the US and European countries were no longer willing to commit their troops in African conflicts.

America got its fingers badly burned in 1993 when a humanitarian mission to Somalia turned violent, leaving scores of US troops dead. Since then US interest in Africa has cooled further even during worse conflicts, including the Burundian and Rwandan wars.

However, the US spends millions of dollars on aid and development in African countries and its troops had for years been involved in peacekeeping efforts in Africa.

The last US secretary of state to visit Africa and South Africa was James Baker in 1990 whom Christopher succeeded in January 1992.

Critics of Clinton's foreign policy say the fact that the African trip comes at the tail end of the president's four-year term is a sign of his administration's neglect of the continent since the end of the Cold War.

# African corruption causes the world's lenders to think again

(1) BD 9/10/96

NAIROBI — A renewed attack on African corruption, spearheaded by donor nations in the West, might soon be blunted, economists said yesterday.

Western countries, apart from France, had no clear policy on Africa and previous campaigns against corruption had lacked staying power, they said.

If debt relief was aimed at punishing the corrupt, nothing in Africa would change, said one top Ugandan economist who declined to be named

"We've seen aid embargoes (imposed on Africans), and our officials have been cold-shouldered at meetings. Nothing changes until the Africans take up the initiative," he said.

A senior Nairobi-based investment adviser said the message from creditor nations meeting in Washington last week was quite simple: "A matter of good governance and we forgive your debt rather than aid which has not worked well previously." But he said: "The West seems to have no staying power in whatever harsh policy they come up with.

"The donors and the US once saw Kenya and Zaire as bad boys, but come the troubles of Somalia and Rwanda and they become good boys."

The optimists point both to the multibillion-dollar plan for debt relief for Africa and a belated tour of the world's poorest continent by US Secretary of State Warren Christopher.

Meeting in Washington last week, creditor nations agreed to increase the assistance they are prepared to give to Africa and World Bank president James Wolfensohn vowed to pull out of any project funded by his institution that proved to be tainted by wrongdoing.

The economists said that Christopher's decision to shun Kenya, Nigeria and Zaire on his African tour because of concerns about corruption and human rights violations was seen as a clear sign the West was prepared to put Africa's corrupt on the defensive. Uganda is seen as a main candidate for the debt relief plan.

On Monday World Bank economist Peter Langseth called Uganda an African "trailblazer in government reforms, attacking corruption and focusing on service delivery and results orientation". Reform-minded Central Bank of Kenya governor Micah Cheserem said Africa was acting on its problem of "simply poor leadership and too many cases of greed, corruption and tribalism".

Cheserem's solution: "Fight the vice of corruption with the objective of eliminating the evil. Discard command economic management and embrace market-based systems, privatise economic activities hitherto managed by government."

But across Africa the cases of corruption continue. In Tanzania, the report of a parliamentary investigation last month said Finance Minister Simon Mbilinyi acted improperly over imports of cooking oil and should be "taken to task".

Tanzanian President Benjamin Mkapa, who won power last year on a platform of cutting widespread official corruption, has made no comment.

The report said Mbilinyi ignored advice from his ministry officials who said the oil should not receive tax exemption.

Even in SA corruption is present. President Nelson Mandela found it easier to sack rebel politician Bantu Holomisa as a deputy minister than act on Holomisa's charges of improper payments.

Last week, the Zimbabwean government sacked the entire board of the Zimbabwe Electricity Supply Authority after it complained the government had not followed agreed procedures for tenders.

In Nairobi last month, one of Kenya's biggest supermarket chains, Nakumatt Holdings, said its stores were ordered closed on health grounds after it refused to pay a bribe of 50-million shillings.

The Ugandan economist said: "Zaire is corrupt, Nigeria is corrupt, but who cares whether Christopher goes to Kinshasa, Abuja or not?

"President Mobutu (Sese Seko) is very much back as a political player; the US has not put any real pressure on (Nigerian President Sani) Abacha. So, what is the attention?"

However, UK's Institute of Economic Affairs feels it has a radical solution: Africa should be privatised and leases to run individual countries auctioned off. Like to buy a second-hand African country? Loads of natural resources. Only a few careless owners. Never-to-be-repeated knockdown price.

So dark have the prospects of the Dark Continent become the only answer to the problems of sub-Saharan Africa is the leasehold sale of clapped-out nation-states to the highest bidder, the institute says.

In its journal Economic Affairs, institute health and welfare unit assistant director Robert Whelan proposes wholesale privatisation of African countries.

Huge amounts of foreign aid have done little except fund avaricious and corrupt ruling elites which ignore basic concepts of governmental duty.

"Africa is the pit into which we pour our futile good intentions," he says. "The only answer would be to reform the way in which African countries are governed."

As a pattern for reform of 21st-century Africa, Whelan looks to the charter companies of the imperial past. The British East India Company, employer of Arthur Wellesley, later Duke of Wellington, and Robert Clive (of India), was a shining example. At one time, it retained more officers than the UK government and existed autocratically and more or less profitably from 1600 to 1857.

UK's private-colonial heyday also spawned the Hudson's Bay and the Massachusetts Bay Companies in North America, and the British SA Company of Cecil Rhodes.

Whelan argues that it is that sort of enterprise that offers the lasting remedy to deeply corrupt African despotism. — Reuter, © Telegraph plc.

# Africa's protectionism 'reduced its ability to compete globally'

① BD 10/10/96

Trade barriers are seriously hampering Africa's economic growth, reports **Michael Holman**

PROTECTIONIST policies imposed by African governments have cost sub-Saharan Africa as much as $11bn a year, equivalent to the total aid to the region from developed countries in 1991, according to a World Bank research paper.

The study is called "Open Economies Work Better! Did Africa's Protectionist Policies Cause its Marginalisation in World Trade?"

It argues that the decline in sub-Saharan Africa's share of global exports from 3,1% in 1955 to 1,2% in 1990 is the result of "inappropriate domestic policies that have reduced the region's ability to compete internationally".

Import barriers in Africa are far higher, according to the report, than in other developing countries and regions with faster export growth.

These barriers hamper exports and economic development by adding to the cost of essential imports, such as agricultural inputs and machinery.

The paper comes ahead of December's ministerial meeting of the World Trade Organisation at which many poor countries are expected to complain that they have gained little from trade liberalisation agreed in the organisation's Uruguay round of negotiations.

Africa's market share for its 30 main exports declined from 20,8% to 9,7% between 1962-64 and 1991-93, "which implies annual trade losses for the region of just less than $11bn".

Official development assistance to sub-Saharan Africa from members of the Organisation for Economic Co-operation and Development (OECD) in 1991 totalled $10,9bn.

Not only did Africa experience a declining market share for its main exports, the report says, its exports are of declining relative importance in world trade. The region is now highly dependent on relatively few export products.

The authors reject claims that protectionism in rich countries has been responsible.

"Rather, the evidence suggests that the tariff treatment which was provided enhanced Africa's position with regard to other exporters."

According to the report, "the share of African exports subject to non-tariff barriers is far lower than that of other developing countries which have launched successful sustained export-orientated industrialisation drives".

## Restrictive

In addition, tariff preference extended under the EU's Lomé Convention or under OECD members' generalised system of preferences, provide Africa with more favourable terms of market access than many other exporters of similar products.

Trade barriers in Africa are "far more restrictive" than in any other group of developing countries, according to the World Bank study.

"Sub-Saharan Africa's tariffs average 26,8%, which is more than three times higher than those of the fast-growing exporters and is more than four times the OECD average (6,1%)," it says.

The report says that OECD countries reduced their tariffs by almost 40% in the recent Uruguay round (to about 3,9%), and many of the fast-growing exporters also made important concessions on trade barriers.

"In contrast, Africa's trade barriers were virtually unchanged by the round.

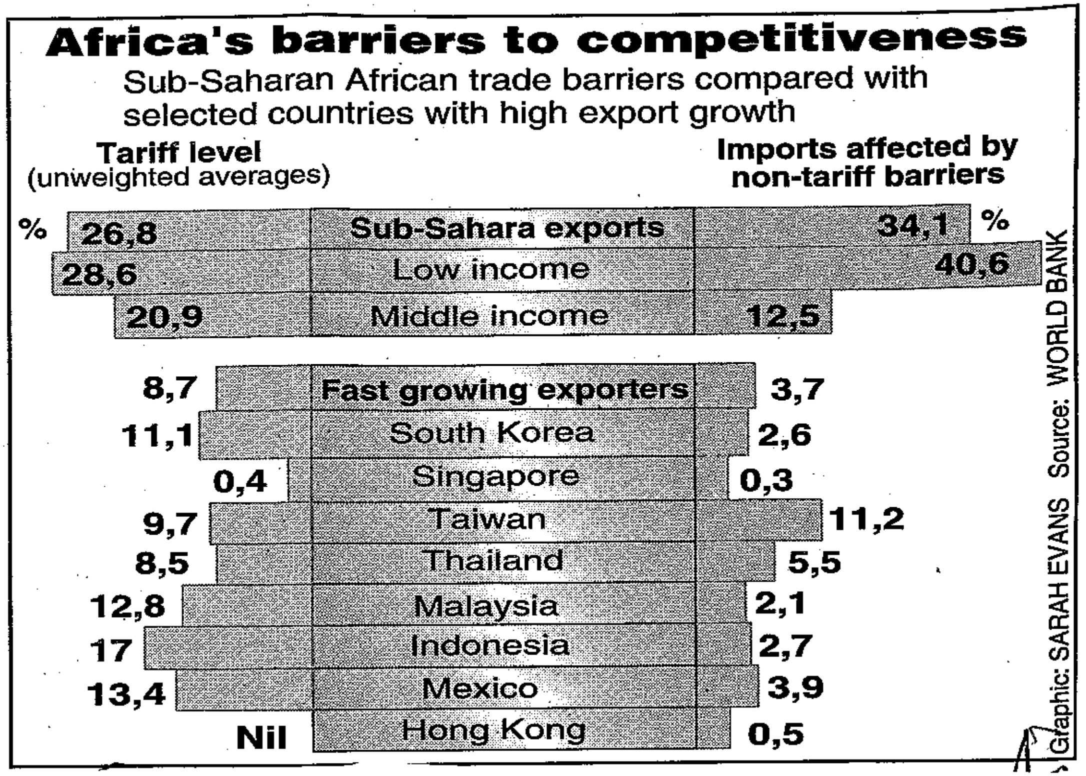
"As a result, the spread between Africa's tariffs (as well as tariffs plus other import charges combined) and those in the other countries has widened." The divergence in the use of non-tariff protection is even sharper, says the study.

"More than one third of all African imports encounter some form of these restrictions (more than 40% in the case of low-income African countries), which is almost nine times higher than the corresponding average (3,9%) for the fast-growing exporters and 13 times greater than the high income non-OECD countries."

The paper gives an example of the tariffs on agricultural raw material.

African duties average 23,6%, more than three times the level in the fast-growing countries. Duties for crude fertiliser are nearly four times higher than those countries.

"If Africa is to reverse its unfavourable export trends," the authors conclude, "the region must adopt appropriate trade and structural adjustment policies in order to enhance its international competitiveness, and to permit African exporters to capitalise on opportunities provided by foreign markets." — Financial Times.




# Food shortage persists in many African nations — UN report

**Deborah Hargreaves**

MANY African countries are still short of food, despite improved harvests in much of sub-Saharan Africa, according to a report published this week by the UN Food and Agriculture Organisation.

The report cited 13 African countries facing food shortfalls because of war and natural disasters. "Pockets of famine have developed in several parts of Liberia following a sharp reduction in food production and a serious disruption of relief distribution," the report stated. In parts of Somalia and Sudan, the food supply was "precarious".

The FAO estimated the coarse grains crop in sub-Saharan Africa to be 19,8-million tons in 1995/96, 89% above the level of the previous year, which was depressed by drought and 40% above average.

Abdur Rashid, chief of FAO's global information and early warning system, which published the report, said: "Even though there has been a good recovery in cereal production, 1996/97 is likely to be marked by relatively tight supplies and volatile international cereals prices."

Rashid did not expect global food aid availability to improve from its 1995/96 low of 7,7-million tons, making it harder for many African nations to feed their people.

About 40% of the population of sub-Saharan Africa is chronically undernourished — about 215-million people — and the FAO believes that number could climb to 265-million by 2010. — Financial Times.

# Africa faces marginalisation, Mandela says

Kevin O'Grady (1)
BD 10/10/96

AFRICA was still threatened by marginalisation within the world economy, despite the "fabulous wealth" of its resources, President Nelson Mandela said in Kololo, Uganda, during his first official visit to the country yesterday.

During the one-day visit as a guest of Ugandan President Yoweri Museveni for celebrations to mark the country's 34th year of independence, Mandela said lasting peace continued to evade parts of the continent and the legacy of poverty had "left Africa's children especially vulnerable to disease".

"It has weakened our capacity to withstand the harsh challenges of climate and to sustain our environment," he said.

Debt had also accumulated around Africa's neck "like the proverbial millstone" and the origin of the debt justified an appeal to the international community to assist Africa in finding a "satisfactory solution to this impediment".

These were among the challenges facing African countries after long struggles for nationhood that required those involved to endure "bitter hardship".

"Now that our continent has brought itself to the point at which it can indeed make its own future, the challenges confront us with urgency," Mandela said soon after being presented with the Order of the Pearl of Africa by Museveni.

SA was proud to be a part of collective efforts to address these problems, within the limits of its capacity. "Precisely because of our own history, we know the value and the effectiveness of joint efforts and shared responsibility."

# Always a cloud behind Africa's silver lining

**Inability to win foreign capital is keeping sub-Saharan lands in the IMF's intensive care ward, writes TONY HAWKINS**

ST(PT) 13/10/96 (1)

Predictions that the sub-Saharan economy is coming right at long last are nothing new. The World Bank, for one, has made something of a habit of seeing light at the end of the African development tunnel, only to be forced repeatedly to revise its overly optimistic assessments.

The bank's hopes that the increased adoption of structural adjustment reform programmes underpinned by aid inflows averaging more than $18-billion annually (36% of the global total) between 1991 and 1994 would turn the regional economy around were not realised.

In the decade since 1986, sub-Saharan GDP has grown at a miserly 1,7% annually while real per capita incomes fell 1,2% a year.

In its latest baseline forecasts (1996-2005), the bank again sees a silver lining. GDP growth will more than double to 3,8% a year, inflation will slow to 3,8% and for the first time since the 1970s, the region will experience rising real living standards though — a fact the bank overlooks — the sub-Saharan economy will be in recovery, and not breaking fresh ground.

This optimism has its roots in the World Bank's belief that improved policy implementation will be the key determining factor in the longer-term outlook.

In its 1996 report on Global Economic Prospects and the Developing countries, the Bank sees progress in exchange rate and trade liberalisation allied with more modest gains in fiscal policy and public and financial sector reform.

That Africa's policy environment has improved dramatically in recent years is not disputed. The worry is that policy implementation continues to be erratic and that the reform dividend has been both niggardly and slow in coming.

Fifteen years and more into the adoption of structural adjustment programmes, there is still not a single mainland economy that can be said to have graduated from the IMF/World Bank intensive care ward. Ghana seemed to be on the brink of doing so in 1992, before fiscal policy went amiss in the run-up to the elections and Accra was forced back into the hands of the IMF in 1995.

The regional success stories are atypical, small, economies. Mauritius, with its highly successful export processing zones, is now ranked by the World Bank as second only to Singapore in terms of integrating with the global economy. Botswana's diamond-driven export-led success shows some signs of spilling over into broader industrial expansion, spearheaded by the exportation of partially-assembled Hyundai motor vehicles to South Africa.

These two and possible other micro-economies — Seychelles, Swaziland and Lesotho — stand apart from the rest of the 47-odd states. Both Ghana and Uganda have staged impressive comebacks after decades of decline, but their recoveries have been either aid- or commodity-driven — with jump-starts from gold, coffee and cocoa.

Neither is within shouting distance of attracting the kind of foreign direct investment inflows needed to become an Asian-style tiger. Both have infrastructural problems as well as narrow export bases.

Southern Africa is seen as the region most likely to turn the corner in the latter half of the 1990s, partly on the strength of a strong upturn in South Africa itself, but also because Angola, Botswana, Mozambique Zambia and Zimbabwe all have enormous economic potential.

Sadly, South Africa seems likely to disappoint — certainly over the next 18 months to two years.

In a globalising world economy, Africa's failure to make stronger headway is explained by its inability to attract foreign capital and exploit opportunities.

The hard reality is not only that aid is a sunset industry, but also that donors have precious little to show for their past efforts. — *Financial Times*

**SUB-SAHARAN AFRICA: FORECAST SUMMARY**

| INDICATOR | 1986-95 | BASELINE 1996-2005 |
|---|---|---|
| GDP | 1,7 | 3,8 |
| GDP per capita | -1,2 | 0,9 |
| Export volume | 2,6 | 4,6 |
| Median inflation | 9,6 | 8,0 |
| Current account/GDP | -1,1 | -2,2 |

Graphic: FIONA KRISCH — Source: WORLD BANK

*Kenya's reserve bank governor calls for greater autonomy for central banks*

# Continent told to unlock potential

(1) CT(BR) 16/10/96

**MANOAH ESIPISU**

Nairobi — Kenya's chief banker on Monday called for economic reforms in Africa to unlock the potential of the world's poorest continent.

Micah Cheserem, the governor of the Central Bank of Kenya, said that Africa needed to eliminate excessive controls on foreign exchange, prices and imports to allow a market-driven system to attain reasonable growth rates.

"We, the Africans, should instill discipline in the conduct of public affairs if we expect the international community to take us seriously.

"The challenge to African central banks is to set the pace in being disciplined," he said.

The 47-year-old Cheserem, who has championed reforms in Kenya for the past three years, spoke at the end of an African Monetary Co-operation seminar in the Kenyan capital of Nairobi.

"There is an urgent need to have an efficient judicial system in our countries to speedily deal with commercial disputes," said Cheserem.

He said that disputes acted as a drag on economic progress if they were not speedily settled.

He said sub-Saharan Africa should first seek to achieve monetary co-operation before seeking monetary integration with the rest of the world. He said that the convertibility of East African currencies from July set the African pace in this.

"Regrettably, there are still many African countries whose currencies are not respectable," Cheserem said.

He said that a currency was not respectable if the citizens of a country preferred foreign currencies to their own.

Cheserem strongly urged African bankers to work closely with the media to sell economic reforms to their people. He told the bankers that it would be counterproductive to treat the media as an enemy.

Journalists are regularly bashed by politicians across Africa if they are perceived as being critical.

Cheserem, a leading figure in the fight against corruption in Kenya, said central bankers should collaborate with "all interested parties to fight corruption which has put a brake on economic growth and given Africa a bad image.

"Economic reforms in many sub-Saharan countries have been highly commended and are already bearing fruit. We should press on to implement the remaining reforms," he said.

Cheserem said the objective of progressive central banks was to maintain price stability and to manage a stable banking system.

Countries such as Germany, South Africa, New Zealand and the US had allowed their central banks greater autonomy.

"The challenge for you (in Africa) is to persuade your countries to give central banks greater autonomy to achieve those objectives," the Kenyan banker said.

Cheserem urged Africans to take every opportunity to appeal to the developed countries to open up their markets to African goods to help the continent move from aid to trade dependency.

He urged countries that have imposed quotas on Africa's quotas to lift them. — Reuter

# Holes in Human Rights

(i) Sowetan 21/10/96

Although Human Rights have improved substantially in Africa in the past 10 years, a majority of African governments view human rights with suspicion, explains **Mercedes Sayagues** ...

**HARARE** – October 21 is the 10th anniversary of the African Charter on Human and People's Rights, also known as the African Charter or Banjul Charter.

In these 10 years, the continent has made quantum leaps – Namibian and Eritrean independence, the end of civil war in Ethiopia, Mozambique and Angola, the end of apartheid in South Africa and the end of dictatorship in Malawi.

The decade has also seen multiparty elections and strengthened civil society, a freer Press and improved human rights across Africa.

Adoption of the Charter represented an important formal commitment to human rights, but human rights groups warn that it has serious shortcomings.

Amnesty International says: "In some cases the guarantees fall short of international standards. The weakness of the rights enshrined in the African Charter is compounded by claw-back clauses, allowing states to curtail rights by the adoption of national legislation."

The African Commission on Human and People's Rights – established in July 1987 at a summit of the Organisation of African Unity (OAU) – recognises the Charter's weaknesses.

In its 19th session, held in March this year, the 11-member Commission began to review the Charter for improvement. However, it is unlikely that consensus on amendments will be reached quickly.

The African Commission has its own problems. A recent Amnesty International report says: "Although it has recently began publishing brief interpretations of the Charter in its decisions, (the Commission) has yet to use this power to its fullest extent."

### Formidable task

It says the Commission has always "faced a formidable task". It did not always have willing support from the majority of African governments, which viewed human rights with suspicion and did not want to be held accountable for violations. Amnesty finds the "African system of human rights protection is far from effective" because African governments fail to adhere to human rights obligations voluntarily undertaken and the Commission has been reluctant to address serious human rights problems.

"However, the Charter provides the Commission with human rights standards to which it should hold African governments accountable," says the report.

Zimbabwean lawyer and law lecturer Pearson Nherere finds problems with both the Charter and the African system of human rights protection: "There is a lack of political will to address human rights. Even if the political will were there, the funding is not."


**Flashback ... an OAU information meeting in South Africa in 1994. The organisation is accused of failing to provide adequate funding for its commission on human rights.**

Because its parent body, the OAU, has failed to provide adequate funding, the Commission is hampered by lack of human and financial resources. It meets twice a year for 10 days.

Its 11 members work part-time to protect human rights. Nherere would like to see a strong Commission with a full-time seat and full-time members, fully paid for their work.

"That represents a huge shifting of financial resources and Africa is not a wealthy continent," concedes Nherere. "Yet it has to be done by the OAU, not by non-governmental organisations (NGOs) or donors.

"If human rights are to be an African issue, it has to be funded by Africans."

One of the Charter's major shortcomings is that it does not adequately guarantee women's rights when it declares that the state has the duty to protect and promote morals and traditional values recognised by the community.

"The notion of cultural values is open to abuse and misinterpretation, and is often used to disadvantage women," says Zimbabwean lawyer Elizabeth Gwaunza of Women in Law in Southern Africa.

Examples she gives are dowries and inheritance laws which exclude widows. The two are entrenched cultural, customary practices, but they militate against women's equality and advancement.

The same can be said for female circumcision, which directly damages women's health and integrity.

Women activists argue that culture is dynamic but some people oppose change especially if it empowers women. "We find that whenever people start talking a lot about culture, it's because women are trying to exercise their rights," says Gwaunza.

There is, however, a way for the Commission to enforce equality over tradition. Article 18 (3) of the Charter provides for "the protection of the rights of the woman and the child as stipulated in international declarations and conventions".

This provision makes room for adherence to international agreements such as the Convention on the Elimination of All Forms of Discrimination Against Women, which has been ratified by 40 African states.

To date, only Ethiopia and Eritrea have not ratified the Charter. But only 18 states have filed the required period reports to the Commission. Among the Southern African Development Community countries, Botswana and Zambia have not complied with the requirement. Nearly 170 NGOs, mostly African, have observer status at the Commission. Because the part-time members of the Commission cannot monitor human rights properly, NGOs are badly needed to raise awareness, inform and help victims file complaints.

Amnesty says it is not enough for NGOs to criticise but should offer their resources to help the Commission fulfil its mandate.

The African Commission's 20th session will be held in Mauritius from today to October 30. In principle, it will appoint a special rapporteur on prisons and one on women. – *Africa Information Afrique.*

# 10 lands 'violate own charter'

(i) (~~[illegible]~~) Star 22/10/96

Paris – At least 10 countries deliberately violate the African human rights charter with regard to the freedom of information, notably by imprisoning journalists, the French press defence group Reporters sans Frontieres (RSF) said in a report issued here.

Marking the 10th anniversary of the Organisation of African Unity (OAU) charter, RSF urged the signatories to respect their pledges, saying that since the beginning of this year eight journalists had been killed in Africa, eight were missing and more than 20 were in jail.

RSF singled out Nigeria, where four journalists are in jail. It said a handful of journalists continued to defy the military regime, but most had given up for fear of reprisals. Independent newspapers were also severely threatened in Cameroon, current chairman of the OAU.

RSF also attacked censorship in Algeria and said the press had been "brought to heel" in Tunisia. – Sapa-AFP.

# Conference focus is on African industry uplift

(1) BD 22/10/96

ABIDJAN — A Conference of African ministers of industry opened yesterday in the Ivorian commercial capital Abidjan to review a report by experts who have been meeting in Abidjan over the past three days to work out the manner of setting up an "Alliance for Africa's Industrialisation".

The conference is sponsored by the UN Industrial Development Organisation (Unido) in co-operation with the Ivorian government, the UN Economic Commission for Africa, the OAU and the African Business Round Table.

About 25 ministers are taking part in this two-day meeting that precedes the formal launching of the alliance tomorrow, when 11 heads of state are expected in Abidjan.

Among the heads of state who have indicated attendance are Sani Abacha of Nigeria, Omar Bongo of Gabon, Pascal Lissouba of Congo and the newly elected Gambian President Yaya Jammeh.

"This alliance is intended to enhance Africa's capacity to take advantage of the opportunities arising from the growing globalisation and liberalisation of international trade and capital flow and from emergence of new technologies," said Unido special advisor Kandeh Yumkella. The alliance, which has given itself the role of pursuing "a new vision for Africa", is expected to unfold the organisation's blueprint for assisting in the development of an industrial strategy to carry the continent into the next century.

"The alliance is complementary to the UN-wide special initiative for Africa. It synthesises the industrial dimensions of this initiative into a consistent programme of poverty alleviation, employment creation, improvement in food security, protection of environmental diversity and quality and enhancement of industrial competitiveness," said Unido Director General Mauricio de Maria y Campos. He said that "while Africa needs external support it is the Africans themselves who must take charge of bringing about development of their continent".

According to a recent World Bank report, the continent contains 33 of the world's 48 least-developed countries with more than 220-million Africans living below poverty level. — Sapa.

# Africa crisis force will not end conflict, says Arap Moi

(1) BD 22/10/96

NAIROBI — President Daniel Arap Moi said a US plan for an African crisis response force would not end African conflicts.

In some countries groups rebelled out of genuine grievances, Moi said on Friday. He asked whether the crisis force would fight the oppressive system or genuinely aggrieved rebels.

Under the US proposal, the Africa Crisis Response Force would use African soldiers to take people threatened by man-made or natural disasters to a safe area where they could receive humanitarian aid.

The UN would have to approve any deployment. The troops are not intended to engage in combat.

US Secretary of State Warren Christopher recently visited five African countries to muster support for the all-African military force, trained and financed by the US and other powers. Washington would pay half of start-up costs, estimated at $25m to $40m.

At least five African countries have offered troops.

Christopher has OAU secretary-general Salim Ahmed Salim's endorsement. — Sapa-AP.

## AFRICA'S FUTURE

# Lurking shadows spoil the picture

(1) CT (PM) 23/10/96

**Greg Mills**

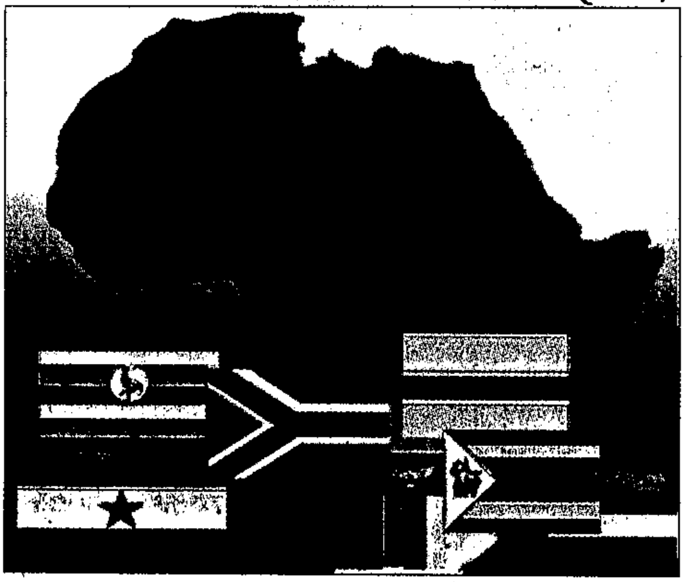
Nearly 40 years have passed since Ghana became the first African nation to gain independence from Britain on March 6 1957. Since that time, post-colonial Africa has roller-coastered through the years of immediate post-independence euphoria, economic experiments, political and social instability, military coups d'etat, stagnation, agricultural neglect, ethnic bloodletting and, in its most extreme form, state collapse.

The blame for much of the above was in the past levelled, among others, at the legacy of colonialism which left Africa's embryonic states heavily dependent on their European creators. The Cold War saw, in the opinion of many Africans, unwarranted and unwelcome meddling by the superpowers in the affairs of the continent's 54 states.

Seldom did the blame for the failure of governance lie at Africa's door, at the failure of leadership unchecked by democratic structures which were often removed or suppressed shortly after independence in the interests of "nation-building" — the "one man, one vote, once" phenomenon. Crazy economic policies, too, were pursued with apparent disregard for the citizens whose lives they affected.

Only today are such follies exposed by Africa's new generation of leadership, many of whom would appear, outwardly at any rate, to have bought wholesale liberal free market ideals and policies — a far cry indeed from the socialist experiments of their post-independence forefathers.

Yet at this point it is immaterial whether Africa's leadership is sold on the policies they pursue with apparent conviction: they have little alternative in the face of strict conditions for loans laid down by the international donor community. These "guidelines" include deregulation and privatisation — essentially a reduction of state involvement in economic activity.



GRAPHIC: JAMES DE VILLIERS

There is little doubt that African states have massive mountains to climb, and few leaders in the First World would survive the challenges posed today. After registering average annual per capita growth of 2,9 percent in the period from 1965 to 1973, this rate has experienced constant decline. Stagnating at 0,1 percent between 1973 and 1980, it dwindled on average by 0,8 percent from 1980 to 1992.

Whereas the developing nations of Asia increased their real per capita GDP by 6,9 percent in 1994 and Latin America by 2,9 percent, sub-Saharan Africa recorded a negative rate of 1,4 percent.

"At best", in the words of the African scholar Michael Chege, "most Africans are as poor as they were at independence." And given that the continent's population growth rates are around 3 percent a year, growth rates upward of 5 percent will have to be realised now to appreciably reverse the poverty trend. This will be difficult for the highest grant aid per capita continent, where a debt of $300 billion swallows about 90 percent of total GDP.

The scale of today's challenge can be gauged from the "progress" made by two of the current African "success stories" — Uganda and Ghana — where the annual per capita GNP is now $168 and $459 respectively, compared to the 1980's figures of $213 and $494. Today, over 26 percent of Uganda's per capita GDP is made up of aid flows, while the servicing costs of its $3,5 billion debt equal about one-quarter of annual export earnings. Reform will thus take a long time to implement.

Jeffrey Herbst, the Princeton Africanist, has calculated that from the time Ghana's economic reforms started in 1983, it took one decade to restore the roads to the same condition they were in at independence.

Yet even the successes, which would include South Africa, Botswana, Mauritius and possibly Zambia and Zimbabwe in addition to the above, are unfortunately overshadowed by the scale of the challenge facing Africa's "lost causes" — the so-called "dysfunctional" states of Sudan, Chad, Somalia, Togo, Liberia and Zaire. In addition, Rwanda and Burundi appear powder kegs of ethnic hatred, while Nigeria's troubles threaten to engulf the whole West African region. Closer to home, Angola's problems seemingly remain as intractable as ever.

The scale of the challenges facing the continent should not be allowed to overshadow the positive developments. And reforms will inevitably create opportunities for investment and trade from which South Africa, in particular, could stand to benefit given its geographic operational advantage.

On the one hand, African states must continue to be encouraged to undertake macroeconomic reforms, however painful these might be in the short term. On the other, there is also a need to consider what might be done with Africa's dysfunctional states, even though African leadership elites are steadfastly against a redefinition of the colonial borders.

Reform is possible, but must be guided by two propositions: first, alternatives have to come from Africans themselves; second, the aim must be to create stronger national units while the dysfunctional ones do not have to continue indefinitely. Unless Africans themselves take a harsh look at alternatives to existing African states, the international perception of the continent's successes will be blighted by the tragic failures.

☐ *Dr Greg Mills is the national director of the South African Institute of International Affairs in Johannesburg which is running a project on "Alternatives to Existing African States" in conjunction with Princeton University*

# Africa's economic growth best in five years, says bank

(1) ARG 28/10/96

## *Improved stability and sound policies cited*

**Abidjan – Average economic growth in Africa in 1995 was the strongest in five years, with more than half the continent's 53 countries seeing gross domestic product rise by more than three percent, says the African Development Bank (ADB).**

"The number of African countries with real GDP growth in excess of 3 percent increased to 32 from 20 in the year before," said a statement accompanying the ADB's African Development Report, 1996.

"Furthermore, countries with growth rates which were too low to improve per capita income were reduced from 24 to 15," it said.

Average growth for the entire continent nearly doubled to three percent in 1995 from 1,6 percent for the 1990-94 period, the report showed.

The Abidjan-based ADB, Africa's premier development institution, forecasts the continent's average growth over the medium term to 2000 at 4,6 percent.

Inflation is also on the decline, with average consumer price inflation down to 25 percent in 1995 from 42,2 percent in 1994.

The statement said economic growth in the world's poorest continent was due to an improving environment for economic stability and sustainable growth, including the peaceful resolution of some long-running conflicts.

ADB's director of strategic planning and operations policy, Gabre Michael Woldu, singled out eastern, southern and North Africa as regions that recorded strong growth because of sound policies and improved stability. – Reuter

# Africa's mean economic growth 'best in five years'

(1) CT (BR) 29\10\96

**FROM REUTER** 29/10

Abidjan — Average economic growth in Africa last year was the strongest for five years, with more than half the continent's 53 countries recording rises of more than 3 percent in gross domestic product, an African Development Bank (AfDB) report shows.

"The number of African countries with real GDP growth in excess of 3 percent increased to 32 from 20 in the year before," said a statement accompanying the report, released last week.

"Furthermore, countries with growth rates which were too low to improve per capita income were reduced from 24 to 15."

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The statement said economic growth in the world's poorest continent was related to an improving environment for economic stability and sustainable growth, including the peaceful resolution of some long-running conflicts. The democratic transition in South Africa was cited.

**DEVELOPMENT** *Leaders clamour to display their capitalist credentials*

# African reds change their hue to blue

(1) (~~[illegible]~~) CT(BR) 29\10\96 (~~362~~) ~~[illegible]~~

**Paul Harris**

Harare — A presidential aide leapt for the phone to deny reports of undue communist influence in the government.

It happened in South Africa on Friday, but it could have been any of half a dozen states attending an economic conference in Zimbabwe's capital Harare. In the era of economic globalisation, all of southern Africa clamours to display true-blue capitalist credentials, no matter how red their pasts.

Southern Africa used to be home to communist-inspired rule from Tanzania to Angola.

But the days of the five-year plan are over. The region is touted as the final frontier for emerging markets investment and its governments are pledged to a course of free trade and open markets.

At a conference of the Southern African Development Community (SADC) in Harare this week, Zimbabwe's tough-talking President Robert Mugabe still hailed "comrades" but spoke the capitalist lingo.

"We urge all business people to seriously consider the SADC region as a viable destination for investment," he said.

The two-day Southern African Trade and Investment Summit was staged in an effort to increase overseas investment, build up regional prosperity now that long wars in Angola and Mozambique are over and, most important, apartheid in South Africa is dead.

*The region is touted as the final frontier for emerging markets investment*

Foreign multinationals once condemned as the agents of neo-colonialism are now actively wooed.

"We invite entrepreneurs to invest in the region as we require their technology and capital," Mugabe said.

"We are creating a level playing field," promised Mozambican prime minister Pascoal Mocumbi, using an old Thatcher slogan.

Mozambique, which possesses vast untapped mineral and agricultural wealth, embarked on a mass nationalisation programme after its hard-won independence from Portugal in 1975. Its Frelimo government was then avowedly Marxist. But in a sign of today's changed times, Mocumbi said that the country had now privatised even its customs service.

"Mozambique will have to work hand in hand with the private sector. It is partnership between government and the private sector that will ensure (economic) success," he said.

But potential investors can still be frustrated by slow privatisation and trade liberalisation that fails to live up to the rhetoric and fails to translate into action.

Chester Crocker, a former US assistant secretary of state for Africa, urged delegates at the conference to turn their words into deeds. Without mentioning any names, he said some leaders still clung to old ways.

"There are some political dinosaurs who, for reasons of pride, nostalgia and self-interest, cling to old visions," Crocker said.

President Nelson Mandela's left-leaning ANC is in formal alliance with the South African Communist Party and the labour group Cosatu.

Friday's official denial was prompted by a newspaper report that Mandela had threatened to quit unless influential communist allies stopped knocking the country's market-inspired economic policies.

It was the sort of speculation South Africa does not need; it could scare off uneasy investors.

The country has won praise from analysts for pursuing a market-friendly economic policy, including a wide-ranging privatisation programme seen by many analysts as offering the best lure for large foreign investors to SADC.

The programme is set to offer investors stakes in firms such as telecommunications parastatal Telkom and South African Airways, but there have been complaints about how long it is taking to get off the ground.

With its huge population, advanced financial infrastructure and industrial might, South Africa wields great potential influence in SADC.

The community is big enough to promise rich rewards for investors willing to take the plunge. It represents a market of more than 100 million people with a combined GDP of $170 billion.

Neighbours say a successful South African privatisation could spur other countries in the region more quickly down the road to economic reform. If South Africa liberalises its economy then other nations in the region will have no choice but to follow suit.

"Once South Africa is on that path it will create the necessary impetus for the rest of the region," said Ronald Penza, the Zambian finance minister.

The privatisation programme in Penza's country has been one of the most radical on the continent. In 1991 the Soviet-style economy was 80 percent state-owned.

Now the government has privatised 140 companies and created a free market. — Reuter

# African lions can roar against Asian tigers

(1) CT(BR) 29|10|96

LEWIS MACHIPISA

Harare — Thirty-six years ago, Ghana's economy was 25 percent larger than that of South Korea but by 1993, it was less than a fiftieth of the Asian nation's.

The West African country's economy limped along, but South Korea meanwhile posted impressive results and joined the ranks of the newly industrialised countries.

Africa as a whole has been the world's poor relation. Over about the past three decades, economic development has eluded the continent. This, coupled with political intolerance, has led many African professionals to seek their fortunes elsewhere.

Since the 1960s, the continent has exported up to 50 000 skilled workers to the developed world, says Philip Clayton, a senior economist with the Standard Bank Group of South Africa.

"The entrepreneurial spirit of these people can only be guessed at," he says.

The 1970s and 1980s, he says, were "lost decades".

"Inappropriate macroeconomic policies, combined with declining terms of trade for many of the continent's commodities, meant growth and trade slowed," says Clayton.

Between 1970 and 1993, sub-Saharan Africa's exports grew only 1,8 percent a year, while those of East Asia and the Pacific rose 10 percent a year.

Asian countries began growing fast since the 1950s. The process of accelerated growth took off more recently in Latin America and eastern Europe. But Africa has lagged behind.

Where the south of the continent is concerned, regional integration is part of the solution, according to Nicky Oppenheimer, the deputy chairman of the Anglo American and De Beers corporations.

"People talk a great deal about the East Asian tiger economies, with whom, they suggest, southern Africa cannot possibly compete," he says.

"But southern Africa, as we know, is lion country. Tigers hunt alone, lions depend for their success on the co-operation of the whole pride.

"We need to take that example to heart, to foster co-operation between countries of the region and between the private sector and the governments of the region if the southern African lions are to give the east Asian tigers a run for their money," says Oppenheimer.

But Simba Makoni, the former executive secretary of the Southern African Development Corporation, wonders if the southern African region does indeed have the formula for success.

*'Southern Africa is lion country and lions' success depends on the whole pride'*

Foreign investment is being touted as a key to the region's growth but Nathan Shamuyarira, Zimbabwe's trade and industry minister, says: "it is very difficult to find a formula to attract foreign investment.

"We would like to increase foreign investment in our region very much but no one has come up with a formula which can be said to apply to other countries," he says. "Countries must have a common view of where they are going and how they are going there. That is very important in achieving integration."

Alec Erwin, South Africa's trade and industry minister, concurs: "There is nothing more important in determining our collective future than a structural and major improvement in intraregional trade and investment.

"The pressures of globalisation make regional blocs crucially important," he says. "A growing SADC carries weight and will enhance trade and investment. Each country alone carries little weight given the size of each of our economies, and that includes South Africa."

Clayton believes southern Africa can take the road to riches.

"The economic prognosis for the region has recently improved," he says. "Policies are now more appropriate. However, a further push is required to ensure this growth is both sustainable and at a higher level to allow southern Africans to become significantly better off.

"Investment, in all its senses, is what is required to put southern Africa on to the path to wealth," Clayton says. "Investment alone is not sufficient, but without investment, the region cannot hope to become the African lion that emulates the success of the Asian tigers."

*The pressures of globalisation make regional blocs like the SADC crucially important*

The IMF and the World Bank are confident that sub-Saharan Africa will double its growth to 3,8 percent a year from now until 2005. This optimistic prognosis, after decades of stagnation, is backed by South Africa's potential to turn around the ailing economies of its neighbours.

But Oppenheimer argues that South African business alone cannot be the economic saviour of the SADC region. "Continued and renewed dedication by its governments to structural and economic reform" is also needed.

He says governments can also "create an attractive and stable environment which will attract enthusiastic investment by foreign and domestic entrepreneurs". — Sapa-IPS

# Key to an African intellectual revival

M+G 1-7/11/96

Claudia Braude

PRIOR to one of the lectures of the three candidates for the position of vice-chancellor at Wits last week, I bumped into Professor Alan Kemp, deputy vice-chancellor. The last time I'd seen him he was in the process of reviewing the continued viability of Wits University Press. "Have you succeeded in shutting the press yet?" I asked. He wasn't impressed. "That's very unfair. We've done everything in our power to maintain it."

I resigned from the press a year ago when it became increasingly clear that "everything in our power" was unlikely to include funding a publishing programme concerned with the production of critical African scholarships I was then developing. A programme that, pitched right, could have made Wits a significant player in redirecting some of the flow of information so that Africans determine what is known about Africa, rather than importing definitions and representations about themselves from the United States and Europe. Wits could have acted as a bridge between African and international academic markets.

But I got to feeling sorry for Kemp. He, like others at the university, is doing as well as he can, in a thankless context.

Enter Professor Sam Nolutshungu. His vision of an Africanised university, contained in his presentation last week, draws on experience in and research on the history of universities in post-colonial Africa (he taught at the University of Ibadan in Nigeria and has researched extensively in Africa). His understanding of the concept of Africanisation integrates developments and debates throughout the continent and in the US.

"Africans had to staff and run institutions as their own in a proprietary sense," he said in his presentation, "but also in the sense of being at home in them, and as a logical progress of the anti-colonial struggle and anti-imperialism ... Africanisation in this sense is somewhat different from what has been debated in South Africa under Africanisation, which seems to be focused more on the content of education.

"Yet, there is a meeting point, and US experience becomes relevant here. It is now generally agreed in the US that universities cannot advance responsiveness to black people both as subjects of study and as producers of knowledge unless they are there at all levels of university life, not as a feeble presence in numbers or in intellectual autonomy and significance," he said.

His concern with shedding the "uniform standards of value" intrinsic to the establishment of English-model universities in South Africa and Africa has its source, not in a knee-jerk anti-colonial resentment, but in an understanding of the way such "standards" have the potential to "[divert] attention from more pressing intellectual work that [will] need to be done" in reconstructing our society. This includes confronting our racial history.

While pursuing knowledge, members of the Wits community under his leadership will be encouraged to engage in dialogue with our troubled past in order to avoid further ethnic and racial conflict. "Whatever consensus is achieved on a South African identity for universities ... will incorporate both greater recognition [and] coming to terms with ... racial identity and the extensions of the concept of 'African' beyond, indeed, against race." They will be encouraged to remember the visions and goals of the unfinished struggle for liberation, in order to complete the transformation of our society.

Nolutshungu is aware that such transformation requires a three-pronged strategy involving the promotion of South African scholarship nationally by balancing Wits's relatively well-off position with that of cash-strapped black universities; plugging Wits into the intellectual development of Southern Africa and the continent; and activating potential co-operation between Wits and international universities, particularly US, in the study of Africa.

His appointment as vice-chancellor provides hope for the future of Wits as a centre of South African intellectual activity. If he succeeds in translating his vision into a policy guideline for members of his staff, like Kemp; and if he succeeds in linking Wits to regional and international developments and academic markets the university could yet find itself a keypin in the centre of an African intellectual revival.

Claudia Braude was commissioning editor of humanities at Wits University Press

# Coffee wilt disease adds to African growers' woes

(1) BD 19/11/96

NAIROBI — The outbreak of coffee wilt disease in Zaire and heightened civil strife in the Great Lakes region could hit coffee production in Africa despite remarkable gains in recent years.

Uganda Coffee Development Authority said modest improvements in production in recent years was a result of economic reforms embraced by most African producers such as Uganda and relative political stability in Angola and Rwanda.

"The low yield could meaningfully be overcome with increased farm input and improved crop husbandry, although the outbreak of coffee wilt disease (tracheomycosis) in Zaire — and also sighted in Uganda — could adversely affect the level of output," the coffee authority said in a report yesterday.

"However, while there has been appreciable growth in the continent's level of production in recent years, the average yield a hectare is at 500kg, compared with 1 500kg in Latin America and 2 116kg in Colombia," the authority said.

Coffee authority economists said current political instability in eastern Zaire and Burundi and fighting in southwest Uganda meant that production in the long term would be adversely affected.

They said that while some stability had returned to Rwanda, it was hoped that a rapid return of thousands of refugees from Zaire would not upset gains made in increasing production.

The report said the auction session for Burundi's 1996/97 coffee crop started in August, a month later than normal.

"According to the Office Cafe du Burundi, the delay was attributed to late maturing of the crop, which is forecast to reach 500 000 60kg bags," said the report, but it did not provide the comparative crop figures for 1995/96.

Regional coffee watchers said ethnic strife in Burundi and a regional economic embargo imposed after a July 25 coup that brought Pierre Buyoya to power added to the delay.

The coffee authority said Africa's coffee output was progressively rising from the 14,7-million 60kg bags in 1993/94 (October-September) to 17-million and 17,1-million bags in 1993/94 and 1994/95 respectively. "For the 1996/97 season, the continental production is estimated to reach 17,5-million bags. While by 2000, it is estimated that production will be in the region of 20-million to 22-million bags, a level recorded in 1989/90. This will still be below the record of 30-million bags in the 1960s," the coffee authority report said.

With strife in eastern Zaire, little is being done to combat coffee wilt disease, say coffee traders. In Uganda, the authority was dealing with the disease by uprooting, chopping and burning affected trees.

In a survey in a key producing district, the authority said it estimated total coffee lost from a sample of about 36ha was about 9 919kg of clean coffee a year (and equivalent to \$9 900 a year) from a total of 18 369 trees.

"This implied that economic losses are enormous," the Uganda Coffee Development Authority said. — Reuter.

# Mbeki calls for Central Africa pact

(1) ARG 19/11/96

**ALAN ROBINSON**
Argus Foreign Service

**London – Deputy-President Thabo Mbeki has called for a non-aggression pact to take the fear out of troubled *Central Africa*.**

And, he pledged, South Africa would play an active part in a process he believed vital to bring peace to millions in Zaire and Rwanda.

It was "essential for the peace and stability of the region that Zaire should not feel threatened by Rwanda and Rwanda should not be fearful of Zaire", Mr Mbeki said at a media briefing here last night.

"If we don't remove the causes of the present conflict and misery we may have another explosion there," he warned.

The deputy-president, who met British Prime Minister John Major at the climax of an eight-nation sweep through Europe, made it clear that free and fair elections in Zaire would also be crucial in solving the current problems.

"I discussed this aspect with President Mobutu (of Zaire) when I saw him last week and I indicated to him our readiness to assist in this aspect as well. We are committed to helping an arrival at a final solution – which must embrace a genuine and acceptable political settlement," he said.

Mr Mbeki said he had been "most encouraged" by the willingness of the European Union countries he had visited on his tour to "look again" at future trade relations with South Africa and the Sadec countries.

All countries had renewed their promise to help South Africa in the passage from apartheid to democracy and had pledged that in the next round of negotiations on trade relationships their prime objective would be helping the development of South Africa. The negotiations would cover "a whole variety of things".

Mr Mbeki went on to address more than 400 British businessmen, bankers and investment consultants who had been specially invited to a reception at South Africa House.

He urged them to invest in South Africa and said he was convinced it would be a mutually beneficial relationship.

# EU pledges to keep ties with Africa

(1) CT (BR) 21/11/96

**JOHN FRASER**

Brussels — The EU's development chief, Joao de Deus Pinheiro, yesterday pledged that Europe would not turn its back on Africa.

He was introducing a new Green Paper on relations with the countries of the Lomé Convention — the EU's main treaty with 70 states in Africa, the Caribbean and the Pacific.

South Africa is seeking qualified membership to the convention. The Lomé Treaty will expire at the end of the decade, and Pinheiro called for a "new partnership".

He stressed that this should support regional integration of the type taking place in the Southern African Development Community (SADC).

"The SADC protocol on the development of a free trade area within eight years is very much supported by us," he said. "This is a very good approach, and I believe that other regions will follow."

He stressed that "in no way" did he want the review of the convention to downgrade the EU's relations with Africa.

"Instead, it will seek assurances for the 21st century, based on partnership," he said.

Future relations would concentrate on the development of the private sector, competitiveness in trade and good governance, he said.

The Green Paper counts South Africa as one of the "most obvious" success stories in the region. But it warned that continued success depended on reducing social tension and improving the situation in the labour market.

He said South Africa's potential for growth was "important" as an engine of growth for the whole region. — Independent Foreign Service

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# Food grown for the rich white man's table

1

M+G 22-28|11|96

**Farmers in developing countries are sacrificing local needs to reap maximum profits from export crops, reports Paul Brown**

LOOK at the labels on the delicious little mange-tout peas in Western supermarkets. Where do they come from? Probably not France. More likely Kenya, Zaire or Mozambique, flown in fresh for the convenience of the consumer.

Meanwhile the malnourished poor in those countries — which used to be able to grow enough food for their populations —are relying heavily on cheap grain imports from North America for their survival.

Cheap grain aid distorts local markets. In India, Mari Marcel Thekaekara, a worker for Accord, which encourages self-help, describes a "deep burning anger" caused by aid which undercuts the price of local foods and cripples their efforts.

Writing in the *New Internationalist*, she says: "Under the new economic regime, we are encouraged to produce cash crops. Special subsidies and soft loans — aid by another name — are being floated to encourage change. So the Thanjuvar rice belt is being transformed into a giant prawn pond to export shrimps to Japan. In the Nilgiris, people are being exhorted to change from food crops to flowers for export. Farmers grow orchids while vegetables rot in the fields because farmers cannot even get back the picking price. As a result, food production has dropped alarmingly in these areas."

In the name of free trade and to make money to pay off national debts or for "development", food is no longer something grown locally to be eaten locally. It is a cash crop for consumers in a rich foreign country. Farm land anywhere is now a resource to be used by the industrialised world. Much of the most productive land in Africa and other poorer regions is now turned over to growing cocoa, coffee, tea and cut flowers for Western markets. Subsistence crops have been swept away to more marginal lands, where farming is more difficult because all available water for irrigation is poured into keeping up the quality of the cash crops.

**Food is no longer something grown locally to be eaten locally. It is a cash crop for consumers in a rich foreign country**

Barry Coates, director of the World Development Movement, believes that the dominance of the idea of free trade masks what is really happening. Food control through multinational companies means that world prices are fixed and the poorest countries are made vulnerable. He points to Cargill Incorporated, the United States giant that controls much of the world seed and grain trade; it has 140 affiliates, 800 plants and 300 offices in 60 countries; its sales of $23-billion make its income equal to the nine sub-Saharan African countries.

He says: "It is disgraceful that the interests of a handful of greedy multinationals have been put before the needs of the world's hungry."

**Growing pains: Much of the most productive land in Africa is now turned over to growing cash crops for export** PHOTOGRAPH: JOE ALEXANDER

The free-marketeers argue that with markets that operate properly the world food surplus would be translated into reasonable rations for all. Aid and development agencies say that is bunk — and anyway the arguments about who controls food distribution and exploitation may be overtaken by events. The Worldwatch Institute points out that there are 90-million extra mouths to feed each year, and a growing demand for grain from China and the "tiger" economies of South-East Asia.

The world's grain harvest increased from 631-million tons in 1950 to 1 780-million tons in 1990, a gain of 182%, or 3% a year. But since 1990 it has only risen by a total of 3%. Because of world population growth in the same period, the grain harvest per head has effectively fallen by 6%. Much of the big increase came from irrigation and over-use of fertiliser. So the future does not look good. Aquifer depletion, diversion of irrigation water to cities, and the waterlogging and salting of irrigation systems have reduced the land available for growing crops.

Brown adds that China's 1,2-billion people are getting more affluent and demanding more meat, eggs and beer in their diet: anything multiplied by 1,2-billion is a lot of consumption — all these new additions to diet consume grain. When China buys all the surplus grain at world market prices then the poor elsewhere will starve.

Professor David Hall, a plant biologist from King's College, London, says there are scientists who believe it possible to feed eight billion people; if grain were used to feed chicken rather than beef it would free millions of hectares of land to grow more grain — and technology to improve grain harvests 30-fold already exists. All we need are the correct political and economic policies.

# South Africans displacing European investors in central and east Africa

(i)

SA manufacturers are looking to African export markets, writes **Mark Ashurst**

BD 28/11/96

BETWEEN Pretoria and Cairo there are only five manufacturers of car tyres. Few statistics better illustrate the sparseness of Africa's manufacturing base, or its appeal to SA exporters.

Faced with rising competition and the dismantling of protective tariffs at home, many SA manufacturers hope mainland Africa will provide a fillip for their fledgling export businesses.

Trade has been most brisk in East Africa, particularly Kenya, where combined imports and exports last year reached a record R1bn. Exports have increased fourfold since the end of apartheid in 1994, as the cheaper transport costs of goods from SA have prompted a shift in regional economic allegiances.

Christopher Hartland-Peel, African equities analyst at Standard Bank in Johannesburg, says South Africans are gradually displacing European investors in central and east Africa.

Analysts expect the number of joint ventures by SA and Kenya, the continent's most industrialised nations, to mushroom next year. State-owned rail group Spoornet has reached a technology transfer agreement to supply computerised data systems to Kenyan rail freight operators. And most SA exporters of steel, chemicals, plastics, polymers and foodstuffs have appointed full-time agents in Kenya within the past two years.

"We are getting to understand the country and the economy," says Stan Shaw, manager of East African trade at credit guarantee agency CGIC, which is helping to set up a sister organisation in Nairobi. Significantly, much of the new activity is in labour-intensive, value-added industries where SA has battled for a foothold in more developed markets.

SA cars, for example, remain uncompetitive in world markets, largely because of the short production lines developed behind high protective tariffs during the sanctions era. But exports of individual components are flourishing. Lonrho's Nairobi subsidiary now distributes Toyota parts from the company's SA plant, after many years of importing them from the Far East. In the first four months of this year, exports to Kenya of vehicles, machinery, base metals, and chemicals made up about 60% of total nonmineral exports worth R2,4bn.

Standard Bank's Africa banking general manager Tony Wright says exporters welcome trade with Kenya because of its relatively low sovereign risk and stable foreign exchange reserves.

But measures to curb corruption have not kept pace with economic reforms: He cites neighbouring Tanzania, where trade


volumes are significantly smaller but economic reforms have outpaced Kenya, as a model for attracting direct investment.

Tanzania is now rated an "A-grade country" by Randgold, the SA mining group which grades African states by their suitability for investment. "The macroeconomic picture is very important to us, because mining is long term," says Randgold Resources MD Mark Bristow. He is encouraged by new mining legislation that welcomes foreign capital, and the authority's strict action to curb illegal mining.

As the worldwide scramble for African mining rights gains momentum, SA mining houses have been at the forefront of exploration in Tanzania. The country produces only 0,9% of Africa's gold, but feasibility studies by Anglo American, JCI and Randgold are all at an advanced stage. Randgold, which entered a joint venture with Pangea Goldfields, a Canadian exploration company, last year will invest about R4,5m to developing a 1,5-million-ounce ore body at Lake Victoria.

The trend of consolidation in global industries is a further catalyst. Last month SA oil retailer Engen announced a R100m investment in an oil terminal at Dar es Salaam.

This is its biggest investment in Africa to date.

The deal grants Engen access to a further two inland refineries and an option to bid for a network of retail fuel stations.

It also furthers the ambitions of its biggest shareholder, Petronas, a Malaysian state-owned oil and gas company which wants more exposure in mainland Africa. CE Rob Angel is "confident a deal can be done" in Tanzania.

Arguably, the greatest catalyst for investment from SA is privatisation.

The best example is Tanzania Breweries, which was partially privatised in 1993, enabling SA Breweries (SAB) to acquire a 45% stake and a five-year management contract.

Its market share has increased from 25% to 75% and the brewery posted its first profit this year. South Africans can create a partial barrier to entry for European rivals by using refurbished equipment as part of its equity, says Robin Smith of SAB.

In the longer term fixed investment, particularly joint ventures, is vital to counter resentment caused by the massive imbalance of trade. Last year, SA exports to Kenya were worth R940m, compared with imports of R111m. In Tanzania, the trade gap was a gargantuan R611m on imports worth R627m.

The weaker rand is likely to widen the trade gulf this year, while the hands of SA investors are tied by exchange controls. But in time, the easing of these restrictions will favour a flow of SA capital to East Africa.

Lower labour costs and comparatively stable currencies will become a magnet for the SA manufacturing industry, says Hartland-Peel.

The greatest catalyst for investment from SA is privatisation. — Financial Times.

# Crisis for democracy on African continent

Sowetan 5/12/96

**By Rafiq Rohan**
Political Correspondent

WHAT is happening in the Great Lake region in Central Africa and similar crises elsewhere on the continent is contributing to disillusionment about democracy in Africa.

Speaking at the International Institute for Democracy and Electoral Assistance (International IDEA) meeting in Cape Town on Tuesday, Dr Adama Dieng, the general secretary of the International Commission of Jurists, listed the Great Lake region and Zambia as an area for concern.

International IDEA to be held in Africa and was opened by Professor Jakes Gerwel, director-general in the President's Office.

Gerwel said that for South Africans who have endured the "tyranny of the state", democracy could never be underevaluated.

"A recent government study has shown that for millions of previously disadvantaged, little has changed in terms of economic and social status.

In spite of that, few South Africans would argue with the fact that the advent of a democratic polity has significantly changed the tenor of their lives," he said.


Dr Frene Ginwala


President Nelson Mandela

He reminded the meeting at Parliament: "Another situation of serious concern is the picture Nigeria offers today, which is one of a zone of continuous and seismic activity on political and social fronts."

He pointed out that all the solutions Nigeria had adopted, had actually eaten away at the cogs of democracy. "Ensuring day-to-day survival has become the principal preoccupation of all but a minority of Nigerians," Dieng said.

**Tremendous effort**

The International IDEA meeting was attended by its chairman, Sir Shridath Ramphal, former secretary-general of the Commonwealth, and South African board member Dr Frene Ginwala, Speaker of the National Assembly.

Another eminent person on the board is Ms Aung San Suu Kyi, Nobel Peace Prize winner and general secretary of the National League for Democracy in Burma.

Dieng praised South Africa and President Nelson Mandela for providing an example of what democracy should be on the continent.

He said: "I would like to take this opportunity to express our gratitude to President Mandela who gives of Africa, every day, the image of a continent which make tremendous efforts in the domain of the Rule of Law."

This was the first board meeting of the

**"Dieng praised South Africa and President Mandela for providing an example of what democracy should be"**

AFRICA – GENERAL

1997

# Africa needs a human rights court, says judge

(1) BD 14 11 97

Linda Ensor

CAPE TOWN — Africa should set up its own human rights court, SA-born Judge Navanethem Pillay of the United Nations International Criminal Tribunal for Rwanda has said.

Speaking at a seminar of the World Association of Judges yesterday, Pillay said such a court would reinforce a culture of protecting human rights on the continent.

A seminar on the role of the judiciary in Africa has drawn about 220 chief justices from 40 countries in Africa, Asia, South America and Europe as well as the US and Russia.

Speakers include SA Chief Justice Ismail Mahomed, Constitutional Court president Arthur Chaskalson, association president and International Court of Justice member Judge Bola Ajibola of Nigeria and World Jurist Association president Lucio Ghia.

Pillay said international criminal tribunals were ad hoc in nature and limited. Traditional concepts of state sovereignty interfered with their functions, whereas a strong and independent court without these limitations could set a new standard of accountability in Africa. At present there was no mechanism in Africa to make individuals and governments accountable for violations of international humanitarian law.

However, to function successfully the co-operation of all states would be necessary as they would have to agree to investigations taking place within their territorial jurisdictions.

Ajibola highlighted the legacy of colonial administrations on the judiciary in Africa. During this time, courts were part of the coercive machinery of the state. There had been "a disturbing predominance of executive discretion" in the appointment and removal of judges. This structure had been perpetuated after independence.

A legacy of lack of official respect for judicial independence was also carried over to the new regimes. Few African countries had retained the original constitutional safeguards against the appointment and removal of judges for political reasons, and increasingly heads of state took over this function, appointing judges loyal to the executive arm of government.

Former Nigerian Supreme Court judge Kayode Eso noted that in African military regimes the constitution had become subservient to military decrees which subjugated judicial power to the legislative authority. But despite the assault on the independence of the judiciary, several judges had refused to go down without a fight, he said.

ST(BT) 26/1/97

# Democracy brings good export business in Africa

TRADE FIGURES

By SVEN LUNSCHE

THE transition to democracy has exposed SA exporters to new markets north of the Limpopo and they have taken quick advantage of it.

Exports to Africa have more than doubled since 1994, according to trade figures released by Customs and Excise this week. In 1996 exports to Africa totalled R17,4-billion, up from R13,92-billion in 1995 and a mere R8,63-billion in 1994.

Africa is now the third-biggest export market after Europe and Asia. Trade with Asia has also exploded over the past two years, rising from 1994 exports of R15,2-billion to R26,1-billion last year.

Europe remains South Africa's largest market with exports valued at R38,61-billion (1995: R31,28-billion).

Trade with America has been comparatively slow with exports rising from R7,67-billion in 1995 to R11,02-billion.

Unclassified exports, mainly gold and platinum, have shown no improvement given the poor performance of commodity prices over the past three years. In fact, "unclassified" exports at R30,59-billion last year were R150-million lower than in 1994.

Europe remains by far the largest importer of goods to South Africa, accounting for R54,44-billion of total imports of R115,5-billion last year. Goods worth R34,53-billion were imported from Asia.

South Africa's one-sided relationship with Africa is illustrated by the fact that imports amounted to a mere R3,39-billion last year (1995: R2,86-billion).

Total exports last year amounted to R126,1-billion (1995: R102,09-billion) and imports to R115,52-billion (R97,21-billion), resulting in a trade surplus of R10,58-billion, more than double 1995's total of R4,88-billion.

# Appeal to boost informal sector

(1) ARG 10/2/97

Lusaka – Africa's informal sector will continue to face obstacles unless attitudes change among the entrepreneurs themselves, says Schneida Barthold of German Technical Assistance in Zambia.

Speaking at the United Nations Economic Commission for Africa (Uneca) inaugural advisory board meeting in Lusaka, Dr Barthold said the informal sector also had to be provided with ample expertise.

Uneca adviser Owadduni Teriba said Africa's fast emerging informal sector should be given attention to enable it to make meaningful contributions to the gross domestic product (GDP) growth in African economies. Little had been done to integrate the informal sector into national economies. – Sapa-DPA

EXCLUSIVE

INTERVIEW WITH THABO MBEKI

# SA to lead on African renaissance

FRICAN VISION: Deputy President Thabo Mbeki predicts the imminent emergence of a generation of African aders determined to lift their continent out of the socio-economic mire.

**A NEW SENTIMENT** is sweeping Africa as it prepares to prove itself worthy of respect, says Deputy President Thabo Mbeki. Special Assignments Team Writer **ROGER FRIEDMAN** and Photographer **BENNY GOOL** report.

CT 24/2/97

(1)

DEPUTY PRESIDENT Thabo Mbeki, widely tipped to assume the presidency in 1999, has spoken of his vision of an imminent African renaissance and South Africa's key role in leading by example.

The renaissance, as Mbeki sees it, will be based on democracy, self-assertion and minerals; and it will be driven by a new generation of Africans revolting against the rest of the world's notion of Africa as an object of pity and a perpetual candidate for alms.

It will be a renaissance in which the hosting of an "African" Olympic Games in Cape Town will be a "very important element as the century begins ... it will say at last that the rest of the world has changed its mind about the African continent".

Interviewed on board an air force jet — while shuttling between the Western Cape, KwaZulu-Natal, the Eastern Cape and Gauteng on Friday — Mbeki said the internal challenges facing South Africa were ensuring that the new political system worked and that socio-economic development gained momentum.

Indeed, South Africa was under considerable pressure: "There's a new sentiment sweeping across the continent and that is part of the great importance attached to the South African process. People believe we will do things in South Africa that will demonstrate Africa can succeed.

"Essentially, our role is to lead by example and then to participate with the rest of the continent in terms of what is good for the continent — not participating as some sort of superpower but as an equal, sovereign, African state.

"The continent is readying itself to deal with its problems. It's a movement that must be encouraged.

"I think what has happened is that we've had a whole generation which has experimented with many different things. For example, politicians experimented with one-party states which did not work, military governments which did not work and all kinds of economic policies which did not work.

"Now I believe there is a new generation on the continent saying that we are ready to turn things around.

"Looking at the democratisation taking place in Africa, I believe it is very much an indigenous movement, although some like to portray it as (a response to) outside pressure applied by organisations such as the International Monetary Fund. We know we need to take a new path.

"There are also certain things taking place on the continent which may not be so visible, for example in mining. It is clear to me that we are going to see a rapid development of mining on the African continent." Mbeki referred, as examples, to vast gold deposits in Mali and the variety of minerals in Tanzania.

THABO WEAVES HIS MAGIC — Pages 6, 7

"Mining will play a key role in the evolution of the African continent. Circumstances have changed — it will no longer be in the interests of colonisers, but (of) the actual, sustained development of the continent."

The information super-highway was of crucial importance to Africa. "I think South Africa should aim to get onto that super-highway as soon as possible. It will require significant infrastructural development — in such areas as telecommunications, fibre-optics and satellites. Once we have done this, our capacity will be much more than South Africa needs.

"So you will create the sharing of resources — and again you will be assisting the process of reinserting the African continent into the rest of the world. I am quite confident we will generate those kind of resources ... within a few years."

Obviously, the continent still had problems, such as the crisis in the Great Lakes area which was proving "difficult to solve".

However, these "painful" crises had already become more the exception than the rule, Mbeki said.

Of South Africa's lukewarm relationship with another continental powerhouse, Nigeria, he said: "Part of the debate with Nigeria has been about a speedy return to democracy. We are also trying to encourage a lasting return to democracy in Nigeria.

"Our relationship with Nigeria is redeemable. Nigeria requires a stable democracy, which we believe requires a process (that will bring) together all the political tendencies in a truly open, interactive manner to determine for themselves what Nigeria should be like."

Nigeria's winning of the gold medal for soccer at the Olympics in Atlanta last year had been a victory for the entire continent. It reinforced the notion of Africa's reaching the stage that it had to be accorded respect, Mbeki said.

Staging the Olympic Games in Africa in 2004 would advance this notion, he said.

He emphasised the importance of presenting and perceiving Games held in Cape Town as "the African Olympics".

"I think it will be a very important aspect (of) the African renaissance if the Cape Town Olympics is seen as the African Olympics. It would be a great demonstration to the rest of the world."

Asked what passed through his mind when he saw squatter settlements from the air, Mbeki said he often pondered how greater and more rapid development could be achieved.

Nor did he attempt to offer a quick-fix solution to the question of crime prevention.

Much had been achieved since the advent of democracy in South Africa nearly three years ago, Mbeki said. However, it was unfortunate that some South Africans concentrated on negative aspects of the transformation process.

Asked about the predominantly white segment of society that predicted only gloom and doom, Mbeki said: "You cannot avoid having people driven by certainty of failure — there is nothing you can do about it.

"It can be driven by racism and it can be driven by knowledge of the African experience. They may start from the position that South Africa is, after all, African — then reel off a litany of African disasters.

"They are not in a frame of mind that can recognise progress, success and positive forward movement."

# AfDB is first African bank to sell eurorands

(1) CT(BR) 24/2/97

**NANCY MYBURGH**

Johannesburg — The African Development Bank (AfDB) on Friday became the first African organisation to sell eurorand bonds, with its issue of R100 million of two-year bonds, carrying a 15 percent coupon rate.

This is good news for South African infrastructure development, as the bank, a lending and development agency for the African continent, plans to use the money it raises from the bond sale as part of a new programme to invest in South Africa.

South Africa joined the AfDB in December 1995, but the bank has yet to invest in this country.

The bank has chosen the eurorand bond market — in which European investors buy rand-denominated bonds — because there has been a surge in demand for rand securities in Europe this year. For organisations with high ratings for creditworthiness, like the AfDB, selling rand bonds in Europe is one of the cheaper ways to raise money.

"The AfDB can borrow in Europe at a better rate than the South African government. The deal has been received favourably right across Europe," said Ben Hall, head of capital markets at Hambros South Africa.

For the AfDB's funding projects, "we're looking essentially at infrastructure programmes, investing programmes with the private sector, such as in manufacturing. This is the plan," said Abdul Rahman Awl, the bank's director of operations in the southern African region. Although it was too early to discuss actual deals, Awl said AfDB officials had visited South Africa earlier this month to gather information. "The loans we will be giving will be market-related," he said.

Hall said this was likely to be the first of many eurorand bond issues by the AfDB. Although the bank would swap the rands it receives this time for dollars, "this is the toe in the water for the future. They want to set up rand-based lending," Hall said.

The AfDB's bond launch is the 28th such eurorand bond issue this year. Local bond traders have said these bonds in Europe have helped stir up foreign interest in domestic South African bonds, by helping familiarise the European market with rand securities and fuel the already good sentiment the rand has seen so far this year.

# SA's African diplomacy charts a new course

① CT 4/3/97

**SOUTH AFRICA'S** involvement in the Zairian crisis could have some interesting implications for diplomacy on the continent, argues Contributing Editor **VERNON SEYMOUR.**

WHEN President Mandela assumed office in 1994, it gave rise to new expectations among the many victims of repression in Africa. It was hoped that the new leadership, themselves victims of human rights violations, would set the agenda for the rest of a continent desperately seeking leadership to address the problem. Recent events have seen the world's most famous victim of repression take centre stage in African diplomacy.

Since his assumption of the chair of the Southern African Development Corporation, Mandela's leadership appears to suggest that we are about to witness a renaissance in African diplomacy evidenced by his involvement in Angola, Lesotho, Rwanda, Sudan, Swaziland and now Zaire. With the institutional legitimacy of the SADC chair, he has become far more pro-active in addressing issues of great concern to the African people — human rights and democracy. This latest initiative represents a significant foreign policy leap forward for South Africa.

Many analysts have argued that South African foreign policy should not just be structured to reflect its democratic values, but should also be substantively directed to the promotion of those values in the external environment. Because a democratic SA has distinctive political principles and values that define its national identity, it promises a distinctive role for SA in the world, especially in Africa. Indicative of this distinctive role the government is now conducting a "creative engagement" policy which seeks to bring together the warring parties — the government of Zaire and the Alliance of Democratic Forces (ADFL), led by Laurent Kabila. What makes this foreign policy initiative even more significant is the "absence" of the OAU.

The OAU should have been at the forefront of attempts to resolve the Zairian crisis, seeking to mobilise sub-regional efforts towards the solution of the crisis. Now it appears to be marginalised, incapacitated by its blind adherence to the principle of sovereignty of states.

Mandela and the government have realised that SA cannot afford to inherit the OAU tradition of silence on issues involving human rights and democracy. Our new democracy offers an anvil to forge a foreign policy supporting human rights and democracy which is without fear or favour on the continent. Silence from SA will mean tragedy for the vast majority of the African people who are victims of governments such as that of Zaire.

**REBEL LEADER:** Laurent Kabila

SA's role in the Nigerian crisis was interpreted by some as projecting itself to be the "policeman of the continent", in spite of the "do nothing" approach of the OAU. The country received little support from other African governments. I submit it had nothing to do with the continental "big brother" but had everything to do with African leadership, or rather, the lack of it.

If there is one consistent complaint in politics around the world, it is about the absence of "leadership". There seems to be a crisis of international leadership. No country or national leader seems to be articulating visions of the global future.

Nowhere is that more evident than here on the continent of Africa, where government leaders seem to be trapped in yesterday's thinking. The intellectual imagination of Mandela's attempt at the re-orientation of the socio-political order in Zaire has been welcomed by civil society groups in Africa. The government's current initiative involves an elaborate balancing act of alliance politics, support-building mechanisms and ideological reconstruction which require a brilliant leader to manage a sophisticated and fragile creation or — simply put — the foreign policy of "creative engagement". This is an extraordinary exercise of diplomacy which does not involve the use of military power.

Mandela's leadership seems to involve not just the twisting of others' arms, but also getting states to conceive of their interests and policy goals in new ways. He has advocated from time to time that the new SA had no capacity to act on its own; it would, if required to do so, play its part under the aegis of multilateral organisations such as the SADC and the OAU and in concert with neighbouring countries. This approach is clearly evident as the government tackles the Zairian problem.

If one takes into account the history and magnitude of the Zairian problem, one would be tempted to dismiss Mandela's pursuit of a peaceful settlement there as a pipe dream. Since the early 1970s there have been initiatives to wrest control of Zaire from the man who has done more harm to Africa than any other dictator.

General Mobutu Sese Seko, the tyrant who has ruled Zaire since he took power through a CIA-assisted military coup in November 1965, would most likely not have remained in power without the supportive relationship that he has developed with the US and France, coupled with the silence of the OAU.

Over the years, in addition to providing Mobutu with considerable amounts of aid that actually included the training and equipping of his personal guard, the West has also repeatedly intervened to keep the general in power.

In July 1967, US Air Force C-130 transport planes and 150 pilots were sent by President Lyndon Johnson to help Mobutu put down a spreading domestic rebellion in north-eastern Zaire; in March 1977, and again in May 1978, the Carter administration sent US troops to defend Mobutu when an armed uprising in Shaba province threatened to topple his regime. US presidents from Johnson to George Bush have even sought to bolster him politically by meeting him in Washington as a symbolic gesture of support.

His willingness to treat the state treasury as his personal bank account has made him, with an estimated R46-billion in Swiss banks, one of the world's richest men in one of the world's poorest countries. Incredibly Zaire, a nation blessed with mineral wealth including diamonds, copper and oil, was poorer in 1991 that it was at the time of independence as real per capita incomes have plummeted to 20% of what they were in 1960. Mobutu's corruption, repression and gross violations of human rights which include mass killings, torture and detentions without trial, have earned him condemnation from human rights organisations such as Amnesty International and Africa Watch, but never from the OAU.

Mobutu has now been isolated by his erstwhile Western allies who have not offered him any military support. American pressure has kept France from sending its own Africa-based troops into Zaire. Furthermore, the ADFL is backed by a coalition of other African governments — including Rwanda, Uganda, Ethiopia and Eritrea — that have already achieved what they are aiming for. Now they have secured the involvement of SA and Mandela.

Yesterday's international leadership required the might of military power. Today's leaders need to be good diplomats who can balance domestic and international pressures, who can cut deals, make compromises and resolve disputes, defining the interests of their states in congenial ways.

Mobutu will soon discover what this means from Mandela and others now involved in this crisis. It is not the ability to command troops and confront enemies but the ability to bargain across many different issues and groups, build coalitions and seize opportunities for agreement that counts.

Mobutu placed his faith in his Western masters and snubbed African initiatives to resolve the impasse, which was a terrible miscalculation on his part. Kabila and the ADFL seized the moral high ground when they recently declared their willingness to abide by a ceasefire and to join negotiations at the Nairobi summit in the presence of other African leaders. The latest diplomatic initiatives clearly suggest that a post-Mobutu Zaire is no longer a pipe dream. The lack of support from France and the US coupled with increased diplomatic pressure from African governments indicate that the people of Zaire could soon experience peace and, one hopes, a democratically elected government.

No matter what the outcome of its Zairian initiative, the South African foreign policy establishment has resulted in a refreshing policy direction that could charter a new course in African diplomacy.

❑ *Vernon Seymour is a senior research fellow at the Centre for Southern African Studies, at UWC.*

Sowetan 4/3/97 ⑦

# Grasping the nettle

**Although African countries have gained political independence, some societies are still grappling with the real essence of democracy. Vernon Seymour explains...**

THE PEOPLE OF AFRICA are now at an important juncture in the history of their struggle for dignity. The issues of democratic participation, peace and human rights have emerged as the fundamental aspects of African politics in the 1990s.

The Commonwealth Roundtable on democracy in Africa held in Botswana last week was a significant event in the history of African diplomacy.

The mere fact that African leaders are debating and evaluating the state of democracy in Africa can only be regarded as a milestone, if one considers the post-colonial history of a continent that has been characterised by undemocratic forms of governance.

Since the independence of most countries, African people have been subjected to untold atrocities committed by notorious one-party governments and ruthless military dictators.

### Disturbing developments

In countries where advances toward democratisation have been made, there have been some disturbing developments like "constitutional tampering" that threaten to undermine the democratic processes.

Consider the following examples:

● There is growing speculation in Namibia that president Sam Nujoma will not stand down in 1999, as required by constitution.

The very notion that the country's supreme law must be changed to suit one individual is already meeting with resistance from pro-democracy groups in Namibia;

● The state of democracy is steadily declining in Zambia after the constitution was amended last year to prevent some Zambians from running as presidential candidates.

Recently president Frank Chiluba suspended a distinguished High Court judge who has a history of handing down judgments involving human rights issues unfavourable to the government;

● Zimbabwe is a multi-party state, but its shift towards a more transparent government has been hampered by a series of constitutional amendments which have weakened genuine multi-party democracy; and

● In Angola, words like "human rights" and "democracy" are nothing but words, used as political slogans by politicians.

It is doubtful if average Angolans know they have political and civil rights. For them, the right to clean water, food, education and health care is an immediate priority.

What lessons can be drawn from this? Holding multiparty elections alone provides no guarantee that democracy will be established.

Democracy is often identified with the number of parties and free elections. But there are many cases where individuals create parties so they can gain access to donor funds.

While it is true that the concept of democracy is a heavily contested one, in some ways democracy is often confused with democratisation.

Societies in Nigeria, Tanzania, Tunisia, Algeria, Kenya and Zaire have given rise to new organisations which contest the power of the leaders who dominate the political structures.

This has already led to the creation of a new platform for political assembly, the national conference.

The national conference phenomenon arose in Francophone Africa as an instrument for change. Since the Benin Conference in 1990, there have been conferences in Congo, Togo, Mali, Niger and Zaire.

There have been calls for national conferences in the Central African Republic, Cameroon and Mauritania.

### Unleashed new creativity

These conferences have spawned a new wave of creativity. Even in societies like Zaire, where the conference failed to remove the Mobutu regime, the experience of the deliberations exposed the potential of free politics.

However, these conferences have dealt with politics – not policy. They have focused on how to engineer a political transition and how to structure a new political system; in other words, on how to determine who should exercise power.

What has been largely absent from these conferences is a discussion on what should be done with the power, what reforms should be introduced and what policies should be pursued.

The fact that there have been regime changes in many parts of Africa has raised three fundamental questions:

● Do the conditions exist for establishing a democracy in a particular setting?

● Who or what are the social forces capable of establishing democracy?

● What are the fundamental changes that would be required to maintain democratic relations in African societies?

These questions are raised in a way that can raise the level of debate beyond the simple empirical and organisational question of the number of parties and holding of elections.

Such things are indices of a particular country's politics and not with the reality of social transformation.

In this way, political parties are in fact state organisations competing for the distribution of government positions. And are not really committed to the people's reconstruction of the state.

In many ways, this concept of democracy – which is based on multipartyism, the market and simply electing a government every five years – can be seen as a silencing narrative to exclude more profound issues of democratisation from people's struggles.

In an ideal world, we would simply pray for a change of heart among Africa's rulers to renounce violence, seek electoral mandates and serve their people.

### Absence of Utopia

In the absence of Utopia, there are strategies that African governments could adopt to steer governments towards democratisation such as:

● Request the imposition of a moratorium on the sale of arms to Africa;

● Isolate repressive regimes like Nigeria at all multilateral forums like the Organisation of African Unity, Southern African Development Community and United Nations;

● Provide support to democratic forces on the continent; and

● Encourage and sponsor educational campaigns that foster a culture supportive of human rights, democracy and the rule of law.

The gap between the rhetoric of governments regarding the elimination of all forms of undemocratic practices and human rights abuse is very clear when one considers the absence of real machinery to maintain democracy.

This has placed the initiative for the struggle of rights in the hands of those, like women, who are the most oppressed.

Civil societies in individual countries are increasingly sharing their interests and concerns with their continental counterparts. Their hope is to nudge the political and human rights agenda in a particular direction.

Hopefully, the government leaders in Gaborone resolved to join civil society groups in the "nudging" process of democratisation beyond merely holding multiparty elections and towards institutionalised democratisation.

*(The writer is a Senior Research Fellow at the University of Western Cape's Centre for Southern African Studies.)*

finalists.
Fespaco '97, held in

Increase in tractor sales may not last

# SA troops join in peacekeepers' exercises

(1) BD 10/3/97

Michael Hartnack

HARARE — SA troops will join forces with those of eight other Southern African Development Community states in Zimbabwe from April 1-20 in the first regional peacekeeping military training exercise of its kind.

SA's Army will be sending a motorised infantry company, a field engineer troop and staff officers, while the SA Air Force will send Oryx supply helicopters, air and ground crew and liaison officers, a spokesman at Zimbabwe national army headquarters said at the weekend.

"Operation Blue Hungwe" (Hungwe is Shona for fish eagle) will see the Zimbabweans share the experience they obtained in the UN blue berets in Somalia and Angola.

The aim of "Blue Hungwe" was to enhance regional ability to co-operate in tactics and techniques of international peacekeeping, the spokesman said.

Planned by the British military advisory and training team, which has been in Zimbabwe since independence in 1980, the manoeuvres are being sponsored by the British government as part of UK aid.

The cost has not been disclosed, but diplomatic observers say western states are more willing to bear the cash bill than the flesh and blood risk in damping down Africa's conflicts.

US casualties in Somalia broke the will of the Clinton administration to act as the world's policeman. President Robert Mugabe, by contrast, said he was happy to dispatch Zimbabwean troops to Rwanda providing wealthy nations subsidised their deployment.

The South Africans will be the largest contingent next to the Zimbabweans at the three-week manoeuvres in the Nyanga region, bordering Mozambique. Besides elements from Tanzania, Botswana, Mozambique, Swaziland, Namibia, Lesotho and Malawi, there will be military observers from Denmark, France and the US.

The International Committee of the Red Cross, the UN High Commission for Refugees, Oxfam and the world food programme are taking part as civilian agencies likely to be involved in a potential conflict crisis.

"Blue Hungwe" will contain within it smaller sub-exercises including predeployment training, demonstrations of peace keepers' tactics and simulation of a typical UN peace support operation.

The Zimbabwe army spokesman pledged that the press would be accorded facilities to report on the exercises, in contrast to previous military operations in the once highly sensitive Zimbabwean eastern border region.

WOI

# US debates aid to 'poor' Africa

BD 19/3/97 (1)

WASHINGTON — While First Lady Hillary Clinton is raising the US profile in Africa with her current continental tour, in Washington a quiet debate is under way over the fundamental value of continuing US aid to poor African nations.

The impetus for the debate is The End of Dependency Act — a bill aimed at fostering capitalism and economic self-sufficiency in Africa and changing the "beggar-donor" relationship that characterises US ties with the region.

Proponents of the bill were not heard from at a congressional hearing on US aid to Africa last week, but the bill's presence was strongly felt.

"It is too early in Africa's development for trade to substitute for aid. Trade and aid are not alternatives, but mutually supportive ingredients that work best when promoted jointly," said George Moose, assistant secretary of state for African affairs.

Others voiced similar concerns, worried that the measure would be used as a pretext for cutting US aid to Africa.

Yet the bill's advocates, who include two Democrats and a Republican, insist the bill would not reduce such US aid.

"The bill would not take money out of US aid at all," said Jennifer Crider, media secretary to Democratic representative Jim McDermott.

In testimony last year, McDermott said that one of the bill's "greatest misconceptions" was that it would cut aid.

However, where he appears to differ with administration officials and his party's own members is in determining when African nations — especially those who have seen recent economic improvements — will be ready to make the transformation from US aid recipient to US trade partner.

"I believe there are a number of African countries which will continue to need traditional development assistance," McDermott said.

"On the other hand, my proposal is designed to create a comprehensive trade and investment strategy for those economies in subSaharan Africa who have a record of commitment to market-based economics and to supporting their private sector."

## New funds

The bill, which Crider said would be reintroduced soon, calls for some new money: $100m into an equity fund and $100m for an infrastructure fund to help African countries do things like start small businesses and repair pothole-ridden roads.

Yet it also makes new aid contingent on a country's "commitment to market-based economic reform and (to) support of the private sector".

The bill would also encourage establishment of a US/subSaharan Africa free trade area and call for the elimination of trade barriers, including those which affect textile imports.

"Unfortunately, masquerading as trade and development policy are an assortment of programmes and initiatives that don't work well together, (and) have no central focus, policy or direction," McDermott said.

At last week's hearing, author Michael Maren said that often aid to African countries "benefits only a few (people) with close connections to the government".

And he said that while providing aid to "the poorest of the poor is good public relations ... (it) doesn't cure poverty".

Moose pushed the administration's proposal to spend $700m in Africa for "long-term sustainable assistance strategies" through the US Agency for International Development's African Development Fund.

"Trade and investment will become ever more important vehicles in generating economic growth in Africa," he said, alluding to the hopes being pinned on such growth by politicians like McDermott.

"But it is US assistance that cultivates the proper environment and builds up the human capacity to make trade and investment flourish."

Georgetown University assistant professor Carol Lancaster urged the US government to be more discriminating in deciding which countries should receive US aid.

Citing cases such as Zaire and Somalia, Lancaster said it behoved Washington not to give aid to those "who are not committed to the development of their own countries". — Sapa-AFP.

*For organised labour, the 'P' word means job cuts*

# Africa lags in the privatisation race

CT (BR) 20/3/97 (1)

**FROM REUTER**

Johannesburg — Compared with Latin America and Eastern Europe, Africa is a privatisation laggard.

But the world's poorest continent is becoming aware of the advantages of a process that can inject badly needed capital and technology, according to officials and industry experts attending the first pan-African privatisation conference.

Governments from the Cape to Cairo are keen to sell state assets to cut state debt and boost industrial efficiency, using foreign cash and know-how.

"Coming out of their previous anti-market orientation, Africa and its leaders have rediscovered the benefits of foreign direct investment," said Ken Kwaku of the World Bank.

Most of the action has been in North Africa, with the Egyptian government floating 14 companies between May and August and Morocco last year offering 35 percent of shares in steel producer Sonasid.

**NEW GROUND** *A copper mine in Zambia is dismantled after privatisation — the country has been Africa's foremost privatisation pioneer* PHOTO: JOHN WOODROOF

Progress has been slower south of the Sahara. The reform lobby suffered a setback in January when Nigeria's military government backpedalled on privatisation, saying it needed more study.

But there is tangible progress in several countries and officials acknowledge the central role of private capital.

"The productive sector must be handled by the private sector because that is where the motivation is, that is where the incentives are and that is where the growth is," said Matthew Rukikaire, the Ugandan finance minister.

Zambia, the continent's foremost pioneer of privatisation, moves into a critical phase this year with the sale of Zambian Consolidated Copper Mines, the mining titan that accounts for about 90 percent of export earnings.

Ghana, Kenya, Uganda, the Ivory Coast, Uganda and Mozambique are among other countries that have already taken notable privatisation steps while Tanzania plans to sell 128 state-owned enterprises by the end of next year.

South Africa has been slower to embrace the concept, with ANC politicians only recently prepared to use the "P" word.

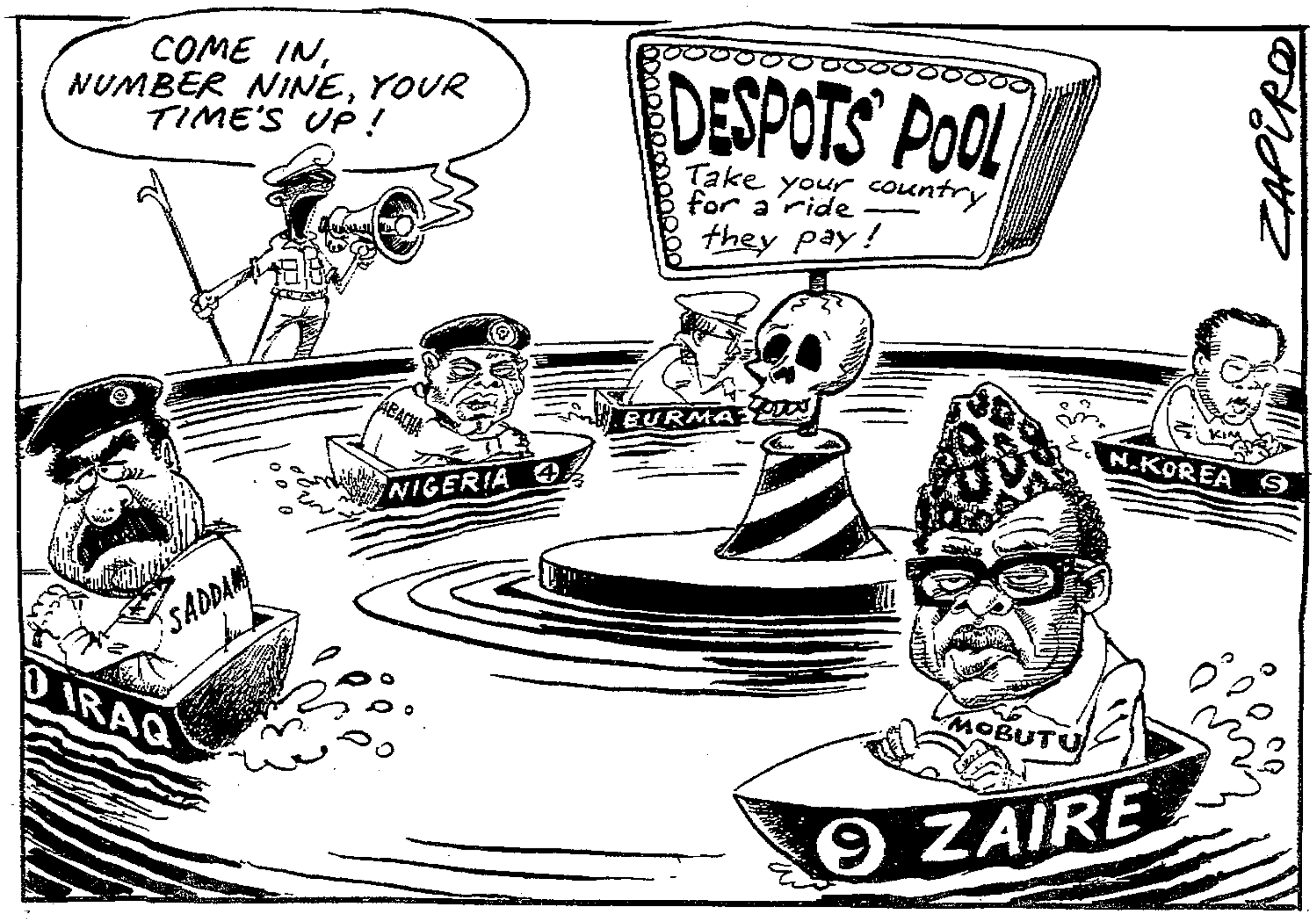
But the mood here has changed, with the imminent sale of a 30 percent stake in Telkom to a US-Malaysian consortium for an estimated $1 billion plus, the biggest sub-Saharan privatisation yet.

Stella Sigcau, the public enterprises minister, said Pretoria was now embarked on the largest and most far-reaching of restructuring of state assets on the African continent.

For African opponents, privatisation is another element of the harsh structural adjustment programmes which have proved controversial across the continent, while for organised labour, particularly vocal in South Africa, it spells job cuts.

The World Bank's Kwaku acknowledged local opposition but said the gains for Africa will be substantial, helping suck in capital which has so far largely passed the continent by.

During 1995, net foreign direct investment into developing countries was about $97 billion, of which Africa received a mere $3 billion. Kwaku said privatisation had played a key role in reducing the indebtedness of Latin American countries in the past 15 years.




# SA's role in Africa

(1) Sowetan 26/3/97

With Zaire sliding into chaos South Africa is again expected to provide leadership – but should the country get involved? **Phil Mtimkulu** considers the pros and cons...

WITH THE fall of Mobutu Sese Seko looking imminent, it can be asked whether there is still a need for South Africa to be involved in the affairs of the chaotic and desperate Zaire.

Yet the involvement of South Africa and other African countries is far more important and urgent now than it was when the fighting was taking place. This is to avert a total collapse of the already weak Zairean state.

There are two cases that can be cited to illustrate the likelihood of this occurring.

When dictators Siad Barre (Somalia) and Samuel Doe (Liberia) were unceremoniously removed from power, there was joy and happiness that these two countries would embrace democracy and developmental work would start in earnest.

However, these countries plunged into civil wars that have been raging for more than five years. The situation in both countries is now far worse than during the rule of Barre and Doe.

As one of Africa's superpowers, South Africa's assistance has frequently been sought to solve problems in neighbouring Southern African states. It has readily obliged and resolved some tricky problems.

South Africa's willingness to assist has seen it being drawn into the problems in faraway African countries such as Nigeria. It is expected to provide direction and leadership at Organisation of African Unity meetings.

But there is uncertainty about the role that South Africa should play in assisting other African states to resolve their problems. These problems differ from country to country. While some problems may be easy to solve, others are difficult.

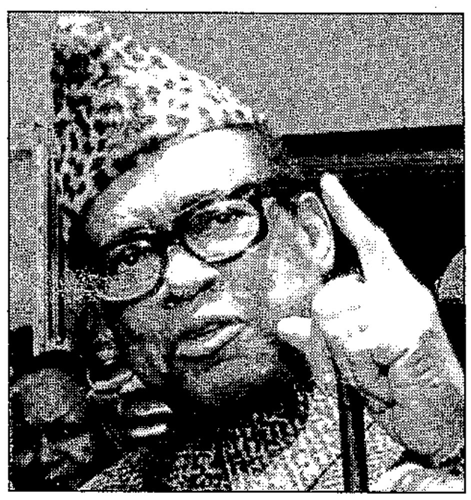
Perhaps South Africa needs to devise a policy that will give it guidance on when and how to assist trouble-torn African states. With African states beset by endless problems, South Africa will be called on more often to intervene.

Africa's problems stem essentially from three factors: lack of development leading to poor living standards, ethnic conflict and the authoritarianism of some leaders.

The democratisation process, which started in the late 1980s and gained momentum in the 1990s, was supposed to reduce conflict in Africa's countries. Sadly this does not seem to be the case.

It is necessary that South Africa and other African countries emphasise the need to implement democracy in Zaire. The situation in that country is at present chaotic. It has had an apology for a government.

Mobutu ruled Zaire like his own personal fiefdom and controlled the country through a patron-client system. He offers rewards to a clique who will do anything to please him.



**Zaire President Mobutu Sese Seko at his residence in Kinshasa on Sunday.** PIC:AP

At the root of Zaire's problems is the reluctance of Mobutu to democratise. When Africa's second independence started and countries abolished the one-party system, Mobutu used various tricks to delay this process.

It is now six years since a national conference was established to move Zaire to a democratic political system. So far nothing has been achieved.

It was this lack of democracy and responsibility that led one Zairean official to tell the Tutsis, who have been living in eastern Zaire for almost a century, to pack their belongings and go to Rwanda, a country they do not know.

## Discontented Zaireans

The war started when these Zairean Tutsis took up arms to resist being moved to Rwanda. Discontented Zaireans seized the opportunity to launch a battle against Mobutu.

But South Africa alone cannot solve Africa's problems. It is also not politically wise for it to be seen as taking a leading role in this regard.

South Africa has taken a proper decision that other countries must be involved and that the OAU should also play a role. When the war started, urgent and strenuous efforts were made to contact Mobutu to arrange for talks with the rebels.

Mobutu was not interested, preferring the luxurious life of Switzerland and France. As a leader who to all intents and purposes was not ruling his country, it did not make sense to arrange talks with him.

He came back to Zaire to a stage-managed welcome. But, alas, he was soon out of the country again and efforts were again made to get his cooperation – to no avail.

With Kabila moving deeper into Zaire without meeting any opposition, efforts to stop the war became frantic. South Africa was thrust to the centre stage in this shuttle diplomacy.

However, despite all efforts, the two main actors in this real-life drama, Mobutu and Kabila, were not anxious to meet face to face. This rendered the peace efforts rather useless.

Kabila, whose army of rebels was capturing town after town, was obviously not keen to agree to a ceasefire. From a hesitant start with no long-term objective, he decided to make the overthrow of Mobutu his objective.

The talks that were supposed to have been held in South Africa never really got off the ground as again Mobutu was reluctant to personally come to South Africa. He preferred to send representatives.

Sending representatives when one's country is on fire and efforts are being made to quell it indicates that Mobutu does not have his heart in Zaire.

There are leaders who have to have the riot act read to them before they can be helped. Mobutu is such a leader. It would not have helped had South Africa arranged a ceasefire and left it at that.

The need to democratise in Zaire and to get the country functioning properly must be emphasised to the Zaireans,

Chaos is going to erupt in Zaire and South Africa will be expected to play a leading role in the events in that country. What is likely to happen is that there is going to be a power struggle, with Mobutu's henchmen vying for power before Kabila reaches Kinshasa.

This happened in Liberia and Somalia. As it is, there is much confusion in Kinshasa where fighting and looting are likely to erupt at any time. This happened in Liberia and Somalia when different factions started vying for power and, in the process, destroyed their countries.

Events in Zaire do not bode well for the future of that country as well as neighbouring countries. It will have a snowballing effect which could also impact on South Africa.

*(The writer is a political science lecturer at the University of South Africa, Pretoria.)*

# IMF policies produce results

(1) Sowetan 27/3/97

By Shadrack Mashalaba and Isaac Moledi

## Africa growing at rate of five percent and increasing per capita income

THE INTERNATIONAL Monetary Fund (IMF) says its policies are gradually producing results, particularly in African countries.

Speaking to *Sowetan Business* from the IMF head office in Washington this week, deputy managing director Alassane Ouattara said the institution was impressed by the way people, particularly in developing countries, had realised that they had no substitutes for good economic policies, except those recommended by the IMF over the past 50 years.

Some of the IMF policies, which Ouattara said were geared towards growth and needed to be implemented, included reducing inflation rates and deficits, trade liberalisation, fiscal discipline and privatisation.

He said the IMF's economic policies were showing results, particularly in Africa because until 1994, the average growth rate had been below that of population growth as output was declining while population was growing by three percent.

Population growth has been about three percent while the growth of the gross domestic product, output growth, has been about two percent up to 1994.

"But since then, we have seen that the growth rate has picked up substantially because many countries have been implementing good policies," said Ouattara.

### Growing at five percent

On average, Ouattara said, Africa was presently growing at the rate of five percent, resulting in its per capita income increasing.

"Of course the increase is still very small and it has been for too short a length of time and is not felt as yet in all the countries concerned."

"But I am sure that in the years to come it will be quite substantial and African countries and African people will see the benefits of these good policies."

As a national of Ivory Coast and former prime minister of that country, Ouattara said he was hopeful that with proper implementation of good policies, the world would continue to be a better place.

Apart from the loans the IMF had disbursed to the African continent, he believed that the fund had also done a very impressive job in all 181 IMF member states.

The institution had made available credit disbursements of Special Drawing Rights of SDR 6 billion (about R37 billion). The IMF uses SDR's as instruments for financing international trade. Their par value is expressed in dollars, with the rate by January this year fixed at SDR1=$1,39.

Last year's disbursements represented a decrease compared to the unprecedented level in 1995 when large credits were granted to Mexico and Russia.

### Increased lending

However, lending in 1996 increased substantially under the Extended Fund Facility (EFF), owing mainly to Russia, which drew SDR2,6 billion, (about R15,91 billion).

EFF is a medium-term programme that runs for three years and is aimed at overcoming balance of payments difficulties stemming from macro-economic and structural problems.

Ouattara also denied allegations that the South African Government had asked for a loan from the IMF.

"What is happening between the IMF and the South African Government is the normal consultation process that we have with all governments on an annual basis.

"We have what we call our Article IV consultation discussions. A Fund mission was in South Africa at the end of February for this annual consultation. But this is not a request to use the resources of the IMF."

He said that the last time South Africa obtained a loan from the IMF was in 1993 when it was granted $850 million (about R3,75 billion).

Since then there had not been any request from the new Government for a loan.

### Development

Ouattara believed South Africa would make progress as it was an important country to the development of the whole continent.

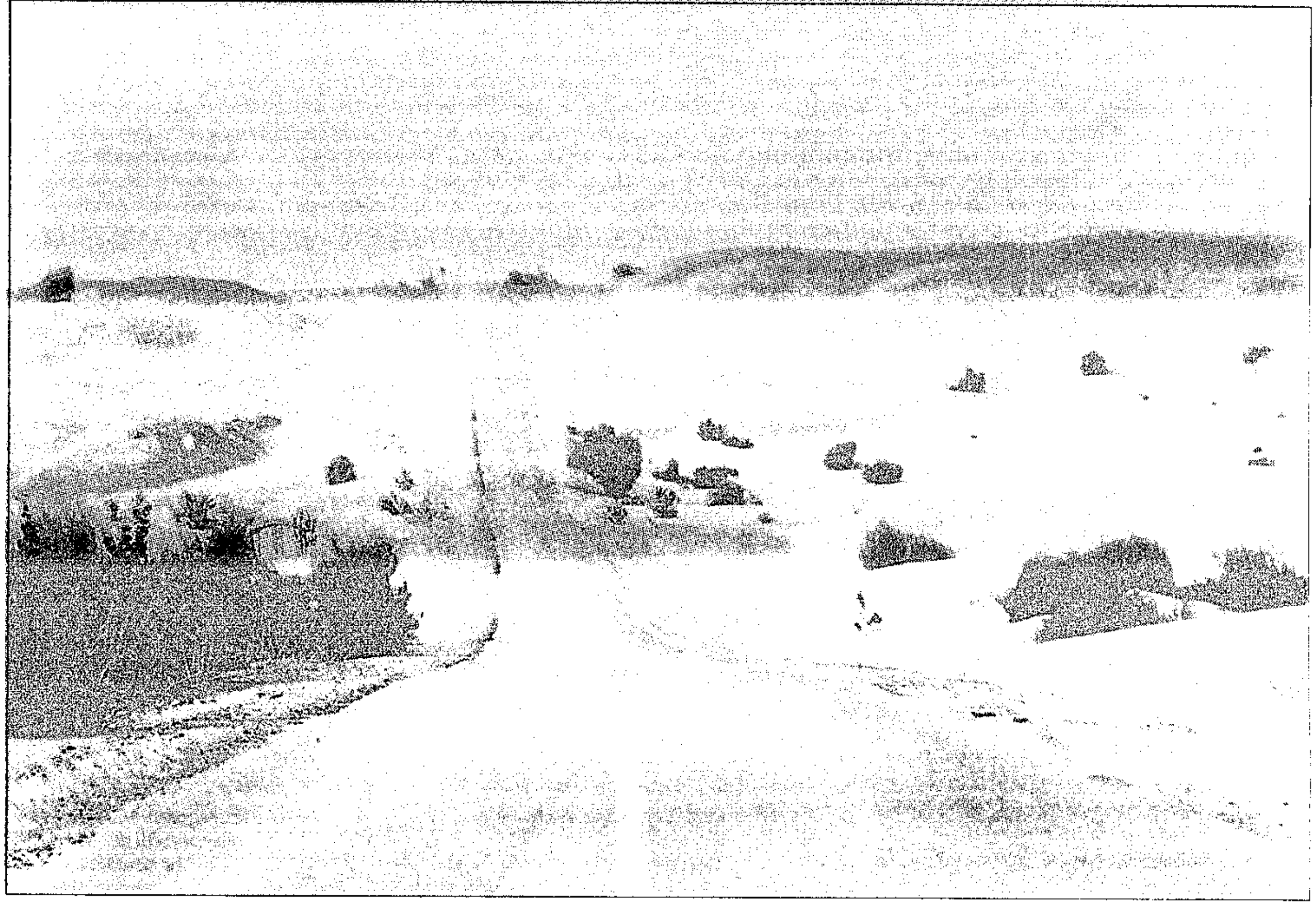
The IMF is expected to hold the next meeting of its interim committee in April when an overview of the state of the world economic situation will be made and advice on member countries given.

The other issue to be discussed at the meeting will be the IMF's relief programmes going to highly indebted countries.

Ouattara said some members had begun bilateral discussions to address debt problems.

"The issue of addressing the relief mechanisms is a major starting point.

"The relief programme to poor countries is around 67 percent and can go as high as 80 percent if approved by the Paris Club (a group of 10 of the richest, developed countries)."



Fulfilling whose dreams? ... Dune stabilisation in Mauritania is a preoccupaton with some development agencies; but it is not a priority for the local people.

# Foreign aid often the blind leading the sighted

Star 27/3/97 (1)

By David Robbins

Between a third and a half of the GDPs of many African countries, according to recent estimates, is derived from foreign aid. Is this good or bad?

The answer depends entirely on the point of view.

I know a Senegalese writer, Charles Sow, whose latest collection of short stories is centred on the theme of development aid.

In one story, Sow describes a series of functions marking the commissioning of millet mills in a number of rural villages.

"The shiny cars of the donor agencies drive out of Dakar and into the countryside," Sow told me.

"Speeches are made and the villagers clap. But while the dignitaries are being entertained, the millet mill is loaded on to a truck by corrupt officials and taken to the next village where the shiny cars duly arrive and the commissioning ceremony is repeated. It is not the villagers but unscrupulous officials who benefit."

Sow's cynicism is widespread. But the question which arises is: why are the donor agencies so gullible?

Certainly, some local officials are corrupt, helping themselves to funding wherever they can. But there seems also to be an indecent haste in the way some funding is dispensed.

Thomas Stocker, a development manager working in Kiffa in rural Mauritania, provides an insight.

"Haven't you noticed how Europe is starting to tighten up on immigration from the developing world?

"Europe, and the rest of the developed world, is afraid of too large an influx of Third World people. And border restrictions are reinforced by aid packages to the source countries. But the quality of the work being done is often highly questionable."

Stocker cites some dune stabilisation programmes on the southern edges of the Sahara as examples.

"Various funders are spending millions on tree planting. But the trees they are using are exotics which are causing serious damage to indigenous vegetation.

"Does this prompt the planting to stop? Not at all. There are budgets to be used up, and the exotics look exceedingly green in the desert landscapes."

**Being an aid worker in Africa means having a 4x4 and a servant**

To return to the quality of some development aid, there is also the sense (which does little to quell the cynicism of Sow and others) of thousands of expatriates enjoying lifestyles they could not aspire to in Europe or America.

Being an aid worker in Africa means having a house servant and driving a 4X4.

"I think this criticism is valid," a USAid adviser living in Abidjan admitted.

"If Africa all of a sudden became self-sufficient, there'd be an awful lot of expatriates here who'd have to return to the mundanities of nine-to-five jobs and First World suburbia. I include myself.

"Do you realise that in Abidjan alone, USAid spends around \$1-million a year on gate guards at the homes of USAid employees?"

But what should development efforts be attempting then?

Charles Sow, whose first book *Cycle de Secheresse* (Cycle of Drought) dealt with the impact on human lives of the great Sahellian droughts of the early 1980s and which won an important literary award in France, comments: "People talk all the time about the big environmental issues, about big politics and economics, but very rarely about people.

"The individual lives and tragedies of ordinary people, this is my subject, and I sense that it should be the subject of development efforts, too."

Or listen to Stocker, a Swiss agriculturalist whose interest in the Arab world prompted extended periods of study in Morocco and Tunisia: "Return for a moment to dune stabilisation and the tree planting projects all around Kiffa. Doesn't it tell you something, that the local people aren't interested. They'll plant the trees, but only in exchange for money or food. For them, such projects are not a priority."

Development organisations suffer from two basic problems, according to Stocker: too much money and too little time.

To these could be added a third: their often arrogant assumption that the hapless locals, those dutifully clapping audiences in Sow's short story, are dependent on their (the developers) particular kind of help.

"I don't believe that we, the development workers, can tell people how to survive," Stocker says. "They know perfectly well how to do that.

"I believe we have to come in very humble, especially if we're expatriates. We have something to offer, yes, but mostly we need to ask questions. We need above all to try to understand.

"Look at an example: if the local people show little interest in planting all these exotic trees, we need to ask ourselves why. Isn't it simply because they've lived with the dunes for thousands of years, and they know how to co-exist?"

One village not far from Kiffa has moved four times in recent years as dunes bore down upon it.

Even these villagers don't see tree planting as a priority.

In the light of this response, isn't the whole dune stabilisation programme somewhat misguided?

It certainly smacks of the developed world trying to tell the desert people how to survive in their own environment.

"The best way to help the local people is to help them to discover their own riches and to fulfil their own dreams," says Stocker.

"Local people sometimes think they're victims because development agencies have told them so often that they are victims. Real development should break the dependency which goes with being a victim, rather than encouraging it.

"Real development work should start with talking, probing, finding out what are people's dreams. Then the task is to help them to fulfil those dreams themselves. Only in this way will we ever achieve that most illusive of goals — sustainable development."

■ Both Sow and Stocker work for World Vision International.

Sow is human resources manager for World Vision's Senegal operation, and is based at Thies.

Stocker is manager of an integrated development programme in the Kiffa region of Mauritania.

# Cyberspace lifeline for African universities

## World Bank plans a pilot project to be launched this month to connect universities via satellite

(1) Star 3/4/97

**SAPA-AFP**
Addis Ababa

Plagued by slim budgets, broken down equipment and out-of-date and looted libraries, African universities may soon receive a lifeline from cyberspace.

Under a pilot project to be launched this month by the World Bank, 10 universities in six nations will be connected through the African Virtual University – a computer link via satellite to universities in Europe and the United States.

The first phase of the project was worked out at a recent workshop in Addis Ababa attended by academics from eight African countries and representatives from universities and donor agencies in the United States and Ireland.

The World Bank says the project's main objective is to tap new information technologies to overcome the many financial and physical barriers that prevent students at African colleges from gaining access to quality higher education.

The bank, which is contributing $1,2-million (about R5,28-million), says most African universities have become increasingly irrelevant in a rapidly changing world, passing a disproportionate number of students in the humanities rather than the sciences and engineering.

Edward Jaycox, a senior adviser to World Bank president James Wolfensohn, said African universities are facing enormous difficulties, including declining budgets, lack of qualified instructors and outdated academic programmes that fail to meet local needs.

Making use of computer networks linking Africa to the West, participating universities in the United States and Ireland will provide packaged academic programs, particularly in science, engineering and business.

During the pilot phase, a limited number of first-year undergraduate courses – calculus, differential equations, physics, electronic circuits, statistics, introduction to the Internet and introduction to computer sciences – will be offered via video transmissions, Internet links and other means such as e-mail.

Etienne Baranshamaje, the World Bank's project manager, said the African Virtual University will be a network of Internet facilities and have its own Web site.

"In those countries where an Internet service provider exists, a formula for working with them will be sought. Where there is none, AVU will initiate one for the students," he said.

More and more African countries are setting up Internet services. Ethiopia will go online soon through the government telecommunications office, while private concerns provide Internet links in Kenya, Uganda and Tanzania.

Baranshamaje said that during the first two semesters of the project, there will not be any specific Virtual University students. Rather, selected students enrolled in existing university courses will receive instruction and take exams via the new technology.

During this phase of the project, tests and paper-grading will be the responsibility of the participating universities in Ethiopia, Kenya, Uganda, Tanzania, Zimbabwe and Ghana. The lectures will be delivered from universities in the United States and Ireland.

A second phase to begin next January will offer a complete curriculum for fully fledged undergraduate degree programmes through the Virtual University. If all goes well, African universities also will be originating their own programs in the final phase, Baranshamaje said.

Other universities across Africa are expected to be included later, Baranshamaje said.

The Virtual University is expected to be particularly relevant in African countries like Ethiopia that are emerging from prolonged wars and whose work forces lack vital technical skills.

Governments and private sector organisations in need of continuous professional training for their employees are also expected to benefit.

The University of Massachusetts and the New Jersey Institute of Technology in the US are among the American institutions participating.

# Costs of Africa continuing to fail are higher than ever

A combination of fear and hope are combining to renew the developed world's interest in sub-Saharan Africa, writes **Stephanie Flanders**

① BD 10/4/97

IT IS too soon to call it a "wind", but a distinct breeze of change is blowing through the international community in its attitude to sub-Saharan Africa.

In the US particularly, the usually inward-looking mainstream media is looking again at the continent, and decidingthe last remaining superpower might have an interest in helping Africa turn itself around.

A recent New York Times magazine cover story declared: "Africa has never been more dangerous — nor more ready, finally, to join the rest of the world. The outcome may well depend on the US, which has more than humanitarian reasons to care." As the quotation suggests, a mixture of hope and fear is driving the calls for "a new push for Africa".

Hope, because on most reckonings governments across the region are now more committed to reforming their economies than they have been in decades.

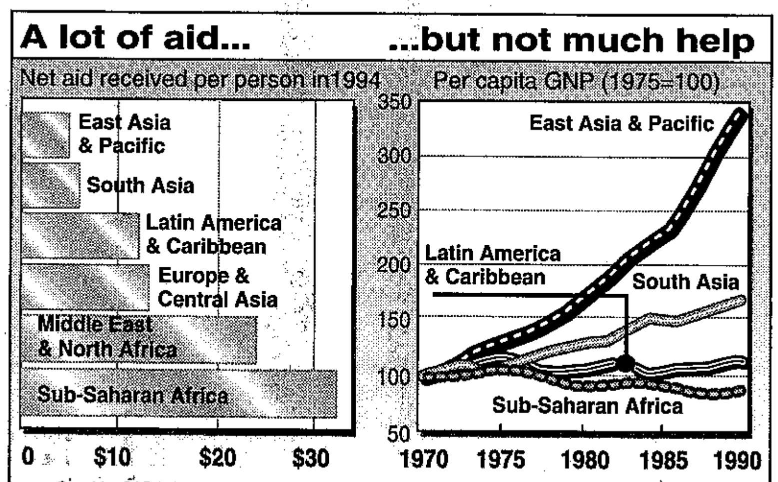
Fear, because for many the time for them to grasp the opportunity might be running out.

A revamped survey of the state of global development, published this week by the World Bank (World Development Indicators 1997), shows what a steep road reformers have to climb. It argues that developing countries have achieved 1,5% growth in gross national product (GNP) per head, on average, since 1970 — considerably less than developed countries. But, as the right-hand figure shows, sub-Saharan Africa has been left out of even this modest improvement.

On average, GNP per capita in the region has fallen 0,8% a year in real terms since 1970. A handful of countries, such as Botswana, have done markedly better, but others have done far worse. In Zaire, real GNP per capita has fallen an astounding 4% a year. On one estimate, real per capita GDP in Zaire and Zambia is roughly half its 1965 level.

The region's economic failures show up in the social statistics.

The World Bank report rightly trumpets that average infant mortality rates in low and middle-income countries have fallen to 60 per 1 000 births in 1995, from 107 in 1960. But 90 out of every 1 000 babies born in sub-Saharan Africa still die before their first birthday. This compares with only 40 in eastern Asia. In Zambia, the infant mortality rate in 1994, at 109 per 1 000 births, was slightly higher than in 1970.



Graphic: SARAH EVANS Source: WORLD BANK, WORLD DEVELOPMENT INDICATORS 1997

Editors might be forgiven for failing to hold the front page for "Sub-Saharan Africa is development laggard". But what is adding urgency to the debate is the realisation among researchers and aid workers that the costs of Africa continuing to fail are growing.

There are two sides to the problem. On the one hand, "globalisation" of markets among economies that can get their development act together has made it even harder for the laggards to escape marginalisation. Modern capital markets give reforming African governments much less room for trial and error in setting monetary and exchange rate policies, while latter-day Idi Amins and corrupt businessmen can protect their cash from the ravages of the domestic economy with ease.

The flip side of this marginalisation is a vicious circle of rising poverty and increased social and ethnic tensions, culminating in all-out collapse of the economy and the state itself.

Put simply, the end result of a failure to grow is not, as was once thought, "merely" continued stagnation. It is a rising number of Rwandas, Liberias, Somalias or Zaires, with devastating humanitarian and economic consequences for the continent and, increasingly, the world outside.

An understanding of the higher stakes involved in turning Africa around has spurred calls for action from prominent voices inside and outside the development community, including US deputy treasury secretary Lawrence Summers and former general agreement on tariffs and trade (GATT) chief Peter Sutherland.

The precise form which such a "new strategy" might take is still under discussion, but most recognise that to be effective it will have to build on the lessons of previous reform efforts. No amount of foreign assistance can make for a lack of reform commitment on the part of recipients. Indeed, support in these circumstances can often make matters worse.

But it is not merely African governments that have to make a break with the past. Over the years the region has absorbed many times more official aid and subsidised loans than any other.

Surely, then, if countries in sub-Saharan Africa are now no closer to resolving their problems than they were 20 years ago the providers of development assistance have to take a good chunk of the responsibility.

The new World Bank survey shows sub-Saharan Africa received on average $32 worth of aid per person in 1994. This compares with the $17 per person going to low and middle-income countries in Europe and central Asia, and $6 per head going to south Asia.

The sheer poverty of most sub-Saharan countries guarantees such aid flows will have a deep effect on the structure of their economies. On average, foreign assistance accounted for more than 16% of GDP in the region in 1994. In at least eight countries it accounted for well above 30% of national income.

Some of the assistance has been well used, but — as most now recognise — a great deal has been wasted or, worse, has ensnared countries in a self-perpetuating cycle of dependency.

Breaking out of the cycle will not be easy. Nor, in the short term, can it mean less foreign aid. Official assistance, which now accounts for a mere 27c of every 100 of Organisation for Economic Co-operation and Development GNP, has fallen enough since the early 1990s. It will, however, mean using the money differently, and combining aid with other initiatives focused on the private sector. — Financial Times.

☐ *An article by Stephanie Flanders next week will explore how a turnaround might be achieved in sub-Saharan Africa.*

THE BIG STORY

# No refuge for the millions who suffer

## *UN agency head blames internal conflict for refugee crisis in Africa*

ARG 11/4/97 (1)

AS GUNFIRE CONTINUES TO RIP THROUGH THE SOCIAL FABRIC OF CONFLICT-STRICKEN ZAIRE, SOUTH AFRICA'S CONTRIBUTION TO PEACE EFFORTS IN CENTRAL AFRICA WILL HAVE STRENGTHENED THE RESOLVE OF AT LEAST ONE DISTRESSED YET DETERMINED OBSERVER OF THE BLOODSHED: SADAKO OGATA, UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES. **TYRONE SEALE** OF THE INDEPENDENT FOREIGN SERVICE IN LONDON REPORTS ON HER QUEST TO SUSTAIN HUMANITARIAN AID THERE

The conflict in Zaire is causing the paperwork to pile up on Sadako Ogata's desk.

As United Nations High Commissioner for Refugees since 1991, she has a keen responsibility towards nearly 40 million people who have been displaced within their own countries or become refugees elsewhere as a result of socio-political upheaval or persecution.

In 1996, the UNHCR was protecting not only 13,2 million refugees who had crossed international borders, but also was trying to enhance the protection and material security of 3,3 million repatriating refugees in the early stages of their reintegration, 4,7 million internally displaced people and 4,9 million other victims of conflict.

The global figure of internally displaced persons is unknown, says Ms Ogata, but it is estimated to outnumber the refugee total.

She says that when it comes to delivering humanitarian aid, it is not ideal for her agency to have to call on military protection, as it did in Bosnia and Herzegovina where the UN Protection Force provided cover.

She outlined the challenges facing her oft-maligned agency in a post-Cold War world when she presented the Alastair Buchan Memorial Lecture at the International Institute for Strategic Studies in London.

She dealt straightforwardly with criticism of the work she and her team had tried to perform in the midst of conflict: "Humanitarian agencies cannot always bear the burden of intervention on their own, when indispensable political and security actions are not undertaken.

"Far too frequently I feel we are making up for political inaction."

On the changing nature of conflicts around the world, Ms Ogata said that while the past East-West confrontation had been directly or indirectly responsible for many conflicts in the developing world, this at least brought a certain degree of clarity and predictability to the work of the UNHCR.

"For long periods we protected and helped refugees fleeing from communist regimes, proxy wars and decolonisation conflicts.

"Solutions were envisaged only in relation to regime changes, however remote.

"In the contemporary world, however, the nature of conflicts affecting international peace and security has changed. Rather than nation state warfare, we see more internal conflicts."

She said these conflicts increasingly were ethno-political group confrontations beyond familiar patterns of democracy versus dictatorship, either left or right.

Invariably, they resulted in massive and extremely rapid displacement, both internally and externally.

"After the guns fall silent, as in Bosnia, reconciliation proves to be another battle, an uphill one, rendering early refugee repatriation elusive.

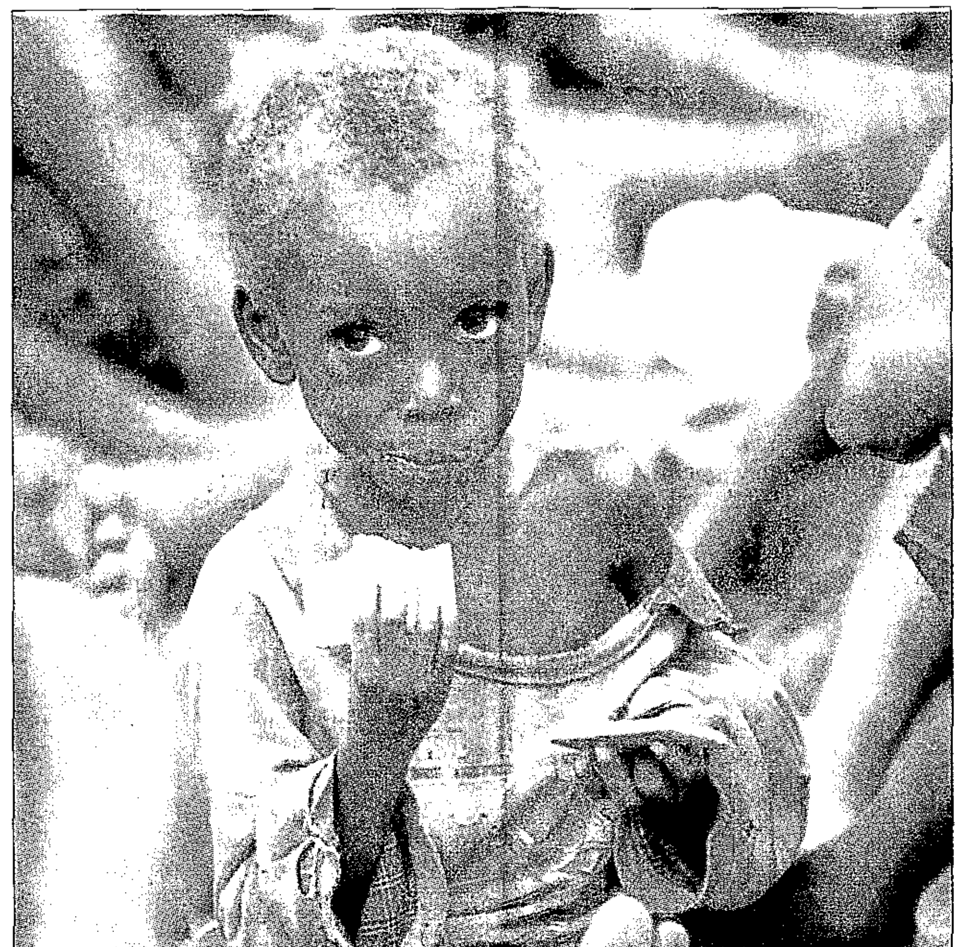
"Let me be frank. We have not established any solid international approach to deal with these increasingly intractable problems.

"Although many lives have been saved, the international response to the mega-crises of the nineties has been mostly selective, ad hoc and improvised, whether the UN or regional multilateral actors were involved.

"I am afraid that the response is too often subject to the vicissitudes of the strategic interests – or their absence – of major powers and countries adjacent to the theatre of conflict."

Against this backdrop, the work of the UNHCR had been expended and diversified and had become far more complex.

According to Ms Ogata, humanitarian action nevertheless had become an important instrument of politics and of foreign policy in particular.



ASSOCIATED PRESS

**Face of hunger:** a Rwandan refugee child eats a high-energy biscuit at a food distribution centre south of Kisangani. *The child's light-coloured hair is a sign of malnutrition*

So, for example, humanitarian negotiations on access, prisoner exchanges or refugee return often helped to build confidence during stalled political talks.

Such action also could help to restore the perception of the United Nations as an even-handed political mediator in situations where their forces had been deployed to keep peace or even threaten to use force.

But she also warned about more worrisome manifestations.

Humanitarian and human rights issues constantly were exploited by conflicting parties and their protagonists to pressurise the other side through the media.

Ms Ogata also expressed concern about the diversion of aid by armed elements who, in many conflicts, were barely distinguishable from ordinary civilians.

She said the predictability of the protection of refugees had evaporated as a result of asylum fatigue, confusion about mixed migratory and refugee movements in rich countries, and the emphasis on adverse consequences of refugee flows in poor countries.

Moves towards democracy and press freedom in Africa, for example, were leading to increasing pressure from domestic public opinion.

International burden-sharing was not working in the industrial world and was insufficiently divided between rich and poor countries.

On ways to deal with humanitarian crises, she said many of today's group conflicts, while ignited by political oppression in the absence of democratic governance, were the product of deeper social inequality and injustice.

If the sense of injustice was generated or manipulated along ethnic or communal lines, disputes might be further aggravated.

Confrontation between leadership groups, such as in Rwanda and Burundi, reflected the lack of a complex mixture of political and socio-economic rights of the greater population.

"The argument in some quarters that economic development, or vast post-war construction, would eliminate the refugee problem, is clearly too simplistic.

She said the prevention and solution of refugee problems required the settlement of political conflicts and the need for military interventions depended on the intensity with which obstructive forces had to be overcome and political or humanitarian aims had to be pursued.

Ms Ogata pleaded for better, integrated approaches to international crisis management.

Humanitarian action, far from being solely a question of international charity, could support peace and reconciliation.

In turn, it depended on political and sometimes military action to end human suffering, both in the short-term during conflict and in the long-term to move closer to peace.

She called for collective action to establish international peace and security.

She said that while the UNHCR's humanitarian presence could have a moderating effect, humanitarian agencies could not provide protection against virulent attacks on the security of people.

Unfortunately, she said, this protection remained in short supply.

# Sub-Saharan plan reflects three vital lessons about aid

**A new US initiative to aid development in the sub-Sahara region is deserving of serious study, says Stephanie Flanders in her second article on the region**

BD 16/7/97 (1)

THE plight of much of sub-Saharan Africa is beginning to get the attention among policy makers that it deserves. But what, precisely, can be done?

Jeffrey Sachs, director of the Harvard Institute for International Development, recently submitted one possible plan of action to the US treasury and members of Congress.

The spirit of the institute's proposals, if not the detail, is in line with the latest conclusions of many African governments as well as academics and long-time development workers. Whether Congress will back the proposals is another matter.

Sachs focuses on the US, although much of the plan relies on, or would be strengthened by, co-operation with multilateral organisations such as the World Bank and donors such as the European Union.

Dubbed A Partnership for Growth in Africa, the plan would involve the US taking the lead in giving selected African countries various kinds of help:

- □ Expanded access to US markets to foster rapid growth of exports, conditional on significant economic reform and trade liberalisation by the recipients;
- □ Rapid write-offs of foreign debt (considerably more generous than the multilateral debt initiative launched earlier this year);
- □ Temporary balance of payments support to help macroeconomic reform;
- □ US corporate tax incentives to stimulate direct foreign investment in the region;
- □ Direct support for basic and applied research in health, agriculture and the environment; and
- □ Help in revitalising and expanding vital infrastructure, especially rural roads and telecommunications.

At first sight, the proposals seem to have much in common with other high-profile efforts to support African development which have been launched repeatedly since the 1960s.

In 1965, the average per capita income in sub-Saharan Africa was 60% of the developing world average; today it is less than 35%. Sceptics are entitled to ask why this new initiative should be any more successful.

The plan reflects three key lessons about development and the effect of foreign aid, only recently fully understood. The first is the central importance to growth of being open to the outside world. Like many other academics in the field, Sachs reckons moving from closed markets to completely open ones can boost the growth rate of the average developing country significantly; by his reckoning, by as much as 2,2 percentage points a year.

Protectionism in sub-Saharan Africa appears to have played a particularly large part in the region's stagnation.

A World Bank study published last year found that domestic trade barriers in sub-Saharan Africa cost the region $11bn a year, equivalent to the total aid to the region from developed countries in 1991.

The second lesson is the need to be selective. It is clear — and this is given strong support by new World Bank research — that aid cannot create the political and institutional conditions for successful changes in policy; it can only exploit them.

Yet this conclusion, however damning, need not be a counsel of despair. Craig Burnside and David Dollar, authors of the World Bank study, note that quite a few poor countries have recently stopped talking about reform and started delivering.

Heavy debt relief and other help could make a huge difference to their long-term success. If only donors would decide to focus more assistance on these countries, and less on places where it is likely to be wasted.

On the same reasoning, the Harvard institute's proposal reckons that only a small number of sub-Saharan countries might qualify tomorrow for the new programme. It lists five possible candidates: Uganda, Ghana, Mali, Malawi and Mozambique.

The third key element of the plan, which tallies with the recent thinking of many African governments, is that this time the support must have a credible time limit. Across the continent, aid recipients and aid providers are more and more aware of the economic and social damage caused by long-term dependency.

Where aid makes up between 15% and 30% of gross domestic product, and 50%, even 75%, of domestic investment, the government is almost a bystander in its country's affairs. Almost every decision, every investment, is either taken by donors or taken with them in mind.

Many programmes are now designed to guard against this problem. But the sheer volume of outside involvement makes it all but inevitable. Countries taking part in the Harvard institute's plan would get short-term support in managing the transition to a pro-growth strategy, but it would be limited to five years.

At the end of the process, foreign aid as we know it will come to an end. Any country which abandons the programme halfway through would lose all direct or indirect assistance, and would not be able to reapply for five years.

Is any of this possible? Believable, even? The US Congress and the parliaments of other major donor countries may not think so. Nor may they think that the chance of encouraging faster growth in Africa merits the estimated $1,4bn a year price tag of the entire package.

With such a long legacy of failure on both sides, it is perfectly possible, likely even, that something close to the Harvard institute's plan will not achieve a dramatic change in sub-Saharan Africa's prospects.

But the evidence suggests it would be a signal improvement on the status quo. In any event, just over one-hundredth of 1% of the combined budget of the governments of the Organisation for Economic Co-operation and Development seems a small price to pay to find out. — Financial Times.

□ *Stephanie Flanders' article on the dangers of economic failure in sub-Saharan Africa appeared on Thursday last week.*

# Africa has bright future in zinc

BD 16/4/97 (1)

BRUSSELS — Africa, a small player in world terms for the production and consumption of refined zinc and zinc products, had a potentially pivotal role to play in coming years, a conference on the metal was told yesterday.

"Africa must be regarded as an emerging market for the 21st century, with significant potential for growth in zinc production and consumption," marketing manager of the Zinc Corporation of SA Limited Hugh Callaghan told the three-day conference, "Zinc And Its Markets", organised by Metal Bulletin magazine.

The continent would account for 2% of world zinc production, consumption and smelting capacity this year and would remain marginal even if everything developed well, Callaghan said.

Its short-term significance lay more in its ability to make good any shortfalls in the metals or concentrates markets.

"There is, we believe, considerable cause for optimism in that the broad-based political movement which has emerged in the Great Lakes region of Africa has a political and economic vision close to that of President Museveni of Uganda.

"Once this movement comes to power, a combination of progressive economic management and democratic government will be underpinned by massive foreign aid and World Bank intervention."

He said Kipushi mine in Zaire's rebel-held Shaba province had great potential, with high grade reserves valued at $6,2bn and a further 25-million tons of zinc contained in mine tailings. There had been reports that creation of a smelter with an annual capacity of 200 000 tons of zinc was under consideration.

The Broken Hill, Maranda and Rosh Pinah mines in SA and Namibia had combined annual output of zinc metal in concentrates of more than 100 000 tons, he said. Rosh Pinah had about 13,5-million tons graded at 6,5% in reserves.

Callaghan said SA and Zaire represented the most likely sources of growth in refined zinc production, whereas west and southern Africa were likely growth areas for consumption of the refined metal.

The problems were primarily economic, political and logistical, he said.

However, one factor that could not be ignored was the relatively more relaxed approach in Africa than in Europe to environmental problems. This would tend to influence the future decisions of smelter operators — in some parts of Europe facing major clean-up bills — on where to set up operations.

"While this paper in no way suggests that a cavalier approach to such matters exists in Africa, or should exist for that matter, restrictive environmental practices are going to play an increasing role in decisions on the siting of smelters in the future," he said. — Reuter.

# NEWS DIGEST

(1)

## Zinc poised to carry Africa into stronger international role

CT(BR) 16/4/97

Africa, currently a small global player in the production and consumption of refined zinc and zinc products, has a potentially pivotal role to play in coming years, Hugh Callaghan, marketing manager of the Zinc Corporation of South Africa, said yesterday at the "Zinc and its markets" conference organised by Metal Bulletin magazine.

"The broad-based political movement which has emerged in the Great Lakes region has a political and economic vision close to that of President Museveni of Uganda. Once this movement comes to power, a combination of progressive economic management and democratic government will be underpinned by massive foreign aid and World Bank intervention," Callaghan said.

He said Africa's short-term significance would lie more in its ability to make good any shortfalls in the metals or concentrates markets. South Africa and Zaire represented the most likely sources of growth in refined zinc production, whereas west Africa and southern Africa were the most likely growth areas for consumption of the refined metal.

The problems, he said, were primarily economic, political and logistical, although Africa's relatively relaxed approach to environmental problems would also be a deciding factor. "Restrictive environmental practices are going to play an increasing role in decisions on the siting of smelters in the future," he said. — Reuter, Brussels

WORLD

# Africa's poor roads lift food costs

BD 17/4/97 (1)

DAKAR — Inefficient delivery systems in Africa cause tons of food to rot without reaching urban areas and, as a result, city dwellers pay high prices for local produce or consume more imported goods.

Experts, gathered in Dakar this week to address the issue of food security in African cities, say with the rapid growth of towns the already fragile infrastructure needed to deliver local produce is crumbling. The cost of inefficient supply and distribution systems is being paid for by African consumers.

"About 70% of the cost of food items in some cities is from marketing rather than production," says UN Food and Agriculture Organisation (FAO) expert Richard Roberts.

The result is that consumers become poorer because their purchasing power drops. Moreover, the local produce loses its competitiveness against imports.

Development efforts in Africa have focused on increasing food production but "we have come to realise more and more of the food that is being produced is being spoilt", says Roberts. He heads the agricultural marketing and rural finance service division, which organised the subregional meeting.

The problem has a direct effect on poverty and malnutrition in urban areas, FAO food co-ordinator Olivio Argenti says.

According to an FAO case study on the deterioration of food delivery to Dakar, 12% of infants aged from one to five are severely malnourishied. The figure has doubled over six years.

This week's meeting represents the first time the FAO has brought together high-level experts and policy-makers specifically to address food security from the point of consumption rather than production. The aim, says Argenti, is to help African governments better "link urban and rural issues into agricultural policy".

Food security means more than just providing food, says Roberts. It has to be delivered "at the right time, in the right form and to the right place".

Many producers and marketers lack basic information about consumption patterns, the availability of storage facilities, transport schedules and space available where their goods can be sold, Roberts says.

Africa's rapid urbanisation has made the problem worse in several ways. As cities expand, surrounding farmland is replaced by new settlements populated by rural people. They, ironically, have often just given up farming to look for more lucrative work in urban areas. In the meantime, the demand for food in the cities grows.

The problem is most acute in Sahelian countries, where much of the land is too arid to farm. In Dakar, whose population doubles every 25 years, the "green belt" around the city is disappearing. Now the food is being transported from hundreds of kilometres away.

The more inefficient and expensive the delivery of local food becomes, the more urban markets open up to imports. This has largely remained true despite high import tariffs and, in the countries of francophone Africa, a 50% devaluation in 1994 of the CFA franc, their common currency, which doubled the price of imports.

Co-ordinator of the Dakar case study Papa Seck says he was "astonished" to learn how many food items are still imported that could be produced within the country. Up to 98% of all milk products are imported, he says.

"Even though the quality is not as good as local milk, it just works out cheaper."

Dakar also imports 95% of its rice, the main staple, even though the French government has invested millions of francs in local rice production while the Senegalese government has imposed taxes of up to 46,8% on imported rice to protect the local product.

The FAO officials co-ordinating this week's meeting stress that bringing the local rice to market is only part of the problem. The quality of production is poor and the irrigation needed in the Sahelian region is expensive.

Also at issue is the lack of a cohesive rice policy with the US. The Senegalese government has been pushed into exporting crops instead of rice, while the French continue to finance the latter.

"We cannot address all the issues of food security at this week's meeting," says Argenti, although he recognises they are interrelated.

To consider the food supply and distribution aspect, the FAO officials have called on agriculturists, nutritionists, economists, geographers and urban planners to meet national and local policy-makers.

The FAO also plans to offer training programmes to the food deliverers and suppliers to help them reduce overheads. — Sapa-IPS.

With the familiar domes of St Basil's Cathedral looming in the background, municipal workers get to grips with the task of repairing bricks and levelling the surface of Red Square in Moscow for the annual Victory Day parade on May 1. Picture: AP

(1)

CT 21/4/97

PILOTS STEER CLEAR

# African airspace 'critically deficient'

**DESPITE SUBSTANTIAL FEES** being levied by countries for use of their airspace, flying safely over Africa is increasingly reliant on pilots' skill and vigilance. **DAN SIMON** reports.

NO fewer than 60 near-miss incidents involving airliners have occurred in Africa over the past 18 months — the most recent being a close call between a Lufthansa jet and an South African Airways (SAA) aircraft.

According to the International Federation of Airline Pilots' Associations (Ifalpa), flights within the most of Africa's airspace are "inherently at risk" and that this risk was likely to increase with the growth in demand for more flights to Southern Africa.

Aircraft flying the north/south route over West Africa pay about $4 000 (R17 800) per flight in overflight fees and navigation costs to the states over which they fly.

The money is intended for the upgrading and maintenance of air traffic control systems in the various states.

But it is the chaotic state of air traffic control systems in much of Africa which has led to Ifalpa declaring African airspace "critically deficient".

Mr Peter Quaintmere, Ifalpa's technical director, said Africa north of Botswana was considered to be the "least safe" place to fly in the world.

Next was South America, followed by large parts of Asia and the former Soviet Union.

Quaintmere said that in the past two years an estimated 300% increase in air traffic between Europe and South Africa had resulted in a series of serious incidents, each with equally serious safety implications.

"Three-quarters of the flight information regions within Africa permit uncontrolled flight in upper airspace, which means that separation between aircraft ... is not provided by air traffic controllers."

As a result, pilots were faced with the choice of attempting to prevent mid-air collisions by either using the International Air Transport Association In-Flight Broadcasting Procedure (IFBP), or avoiding critically deficient airspace.

"Of the two options, pilots use the IFBP. However, the option of avoiding the overflight of critically deficient airspace is now being seriously considered."

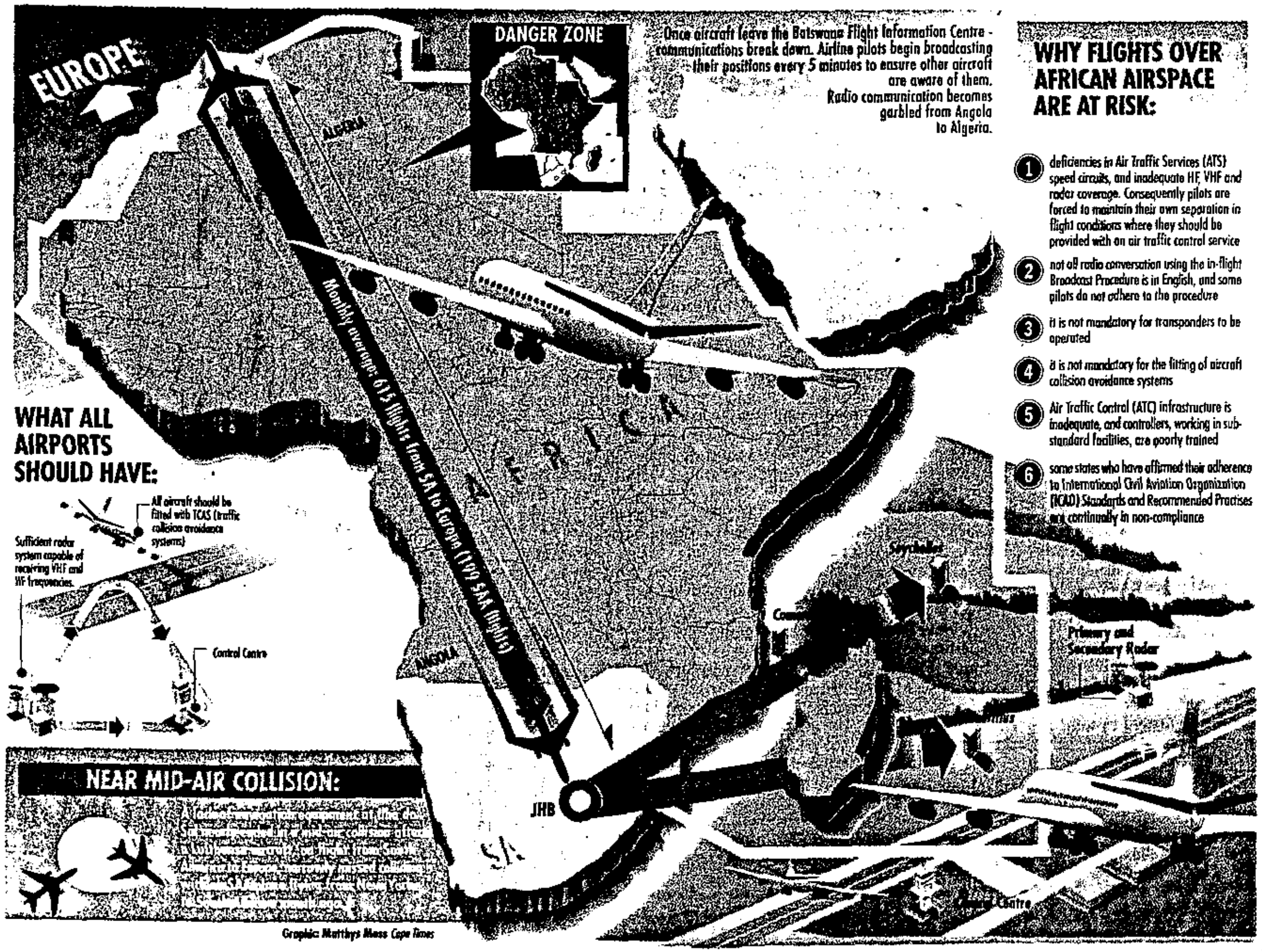
Ms Cathy Bill, the general manager of the Airline Pilots' Association of South Africa (Alpa-SA), said the issues of greatest concern for airline pilots were inadequate communications, inadequate radar coverage, lack of air traffic controller training and proficiency.

"However, each state has sovereignty over its airspace and there is no absolute obligation on the part of a contracting state to comply with the International Civil Aviation Organisation's (ICAO) requirements," she said.

Bill said Alpa-SA and Ifalpa had voiced their concerns to the appropriate authorities, such as the ICAO and the International Air Transport Association (IATA).

"Despite the fact that large sums of money are paid to states in overflight fees, this money is clearly not being used for the purpose intended, that is to provide safe and adequate aeronautical services.

"We believe that the situation in the African region has become untenable and that a collision has been avoided only by the vigilance of the pilots," Bill said.



Graphic: Matthys Moss Cape Times

# African Renaissance has begun, businessmen told

(1) BD 22/4/97

Simon Barber

WASHINGTON — The "African renaissance" had begun, Deputy President Thabo Mbeki told a large group of US corporate chiefs and senior African officials gathered yesterday to focus on investment in the continent.

At the Attracting Capital to Africa conference organised by the US Corporate Council on Africa with backing from the Clinton administration, Mbeki positioned himself before an appreciative audience as a spokesman for the continent.

He also took the opportunity to put in a strong plug for Cape Town's 2004 Olympic Games bid in the hope of attracting promises of sponsorship from the corporate groups which bankrolled the Atlanta games.

Mbeki was speaking after an hour of talks with US State Secretary Madeleine Albright — the second meeting in 10 days — to brief her on SA's United Nations and Organisation of African Unity-backed Zaire mediation efforts.

On Sunday he predicted President Mobutu Sese Seko and rebel leader Laurent Kabila would meet within "days".

Yesterday he predicted Zaire, "perhaps with a new name", would achieve the same kind of democratic soft landing as SA.

He stressed that Africa's "rebirth" was self-generated and built upon lessons from failures.

No one in Africa should be satisfied, he said, until the continent had achieved an overall growth rate of 10%, up from 4% in 1995.

While re-emphasising the need for substantially increased inflows of foreign capital, he said economic reforms needed to "be discussed in an atmosphere that recognises the legitimate interests of the poor".

He also urged his audience to recognise "the importance of our own African business sector ... capable of acting on its own and in partnership with international investors".

There was a poor turnout for a pep talk Mbeki gave African ambassadors on Sunday. Only four envoys showed up. One was from Nigeria.

The envoy heaped almost slavish praise on the deputy president and pledged all possible support for the SA bid.

The conference was to close last night with a gala dinner at which Mbeki and other African heads of state, including Mozambican President Joaquim Chissano and Ugandan Prime Minister Kintu Musoke, were to receive awards from First Lady Hillary Clinton for opening their economies to the global marketplace.

EDUCATION

# Higher education in Africa needs to change

(1) Sowetan 24/4/97

By Nana Rosine Ngangoue

**DAKAR** – Higher education in Africa needs a drastic overhaul to bring it in line with the continent's socio-economic environment and help its countries face up to globalisation, according to experts here.

The need to transform African institutions of higher learning has become crucial now that information and communication technologies are advancing at breakneck speed, added participants at a recent regional preparatory meeting for next year's World Conference on Higher Education.

"Today, higher education in all countries needs transformation," said Frederico Mayor, director-general of the United Nations Educational, Scientific and Cultural Organisation (Unesco), which is organising next year's conference.

"It is imperative to adapt our institutions very quickly to development," Mayor told 200 African academics, politicians and students at the meeting.

Adding that universities had to move away from the principle of teaching people to learn, he said they should be institutions where people learnt to be enterprising.

## New framework

The regional consultation was organised by Unesco with a view to contributing to the definition of a new higher education framework that links quality, relevance and international cooperation.

"The question we have to ask ourselves is whether the university is relevant enough to respond to the needs of the population," said Dioro Ndiaye, a lecturer at Cheick Anta Diop University in Dakar.

"Is it capable of responding to the demand for jobs?

"Unfortunately, we have noted that whenever the students leave the university, they need a little extra something to be competent."

The consensus among the academics and researchers was that most universities in African nations do not satisfy the expectations of their populations.

Unesco figures show that out of every 100 African children who enroll in the first year of primary school – most of them girls – drop out before completing primary education.

> **"The same literacy systems and procedures have been followed and failed"**

Sixty percent of the rest make it to secondary school and only two percent go to university.

According to some experts, the failing of higher education in Africa is linked to past policies. "For years, the same literacy systems and procedures have been followed and have failed," said one participant.

"The aim was to make Africans more literate, but the quality of the education dispensed was not taken seriously.

"Today the accent is no longer on the mass dissemination of knowledge but on quality."

Participants noted that the issue of Africa's universities cannot be seen in isolation from the worldwide trend towards globalisation.

"Globalisation poses two problems, competition and cooperation," said Ousseynou Dia, Senegal's director of higher education.

"Our education has to be both competitive and based on cooperation, which can only be possible if the knowledge produced and disseminated is of good quality and relevant."

This need for relevance led the experts to commit themselves to ensuring that Africa's universities are not simple carbon copies of Western ones.

They noted that African institutions should no longer be mere consumers of imported programmes but should also produce more programmes adapted to their own realities.

"Few African countries have been participating in the debate on mathematical and scientific knowledge," said Senegalese academic Amidou Sall.

"We have to think of mechanisms that foster the development of science and technology, and which enable us to harness them so that we can develop."

However, universities in Africa have been affected by the economic recession some countries go through and by reforms touted as the path to economic wellbeing.

Higher education is one of the sectors worst affected when structural adjustment programmes are implemented, said SK Syamugaye, Zambia's education minister.

He said international donors were partly to blame since "they sometimes refuse to finance higher education programmes".

"We have to be bold enough to condemn the international donors," he added. – *Sapa-IPS.*

# African economic difference

(1) Sowetan 25/4/97

By Steven Moti

EASTERN and Southern African states are set to harmonise their financial practices with those of international standards following the International Accounting Standards Committee meeting held in South Africa this week.

The meeting, held by representatives of the Eastern, Central and Southern African Federation of Accountants (ECSAFA) under the auspices of the South African Institute of Chartered Accountants (SAICA), was to enable ECSAFA delegates to interact with IASC members in order to stimulate economies in the region.

Chief executive of ECSAFA Ken Mockler says: "With regard to standards relating to accounting, auditing, and ethics in Africa, the differences between the standards of the individual countries and international standards have been codified.

"While it has been established that the differences are not great, each country is to inform ECSAFA of its intended course of action to close the gap and ensure that it complies with international standards."

Also identified by ECSAFA as requiring harmonisation are corporate law and education.

Another key topic covered at the meeting was the progress of Competency Based Education & Training (CBET).

"The value of the Technician Accountant is currently being promoted amongst ECSAFA countries," says Mockler.

# Trade to replace aid in US's new scheme

BD 30/4/97 (1)

**Simon Barber**

WASHINGTON — Congress began work yesterday on a new initiative to stimulate "economic self-reliance" in Africa by promoting trade with, and investment in, the continent in place of the traditional aid programmes.

But the plan's single most concrete element — to give African textile and clothing exports quota-free access to the US market until 2005 — came under immediate attack from US industry, and received only lukewarm support from the Clinton administration.

Other facets of the initiative, known as the African Growth and Opportunity Act, include a call for the administration to draw up a long-term plan for creating a US-sub-Saharan free trade area, and to establish an interim cabinet-level US-Africa economic forum.

The legislation would create also two new funds under the aegis of the US government's Overseas Private Investment Corp.

One, capitalised at \$150m, would invest in African equity. The second, at \$500m, would focus on infrastructure projects.

Benefits of the plan would be targeted at countries deemed to be committed to economic reform and to opening markets to US trade.

In addition to the textiles measure, the legislation envisages an expansion in the range of products African countries can export to the US duty free under the US generalised system of preferences "subject to an import sensitivity analysis".

The House ways and means committee, which oversees US trade policy, held its first hearing on the bill, which in concept, at least, has strong bipartisan support, including the enthusiastic backing of House Speaker Newt Gingrich, who put in an unusual appearance to root for the bill.

He was followed by US Trade Representative Charlene Barshefsky and Deputy Treasury Secretary Larry Summers, who supported the thrust of the legislation but said the administration was already working on similar initiatives of its own.

These included strong backing for the cancellation of the concessional bilateral debt of Africa's poorest countries, and for the World Bank and IMF to provide "maximum" debt relief under the Heavily Indebted Poor Countries initiative. Summers said the World Bank and IMF had responded positively to a call last week by Group of Seven finance ministers for a "reinforced strategy" to target increased lending to countries where "bold structural reforms, such as trade sector liberalisation, result in greater financing requirements".

The American Textile Manufacturers' Institute did not mince its words. Noting that nearly every beneficiary country maintained "insurmountable barriers" to US exports, the institute called the plan "a one-way street, a handout, a giveaway".

It warned that established manufacturers would not set up plant in Africa, but simply route their exports through African countries to circumvent quotas "on a scale never before seen".

SA ambassador Franklin Sonn was one of several African ambassadors who testified on the bill at yesterday's hearing.

He was generally enthusiastic, but raised concerns that the "performance criteria" that would determine countries' eligibility for assistance under the bill might be too stringent in some cases. He urged that the plan not become an excuse for cutting existing aid flows.

WORLD

# New co-operation agreement signed

BD 30/4/97 (1)

ARUSHA — The presidents of Kenya, Uganda and Tanzania agreed yesterday to abolish double taxation for their nationals and to establish an East African passport and flag.

Presidents Benjamin Mkapa of Tanzania, Daniel arap Moi of Kenya and Yoweri Museveni of Uganda signed the agreement in the northern Tanzania town of Arusha.

The agreement comes into effect after publication in the three countries' official gazettes.

The agreement marks another step towards restoring co-operation that existed under the East African Community, which collapsed in 1977, largely due to political differences among the leaders of the three countries — Julius Nyerere, Jomo Kenyatta and Idi Amin.

Mkapa, Arap Moi and Museveni yesterday praised the agreement and expressed faith it would hold.

"This event marks the transition of our vision of the co-operation into a comprehensive action programme," Arap Moi said.

He said had the East African Community not collapsed, the region would have made tremendous achievements in various sectors.

"This time the regional co-operation will succeed because of the unity among its people," Museveni said.

Mkapa said increased co-operation could make East Africa "a destination for foreign investment".

"We shall co-operate to create a modern road network and a modern telecommunications system that will facilitate integration of our economy."

The taxation agreement is designed to benefit wage earners living in the three countries. At the moment, nationals of the three countries are required to pay tax at home and in the country where they work.

Under the agreement, the three countries are required to amend existing tax laws.

The new East African passport, whose blue cover symbolises Lake Victoria, which all three countries border, was aimed at making travel between the three countries much easier, said state-owned Radio Tanzania, which broadcast the signing ceremony live.

The passport is expected to cost less than national passports, which Kenyans, Ugandans and Tanzanians still need to travel outside the region.

The new flag, a combination of the three countries' national colours, is a symbol of the new East Africa co-operation arrangement.

The three nations have already established a secretariat in Arusha to co-ordinate co-operation efforts. The former East African Community headquarters were also in Arusha.

In the old East African Community, Kenya, Uganda and Tanzania shared a common currency, postal system and airlines. — Sapa-AP.

# E African nations strengthen ties

Star 30/4/97 (1)

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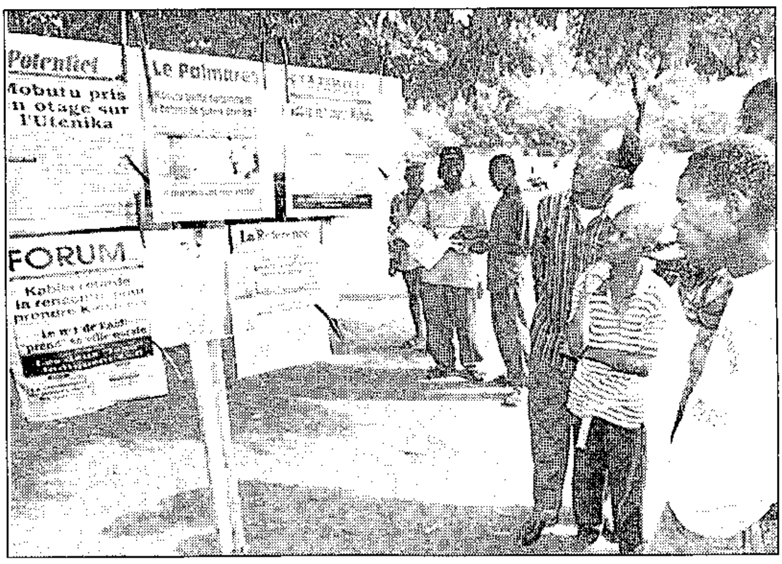
# Africa's prosperity lies in technology

Sowetan 5/5/97 (1)

By Mongameli Jabavu

## Now the continent has to adapt to the era of communication and information




**Zairean citizens reading pasted newspapers in the streets of Kinshasa. Africa is being left behind in acquiring new communication and information technology. It has fewer computers and telephone lines than the state of California.** PIC: AP

THE continent of Africa is one of the largest in the world. It accounts for more than 7 000 million of the world's population, with a surface area of 30 313 000 square kilometres.

Despite its vast potential, Africa continues to experience natural and manmade disasters.

Its medical infrastructure remains the most underdeveloped and its inability to deal with disasters puts it at the top top of the world's death-ridden areas.

Furthermore, the lack of communication and information technologies exacerbates its inability to deal effectively with the plagues that continue to haunt the people of Africa.

In modern societies, communication and information serve as platforms that support social interaction, education, health services, government services and business relations.

The New Communication and Information Technologies (NCITs), satellite broadcasting, telecommunications and the Internet all promise to empower our nations with much-needed knowhow and information to deal with their environments.

The next six to 12 months will bring to Africa technological changes that it must grasp to prosper.

The era of communication and information is surrounded by hopes and fears. The advancement of communication and information technologies is seen by many as a lever to strengthen the development of society and societal relations.

There is also the Utopian view held by NCIT enthusiasts that the new technologies will lead to a much more stable and equitable society, and that the NCITs will make information available to everyone.

The opposite scenario is that of pessimism. The pessimists regard the NCITs as signs of decay in the capitalist economy and of the world in general.

In other words, the NCITs cannot be the only measures for stability and equality as long as hunger and want continue to ravage our continent.

These two opposing views about new technologies have remained antithetical opinions since the Industrial Revolution. The two schools of thought will continue to underpin our cultural traditions and changes for the foreseeable future.

### Democratic institutions

Africa must take stock of these arguments and decide what is best for its citizens.

No doubt African societies need the expertise that the NCITs provide if they are to strengthen their democratic institutions and improve the lives of African people in general.

Practical steps must be taken to free the flow of communication and information, and involve African citizens in the process of governance.

If Africa's history is anything to go by, where a few of the elite monopolised the institutions of education, government, health and knowledge, the present epoch calls for an enlightened leadership that knows that to deny people access to communication and information is a denial of freedom, to say the least.

One can only hope that the new elite will use its know-how and ability to procure the NCITs to close the gap between the information-rich and the information-poor.

African leaders must therefore have a vision of what economic, social and political influences the NCITs will have on the continent. The quality and importance of Africa's human resources must take precedence as the quality and importance of Africa's natural resources steadily diminish.

Obviously, the condition to take part in the NCITs revolution calls for Africa's investment in education and training.

Furthermore, the size and quality of Africa's workforce, its human and intellectual capital, will determine the extent to which Africa will influence the direction of the NCITs.

But we have to keep in mind that information poverty is likely to persist due to unemployment and lack of access to technology, lack of good-quality telephone lines and affordable telecommunication costs.

For example, information analysts in London could be aware of a scheme to minimise the effects of global warming on African crops before some Africans find out about it, inform people and start a debate on its implications.

In many respects, the North-South flow of information will continue for many years to come because of the use of the English language and the availability of technology, which is much less accessible and much more expensive in the South.

Until Africa begins to manufacture its own computer hardware, it is difficult to foresee how Africa will avoid being the dumping ground for obsolete technologies.

Those countries of the South who are still experiencing the industrial gap will find it difficult to enter the "Information Age" as equal partners. (Although South Africa stands to benefit from the "Information Revolution", the fall of the rand compared to the US dollar and British pound puts South Africa in an unfair position.)

### Poor infrastructure

For example, there are fewer computers and telephone lines in Africa per person than the state of California alone.

More than half of the connected computers in the world are in the US, while only about 10 African countries are directly connected to the Web.

Telephone tariffs in Africa alone restrict the access to telephone lines in a continent already hard-hit by poor infrastructure. The high cost of connectivity and tariffs will make it difficult for people to access the Internet.

However, Africa stands to gain from the "Information Revolution", especially the Internet, as it stores vital information. The problem of the "brain drain" will be halted if the Internet allows research students to stay in daily contact with the best authorities in their fields.

If infrastructures are developed and made available, and costs brought down, scholars from the South nations will no longer have to leave for overseas countries in pursuit of their chosen fields.

### Cultural imperialism

What is apparent, though, is that developing countries have a lot to work out as the electronic communication and information technologies become more and more revolutionised.

Will the nations of the North dominate the electronic age? Should cultures and governments in the South fear a new form of cultural imperialism, or should they welcome the chance to make their voices heard?

These are the issues that continue to worry the financiers, economists, politicians and intellectuals of Africa.

Another concern in Africa's quest for NCITs is the under-representation of women, both as technicians and users of most computer networks.

Years of bias in the education of women have distorted the whole picture, and remain a stumbling block to the empowerment of women.

Companies will have to create environments in which the training of women must take place.

The NCITs can only be said to work when the majority of the people have access to them and are able to use them to influence their environment. In other words, technologies are nothing in themselves. In these last few years of the 20th century, the African continent must strive to make its cultures available on the Internet. Cultural access and availability create the need to communicate better cross-culturally.

The Internet must not be a place where Africans go to find information; it must also be a place where Africa makes it own cultures available.

*(The writer works for Channel Africa, the external service of the SABC.)*

# Africa waits in vain for major firms to tap its oil

JAN RAATH (1) ARG 6/5/97

**Harare – With the Cold War gone, the African continent's governments embracing markets instead of Marx, and large untapped sources of oil and natural gas, one would expect the world's major oil companies to be elbowing each other out of the way to be first on Africa's doorstep.**

But it's not happening. Uganda has proven sources of oil with sites next to Lake Albert where the black liquid seeps to the surface. The area was split up into four exploration fields and offered to the market, but only one has been taken up.

Nigeria, which is a member of Opec and a representative member of big league oil producers in the world with 94 million tons in 1995, stands in stark contrast to other major producers by the absence of almost any oil refineries or other downstream industries from which the economy might benefit. The oil is pumped up and pipelined straight on to waiting tankers for other countries to reap the advantage.

An international conference was held in Harare recently on the oil trade in Africa. It was meant to be a point of contact for top officials in Africa's state oil administrations and the big trans-national finance and trading houses on which the world oil industry depends.

A handful of European companies came, one US representative, and none from the Far East which is becoming an indispensable centre for the oil trade.

"It's not very good news for Africa that these people didn't come," says Nick Black, editor of Petroleum Argus, which publishes oil industry newsletters in London.

Africa had its chance in the 1950s and 1960s when the oil industry was booming on the back of the the post-World War II surge in the West's economies.

But Africa was in the turmoil of independence and oil firms were among the mass of multinationals to have their assets seized and nationalised. "They threw out the oil companies. Africa threatened the survival of the oil majors," said Mr Black.

But now as Africa structurally adjusts and deregulates in the hope of catching some of the investment capital of the industrialised world, the oil majors have undergone a change.

After oil price collapses and world recessions, "they aren't in an expansionist mood any more, and it's questionable if they will be ever again", Mr Black says.

Africa's mix of problems – rampant corruption, unstable political regimes and moribund economies are too much of a risk. – Sapa-AFP

# East Africa pact ends double taxation

CT(BR) 6/5/97 (1)

**CHANDER MEHRA**

Nairobi — Kenya, Uganda and Tanzania signed a pact last week to end double taxation whereby a citizen of one country working in another had been taxed by both.

The agreement, signed by the East African Tripartite Commission, removed taxation on earnings, gratuities and income from the sale of property acquired in the country of employment.

The finance ministers of the three states signed the pact on the eve of a summit between the presidents of Kenya (Daniel arap Moi), Uganda (Yoweri Museveni) and Tanzania (Benjamin Mkapa), which took place on April 29.

It was hoped the agreement, signed in terms of the East African Co-operation, would help to facilitate greater economic links between the three countries..

The meeting between the heads of state was likely to approve a common East African passport and a regional flag. The double-taxation pact came into effect immediately, although officials said the three governments must first publish it in their respective gazettes.

The tax agreement was likely to benefit all wage earners who worked in one country while being citizens of another. It covered income earned from the sale of vehicles, furniture and real estate. Any gratuity would be taxed in the country where the money was received. The new dispensation would require amendments to the respective countries' tax laws.

The commission consisted of the three countries' transport, communication, trade, industry, planning, home affairs, finance, energy, tourism, wildlife, social, cultural affairs, law and environment and natural resources ministers. — Independent Foreign Service

# Africa attracting (1) little investment

Sowetan 7/6/97

DIRECT foreign investment in Africa amounted to R90 billion in 1996, representing 4,8 percent of the formation of capital and 10 percent of gross domestic product, data from the United Nations Conference on Trade and Development (UNCTAD) shows.

Overall foreign direct investment in Africa remained weak and this was "worrying", UNCTAD said.

Between 1991 and 1995 Africa had attracted only 5 percent of the total investment in developing countries, and 2 percent of the total throughout the world.

Most of the investment was concentrated in a few countries: Nigeria and Egypt accounted for more than half of the total.

Morocco had been the third main recipient during the five-year period, accounting for R2 250 billion.

The least-developed African countries had received only 20 percent of such investment in Africa during the last 20 years.

Two thirds of this had gone to the oil industry in Angola and to investment in shipping under Liberia's flag of convenience.

Most of the investment had come from French and British companies. The rest had come from the United States.

But countries in Southeast Asia were showing growing interest in Africa, UNCTAD said.

In 1996 the Malaysian state company Petronas had invested R1 962 million in a refinery in South Africa and Telekom Malaysia, allied with SBC International of the United States, had taken 30 percent of Telkom in South Africa.–*Sapa-AFP*

# OAU warns African rulers

(1)

Sowetan 7/5/97

**ABUJA** – The Organisation of African Unity (OAU) sounded a note of warning yesterday to African dictators and military rulers on their continued stay in power, stressing that forced leadership is becoming an anachronism in the continent.

Speaking in military-ruled Nigeria, OAU secretary general Salim Ahmed Salim told reporters Africa was going through an irreversible process of transition which would make it difficult for dictators to continue in office.

Salim, who was in the capital Abuja for the maiden African First Ladies' Summit on Peace, said: "We believe strongly that this continent is now going through a process of transition to a democratic dispensation.

"African nations are now free from colonial rule, but some are still under military rule. Our objective is to get to the point where all governments will be subject to the will of the people."

He said: "It is important to create a situation where it will be difficult for the military to take over power anywhere in Africa."

The secretary general added that it was important that Nigeria return to democratic rule.

Salim admitted that an OAU rule banning interference in other nations' domestic affairs was no longer appropriate as Africa's conflicts worsened.

He said many Africans had in the past relied on this clause to commit atrocities in their countries.

For two days beginning yesterday, presidents' and monarchs' wives were to discuss refugees, health and social empowerment of women. The meeting was sponsored by the OAU, the Economic Commission for Africa and the Abuja-based Secretariat of First Ladies Peace Mission.

Addressing the opening session, Nigerian dictator Sani Abacha said Africa had suffered hardships through destruction of lives and property, social and economic dislocations and environmental degradation. – *Sapa-DPA.*

# Trend in Africa's investment pattern altering — Unctad

(1) BD 8/5/97

ADDIS ABABA — A new trend in investment patterns has emerged on the continent as companies begin to flow out of their own national borders into other African countries.

Transnational corporations, especially from SA and Nigeria, are the main players in intraregional foreign direct investment, according to the Fifth World Investment Directory of the United Nations Conference on Trade and Development (Unctad).

The report was released in the Ethiopian capital on Monday, ahead of the Economic Commission of Africa (ECA) conference of African ministers responsible for economic and social development.

Accelerating trade and investment on the continent is the major theme of the four-day conference.

These investment flows have also been supplemented by an upsurge in investment from southeast Asian countries, notably Malaysia, and give credence to south-south investment.

"Although they are very small, companies are now investing outside their borders as a large number of African countries remain bypassed by world investment," says Unctad international trade division head Jagdish Saigal.

In 1994, about $25bn flowed from companies on the continent into other African countries. According to Unctad, this "... demonstrates that even in developing countries, companies no longer look to domestic markets as sources of expansion".

Since the dismantling of apartheid in 1990, SA retail, brewing, satellite television and tourism firms have moved into neighbouring nations like Botswana, Lesotho, Swaziland, Tanzania and Zambia.

Notable examples are investments by SA Breweries into Botswana, Lesotho, Tanzania and Zambia and by the country's largest retailers, Pepkor, into Zambia and Mozambique.

Between 1990 and 1994, foreign direct investment outflows from SA averaged $193m annually, even surpassing inflows. In the same period, on average, $62m flowed into that country each year.

Continuing measures to gradually lift all currency controls on residents in the future are set to enhance outward foreign direct investment from what is sub-Saharan Africa's biggest economy.

**Economic accords**

Intraregional investment is also taking place in North Africa, and facilitated by several economic accords such as the 1989 Mahgreb agreement between Algeria, Libya, Morocco, Mauritania and Tunisia.

"All African countries, for which data are available, have experienced an increase in outward investment during the last decade, indicating the development of domestic firms in several countries in the region," says the Unctad report.

"In the past, nationalisations largely prevented the development of indigenous entrepreneurship and dynamism necessary for the development of firms that can pursue international investment activities abroad," says the report.

Few African countries however, collect data on outward flows investment, therefore the existing picture is very incomplete.

"If you take the Mauritian experience, you find many small transnational corporations from other developing countries such as India, but you also see that Mauritius is investing in other African countries," says Victor Shangiro of the ECA.

Africa's share of foreign direct investment in world terms remains minuscule. Between 1991 and 1995, Africa received 2% of the total global foreign direct investment and 5% of total flows of such investment into developing countries.

The foreign direct investment for last year was $4,5bn, with Egypt and Nigeria accounting for more than half of this.

"Africa should be receiving much more foreign investment than it currently does, given that the average return of investment in the region is either considerably higher or compares favourably with other regions," says Ken Kwaku of the World Bank.

However because of adverse locations, poor infrastructure, low labour productivity, governance problems, red tape, ineffective promotion and a negative media image, investors continue to shy away.

The arrival of southeast Asian companies on the scene, however, may be a positive development for the continent.

Last year, the Malaysian company Petronas announced a $436m investment in the SA oil concern Engen, while this year Telkom Malaysia completed a joint-investment with US-based SBC International for a stake of $1,3bn in SA telecommunications. — Sapa-IPS.

# Investment in Africa diversifying, says UN

ARG 8/15/97 (1)

**United Nations – Foreign investment in Africa is beginning to diversify from oil and mining into areas such as finance, manufacturing and textiles, according to a United Nations' report.**

"New investors are emerging, especially from south-east Asia," said Georg Kell, New York liaison for the UN Conference on Trade and Development.

"Some African firms, especially from South Africa, are themselves emerging as investors in other African countries."

But compared with other parts of the world, overall foreign direct investment by private companies in Africa remained low, according to the World Investment Directory on Africa report.

Africa attracted only 5 percent – or $4,5 billion – of the private, foreign investment flows to developing countries in 1996, and 2 percent of the overall flow around the world, according to the study.

Most African investment continued to occur in a few countries, particularly those that were rich in oil, the report said. Egypt and Nigeria, both oil-exporting countries, attracted more than 50 percent of the foreign direct investment to Africa during the first part of the 1990s, Mr Kell said.

*'Compared to other parts of the world, overall foreign direct investment by private companies in Africa remains low'*

Overall, oil-related investments in Africa accounted for about 70 percent of all investments in the mid-1990s, down from about 90 percent in the 1980s.

"That's an indication that other interests, not only oil interests, are relevant for investments," he said.

"In the 1980s investment was exclusively driven by the oil business."

The report did not address the effects of political instability in some African countries.

Of the 53 African countries in the report, "it's just only a few countries that are facing a conflict situation," said Abraham Joseph, senior affairs officer for the UN New Agenda for Africa development programme.

"The majority of African countries are peaceful," Mr Kell said.

Africa received more investment from Western European companies, led by those in France and Britain, than from any other region, the report said.

Mr Kell urged more US and Japanese investment and noted that over the past few years, south-east Asian firms had begun to take an interest in the continent, particularly South Africa.

Malaysia accounted for about half of total foreign inflows to South Africa in 1995, the report said.

Asian investors were also interested in neighbouring countries like Botswana, from where they could produce at low costs and export cheaply to South Africa.

Liberalisation of trade regulations and economic agreements between countries had allowed some African nations to invest in other African countries, Mr Kell said.

South African Breweries had expanded into Botswana, Lesotho, Swaziland, Tanzania and Zambia, and Pepkor had invested in Zambia and Mozambique. – Sapa- AP

INVESTMENT (1) CT(BR) 8/5/97

## World financiers still shun Africa

Direct foreign investment in Africa amounted to $4,5 billion last year, representing 4,8 percent of the formation of capital and 10 percent of GDP, data from the United Nations Conference on Trade and Development (Unctad) showed yesterday.

Overall direct foreign investment in Africa remained weak, and this was "worrying", the Unctad said. Between 1991 and 1995 Africa had attracted only 5 percent of total investment in developing countries and 2 percent of the total throughout the world. Most of the investment was concentrated in a few countries. Nigeria and Egypt had accounted for more than half of the total. Morocco had been the third main recipient.

The least-developed African countries had received only 20 percent of such investment in Africa during the last 20 years. Two-thirds of this had gone to the oil industry in Angola and to shipping in Liberia. — *Sapa-AFP, Geneva*

# Africa expands investment

(7) Sowetan 8/5/97

A NEW trend in investment patterns has emerged on the continent as companies begin to flow over their own national borders into other African countries.

Transnational corporations (TNCs), particularly from South Africa and Nigeria, are the main players in inter-regional foreign direct investment (FDI), according to the Fifth World Investment Directory of the United Nations Conference on Trade and Development (Unctad).

The report was released this week ahead of the Economic Commission of Africa (ECA) conference of African ministers responsible for economic and social development. Accelerating trade and investment on the continent is the major theme of the four-day conference.

This flow of investment has also been supplemented by an upsurge in investment from Southeast Asian countries, notably Malaysia, and give credence to South-South investment.

### World investment

"Although they are very small, companies are now investing outside their borders as a large number of African countries remain by-passed by world investment," says Jagdish Saigal, who heads Unctad's division of international trade.

In 1994 some R111,25 billion flowed from companies on the continent to other African countries. According to Unctad, this "demonstrates that even in developing countries and companies no longer look to domestic markets as sources of expansion".

Since the dismantling of apartheid in the '90s, South African retail, brewing, satellite television and tourism companies have moved into neighbouring countries such as Botswana, Lesotho, Swaziland, Tanzania and Zambia.

Notable examples are investments by South African Breweries into Botswana, Lesotho, Tanzania and Zambia and by one of the country's largest retailers, Pepkor, into Zambia and Mozambique.

Between 1990 and 1994, FDI outflows from South Africa averaged R858,85 million annually, even surpassing inflows. During the same period, on average, R275,5 million flowed into that country each year.

Ongoing measures to gradually lift all currency controls on residents in the future are set to enhance outward FDI from what is sub-Saharan Africa's biggest economy.

Inter-regional investment is also taking place in North Africa, and is being facilitated by several economic accords such as the 1989 Mahgreb agreement between Algeria, Libya, Morocco, Mauritius and Tunisia.

"All African countries, for which data are available, have experienced an increase in outward investment during the last decade, indicating the development of domestic firms in several countries in the region," says the Unctad report.

"In the past, nationalisation largely prevented the development of indigenous entrepreneurship and dynamism necessary for the development of firms that can pursue international investment activities abroad," it adds.

Few African countries however, collect data on outward flow investment, therefore the existing picture is very partial.

"If you take the Mauritian experience, you find many small TNCs from other developing countries such as India. But you will also note that Mauritius is investing in other African countries as well," says Victor Shangiro of the ECA.

### Regional integration

According to Shangiro, while a lot of initiatives to assist regional integration have been propelled by governments, the private sector is beginning to play an active role.

Africa's share of FDI in world terms remains minuscule. Between 1991 and 1995, Africa received two percent of the total global FDI and five percent of total FDI flows into developing countries.

The FDI for 1996 was R20 billion, with Egypt and Nigeria accounting for more than half of this.

Ken Kwaku of the World Bank believes that Africa should be receiving much more foreign investment than it does, but adverse locations, poor infrastructure, low labour productivity, governance problems, red tape, ineffective promotion and a negative media image, continue to make investors shy away. – *Sapa-IPS.*

# Do we really know Africa? (1)

M+G ~~(...)~~ 9-15/5/97

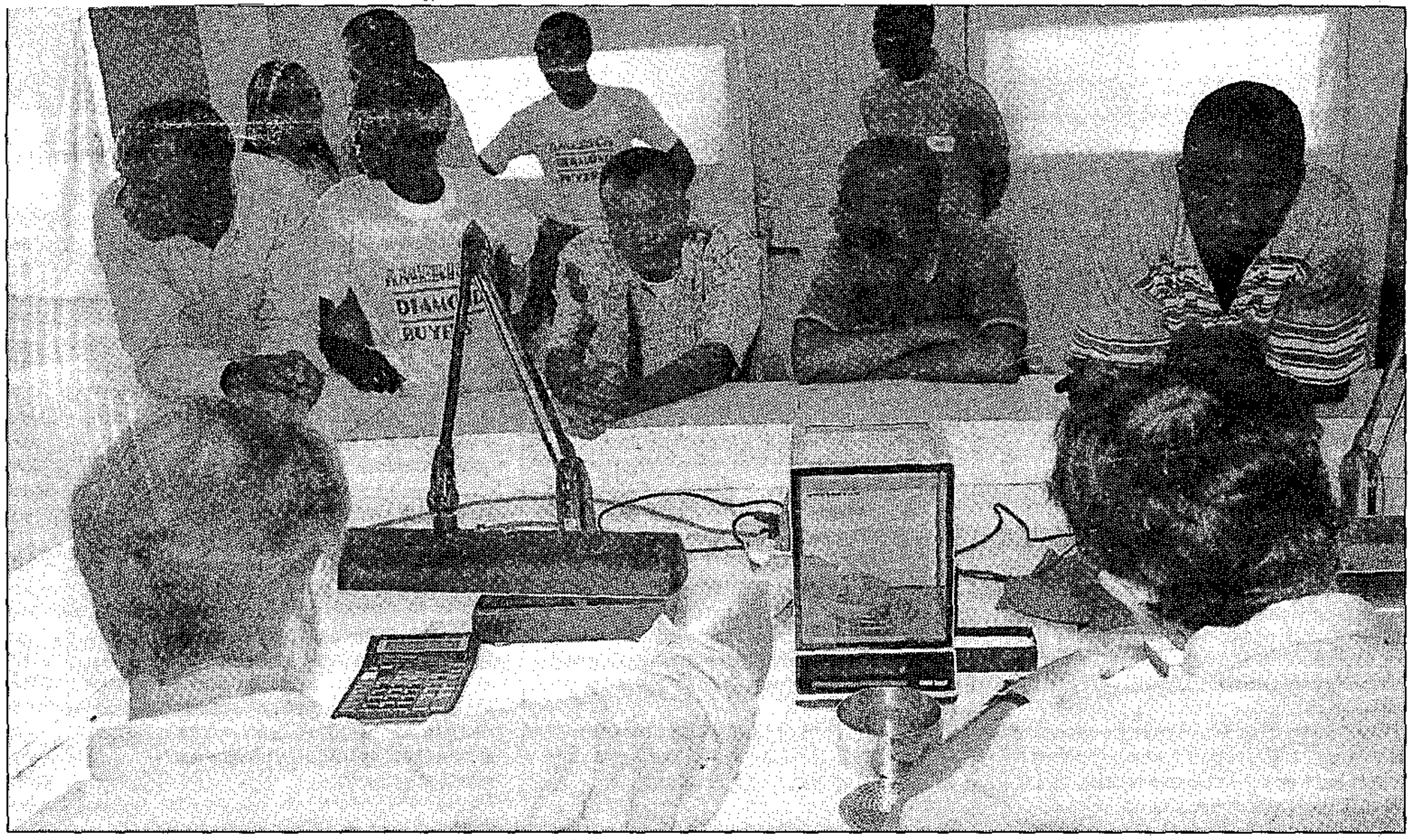
**South Africa should get to grips with how Africans are coming up with solutions to the challenges of life, writes Stephen Ellis**

WHITE South Africa spent 40 years doing its best to keep the rest of the continent at arm's length, but reality finally intruded. Since 1994, South Africa has not only become a democracy, but has joined the Organisation of African Unity and ceased to be the outcast it once was.

So do South Africans like what they find in the rest of Africa, now that they have made friends with it at last? Many South Africans, and not just whites, give a fair impression of thinking that big problems start at the Limpopo: Aids, civil wars, massive corruption and all the rest. Above all, immigrants come from north of the Limpopo. There are plenty of tired clichés about the breakdown of formal government in most of Africa, but, unfortunately, many of them are not just figments of the imagination.

Important things are happening throughout the continent — not all of them bad, by any means. South Africans have to live with these developments, whether they like it or not. The first post-apartheid government could certainly do with a more thoughtful African policy, particularly if it is going to give some substance to Deputy President Thabo Mbeki's remarks about an African renaissance.

But this is not just a problem which can be left to the government. It concerns every South African, since whatever happens north of the border will make itself felt south of it too. Thinking about the rest of Africa makes South Africans nervous.



Business as usual: An American diamond buyer at work in Kisangani PHOTOGRAPH: ERIC MILLER/I-AFRICA

Let us take Zaire, since it happens to be in the news. That country has about 45-million people, of whom 23-million are economically active. Only 400 000 of them have formal jobs in the private sector. There are about 420 000 civil servants, but since nobody pays them most of the time, they can hardly be said to have real jobs. The armed forces are somewhere between 65 000 and 80 000 people, but no one pays them most of the time either. They don't get paid because Zaire doesn't really have a government at all, at least not in the way we would normally understand it. Nor do quite a few other African countries, some of them closer to South Africa's borders than Zaire.

So, are Zaireans all pathetic, starving beggars? Not at all. Zaireans trade, trade, trade, and more than you might imagine they actually thrive on it. Operators on major markets in Zaire are in daily contact, via satellite-telephone, with traders on the massive Zairean market in Brussels. This is the nerve centre for trade with the Zairean communities in Moscow, Hong Kong and Abu Dhabi. There are markets in Kinshasa and Kisangani which, although unofficial, are fully globalised. Marketeers know the latest Antwerp price for diamonds and the exchange rate of dollars, and charge accordingly.

Since formal government has more or less disappeared, people have found other means of getting along together most of the time — which is what governments are really supposed to be for. The leading local businessmen often get together with other local dignitaries — a couple of bishops, perhaps a chief — and together raise the money to pay the local army commander. He can then pay his soldiers, which stops them looting. They may even get to defend the local community against bandits.

**Zaireans trade, trade, trade, and more than you might imagine, they thrive**

While the official government stopped working years ago, there is an unofficial government which does work better than you might expect. This state of affairs is not going to change if Laurent Kabila becomes president of Zaire, since there isn't a functioning civil service to inherit, and he won't be able to set one up from scratch.

So one of the biggest problems posed by a country like Zaire is knowing who to talk to about business or diplomacy. If the official government isn't worthy of the name, and can't control events outside the capital, or even inside the capital city, then there's not much point in signing a diplomatic accord or a contract with it. But Zaire is too big to ignore, and there are major business deals to be done there, so a way has to be found to make durable agreements and deals. This is where South Africans need to think hard about how to deal with a place like Zaire. In any case, some typical Zairean solutions to the problems of life also occur in South Africa. But official South Africa sees them as a problem or a threat, most of the time.

This is the way things are being done in Africa, increasingly. There is little serious evidence that the continent is on the verge of solving what the World Bank calls its problems of governance with a few more structural adjustment programmes here and a couple of trained accountants there. The problem goes much deeper than that. Africa, the colonised continent, is at last getting to grips with its deepest historical traditions. Perhaps South Africans need to think about this if they are to feel at ease in the new Africa.

Stephen Ellis is a senior researcher at the African Studies Institute, Leiden University, the Netherlands, and a former editor of Africa Confidential

# US rivals join forces to spur growth of trade in Africa

(1) ARG 12/5/97

RICH MKHONDO
WASHINGTON BUREAU

**Rival American politicians have joined forces to draft legislation and policies aimed at spurring trade and economic development in sub-Saharan Africa.**

Republican leaders headed by US House Speaker Newt Gingrich have backed their Democratic opponents led by Jim McDermott in drafting a bill to create a free-trade zone between the United States and sub-Saharan Africa, a region that includes 48 countries and 650-million people.

"We have an emotional and psychological bond to Africa unlike any developed country in the world," Mr Gingrich earlier told members of the House Ways and Means Committee, which is drafting the legislation.

South Africa and Nigeria combined were the predominant markets in sub-Saharan Africa for 62 percent of US exports.

US Trade Representative Charlene Barshefsky said: "In an increasingly competitive global economy, the US cannot afford to neglect a largely untapped market of some 600-million-plus people, and the world cannot afford to see a vast region marginalised."

Investment and trade analysts said that South Africa, already the biggest trading partner of the US in the region, would reap the most benefits.

Trade between South Africa and the US had been increasing since 1994, according to the US Department of Commerce.

Now America's Africa Growth and Opportunity Act of 1997 would expand the General System of Preferences programme, which allowed goods from poor countries into the US duty-free.

It would eliminate quotas on textiles and apparel from Kenya and Mauritius after those countries adopted a visa system to guard against routing their goods through other nations to avoid quotas.

The fact that the Africa Growth and Opportunity Act had been supported by Mr Gingrich, Republicans, Democrats, President Bill Clinton's administration and the black community assured approval by the US Congress before the summer recess in August.

Charles Rangel, a New York Democratic Party congressman, has thanked Mr Gingrich and his colleagues for "championing free trade and for embracing a measure that will help my fatherland."

All sub-Saharan ambassadors supported the bill.

"The commission has brought the respective administrations and private sectors into a close working relationship to the benefit of all," said Franklin Sonn, South African ambassador to the US.

# Drive to escalate pan-African trade

① (3A) A Sowetan 15/5/97

**By Isaac Moledi**

TRADE among Africans represents only two percent of the total investment taking place on the continent, African Business Round Table (ABR) executive secretary Dr Karamo Sonko has said.

Despite the increase in investment patterns in African countries reported recently by the United Nations Conference on Trade and Development (Unctad), Sonko argues that the increase is not reflected in trade between African countries.

He notes that overall direct foreign investment by private companies in Africa still remains very low, adding that more than 95 percent of trading in Africa is done with countries outside the continent.

According to the Unctad report released last week ahead of the Economic Commission for Africa conference of African ministers responsible for economic and social development, some R111,25 billion flowed from companies on the continent to other African countries in 1994.

"Some African businesses, especially from South Africa, are emerging as investors in other African countries," the report reveals.

While noting that this is a positive development Sonko argues that "whatever the increase" in investment patterns was between Africans, this has not changed overall direct foreign investment by private companies in Africa which remains low.

"The reality in Africa is that we are more fragmented than anywhere else in the world and this is the reason why we need strong regional integration," he says.

Sonko, whose ABR was formed by the African Development Bank in 1990 to spearhead private sector development and promotion in Africa, says one of the mistakes African countries made after independence was that the private sector was left out of programmes aimed at developing those countries.

### Rhetorical statements

"Many leaders concentrated on making rhetorical statements, leaving the private sector out of regional integration. That is why we view our role as important," he says.

Sonko, a Gambian national with work experience in several international organisations including the International Monetary Fund and Organisation of African Unity, says the ABR was founded on the principle that open market economies and a thriving private sector offered the surest means of breaking Africa's cycle of dependence and underdevelopment.

In addition to the organisation's commitment to strengthening the private sector, the ABR believes that Africa's quest for democracy and economic freedom are inseparable.

**African Business Round Table executive secretary Dr Karamo Sonko.** PIC: MANDLA YENDE

The business organisation's membership encompasses every region on the African continent, drawing its members from the ranks of successful African entrepreneurs, chief executive officers of African businesses and of foreign companies in Africa.

"The ABR's overall objective is to realise Africa's full promise and potential through the promotion of free markets and democratic governance," says Sonko, adding that this could be realised by creating an enabling environment for private sector development.

"The ABR believes that dialogue between business and government in Africa is the first step to improving the environment for private investment, and towards promoting a positive image of Africa to foreign investors and the international community at large," he says.

On the ABR's relocation of its offices from Abidjan, Ivory Coast, to Johannesburg he says: "There is immense potential for South Africa to play a leading role in Africa."

He says South Africa's strategic position, its economy, resources and its well-developed private sector, will help the ABR's recruitment drive and will better enable his organisation to fulfil its objectives.

Although he declines to comment on various issues pertaining to what Africa's relations particularly to organisations such as the IMF or the World Bank should be, Sonko is quick to point out that the future of Africa lies with Africans themselves and not with "people" outside the continent.

He says the ABR had developed an action plan called *The ABR in the 21st Century: Framework for a Strategic Action Programme* which will provide a clearer framework within which the organisation's activities can be undertaken and to prepare it for the 21st century.

# Africa's economic performance rises

① CT(BR) 22/5/97

**FROM AP-DOW JONES**

Abidjan — Africa's economy turned in its best performance for years last year, but the continent needs to do more if economic growth is to have a lasting impact on poverty, according to the African Development Bank.

In its 1996 annual report, released on Tuesday, the bank pegged Africa's overall GDP growth last year at 4,8 percent, up from 2,8 percent the year before.

"(This) represented a definite improvement because, for the first time in years, the GDP growth rate has caught up and is today overtaking population growth in a number of countries," the report said.

"Africa's main economies — South Africa, Algeria, Ivory Coast, Egypt, Morocco and Nigeria — all recorded an increase in per capita revenue."

The report put the economic growth down to a mix of factors, including an almost 7 percent growth in agricultural production and the success many countries are having in restoring macroeconomic stability.

"The budget deficit for the region as a whole was brought down to 2,9 percent of GDP. Algeria and Nigeria ... came out with budget surpluses equivalent to 0,3 percent and 0,7 percent of GDP respectively."

Despite the overall improvement, South Africa, by far the continent's largest economy, still reported a "relatively large" budget deficit of 5,2 percent.

The report said Africa still appeared to be losing out to other developing economies, which are attracting a growing share of the foreign investment money available.

"Foreign direct investment reached $4,6 billion towards the middle of the 1990s ... these flows were concentrated ... on South Africa, Egypt, Morocco and Nigeria.

"... However, flows of capital to Africa have not increased as rapidly as in other regions. During the 1970s, Africa received each year on average more than 16 percent of the total direct investment to developing countries, compared with 10 percent in the 1980s and about 5 percent in the 1990s.

"This situation has exacerbated the effects of the general decrease in public aid for development. It is not certain that in the future the flow of aid to the region will be maintained at current levels, given the budgetary pressures donor countries are under, the competing demands they are receiving and changes in the perception of global strategic and economic interests," the report said.

In its outlook, the report said a number of countries should be in a position to continue benefiting from recent liberal-minded reforms: balancing budgets, encouraging private-sector growth, bearing down on inflation and adopting market-related exchange rate policies.

Debt remained a problem, with the report putting the continent's total external debt at the end of last year at $320 billion, 72 percent of which is owed to bilateral and multilateral creditors.

The report again called for efforts to diversify Africa's economies, many of which are reliant on, at best, a handful of commodities for the bulk of their export earnings.

"Sustained growth rates of more than 7 percent would be necessary to check and reverse the spread and the growth of poverty, which affects an ever-growing number of people," the report said.

The past few years have seen the bank implement a far-reaching programme of reforms, including tightening credit rules, improving financial management and overhauling its loan portfolio.

Arrears to the bank still total more than $800 million, the largest part of which — just under $457 million — is owed by the newly renamed Democratic Republic of Congo, formerly Zaire.

# US to reward economically reformed African states

BD 26/5/97

John Dludlu

AFRICAN countries which accelerated the pace of economic reforms, and trade liberalisation in particular, would be rewarded with enhanced US market access for a range of goods, senior US treasury department officials said at the weekend.

A high-level US mission will visit SA this week to promote a new trade and investment initiative by US President Bill Clinton's administration. Deputy US Treasury Secretary Lawrence Summers — a key proponent of the Partnership for Growth and Opportunity strategy, the administration's plan to use US programmes to bolster trade and investment in Africa — arrives in SA on Thursday.

The strategy's authors stress that it is not "grandiose" and "transformative", but seeks to pick up winners in Africa and coach them to success.

Countries liberalising trade through the removal of trade and investment restrictions will be rewarded by being granted improved access to the US markets for products that have hitherto not enjoyed such concessions.

It is expected that the Clinton administration will be cautious in opening talks for a free trade area with African governments given the implications such commitments will have on developing nations. Others in the House of Representatives believe the administration should develop a free trade zone with sub-Saharan Africa by 2020.

Officials familiar with the plan say the administration will call for the renewal of the general scheme of preferences (GSP), the system which gives duty-free access to exports from developing nations into US markets, and enhanced GSP to the least developed countries, several of which are in sub-Saharan Africa.

A senior treasury official said the strategy, which redirects US policy efforts in Africa, was a response to the changes currently taking place on the continent. "We have realised we have to be more selective in our policies," the aide said.

The official emphasised co-operation with multilateral efforts, such as those of the World Bank and the International Monetary Fund. Much of the project funding would be done by them, while the focus in future would be on the projects sector as an engine for development.

The plan is based on the realisation that some African nations have made

(1)

progress in reforming their economies, while others still retain restrictive trade and investment regimes.

Some analysts put tariffs in sub-Saharan Africa at three times those of the fastest growing exporters in the developing world. Africa's trade and investment inhibitions cost about $11bn in lost trade annually — the same level of trade pumped into Africa in 1991.

Summers will attend the African Development Bank's meetings in Abidjan this week and is expected to meet Finance Minister Trevor Manuel and Reserve Bank deputy governor Timothy Thahane.

Switzerland. [illegible]

# Africa 'falling behind in world trade'

(i) BD 26/6/97

**Patrick Wadula**

AFRICA has fallen behind other regions of the world, both in international trade and in the share of global direct investment.

Federal Republic of Germany MP and economic policy spokesman of the social democratic parliamentary group Ernst Schwanhold said at a German SA Chamber of Commerce meeting that Africa was in danger of losing out in the globalisation process.

He said transitional corporations were not development aid agencies. "They invest wherever they find favourable framework conditions." In addition to the level of economic growth in a region, other investment criteria played a significant role, including political stability, which industry does not always equate with democratic conditions, a transparent and stable legal framework and a well organised financial system which facilitates investment.

The cultural factor was also not be underestimated. In this respect European companies continued to display considerable weakness, especially in their economic relations with Asian countries.

"We regard the development of a free trade area in the southern part of the African continent as a necessary and sensible step for growth, more trade and improved competitiveness," he said. SA had undoubtedly a crucial role to play in promoting this development.

Schwanhold said the European Union and the Federal Republic of Germany had been and would continue to be willing to support SA in this process. Agriculture and village development, the expansion of the educational system, co-operation in the telecommunication sector, and the expansion of transportation infrastructure, energy and water supplies could become important areas of co-operation for the future.

In these areas scientific and technological co-operation was important as well.

"SA and the Federal Republic have the potential to become both donor and recipient countries in the area of sustainable development in future," he said.

# Devious ways to avoid tough decisions at economic summit (1)

CT (BR) 28/5/97

**TONY HAWKINS**

Harare — Invariably high-profile business-government regional summits fall short of expectations. While optimism predominated at last week's World Economic Forum Southern African summit in Harare, the closing session left the impression that for some of the leading participants rhetoric came easier than grappling with the hard realities of regional development.

For all the commitment to a "regional vision" member governments are only too well aware that they are competing against one another for the 1 percent of global foreign direct investment targeting southern Africa.

So when Zambia's President Frederick Chiluba was hailed by many as the star of the show because of his performance in outlining Zambia's successes, especially on the privatisation front, there was no shortage of businessmen and politicians from competing economies, such as Zimbabwe, keen to pour cold water on Zambia's achievements.

As one businessman put it: "His pitch was excellent, but wait until potential investors get to Zambia and see the situation on the ground, especially the rundown infrastructure and the shortage of skills."

Furthermore, plain speaking is taboo on such occasions. Political correctness is everything. Business leaders pull their punches and bite their tongues rather than be seen to disagree publicly with the party line espoused by their government's spokesmen.

And when it came to looking forward at the final session of the Harare summit, when a regional business task force put forward its vision for the future of the 12-country Southern African Development Community (SADC), the selfsame business leaders, who pride themselves on being hard-headed pragmatists, were seen to have asked more questions than they answered.

Nor was this confined to the southern Africans themselves.

Professor Klaus Schwab, the president of the Geneva-based World Economic Forum, argued that regional integration should be seen a step on the road to globalisation, but much of the evidence, especially from Asia, suggests otherwise.

The leading globalisers — the Asian Tigers — liberalised unilaterally rather than regionally. That there was a very powerful regional impetus is acknowledged, but this was not the result of regional trade preference, but of trade and payments liberalisation with the world at large.

More to the point, perhaps, some southern African firms — mainly South African companies or multinationals using South Africa as a platform to penetrate sub-Saharan Africa — are globalising as well in advance of the progress of regional integration.

Far from being driven by the regional process, such firms are themselves pioneering it with cross-border investments and the rapid growth of South Africa's trade surplus with the rest of Africa.

The reality is the very opposite of what Schwab argues — namely, that business cannot afford to wait for the politicians to get their act together. Like the Asians before them, they are acting unilaterally — they have to.

If a vision is to be credible it must tackle real issues rather than sidestep them, but three themes from the closing session underscored the task force's failure to do that.

The business task force concluded that the growth path for the SADC should be one that optimised regional industrial and infrastructure development. Easy to say, but how is it going to be achieved?

Will it be market-driven, on the basis of open economies and privatised utilities and infrastructure, or will governments or some supranational regional body decide what is "optimal"?

This question was not answered but Chris Liebenberg, the former South African finance minister and a member of the task force, was quick to insist that there was no intention to recommend any form of central planning. Others speaking after him left a rather different, if still distinctly fuzzy, impression.

A second, largely non-controversial, theme was that of setting up a regional business organisation to match the governmental structures within SADC. But this is hardly new.

More important, though, is the role of such a body. The task force sees it working alongside governments and a regional labour organisation to foster regional integration. The suggestion is deeply ironic.

It was made in a week in which the World Economic Forum published its Global Competitiveness Report highlighting the fall from grace of a corporatist economy such as Germany, ranked 25, and the revitalisation of the British economy, up eight places in seventh spot, under a conservative administration that rejected corporatist solutions.

Business leaders know that but, when it comes to the crunch, they opt for political correctness, even if it flies in the face of logic and history. That way, they avoid hard choices and tough decisions.

Sadly, though, that is not leadership or, if it is, it is leading the regional economy down the wrong road away from the enhanced global competitiveness needed to solve unemployment and poverty in southern Africa. — Reuter

☐ *Tony Hawkins is a professor of business studies at the University of Zimbabwe*

# Time to fix what is wrong with Africa

*Uganda's president says the 1990s are 'a decade of awakening'*

**UGANDAN PRESIDENT YOWERI MUSEVENI GAVE A FRANK ASSESSMENT OF AFRICA'S SHORTCOMINGS AND SKETCHED HIS VISION OF THE CONTINENT'S FUTURE WHEN HE ADDRESSED PARLIAMENT EARLIER THIS WEEK. THESE ARE EXCERPTS FROM HIS SPEECH**

Africa is the second-biggest continent on the globe with 30 million sq km of land area.

She is well endowed with natural resources of all types, not least the fact that, in the equatorial area, we can produce two harvests in a year just depending on rain-fed agriculture.

This is possible because of the warm climate with which our location on the globe blesses us.

Yet, this huge continent is the most backward area of all the continents of the world. How did this come about?

I trace the genesis of Africa's under development in its very endowment with generous resources by nature.

The friendly climate is good for both man and his enemies – the tsetse flies, the mosquitoes, the bilharzia agents that shelter in snails and other organisms. The thriving of these parasites to man in the good climate of the tropics meant that, in the past, the population was small.

By 1900, the population of Africa was 140 million, while the one of Europe was 420 million, the fact that Europe is three times smaller than Africa notwithstanding.

Even today, the population of the whole of Africa, at 732 million, is still smaller than that of India (which is 952 million), which is ten times smaller than Africa in land area.

Don't get the impression that I am glorifying the phenomenon of large populations.

I am only pointing out that a small population in the midst of abundant natural resources will neither build powerful states nor will it be vigorous in development.

This is because of the absence of competition among themselves for scarce resources. Competition for scarce natural resources always breeds innovation and discipline.

It is because of these two factors (small pre-colonial states and lack of acute competition over natural resources), all springing from small populations resulting from the haemorrhage occasioned by diseases, that colonialism found it easy to conquer the whole of Africa.

It is no accident that, with the exception of Ethiopia, the whole of Africa was under foreign control by 1900.

African apologists always try to cite the question of superior technology as being the main reason for the ignominious capitulation by Africa to foreign interests. I do not accept this.

Japan and China were inferior to the West in technology when the two came into contact. However, both of them managed to preserve their sovereignty, their inferiority in technology notwithstanding.

The strength of internal organisation and a strong culture that bound the people together compensated for the weaknesses in technology.

Having lost sovereignty, the African societies underwent serious distortions. While by 1500 AD, some of the African societies were three-class societies (feudal, artisan and peasant), by 1940 there was only one class surviving – the peasant class. The other two social classes had been eliminated by colonialism.

This is why, up to today, Black Africa has not yet developed a propertied middle class. Since independence we have got more and more educated African people. However, many of them are not propertied.

Without a propertied middle class, two distortions take place: productivity and entrepreneurship are low and a cosmopolitan outlook is conspicuous by its absence.

Instead of a cosmopolitan outlook, you get a parochial outlook.

The error in perception that Africa's problems are caused by tribalism is exposed by the conflict in Somalia.

The Somali people are not only one nation who speak one language, but most of them are Muslims. What, then, is the source of the conflict?

My answer is: social and economic under-development.

A manufacturer will not be tribalistic because he needs all the available tribes to buy his products.

The one who is looking after 20 goats, however, has no big surplus to market and, consequently, he does not worry about the market.

Instead, he is incurably parochial in outlook on account of the limited scope of his economic activity.

Since the middle class is the most vigorous innovative group in society that history has ever seen (mostly spurred on by profits), their absence when it comes to Africa only goes to show the serious distortions Africa suffered at the hands of colonialism.

Since Ghana's independence in 1957, the development of the middle class in Africa has been hampered by the policies of nationalisation which have hindered free enterprise.

It is only recently that the process of re-orientation towards understanding of the human being as he is, not as he should be, has started.

More and more, African leaders are clarifying their views on the individual. Is the individual more self-centred or more altruistic? The obvious answer is that there are, indeed, few Mother Teresas on this earth.

However, the majority of the human beings are self-centred and should be used accordingly.

Now that more and more African leaders are waking up to this fact, we are beginning to see growth in our societies.

Since 1986, Uganda's average GDP growth rate has been 6,5 percent. Comparable figures for last year and the year before were eight percent and 10 percent respectively. Owing to the delay in the rains last year, however, our GDP rate of growth this financial year will fall to 6,5 percent.

While the 1970s and 1980s were referred to as the lost decades for development in Africa, the 1990s may be referred to as the decade of awakening.

Now that African economies are beginning to grow, basing themselves on private enterprise, we must think of one additional factor – the size of the market.

Our view is that the lifeblood of production is the ability to sell to as many buyers as possible so that we lower production costs per item.

This is what will give us competitiveness. The wider the market, the better.

Uganda belongs to the Common Market for Eastern and Southern Africa (Comesa). We have deliberately not yet applied to join the Southern Africa Development Community.

While we obviously would like to join SADC, we cannot afford to ignore the markets in Congo, Sudan, Kenya and the Horn of Africa.

There are 45 million people in Congo; 30 million in Sudan; 28 million in Kenya; and 70 million in the Horn of Africa.

That is why we are urging SADC to harmonise their position with Comesa.

Some comrades focus on peripheral issues when it comes to economic integration.

Some of them argue that some members fail to pay fees. Accordingly, such members are regarded as unreliable partners.

This, however, is missing the point.

We did not form a common market in order to collect membership fees. We created a common market for trade.

If he cannot pay subscription fees, but we trade with his people freely, that is the essence of integration.

May I urge you to use South Africa's unique position to engage in partnership with the rest of Africa in the form of investment, trade and tourism – which I have summarised into the acronym "ITT".

Your country has minerals, good infrastructure and technical know-how.

We, on our side, have got 50 000 sq kms of freshwater bodies; we have got equatorial forests and very reliable agriculture.

Therefore, a partnership between the peoples of South Afri
benefit us all.

May I end by tou
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**Making his point:** Uganda's President Yoweri Museveni emphasises a point during his speech to Parliament in Cape Town

(1) ARG 29/5

FOREIGN AID

# Africa needs a new Marshall Plan

(G) CT(BR) 29/5/97

**Kevin Watkins**

One of the most important anniversaries of the postwar era is passing unnoticed. Fifty years ago this month the launch of the Marshall Plan helped to lay the foundations of economic recovery in Europe. It is a stark reminder of the failure of political leaders in the industrialised world to provide a vision for global covariance in the 21st century.

The Marshall Plan was rooted in a sense of enlightened US self-interest. With Germany and much of continental Europe in ruins, the spectre of a 1930s-style mass unemployment, instability and future conflict loomed large.

Reading the debates which accompanied the Marshall Plan, one is struck by the fact that the case for assistance to Europe was couched not in terms of aid but of hard-nosed investment. Failure to support recovery in Europe, so the argument ran, would undermine markets for American exports, and cost jobs at home.

At the time the Marshall Plan was agreed, the US was delivering 2 percent of its national income to assist European recovery, laying the foundations for two decades of unprecedented growth. Today, when the US's wealth is three times greater, it is providing a twentieth of that amount in development assistance to the world's poorest countries.

It is a similar picture elsewhere. As a group, the Organisation for Economic Co-operation and Development countries have spent the 1990s emasculating their aid budgets, with particularly damaging consequences for sub-Saharan Africa.

Development assistance flows to the region have fallen by a quarter since 1992. Meanwhile, a catastrophic slump in prices for primary commodity exports has wiped an estimated 5 percent off regional GDP since the early 1980s. Add to that lethal combination a crushing foreign debt, and you have the ingredients for disaster.


On average African incomes have been falling by 1 percent a year since 1980. As living standards in much of Asia and parts of Latin America forge ahead, Africa is becoming a continent apart. In 30 years, income-a-head has halved from an already low base. The result is that preventable disease claims the lives of almost one in five children. More than 40 million children are not in primary school, and the numbers are rising.

Can Africa's apparently relentless slide be halted? New hope is emerging in the region itself. In Ethiopia, Eritrea, Uganda, and Mozambique, a new generation of self-confident leaders is emerging. They are committed to breaking the shackles of dependence and forging a more self-reliant future. In a handful of countries, economic recovery is taking a fragile root. International support for Africa's recovery efforts remain lamentably inadequate. Next month, the Clinton administration plans to launch an Africa Growth and Opportunity Plan.

Marshall Plan, it is not. Reduced to its essentials, the US initiative offers limited trade preferences, no new aid and vague pledges of private capital flows. Africa needs much more. The continent needs an international plan of action which removes the crippling burden of debt and mobilises investment finance for economic infrastructure, health and education.

The British government could help to make such an agenda possible. It should challenge the Clinton administration to accept deeper and earlier debt relief under the IMF-World Bank debt initiative. And it could use the Denver summit to call for an international effort — to raise the cash to get Africa's children back in school, making education a priority.

Reversing Africa's marginalisation will not be cost-free. Then again, neither is the alternative. The question for the international community is whether it wants to respond to growing number of crises that will follow Rwanda, Liberia and Zaire. Or whether it wants to seize the opportunities for peace, stability and self-reliance which are now emerging.

*☐ Kevin Watkins is Oxfam's senior policy adviser*

# US wants free trade area with Africa

CT (BR) 29/5/97 (1) (704)

**Christo Volschenk**
Economics Editor

Cape Town — A free trade area between the US and sub-Saharan Africa was part of a comprehensive new plan to strengthen trade and investment ties between the two, a delegation from the US Congress told South African parliamentarians this week.

The trade and investment plan is outlined in a bill tabled in the House of Representatives on April 24. It was later referred to the house committee on banking and financial services.

The delegation is on a visit to South Africa and asked the portfolio committee on finance to comment on the bill.

The bill commits the US government to develop a plan within a year of the act coming into effect, outlining the steps which need to be taken to make the proposed free trade area a reality.

The plan will include a suggested timetable for winding down tariff and other trade and investment barriers. The bill also suggests annual high-level meetings between Washington and the governments of sub-Saharan Africa "to foster close economic ties". It suggests all concessional debt owed to the US by the poorest sub-Saharan countries be "extinguished".

# Corporate SA invests minimally in Africa

①) CT (BR) 2/6/97

JAMES LAMONT

Johannesburg — South African companies needed greater incentives from the government to encourage them to invest in Africa because local investment in the region was still low, outside of the mining and energy sectors, an investment report released last week by BusinessMap, the business intelligence consultancy, said.

"Outside of mining and oil exploration, Africa still holds little attraction for South African companies on the whole. In fact, there is a sense of a slowdown in African investments after an initial rush of activity, especially by retail companies, to establish a presence in southern African countries in particular," the report said.

Investments into the region, excluding oil and minerals, were low. The largest investors were retail chains, like Pepkor's Shoprite-Checkers, Standard Bank and SA Breweries.

After the 1994 democratic elections, it was widely expected South African companies would seek opportunities in neighbouring countries and thrive in tough trading conditions. But that appears not to have happened.

The government has become keenly aware it has to encourage investors, foreign and local, to expand into the region. It hopes provision made by the 1997 Budget for the larger sum of R50 million for African investments will encourage local investment on the continent. The sum allowed for non-African investments is R30 million.

BusinessMap singled out Zimbabwe as a country where the lack of South African direct and portfolio investment over the past three years had been disappointing. The report said the South African private sector had been more reluctant to invest in Zimbabwe than had European, American and Asian capital.

BusinessMap estimates South African investment in Zimbabwe ranked fifth or sixth, behind the UK, Germany, the US and Australia.

**NEW BROOM:** President of Zimbabwe and newly elected chairman of the Organisation of African Unity (OAU) Robert Mugabe (right) and OAU secretary-general Salim Ahmed Salim address the media yesterday during the closing press conference of the 33rd Assembly of Heads of State and Government of the OAU in Harare. *PICTURE: AP*

CT. 3/6/97

# OAU 'will no longer accept coups'

(1)

**HARARE:** The Organisation of African Unity called yesterday for a return to democracy in Nigeria and Burundi, and the new OAU chairman said Africa would not tolerate military takeovers in future.

"We are getting tougher and tougher each time. I can assure that for future coups, it will be much tougher," Zimbabwe's President Robert Mugabe, the OAU's new chairman, told a news conference.

Mugabe said there was no contradiction between the outright condemnation at the OAU's three-day summit in Harare of a May 25 coup in Sierra Leone and the presence at the conference of the military governments of Nigeria and Burundi.

"While on the face of it there appears to be a contradiction, the thrust is consistent: we do not accept coups," he said.

OAU secretary-general Mr Salim Ahmed Salim said the organisation had made it clear to Burundi President Pierre Buyoya and Nigeria's General Sani Abacha that their military governments had to be seen to be be making way for democracy.

Salim, elected on Monday to an unprecedented third four-year term as secretary-general, said the OAU had sent envoys to Nigeria to tell Abacha that his regime was unacceptable.

"We are still very much committed to seeing that democracy comes to Nigeria ... a democratic Nigeria will set a very important example in Africa," he said.

On Burundi, he said: "We have made it clear to President Buyoya that his situation is not different from Sierra Leone, that it has to be attended to and that we want to see a return to democracy."

OAU leaders came out more strongly than ever before at the summit in favour of democracy throughout the continent, linking transition to popular government to economic growth and development.

They denounced the coup in Sierra Leone and endorsed armed action by the Economic Community of West African States (Ecowas), led by Nigeria, to expel the military government.

Though Burundi and Nigeria were not named in open discussion and were not condemned in resolutions of the OAU's 33rd summit, Mugabe and Salim said they were under a spotlight.

Mugabe said the OAU was putting structures in place to deal with emerging conflicts and crisis such as the Sierra Leone coup.

"Ten or so years ago we did not address, as the OAU, issues that had to do with coups d'état as such. We merely regretted that they had occurred. But now we want to address them and address them as vigorously as we can," he said.

"It may take us some time, but that is our position."

Salim said the OAU was leaving it to the 16-nation Ecowas group to resolve the crisis in Sierra Leone, but had offered strong moral support and had urged Africa and the world "not to do anything that would give comfort to that regime".

Responding to a journalist who accused the OAU of hypocrisy in its dealings with Sierra Leone, Nigeria and Mr Laurent Kabila's Democratic Republic of Congo, Salim said: "I don't agree that the OAU is a toothless bulldog.

"The OAU increasingly is becoming involved in issues that were considered no-go areas." — Reuter

# Burundi slams double standards

**HARARE:** Burundi military ruler Major Pierre Buyoya yesterday accused the Organisation of African Unity of double standards in condemning undemocratic governments and military coups, but living with them among its powerful members.

At a news conference here, Buyoya, who seized power in a military coup last July, said that nevertheless he supported the general thrust of the 53-member organisation towards democracy despite the apparent lack of consistency.

He said this before new OAU chairman and Zimbabwe President Robert Mugabe and OAU secretary-general Mr Salim Ahmed Salim called on Burundi and Nigeria to return to democracy.

Nigeria's military government is leading military efforts by the Economic Community of West African States to restore Sierra Leone President Ahmad Tejan Kabbah, who was overthrown by junior military officers on May 25.

Buyoya said his government was moving towards democracy and called for the lifting of economic sanctions imposed on Burundi by neighbouring states to try to force him out of power after he ousted civilian Hutu President Sylvestre Ntibantunganya. — Reuter ing its bankers, Baker said.

☐ FINANCING CT(BR) 4/6/97 (1)

## African Development Fund signs loans

The African Development Bank said this week its soft-loans arm, the African Development Fund, had officially signed agreements on at least seven loans and one gift during the bank's 33rd annual meeting held in Abidjan last week. The loans, most of which were made public earlier last month, total just over $137 million and include:

☐ Madagascar, $46,5 million to help support its economic structural adjustment programme;
☐ Zambia, $23,3 million to help finance a water project in Kitwe on the country's copperbelt;
☐ Zimbabwe, $17,75 million to fund a rural water project;
☐ Malawi, $16,6 million for the education sector;
☐ Togo, $15,3 million to support the third phase of the country's structural adjustment programme.

African Development Fund loans are repayable over 50 years, with a 10-year grace period. — *AP-Dow Jones, Abidjan*

☐ ALGERIA

# Mugabe wants to put up African laager

(1)

**Incoming OAU chairman Robert Mugabe has rejected many of the principles of the modern industrialised world, writes Michael Hartnack in Harare**

BD 9/6/97

ARNOLD Toynbee's 12-volume Study of History postulates the rise of what he calls "an external proletariat" to any major political system. Whatever the "empire" regards as immoral, illegal, unpatriotic, antisocial, heretical or just plain unhygienic, will be done profitably and enthusiastically beyond the imperial frontiers among the alienated "external proletarians".

At the conclusion of the 33rd Organisation of African Unity (OAU) annual meeting in Harare, a great deal of "heresy" was uttered against the modern industrialised world's perceived wisdom.

With all the dogmatism of a 10-year-old declaring he does not believe in fairies or Father Christmas, incoming OAU chairman Robert Mugabe of Zimbabwe stated: "The establishment of market-driven economies is not a panacea for Africa's economic ills."

Privatisation, he warned, surrendered resources to foreign control. Again and again he spoke of the primacy of rulers' duty to maintain "peace and stability", suggesting this supersedes the marketplace free-for-all confidently assumed by writers such as Francis Fukuyama.

"The entire developing world is facing hostile policies from the World Trade Organisation and international financial institutions," he said.

"It would appear there is a co-ordinated political agenda by the north, which controls these institutions, aimed at suppressing the development of developing countries," Mugabe told the inaugural session of the African Economic Community, which has a generous 20-year timetable for creating a continent-wide common market. Currently, six or seven overlapping trade blocs span Africa.

Mugabe rejected linkage of trade concessions to issues such as labour rights, respect for democracy, and industries not harming the world's ecology.

He called for the OAU to take the lead in forming an anti-north alliance with other countries of the Non-Aligned Movement and the Africa, Pacific and Caribbean group.

"Together we must resist the recolonisation of our countries under the facade of programmes to safeguard the global environment, and globalisation," Mugabe said.

He demanded Africa be given two permanent seats on the UN Security Council, and that the power of veto given the US, Britain, Russia, France and China be curtailed. This made other states "second class" members of the UN.

Mugabe differed with UN secretary-general Kofi Annan over the question of human rights. Annan said that regarding human rights as a "plot" by the industrialised countries demeaned the continent.

Mugabe demanded that Africa be left to evolve its own institutions rather than be subjected to pressure by former colonial powers whose empires, he said, were totally undemocratic.

Mugabe deplored Africa's dependence on international trade, a statement that would have made Adam Smith, father of modern economics, turn in his grave. Instead, he expressed a preference for an internal-looking "African economic community" not dependent on imported manufactures.

Because it contains powerful first world and third world elements pulling it in two directions simultaneously, SA will play a pivotal role in the contest for Africa's soul. If Africa joins the "one world" it will probably be as a result of the economic, intellectual and above all spiritual lead emanating from south of the Limpopo.

# US 'bunny huggers' oppose African governments on lifting ivory ban

ARG 9/6/97 (1)

**Harare – A bitter battle over a proposal to resume trade in ivory from the African elephant looked set to dominate a world conference on endangered species opening in Zimbabwe today.**

The 10-day Convention on International Trade in Endangered Species (CITES) has attracted more than 2 000 delegates, including some from the world's leading environmental watchdogs.

Many have already declared their position on the ivory dispute and media focus has mainly been on the issue, much to the irritation of CITES secretary-general Ezgrev Topkov.

"For us, all the issues on the agenda are important, but for many people the conference has become a conference on elephants alone," he said.

"We have 115 agenda items. We have 89 tags for speeches and 75 proposals. The media should not only report on elephants," he complained.

The elephant debate has been brought to the fore by a proposal by three elephant-rich southern African states – Botswana, Namibia and Zimbabwe – seeking a partial lifting of a seven-year-old ban in ivory trade.

The three countries and their supporters, notably Japan, say they must be allowed some limited but strictly supervised trade because their elephant herd, now estimated at around 150 000, is rising steadily and was doing so even before the 1989 ban.

Since the ban was imposed they have accumulated nearly 100 tonnes of ivory from annual culls and from legally hunted trophies. They say that trade in ivory is vital to stabilise the elephant herd, which they say is now over twice the land's carrying capacity.

Zimbabwe environment and tourism minister Chen Chimutengwende said the three states had lobbied heavily and hoped to succeed.

But the proposal is strongly opposed by some influential green movements and countries, including the US-based African Elephant Foundation, and the United States and French governments. They argue that lifting the ban will leave elephants at the mercy of poachers.

The 138-member CITES will vote on the issue towards the end of the 10-day conference, but Amsterdam-based environment group Greenpeace says it will oppose the secret ballot on suspicion it could be used by some western governments to take positions not backed by their domestic constituencies.

"Since democratic governments are accountable to the public for their policies, their votes should be public too," Greenpeace said in a statement.

CITES officials said the conference could also see intense debate on a proposal by Japan and Norway to open up whale hunting.

The meeting will also debate ways to preserve the Indian tiger, the black rhino, the sturgeon fish and the Cuban sea turtle – all threatened by poachers. CITES estimates the illegal global trade in endangered species is worth up to $10-billion (R44,8-billion) a year. – Reuter honour of the Duke of Edinburgh's birthday," said a flustered spokeswoman for the British garrison in Hong Kong.

"Today is the Duke of Edinburgh's biological birthday and however old he is, and we are saluting it. We fired a salute on

# Tensions rise at Cites as Africans ban media, NGOs

FOREIGN SERVICE

ARG 10/6/97

**Harare – Tensions mounted at the Convention on International Trade and Endangered Species (Cites) today with the refusal by Africa delegates to allow non-governmental organisations and the media to attend their strategy meeting.**

The venue had to be changed because of the large number of people who turned up. The media were immediately barred and, after half-an-hour of discussion, delegates decided NGOs and observers should also be shown the door.

All five Cites regions are holding their meetings today to decide whether there is a united position on various proposals.

At least two of them, the Asian and North American regions, agreed to let non-delegates attend the last hour of their meetings. But the African region is reported to be sensitive about the two key proposals on elephants and rhinos, in the light of concerted North American and European Community opposition to the reopening of trade in ivory and exploration of the possibility of rhino horn following suit.

This is also being underlined by heated discussion and lobbying on the idea of a secret ballot on the more controversial proposals.

Some African countries are concerned about withdrawal of Western aid should they vote against Western positions.

# Jordan's backout criticised

CT 10/6/97

HARARE: The last-minute withdrawal of South Africa's Environment Minister Dr Pallo Jordan from the 10th Cites meeting which began here yesterday has come under heavy criticism.

Jordan was to have led the 15-person government delegation for part of the time — including the crucial elephant and rhino votes on June 17. But last Thursday he announced Deputy Minister Mr Peter Mokaba would take his place.

"We were apprehensive about Jordan's initial appointment (as minister)," said Mr Bruce Davidson of the Wildlife and Environment Society of South Africa. A University of the Witwatersrand scientist, he is South African co-ordinator of NGO and Community-based organisations at the meeting.

"Jordan hardly has the environmental record to fill the post," Davidson said. "He also obviously considers the whole issue of Cites not important and significant enough for him to attend. It is also a bit of an insult to Zimbabwe that our environment minister isn't here.

"But on the plus side, Peter Mokaba's stated views are a better reflection of government policy of sustainable use of wildlife, which we support.

"Cites has become a convention of restriction and dictatorialism. It is a system of negative incentives. South Africa's rhino populations, for instance, meet all the technical requirements for downlisting (from Appendix 1 to 2) and yet Cites changes the goalposts every time we propose this.

"Practically speaking, Appendix 1 listing (which bans international trade in certain named species) is too costly for developing countries because of lack of personnel, permits and the need for constant new training when goalposts change.

Such is the importance of this meeting that even the poorest of rural communities in Southern Africa have made the effort to be here to add their voices to their own government's delegations. Chief Lux Masule from the Chobe Enclave Community Trust in Botswana walked some 100km from his home to the border town of Kasane on his journey to Harare.

And South Africa has six community representatives who will support Mokaba. — Independent Foreign Service

MEETING OPENS AMID CONTROVERSY

# Mugabe greets Cites with pay 'n stay plan

CT 10/6/97

**HARARE: The downlisting of the African elephant to allow sales of ivory is dominating the Convention on International Trade and Endangered Species (Cites) meeting here.**

EVERY species must pay its way to survival, Zimbabwe President Robert Mugabe told the opening session of the 10th Cites meeting here yesterday.

Amid the pomp and ceremony of the opening, Mugabe warned: "We are undertaking the task of protecting our natural resources, especially of wildlife, at great expense and sacrifice.

"The mobilisation of the army, police and national parks scouts and rangers to guard against poachers is costly.

"In Southern Africa, wildlife is found in arid and semi-desert regions. Water for these animals is pumped at great cost from underground sources.

"Elephants, especially because of their huge bodies, consume large amounts of water and, we believe, every species must pay for its survival. The management strategies we have devised, if given a chance, will enable most species to survive."

His message was directed towards countries opposing Zimbabwe's proposal, along with those of Namibia and Botswana, to downlist the African elephant to allow sales of their stockpiled ivory. It has become the most hotly debated topic here.

The International Fund for Animal Welfare (IFAW), which is vigorously opposed to re-opening the ivory trade, claimed yesterday it was being harassed at the Harare International Conference Centre where the meeting is taking place until June 20.

The IFAWwas denied a room to hold news conferences and was later refused permission to turn one of the 12-member delegation's rooms at the adjacent Sheraton Hotel into a meeting place.

Meanwhile, Greenpeace warned against the domination of the conference by the elephant issue. Its delegation leader, Ms Isabel McCrea, said proposals from Japan and Norway to downlist several populations of three whale species from Appendix 1 (which allows no international trade) to Appendix II (which permits regulated trade) were in danger of slipping through virtually unnoticed.

Both nations were killing whales in defiance of the International Whaling Commission — the UN treaty which regulated whaling.

McCrea said if the proposals to downlist the whales succeeded, the door would be wide open for the return of international trade in whale meat which she claimed was continuing in Norway and Japan.

"The fate of another giant — of the forests — will also be decided here," she said.

Bolivia and the US have proposed the listing on Appendix 2 of the bigleaf mahogany, a rainforest canopy tree which can grow up to 50m and live for up to 800 years.

"The industry is intent on strip-mining the resource and it is hopeful that Bolivia, the second largest exporter, and the US — the biggest importer — are so concerned they would welcome international monitoring of trade, despite enormous opposition from the timber industry lobby."

McCrea said many scientists agreed mahogany was logged at unsustainable rates: "The challenge is to ensure whales and mahogany are still seen at the next Cites meeting in the new millennium."

Greenpeace also believes the elephant proposal is premature because of weak controls in many elephant range states: "Poaching will resume," she said.

"The proposals have led to increased poaching in the three Southern African countries and elsewhere, including India and Vietnam". — IFS

# Shrinking zoo's date with destiny

HARARE: All creatures great and small are having their day at the Convention on International Trade in Endangered Species (Cites) conference here.

Although elephants and whales may dominate discussions, they are not alone in having champions of their cause.

The hairy armadillo, threatened with extinction, has not been overlooked — nor the timber rattlesnake, painted terrapin, mountain pygmy possum, Lumholtz's tree kangaroo or the banteng.

The banteng is a mammal and Thailand wants it to be included on Cites Appendix 1, a measure that would ban trade in the creature or its parts.

Other, rarer, creatures also need a high profile. One is the jaguar, counted among the fastest creatures in the world and for which Venezuela wants to establish hunting quotas.

Another is the New Zealand amber snail, which is possibly counted among the world's slowest creatures. It faces deletion from Appendix 2 — a step that would expose it to exploitation.

Similarly, Australia wants plains wanderers deleted from Appendix 2, which would mean there could once more be a price on their heads.

Prices can be high.

Cites lists the following record payments: falcon, $200 000 (R896 000); snow leopard skins, $60 000 (R268 800); musk grain, $50 000/kg (R224 000/kg); South American parrot, $40 000 (R179 200); Peruvian butterfly, R3 000 (R13 440); orchid, $2 000 (R8 960).

To be rare is obviously dangerous, but to be common — and desirable — has its problems, too.

Cites says trade in numerous species is brisk. It gives annual figures as: monkeys, 25 000 to 30 000; live birds, two million to five million; reptile skins, 10 million; furs, 15 million; tropical fish, 500 million; wild orchids, 1,5 million.

All these, too, have their champions in the Cites arena, where humans take it upon themselves to decree that there are enough of a particular species to allow its exploitation for profit. — Sapa-AFP

MEETING OPENS AMID CONTROVERSY

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"The proposals have led to increased poaching in the three Southern African countries and elsewhere, including India and Vietnam". — IFS

# Cites takes a new line on healers

CT 12/6/97

HARARE: For the first time in its 25-year history, the Conference on International Trade in Endangered Species (Cites) is taking the use of animals in traditional medicine as a separate issue.

The use of parts such as rhino horn, bear gall bladders and tiger bones — particularly in Asian medicine — has long been a controversial issue, but Cites is now taking a new approach, Traffic International East Asia director Ms Judy Mills told AFP.

Traffic is linked to the world conservation union IUCN, and is attending the biennial Cites conference here.

"The traditional medicine community is getting the message that wildlife conservation is not going to go away," she said.

"At the same time Cites is for the first time taking on traditional medicine as a separate issue, realising it is not going to go away either.

"It's going to be a problem with species after species, so they are saying let's address the thing as a whole.

"So what we are coming to now is an interesting dialogue where both sides are listening to each other and realising they are going to have to make some concessions."

Mills said she believed Asian medicine had taken the spotlight because of its use of "charismatic mega-fauna" such as tigers, bears and rhinos.

"I think it's important to note that traditional medicines around the world use plants and animals — even western medicine — and East Asia feels particularly victimised that their medicine system has been highlighted."

She said there were myths in Western society and in the media that rhinos had been slaughtered to provide horn for frivolous purposes such as aphrodisiacs, whereas it was in fact used to treat life-threatening fevers.

Mills said traditional medicine should be respected, but remaining rhinos, bears and tigers could not support the needs of a billion Chinese.

China had recently removed rhino horn from its official pharmacopoeia and replaced it with water buffalo horn.

"They are about to announce their official substitute for tiger bone, which was taken out of their pharmacopoeia several years ago, and they are only now, after many clinical trials, coming up with a substitute."

Mills said bile from bear gall bladders was used to treat serious illnesses, such as liver cancer.

Western medicine had produced a synthesised form using cow bile, but in Asia "traditional medicine users and practitioners prefer what comes directly from nature", she said. — Sapa-AFP

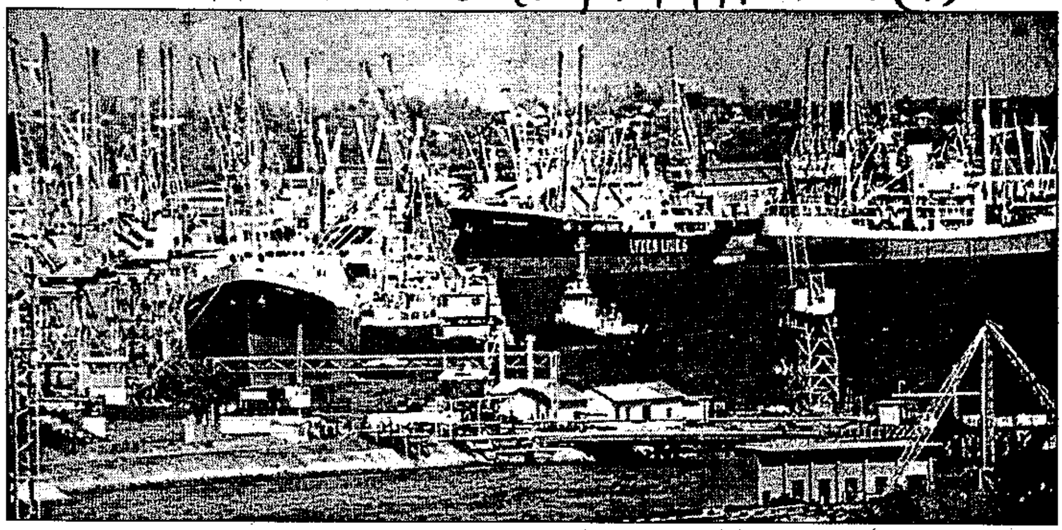
# AFRICAN BUSINESS

*G7 economic summit will focus on 'rewarding' continent's reform measures*

# Africa's good news pulls investors

FCT (DR) 12/6/97 (1)

**PATRICK WORSNIP**



***IN AND OUT OF AFRICA*** *Imports, exports and tourism bring business to Mombasa harbour in Kenya — one of the continent's 30 countries whose GDP growth exceeded 5 percent last year*

Washington, DC — From Congo to Sierra Leone, the news out of Africa is mostly bad. Wars, coups, massacres and famines dominate the headlines of Western media that cover the continent at all.

But US officials say that, largely unnoticed by the world, many sub-Saharan African countries are becoming economic success stories, and now is the time to promote that trend.

At the G7 economic summit in Denver on June 20-22, Washington will seek international support for an "Africa Initiative" it is launching to boost trade and investment on the continent.

The US wants to corral not just its G7 partners — Britain, Canada, France, Germany, Italy and Japan — but also multilateral bodies like the World Bank and the International Monetary Fund (IMF) behind an effort to reward Africa's reformers.

A senior US official said a "significant portion" of the Denver agenda would focus on African issues, from peace-keeping to debt relief, as part of a bid to "strengthen international co-ordination to support reform and development in Africa".

On peace-keeping, the official said the US and France would seek to pool efforts to set up an indigenous African force, a goal of US policy since late last year.

But the main focus is likely to be on economic prospects in Africa, where officials say some 30 countries grew at more than 5 percent last year and a few at around 10 percent. The IMF forecasts 4,7 percent growth for Africa as a whole this year.

"The countries which have achieved those kinds of growth rates, like Botswana, have adopted sound macro and micro policies which reflect an understanding of the need to create a market, to provide an environment in which investment takes place," one official said.

"That new consensus, which prevails in a good part of sub-Saharan Africa today, needs to be voiced by us on our side of the partnership, in saying we will take steps to help these countries," said the official, who did not want to be named.

This should be done "through the kind of development policies we pursue, but also through our own trade policies and by pushing and promoting the message with our own companies".

Apart from Botswana, countries seen as doing the right thing include Uganda, Benin, Ivory Coast, Ghana, Kenya, Malawi, Lesotho, Gabon and even yesterday's disaster story, Angola.

What Western economists like about these countries is that they are moving away from the socialist-style or aid-based economies of the Cold War era and towards the "trade not aid" philosophy fashionable for some years among rich countries.

The World Bank says 37 out of 48 sub-Saharan African countries are undertaking serious economic reforms, including liberalising trade barriers, privatising state enterprises and easing investment laws.

"Although some of the (G7) countries say let's not downplay aid, there's a general agreement that development assistance will, at best, play a supporting role," a senior US official said.

"Any kind of official flows will be dwarfed by private flows, internally generated and from abroad," the official said.

The G7 effort mirrors an initiative which the US launched in April to promote trade and economic development on the continent.

Two versions of a bill exist, one sponsored by two members of Congress and the other by the Clinton administration.

But the move has attracted bipartisan support, ranging from liberal Democrats and blacks keen to help Africa to conservative Republicans anxious to get Africa "off welfare".

The measure, which the House of Representatives is expected to take up in October, would give reforming African countries trade concessions and promote investment through an equity fund and an infrastructure fund.

Boosting trade with Africa, which accounts for less than 2 percent of US imports, is politically a fairly uncontroversial aim at a time when administration trade policy with China and Latin America is in trouble in Congress.

Many US officials see Africa as a last frontier for investors. If economic reforms work out, that frontier could present major opportunities for American businessmen who shy away from the continent.

Bill Richardson, Washington's United Nations ambassador, said during a mission to Congo last week that with its "vast mineral wealth and enormous human potential, Africa could become a new love interest for American business and investment". — Reuter

*Robbie Tshabalala*

**Uganda's Museveni** . . . *describing privatisation as a "magic solution"*

AFRICAN ECONOMIC COMMUNITY

FM 13/6/97

# Troubled continent stumbles towards enlightened rebirth

(1)

SA is among the sceptics withholding commitment while politics bedevils economic consensus and democracy

SA and Eritrea are the only African states that have yet to sign the ambitious 1991 Abuja Treaty, which took effect in 1994 and provides for the gradual establishment of an African Economic Community (AEC).

The treaty has a direct bearing on SA's future economic relations with all African countries, says the Department of Foreign Affairs. It would require all member countries to gradually lift tariff barriers and eventually establish a free trade area.

However, it says "for the sake of protecting its own economy SA cannot make decisions on accession to the treaty based only on political considerations."

Membership of the AEC is under consideration by the departments of Finance, Trade & Industry (DTI) and Foreign Affairs.

The AEC idea is as old as the OAU, says Moss Ngoasheng, economic policy adviser to Deputy President Thabo Mbeki. Alluding to problems in the Common Market for East & Southern Africa (Comesa), from which Mozambique has withdrawn, he says there is a great deal of politics to be sorted out before the AEC can take off.

DTI trade adviser Chris Qiqimana says SA has observer status to AEC processes but has yet to convince all interested parties of the benefits of membership. His own view is that SA should sign the Abuja Treaty in line with all other members of the Southern African Development Community (SADC) of which SA is the leader — as well as being president of the UN Conference on Trade & Development.

SA's role in the SADC is in line, he says, with AEC thinking to strengthen regional economic blocs over the next five years as the first stage in creating the AEC.

Qiqimana is sceptical about the ideal of a Pan African parliament by 2030, but he says "recent changes in central Africa create new hope."

Still, political instability continues to rack parts of the continent. The Democratic Republic of Congo's civil war has brought to power a leader whose commitment to democracy remains in question.

Across the river in Brazzaville, violence between ethnic and political militias — as with the May 25 coup in Sierra Leone — seems calculated to puncture signs and proclamations of an African rebirth.

Democratisation and plans for a continent-wide trade regime were the main topics at the recent OAU summit in Harare. It explicity linked the rise of democracy to prospects for economic growth, observes the SA Institute for International Affairs.

As one, African leaders condemned the Sierra Leone coup as a setback for democracy in Africa and called for the reinstatement of the constitutionally elected government deposed by junior officers.

Despite intitial ambivalence about the intervention by Nigeria's military regime (at the helm of West African regional grouping Ecowas), it was felt the time had come for Africans to resolve their own problems.

This might explain the warm welcome extended to the Democratic Republic of Congo President Laurent Kabila, attending his first OAU summit. Kabila unequivocally stated that elections would be held in Congo in April 1999 and for the first time said refugee agencies would be allowed to investigate the plight of Hutu refugees in eastern Congo. The summit pledged to support Congo's reconstruction.

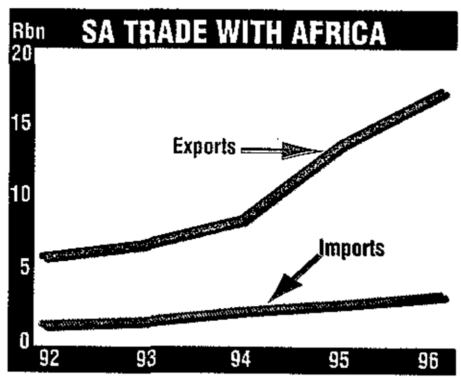
OAU chairman and Zimbabwe's President Robert Mugabe and OAU secretary-general Salim Salim called on Nigeria and Burundi to return to democracy.

Scepticism about an African common market will persist until there is greater consensus among nations on an appropriate model of economic reform, says the Institute for International Affairs.

Whereas Uganda's President Yoweri Museveni describes privatisation as a "magic solution," Mugabe warned that it surrenders resources to foreign control and spoke of a "co-ordinated political agenda by the north to suppress developing countries."

In an interview in SA days before the OAU meeting, Museveni, who favours the idea of "superseding existing borders through federations," slammed the OAU for having been "a trade union of criminals. If we were completely free," he added, "why would governments fail to submit themselves to supranational scrutiny? Why fear common minimum standards of good governance?"

**Amarnath Singh**



GREATER JOHANNESBURG BUDGET

# Parties focus on round two

ANC counts heads and woos allies as DP offers a privatisation budget

**An intriguing** political contest is unfolding as the ANC seeks to end the impasse over the budget in Johannesburg's Eastern Council — an impasse which, the party claims, could bring the administration of the Greater Johannesburg Metropolitan Council to a halt.

Narrowly prevented from securing the prerequisite two-thirds majority in the Eastern Council by the DP in alliance with two independent councillors, the ANC has adopted a twin track counter-strategy.

It has referred the budget back to the Eastern Council, in the hope of being able to muster a two-thirds majority when the council meets on June 24. But it is simultaneously seeking a declaratory court order in the belief that the clause in the Local Government Transition Act requiring a two-thirds majority can be set aside under the final Constitution adopted in February.

The ANC's calculation that it can mobilise 40 of the 60 councillors to vote in favour of the budget rests on two assumptions: that it can get all 32 of its councillors to the meeting and that the six NP and two IFP councillors who voted for it the first time will do so again.

The first assumption seems reasonably safe. The only nominee for a vacancy in Alexandra is an ANC candidate, meaning that the ANC can bank on a full quota of its members at the second meeting, provided the seriously ill councillor who was brought from his sickbed to vote last time can do so again.

But it is not certain that the NP and IFP councillors will again all side with the ANC.

At least one NP councillor, Daryl Swanepoel, has expressed public misgivings about the ANC's decision to seek a declaratory order on the budget majority.

And DP leader in the Greater Johannesburg Metropolitan Council Mike Moriarty suggests that the recent co-operation accord between DP leader Tony Leon and IFP leader Mangosuthu Buthelezi may upset the ANC's expectations of IFP backing.

These uncertainties, Moriarty says, explain the ANC's decision to seek a declaratory order — even though the new Constitution specifically entrenches the two-thirds majority requirement for local government budgets until 1999.

The DP, meanwhile has prepared an alternative budget which it plans to present to Gauteng MEC Paul Mashatile.

Moriarty says the alternative budget rests on three pillars:

- Privatisation of municipal services;
- "Fair assessment" rates in areas under Eastern Council jurisdiction — including Sandton, where a boycott is in progress against increases of up to 300% last year; and
- Zero increases in tariffs instead of the mooted increases of 30% on water, 25% on sewerage and 15% on refuse removal.

Moriarty says the DP is not opposed to helping to redress apartheid-induced inequalities, a principle which led to the Eastern Council's surplus of R438m being used by the Metropolitan Council to cancel deficits and fund services in the Western and Southern councils.

But he emphasises that a formula should be devised for an "equitable" transfer of funds to the poorer councils, which they should administer and be responsible for. The present system — where the difference between income and expenditure in poorer councils is appropriated from richer councils — encourages neither self-sufficiency nor accountability, he says.

ANC councillor Sol Cowan, however, maintains that the present budget is a balanced one; it avoids a rates increase and provides extra rebates for sectional title holders, flat dwellers, retirement villages and pensioners. He accuses the DP of blocking the budget for "political reasons."

Patrick Laurence

***Leon and Buthelezi**. . . will their accord foil the ANC's plan?*

THE BIG STORY

ARG 17/6/97

# Out of Africa, a new economic 'tiger'

## *The lands of the south are roaring as their GDPs surge ahead*

(1)

**WHILE POLITICIANS DREAM OF AN 'AFRICAN RENAISSANCE' AND THE IMPENDING 'AFRICAN CENTURY', THE ECONOMIES OF SOUTHERN AFRICAN COUNTRIES ARE SURGING AHEAD WITH GROWTH RATES TO RIVAL THOSE OF THE 'TIGER' ECONOMIES OF SOUTHEAST ASIA, REPORTS THE ECONOMIST**

Southern Africa, once torn apart by war but now tentatively at peace, is enjoying an economic revival. Last year, the region's gross domestic product (GDP) jumped by an average of over six percent, a rate more often associated with Asia than sluggish Africa.

For the first time in many years, the economies in the Southern African Development Community (SADC), a regional economic body, grew in 1996; and in eight of them the growth was over five percent. This year they may again do well.

Is this just a blip on a continent where wild swings in fortune are common, or the beginning of a genuine economic turnaround? Cyclical good luck certainly provides part of the answer.

Southern Africa, like the rest of the continent, still depends heavily on selling what it can dig out of the ground or pluck from the trees. The past two rainy seasons have been unusually good, bringing in bumper harvests.

Good rains last year enabled Mozambique, a long-term recipient of food aid, to reap a record harvest, making it now almost self-sufficient in grain.

In Africa, rain alone can swell or shrink an economy. After a dry season and poor harvest, Zimbabwe's GDP shrank in 1995 by over three percent; a year later, after good rains, it had shot up six percent.

Higher commodity prices are also helping. In May, The Economist's commodity price index hit a two-year high. While prices for some products, such as gold and most metals, are still weak, food prices have been soaring.

Vigorous tea prices have boosted Malawi's economy, to which farming is by far the biggest contributor. And when small economies swell by just a little, growth rates can look impressive.

But there is more to the region's revival than this. In the past few years there has been a turn-around in economic thinking.

The great believers in command economics, who led much of Africa to independence, would have been dumbfounded at a recent gathering, organised by the World Economic Forum, of southern African leaders in Harare. The talk was all of luring in the foreign investor.

"We don't care who buys the mines in Zambia," declared President Frederick Chiluba with defiant pride, "so long as the mines make money and contribute to the exchequer."

Mozambique and Zambia have two of the most ambitious privatisation schemes on the continent.

Mozambique has already sold scores of enterprises, from tea plantations to a chocolate factory; its plans for this year include its national airline.

Zambia has put over 145 state-owned companies under the hammer, ranging from a cement-maker to a dry-cleaner. The biggest sale, of its copper mines, is yet to come.

This effort to nurture private business has been backed, by and large, with more prudent macro-economic management. A few laggards stand out. Angola, still teetering between peace and war, has an inflation rate of 2 800 percent. Zimbabwe still runs a government budget deficit of over eight percent of GDP.

But, last year, seven of the 12 SADC countries had inflation rates of 10 percent or lower. Public borrowing is generally being curbed. Zambia and Mauritius have done away altogether with foreign exchange controls.

In a nice twist, post-apartheid South Africa's new fiscal conservatism has begun to shame its neighbours into more responsible behaviour.

Another reason to believe that the economic gains might stick is the explosion of infrastructure projects across the region. Planned investments of $8-billion-$10-billion are under way.

A new road, for example, is being built to link Johannesburg to Maputo, Mozambique's capital; another, the Trans-Kalahari highway, is due to open next year and will shrink the road distance from South Africa's industrial hub to Windhoek, Namibia's capital, by 400km.


COLIN DANIEL

**African music:** the growth rates of sub-Saharan African nations now rival those of Asia's 'tiger' economies

Two huge hydro-electric power schemes, on Lake Cahora Bassa in Mozambique and in the Lesotho mountains, which will zap electricity across the region, are also being built. And there are plans to revive the war-battered Benguela railway, to connect Zambia's copper belt with the Angolan port.

Even so, southern Africa's growth prospects remain shackled, not least by the region's relatively small market. Southern Africa is home to 135-million people, but South Africa's economy alone accounts for four-fifths of the region's GDP. Its neighbours are comparative minnows.

Worse, it is still not possible to think of the region as one market – in spite of a promise by SADC members to work towards regional integration, red tape continues to throttle the place.

Lorries that thunder up the road from South Africa to Zimbabwe can spend three days waiting for clearance at the border. Securing legal rights over investments is often troublesome.

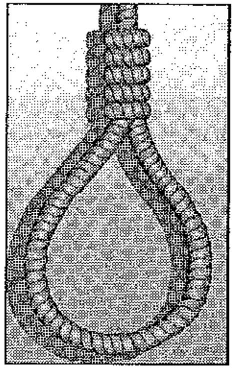
Several countries still require visas, even from fellow SADC members.

Communications are poor. The first Monday flight from Johannesburg to Maputo is not until 4pm.

President Robert Mugabe of Zimbabwe periodically commandeers planes from the national airline that should be shuttling paying passengers.

All of which helps explain why the region has failed as yet to lure in much foreign direct investment, beyond mining and farming.

And that, in turn, makes many southern Africans feel resentful that their often-painful efforts at economic reform have so far gone unrewarded.



# Africa clamours for the noose

With rare exceptions, countries are reinstating the ultimate penalty, writes Mercedes Sayagues

Star 19/6/97 (1)

The death penalty is in operation in 31 African countries. Death can be by hanging, firing squad, beheading, or stoning followed by public crucifixion.

According to a recent report by the human rights group Amnesty International (AI), capital punishment has been abolished by eight countries in Africa: Angola, Cape Verde, Guinea Bissau, Mauritius, Mozambique, Namibia, Sao Tomé and Principe and South Africa.

Gambia and Comoros are reported to have reinstated the death penalty recently, while Rwanda and Guinea are considering resuming it.

AI says that Zambia secretly executed eight prisoners in February this year, the first executions since 1989. In Botswana, an attempt to declare capital punishment unconstitutional was launched in 1995, but failed. The same year, Botswana carried out its first execution in eight years.

In South Africa, the rising crime rate has fuelled public calls to reinstate the death penalty. However, President Nelson Mandela has spoken firmly against reversing the 1995 decision.

In Mozambique last month there were also calls to reinstate the death penalty. One senior official from the ruling Frelimo party, along with a number of journalists and newspaper columnists, have been clamouring for executions as a crime deterrent. Capital punishment was abolished in Mozambique in 1990.

In Malawi, in 1994, the newly elected government of Bakili Muluzi commuted all death sentences into life imprisonment and no executions have been reported since. Last week, cabinet approved holding a national referendum on the matter.

Tanzania's courts are showing a distaste for the death penalty. A High Court ruled in 1991 that hanging as a punishment was degrading – although later the Tanzanian Court of Appeal agreed that while hanging was cruel and degrading, it was not unconstitutional.

No one was executed in Zimbabwe between 1987 and 1992. The government reduced the scope of the death penalty to murder, treason and certain military crimes in 1992 and subsequently advertised for a hangman internationally.

Unexpectedly, one Friday evening in 1993, national TV announced four hangings scheduled for the following Tuesday. The Catholic Commission for Peace and Justice (CCPJ) managed to stop the hangings by a court order arguing that the length of time spent on death row by the prisoners constituted inhumane treatment which is unconstitutional.

This landmark case was quoted in courts as far afield as Jamaica. But the following year the Zimbabwean government amended the constitution to say that the death penalty does not violate human rights. At the time there were 114 prisoners on death row. About 60 have since had their death sentences commuted. Executions resumed in November 1995 after seven years. About a dozen criminals have been executed since, the latest being three convicted murderers hanged last week.

Director of the CCPJ, Mike Auret, says that in private many top party officials speak against the death penalty. "But our government does not like to be advised or challenged by civil society so capital punishment remains."

A former death row inmate amnestied in Zimbabwe says: "Warders often told us detailed and lurid stories about the hanging; they continuously taunt and torment you about it. If a mentally disturbed prisoner soiled his cell, the warders refused for days to have it cleaned up."

Auret describes death row prisoners. They are manacled at night and naked from 3pm until the next morning to prevent them from committing suicide with their clothes. They are allowed one hour of exercise a day and read only tattered Bibles. The cell light is on continuously.

"The entire thing is totally inhumane," he says. The same amnestied prisoners described frequent beatings with batons. But worse was the mental anguish caused by warders who rattled the cell doors at 4 am, usually the time set for the removal of prisoners for hangings. "We would hear the wailing and screams of those about to be hanged and the sound of the gallows themselves," he recalled.

Many prisoners live on death row for years, leading to severe psychiatric problems. As a condemned Tanzanian man said: "I am tired of a slow death."

"Right from the moment he enters the condemned cell, the prisoner is enmeshed in a dehumanising environment of near hopelessness. The condemned prisoner is the living dead," said the Zimbabwean Supreme Court in 1993.

Auret favours life imprisonment with community service and work. The murderer's property and profit generated by work in prison should go to compensate survivors of the murdered person. – Star Foreign Service/Africa Information Afrique.


# Countries die of debt

(1) M+G (Tom) 20-26/6/97

Not a single country has benefited financially from the new deal on debt relief, writes **Andrew Simms**

'HE that dies pays all debts," wrote Shakespeare. For too many people in the world's poorest countries, death will indeed be the only way out: one person is born every second into bad, unpayable debt.

Yet it need not be ever thus, say United Nations agencies. Unicef calculates that a few million pounds of debt reduction in sub-Saharan Africa would save the lives of hundreds of thousands of children and thousands of women in childbirth.

Highly indebted countries such as Tanzania, where less than half the population has access to safe water, are crying out for relief. Over the next four years, Ethiopia, where the average person only expects to live to the age of 47, will pay more than $1-billion in debt service. The country spends four times as much on debt servicing as on health.

Tony Blair, who attended his first Group of Seven (G7) plus Russia meeting of the world's richest countries this week, said before the election: "International debt reduction will be a top priority. We want the benefits of debt reduction to be invested directly in reducing poverty." Now is his chance.

The efforts of the former chancellor, Kenneth Clarke, led to last year's G7 meeting being dubbed by the host, Jacques Chirac, "a landmark in the history of international finance, symbolised by efforts made by industrial countries to resolve the problems of their poorer counterparts". But one year on, not a single country has benefited financially from the new deal on debt relief agreed later in Washington.

**The poorest countries, mostly in Africa, are losing out in world trade and in attracting investment**

The process was tainted by political power play and held up by the delaying tactics of creditors, including Germany, Japan and the International Monetary Fund (IMF).

To stop the human suffering caused by debt, two things are essential: a one-off cancellation of the backlog of unpayable debt by 2000; and a proper plan to avoid the further build-up of unpayable debt. Debt relief is a cheap and practical way to help poor countries. History gives us ample evidence of double standards being operated by those holding up the process.

After World War II, Germany, which objects to generous treatment for indebted poor countries, enjoyed debt relief it would be unlikely to qualify for today. Japan, another objector, also benefited from generous treatment.

Two hundred years ago Adam Smith called for "fair, open and avowed proceedings" to tackle the debts of states. Like dealing with debts of individuals, these were "least dishonourable to the debtor, and least hurtful to the creditor". John Maynard Keynes wrote in *The German Transfer Problem* in 1929: "The majority of the countries which were heavy borrowers abroad during the 19th century frequently escaped from it by defaulting more or less."

Today, no such escape is to be had. To qualify for relief, countries undergo years of imposed policies leading to austerity and hardship.

Double standards do not stop there. Banks treat companies that run up huge debts with kid gloves for fear of losing investments. Eurotunnel froze payments on a debt of $13-billion in 1995. This dwarfs the cost of current proposals for the poorest countries. Eurodisney, now Disneyland Paris, incurred losses of $1,4-billion in two years. Its understanding treatment by the banks makes the likely relief for poor countries before 2000 seem paltry.

Even if the current proposal, the Highly Indebted Poor Country initiative (HIPC), were fully implemented now, it would be cheap. The HIPC, applied today without the extra years of financial pain it demands of weak economies, would cost: about a sixth of Britain's annual military expenditure; what the United States spent on going to the cinema in 1995; or what British people spent on chocolate last year. So where's the problem?

Critics say debt relief will create a "moral hazard", the favoured excuse of the IMF. Poor countries, they claim, will be tempted to borrow recklessly. But the real immorality comes when countries have to ask: "Must we starve our children to pay our debts?", in the words of the former Tanzanian president Julius Nyerere. The creditors have escaped responsibility for too long.

As was recently exposed, the IMF, despite warnings from its own staff in the early Eighties, kept lending money to Mobutu's regime in Zaire. Now the population will pay for the "sins of the fathers".

No government is perfect, and fair ways must be found to ensure the benefits of debt relief are invested in poverty reduction. But other arguments are easily shot down. Some say it undermines a country's credit worthiness. This is a classic Catch-22 because we know that while countries remain heavily indebted, they find it hard to attract investment. Both cannot be true.

The poorest countries, mostly in Africa, are losing-out in world trade and in attracting investment. Economies burdened by unpayable debts are not reliable investments, yet with declining aid, the need for long-term investment is vital. Debt relief is the way forward.

Why is it so slow? Could it be a desire to maintain leverage over poor countries, or just a desire for a steady stream of service payments? Apart from the reservations of Germany and Japan, one reason can be found in the words of an official of the US's CitiBank, involved in lending in the Eighties: "Let's be clear. Nobody's debts are going to be repaid ... Paying back isn't really the issue. The issue is the borrower remaining creditworthy and able to carry the debt, but not to repay it."

Most people thought the Third World debt crisis had disappeared. But it has been growing quietly to record highs. This led to last September's HIPC deal.

So what is wrong with HIPC? It is too slow. Tanzania, very poor and with massive debts, will not get help until 2003 at the earliest. The qualifying criteria are harsh and arbitrary and not based on meeting human needs, merely on a country's estimated success in world trade.

The IMF's research department admits that the forecasts on which judgments are made "are not particularly accurate". The process is also secretive and unaccountable. Unlike in commercial and municipal debt proceedings, poor countries are not properly represented when their debts and need for relief are assessed.

Andrew Simms is co-author of One Every Second, published by Christian Aid and the World Development Movement

WORLD

# G-7 at odds over an approach to Africa

(1) BD 25/6/97

WASHINGTON — The leaders of the Group of Seven (G-7) industrial powers plus Russia emerged from their Denver summit with "the steps necessary ... to ensure prosperity and peace for our citizens and the entire world".

The final communique of the "summit of the eight" represents consensus on issues ranging from protecting jobs and pension schemes at home while further opening markets overseas, to preventing human cloning.

However, contention remains among participants over what to do about Africa, the United Nations (UN) and the environment.

The communique touts a "partnership for development" in Africa that emphasises trade expansion while acknowledging that aid "will continue to play an essential role in building the capacity of sub-Saharan African countries to achieve their sustainable development objectives".

This is a tenuous compromise between the US, which favours trade over aid, and France, which argues that foreign aid remains essential in countries with the world's lowest individual incomes and weakest infrastructure.

The disagreement stems mainly from US and French interests in the region, not from differing views of Africa's development needs, commentators note.

When the US Congress convened in 1995, many Africa advocates feared the new Republican majority would "zero out Africa", and they began to lobby for White House leadership on the issue.

Aid officials, think-tanks, and some nongovernmental organisations (NGOs) in the US sought a holistic policy that combined aid, trade, investment, debt relief, conflict resolution and measures to improve the human rights situation in a number of countries.

Recently, groups urging such a co-ordinated approach have included a task force sponsored by the Council on Foreign Relations, a prestigious think-tank; the nongovernmental Oxfam International; and the New York-based Africa Fund, which pioneered consumer boycotts and official sanctions against apartheid SA.

US corporations, however, eyeing new opportunities everywhere from Nigeria to SA to — most recently — post-Mobutu Zaire have pushed for a focus on trade.

The companies' wish list has included government-backed investment funds and political risk insurance, as well as diplomatic and economic pressure to ensure that African governments rein in corruption and adopt other "good governance" measures that would make it easier to do business.

In vying for African business, US companies are up against competition from counterparts in France, Britain, and other former colonial powers.

There is also political competition. "Because of the hegemony of the former colonial powers from Europe, Washington has hardly shown an interest in Africa," says one German observer. "But after Mobutu's toppling, a power vacuum developed which US diplomacy very much wants to fill."

Some officials here attribute European criticism of the US initiative — primarily from the French — to this business and diplomatic competition.

NGOs and other analysts also assailed the Africa initiative for giving top privilege to investors. This, they say, will ensure the plan's benefits go only to a handful of countries deemed by Washington to be successfully implementing market-friendly economic and political reforms.

In the communique, the leaders "support thorough-going reform" at the UN.

They endorse UN Secretary-General Kofi Annan's "recent reform proposals" and "look forward to the secretary-general's more extensive proposals next month". Those proposals, officials note, are to be submitted under pressure from the US Congress.

Their statement further urges a review of UN funds and programmes, timely payment of dues by all members, and a recalculation of those dues at levels they consider fair.

Canadian Prime Minister Jean Chretien bristled at what he and others saw as US efforts to hold the UN ransom. "I don't accept the notion that one country or two countries will dictate the policies of an international organisation like that," he told journalists.

Pointedly noting that Canada "pays its dues every month", Chretien said his government would be happy if the UN moved its headquarters to Montreal.

On the environment, the G-7 vowed "to take the lead and show seriousness of purpose in strengthening international efforts to confront climate change". They stopped short of making specific commitments to reduce carbon dioxide emissions, however. The Europeans favoured cutting these by 15% from their 1990 levels by the year 2010, but were opposed by the US.

"We're in favour of targets, it's just a question of what the targets should be," said Daniel Tarullo, senior adviser on international economics in the Clinton administration.

In the end, the document calls for unspecified "meaningful, realistic, and equitable" reductions in greenhouse-gas emissions by 2010. It adds that "developing countries must also take measurable steps, recognising that their obligations will increase as their economies grow".

Noting that, with 5% of the world's population, the US is responsible for about one-fourth of those emissions, some participants and observers voiced disquiet over the outcome.

The disputes have spilled into this week's UN General Assembly session, commemorating the 1992 earth summit, and they are likely to continue at a December global warming conference in Kyoto, Japan. — Sapa-IPS.

# Still pondering the Nigerian puzzle

Star 25/6/1997 (1) (226)

By Tyrone Seale
London

Four months from now, it will be two years since Nelson Mandela was the toast of Auckland, New Zealand, where he arrived for his first Commonwealth heads of government meeting.

The four-day summit tragically burgeoned in significance when the Nigerian military regime executed nine prominent pro-democracy activists. Within hours of the hangings, Mandela found himself heading a group of Southern African heads of state delegated by the rest of the Commonwealth leaders to talk some sense into the Nigerian junta.

Mandela's nomination left him especially vulnerable to criticism of his own admission that quiet diplomacy, pursued earlier by a number of South African missions, had failed to swing the pendulum around to civilian rule in Africa's most populous nation, and one of the continent's economic giants.

As the heads of government dispersed to return home, Mandela, who stayed on for a state visit, was on the telephone to Bill Clinton and John Major asking them to consider oil sanctions.

Mandela went about his initiative rather ruefully, as he harboured deep affinity for those players on the Nigerian political scene who had, through contributions of cash and kind, contributed to the African National Congress's post-1990 public emergence in South Africa.

In New Zealand, the Commonwealth leaders appended their support to the Millbrook Commonwealth Action Programme which henceforth provided for a graduated series of measures to be taken in the event of serious infringement of democracy in any of the member states.

The unconstitutional overthrow of a democratically elected government was clearly particularly serious.

What the Millbrook programme – named after the exclusive resort where the leaders formulated their resolve – allowed for was a public statement by the Commonwealth secretary-general expressing collective disapproval of the infringement, followed by early contact with the *de facto* government offering good offices and technical assistance to facilitate an early restoration of democracy.

The offending government is then given up to two years to restore democracy or be excluded from ministerial meetings and Commonwealth heads of government meetings.

Should all these measures prove to be to no avail, expulsion may then be seriously considered.

While the Commonwealth legitimately claims the credit for the establishment of restoration of democracy in numerous member states, among them many African countries, it remains dogged by a defiant minority, including Nigeria.

So much so that Commonwealth secretary-general Chief Emeka Anyaoku says the Millbrook mechanism "will need to be supplemented" if democracy is to be secured on as many fronts as possible.

Delivering the Commonwealth lecture at Edinburgh University last week, Chief Anyaoku did not elaborate on his intentions, which will become clearer at the heads of government meeting in the Scottish capital in October.

> **"Collective disapproval made no difference"**

Clearly, the threat of excommunication by the Commonwealth's potent community of 53 nations, which includes some of the world's richest states and their impoverished relations, has failed to intimidate most of those holding democracy to ransom.

However, Anyaoku remained ever hopeful, and surprisingly charitable. He said recent events in Sierra Leone had shown the military remained a threat to democracy in many developing Commonwealth countries, but it was a foe whose strength was on the wane.

Anyaoku said that back in 1991, the one-party systems and the military regimes that had seduced a number of Commonwealth countries had failed to deliver on the central promises that formed the basis of their claim to legitimacy.

But, even so, Commonwealth leaders in Harare had felt there could be no question of foisting a monolithic format of democracy on all Commonwealth countries.

"That would have helped nobody. The point was to proceed with pragmatism without in any way conceding principle.

"The promotion of democracy would reflect national circumstances.

"But whatever the national variations, a true democracy would be judged by the presence of a number of essential ingredients."

These included the right of a people to choose freely the men and women who would govern them, the rule of law, the independence of the judiciary and freedom of expression and association.

Turning to Nigeria, he said while the human rights situation there had improved little since Auckland, the government's timetable for the return of constitutional rule seemed to be broadly on course and if that trend continued, it was unlikely Nigeria would be expelled from the Commonwealth.

He did not detail the advances achieved in Nigeria, but said they were nevertheless satisfying enough for a waiving of the Auckland deadline, and Nigeria therefore had until October 1998 to stage democratic elections.

Sierra Leone was a totally different matter, he said, adding that the Commonwealth had been deeply involved in arranging elections and talks between the democratic government and the military front which is in power today.

If the Sierra Leone regime did not move over by October, it risked not being invited to Edinburgh, and could face expulsion two years on, but the Commonwealth would apply pressure and hoped for a resolution much earlier, Anyaoku said.

This is a perilous distinction to draw, as it invites suspicion that if you run a country of more than 100 million people and you are sitting on vast oil and other mineral deposits, you will have a little room to manoeuvre.

If you're any smaller than that, the big stick will likely be wielded a lot earlier in an initiative that has failed to stand up to its greatest challenge for two years.

Edinburgh will have to do better than reel off a pile of statements of intent. – Star Foreign Service.

# Loan approved for three-nation power station

(1) CT (BR) 30/6/97

**Max Smetannikov**

Washington — The World Bank approved a $39,7 million loan at the weekend for the construction of a $445,5 million international power station in Africa.

The power station will service Mali, Mauritania and Senegal. Sponsors include France, Germany, Canada and the European Investment Bank.

Sogem, a holding company owned by France, Canada and Germany, will develop the project in partnership with a consortium of private firms.

"Sogem will own the project assets, supervise project construction and subcontract management of the hydropower plant, transmission lines and Manantali dam to a private operator through a 15-year concession contract," the World Bank said.

The dam was constructed in western Mali between 1981 and 1988 as part of a $620 million project to build two dams in Mali. — Bloomberg

# Nurturing support for Africa's forgotten crops

(1)

BD 3/7/97

BULOWAYO — The development of new varieties of sorghum and millet, the traditional drought-resistant crops of Africa, could boost food security in southern Africa.

But farmers and consumers alike hold the crops in low regard. The traditional grains have been increasingly supplanted by non-indigenous cereals — maize, wheat and rice — which have received considerable research support and are mostly preferred by consumers. Sorghum and millet are largely seen as unpalatable, poor people's crops.

Geoffrey Heinrich, a scientist working on the sorghum and millet improvement programme, said the crops have become trapped in a vicious circle of low demand and low prices.

"There is no major commercial use for the crops and no commercial demand, so the prices are relatively low. Because prices are low, farmers do not use fertiliser, so they minimise their investments and their productivity remains low," he said.

Emmanuel Monyo, another scientist on the programme run by the 10-member Southern African Development Community (SADC) and the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT), said small grains are not widely grown in the region because there has always been enough maize.

For many years extension information has been available to maize growers, "and rightfully so", he said, because there were no suitable varieties of sorghum and millet for farmers in the drought-prone regions.

However, since its inception in 1984, the programme has released 11 pearl millet varieties and 22 varieties of sorghum.

"At least now we have the gospel of sorghum and millet being carried to the extension services. Farmers in the drought-prone areas can take advantage of the new early-maturing varieties of sorghum and millet which have the advantage of catching up with the season," Monyo said.

He said the next step was for the drought-relief packages given to farmers to include millet and sorghum seeds.

The programme has accumulated genetic resources from all SADC countries except Angola and Mozambique. The gene bank has well over 8 000 accessions of pearl millet and more than 12 000 accessions of sorghum.

Not only is the programme promoting the cultivation of sorghum and pearl millet, its brief also includes widening the usage of these crops, traditionally used to make thick porridge.

"We are borrowing some information from other countries where these grains are more popular," said Monyo. "What we are trying to do is to introduce these other types of new products and see if they will be accepted in the community here."

The grains can be used in various ways. They can be served in cracked or dehulled form like rice and eaten with vegetables, meat, milk or peanut butter.

There are also opportunities for use in composite flours. For example, 50% of the wheat flour used in biscuit production and 20% of the flour used in bread making could be substituted by sorghum and millet grain products.

Monyo said this area could possibly attract commercial interest, and lead to the creation of an industry which would raise the crops' profile. — AIA.

*Investors urged to buy equities in Botswana, Zambia and Zimbabwe as continent's market capitalisation surges*

CT(BR) 8/7/97

(1)

# Africa on the hot list, says investment bank

**From AP-Dow Jones**

London — Africa was in the early stages of economic regeneration, and international investors should consider buying African equities, Robert Fleming, the UK investment bank, said in a report published last week.

"Africa should no longer be viewed as a continent apart and unworthy of consideration for equity investment," it said on Friday.

The report examined investment opportunities in 13 African countries — South Africa, Botswana, Ivory Coast, Egypt, Ghana, Kenya, Malawi, Mauritius, Morocco, Namibia, Tunisia, Zambia and Zimbabwe.

Fleming recommended that investors buy equities in Botswana, Egypt, Ghana, Malawi, Zambia and Zimbabwe, and sell equities in Morocco and Tunisia. Investors should maintain existing positions in the remaining five countries.

Africa's revival as an investment opportunity was down to the end of authoritarian rule, the triumph of a new economic orthodoxy embracing private sector-led growth and rapid financial sector development, Fleming said.

The bank said the total market capitalisation of African equity markets had more than doubled since 1989 to $285 billion from $136 billion.

Excluding South Africa, market capitalisation had risen by 800 percent to $43 billion from $5 billion.

Fleming said privatisation, the unbundling of conglomerates and the entry of foreign investors had led to improved liquidity.

"In the last 12 months turnover has almost doubled in South Africa, more than doubled in Egypt, trebled in Zimbabwe, and quintupled in Morocco."

Fleming said African companies had "much higher" dividend yields than other emerging market equities.

"We expect dividend yields to decline over time but for now they provide an important source of value to the foreign investors," the report said.

# Credit to African farmers lacks focus

(1) CT(BR) 9/7/97

CHANDER MEHRA

Nairobi — A unit of credit given to a loan-starved farmer has twice as much beneficial effect on agricultural production as a unit of credit given to a farmer with adequate access to resources, reports a study by the Addis Ababa-based International Livestock Research Institute.

The study, in Uganda, Kenya, Ethiopia and Nigeria, also found that giving training to farmers could increase productivity only if the farm was not facing a credit constraint.

It looked at the supply of credit from financial institutions in the four countries, particularly banks' credit policies, and at demand for credit in households. The household-level study examined the effects of credit on uptake of improved dairy technology, improved cows and better feeding in smallholder dairying.

But the study showed that few smallholders get formal credit. Often, they were screened out of formal credit markets because of the criteria used by banks.

Banks generally did not demand collateral for loans, relying mainly on the personal characteristics of applicants to determine their creditworthiness.

The banks also had a limited supply of funds for subsidised loans because of their reliance on the government or donors. Therefore, credit was rationed.

Not all borrowers were able to get as much credit as they wished, and not all those who did borrow actually needed to.

The main determinant of milk output per farm was the number of crossbred cows a farmer had. In most cases, credit-constrained farmers borrowed money to invest in crossbred milking cows. But herd size did not affect milk production per farm, perhaps because of the large number of non-milking animals in herds.

Thus, farmers could reduce the number of animals they kept without losing milk production. For example, replacing draft oxen with dual-purpose dairy-draft cows could help increase productivity.

Additional expense on inputs like feed had less effect on production than additional investments in crossbred milking cows. Few of the farmers used credit to buy variable inputs such as feed. Farmers who did buy feed generally used too little to have much effect on the productivity of their cows, mainly because of lack of credit for working capital.

Even so, the study maintained that providing credit to farmers to fund operations could encourage higher variable input use and greatly increase smallholder dairy production.

It found the contribution of credit to milk output differed between credit-constrained and non-constrained farms. Using investments in crossbred cows as a proxy for the impact of credit, the study showed the marginal contribution of crossbred milking cows to output was relatively high on credit-constrained farms.

Policy-makers and financial institutions needed to go beyond whether farmers were borrowers, or otherwise to take account of their resource endowments and household characteristics, the study found. "Only by doing this can scarce credit resources be targeted accurately to those who will make greatest use of them". — Independent Foreign Service

**DEVELOPMENT** *'We aim to participate in all rebuilding processes'*

# US-Africa ties receive a boost

CT (BR) 22/7/97 (1)

NCABA HLOPHE

Johannesburg — Business relations between Africa and the US could receive a shot in the arm at the Fourth African African-American Summit starting today in Zimbabwe, Frank Fountain, a vice-president of the Chrysler Corporation, said yesterday.

He said the summit to forge ties with African governments was part of a long-term strategy to boost trade and political relations with those governments, adding that Jesse Jackson, the civil rights leader, would lead the American business delegation.

"It is such a coincidence that a movement like this is being promoted, and we support and believe it would enable a synergy of future business ideas on the development of the continent," Fountain said.

At least 30 African leaders would attend the summit which has been convened by Leon Sullivan, the American civil rights activist who, over many years, has advocated for increased US-African relations.

Among those attending are South African Deputy President Thabo Mbeki, Ugandan President Yoweri Museveni, Organisation of African Unity President Salim Ahmed Salim and Laurent Kabila, the president of the Democratic Republic of Congo and Robert Mugabe, Zimbabwe's president.

"People must note that we have not come to tell Africans what to do, but as outsiders with an interest in the future of the continent we aim to participate in all rebuilding processes that are in place and would suggest others if need be," Fountain said.

The conference would run workshops to explore opportunities in various sectors, including health, agriculture, manufacturing, information, mining and education.

Fountain said the initiative has identified education and training as among the important components for long-term recovery of the continent.

The Chrysler Corporation, as a supporter of the recovery of the continent, has provided financial assistance totalling close to R3 million in the past two years, which includes over a R1 million donation to Nelson Mandela Children's Fund.

□ African Business, Page 31

# Private sector 'the key to African development'

(1) BD 25/7/97

HARARE — Former US vice-presidential candidate Jack Kemp yesterday urged a radical rethink on how to help Africa develop, saying the continent should form strong regional trade blocs and foster freedom while international lending institutions reformed restrictive policies.

The proposals from were in addition to calls a day earlier by Jesse Jackson and other black US leaders for a Marshall plan to build African infrastructure to make trade easier.

Kemp, addressing a meeting of 2 000 black Americans and black African political and business leaders, said although African economic growth was generally healthy, economic and political barriers remained.

US thinking about Africa had undergone a major shift, he said. President Bill Clinton's new policy aims to promote growth in sub-Saharan Africa through trade and investment incentives rather than loans and aids.

"While economic aid and humanitarian assistance remain essential tools in coping with Africa's inevitable crises, policy makers have determined to utilise other methods to encourage and support economic and political reforms under way in Africa," Kemp said. "The private sector is now a key element."

He said democratic capitalism was based on market freedoms and personal liberties: avoiding currency devaluation, property confiscation, high taxes and protection of big business and state enterprise at the expense of young entrepreneurs.

Kemp praised the efforts of the East African Community towards tariff-free trade and said more regional trade blocs would encourage the US to agree to a "Nafta-style free-trade relationship".

"The knowledge that at some date America was likely to form a tariff-free zone with such African blocs would be a great inducement to other states of Africa to join, spurring the kind of intra-African trade that is so important to development in the coming years," he said. "By the same token, the growth in your economies would enhance American interest."

Kemp blasted the International Monetary Fund, claiming the reforms tied to borrowing hurt the environment for economic growth.

Jackson said on Wednesday that a Marshall plan was appropriate because the US owed the continent for the slaves who helped build the US and would benefit in the long run.

"Africa subsidised America. America is a debtor, Africa is a creditor," said Jackson.

He said it was critical to ensure foreign investors did not take advantage of Africa's cheap labour and desire for investment and development. — Sapa-AP.

# AFRICAN BUSINESS

*Commerce secretary tells conference of opportunities in SA*

# US renews its pledge to stimulate African trade

(1)

CT(PR) 30/7/97 4

FROM REUTER

Washington, DC — The US commerce department would make an aggressive effort to promote US trade and investment with Africa, William Daley, the commerce secretary, said on Monday.

Daley said at a conference on business opportunities in South Africa that as part of the push he would lead a delegation of US business leaders on a trade mission to Africa early next year and would make sure his agency's export assistance centres promoted opportunities in the continent.

Alec Erwin, South Africa's trade and industry minister, told the group of more than 200 US and South African business leaders that the country's economic reconstruction was moving beyond the process of stabilisation and into a phase in which new projects were coming on stream.

Erwin also said South Africa saw the region as forming a bridge of trade and investment with Latin America and Asia.

The US Trade and Development Agency, one of the sponsors of the two-day conference, released a list of about 45 new South African projects that could offer business opportunities for US companies.

The focus on South Africa is part of a Clinton administration initiative on Africa that targets trade and investment rather than direct government aid as a way to boost economic development.

Daley said South Africa could be a good place to start for many US businesses.

"We are seeking to emphasise the significant opportunity, not only in South Africa but in the entire continent," he said. "Part of our message today is that South Africa clearly is an economy and a market well worthy of very serious market attention.

"The other side of that message is that South Africa itself is both a platform and a launching point for exploring the other African markets that US firms may have overlooked."

# Bid to combat coffee blight

BD 30/7/97 (1)

**Edmond Kizito**

KAMPALA — Africa's leading coffee growing nations have gathered in the Ugandan capital, Kampala, this week to discuss a devastating fungal disease that is threatening to wipe out their crops.

Coffee crops are foreign exchange lifelines for Cote d'Ivoire, Ethiopia, Angola, Tanzania, Kenya, Congo, Guinea, Nigeria, Uganda, Cameroon and the Democratic Republic of Congo, and representatives have been discussing ways of improving research to stem the spread of "coffee wilt disease" or tracheomycosis.

The disease has affected more than half the growing districts in Africa's largest coffee producer, Uganda, where it is most serious.

The three-day meeting, which will end today, is also attended by delegates from the London-based International Coffee Organisation and the Abidjan-based Inter-Africa Coffee Organisation.

Organisers said delegates were expected to agree on joint funding for research into the disease.

The disease attacks the root of the coffee shrub. If not identified quickly, it spreads to the entire tree, eating away the stem and cutting off water from the roots.

Ugandan researchers said the disease spread quickly from plant to plant and could be stemmed only by cutting and completely burning the tree.

Officials at the state Uganda coffee development authority — the industry's top policy and monitoring body — said hundreds of hectares had already been razed or attacked so badly they would have to be cut down.

The Ugandan government said it was spending hundreds of thousands of dollars on research into checking tracheomycosis, but the refusal to uproot coffee bushes on the part of some peasant farmers was rendering efforts futile.

The government has made it a crime for farmers to refuse to destroy affected farm land, but coffee officials said bad roads made the order difficult to enforce.

In a statement to the conference, the International Coffee Organisation said the coffee world had to move fast to check the spread of the disease because it threatened the livelihood of many nations. "Control measures need to be formulated fast to check the disease because coffee is the mainstay of most of your economies," organisation official Julia Elena Serpa told delegates.

Uganda, the world's fifth largest coffee grower, gets up to 64% of its revenue from the crop. More than 90% of its 20-million population relies on the crop directly or indirectly for a livelihood.

The coffee wilt disease was first reported in former Zaire and a few west African countries in the 1950s. But it was identified as a serious farm problem only in the early 1990s.

# Africa told to improve output or face poverty

Sowetan 3/7/97

ONLY a focused effort to boost productivity will lift the African continent out of poverty and turn it into a world player on the global economic stage, says Dr Jan Visser.

Visser, National Productivity Institute executive director, also blamed management's lack of understanding of productivity matters for the continent's poor economic prognosis.

Speaking at an International Labour Organisation workshop in Harare, Visser warned of increasing levels of poverty in sub-Saharan Africa by the turn of the century unless productivity was boosted.

He said while the number of poor in the developed world was expected to dip by about 400 million by the turn of the century, the situation in sub-Saharan Africa would get worse.

Excluding South Africa, the total number of poor in the rest of the region was expected to increase by 100 million. This meant that by the end of the century Sub-Saharan Africa would account for more than 30 percent of the developing world's poor, as against 16 percent in 1985.

In emphasising the need for higher levels of productivity, Visser highlighted the need for greater cooperation between workers and management.

He said: "It is of the greatest importance that management and workers sit together and ask themselves what the core issues obstructing productivity growth are in the firm.

"Typically these constraints will be a lack of training, inadequate systems and procedures, too little knowledge about how to improve productivity, and insufficient labour-management cooperation.

"But deep down one will probably find the true problem – management does not understand productivity and does not know how to be a true leader in productivity matters."

# Cigarette firms scramble for Africa

(1) BD 6/8/97

ABIDJAN — The Marlboro cowboy might be riding into the sunset in rich countries where anti-smoking campaigners are snapping at his heels.

However, in Africa, with its vast horizon and its young and rapidly expanding population, there is no sign that anyone is looking to run him out of town any time soon.

"Africa is one of the areas now being targeted by multinationals," says World Health Organisation (WHO) smoking analyst Barbara Zolty. "It has already started."

Cigarette companies are scrambling to Africa's emerging markets from SA to the Côte de Ivoire.

"The market is growing hugely. Tobacco companies have nowhere to go with legislation in their own backyard," said an expatriate advertising man arriving in western Africa — once dubbed the white man's grave because of fever and other tropical diseases which killed early explorers, traders and missionaries.

Brands are fighting for a share of markets like Nigeria, Africa's most populous nation with 100-million people. New kiosks and umbrella stalls selling cigarettes and sweets seem to spring up by the roadside daily in Côte de Ivoire commercial capital Abidjan.

Youngsters outside colleges or on street corners draw on their cigarettes with studied disdain. Struggling taxi drivers increasingly ask: "Do you mind if I smoke?".

In the US, the Marlboro cowboy and Joe Camel — a cartoon animal promoting cigarettes — are endangered species. The US tobacco industry, after a long-running legal wrangle in June, bowed to tighter federal legislation on advertising and has agreed to pay $368,5bn in damages for smoking illnesses and prevention.

"Marlboro Man will be riding into the sunset on Joe Camel," Florida's attorney-general Robert Butterworth commented wryly.

Not in Africa. Marlboro's square-jawed cowboys on billboards or as part of in-store promotions still encourage Africans to smoke.

Jeeps emblazoned with Marlboro and other brand names turn up deep in tropical forests, where even Coca-Cola is rare.

The United Nations (UN) children's agency Unicef wants First World safeguards in Third World markets, with bans on advertisements targeting burgeoning youth populations.

Most African nations have few real safeguards. In some, tobacco growing is a major part of the local economy. Many state tobacco monopolies deal directly with global tobacco firms.

WHO data on smoking exists for only seven of 51 African states, or one-third of the region's population.

An estimated 33% of African men and 10% of women smoke daily, compared to world averages of 47 and 12.

Industry research suggests African smokers light up 10 times a day on average, against 22 in rich countries. Algerians smoke the most. Nigeria has the largest sales volume but industry eyes are also on SA and emerging markets like the Côte de Ivoire.

At present, though, Africa has more immediate health problems to tackle — malaria, AIDS, yellow fever, cholera and tuberculosis.

"If people live longer we will start to see cardiovascular problems, diabetes and cancer," says Côte de Ivoire WHO representative Emmanuel Eben-Moussi. "At present, these are masked by high mortality from first category diseases," he says.

The WHO expects that 70% of all smoking deaths will be in developing countries by the mid-2020s, from one-third now.

Francophone African markets, with populations totalling about 62-million people, shrank by about 30% during the late 1980s and early 1990s. Many devalued their CFA franc common currency in 1994 as part of efforts to revive their economies.

Sales managers say most countries have yet to turn around. One says sales have grown by up to 6% a year, but points out that: "We are certainly not back to the levels in the mid-1980's."

Smokers in Africa tend to buy cigarettes one, two or three at a time, depending on income, against two to three packs a day for Europeans and booming carton sales in Asia.

"Market growth can look big but you are starting from a tiny base," says one sales manager. "About 96 out of 100 people want single sticks (cigarettes)."

Last October, SA threatened to slap a ban on all tobacco advertising unless cigarette warning laws were respected. Zolty of WHO points to SA as a role model.

Brand managers say laws are tightening up — from packet warnings about nicotine or tar to bans on smoking in public — however, policing is slack. "It is as if it did not exist," says one manager.

Low-tar brands have captured few hearts. "Anti-smoking adverts just don't penetrate," says Eben-Moussi.

Brand managers expect more legislation, however. "It's going to happen in the next two years," one sales manager predicted. — Reuter.

COMMENT & ANALYSIS

# France still has role in African imbroglio

As SA seeks an African renaissance, it cannot ignore France and its influence on the continent, argue **Greg Mills and Christopher Clapham**

BD 6/8/97 (1)

THE swift transfer of power in the former Zaire, and the absence of the long anticipated French intervention on the side of Mobutu Sese Seko, has raised a number of questions about France's Africa policy, long a key piece in the African diplomatic jigsaw.

Does this inaction signal a decline in French power in Africa, or is it just a result of temporary disorganisation? How might it affect French-SA relations, as Pretoria moves to place Africa at the heart of its own foreign policy priorities?

Yet what lies behind an apparent decline in French influence on the continent? French involvement with Africa dates back more than three centuries.

The independence of France's original 12 African colonies — which was granted virtually en bloc in 1960 — brought with it a form of "pseudo colonialism", with an undiminished presence and influence of French administrators, technicians, businesses and even the military.

Between 1959 and 1963, president Charles de Gaulle negotiated secret "co-operation agreements" with the ex-colonies and ex-United Nations trust territories (Cameroon and Togo), covering such matters as monetary policy, development assistance, education, telecommunications and defence. This formed, in the words of one observer, "the cornerstone of France's relations with Africa".

De Gaulle thus established a pattern for French diplomacy in Africa, which was replicated by successive presidents up to the current incumbent, Jacques Chirac. With African heads of state seen more as close friends than allies, relations with Africa were managed not by the foreign affairs ministry, but from within the president's office where the old Africa hand, Jacques Foccart, was the key figure as "adviser" on African affairs. He retained close and intimate personal ties with African leaders.

In the security domain, France often came to the aid of African friends. Interventions by French armed forces occurred in Mauritania, Senegal, Chad, Gabon, the Central African Republic and — following the inclusion of the former Belgian colonies of Zaire, Burundi and Rwanda — in Zaire in 1978. During President Francois Mitterrand's 14 years in office (1981-1995), the French military intervened 10 times in sub-Saharan Africa.

Despite expectations that his socialist administration would alter the relationship, Mitterrand maintained the status quo, installing his son, Jean-Christophe, as deputy director of the Africa section. His announcement at the Franco-African summit in 1990 that French aid would in the future be conditional upon democratic reforms signalled a measure of disengagement, but did not affect French support for clients in key states like Gabon, Cameroon, and Côte d'Ivoire.

However, the financial costs of supporting the currency of most of the former French colonies in Africa, the CFA franc, became increasingly onerous, and in January 1994, then prime minister Edouard Balladur announced a 50% devaluation. The CFA franc had become highly overvalued, with a negative effect both on the value of CFA franc zone exports, and on mainland France's balance of payments.

Devaluation dismayed Francophone African élites whose consumer imports were no longer subsidised, but it worked in the favour of the African nations, and the CFA zone had its first real per capita gross domestic product growth for several years in 1995, reaching more than 6% in the West African states of Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal and Togo.

However while this positive turn characterised the economic relationship, the political scene was deeply troubled. French backing of corrupt and often autocratic African regimes was resented.

In Rwanda, Mitterrand gave military support to the Habyarimana government against the Rwanda Patriotic Front, which was regarded in France as the instrument of an Anglophone conspiracy orchestrated from neighbouring Uganda.

When, following the 1994 genocide, France intervened through Operation Turquoise, ostensibly to stop the killing, this was interpreted as a cover for French protection for the people who were responsible. Revelations about the close links between the French government and the Hutu élites involved in carrying out the genocide undermined French popular support for military engagement in Africa.

Chirac, elected in 1995, thus inherited a troubled relationship. Although he brought back the aged Foccart, to emphasise his Gaullist roots, events in Central Africa demonstrated the weakening of the French position. An alliance of new leaders who had come to power through guerrilla warfare, in Uganda, Eritrea, Ethiopia and then Rwanda, started to challenge the postcolonial order in Africa.

France, for its part, found itself associated with old-style leaders such as Mobutu in Zaire. Matters came to a head on the Rwanda-Zaire border, where France had been covertly aiding the exiled (and genocidal) Hutu militias in their plans to reconquer Rwanda.

As Laurent Kabila's rebellion got under way, supported by Uganda and Rwanda, the French government could not secure support for an international intervention force, and — unwilling to intervene on its own — was reduced to sponsoring the Serb mercenaries sent in to aid Mobutu.

Support for Kabila from Angola, where French state oil company Elf Aquitaine had vital installations, further hamstrung the French response. US support for the "new radicals" on the African international scene helped create a new post-Cold War division of the continent.

Embattled conservative leaders like Kenya's Daniel arap Moi and the Islamic regime in Sudan made common cause with Francophone states led by Togo's Gnassingbe Eyadema to resist the tide, and sought support from France.

Ironically, the closest to a clear-cut Africa policy that Chirac has come is through the changes proposed to tighten up French law on illegal immigration by means of the Debre Bill.

The law has stirred up a wave of reactions in France, where an estimated 3-million immigrants, many of them from Africa, are seen as contributing to a 12% unemployment rate.

Pretoria will have to tread a delicate path as it seeks to inspire an African revival.

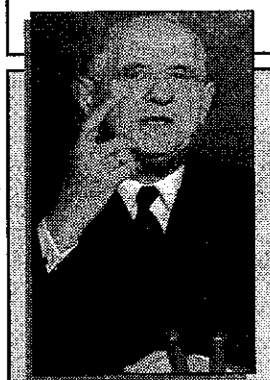
Inevitably, as an Anglophone state led by a liberation movement with many links with the "new radicals", SA is associated in French eyes with opposition to the French role in Africa. The country is even seen, in some quarters in Paris, as an instrument of US policy.

There is, also, little doubt that Pretoria cannot afford to ignore France when it comes to co-ordinating policies aimed at improving African governance, management and accountability — all essential to a continental renaissance.

With about 200 French companies and banks, along with an estimated 8 000 French troops in Africa, Paris still calls the shots in many of its former colonies. However, France will clearly increasingly have to see other external actors as complementary partners rather than rivals, and will also have to recast its own notions of African sovereignty.

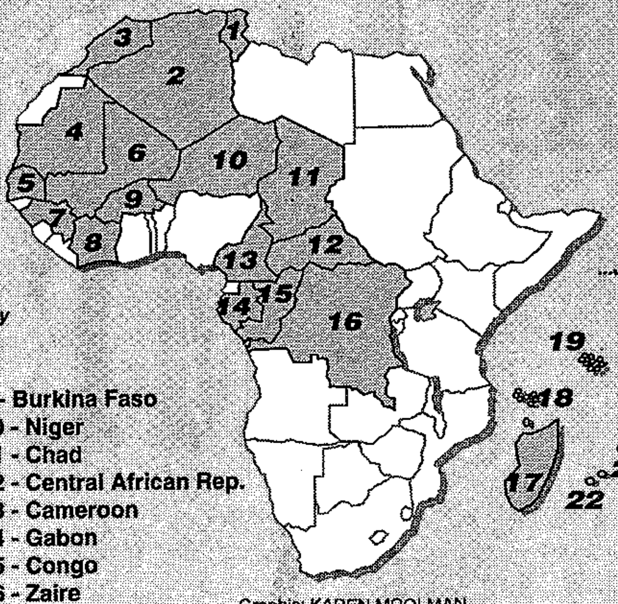
□ *Mills and Clapham are, respectively, national director and visiting fellow at the SA Institute of International Affairs.*

## The French in Africa



*Charles de Gaulle, between 1959 and 1963, established a pattern for French diplomacy that has lasted up to the current president...*

### Francophone nations




1 - Tunisia
2 - Algeria
3 - Morocco
4 - Mauritania
5 - Senegal
6 - Mali
7 - Guinea
8 - Ivory Coast
9 - Burkina Faso
10 - Niger
11 - Chad
12 - Central African Rep.
13 - Cameroon
14 - Gabon
15 - Congo
16 - Zaire
17 - Madagascar
18 - Comoros
19 - Seychelles
20 - Cargados Carajos
21 - Mauritius
22 - Reunion

*...Jacques Chirac, who, elected in 1995, inherited a country in a weakened position, associated with old-style leaders such as Mobutu.*

Graphic: KAREN MOOLMAN

COMMENT & ANALYSIS

# Africa pursues capitalisation growth

(1) BD 8/8/97

With African optimism on the increase, **James Graham-Maw** looks at the prospects for foreign portfolio investment in the continent

AFRICA accounts for 11,5% of all developing country exports and 8,6% of developing country gross domestic product (GDP). Its average central government budget deficit is forecast to fall to just 1,5% this year. The International Monetary Fund estimates Africa will enjoy 6% GDP growth and single digit inflation next year.

Readers can be forgiven for raising an eyebrow at these numbers. Africa gets a terrible press — shameless kleptocrats and horror viruses provide much better copy than structural adjustment facilities and free market orthodoxy.

The outlook for tomorrow's Africa has changed: prices and exchange rates have been liberalised, governments are reducing their control over their economies, and these are in turn becoming increasingly equity-financed rather than debt-burdened.

African governments have learnt that private sector capital has an extremely wide choice of deficits to fund for which they must compete in the new world order. Africa still has significant disadvantages to address. Firstly, its economies are underdiversified; primary production — principally mining and agriculture — represents more than one-third of the continent's GDP.

There is a bullish case for commodities to the effect that many fast-growing economies, particularly in Asia, are now entering the commodity-intensive phase of their development. However, Africa's rainfall patterns are unpredictable and cause huge swings in agricultural output from year to year.

Its over-reliance on mineral resource wealth also has some negative implications; mining interests in developing economies tend to be paternalistic and prone to cronyism. This can concentrate economic power in few hands and short-circuit the establishment of a reform-minded middle class.

On the micro level, mining concerns are price takers, not price setters (diamonds are an exception) and are, therefore, manifestly beyond controlling their own destiny. And there is the suspicion that mining companies are, at best, only modest creators of shareholder value.

Foreign direct investment (FDI) flows into Africa are picking up, but from an extremely low base, and remain paltry by emerging markets standards.

Africa attracted less than 5% of all FDI flows into emerging markets last year, with Morocco and SA accounting for the bulk of the investments. It may be too early to worry whether these markets are getting the right kind of money (ie "cold" not "hot"). However, one can think of only a few areas (horticulture, tourism) where Africa has a natural competitive advantage.

Africa's domestic savings rate is 15%, half the level which drove the growth of the Asian tigers, against an average investment rate of 19%. This leaves a financing gap of 4% of GDP, which expands to 9% if SA is excluded and the average is weighted.

The continent continues to suffer from poor, though improving, human capital resources. Its average adult literacy rate is in the region of 65%, well below the rates in excess of 80% in Latin America, Asia and Eastern Europe. Although economists tend to focus on mechanistic models of physical capital accumulation ("hardware"), it is becoming clear that human "software" has an increasing role to play.

Although violent upheavals continue in central Africa and Islamic fundamentalism confronts several countries in the north, there is room for some optimism about African politics. The UK Foreign Office Africa research group estimates that 39 of 53 African countries now enjoy a freely elected government. SA leads the continent by example. In the words of one specialist portfolio manager: Africa has swapped Marx for Mandela.

Africa's unhappy image has meant that in some cases its competition for capital has been pursued with an even greater rigour than one could hope for, and a few of the countries mentioned in this article will go on to become emerging market stars of the future.

The African markets exhibit low correlations with other emerging markets and also with each other. These are true emerging markets, and dance to the tune of their own fundamentals rather than that of the US long bond. They thus offer the investor risk diversification. However, in the near term it is much more likely that an investor will consider African assets a potential return enhancer then a risk diversifier.

We need to consider whether the momentum of structural change is faster than the change in investors' attitudes: does Africa represent a classic perception/reality arbitrage opportunity?

Sustainable macroeconomic policies reduce the rate at which investors discount future microcashflows. Combine this fundamental justification for multiple expansion with growing corporate profitability and the return of flight capital and we will see the continent re-emerge.

Indeed, the past few years have witnessed a palpable revival in interest in Africa. Straplines such as "Africa — the last frontier" across investment circulars suggest a new emerging market vogue is upon us.

The total market capitalisation of African stock markets (excluding dual listings) has more than doubled from $131bn in 1989 to $289bn last year. This figure is distorted by SA, which, in terms of market capitalisation to GDP, has one of the most developed equity markets in the world. However, there is strong evidence of a risk in equity culture elsewhere in Africa too — the assets under management of the Moroccan mutual fund industry, for example, have grown more than seven-fold over the past 18 months. Therefore, if we strip out SA, Africa's progress has been even more dramatic, with market capitalisation rising from $6bn in 1989 to $47bn last year.

Financial sector liberalisation has led to positive real interest rates becoming established in many countries. This has reversed the pattern of negative real interest rates and misallocation of credit which hindered the development of the banking sector. In the short term, these high real rates can be painful.

The Kenyan market is straining under the weight of 10% real rates and a heavy-handed political regime, but would offer considerable growth and value if the forthcoming election were to clear the air and the authorities lift the 40% ceiling on foreign ownership.

Uganda is to open a stock market later this year and has announced a large inaugural privatisation which should draw attention to its stunning economic renaissance in recent years. Tanzania seems to be thinking along the same lines.

Zambia has at last started to tackle it problems and is in the early stages of a powerful turnaround. Mauritius and Botswana are the only two African countries from the select band of economies worldwide (24 in all) which managed to register real GDP growth in excess of 5% every year between 1985 and 1995.

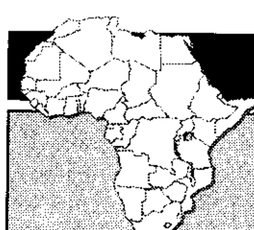
Botswana is a pragmatically run, no-nonsense place in which to invest. Although its diamond wealth might constitute a structural impediment to diversifying its economy, it has tied its naturally appreciating currency (the pula) to a naturally depreciating one (the rand) in an attempt to stimulate its manufacturing base.

Mauritius has diversified over the years from sugar to textiles to shipping, and as a natural intermediary between Anglophone and Francophone Africa and the Indian subcontinent, is now moving into financial services.

The Côte d'Ivoire is another highly attractive macro story but Abidjan needs to overcome the characteristically French approach of its bourse. Nigeria is an economic giant in African terms, and with 130-million consumers already has critical mass as an emerging market.

Further out on the fringes of Africa's pre-equity markets, intrepid debt traders have been looking at ways of valuing the $235bn of African Paris Club debt still outstanding. Debt-for-equity swaps may eventually provide a market solution to this problem.

*□ Graham-Maw is global portfolio manager for Foreign & Colonial in London. This is an edited version of an article that appeared in the company's monthly investment overview.*



**Africa: how its economies stack up**

**A changed outlook:**

** although violent upheavals continue, 39 of 53 countries are now reckoned to have freely elected governments*

** governments are also reducing their control over their economies*

** and governments have learnt that private capital has a wide choice of deficits to fund for which they must compete*

| | GDP / capita ($) | Primary sector (as % GDP) | Savings (as % GDP) | Adult literacy (%) | Government balance (as % GDP) | Import cover (months) | Foreign debt (as % GDP) | Stock market capitalisation ($bn) |
|---|---|---|---|---|---|---|---|---|
| Botswana | 2 745 | 58 | 30 | 70 | 2,0 | 46,0 | 10 | 0,5 |
| Ivory Coast | 690 | 44 | 23 | 40 | -5,1 | 2,4 | 195 | 1,0 |
| Egypt | 1 120 | 50 | 6 | 50 | -1,3 | 15,9 | 49 | 14,2 |
| Ghana | 371 | 54 | 10 | 60 | -8,0 | 6,5 | 85 | 1,4 |
| Kenya | 295 | 36 | 18 | 78 | -0,2 | 5,0 | 102 | 2,3 |
| Malawi | 147 | 55 | 4 | 61 | -6,1 | 7,4 | 162 | 0,2 |
| Mauritius | 3 585 | 19 | 23 | 96 | -3,6 | 6,0 | 31 | 1,9 |
| Morocco | 1 376 | 27 | 15 | 44 | -5,5 | 4,9 | 70 | 11,0 |
| Namibia | 1 968 | 29 | 8 | 75 | -5,4 | 1,5 | 21 | 0,7 |
| Nigeria | 205 | 49 | n/a | 59 | n/a | 7,1 | n/a | 4,7 |
| Tunisia | 1 956 | 26 | 21 | 67 | -4,2 | 3,0 | 57 | 3,2 |
| Zambia | 436 | 39 | 3 | 78 | -4,6 | n/a | 165 | 0,2 |
| Zimbabwe | 572 | 25 | 11 | 85 | -8,9 | 3,1 | 64 | 5,6 |
| Weighted average | 1 183 | 34 | 12 | 57 | -2,4 | 9,7 | 68,9 | n/a |
| SA | 2 985 | 13 | 17 | 70 | -5,6 | 2,1 | 24 | 241,5 |

Graphic: KAREN MOOLMAN
Sources: IMF WORLD ECONOMIC OUTLOOK, ETU WORLD OUTLOOK, AFRICA CONFIDENTIAL, WORLD BANK TRENDS IN DEVELOPING ECONOMICS, FLEMINGS

CT(BR) 27/8/97

**TRADE** *Smugglers achieve a unity that eludes politicians*

(1)

# Informal sector is west Africa's biggest triumph

MATTHEW TOSTEVIN

Cotonou, Benin — West African leaders gather this week to make new appeals for regional economic unity, but what little integration there is still rests in the hands of people like Nigerian businesswoman Charity Abazuh.

While the Economic Community of West African States (Ecowas) has increasingly concentrated on political troubles, Abazuh has been busy smuggling face-cream from Nigeria to Benin.

"Business is good as long as you know your way around and how to deal with the officials," Abazuh said.

At every annual conference since its formation in 1975, Ecowas, which groups 16 west African states, has promised to move closer to some form of economic union. But for seven years it has been overshadowed by the Liberian civil war, which an Ecowas peace deal and peacekeeping force resolved this year.

However, that problem has been replaced by the need to persuade Sierra Leone's military junta to step down.

The Ecowas summit, which begins in Nigeria's capital Abuja today, is expected to be dominated by the Sierra Leone crisis.

Meanwhile, official trade between the member states, estimated by Nigeria's central bank at only about 5 percent of their total trade, is pitiful compared to trade with the former colonial powers.

Ecowas as a whole is far from integration, but the members of the CFA franc zone, with a single currency backed by France, are a little further down the road. Regional banking is easier and they recently issued joint bonds and a regional bourse is planned.

But compared to Ecowas, the franc zone is small. It has only about a third of the area's population of 210 million people and accounts for about a quarter of its gross domestic product.

Ecowas's stated goal of a single monetary zone is still at the dream stage.

Last week Anthony Ani, Nigeria's finance minister, recommended Nigeria's naira should be the regional unit of exchange — an impossibility for CFA countries.

The message from Benin is that if a single currency and harmonised laws are desirable, they are not essential for doing business in west Africa.

Benin does more trade with Nigeria than with any other country within Ecowas or the CFA zone, of which it is a member. Much of it is unrecorded.

The growth of the informal sector is Ecowas's greatest triumph, undesirable as it may be for those hoping to tax it.

*'Business is good as long as you know how to deal with officials'*

Donor-inspired economic liberalisation and the new Ecowas rules on free movement of people have been healthy for trade.

Official figures cannot show the goods passing across land borders, the blind eyes turned by customs officials and the wages of migrant workers.

The failure of Ecowas to achieve integration on a grand scale is not much of a surprise in one of the world's poorest and most politically unstable regions.

There is limited demand for what other countries can provide, as the economies run on subsistence farming and the export of primary commodities.

"With the possible exception of Nigeria and Ivory Coast, the economies of the member countries have remained basically small and agrarian, fostering the perception that not much could be gained by regional co-operation because of limited complementarity," Nigeria's annual central bank report said.

Energy is one area where regional co-operation could be more effective. Several countries already have agreements to trade electricity, while a gas pipeline linking coastal states with Nigeria's huge fields is planned.

Face-creams and products of other light industries aside, there is little value-added processing in the region and comparative advantage comes from less obvious means.

The advantage Benin enjoys over neighbouring Nigeria is an efficient port with low charges. Imported goods can then be smuggled across the border.

"Africa is an expensive place to produce anything except primary commodities, and while that is the case, the best quality manufactured goods and all technology will come from abroad," said one European businessman in Cotonou.

A single currency or harmonised tariffs are nowhere near the top of the list of what the traders want — they do not pay duties anyway, they pay bribes.

In his Ecowas conference speech last year, Ghanaian President Jerry Rawlings drew attention to the problem, and recommended immediate action to stop the harassment of Africa's entrepreneurs.

A year later there is still no end to it in sight. — Reuter

# Food production to save starving in Africa challenges agronomists

ET(BR) 25/8/97 (1)

**Timna Tanners**

Mexico City — Top international agronomists said on Friday new techniques to boost corn harvests and improve grain quality could reduce the scourge of hunger in sub-Saharan Africa.

Specialists at a conference in Mexico City said food production for the starving in Africa was the biggest challenge facing crop scientists.

The meeting was the first in almost 50 years for heterosis experts.

*Heterosis could increase crop output and produce superresistant crops*

Heterosis is the crossing of two types of plants to boost harvest yields and improve resistance.

Scientists said grain production in Southeast Asia, India and Latin America had improved, but the benefits of heterosis had not spread to Africa's desert plains.

"I say our problem now is Africa. We need to apply the progress made in India, Pakistan and Southeast Asia," said Norman Borlaug, a Nobel peace prize winner and the father of the green revolution that helped reduce famine in Asia.

Food availability a person in sub-Saharan Africa has fallen 25 percent in the past five years and the number of undernourished people almost doubled in the two decades to 1990 to 175 million, said Timothy Reeves, the director of the Mexico-based agricultural research group Cimmyt, Sustainable Maize and Wheat Systems for the Poor.

Reeves said food availability a person in Asia had risen 40 percent in five years but in Africa it had lagged population growth. But experts said heterosis could improve crops in sub-Sahara Africa.

"I think we can ... quadruple farmers' yield with hybrid seeds," Reeves said.

Heterosis could increase crop output a seed and produce superresistant crops to better fend off disease and drought, researchers said.

In addition, Borlaug said, in Africa poor roads and railways impeded the delivery of crucial fertilizers. — Reuter

# Africa 'must avoid mistakes of others'

Josey Ballenger BD 9/9/97 (1)

PRETORIA — Africa was determined not to repeat the mistakes of nations which had developed without regard to environmental and health issues, World Health Organisation (WHO) regional director Ebrahim Samba said yesterday.

Samba encouraged delegates at a four-day international conference on health and environment in Africa to avoid the environmentally damaging and health-threatening development routes taken by the US, Europe and other nations such as Malaysia, and to adopt this week an "operational" declaration which would be the foundation for politically mandated policies and programmes.

He said in an interview that a WHO meeting of environmental, health and other pertinent ministers would take place in Africa in the next two years (in addition to the WHO's annual regional conference of health ministers) to "give the political commitment" to such a declaration.

Paul Jagals, president of the SA Institute for Environmental Health, one of the conference's sponsors, said: "Africa needs a unified declaration that health and environment play a key role in sustainable development."

"It is becoming increasingly clear our planet is under siege, and human health is inextricably linked to the environment," Jagals said.

Samba noted that with Africa's population doubling about every 20 years, there was an ever-growing need for agricultural products and fuel, but that the use of pesticides and deforestation were looming threats.

"How are we to develop in a sustainable fashion without destroying our very existence?" he asked.

Wilfried Kreisel, WHO-Geneva's executive director of health and environment, said WHO would report to the international environmental summit in Kyoto in December that the lack of safe water and sanitation contributed, at least in part, to 80% of disease in developing countries, and that "mountains of garbage and industrial waste (were) dangerous, particularly for the urban poor."

Respiratory diseases caused by "indoor pollution" — from cooking with coal, for example — and occupational hazards, and diarrhoea stemming from parasite-ridden food were other serious environmental health problems the WHO had identified.

# Africa's bourses are rising stars of emerging markets

AAU 12/9/97 (1)

**BEN HIRSCHLER**

**London – Africa is the Cinderella of emerging markets, better known for war and famine than booming stock markets.**

But a growing band of investors is being attracted to the continent's nascent stock markets after some spectacular gains in the past two years.

Zimbabwe was the star in 1996 as its industrial share index surged 92% in dollar terms.

That performance has already been eclipsed in 1997 by Zambia's tiny exchange, up 126% in the first eight months, while Botswana has also more than doubled.

Thabo Mbeki, the man expected to take over from Nelson Mandela as South Africa's president in 1999, confidently talks of an African economic and political renaissance.

Those fund managers now sitting on handsome profits tend to agree.

After Asia's leap to stardom in the 1980s, Latin America's strong showing in the 1990s (barring an awful 1995) and some remarkable gains in Eastern Europe, many are wondering if Africa could be next.

Certainly, the African story is changing. Democracy is now the norm rather than the exception. Old Marxist dogma has been swapped for the pragmatism of Mandela. And in the face of dwindling foreign aid budgets, governments are embracing market-oriented reforms.

According to the World Bank, 37 of the 48 sub-Saharan states are undertaking serious economic reform, including tariff reduction, privatisation and easing investment laws.

Coupled with recent good rains, which have boosted largely agricultural economies, the result has been two successive years of growth around five percent for the continent.

ING Barings is confident this is no flash in the pan, predicting average annual sub-Saharan growth of 4,9% in 1996-2000, or 5,5% excluding South Africa and Nigeria.

Investor interest in Africa's still sleepy stock markets remains tiny compared with the billions that flow across Wall Street each day, but the trend is clear.

"The fact is there is a lot more money chasing assets in general – people are trying to diversify and Africa is the one place that has missed out on the last investment cycle," said Costa Vayenas, emerging markets analyst at UBS.

Evidence of the growing interest is the fact that the continent now has two indices tracking its markets, computed by Robert Fleming and Societe Generale, and several dedicated funds.

"You are no longer just talking about one or two players. Most of the global emerging market funds now have exposure to Africa," said Flemings analyst Jonathan Garner.

***Fund interest in the new markets has grown at least ten-fold this year***

John Clemmow of Investec Securities, a long-time Africa bull, believes fund interest in the new markets of sub-Saharan Africa has grown at least ten-fold this year.

The rich rewards enjoyed by investors in Zimbabwe last year have tempted them to look further afield, analysts believe.

On the surface, African stock markets seem to have it all – strong growth prospects, high dividend yields (exceeding five or six percent on smaller markets) and price/earnings ratios in single digits or low teens. Even after translating local currencies into dollars, these markets have often shown returns that would make any fund manager proud.

But the flipside is above-average risk and poor liquidity. Recent turmoil in Kenya, triggered by an International Monetary Fund decision to halt lending because of corruption, is a reminder that Africa's old problems have not all gone away.

At the same time investors face considerable difficulties and expense in getting in and out of African markets. For big funds looking to take large positions the picture is hardly encouraging.

Only two companies outside South Africa have a market capitalisation of more than $1-billion – Ghana's Ashanti Goldfields and Zimbabwe's Delta – and average monthly trade on sub-Saharan bourses, excluding Johannesburg, is a mere $100-million.

But for the enthusiast it is a simple story of getting in on the ground floor.

"What is exciting about Africa is that it is coming off such a low base," said James Whittington, sub-Saharan analyst at ING Barings.

While market capitalisation, excluding South Africa, has risen from $5-billion in 1989 to $43-billion in 1996, market specialists said it undoubtedly has further to go.

Privatisations promise to bring a steady stream of new equity and attractively-priced assets to the market.

And more countries are planning to launch stock markets to compete with those already operating in Botswana, Ghana, Ivory Coast, Kenya, Malawi, Mauritius, Namibia, Nigeria, Swaziland, Zambia and Zimbabwe.

Uganda and Tanzania are next in line while Mozambique plans to open its bourse by May next year.

Southern African markets will also get a fillip from a July 1 move allowing South African institutions to invest an extra two percent of net inflows in regional stock markets without breaching exchange control limits.

For James Graham-Maw, global portfolio manager at Foreign and Colonial Emerging Markets, a key attraction of Africa is the early stage of its markets.

"These are true emerging markets, and dance to the tune of their own fundamentals rather than that of the U.S. long bond," he said.
– Reuter

# Sub-Saharan Africa is 'making up lost ground'

(1)

## Improving economic growth in southern Africa coincides with development of a free trade area, writes THABO KOBOKOANE

ST (BT) 14/9/97

ECONOMIC growth in sub-Saharan Africa is set to top a 4% average between this year and 2006 — more than double the 1.6% of the past decade — according to the World Bank's *Global Economic Prospects and the Developing World.*

Prospects are boosted by relative political stability, particularly in southern and central Africa, and commitment to reform by many governments.

However, the Bank said that regional per capita income, rising at a little over 1% a year, would be no higher in 2006 than in 1982 and 5% lower than in 1974. "So the coming decade would only represent the recovery of ground lost over 20 years," the Bank said.

The prospects are in line with forecasts of economic growth in the region, but still below those of other developing countries whose growth is estimated to average 5.4% yearly until 2006.

The report said between 1995 and last year sub-Saharan Africa grew by an average 4%, way above the pedestrian 1.6% between 1981 and 1994. This improvement was largely due to higher commodity prices, export growth and private capital flows. The latter reached $12-billion from virtually nothing in the early '90s, although much of it went to countries such as South Africa, Ghana, Nigeria and Angola.

The report comes at a time when southern Africa via the 12-member Southern African Development Community — with the highest growth in the sub-Saharan region — met in Malawi to thrash out the details of an ambitious free trade area.

Kaire Mbuende, executive secretary of the SADC, told Reuters that a recent breakthrough in regional trade talks meant the SADC's trade protocol would be ratified by early next year. Mbuende said that at talks in Dar Es Salaam last month the 12 member countries had agreed to adopt a linear approach to reducing tariffs in the region.

The exact method of reducing tariffs in the region has been a stumbling block to ratifying the protocol which will lead to the creation of a southern African free trade area by 2004.

The trade protocol was signed by the countries, with the exception of Angola, at an SADC summit in Lesotho last year and was almost immediately ratified by Tanzania and Mauritius.

Mbuende said Malawi, Mozambique, Zimbabwe, Zambia, Namibia, Swaziland, Lesotho and Botswana had all indicated they would ratify the protocol by the end of this year.

South Africa has said it would complete a list of products on which tariffs would be reduced which would be submitted to Parliament early next year.

"If the South African Parliament ratifies the protocol at the beginning of next year then we will be on course for a free trade area within the eight-year time frame.

"Almost 80% of trade in the region is already free," Mbuende said. "But the 20% includes critical products which are of major interest to the countries so it is the opening up of the small pieces that is crucial."

This portion included products such as textiles, sugar and motor vehicles.

"Obviously there will be a few products on which there will still be tariffs and those are the sensitive products.

"But by the end of this year we will know how fast we can move to the creation of a free trade area because each country will submit a list of products at the end of October on which there will be no duties," Mbuende said.

"If we don't integrate our markets ... we are not going to survive. We will become insignificant players both within our countries as well as in international markets," Mbuende said.

# African exports 'face barriers'

(1) ARG 17/9/97

**Hong Kong – African goods still face barriers in international markets and prospects for increased exports are uncertain, Ethiopian Central Bank governor Ato Dubale charged here today.**

Mr Dubale also warned a meeting of the World Bank and the International Monetary Fund that if conditions embodied in a World Bank-IMF debt relief scheme were too rigidly applied the purpose of the plan would be defeated.

Mr Dubale addressed the gathering as a representative of African members of the Bank and the International Monetary Fund.

"We are concerned that despite agreements reached in the World Trade Organisation, export prospects remain unsustained for African countries," he said.

"Our products still have limited access to international markets." – Sapa-AFP

Sowetan 16/9/97 (1)

# Central Africa on the brink

## The United Nations finds it difficult getting a foothold

By Farhan Haq

THE UNITED NATIONS must build trust among the new leadership in Central Africa and also insist on investigating reports of atrocities in the region, UN secretary-general Kofi Annan said a few days ago.

"We are dealing with new regimes that are to some extent fragile and not that well-established," Annan said of the governments of the Great Lakes region, which include Rwanda, Burundi and the Democratic Republic of the Congo (formerly Zaire).

The UN chief said, however, that regardless of the fragility of governments in the region "the record is disturbing", particularly reports of human rights violations.

**'We are dealing with new regimes that are fragile and not well-established'**

Annan urged greater actions to investigate human rights abuses and supported the decision of UN high commissioner on refugees Sadako Ogata to suspend refugee work in eastern Congo as long as the Kinshasa government forcibly repatriates Rwandans and Burundese living in camps there.

In the past, he has been limited in what he could do, and was criticised by human rights groups for bowing to several of Kinshasa's demands, including replacing outspoken UN human rights rapporteur Roberto Garreton.

But Annan insisted on Thursday last week that he would continue pushing for an investigation into reports that the Congolese government – once the rebel force that ousted Zairean dictator Mobutu Sese Seko, who died 10 days ago – conducted massacres in the eastern provinces of North and South Kivu.

"We are determined to get to the facts," he said. "If difficulties persist and (UN rights monitors) are not allowed to do their work, then the facts will be there for the world to judge."

At the same time, Annan noted that the history of the region could have convinced many new leaders not to trust the United Nations or Western powers, which have been blamed for propping up the Mobutu regime.

Some of the leaders in Central Africa, he noted, were supporters of Congo's first prime minister, Patrice Lumumba.

"For some of them, they believe the international community deprived them of the chance to rule Congo," Annan argued.

As a result, he said, many regional leaders are wary of UN involvement because they believe that they could also be overthrown.

Several regional leaders – notably pro-Lumumba President Laurent Kabila of Congo, Rwandan army chief and Vice President Paul Kagame and President Yoweri Museveni of Uganda – have mentioned American and French support for Mobutu as a reason to maintain their distance from some Western countries.

Museveni, Kabila and Kagame forged close ties when they were resistance leaders based in Dar es Salaam, Tanzania, and remain in close contact, US ambassador Bill Richardson noted recently.

Annan's comments underscore the bitterness that lingers in the region nearly 40 years after hundreds of UN peacekeepers lost their lives – including then Secretary-General Dag Hammarskjold, – intervening in the affairs of the newly independent Congo.

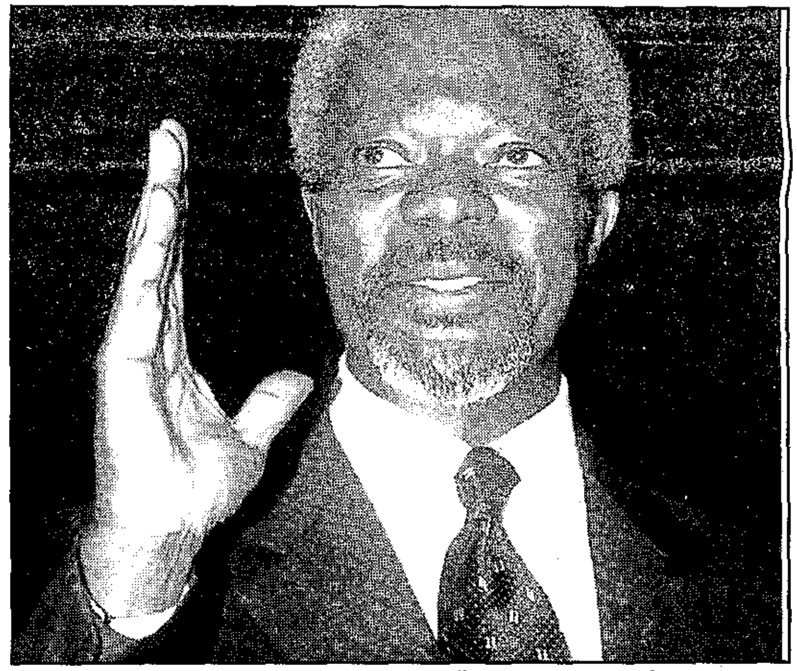
Lumumba was overthrown in 1962, reportedly with the assistance of the US Central Intelligence Agency (CIA). He died in the hands of troops of the then leader of secessionist Katanga province, Moise Tshombe.

UN peace-keepers, dispatched to the Congo shortly after independence in 1960, left in 1964 when Tshombe briefly became president, only to be ousted by Mobutu one year later.

For a veteran Lumumbist like Kabila, who set up several mini- states in Zaire to resist Mobutu's regime, neither the United Nations nor the West played a distinguished part in what became Mobutu's economically ruinous 32-year dictatorship.

Since Kabila assumed power in May, Annan conceded, the United Nations has received mixed signals from Congolese officials, repeatedly delaying its investigation into the massacre reports in the eastern provinces.

The UN chief voiced some sympathy for the suspicions of regional governments and conceded that "history will judge us very harshly" for the UN failure to act to prevent the 1994 massacre of as many as one million Rwandans.



**UN Secretary General Kofi Annan ... building trust among the new leadership in Central Africa is of utmost importance.** PIC: AP

But Annan has also conceded that the record shows that some of the main actors in the region, including the Rwandan Army, have committed abuses which must be investigated.

Richardson, who has met Kabila several times in recent months, has also recently urged stronger steps to deal with Kinshasa's rights record.

After months of suggesting that Kabila needs time and support to establish his government, the US ambassador this week admitted that the tone of a recent letter by Kabila allowing UN rights monitoring was disturbing.

"Unless the United Nations takes categorical steps to make clear to the Kabila government the importance of letting the investigation proceed, it may not be able to assist the refugees, tens of thousands of whom remain in eastern Congo," said Binaifer Nowroj-Africa. "I am not convinced that they are going to do so."

Annan, however, still hoped to be able to complete that investigation, and to help in mediating the conflict in neighbouring Congo-Brazzaville.

Although plans to dispatch UN troops there have been set aside while fighting rages in the capital, Annan said troops could be sent once a peace agreement between President Pascal Lissouba and former president Denis Sassou-Nguesso is in place.

He added that there had been hopeful signs that the fighters in that conflict were becoming tired of waging their struggle in Brazzaville.

Perhaps the United Nations should appeal to soldiers directly in such conflicts, Annan said, since "it is they who are being killed, not necessarily the leaders." – *Sapa-IPS.*

AFRICA

# Coffee countries will co-operate

① BD 18/9/97

Maja Wallengren

ARUSHA — Ethiopia, Kenya, Rwanda, Tanzania and Uganda have agreed to launch co-operation programmes for their coffee industries to improve bean quality and production throughout the region.

As a result industry officials and leading world coffee organisations predict that east Africa could become a significant market player on the international coffee bourses.

At a recent meeting in the Tanzanian town of Arusha, top officials from the five countries' coffee boards, industry associations and research stations lined up detailed plans on how the region could co-operate on research issues to boost regional output and quality.

The Coffee Board of Kenya's overseas representative, Simeon Onchere, said quantity and quality of coffee production was improving in Ethiopia and Uganda, and with co-operation Tanzania and Kenya would follow soon. War-torn Burundi and eastern Congo would later become part of the co-operation framework.

Specialty Coffee Association of America executive director Ted Lingle predicted recently that the east African countries could increase total output by as much as four times if they joined forces and shared information on production issues. "If the countries are able to pull together and especially enlist Ethiopia, there is good potential for them to become a significant market force. The east African countries have the labour base and the land area, they are undercapitalised and would need some long-term investment, but the potential is there," Lingle said. Lingle, representing one of the leading US coffee organisations whose members buy about 3-million 60kg bags of high-quality coffee a year, said co-operation — particularly in improving husbandry and raising yields — was vital if the potential was to be reached.

The average yield in east Africa's coffee industry is about 250kg/ha, far below the about one ton a hectare produced in many Latin American and some Asian countries.

Ethiopia and Uganda are the biggest coffee growers in east Africa with production of about 3,5-million and 4,1-million 60kg bags of arabica and robusta respectively. Kenya normally produces about 1,4-million bags of high-quality mild washed arabica and Tanzania about 800 000 bags of the same product, but both countries forecast a drop for the 1997/98 season because of a severe drought earlier in the year.

Burundi and Rwanda are struggling to get production back to the levels of the early 1990s, with ethnic strife and civil war interfering in the industry's rehabilitation.

This year Rwanda — for the first time since the 1994 genocide — expects a small increase in output to about 16 000 tons while Burundi managed to reach production of 25 000 tons in the 1996/97 crop year.

The potential for coffee production in the eastern part of the Democratic Republic of the Congo is also significant. The area produced up to 200 000 tons of coffee in the early 1990s, but after the war began last year, coffee figures have not been known. Coffee farms have, as was the case in Burundi and Rwanda, been abandoned and in some cases burnt.

East Africa produces a total of about 14-million 60kg bags of mostly arabica coffee a year, enough for the region to present serious competition to Colombia, which is the world's second largest producer at 12-14-million bags a year.

Rising labour costs and a limit on available land could put a lid on the industry's potential in South America, Lingle said.

In a conclusion paper at the recent regional meeting in Tanzania, delegates from the five countries agreed to work together to fight coffee diseases. The programmes include integration of pest management schemes, breeding programmes and quality improvement.

The aim is to improve coffee quality through the training of exporters and processors, post-harvest processing studies and the evaluation and standardisation of processing machinery, the paper said.

Respected Kenyan coffee scientist Wilson Opile said it was obvious that the countries could benefit from each other. "In Tanzania they are struggling to find disease-resistant varieties and we already have all the information in Kenya, so Tanzanians are likely to be trained in breeding programmes in Kenya," he said. "Once we do that we can expect to see yields increase."

# 'Tourism to drive Africa's growth'

(1) BD 19/9/97

Josey Ballenger

TOURISM would be a major driving force behind economic growth in Africa and was expected to create another 3-million jobs by 2000, industry experts said yesterday.

However, Africa severely lagged behind the rest of the world in capturing visitors — and would continue to underperform if it did not see higher levels of investment and marketing.

From 1995 to 1996, Africa was the third fastest-growing region with a 7,1% jump in tourist arrivals (or 15% in receipts), but it had only a 3,5% share of the world's 594-million arrivals.

Even worse, it captured a paltry 1,9% of the $425bn industry, said Dawie de Villiers of the World Tourism Organisation at the EcoWorld Congress in Midrand.

"Despite growth, Africa's slice of the cake is getting smaller compared to the rest of the world," De Villiers said.

"Africa has huge tourism potential (but) it is squandering its greatest gifts (by) not harnessing the largest industry in the world.

"Tourism can be one of the most powerful engines of an African renaissance."

Based on International Monetary Fund, central governments and other sources, the tourism industry was expected to generate 100-million jobs by the turn of the century, with 3% of that in Africa, said Geoffrey Lipman, president of the UK-based World Travel and Tourism Council.

Currently about 16-million people are employed by tourism services on the continent.

Lipman called for a change in corporate culture, "enlightened policy", increased infrastructure, education and alliance-building between the public and private sectors to optimise tourism growth. De Villiers also identified political and social conditions, a "chronic shortage of transport," insufficient human resources development, investment capital and marketing budgets as constraints.

SA environmental affairs and tourism deputy director-general Tanya Abrahamse said tourism was "already a major contributor to our macroeconomic vision".

She said SA would see an estimated R15bn in foreign exchange inflows from the industry this year, which would directly or indirectly support 450 000 jobs.

Abrahamse emphasised that communities should be involved in the management of natural resources and that the industry should be "enterprising". An example was the Maluti Mountain foothills, where residents chose to gear tourism services only towards backpackers.

Sowetan 22/9/97 (1)

# 'Africa's salvation lies in unity'

## Africans will only be free 'when all the signs of neo-colonialism vanish'

**By Pamela Dube**
Political Reporter

KWAME Ture – the living legend of Pan Africanism and Black Consciousness, who for years had remained an enduring voice and distant face in books and on the covers of magazines - finally arrived "home to the land of my in-laws".

His words echoed a deep-felt longing that he has had for South Africa, which he prefers to call Azania, but could not visit because of his hatred for apartheid.

The traditional fanfare which followed Ture (formerly Stokely Carmichael) throughout three decades of activism, was somewhat lukewarm on his arrival in the country for his three-week speaking tour.

### Honoured Biko

He firstly honoured South Africa's own black consciousness founding father Steve Biko and then joined President Nelson Mandela and the country in commemorating the 20th anniversary of Biko's untimely death.

The cancer-stricken 56-year-old founder of the American radical Black Panther movement seemed intent on not disappointing his followers, still preaching his gospel – unity among black peoples of the world for "total liberation of our motherland, Africa".

Born in Trinidad, the honorary prime minister of the Black Panther Party still has the old charm, greeting all – friends and foes – with the slogan: "Ready for the revolution" followed by the once feared and hated in America, "Black Power" salute.

*Sowetan* traced Ture to the house of the former secretary general of the Pan Africanist Congress !Khoisan X and his American-born wife Iman Milima-X in the suburb of Northcliff in Johannesburg.

He was not alone. And although his hosts were out, the place was buzzing with visitors.

The unmistakable laughter of Afro-fusion musician Caiphus Semenya was confirmation that the Black Panther was home. In the company of Semenya was his renowned musician wife Letta Mbuli, and Azapo president Mosibudi Mangena.

The couple, Ture explained, were old friends. And one dear friend Ture was anxiously waiting to see was his former wife and African songstress Miriam Makeba. When she finally pitched-up, the militant revolutionary suddenly mellowed, all giggles and beaming.

"We are still good friends," Ture explains. And he regards South Africa as his other home, maybe second or third after his adopted countries Guinea and Ghana. "It's the home of my in-laws and so by our African culture it is the home of my people. Azania is a home to all of us of African descent," he says.

It was during his marriage to "Mama Africa" in the late 1960s that he developed a lasting relationship with many of the then South African refugees in the United States and also during his stay in the Republic of Guinea, where he was made an honorary citizen by the late president Sekou Ture after he relocated to the country in 1969.

In fact, it was the late president himself who renamed him. "It's one name you don't just wake up and give yourself."

The fiery Black Panther says he was always caught between the disagreements of his mentors Sekou Ture and the founding father of Pan Africanism, the first Ghanian president, the late Kwame Nkrumah.

After Nkrumah died, "I was bringing up one of his points one day when President Ture said, 'You always take the old man's side, why don't you take his name?' I then asked: 'What should my second name be? and he said: 'It'll be Ture. That's who you are, Kwame Ture.'"

That shocked him a bit: "I thought Kwame Nkrumah might be turning over in his grave, because the last name is always important. But I have always been humbled by President Ture's honour and vowed never to disappoint him."

It was in Guinea where Ture says he got to work with the leader of the June 16 students uprising, the late Tsietsi Mashinini. "When my father died I did not cry. When Kwame Nkrumah died, I could not cry."

But when Mashinini died in1990, Ture says, "I cried like a baby. In Tsietsi, I saw the innocence of youth which was wasted away by the repressive laws of South Africa. He was the young man who you wanted to protect, yet you knew that he was a strong-willed person who did not need mothering."

Ture met Mashinini through Makeba – who accommodated the late student activist both in the States and Guinea – the same way "I met a whole lot of great South Africans. My marriage to Miriam allowed me to grow in understanding of South Africa, its culture and music".

For 15 years Ture followed Abdullah Ibrahim's ( Dollar Brand's ) music without knowing him personally. "When I finally met him, it felt like we had been friends all along."

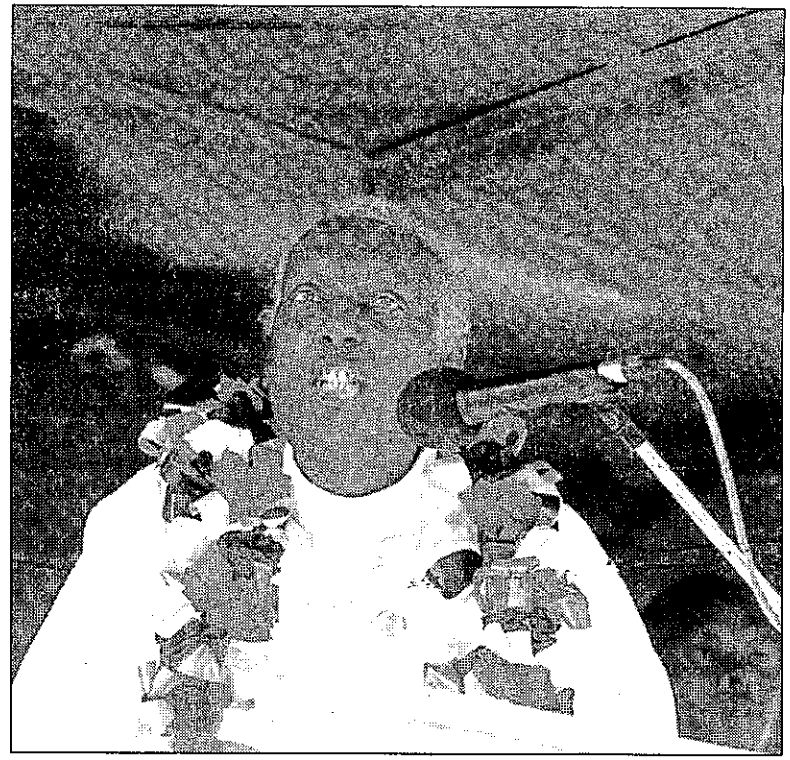
African culture is the subject Ture thrives on. For ages, Ture has been calling for black people to end cultural domination by the West and still insists that Pan Africanism and Black Consciousness philosophies should go beyond just academic political standing.

### Ensuring African dominance

"We have to ensure that African culture dominates." In fact South Africans, Ture argues, have a duty to ensure that it is the culture and the language of the African people that dominates.

"We are expected to accept that white culture dominates in Europe and America, and still have to live with it in our land. That cannot be... our responsibility is to make sure that the future generations take their place among the world's people."

Despite his failing health, Ture can still afford his infectious laughter while lecturing those around him about the "need to conscientise our people against accepting neo-colonialism as total freedom".



**Kwame Ture addressing an Azapo meeting during the Biko week.**

He was diagnosed with prostrate cancer last year and has been receiving chemotherapy in Cuba, Mexico and the United States.

The cancer "is fast eating through me. The pain is excruciating", he says, adding he would not want to continue medication in America, where he currently lives with his family in Harlem.

Ture's suspicions that "the system (US government) can ensure I die faster" stems from fact that since his student days at Howard University – where he graduated with a BA degree in philosophy in 1964 – he has been constantly under surveillance from the Federal Bureau of Investigation and the Central Intelligence Agency.

And part of Ture's mission in his travels in the rest of Africa, now as organiser of the All-Africa People's Revolution Party – which was founded by Nkrumah in 1966 – is to revive the talk of African unity.

While applauding black South Africans for "reclaiming what is theirs, returning power back to the people", Ture warns that independence of the last African state should not be taken for granted.

"We have to celebrate political freedom, but we can't afford to sit back and bask in half-baked freedom. South Africans have a duty to ensure that their people are freed psychologically and economically."

### Educate our people

Ture does not believe Pan Africanism and black consciousness philosophies are dead. He still holds the Nkrumah's view that "one day Africa will be united as one. All we have to do is educate our people that these boundaries that divide us are artificial and should be broken down".

He once more reiterated his favourite maxim: "Those who enslave us may have put many miles of separation between us when they took us across oceans but they forgot one thing, that blood is thicker than water, we come together..."

*World Bank notes lack of state commitment*

# Bank reform still lags in east Africa

CT(PR)23/9(I)97

**CHANDER MEHRA**

Nairobi — The lack of government commitment is seriously impairing bank restructuring programmes in Kenya, Uganda and Tanzania.

Two prominent researchers, Jean-Jacques Deschambs and James Bonnardeaux of the World Bank, say interventions to break up or privatise dominant state-owned banks are still continuing years after initial actions were agreed upon between the World Bank and the authorities in the three east African states.

"There is no substitute for qualified, private, independent bank management, fully responsible for its actions."

They say that except in Ghana senior bank managers were retained for too long after restructuring was initiated, permitting them not only to repeat the errors of the past but "to subvert agreed reforms according to their own interests and convenience".

In too many cases, prominent state-owned banks are implicitly or explicitly deemed by governments as being too big to fail, leading to desperate but fruitless efforts to keep them afloat.

Immediate steps need to be taken by the authorities to check operating losses while "lengthy" preparations for privatisation are under way.

In view of the tight cash constraints, alternatives to address the problem are limited — involving consolidation of unpaid obligations through securitisation (substitution of government bonds for bank claims on the public sector, for example).

The bonds the banks receive are payable over an extended period and carry below-market interest rates. Leading banks should be given the right to rediscount most of such bonds with regional central banks.

They criticise government efforts to deal with the problem of an "overhang" of non-performing loans. They call for a significant push to collect loans immediately and then follow it up by dissolving the trust.

The researchers point out four design shortcomings. Firstly, identification in the preparation of bank restructuring has been poor. Secondly, the presentation of relevant data on the banking sector and on individual banks has been scant. Thirdly, few of the restructuring programmes performed "ageing of arrears" and loan classification reviews. And finally, restructuring operations, particularly those established in unstable economic environments, could have benefited from prior and more targeted sector work. — Independent Foreign Service

Sowetan bus) 25/9/97

# 'African goods still face barriers'

By Maxwell Pirikisi

AFRICAN goods still face barriers in international markets and prospects for increased exports remain uncertain, Ethiopian central bank governor Ato Dubale has said.

His sentiments come at a time when trade talks between South Africa and the European Union have been rocked by the EU's desire to exempt "sensitive" farming products that account for 39 percent of South Africa's agricultural exports to the EU.

In a statement released yesterday, Dubale warned a Hong Kong meeting of the World Bank and the International Monetary Fund (IMF) that if conditions embodied in a World Bank-IMF debt relief scheme were too rigidly applied, the purpose of the plan would be defeated.

"We are concerned that despite agreements reached in the World Trade Organisation, export prospects remain unsustained for African countries," he said. "Our products still have limited access to international markets."

Dubale hailed pledges by the United States to make its domestic market more accessible to African goods.

However, he called for increased relief of Africa's debt burden, the chief target of the Heavily Indebted Poor Countries (HIPC) initiative undertaken by the World Bank and the IMF, along with multilateral and bilateral creditors about a year ago.

Africa's debt burden has worsened, even though several African countries have benefited from various debt-relief schemes.

Obligations to multilateral institutions have risen from 16 percent of total African debt in 1992 to around 30 percent in 1996.

"The timely solution to the debt crisis will make it easier for African countries to use their limited resources to accelerate development. This is why we attach great importance to the HIPC initiative and urge flexibility in its implementation."

## Economic liberalisation

Under the plan, recipient countries must first show compliance with economic liberalisation programmes for a three-year period, after which a decision is made on their eligibility for relief.

Actual forgiveness is available after a further three-year period of compliance.

"We continue to stress that the rigid interpretation of what constitutes a good track record will defeat the very purpose of the initiative," Dubale insisted.

He called for a reduction in the three-year waiting period that follows the decision-making point.

The initiative was unveiled in early 1996 and already three countries, Uganda, Bolivia and Burkina Faso, have had the time requirements eased.

# Africa's high returns attract new investors

## SA leading revival – World Bank

(1)
ARG 25/9/97

NEIL LURSSEN

**Washington – Investor interest in Africa is growing with returns on investment higher than world averages, leading businessmen have concluded at a private sector seminar sponsored by the World Bank Group.**

Details of the discussions at the seminar – held in Hong Kong – were released in Washington by the bank.

In opening remarks, the World Bank's vice president for Africa, Callisto Madavo, said investment returns in Africa were high, ranging from 25 to 30% compared with a worldwide average of 16 to 18%. But growth rates had to be taken to the next level, doubled to 7, 8, 9 or 10%.

The panelists agreed that confidence was returning to countries investing in the future of their citizens and introducing reforms to boost trade and investment.

Much of the growth was attributed to South Africa but Mozambique, Cameroon, Ghana, Uganda and Cote d'Ivoire were also benefiting.

The panelists heard that, led by South Africa, there were now more than a dozen stock markets in Africa and that – not including South Africa – trading value was to the order of $25 million a day, similar to levels in Indonesia decades ago.

They also heard that in addition to traditional investment attractions such as mining and hydrocarbons, new opportunities were emerging in areas like tourism, agri-business and especially value-added agricultural and horticultural sectors.

"Perhaps most important," the World Bank statement said, "a new generation of African investors and politicians is emerging, such as members of the West Africa Enterprise Network, who are setting new standards for competing internationally.

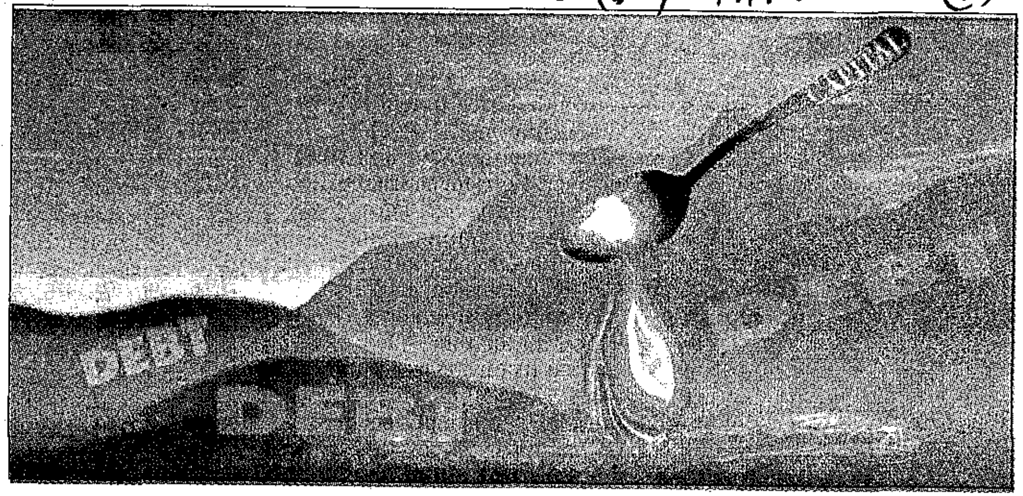
"They emphasise the need to create regional markets and exports to the world if standards of living are to increase in Africa." – Sapa

**UNITED NATIONS** *Mugabe urges international financial community to take active role*

# Africa's debt problem 'must be solved'

ET(BR) 26/9/97 (1)

**Marco Granelli**



New York — The international community must urgently find ways to solve Africa's debt problem if the continent is to have any chance of economic prosperity, Zimbabwe's President Robert Mugabe has told the United Nations.

Speaking as the chairman of the Organisation of African Unity, Mugabe told the General Assembly that the "heavy burden of debt repayments continue to drain many of our economies of much needed capital for development".

"More resources in the form of debt repayments than those coming in the form of aid are leaving the continent. There is a need, therefore, for international financial institutions to adopt a unified and co-ordinated approach to Africa's debt problem that will help redress the situation," he said.

"There can be no better time than now for the international community to augment our own efforts to bring the much awaited peace dividend to our people."

Mugabe also called for the international community to dig deeper into its pockets and provide aid and funds which would bolster the economic revival underway on the continent.

"The past few years have witnessed the African continent undergoing a dual process of economic and political reforms (which have) in many countries resulted in greater democratisation and higher economic growth rates," Mugabe said.

He said democracy and good governance had taken root in Africa and economic structural adjustment programmes had also created an environment that was increasingly receptive to foreign direct investment and greater participation of the private sector in economies

However, he said for Africa's efforts to build a stable and prosperous future to succeed "it is vital that Africa receive the prerequisite support and co-operation of its development partners and indeed that of the international community at large".

"Foreign direct investment to Africa should continue to be augmented by Official Development Assistance. The steady fall of this assistance from 0,34 percent in 1992 to 0,25 percent in 1996 is therefore a matter of serious concern to us." Mugabe urged countries to surpass the target of allocating 0,7 percent of gross domestic product to Official Development Assistance.

On UN Security Council reform, Mugabe echoed Monday's address by Alfred Nzo, South Africa's foreign minister, calling for expansion of the Council and the abolition of the veto power.

"The reform of the UN Security Council is not only desirable but imperative. That major geographical and political groupings representing the overwhelming majority of the people of the world remain under-represented and without permanent seats on the Security Council is the greatest anomaly of our times."

He said a situation where the wishes of the majority in the General Assembly would continue to be subjected to dictates of the few by virtue of their wielding the power of veto could not continue as "it makes a mockery of the lofty and hallowed democratic principles". — Independent Foreign Service

# IMF-World Bank told of Africa's trade problems

CT (PR) 26/9/97 (1)

**FROM AFP**

Hong Kong — African goods still faced barriers in international markets, and prospects for increased exports were uncertain, Ato Dubale, the Ethiopian central bank governor, charged here on Wednesday.

Dubale also warned a meeting of the World Bank and the International Monetary Fund (IMF) that if conditions embodied in a Bank-IMF debt relief scheme were too rigidly applied the purpose of the plan would be defeated.

Dubale addressed the gathering in Hong Kong as a representative of African members of the Bank and the IMF. "We are concerned that despite agreements reached in the World Trade Organisation, export prospects remain unsustained for African countries," he said.

Dubale also dealt with Africa's debt burden, perhaps the chief target of the Heavily Indebted Poor Countries (HIPC) initiative undertaken by the Bank and the IMF. "Africa's debt burden has worsened," he said.

Obligations to multilateral institutions have risen from 16 percent of African debt in 1992 to about 30 percent in 1996.

"The timely solution of the debt crisis will make it easier for African countries to use their limited resources to accelerate development," Dubale said. "This is why we attach great importance to the HIPC initiative and urge flexibility in its implementation."

Under the plan recipient countries must first show compliance with economic liberalisation programmes for three years, after which a decision is made on their eligibility for relief. Actual debt forgiveness is available after a further three-year period of compliance.

*Asian crisis and the EU take the limelight*

# Africa 'left out' at IMF meetings

CT (OR) 26/9/97

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**CHRISTO VOLSCHENK**

ECONOMICS EDITOR

Hong Kong — The annual general meetings of the International Monetary Fund (IMF) and the World Bank ended yesterday amid recriminations from non-Asian delegates that Asian issues had dominated proceedings.

Delegates from African countries, including South Africa, expressed frustration over the perceived exclusion of issues affecting their countries. Instead, issues like the collapse of the Malaysian ringgit and the coming European monetary union captured the limelight.

Michel Camdessus, the managing director of the IMF, attempted to pacify critics at the closing session: "I would not want the African (central bank) governors to leave Hong Kong feeling that their concerns had been left on the back burners."

In defence of Camdessus, several items of importance to Africa and South Africa were discussed and changes were implemented.

The issue of debt forgiveness was debated and African countries took the opportunity to lobby for greater "flexibility of the criteria for inclusion in the debt relief plan".

Of specific importance to South Africa were the debate around the disclosure of information on the economy and transparency of economic policy decisions to allow business to make timely and accurate decisions. The IMF is now considering a code of good conduct for governments that are members of the body.

## SA's 'tug-of-war' over IMF venue

**CHRISTO VOLSCHENK**

Hong Kong — South Africa was unsuccessful in attempting to wrest the IMF and World Bank meeting in 2000 away from the Czech Republic, the magazine Emerging Markets reported yesterday.

However, South African officials denied this was the case. They said South Africa was considering applying to host the summit in 2003, but cabinet had yet to approve.

The IMF and World Bank decided last year to hold the 2000 meeting in Prague, which beat rival bids from South Africa and the United Arab Emirates. A dispute between the Czech government and the Prague authorities cast doubt on their bid, and a new vote was held this week on the meeting's venue.

The issue of transparency is relevant to South Africa where Cosatu, the labour federation, is pushing for reform of the way in which the Reserve Bank decides about interest rate movements.

At the meeting Chris Stals, the Reserve Bank governor, said he was opposed to opening decisions on interest rates to a committee, because of the risk of these decisions being leaked. Previously Stals had said he was open to some form of change in the way South Africa's interest rates were managed.

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CAPE ARGUS, WEDNESDAY, OCTOBER 8, 1997

# AIDS 'will halve' life expectancy in Africa

(C1) ALG 8/10/97

**Harare – Life expectancy in eastern and southern African countries with severe AIDS epidemics will decline by 2010 to half that originally projected before the virus spread, experts predict.**

The result, according to recent estimates by the US Bureau of the Census, is that average life expectancy in Malawi will drop to 29,5 years, the lowest in the world, instead of 57.

In Zambia, life expectancy is estimated to fall to 30 by 2010 while in Botswana it will go down to 33, both 50% of that expected.

The average Zimbabwean born in 2010 could have expected to reach 70, but now he will be lucky to reach 33. Life expectancy last year was put at 42, but without AIDS it would have been 64.

East Africa is better off, because although AIDS is still rife there the epidemic is not as severe.

Kenya's life expectancy for 1996 had been estimated at 65 but fell as a result of AIDS to 56, while Uganda's dropped from 53 to 40. In 2010 it will be 44 instead of 68, and 35 instead of 54 respectively.

The national percentage of adults infected with the HIV virus that causes AIDS is about 18% in Zambia and Zimbabwe and about 14% in Uganda.

The unprecedented decline in life expectancy will have an important demographic impact, said Geoff Foster, head of the Zimbabwean Mutare Family AIDS Caring Trust. "Many years of life will be lost due to the AIDS epidemic."

Dr Foster, a paediatrician, said lowered life expectancy due to AIDS meant dramatic increases in the numbers of orphaned children.

UNAIDS, a UN agency dealing with the HIV/AIDS epidemic, estimated that in 1996 the world had 9-million motherless children because of AIDS, and at least 3-million children carrying the virus.

Experts say at least 30-million children are likely to be orphaned in the next few years since they are living with HIV-positive parents.

The Geneva-based UNAIDS projections for Zimbabwe and Zambia indicate that child mortality rate may increase nearly threefold by the year 2010 due to AIDS.

The Harare-based Southern Africa AIDS Information Dissemination Service (Safaids), in its latest review of social and economic effects of HIV/AIDS in southern Africa, says studies show that the estimated labour force in Tanzania will shrink 20% by the year 2010.

Safaids says preliminary data based on 51 countries indicate that HIV/AIDS has so far had only a small and statistically insignificant impact on macro-economic indicators like the gross domestic product, but it will probably reduce the rate of economic growth by as much as 25% over a period of 20 years.

"The AIDS pandemic is like a carcinoma, no section of the economy will remain untouched," Marvellous Mhloyi, a respected Zimbabwean demographer, said.

With 14 million people living with HIV/AIDS, sub-Saharan Africa accounts for about 63% of the world's total cases.

People in the region have learnt to live with AIDS and tolerate death, said Ms Mhloyi.

"It becomes a silent conspiracy of complacency. Life gets trivialised," she said. – Sapa-AFP

# Lomé convention is target at talks by Africa and Europe

(1) BD 8/10/97

LOMÉ — African foreign affairs and economic planning ministers gather in the Togolese capital today and tomorrow to discuss the Lomé Convention on trade and development aid with the European Union.

Official sources said the ministers were to make an assessment of the Lomé IV convention which expires on February 29 2000, and to draw up a joint position ahead of the next summit on the pact, to be held at the beginning of next month in Libreville, Gabon.

Since 1975, a series of Lomé conventions have laid the groundwork for commercial and development links between the European Union and a group of Africa-Pacific-Caribbean (ACP) countries, now 70 strong.

About 500 delegates representing governments, business and nongovernmental organisations concerned with the EU-ACP agreement met in Brussels yesterday. The French president of the European parliament's development commission, Michel Rocard, who co-chaired the talks in the Belgian capital, said they had led to consensus on drawing up a new Lomé convention.

Rocard, a former socialist prime minister, said the convention's future depended on three objectives: encouraging democracy in every form, including judicial training and media freedom; ensuring security in Africa; and disclosing flaws in government practice. "The question was thus raised of suspending EU aid (to developing countries) if there is an imbalance between military and civilian roles, for example."

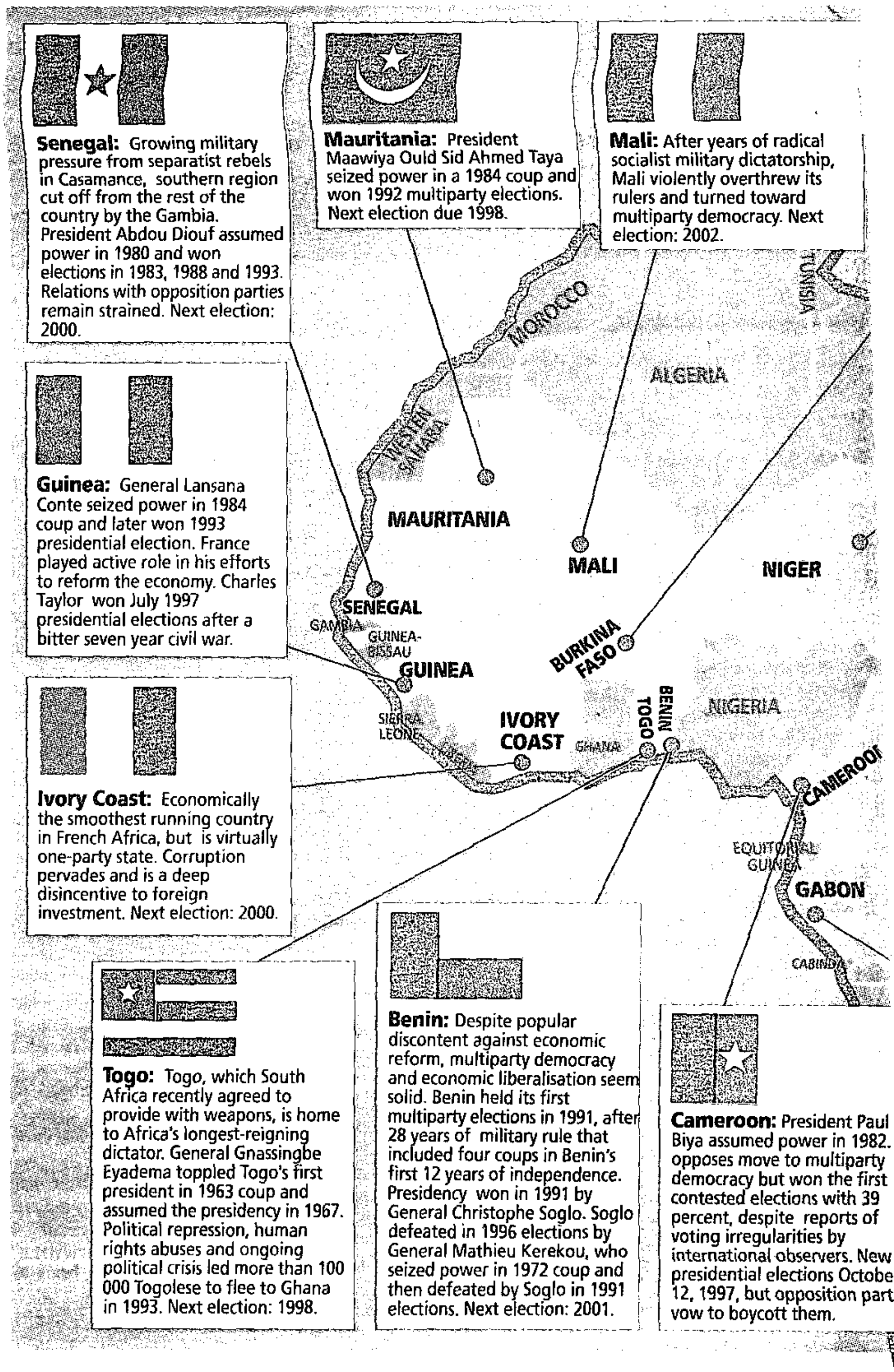
The other co-chairmen of the Brussels talks were EU commissioner Joao de Deus Pinheiro, who wanted "a completely different form of partnership" between developed and developing countries and had drawn up a discussion paper on the future Lomé V, and Ugandan Finance Minister Matthew Rukikare, who stressed economic development, particularly in the private sector.

Rukikare said that the desire to fight against poverty was a means of encouraging more competitive attitudes, rather than dependence. Rocard proposed that new microcredit formulas should be envisaged, for instance to provide a peasant farmer with the means of doubling his production capacity by buying a plough. — Sapa-AFP.

# Can we lead an A

So far South Africa, the natural leader and mediator, has

By Ross Herbert
Africa Correspondent
Star Foreign Service




The "African Renaissance" is an idea in its infancy. Like all freshly named trends, it is a mix of emerging fact, insight and a modicum of wishful thinking.

Will the term become a reality, as "Asian Tiger" or "globalisation" did? Or will it wither in the face of economic stagnation and strife?

The answer depends on how the continent handles what is possibly the biggest story of the year: the decision by France to reshape its policy toward its former African colonies, gradually withdraw some of its 8 300 troops in six countries and forgo military intervention in favour of African peacekeeping forces.

French diplomats argue that it is time for Africa to stand on its own feet. France will continue to offer moral, developmental and industrial aid. But it will no longer unilaterally intervene in the internal affairs of former colonies.

For a nation whose claim to world leadership was tightly bound to its African influence, it is a huge policy shift. Unlike Britain, France never fully disengaged from its African colonies. With a mix of advice, foreign aid and frequent military intervention, France played kingmaker.

France has used its influence to press for good governance on occasion. But maintenance of influence and profitable economic relationships have been far more important goals, which have driven France into cosy relationships with some of Africa's most corrupt and anti-democratic regimes.

For decades Africa policy was set by a small clutch of diplomats, without regard for French public opinion, which has grown increasingly critical of military intervention. Diplomatic sources say the policy shift is a direct reaction to that criticism and in a sense represents the democratisation of French foreign policy.

The change in French thinking will be partially outlined by French Foreign Minister Hubert Vedrine, who will meet today with Deputy President Thabo Mbeki, foreign ministry officials and members of the parliamentary foreign affairs committee. The change is positive for Africa, but there is great potential for this policy shift to embarrass those singing the praises of African Renaissance.

France effectively leaves a power vacuum that the spectacularly ineffective Organisation of African Unity is in no position to fill. Within that vacuum is a spate of crises and several of Africa's longest-reigning rulers who face approaching elections after spending years resisting the spread of democracy.

■ Togo, to which South Africa recently agreed to sell arms, is home to Africa's longest sitting dictator, whose reign has forced several hundred thousand refugees to flee to neighbouring states. After years of often violent protest and unrest, Gnassingbe Eyandema agreed to move to a multiparty system, but opposition groups boycotted 1993 presidential elections as unfair and vow to do so again for elections due next year.

■ Gabon's Omar Bongo has ruled since 1967. Despite prodigious oil wealth giving Gabon the highest per capita income in subSaharan Africa, Bongo has a huge foreign debt he cannot pay back, and instituted in a harsh austerity programme. Elections are due next year.

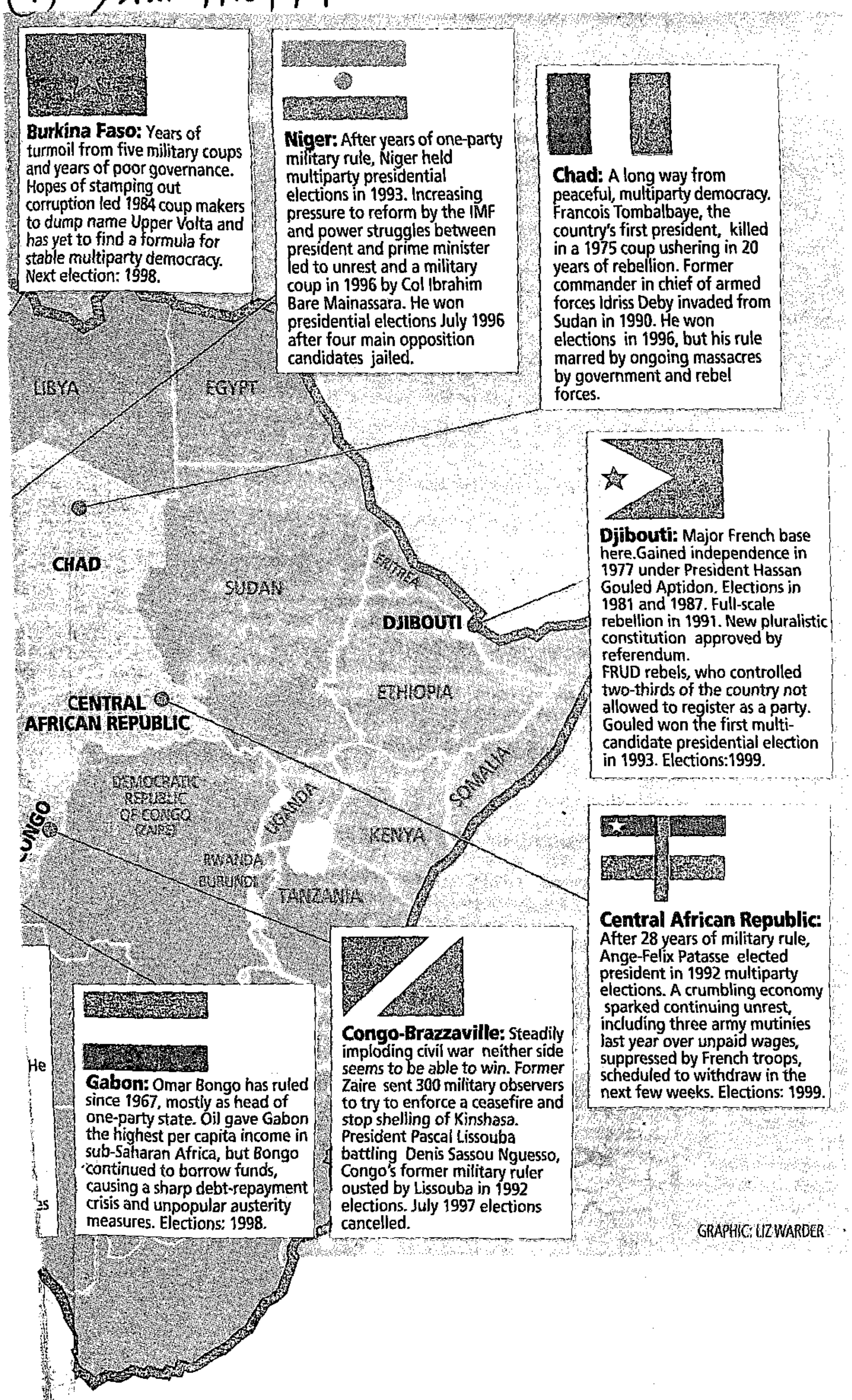
■ In Burkina Faso, Blaise Compaore has ruled since a 1987 coup but elections are scheduled for next year.

■ And in Cameroon, dissatisfaction runs equally deep. Corruption is widespread. President Paul Biya assumed power in 1982 and is said to be out of ideas and devoid of credibility. He opposed the move to multiparty democracy but won the first contested presidential elections in 1992 with 39% of the vote, despite widespread reports of voting irregulari-

# ...rican Renaissance?

## ...steadfastly rejected participation in peacekeeping operations

(1) Star 9/10/97




...tie by international observers.

New presidential elections are scheduled for October 12 this year but the three main opposition parties vow to boycott them. Chief opposition leader John Fru Ndi last week said people are ready to take up arms if Biya opposes democratic reforms.

French Africa bears other potential crises: Senegal faces an increasingly serious southern secessionist movement; Niger had a coup d'état last year; and Chad remains shaky under Idriss Deby, who invaded from Sudan in 1990 and swept to power with French support. He won elections held last year, but his rule has been marred by ongoing massacres by both government and rebel forces.

For France, the biggest test case of its new policy will be Central African Republic, where French troops had to suppress three army mutinies in 1996.

The army is stacked with men from the same tribe as General Andre Kolingba, the unelected leader displaced by president Ange-Felix Patasse in 1993 elections.

The mutinies, which began over unpaid wages, degenerated into efforts to oust Patasse, under whom civil service pay was cut 20% in 1995.

The economy is weak, government salaries have gone unpaid and another mutiny does not seem improbable once French troops pull out. The next presidential election is due in 1999.

An African peacekeeping force has been deployed in CAR. France vows not to intervene in internal conflicts except under direction from the United Nations or Organisation of African Unity.

In French Africa, the most volatile and sobering spot for Renaissance enthusiasts is Congo, Brazzaville, the disintegration of which is a demonstration of how weak Africa's multilateral institutions really are. Congo's three main political factions have maintained armed militias since 1992, when they fought a three-way battle over the results of legislative elections.

In June full-scale fighting erupted when President Pascal Lissouba tried to arrest militia leader and former president Denis Sassou-Nguesso. The Congo war threatens to become a disaster every bit as deadly and, for Africa, as damaging as Liberia or Sierra Leone. Congolese have begun talking about dividing the country into separate fiefs, presumably along tribal lines. Congolese are now shelling each other with ever more deadly weaponry.

Last week 21 people were killed in neighbouring Kinshasa as someone in Brazzaville trained artillery across the river. So what of African Renaissance? Clearly southern Africa has made real progress on peace and economic growth. But for every success story, there is a rebellion somewhere or an illegitimate leader clinging to power.

The French policy shift and so many dubious elections point to next year being very tumultuous.

With France, the United States and Britain unwilling to deploy troops in Africa, the burden for African crisis prevention is fully on African shoulders.

Several African nations have expressed routine willingness to deploy their soldiers on peacekeeping missions, but an African leader is needed who possesses moral authority, economic strength and an effective, disciplined military. Nigeria has attempted to play the role in Liberia and Sierra Leone but it has been largely ineffective.

That leaves South Africa as the natural leader and mediator. So far South Africa has rejected participation in African peacekeeping operations.

Taking the lead in crisis prevention is no easy task. Intervention costs money, risks lives and distracts leaders from pressing domestic issues.

But the issue will not go away, which means that South Africa will have to decide exactly how badly it wants to see the African Renaissance become a reality.

# Aids is slashing projected life expectancy in Africa by half

(1)

## Shock figures show Malawians in 2010 will, on average, die before the age of 30

Star 9/10/97

**AFP**
Harare

Life expectancy in eastern and southern African countries with severe Aids epidemics will decline by 2010 to an astounding half that originally projected before the virus spread, experts predict.

The result, according to recent estimates by the US Bureau of the Census, is that average life expectancy in Malawi will drop to 29,5 years, the lowest in the world, instead of 57 otherwise.

In 1996 life expectancy in Malawi stood at 36. Without the ravages caused by the acquired immune deficiency syndrome it would have been around 50.

In Zambia, life expectancy is estimated to fall to 30 years by 2010 while in Botswana it will go down to 33 years, both 50% of that originally expected.

In the absence of Aids, life expectancy in Zambia would have been 57,5 years in 1996 but has been reduced to about 36, while Botswana, projected at 60 years was down to 46.

The average Zimbabwean born in 2010 could have expected to reach 70, but now he will be lucky to reach 33. Life expectancy last year was put at 42, but without Aids it would have been 64.

The national percentage of adults infected with the HIV virus that causes Aids is about 18% in Zambia and Zimbabwe and about 14% in Uganda.

The unprecedented decline in life expectancy will have an important demographic impact, said Geoff Foster, a Zimbabwean doctor and head of the Mutare Family Aids Caring Trust. "Many years of life will be lost due to the epidemic."

Foster, who is a paediatrician, said lowered life expectancy due to Aids necessarily implies dramatic increases in the numbers of orphans.

Experts say at least 30 million children are likely to be orphaned in the next few years since they currently live with HIV-positive parents.

The Geneva-based Unaids projections for Zimbabwe and Zambia indicate that child mortality rate may increase nearly threefold by the year 2010.

Although populations will generally continue to grow in most African countries due to high fertility rates, Aids will selectively affect the economically active groups.

The impact on labour will not be uniform, depending on whether skilled or unskilled workers are affected.

"The Aids pandemic is like a carcinoma, no section of the economy will remain untouched," Marvellous Mhloyi, a respected Zimbabwean demographer, said of the impact of Aids on the subcontinent.

With 14 million people living with HIV/Aids, sub-Saharan Africa accounts for about 63% of the world's total cases.

People in the region have learnt to live with Aids and tolerate death, said Mhloyi.

"It becomes a silent conspiracy of complacency. Life gets trivialised," she said at a recent regional economic summit.

# Africa 'needs indigenous accounting education'

(1) BD 14/10/97

ACCOUNTING, like many other things in Africa, is a confusion of competing interests and influences.

Many countries have systems inherited from colonial days, which may or may not be relevant to their needs. Business is dominated either by multinational companies or by state organisations that have their own rules.

Aid programmes are also increasingly likely to apply their own rules, while the vast majority of businesses are too small to have any accounts at all. However, while there may be a great diversity of accounts preparers, and an absence of relevant regulation, the immediate need is for indigenous accountants rather than for harmonised accounting standards.

The two most prominent European accounting traditions in Africa are the French and the British. The French legacy reflects the basic ideas of having accounting regulations that apply to all commercial entities, whether incorporated or not, and stipulating a uniform chart of accounts for the organisation of the accounting records. It recognises the importance of regulating unincorporated businesses and the uniform bookkeeping makes training easier, but it also presupposes that small traders are literate and have the ability to keep accounts.

African members of the Commonwealth, on the other hand, have UK-based accounting regulations designed around the needs of listed companies which include a requirement to produce consolidated accounts. This does not address the regulation of unincorporated businesses at all.

This is a problem encountered quite often in international accounting — a model developed in one context is imported unchanged into a different economic and social environment.

In Africa, the contrasts are particularly sharp. While some countries are at a relatively advanced stage of development, others are at the opposite extreme and an accounting model from a developed western economy is not always useful.

The structure of the economy is substantially different. In value terms, the most important players are usually multinational companies and parastatals and possibly aid programmes, while the rest of the economy may be mostly one-man agricultural or trading businesses that do not make enough profit to be taxable and probably have no records, nor the ability to maintain them. This diversity of economic actors means no single system of regulation is likely to be relevant.

The International Accounting Standards Committee, the body trying to bring about some global harmonisation of rules, is to address the accounting needs of developing countries and consider whether special projects should be undertaken in this area.

It can be argued that Africa is a special case where special rules are required and it is inappropriate to hand out solutions developed in different circumstances. The evolution of professional accounting bodies mirrors that of other aspects of development. The validity of local qualifications is variable and the infrastructure to train accountants is often lacking.

Such an education gap leads to a knowledge gap that creates its own problems. At last year's United Nations Conference on Trade and Development's meeting on International Standards of Accounting and Reporting, Randolph Andersen of the World Bank pointed out that lack of accountants in Africa meant some development programmes simply could not proceed, and Simon Arowomole, a senior tax official from Nigeria, remarked that lack of up-to-date accounting training for tax officers meant multinational companies had big advantages in areas such as negotiating transfer prices.

There are a number of ways to solve this problem. Botswana has a government-sponsored accountancy training college. Ian Colclough, deputy director, says: "We have been tasked with increasing the number of citizen accountants. There is no local qualification and so we teach UK-based international qualifications."

Students are generally more interested in universally recognised qualifications. Increasingly, this need is met by studying for the examinations of international bodies.

Wider access to accounting education is a more urgent priority than harmonised reporting rules, with accounting and audit regulation a knotty problem that merits careful attention and is likely to require the evolution of differential reporting to suit the variety of economic factors. — Financial Times.

ANALYSIS

# Africa facing a hard slog into a bright future, says Nyerere

(1) BD 17/10/97

Julius Nyerere told **Kevin O'Grady** that he harbours hope for an improvement in Africa's fortunes

NYERERE

FORMER Tanzanian president Julius Nyerere has a joke he likes to tell.

He believes it shows how Africa is moving steadily from its recent dismally corrupt and strife-torn past to a more prosperous and peaceful future. It demonstrates also his belief that African countries do not necessarily need "governments of angels" to achieve this.

"If there is a road to be built in many Asian countries, you can be sure that a relative of a minister or government official will get the contract to build that road," Nyerere says. "If there is a road to be built in Africa, you can be sure that a relative of a minister or government official will also get the contract. The difference is that in Asia, the road will be built."

But, he says: "What you see happening in ... my hopeful part of Africa is that you will now also get the road."

In Johannesburg this week to present his recently formed Mwalimu Nyerere Foundation to SA opinion makers and business leaders at a banquet at the Carlton Hotel tonight, Nyerere, who ruled Tanzania for 23 years before becoming one of few African leaders to relinquish power voluntarily, is optimistic about the continent's future.

More particularly, he speaks proudly about "my hopeful part" — nations forming a line from the Red Sea to Cape Town where there are "a number of states which are different from what we experienced in Africa". Most of these countries, Nyerere says, have elected governments, "and those that don't, have governments committed to the interests of their people. There is growing stability."

What is needed now is for those "changed" countries to stay firmly on that path, lifting the rest of the continent up with them and putting pressure on the nations resisting change to follow suit.

"If we can get a critical mass — and I think we are getting it — the rogue states will look like rogue states and will not be able to shake the region. They will have to conform," Nyerere says.

The recent fall of Zairean dictator Mobutu Sese Seko is cause for great hope, Nyerere believes. "The Democratic Republic of Congo (formerly Zaire) is another area of immense hope if what has happened is not just the removal of Mobutu but the removal of Mobutuism."

Mobutu was the biggest symbol of "the bunch of looters" which ruled many African states after independence. "We have been through a terrible phase, but that phase is gone. I do not think we are going to have another period like that."

The purpose of the Mwalimu Nyerere Foundation, Nyerere explains, is to promote peace and development on the continent. "But I do not just say development, but development which cares about human beings, which is about the wellbeing and dignity of human beings.

"So I label it people-centred development."

Central to this philosophy is the belief that far greater unity is needed between African states which colonial powers divided with arbitrarily drawn borders, resulting in "little states which make little sense and which, if left on their own, cannot develop at all". Nyerere says: "We must work for these countries to work together, even to merge." He cites as an example of the idea's importance the desire for wealthy European countries to come together in the European Union.

"Belgium, with a population of 10-million, has an annual income similar to Africa south of the Sahara. Yet Belgium feels vulnerable if it does not join a united Europe.

"If Europe needs strength in unity, the need for unity in Africa is absolutely obvious," Nyerere says.

Business, Nyerere believes, has an extremely important role to play in this, and part of the foundation's mission will be to persuade business leaders of that.

In Europe, he says, it is the business community which holds the greatest disregard for borders while politicians are largely conservative in their view on unity.

"Efforts to involve the business community in the economic integration of Africa, especially in regions like the Southern African Development Community, need to be articulated," he says.

Despite socialism's legacy of economic ruin in many African countries, including Tanzania, and despite Nyerere now courting big business (he is in SA as a guest of Anglo American Corporation, accommodated in the presidential suite of the Carlton Hotel), he believes socialism was responsible for the "rare" stability which Tanzania now experiences.

"We (Tanzanians) are still poor but we are still a community. Those (countries) genuinely committed to socialism did not work miracles but created some of the necessary conditions for a country to develop," he says, citing Tanzania's success in raising its literacy rate from 15% at independence in 1961 to the current 91%.

As Africa changes, Nyerere believes, so too will the US and Europe have to alter their attitudes to the continent.

"They will have to adjust themselves to the new reality in Africa. They cannot treat (SA President Nelson) Mandela like Mobutu. They will have to treat (Ugandan President Yoweri) Museveni differently.

"These new leaders are very confident. They have in them some of the pride of the first generation (of African leaders) but greater confidence in themselves," Nyerere says. "This Africa will have to be treated very differently."

How long will it be until Nyerere's vision of a stable and united Africa is realised? "I wish it could be tomorrow but it can't be. We have to be realistic," he says.

Unity discussions among Europeans — "who loved war with each other, whose whole history was based on war" — began in 1957.

"They have transformed themselves in my lifetime.

"It should be easy in Africa. Tanzania is a creation of my generation. We could just have easily created an East Africa rather than wasting time creating these unviable states.

"There will be no miracle. What we must not expect is a miracle.

"What we must expect is a commitment, and then slogging," Nyerere says.

A golden glow is spreading across the skyline of a booming London.

# Precedent exists for powerhouse London's UDI

**NEWS** FEATURE

# OAU takes up battle to stop conflict in Africa

(1) Sowetan 20/10/97

**By Tambayi Nyika**

**HARARE** – The Organisation of African Unity (OAU) peacekeeping initiative, which emphasises democratic reforms and minimal military intervention, is slowly taking shape using experience gained in conflict areas.

The OAU mechanism for conflict prevention, management and resolution was established in 1993.

The current initiative is being guided by the bitter-sweet experiences of the West African Peacekeeping Force, Ecomog, in Liberia, and the disastrous United Nations efforts in Somalia – which exposed peacekeepers to bloody confrontations with hostile elements.

The Southern Africa regional peacekeeping training programme, based on the OAU charter, focuses on the need to anticipate and prevent conflicts before they flare up.

The programme, being conducted at the Centre for Peacekeeping Studies in Harare, is being attended by army and police forces from the Southern Africa Development Community (SADC) countries.

"If Africa is not to be caught unawares, it should expect to assume an increased responsibility for the conduct of peace operations," says OAU secretary-general Mr Salim Ahmed Salim.

Rwanda, Somalia, the Democratic Republic of Congo and now Congo are examples of how a lack of democracy can create conflict, and how Africa has been unable to respond effectively and decisively.

South African Defence Minister Mr Joe Modise says political, economic and social conflicts have replaced the external threat that Africa experienced during decades of colonialism and the Cold War era.

## Autocratic regimes

"Unemployment, poverty, hunger, disease and the oppression of autocratic regimes in a number of countries, the fragile nature of certain peace initiatives, inter-ethnic or religious conflicts and border disputes sow the seeds of civil war.

"Any one or a combination of these are threats to stability which could spill over borders," he says.

While several African countries experiment with multiparty democracy, efforts to raise living standards on the continent to meet post-independence expectations have been disappointing.

This has created a breeding ground for political discontent and anarchy, which leads to violent suppression by governments and then results in civil strife.

"These factors have contributed to the political instability and ethnic tensions which give rise to violent internal conflicts. At present no region in Africa is spared the harmful effects of violence and conflict," says Salim.

Despite this escalation, Africa's peacekeeping efforts continue to be undermined by uncertainty over the "outdated" OAU clause on non-interference in internal affairs of a sovereign nation.

OAU assistant secretary-general Mr Ahmed Hagag says the organisation is currently re-examining this clause.

"It was a narrow definition of the charter under the circumstances at that time," he says.

The peacekeeping training programme also emphasises that peacekeeping does not end with the conclusion of negotiated agreements and a resumption of peace.

"After peace has been achieved, the country will still need assistance such as monitoring electoral processes or other confidence-building measures, including reconstructing damaged or destroyed infrastructure. – *Ziana-Sapa.*

# Cocoa producers want higher prices

(1) BD 24/10/97

Dulue Mbachu

LAGOS — The world's leading cocoa producers, grouped under the Cocoa Producers' Alliance, are driving for higher prices and have warned that cocoa deficits can be expected.

The start of a new crop year — running from October to September — seemed the best time to take the initiative in dictating world prices. Therefore, when the group met in Lagos for talks this month, the main issue was how to raise prices by taking "corrective measures to restore the balance between world supply and demand for cocoa", the alliance said.

Among them, eight of the 11 members represented at the meeting accounted for more than 90% of the world's cocoa crop. They were the leading producer Ivory Coast, Ghana, Brazil, Nigeria, Malaysia, Cameroon, Gabon and the Dominican Republic. Ecuador, Sao Tome and Principe, and Togo were not represented.

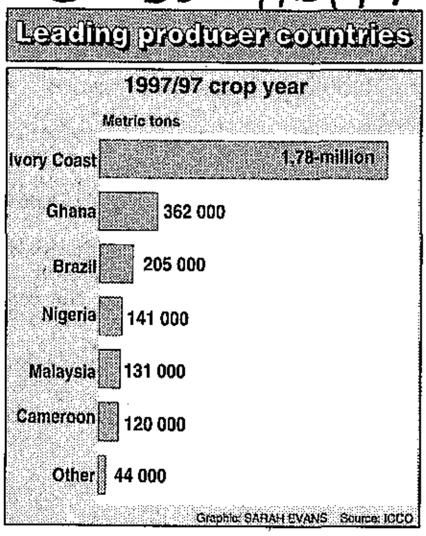
The main decision taken to shore up prices was to seek to reduce world stocks considerably in coming years.

Other issues that were of serious concern to the alliance during the meeting included the use of vegetable fat as a substitute for cocoa butter in the manufacture of chocolate in Europe, as well as worries over dangers said to be posed by the presence of hydrocarbon residues found on jute bags used for cocoa.

The group called on the European Union to take alliance interests into account when ruling on the use of vegetable fat substitutes, and said it wanted a meeting of cocoa exporters, traders and jute bag manufacturers. In the outgoing 1996/97 crop year, cocoa consumption stood at 2,8-million metric tons against an output of 2,6-million tons, leaving a deficit of about 200 000 tons. The current outlook indicates that the deficit might even get wider in the near future.

The market is anxiously awaiting results of the 1997/98 crop for west Africa, which accounts for more than 70% of world output. Due to unusually long dry spells between July and August, attributed by some to the El Niño weather phenomenon, forecasts have remained uncertain.

In Nigeria, for instance, ageing trees and farmers have seen production drop from 300 000 tons a year in the 1970s to 150 000 in the 1990s, while in Malaysia, according to the country's delegate, Annuar Khaba, farmers abandoned cocoa for the more lucrative palm oil as prices fell. In the Dominican Republic, poor rains caused by volcanic ash from the eruptions in Montserrat may cut output, said its delegate, Jose Antonio Ratinez.




Indeed, the current phase represents the third distinct phase noticeable in the world cocoa economy in the past three decades.

The 1970s was a decade of rising prices, followed by a boom in production in the 1980s as producers sought to cash in on good prices. The result was a major slump in prices with a ton of cocoa fetching half the price it commanded a decade earlier.

"But the problem we have is that during the 1980s (period) of rapid expansion in production we had a lot of stocks accumulated in the consumer countries," explained Hope Sona Ebai, the Cameroonian delegate and general manager of his country's cocoa and coffee board. Such accumulated stocks are estimated to be between 1,4-million and 1,5-million tons.

The strategy of the alliance is to pursue a production management agreement reached with the International Cocoa Organisation in 1993 and endorsed by the alliance's council of ministers in Libreville, Gabon, in October last year. "The idea is to set production objectives for each member country so that high level of stocks will not continue to put pressure on prices," Kamgah said last week.

The alliance believes that as production becomes better managed, the huge accumulated stocks will be depleted and lead to better prices.

# $40m given to aid scheme

① BD 24/10/97

PARIS — The World Bank approved more than $40m in additional funding on Wednesday to fight the parasitic disease river-blindness in west Africa, an effort to protect 100-million people at risk.

The Onchocerciasis Donor's conference ended with agreement to fund the programme, pledging "sufficient funds" to complete a current phase ending this year, and $40m for the final phase ending in 2002. The final phase "includes measures to safeguard the region and to prevent any recurrence" of the water-borne disease and to "transfer surveillance and control operations" to African governments.

For 19 countries in central and eastern Africa, the donors pledged commitment to a year-old programme to fight the disease with the drug Ivermectin, provided free of charge by Merck & Co. That programme is expected to cost $161m, the World Bank said. — Sapa-AP.

# Trade bill running out of time

BD 27/10/97 (1)

**Simon Barber**

WASHINGTON — Launched with much fanfare last April, groundbreaking legislation to encourage economic growth in Africa by opening US markets to the continent's exports is in trouble as the clock runs out on this year's session of Congress.

With recess less than three weeks away, Republican backers of the Africa Growth and Opportunity Act were last week pleading with House speaker Newt Gingrich to force the pace of deliberations on the bill, while some Democrats were openly chiding the White House for paying it little more than lip service.

Mike Williams, adviser to Democratic Congressman Jim McDermott, a principal architect of the initiative, said, "unfortunately we have not gotten much support from the Clinton administration. They seem to be more into talking about this bill than in doing anything to make it happen."

Ironically, some Republicans were ready to put as much blame on their own Congressman Bill Archer, chairman of the House ways and means committee, which has oversight of all legislation affecting federal revenues and without whose assent the Africa bill cannot reach the House floor.

HR 1432, as the bill is technically known, would dramatically increase the range of African exports eligible to enter the US duty free under the generalised system of preferences. Most importantly, such treatment would be extended to textiles and clothing, and countries taking advantage of that benefit would not be subject to quotas limiting their shipments.

In addition, the president would be "directed" to establish an African equivalent of the Asia-Pacific Economic Co-operation forum (Apec) to bring US and African leaders together on annual basis. As with access to the proposed trade benefits, membership in the new club would be restricted to those governments deemed to be pursuing market-based reforms.

A confidential analysis circulated by staff to the House Republican leadership last week argued that although the bill had strong backers in the administration, including White House national security adviser Sandy Berger and the new Assistant Secretary of State for Africa, Susan Rice, they were being stalemated by US Trade Representative Charlene Barshefsky and unnamed others.

The US trade representative's objections were "technical", while others appeared to be making a political calculation: if the bill died now, "the administration may encourage Democrats to sit on the bill in the next session and portray the concept as the president's own" — to be unveiled on his promised African tour next year.

The bill also has only limited support in the Congressional black caucus and others on the left wing of the Democratic party because it is seen as pushing market reforms at the expense of traditional aid flows.

However, the staff analysis also pointed a finger at Archer, who is seen as using the bill as a pawn to secure passage of Clinton's request — hotly opposed by prolabour Democrats — for so-called "fast track" authority to negotiate free trade agreements which Congress cannot amend, only accept or reject.

"One view is that Archer is holding the bill hostage to force Democratic support for fast-track....

"Another view holds that since the textile manufacturers oppose the bill, and since these manufacturers are needed to support fast track, the Africa trade bill is being withheld until fast track is passed."

Also holding up the bill is a requirement that any change in tariff policy be "revenue neutral", that is, cuts have to be offset by other sources of income. Ways and means staff, in the analysis, have calculated that the Africa bill would require about $200m in offsets over five years.

Available earlier in the year, that money has since been devoted to benefits for Caribbean and Central American countries and to assist US workers displaced as a result of trade reforms.

"However, some committee staff say that amounts in excess of $200m have been found many times before and wonder why this is a problem now."

The bill was accepted with minor modifications by the ways and means trade subcommittee last Thursday.

A key question is whether Archer will schedule a full committee meeting for this week.

Meanwhile, the Senate, which constitutionally takes a back seat to the House on fiscal matters, has yet to take any action.

Williams remained optimistic. "The bill is not in trouble. It's being treated like hundreds of other pieces of legislation because everyone is battling to get time in the committee and time on the floor to move them.... Everything will come down to the last minute and who's the best organised and has the most support."

## AFRICA

# OAU dithers on response force

BD 29/10/97

Michael Hartnack

HARARE — After a week of talks, military chiefs of staff from throughout the Organisation of African Unity have been unable to finalise a "response force" blueprint which "would render coups a thing of the past", says Zimbabwean Defence Minister Moven Mahachi.

The chief of the Zimbabwe defence forces, Gen Vitalis Zvinavashe, said problems of fundraising for the proposed peacekeeping force remained a major hurdle.

OAU assistant political director Sam Ibok mooted the idea of a "peace week", including a special stamp issue and a continent-wide programme of friendly soccer matches to raise support for the concept.

Addressing the officers at the formal opening of their meeting on Friday, OAU secretary-general Salim Ahmed Salim warned: "We may be overwhelmed by proliferating crises and eternal initiatives." He said these could lead to "a dangerous dependency on external assistance, and we may have to pay a very high cost in terms of lives and resources".

The outgoing chairman of the OAU chiefs of defence staffs standing conference, Maj-Gen Abubakar Abdulsalaam, told the open session the west was embroiled in a "new scramble for Africa" and urged African states to unite to preserve their independence.

His remarks were believed to reflect a Nigerian quest for solidarity within the continent in view of the military regime's international isolation over its human rights record, and Nigeria's exclusion from the Edinburgh Commonwealth summit.

The most recent OAU summit in June discussed a joint US-British-French proposal for an African "rapid response force" to deal with emergencies on the continent.

Mahachi said the summit "had resolved that while the idea appeared noble at its face value, it required further examination — whether Africa wanted the proposal or not must be something that must come from Africa".

Sources in Harare say western states prepared to give financial and logistic support to the "rapid response force", to absolve their troops from further loss of life in African brushfire conflicts, may not have realised African governments' fears that such a force would become a political player in its own right.

No force could be trusted until there was an effective supranational court of human rights, with a proven record of having its rulings honoured and enforced. So far, not even the Southern African Development Community states have made progress on such a court, with Botswana and Namibia coming to the brink of shooting over a disputed island at the Chobe-Zambezi confluence.

Mahachi said the blueprint for the proposed African peacekeeping force would place the OAU at the centre of all future mediation. He predicted it would have "profound and far reaching effects on the African political landscape".

Salim told the generals, who elected Zimbabwe's Zvinavashe (former guerrilla commander Sheba Gava) as their new chairman: "OAU member states can no longer stand aloof and expect the international community to care more for our problems than we do."

*Mandela and Blair . . . trade routes are the way to go*

COMMONWEALTH

# Looking to world markets in search of growth

But compromise is the order of the day on Nigerian democracy and environmental imperatives (1)

FM 31/10/97

At last. A Commonwealth conference at which the main business was to be business. Though the attention of the weekend summit in Edinburgh was distracted by political difficulties, such as General Sani Abacha's reluctance to return Nigeria to democracy, for the first time the 54-nation postcolonial club managed to set, and largely stick to, an economic theme.

The 51 heads of State and government gathered in Scotland agreed to a set of economic principles to complement the formula for democracy that their countries produced at the 1991 Harare summit.

The Edinburgh declaration, as it is known, hipped all the right hoorays. Gone were the old stresses on the economic role of the State, trade barriers and the ox-wagon.

In their place was this core statement in the declaration: "Expanding trade and investment flows, driven by new technologies and the spread of market forces, have emerged as engines of growth."

Voicing these sentiments involved a belated, grudging admission by some, particularly the Africans present, that the doctrine of national economic self-reliance can, paradoxically, prove the quickest route to dependence on aid donors.

But many of the leaders at the summit were afraid of the implications of free trade and current world market conditions on their economies.

It is not difficult to see why.

Thirty-one Commonwealth member states have populations smaller than 1,5m. Singapore, with about 3m people, may have succeeded brilliantly. But it has a fortunate geographical position along international trade routes, and can hope to attract funds from the large, wealthy emigrant Chinese merchant class in southeast Asia.

But what of, for example, the chain of coral atolls in the south Pacific called Tuvalu? It has only 10 000 people. Their kinsmen over the seas use only canoes and their chief exports are coconuts, copra, handicrafts and postage stamps. These are unlikely to command much attention when the World Trade Organisation starts its new round of negotiations on the liberalisation of trade in agricultural goods and services in 1999.

But being swamped economically is not the biggest issue on the minds of Tuvaluans. Like fellow Commonwealth members on the Pacific island chain of Kiribati, and residents of the Maldives southwest of India, Tuvaluans fear quite literally being swallowed up by the ocean.

If there is much more global warming, leading to further melting of the polar ice cap, they will soon need flippers and fins instead of feet.

This threat meant that the debate over cutting emissions of carbon dioxide and other greenhouse gases took on a certain passion in Edinburgh. But it still tended to be conducted in familiar terms.

The rapidly developing countries, such as Malaysia, argued that the industrialised countries must lead by example on cutting emissions since they are primarily responsible for climatic problems.

The industrialised countries, such as Australia, fear for the competitiveness of their industries if they enforce tough environmental laws, so they tried to put the onus on developing countries.

The Edinburgh summit did get the industrialised members to agree to push for "significant reductions" in greenhouse gas emissions at the December conference on the environment in Kyoto, Japan. But that formulation is, of course, broad enough for a mob of kangaroos to jump through.

That is, however, the Commonwealth's way of doing things: compromise to whatever extent is necessary to get an agreement.

And the club's new position on Nigeria is no less porous. There will be no immediate sanctions against Nigeria and, though suspended, it will not be expelled from the Commonwealth.

Instead, sanctions will be held in abeyance pending the outcome of the regime's plan to return the country to civilian rule by October next year. If the Commonwealth then deems the transition unsatisfactory, it has given itself the option of sanctions. These range from visa restrictions on government officials to an embargo on Nigerian oil, the commodity which provides more than 90% of the country's foreign earnings.

It is a strategy couched in enough "ifs" and "buts" for an armed column to drive through it. The odds are about even that General Abacha will do just that.

**Howard Barrell, London**

# AFRICAN BUSINESS

# Japan plans to reduce financial aid to Africa's 'open mouth'

CT (BR) 31/10/97 (i)

NICHOLAS KOTCH

Nairobi — Africa would be a major victim of Japan's planned aid cuts and, in future, countries who waited "open-mouthed" for assistance would not get any, a senior Japanese diplomat predicted this week.

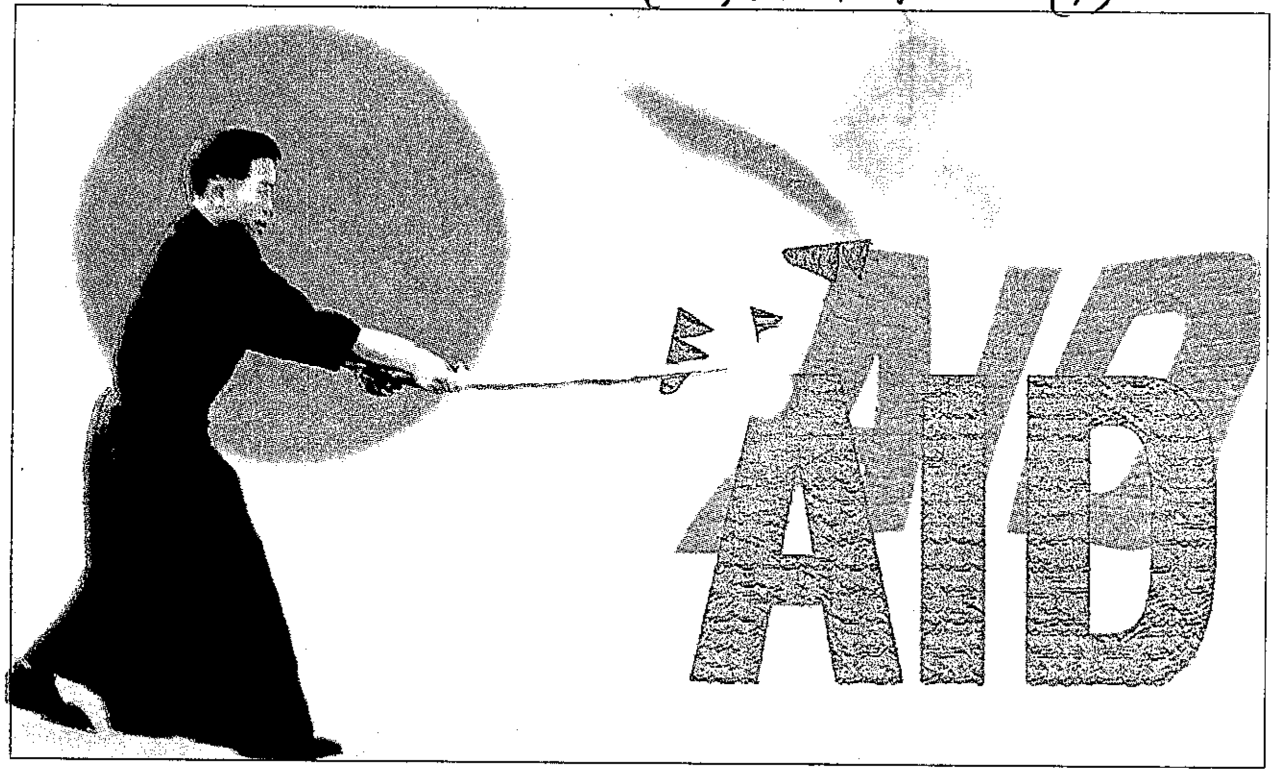
Morihisa Aoki said the cuts would force Japan to be more selective and ensure its aid to Africa was directed at countries inspired by self-help, aiming for good governance and not embroiled in internal and external conflicts.

"In the next budget all Japanese aid will be cut by 10 percent because of the fall of the yen," he told reporters, adding that this would rise to 25 percent when expressed in dollar terms.

"I'm afraid that Africa will become a major victim of our aid cuts ... we will have to be more selective on aid," Aoki said in Nairobi.

The diplomat, who made world headlines this year as ambassador to Peru during a 126-day hostage drama, is his country's first ambassador in charge of conflicts in Africa.

Despite its distance from Africa and lack of historical ties, Japan ranks only second to France in bilateral aid. It paid out $1,3 billion in aid to sub-Saharan countries in 1995, the last year for which OECD (Organisation of Economic Co-operation and Development) figures are available.




But Japan's disbursed aid to Africa in 1996 declined in dollar terms by 15 percent compared with 1995, according to The Reality of Aid, a book published this month in London by ActionAid and other relief agencies.

"The volumes of aid to Africa are being cut drastically, and with Japan as a major bilateral donor these cuts are very alarming," ActionAid's Nicola Crawhall told Reuter.

On his first tour of the region in the job, Aoki has visited Rwanda and Tanzania and was heading to the Democratic Republic of the Congo yesterday after Kenya — still the largest recipient of Japanese aid to Africa with more than 30 percent of the total.

Aoki said Tokyo's previous policy of spreading aid throughout Africa was changing. In future it would be aimed at governments which were not involved in conflict and were aspiring to higher standards of good governance.

"Those who just wait open-mouthed for aid will not get it," he said.

A review of Japan's diplomatic presence in sub-Saharan Africa, where Aoki said his government had 16 or 17 embassies, was also on the cards. Some were miserably underequipped, he said.

"In Kampala we have only three embassy staff. So their job is limited to hoisting the flag at the rising sun."

Japan's budget runs from April to March but the decision to cut global aid by 10 percent in yen terms from next April has already been taken. Africa's share of the reduction was still not decided, Japanese diplomats said, but Aoki provided a high-level insight.

The man whose embassy in Lima was stormed by leftist guerrillas and who was then held hostage with his guests before they were freed last June, was appointed to his new job in September.

Similar posts are already held by top diplomats from a host of countries including the US, France, Belgium and South Africa.

"I am perhaps the first to attempt to come up with our own policy on Africa," Aoki said. — Reuter

# 'Africa may be marginalised'

BD 4/11/97 (1)

KUALA LUMPUR — Zimbabwe's President Robert Mugabe warned yesterday that the African continent might be marginalised in the global economy because of weak foreign investments, crippling debts and the shrinking development aid.

Mugabe told delegates at the opening session of an annual summit of the Group of 15 (G-15) developing countries that globalisation of economies and trade liberalisation bring "mixed fortunes to various countries".

"In the case of Africa, which has 33 of the world's 48 least developed countries, there is a real danger that the continent may be marginalised in the unfolding process," Mugabe said.

"In spite of the fact that most African countries have embarked on political and economic reforms aimed at creating an enabling environment for foreign direct investment inflows, the response on the ground has been far from satisfactory," he said.

An international economic and social survey released in July showed that Africa accounted for less than 5% of foreign direct investment in developing countries in 1996, the Zimbabwean president said.

Moreover, taking into account dividend and other profit payments on existing investments, the net transfer from direct investments in non-debtor African countries resulted in a net outflow of more than $1bn last year, he said.

"This situation has been further exacerbated by the crippling debt burden and the ever-dwindling official development assistance, resulting in low economic growth in many African countries, particularly the least developed among them," Mugabe said.

The African leader also referred to "major structural impediments and inequalities in the international economy" which he said remained unaddressed.

Mugabe said that the emergence of the World Trade Organisation (WTO) "had brought much hope for a fair and equitable trading system."

"But alas, the developing world today finds itself confronted by new conditionalities on labour standards, environmental questions and other restrictive measures which negate any potential benefits from globalisation," Mugabe said. — Sapa-AFP.

# Oil, gas production spark 'African renaissance'

(1)

BD 4/11/97

The waters off the West African coast are stirring as interest in their oil and gas reserves grows, writes **Jennifer Cohen**

WEST Africa is becoming a scene of high drama for the oil and gas industry.

Enthusiasm has been mounting after Elf added a second deep-water, billion-barrel oil field to its portfolio two months ago, making the Gulf of Guinea accountable for more than 20% of its worldwide reserves.

In July, a NatWest Securities report dubbed the region "the hottest new exploration province (alongside Central Asia) in the world". Looking ahead to the next century — when gas will be an increasingly important source of energy — an estimated 38 032km of pipeline is currently under construction in Africa.

The redevelopment of abandoned oil fields by the smaller independent companies prompted one analyst to declare that the area was "buzzing with US oil men".

Most analysts expect West Africa's deep-water reserves to climb to between 15-billion and 20-billion barrels, yielding as much as 1-million barrels a day by 2005. Five-billion barrels have been found so far.

For this year, Wood Mackenzie estimates that between 60 and 70 exploration wells will have been drilled and expects to see another 45 to 75 next year.

Deep-water licences for drilling in water more than 200m deep have been awarded over the past few years in seven West African countries. Only in the last two cases have discoveries been significant. Operators have drilled 24 wells in Angola, 12 in Congo, 14 in Equatorial Guinea, six in Gabon, four in Namibia and 12 in Nigeria.

Of these wells drilled, the most notable have been Angola's Girassol and Dahlia — both drilled by Elf in Block 17 and each with reserves estimated near 1-billion barrels — and Chevron's 14-2X in Cabinda Block 14.

Nigeria's Ngolo and Bonga wells, operated by Shell, have already yielded more than 2-billion barrels and Bonga is still being appraised.

In Equatorial Guinea, Mobil moved quickly to get the Zafiro field on stream and has already almost doubled its production through horizontal drilling to 77 000bpd.

Finally, Elf has one 500-million-barrel field on stream in the Haute Mer Block and Congo's offshore reserves will probably yield another half-billion barrels in the Moho field, expected to be on stream in 2002.

The discovery of fields with 1-billion barrels or more in reserves is an increasingly rare occurrence. Such large fields can sustain firms financially for 20 to 30 years.

There are several benefits from West Africa's deep-water exploration:

□ Companies operating offshore enjoy a splendid isolation from any onshore political turmoil and can expect negotiable licences covering long periods and generally large block sizes;

□ Companies assume that these waters will require less demanding feats of engineering than other offshore regions of the world where winds, waves and currents are more extreme than in the Gulf of Guinea.

There are problems, of course. Many of the wells dug thus far have been dry. Infrastructural deficiencies in the region hamper the oil and gas sector. This is particularly the case with deep-water oil production. Facilities for constructing and maintaining high-tech structures and equipment are unavailable or unreliable. Extensive prefabrication to minimise on-location work will be required with floating production, storage and offloading rigs.

Many of the smaller companies which are driving the exploration in the Gulf of Mexico have crossed to the African continent to redevelop smaller oil fields abandoned by the majors in Benin, Cote d'Ivoire and Equatorial Guinea.

Companies such as Apache, Abacan, Ranger Oil and Clyde are exporting North American "attitudes and techniques" to West Africa.

The budgets of the smaller companies make it necessary for them to redevelop old finds rather than venture into upstream operations offshore, which can involve staggering costs and are still quite risky.

Such investments and subsequent oil production can bring huge rewards to developing nations and cash-starved governments. Cote d'Ivoire and Equatorial Guinea both began pumping oil for export and home consumption for the first time last year, moving from complete dependence on foreign oil to self-sufficiency, mainly through United Meridian Corporation investments.

Other nonproducing countries, like Chad, are set to begin production before the turn of the century. Such exports often represent the bulk of a small country's foreign exchange income. For Gabon, with a population of a little more than 1-million people, oil has made it one of the richest countries in Africa. It is these new, smaller oil-producing nations which offer the greatest growth potential on the continent.

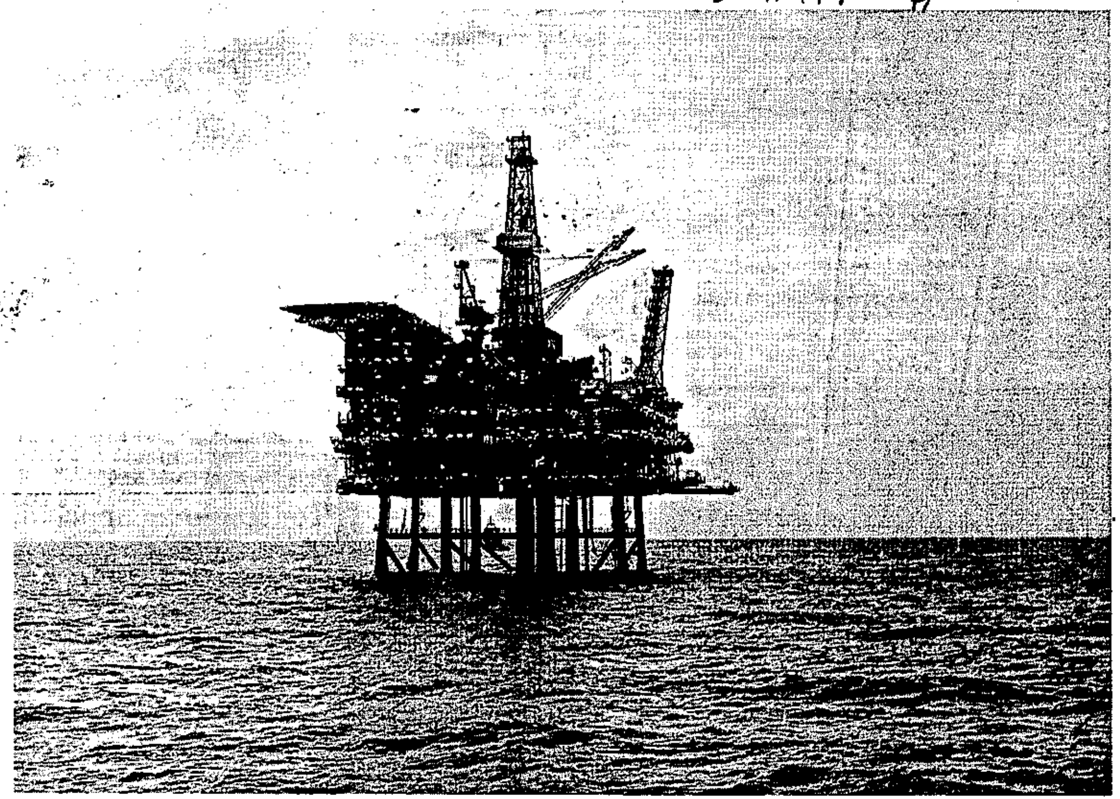
From 1971 to 1992, natural gas recorded the highest annual growth in demand of the fossil fuels. These gains were largely the result of the increasing significance of natural gas fields around the world, the growing importance of electricity generated by gas and its environmental attractiveness.

Some time in the next century, the liquid petroleum gas market is more than likely to overtake that of oil with new technology making it easier to produce.

One obstacle the industry must overcome is that the regions where significant discoveries are made are increasingly remote from areas of consumption.

Nigeria, for instance, utilises only 5% of its gas output because there is no market close to the source.

That said, however, banking consultants maintain that the lack of a local market for gas is not the only issue. Banks remain wary of putting up cash for a gas development that would supply only one buyer.



Multinational oil firms are clambouring to secure deep-water exploration rights off the West African coast

Export projects therefore have more appeal than developments linked to local consumption. Reliable and secure transportation for hydrocarbons by tanker and/or by pipeline will therefore be a fundamental long-term necessity for both energy producers and consumers.

Though 40% incomplete, Nigeria is planning the launch of its liquefied natural gas export scheme. Conceived more than 30 years ago, it should be operational late in 1999, despite several recent setbacks.

The latest, directly involving the government, arose when Nigeria's petroleum resources minister sacked the entire board of Nigeria Liquified Natural Gas.

Though participants are concerned, most see the heavy handed government interference as "typical".

Nigeria's gas reserves are nearly as large as Algeria's at 3,4-billion cubic metres.

Controversy and political clashes inevitably accompany the building of a pipeline, especially one which must cross borders. The successfully-planned 1 000km pipeline linking Chad to Cameroon still lacks an assessment of its environmental impact but is likely to be up and running before the end of the year.

More problematic are the plans of the West African Gas Pipeline (WAGPC), formed to encompass Nigeria, Benin, Togo and Ghana. Enron is the largest shareholder in the scheme aimed at transporting associated gas from Chevron's Escravos oil fields in Nigeria to power projects in Benin, Togo and Ghana.

Ghana has a growing demand for electricity, especially in the area of mineral treatment, and aims to use the gas to fuel a power station at Takoradi. WAGPC is working out a multilateral funding formula and actively courting foreign investment. The World Bank estimates the pipeline will cost about $315m.

Rumours began circulating at the beginning of September, however, that Cote d'Ivoire and Ghana had teamed up to substitute UMC gas from the Kudu, Eland and Ibex fields for Chevron's Escravos field.

The so-called African renaissance is typified by activity in the oil and gas sector.

Sizeable gas discoveries in Namibia and Mozambique, SA's first offshore project on stream, and with sub-Saharan Africa less and less politically risky, and more and more accommodating to free-market economies, means investment by the oil industry will likely lift output by 20% by 2000.

Oil in sub-Saharan Africa is produced in 11 countries now. Present output totals 3,65-million bpd. Estimates have production reaching 7,5-million bpd by 2000.

# Power struggles and conflict threaten 'African renaissance'

(1) CT(BR) 4/11/97

**From Reuter**

Durban — An "African renaissance" to bring the continent into a new century is threatened by conflicts and power struggles, the presidents of South Africa and Mozambique have warned.

At a banquet on Saturday honouring Mozambique's transition to peace and democracy, South Africa's President Nelson Mandela and Mozambique's Joaquim Chissano urged Africa to take control of its destiny.

"Primary among the obstacles which punctuate our march towards placing Africa at the centre of developments is the prevalence of conflicts in parts of our continent," Mandela said before handing Chissano the 1997 Africa Peace Award. Chissano said Africa had to find constructive ways to eradicate violence by tackling poverty, injustice and social exclusion.

"(The) African renaissance is not about singing the glories of a distant African past, it is about transforming our present and paving the way for a bright future," Chissano said.

"An African renaissance will come to its full meaning when we Africans take back the control over our own destiny," he added.

Chissano identified Rwanda and Burundi in the Great Lakes region, both Congos in central Africa, Nigeria and Angola as among the countries beset by conflict.

Mandela, whose companion Graca Machel is from Mozambique, pledged South African help to its Portuguese-speaking neighbour to ensure that its young democracy would be bolstered by reconstruction after 16 years of civil war.

Mozambique's civil war between the ruling Frelimo and now opposition Renamo erupted soon after independence from Portugal in 1975, but in 1992 the two factions signed a peace agreement to end the fighting. Frelimo won democratic elections in 1994.

The conflict devastated the economy, but the government has managed to implement a World Bank-sponsored economic reform programme which has helped transform the economy.

# African, Caribbean and Pacific trade body in funds crisis

BD 5/11/97

**Claire Pickard-Cambridge**

LIBREVILLE — The African, Caribbean and Pacific (ACP) group of nations owes $5m in unpaid membership fees to the ACP secretariat.

ACP Council of Ministers president Nathan Shamuyarira of Zimbabwe told the council meeting in Libreville, Gabon, yesterday that there was concern about the serious state of the body's finances.

The meeting of ministers responsible for ACP-European Union (EU) relations will be followed by the first summit of ACP heads of state and government tomorrow and Friday.

SA joined the ACP organisation, which now has 71 members, earlier this year and its delegation headed by Deputy President Thabo Mbeki is expected to attend the summit.

Shamuyarira, who is also Zimbabwe's trade minister, said the ACP was considering imposing sanctions on members who repeatedly failed to pay their outstanding or monthly dues.

It is understood that 31 of the 71 members states, many of whom rank among the poorest in the world, are in arrears with their fees and that ACP sanctions could be applied against 17 of them.

Sanctions resulted in that country's delegation losing voting rights, being barred from speaking at ACP meetings and being denied access to documentation on issues under discussion.

Most southern African states, including SA, have paid their fees to the ACP.

As the largest economies, SA's and Nigeria's contributions will make up more than 5% of the ACP's budget.

The ACP heads of state and government at the summit are expected to lay down the guidelines which will lead the ACP group to a renewed partnership with the EU beyond 2000 and secondly, to redefine the role of the ACP group on the world stage.

SA joined the ACP when it gained partial access to the Lomé Convention. Lomé is the 22-year old trade and aid agreement which links the EU with its former colonies.

Pretoria was invited to join Lomé as a qualified member, which means it can take part in Lomé institutions and have access to tendering for R45bn worth of European Development Fund projects, through it will not be eligible for the trade preferences and financial aid.

SA ambassador to the EU, Eltie Links, said the ACP had been conducting wide-ranging consultations to formulate a common ACP stance in advance of the start of negotiations in September next year for an updated Lomé Convention.

The current Lomé IV convention expires in February 2000.

He said the first summit of ACP heads of state was being held to formulate advice for negotiators in advance of these negotiations.

ACP heads of state at the summit would have a multifaceted agenda. They would examine what had been achieved; would access their economies in the global context; and would examine how the EU ACP long-term relationship fitted into the context of their current economies.

# Africa survey shows govts do not follow up on promises

BD 6/11/97 (1)

VERY few if any promises made by southern African governments in the past five years have been fulfilled, survey respondents have told the Helen Suzman Foundation.

Some of the survey results were presented at a meeting of the foundation in Johannesburg yesterday by Prof RW Johnson, one of the survey team members.

Zimbabweans, Swazis and Basotho were least happy with promise fulfilment. Namibians registered the highest satisfaction.

The survey, to be published in full next year, showed people in Zimbabwe, Lesotho and Zambia thought life as a whole had got worse in the past five years. People in Botswana felt it had got better.

Swazis were most happy with their financial improvement in the past five years, and Basotho were the least happy, followed by Zimbabweans. On financial improvement in households in the next five years, Zimbabweans and South Africans were the most optimistic. The least optimistic were Basotho, Swazis, Batswana and Zambians.

On political opposition, a preference for no opposition or for a weak opposition was most favoured by respondents in Zimbabwe, Lesotho and Namibia, and by SA blacks.

None of the respondents felt it was easy to live in areas where their neighbours were of a political persuasion different to theirs.

The Batswana were found to be the most tolerant.

On the freedom to criticise the government, people in Zimbabwe, Lesotho and Swaziland said they were wary to do this because of government reprisals. Namibia was the only country where most people believed they had the freedom to criticise freely. Namibians in the main were the only people surveyed who felt they were free to hold public demonstrations.

On preferences for community values as opposed to individual rights as the motivating force in society, the Basotho were the only group preferring community values. Johnson said this was against expectations. There was strong opposition everywhere to detention without trial. SA was considered by respondents to be the biggest threat to their countries, especially in Zimbabwe, Lesotho, Botswana and Swaziland.

Unemployment was seen as the biggest threat to democracy in SA. Respondents said economic reforms had been more to the benefit of governments than the poor. — Sapa.

# Africa trade bill takes back seat

BD 6/11/97 (1)

NEW YORK — A bill revamping US trade policy with Africa is stalled in a congressional committee even though it enjoys support, and critics say the delay is being caused by White House demands for backing of fast-track trade authority.

Until now, US policy toward Africa has consisted mainly of responding to crises. The new trade bill would shift that emphasis to dealing with the continent as an area of economic opportunity.

The African Growth and Opportunity Act has been supported by house speaker Newt Gingrich, President Bill Clinton, former housing and urban development secretary Jack Kemp and a majority of the house of representatives. A companion bill has been introduced in the Senate.

But critics charge that President Clinton is now tying his support for the groundbreaking bill to votes for fast-track legislation, a proposal that enhances the president's powers in negotiating trade agreements. The bill would permit Clinton to strike trade agreements that Congress could reject but not rewrite — a process known as "fast track". The White House denies the charge.

More importantly, another public supporter of the Africa trade bill, chairman of the House Ways and Means Committee Bill Archer, a Texas Republican, has not scheduled it for discussion even though a subcommittee voted to support it.

"It's a real disappointment and a real conundrum," said Andy Semmel, foreign policy adviser to Senator Dick Lugar, an Indiana Republican who introduced the companion bill in the Senate. The staff director of the subcommittee, Thelma Askey, said the house had more important legislation to consider, notably the fast-track legislation and the revamping of the highly criticised Internal Revenue Service.

She acknowledged that since the Africa bill had not been scheduled it was not likely to be discussed before the House adjourned for the year, which could be within 10 days.

The bill languishing in the house would require the president to start free-trade negotiations with African countries and back US investments on the continent.

Clinton's public support has not been matched by efforts in the trenches, Semmel said. "The one missing ingredient is the administration." But speaking for the administration, Robin Sanders said Clinton wants both fast track legislation and the Africa trade bill passed.

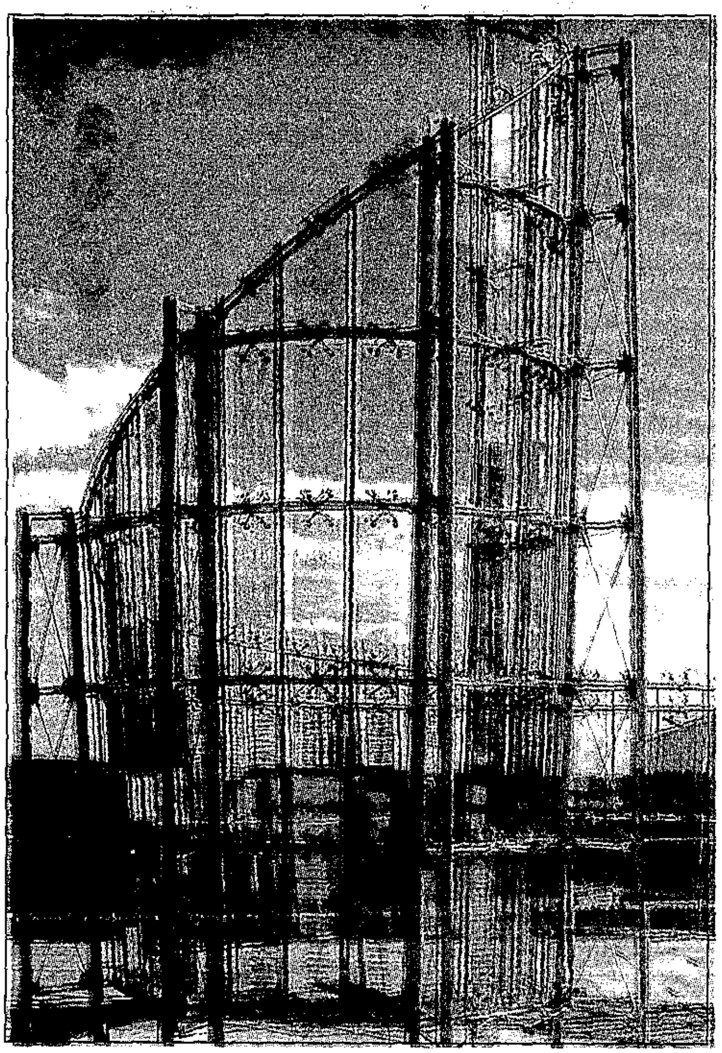
Supporters of the bill, however, strongly believe that the price to be paid for the Africa trade bill is a vote for fast-track authorisation. The Congressional Black Caucus has come out against fast-track and so "there's not much to negotiate" with that group, said US representative Charles Rangel, a New York Democrat who is a co-sponsor of the Africa bill and the ranking minority member of the House Ways and Means Committee.

Meanwhile, Clinton is joining forces with Gingrich to pull off a victory in the house of representatives.

To nudge resistant Democrats, Clinton planned to unveil a modest expansion of programmes to aid workers harmed by trade agreements or changes in technology yesterday. Clinton, Gingrich and California representative Vic Fazio, the Democratic Caucus chairman, also feverishly worked the phones to ensure that Clinton won passage of the bill bolstering his trade negotiating powers.

The president wants the authority to negotiate new pacts with nations in South America and the Pacific region.

In the first formal skirmish on the legislation, the Senate voted 69-31 on Tuesday. Clinton hailed the Senate vote as one step toward passage of the bill. — Sapa-AP.



**ROLL OF HONOUR:** Sam Mabe, Calvin Thusago, Abdul Shariff, Ken Oosterbroek, Lucky Makompo Kutumela, George De'Ath, George Warrington Steevens, William John Lambie, Horace H Spooner, Alfred Julian Adams, Joseph Smith Dunn, Frederick Slater Collett, George Alfred Ferrand, Robert Mitchell, Edward Daniel Scott, and John Harrison — the names of these South African journalists killed in the line of duty are recorded for posterity on the Journalists' Memorial at the Freedom Forum's Newseum in Arlington, Virginia.

# Spotlight on African media

(1) CT 12/11/97

ARLINGTON, Virginia: Leading journalists and media figures from Africa and the United States will converge on Nairobi, Kenya, tomorrow to discuss changes in communications on the continent over the past decade.

They will be taking part, tomorrow and on Friday, in the fifth in a series of global media forums on News Traditions and Transitions hosted by the Freedom Forum, an international foundation dedicated to free press, free speech and free spirit.

The Africa Media Forum's keynote address — *Kenya's Media: A Presidential View* — will be delivered by Kenya's President Daniel arap Moi.

Cape Times managing editor Kanthan Pillay will join Bernard Kalb, CNN; Gitobu Imanyara, editor-in-chief, Nairobi Law Monthly; Mugambi Karanja, senior editor, East African Standard, Kenya; Babafemi Ojudu, managing editor, The News, Nigeria; Georgia Mutagahywa, editor, Business Times, Tanzania; Irene Zikusoka, controller of programmes, Uganda TV; Vitalis Musebe, head of news, Kenya Television Network; and Charlayne Hunter-Gault, chief Africa correspondent, National Public Radio, United States.

Participants will explore technology — including the growth of online services — reporting and media ownership.

"South Africa's dream of an African renaissance cannot be realised without freedom of information throughout the continent," says Pillay, a former senior research scientist at the Centre for Advanced Studies, Research and Development in Sardinia, Italy.

"Technology is an essential component of that freedom. The veil of silence during coups and genocide must be lifted. As Africa's technological powerhouse, South Africa has unique resources that can contribute to the development of the continent."

Charles L Overby, chairman and chief executive officer of The Freedom Forum, says media tradition must be considered. It is important to blend the past with discussion and consideration of future opportunities for excellence.

The Africa Media Forum coincides with the November 11, Johannesburg opening of The Freedom Forum African Centre. — Own Correspondent.

# Into Africa: the search for greener tenders

CT(BR) 12/11/97

ADELE SHEVEL

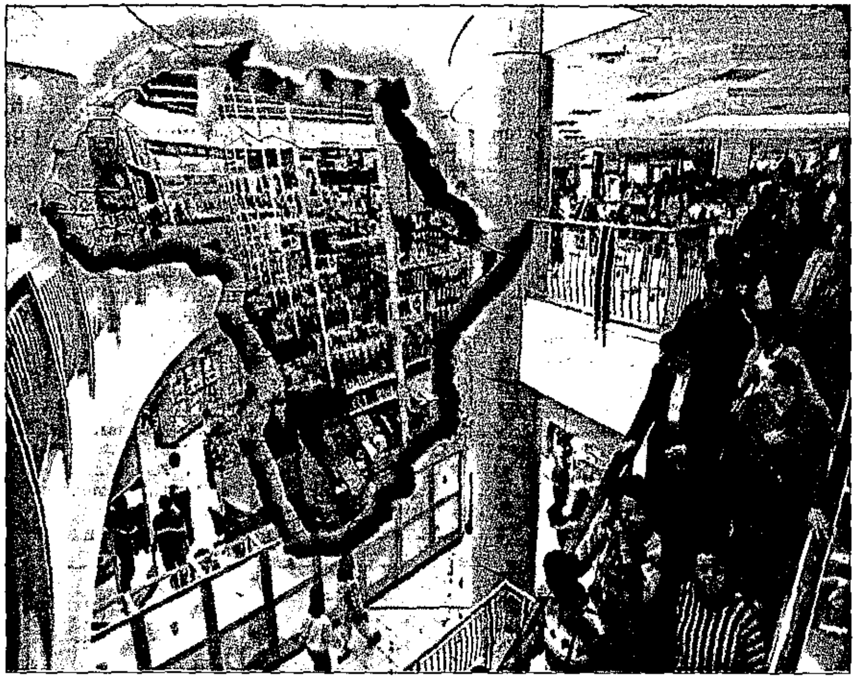
Excited shoppers flood through the doors at the opening of a Shoprite Checkers store. Consumers lunge at first-time buys such as tinned tomatoes and sandals. After only one year of trade, floorboards are crying out to be replaced.

Sandton? Unlikely. Try Maputo in Mozambique, one of several newly established consumer havens set up by South African retailers who are finding development opportunities away from their heavily traded home turf.

Many market commentators say the South African retail market is overtraded, save for convenience stores or mid-sized centres off the beaten track that cater to a regional or an emerging clientele. High interest rates, credit extension levels and inflation gnaw away at consumers' disposable income. Local companies also face international threats such as Internet-based shopping, home shopping networks, catalogues and direct mail.

A different picture emerges for other African countries. Barriers of trade are coming down, and apart from Nigeria and South Africa, the rest of the continent is expected to grow 5,5 percent next year. Although just under half of Africa's 53 states are ruled by military or ex-military officers, about three-quarters of African countries are embracing economic reform programmes including the privatisation of state assets and the establishment of stock exchanges.

Pockets of additional spending power have also flourished at the hands of expatriate communities, such as those in Kenya and Zambia and those set up around multinational corporations. But dismal shopping facilities and infrastructure greet eager shoppers — so they go on shopping trips to neighbouring African countries or on continental buying sprees.



The flow of trade between South Africa and her neighbours has, up to now, primarily been a route covered by traders moving south into the country to buy goods for sale on the informal market. For the first time local retailers are mirroring the path covered by these traders who resell South African products on their home market.

The informal trading market has flourished to such an extent that the recently upgraded Park City station in Johannesburg will include a Formula One hotel, developed primarily to accommodate these traders.

"If Africa was aware of what we had to offer, they would do business with South Africa," says Elizabeth Marrao, the managing director of Strategic Property Research. She says South Africa can benefit from its overlap as both a Third and First World observation point.

Africa offers little competition and thus little potential for higher margins, even when taking into account additional costs such as transport and import duties, says Anne Barnett, a retail analyst at Standard Corporate and Merchant Bank.

She points out that local food margins run at about 2 percent, while those on the rest of the continent are considerably higher. Barnett reports that the companies finding their way into Africa are able to provide products at lower prices, putting pressure on the small owners.

Shoprite Checkers has outlets in Namibia, Malawi, Zambia and Mozambique. Pep Stores and Spur Steak Ranches are also speckled around the continent and are on the expansion trail. Protea Furnishers (Profurn) has more than 50 stores north of South Africa and, according to reports, is planning to open another 13. But even more indicative of an increasingly sophisticated consumer market is the movement of money beyond the basics into leisure activities.

Ster-Kinekor is in Windhoek and Zimbabwe and is seeking out new markets in other African countries. Exclusive Books is negotiating to move into Zimbabwe. M-Net has built up a substantial African market.

US, European and Asian investors, by contrast, have been reticent in their movements. Rodney Yaldwyn, the director of African business development at HSBC Simpson McKie, says companies that are remnants from colonial days, such as BP and Shell, have been negotiating to exercise their pre-emptive rights to buy back controlling stakes in their companies, but new investments are not as obvious.

There are of course developing-country obstacles to contend with such as government instability, extreme poverty and backward infrastructure. But if the isolated pockets of potential spending are pinpointed, much can be achieved, says Alan Hall, the general manager development of Ster-Kinekor, who also warns about potential pitfalls.

"Many companies will be burnt. It is a politically unstable part of the world, where soft currencies prevail. Many landlords want US dollar-denominated rentals, and escalation clauses may be linked to the dollar, which makes it difficult to pay because the goods are sold in local currency," says Hall.

Leora Raikin of Strategic Property Research says retailers have been myopic and insular, catering only to a specific sector of the market. They now have to accommodate a sector of the community that was previously discounted. "It makes sense to apply such efforts to the rest of the continent," she says.

Nandos has made greater inroads into Africa than McDonald's, which intends setting up its first non-South African outlet, in Zimbabwe, next year. Regional penetration is taking place through businesses that tender for concerns being privatised in neighbouring countries.

The largest untapped consumer market in the world is starting to stir. And South African retailers are prime candidates to take the pickings.

# African airlines 'must privatise to survive'

Sowetan 14/11/97

AFRICAN carriers have to privatise partially or completely to survive in a highly competitive world market, an Ethiopian Airlines senior official said this week.

"It is time that we started managing airlines as business entities and not as an arm of government bureaucracy," Ethiopian Airlines' marketing executive Yoseph Wolde Yohannes told an international symposium on foreign investment in Ethiopia.

"To do this, there might be a need to partially or wholly privatise or commercialise them," he said.

Yohannes, who spent 28 years at the state-owned airline before leaving for Gulf Air, was recruited back less than a year ago after a change in top management.

He said the airline, which celebrated its 50th anniversary last year, would follow a two-pronged approach to improve its competitive position that would include greater attention to customer service and seeking cooperation agreements or alliances with other countries.

At the moment, Ethiopian Airlines is the only African airline with cross-continental connections but this will change next week when Bellview, a private Nigerian airline, begins weekly flights between Nairobi in Kenya, and Lagos, the commercial capital of Nigeria.

The flight goes on to Bombay, India, a lucrative route for Nigerian traffic which is also served by Ethiopian Airlines.

A World Bank economist said earlier this year that it was his impression that Ethiopian Airlines was the last state-owned enterprise the government of prime minister Meles Zenawi wanted to privatise. – *Sapa-AP.*

# SA set to join African move on corruption

1

ARG 17/11/97

RICH MKHONDO
FOREIGN SERVICE

**Washington – Malawi, Benin, Uganda, Ethiopia and Mali have committed themselves to curbing corruption across the African continent, and South Africa is expected join them under the umbrella of Global Coalition for Africa and Transparency International led by Robert McNamara.**

Mr McNamara said that many other countries, including South Africa and Mozambique, wanted to be signatories to the 10-point plan drawn up in Maputo earlier this month.

The forum was co-chaired by South African Speaker of Parliament, Frene Ginwala, when an "action agenda" for curbing corruption in Africa was drawn up.

Mr McNamara said that, even in the African continent, where some nations were ranked among the world's worst for corruption, change was coming.

"South Africa is interested, and there is actually a chapter of Transparency International in South Africa," said Mr McNamara, former United States Secretary of Defence, former president of Ford Motor Company and of the World Bank and a director of several international corporations.

He is sending a letter to chief executive officers of major international corporations across the world to solicit their support in curbing corruption.

"I have seen corruption related to business transactions increase throughout the developing world.

"It has now reached levels where it not only diverts scarce public resources into private pockets, but literally undermines effective governance, endangering democracy and eroding the social and moral fabric of relations," Mr McNamara says in the letter.

He declined to identify the companies he had approached, except to say that they were those doing or likely to do business in sub-Saharan Africa.

Meanwhile, Mr McNamara and his organisations are not alone in trying to combat corruption in Africa – and elsewhere.

This week, officials of the 29 nations of the Organisation of Economic Co-operation and Development (OECD) are meeting in Paris to finalise an anti-corruption convention that will make the bribery of foreign officials a crime.

**CORRUPTION** *African countries get behind bid to reduce endemic palm-greasing*

# Anti-graft action agenda gathers speed

(1) CT(BR) 18/11/97

**Rich Mkhondo**

Washington, DC — Economies run best when not greased by corruption. In fact, kickbacks and bribes are more like sand, ultimately clogging the gears of global or national commerce.

But such practices remain ingrained in many parts of the world. At every level of society corruption is endemic. While many view it as a job perk, others now call for greater transparency and accountability.

If the commitment of a number of sub-Saharan countries — Malawi, Benin, Uganda, Ethiopia and Mali — is anything to go by, corruption will be dislodged across the African continent, thanks to the Global Coalition for Africa (GCA) and Transparency International led by Robert McNamara.

McNamara says that after these countries endorsed his organisations' measures to combat corruption, many more, including South Africa and Mozambique, want to be signatories of the 10-point plan following a coalition forum in Maputo this month.

At the forum co-chaired by Frene Ginwala, the South African speaker of parliament, an "action agenda" for curbing corruption in Africa was put together. McNamara says, even in the African continent, where some nations are ranked among the world's worst for corruption, change is coming.

"South Africa is interested," said McNamara, the former US secretary of defence, former president of Ford Motor Company and of the World Bank. He said Transparency had intended to approach President Nelson Mandela in 1994, but Transparency's founder member, Nigerian leader Olusugen Obasanjo, was detained by the military government before he could do so.

McNamara's 10-point programme of action to ungreasing the palm includes:

☐ Requiring forceful support of a country's highest political authority;

☐ Introducing transparency and accountability in government functions, particularly in all financial transactions;

☐ Encouraging a free press and electronic media to forcefully report to the public on corrupt practices;

☐ Introducing government watchdog agencies, anti-corruption bureaus, inspectors-general, auditors-general and ombudsmen to identify corrupt practices and bring them to public attention;

☐ Inserting anti-bribery clauses into major procurement contracts and insisting that international corporations bidding on African procurement contracts accept such clauses and the penalties associated with violations; and

☐ Introducing anti-bribery clauses into contracts relating to the privatisation of government enterprises and the development of natural resources.

> *'Corruption has reached levels where it undermines effective governance'*

To ensure that the programme of action is adhered to, McNamara is soliciting the support of chief executive officers of major international corporations.

"I have seen corruption related to business transactions increase throughout the developing world.

"It has reached levels where it not only diverts scarce public resources into private pockets, but undermines effective governance, endangering democracy and eroding the social and moral fabric of relations," McNamara said in a letter to the corporate chiefs.

"I wish to solicit your support for an initiative undertaken by the GCA related to this problem," he said, declining to name the companies he has approached, except to say they are doing business in sub-Saharan Africa.

McNamara and his organisations are not alone in trying to combat corruption. This week, officials of the 29 member nations of the Organisation of Economic Co-operation and Development are meeting in Paris to conclude an anti-corruption convention.

The Convention on Combating Bribery of Foreign Public Officials in International Business Transactions will oblige its signatory nations to make the bribery of foreign officials a crime. The topic will come up again at the Summit of the Americas meeting next May in Chile.

The World Bank and the International Monetary Fund are using their financial leverage to encourage anti-corruption efforts. The bank will not finance a project if the contract process is not transparent against bribery. If IMF loan money goes into private pockets, the fund sends no more funds.

For example, the IMF suspended a loan to Kenya, after it reneged on a commitment to form an agency to ferret out corruption.

World Bank president James Wolfensohn has launched anti-corruption initiatives. The financial institution is working with countries that want to target corrupt practices and is refusing to finance projects if it believes corrupt officials are involved.

For this, the bank has provoked the ire of several countries, notably China. Beijing accuses it of infringing on the sovereignty of member states and has warned the bank not to exceed its mandate.

But the bank, which lends money to developing nations, disavows the politics and calls corruption a direct deterrent to growth and foreign investment. Corrupt countries, it says, lose out to their neighbours.

Indeed, if companies must bribe in return for permits or contracts, their costs go up. The country loses its competitive edge. A Harvard University study shows that the cost of doing business in Singapore (considered clean) is 20 percent lower than in Mexico (which isn't).

To highlight corruption practices, Transparency International issues corruption perception indexes. These spotlight countries with the worst records for corruption.

For the second year, Nigeria has been selected as the most corrupt place to do business, scoring 1,76 on a scale where 10 is squeaky clean and zero totally corrupt.

Second-placed Bolivia scored 2,05; other countries finishing under 3,0 were Colombia, Russia, Pakistan, Mexico, Indonesia, India, Venezuela and Vietnam.

The US scored 7,61, ranking as the 16th cleanest nation among 52 for which surveyors had enough information to rate.

Denmark was tops, with a score of 9,94, followed by Finland, Sweden, New Zealand, Canada and the Netherlands.

The data comes from a survey of business people who deal with the countries. Because there is no way to measure absolute corruption, the survey is effectively a ranking of how business people around the world perceive corruption in various locales. — Independent Foreign Service

COMMENT & ANALYSIS

# Anti-corruption plan needs SA support

Six African nations have made a brave start in trying to stem the tide of corruption — but where is SA? asks **Simon Barber** in Washington

(1) BD 18/11/97

IN AN attempt to clamp down on the supply side of corruption, six African nations have agreed to take action not only against their own officials who demand bribes, but against foreign companies which pay them to win contracts, resources concessions, privatisation assets and the like.

The six nations are Malawi, Benin, Tanzania, Uganda, Ethiopia and Mali.

They are rewriting their procurement regulations under an initiative launched by the Global Coalition for Africa, and Transparency International.

The coalition, established in 1991, is a club of African leaders and aid ministers from industrialised countries, with a secretariat in Washington.

The club's co-chairmen include Botswana's President Ketumile Masire; the speaker of the SA Parliament Frene Ginwala; and Ethiopian Prime Minister Meles Zinawi.

Its objective is to develop consensus on and support for Africa's development priorities. Among the highest of these, the coalition has decided — with the World Bank and the International Monetary Fund in full concurrence — is combating corruption.

That is the purpose in life of Berlin-based Transparency International, which, among other things, produces an annual "corruption perception index" ranking countries' reputations among businessmen on a score of one to 10 — with 10 signifying perfection and one, rottenness to the core.

SA, for example, came in 33rd out of 52 countries on the index this year, with a score of 4,95 points. This figure is down, troublingly, from 5,68 in 1996. Nigeria, the only other sub-Saharan country measured, was dead last, with a score of 1,76.

Transparency is also the lead lobbyist for adoption of an anti-bribery convention by the 29 members of the Organisation for Economic Co-operation and Development, the club of industrialised nations.

It is hoped that a final treaty text will be thrashed out in Paris this week, ready for signature next month and implementation by the end of next year.

Essentially the treaty would oblige its signers to adopt legislation equivalent to the US Foreign Corrupt Practices Act — a thus-far uniquely American statute dating back to the Watergate era — which makes it a criminal offence for US companies to bribe foreign officials. A similar treaty has already been signed by members of the Organisation of American States and awaits member country ratification.

The African initiative is being co-ordinated by the coalition's "chairperson emeritus" Robert McNamara, former president of Ford and the World Bank, who, between those jobs, helped lead the US into Vietnam as secretary of defence during the Kennedy and Johnson administrations.

McNamara has done a lot of damage in his time, and not only in the latter post.

The World Bank wrought huge harm while he was at the helm, pushing many developing countries into crippling debt by shovelling money at them for white elephant projects and paying no heed when much of the money was siphoned off into the pockets of corrupt elites.

He seems to have decided to spend his remaining years trying to make amends.

McNamara says that it was at a meeting of the coalition in Maastricht in 1995 that he "heard the first open discussion of corruption" directly from the mouths of African leaders. The following year, at the urging principally of coalition co-chairman Zenawi, the club's members unanimously decided to focus on the issue, which became the top agenda item at a coalition policy forum in Maputo earlier this month.

Botswana's Masire closed the Maputo meeting with a candid call to arms. "It is obvious from our discussion that African countries cannot bear the costs of corruption. Corruption damages the political, social and economic systems of countries. It erodes the legitimacy of governments, undermines the effective functioning of institutions, and limits the ability of people to get ahead as a result of their own efforts.

"Ordinary people, and especially the poor, are the primary victims. In most African countries petty corruption is widespread, but grand corruption is perhaps more damaging because of the amount of resources involved."

Petty corruption is having to pay a customs official not to use his discretionary powers to steal your suitcase or your liberty. Grand corruption is when a cabinet minister selects partners for the exploitation of his country's gas reserves on the basis of which partner is most willing to fatten the offshore bank accounts of himself and his friends. Or when the minister uses similar criteria — rather than the most cost-effective bid — for awarding contracts to put in, say, telephone systems, or power grids and roads.

Outside SA, there are not too many African companies that can explore for gas, get it out of the ground and lay pipelines to deliver it, let alone build the iron reduction plants which, in Mozambique's case, at least, are necessary as anchor customers.

The same applies to most capital and technology-intensive projects in the continent, whether they involve telecommunications, mining or generation of electricity. Likewise, the privatisation of state enterprises in Africa is likely to involve foreign investors.

The reason for this sad state of affairs is that African political elites have tended to use their power more to enrich themselves than to serve the needs of their societies or develop the skills and capital base that would enable them to be more self-sufficient.

But it is also true that foreign owners of capital — to which category one can add aid agencies and multilateral institutions which have been largely unable to account for how they commit resources underwritten by the taxpayers of wealthy nations — have been willing co-conspirators with those elites.

From the Maputo meeting, consensus emerged on a total of 10 anti-corruption commandments.

Six were to be carried out by African governments themselves. These included regulatory simplification, promotion of a free press, establishment of independent watchdog bodies and, above all, "direct and forceful support of the highest political leadership".

Four demands were made of the international community: criminalise bribery in international business transactions instead of allowing it — as some countries persist in doing — to be tax deductible; impose sanctions including blacklisting and denial of subsidies, on companies found guilty; adopt and ratify the Organisation for Economic Co-operation and Development convention; and assist African governments to get their own houses in order.

The six countries listed at the start of this article are out in front. They have brought in the World Bank to help them develop anti-corruption programmes. They have also enlisted McNamara to publicise their efforts.

He has drawn up a draft letter to be sent to the CEOs of corporations considered potential bidders on infrastructure projects in each of the countries, putting them on notice that they will be expected to "certify that their employees and agents have been effectively forbidden to offer or pay bribes" and warning that "in the event that bribes occurred, stiff penalties would be enforced against both the public officials and the company involved".

It is a start, but momentum is clearly building. The coalition's executive director, Ahmedou Ould-Abdullah, sees corruption in Africa and elsewhere coming under the same spotlight as human rights abuses.

It is a bit of a mystery, though, why SA is not more involved with the initiative. McNamara gives a puzzling explanation. He says his friend, former Nigerian leader Gen Olusegun Obasanjo, was to have approached President Nelson Mandela on the matter. Then he was jailed by the current Nigerian junta, and so became unavailable for the task. McNamara thinks it would be churlish, under the circumstances, to have someone else do the job in Obasanjo's enforced absence.

Ould-Abdullah, meanwhile, drops heavy hints that he would like to see coalition co-chairman Ginwala pick up the reins.

# Reforms boost sub-region's economies

(1)

Sowetan 20/11/97

**By Abdul Milazi**

SUB-SAHARAN Africa's economic growth depends on continued economic liberalisation, policy reforms and the opening up of markets to world trade.

This is the view of the International Monetary Fund (IMF) in the latest issue of its *World Economic Outlook* report.

According to the report, in 1992 only 17 of the 47 countries in the region recorded more than three percent growth but by 1995 the number had increased to 29. It is expected to reach 35 by the end of this year.

Although the majority of countries faced adverse trade shocks, domestic factors including improved macro-economic policies and structural reforms contributed to a significant share of the higher growth and lower inflation.

The report further says that economic success remains unevenly distributed. "In Ethiopia, Ghana, Malawi and Uganda, significant progress has been made in increasing the role of the private sector and improving macro-economic discipline."

The report says 1994 saw many former French colonies restoring their external competitiveness and more recent fiscal reforms have further strengthened the recovery process.

### Sustained reforms

According to the report South Africa needed sustained reform and stabilisation along the lines of the government's Growth, Employment and Redistribution (Gear) macro-economic strategy to enhance growth.

It also predicts that the region has a good chance of continued economic growth, but only if the reforms continue.

Despite the general positive signs, the region's economies remain fragile and vulnerable to external shocks. Countries continue to face policy challenges in improving resource allocation and fostering higher saving and investment rates.

"In a number of developing countries in the Middle East, North Africa and Europe, economic growth has picked up since 1995, and positive growth per capita income has been restored," says the report.

These developments, the report says, stem to a large extent from progress with policies of macro-economic stabilisation and structural reform which put the countries in good stead to meet a number of economic challenges in the short and medium term.

Many countries in North Africa are expected to maintain solid growth in real Gross Domestic Product (GDP), while the strongest growth has been recorded in Egypt, Iran, Jordan, Lebanon, Tunisia, Turkey and Yemen.

### Tighter policies

"Except for Turkey, these countries have made significant progress in lowering inflation, strengthening external balances and reducing debt burdens," says the report.

It says tighter fiscal policies, more prudent monetary policies and the successful implementation of structural reforms was responsible for improved macro-economic performance in these countries.

In sub-Saharan Africa, growth reached 4,5 percent last year, its highest in two decades, and is expected to remain at between four and five percent next year.

A feature of economic developments in the 1990s has been the fall in world inflation to levels not seen for decades.

According to economists, this trend has largely continued this year, with inflation in Britain and the United States remaining the lowest recorded since the early 1990s.

The evidence of continuing low or declining inflation across a broad range of countries appears to have increased financial market confidence that the recent benign inflation environment will continue, the report says.

# Mining, energy are pathways to growth in Africa

(1) CT (Bk) 24/11/97

RAVIN MAHARAJ

Durban — The mining and energy industries in Africa had to contribute to strengthening exports, improving the fiscal position of governments, and attracting private capital into the region, Kingsley Amoako, the executive secretary of the Economic Commission for Africa, said at the weekend.

Amoako told the regional conference of African ministers responsible for the development and utilisation of mineral and energy resources that more than half the nations in Africa had enjoyed real gross domestic product growth since 1995.

At least a third of these countries, he said, had recorded growth rates of 6 percent and higher, and only three countries had experienced negative growth, compared to 14 countries the year before.

"Output growth in 1996, estimated at 3,9 percent, more than doubled the performance in 1991-95. More forecasts predict growth rates of about 4 percent per annum for the next 8 years," he said.

He said the downward trend in Africa's mineral production was also reversed in 1995 because of legal and regulatory reforms that encouraged private investment in several countries.

Amoako said the mining and energy sectors could help spread the benefits of growth through small-scale artisan mining and rural electrification programmes to stimulate rural development.

He said mining should not just be the preserve of big corporations. In Africa, small-scale mining provides employment for nearly 1 million people. "Yet the industry remains highly concentrated, with few countries and actors dominating the mining landscape," Amoako said.

"Some 16 enterprises account for close to 80 percent of sub-Saharan African mineral exports. This domination of the sector by a few players contrasts with other regions with big mining industries, where a large proportion of the production is done by small and medium-scale enterprises."

Amoako said there was also the need to strengthen the export sector and the foreign exchange position of African countries.

Coupled with that, buoyant fiscal revenues were needed, otherwise they would be "impotent" when called upon to play strategic developmental roles.

Amoako said another challenge facing the minerals and energy sector was privatisation.

"But privatisation in Africa is hampered by concern over the small sizes of markets, affordability and payment risks, as well as political and economic strategies," he said. Furthermore, issues of asset valuations, fair prices, labour redundancy, statutes, and the perceived need for government control were often at the heart of privatisation difficulties in Africa, Amoako said.

Privatising assets in the energy sector also raised specific problems, such as the "discomfort" of having a private monopoly when regulatory capacity was weak, and the transfer price of national resources like hydropower and natural gas.

Another challenge was for governments to play a bigger role in promoting flows of local private capital into the energy and mineral sectors, he said.

# African illiteracy highest in world

ET 25/11/97 (1)

ADDIS ABABA: About 26 million African girls don't go to school, and the continent's illiteracy rate is estimated at 56%, the highest in the world, Organisation of African Unity (OAU) secretary-general Mr Salim Ahmed Salim said yesterday.

Economic reforms and structural adjustment programmes undertaken by African governments had led to the reduction of state funding for education, Salim said, during the launch of OAU's Education Decade in Africa (1997-2006) here.

Africa's trained education professionals were leaving the continent because of difficult socio-economic conditions there to seek better career opportunities in other parts of the world, Salim added.

He said the brain-drain led to staff shortages and slow social development in the region.

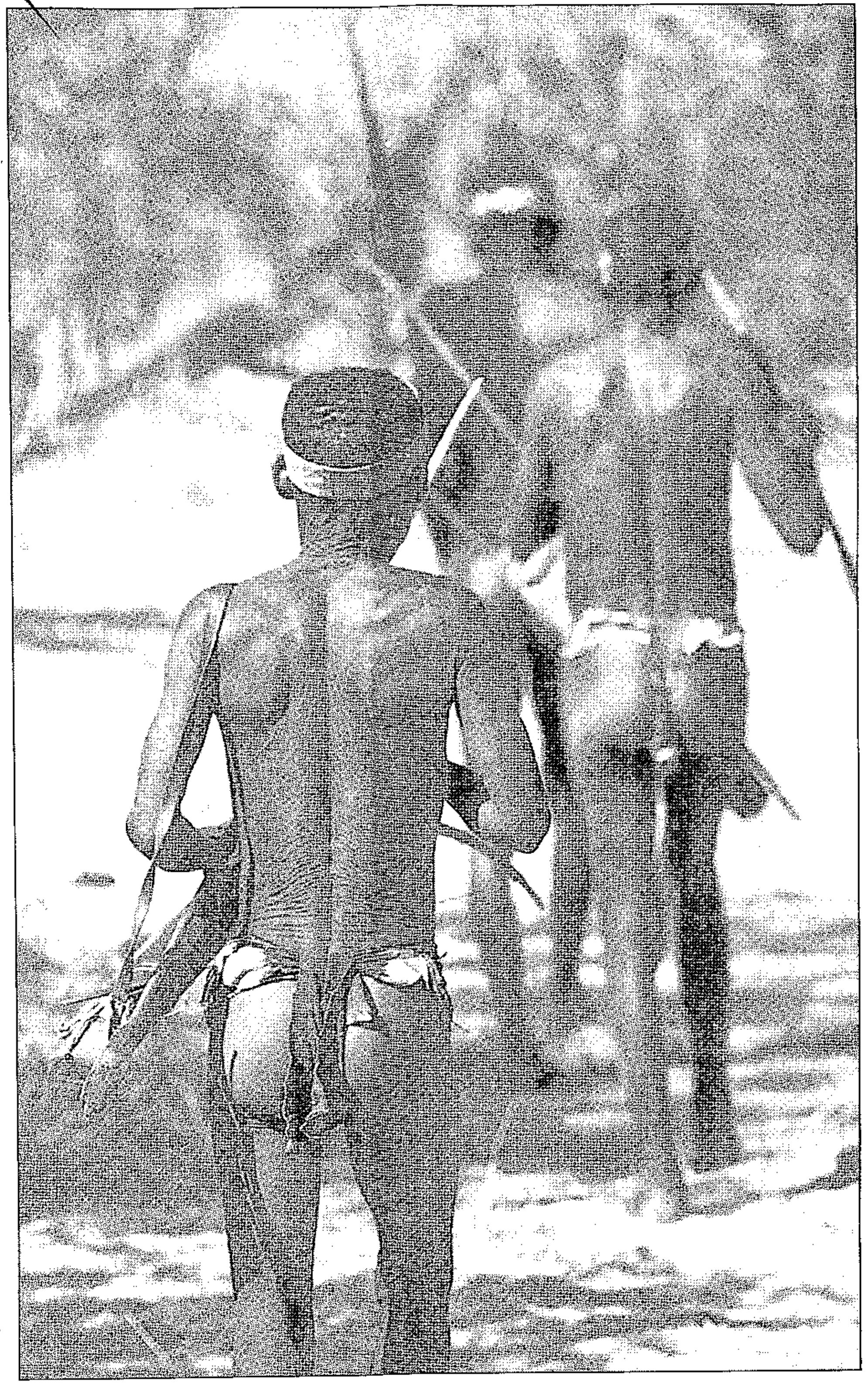
It was decided at the 32nd OAU summit in Yaounde, Cameroon, last year to dedicate the decade, 1997-2006, to education in Africa, giving Africans the opportunity to dedicate themselves to promoting education for all in the continent. — Sapa-AFP

AFRICA LAGS BEHIND

(1) CT 25/11/97

# The indigenous seek place in the sun

**THEY GO BACK** to prehistoric times, yet in the fight to enjoy Earth's diminishing resources they are marginalised and persecuted. Now they are getting organised, reports Environment Writer **MELANIE GOSLING.**



**DISPOSSESSED:** The Botswana government has moved 700 San people from their ancestral home in the Central Kalahari where their people have lived for 8 000 years. ***PICTURE: GARTH STEAD***

SAN, Masai, Nuba, Griqua, Berber and Pygmies — these are some of the vanishing peoples of Africa who gathered in Cape Town at the weekend to form a lobby group to fight for their rights on a continent where they continue to be persecuted, marginalised or simply ignored.

In many cases they are First Nation people, ethnic groups who have lived in their nation state for thousands of years since prehistoric times, but who are now hardly recognised by African governments.

These are ethnic groups who have had their land taken away, or have had their access to natural resources cut off, or who are not even represented in their country's decision-making processes.

They are remnants of peoples with a strong sense of identity, but with little power; people who are caught in the crossfire of wars they did not start, and from which they will not benefit; people who have been moved around their countries to make way for dams, game parks or mining, dispossessed of their ancestral land for developments which they didn't want and don't need.

*'It is true that most African governments do not recognise indigenous people.'*
*— Joseph Ole Karia*

In some cases they are minority groups, like the Khoi and San in Southern Africa, or pygmies in central Africa. In others they are not, like the Himba in Namibia or the Masai in Kenya, but through land dispossession, or being excluded from the decision-making processes, they have been disempowered.

The United Nations recognised the plight of indigenous people all over the world, and in 1983 the UN's Working Group for Indigenous Populations first met with a group of 36 delegates.

In 1994, the United Nations declared a Decade of Indigenous Peoples, and since then over 600 delegates from marginalised and threatened indigenous communities have met in Geneva every year.

But while the indigenous people in Asia, the Pacific and the Americas have managed to increase their influence in world forums, Africa has lagged behind. They weren't organised.

Things started changing last year, when the SA San Institute was established in Cape Town, a non-government organisation set up to support San, or Bushman, communities in this country. It was a service organisation for the regional San networking organisation, the Working Group of Indigenous Minorities in Southern Africa (Wimsa). It was these two groups who helped get Africa's indigenous peoples together.

They came from six regions of Africa, representing a variety of ethnic groups, and set up an African secretariat — the Indigenous Peoples of Africa Co-ordinating Committee.

The chairman, a Masai from Kenya, Mr Joseph Ole Karia, said at the opening on Saturday that there was an apathy by African governments to the plights of the indigenous peoples.

"It is true that most African governments do not recognise indigenous people in their nation states. They consider all the communities, tribes, minorities and peoples within their nation states as indigenous peoples, contrary to the stipulations of ILO convention number 169," Karia said.

He said they should press for the adoption of the Draft Resolution, and adopt Article 3, giving indigenous people the right to self-determination. "This means they can choose their political status and the way they want to develop. We are the peoples from the 'Fourth World'."

It was ironic that the group, fighting for recognition as indigenous peoples, was turned away from The Boardsail Inn at Muizenberg on Saturday, by the manager who would not allow "Africans" in.

**UNCERTAIN FUTURE:** Two Himba women who are among the thousands who will be displaced when Namibia builds a dam on the Kunene River flooding their grazing land. ***PICTURE: KARIN RETIEF***

# This is how Africa creates problems for its very own

THE main groups involved are:

- The Nuba, nomads in the mountains of southern Sudan, regarded with such contempt by Christians and Muslims alike, are being wiped out. One of the reasons is their ancient tradition of going naked. Many are living in exile.
- The Pygmies of central Africa, whose ancestral home, the ever-dwindling equatorial forests, is being ripped off by governments who sell off the timber to logging companies or simply take their land. Slash and burn agriculture by other tribes has also severely reduced the forests.
- The Masai in Kenya have had their land taken away for game parks, and have been marginalised by the government.
- The Berbers in North Africa, discriminated against by Muslims, are forbidden from using Christian names. For documentation they have to have a Muslim name only.
- The Namibian government is trying to force 6 000 Bushmen from their ancestral land in the Caprivi, ostensibly to make way for extensions to a prison. Many believe this is a smokescreen for the government to get a valuable tourist asset, and for officials to be able to put up holiday cottages for themselves.
- Botswana's government has moved 700 Bushmen from ancestral land in the Central Kalahari Game Reserve they have lived on for 8 000 years. Another 500 are holding out. The government claims it is not a forced removal, but the people say it is, as the government is slowly cutting off services, leaving them no choice but to move.
- At Smidtsdrift near Kimberley, 4 000 !Xu and Khwe have been living in limbo in a tent town for over seven years. The Land Affairs Department had bought them land to resettle, but the Northern Cape government had dragged its heels and stalled at every opportunity in implementing the resettlement programme, in what some observers have said is simple racism.

AFRICA

# Plan to revive sugar industry

BD 26/11/97 (1)

Fernando Lima

MAPUTO — Government and a Mauritian business consortium, Société Marromeu, are planning a joint venture aimed at reviving the heart of Mozambique's sugar industry.

The venture will involve reviving a sugar complex — established by British company Sena Sugar Estates but taken over by government — which spans two processing factories and plantations in the towns of Marromeu and Luabo on the banks of the Zambezi River. The towns are close to one another but lie on opposite sides of the river in the central provinces of Sofala and Zambezia, respectively.

The two factories, which are in the centre of territory dominated by the opposition Renamo party, were destroyed during the war along with the Sena railway line which used to channel the sugar to the port of Beira.

Marromeu and Luabo used to provide half of Mozambique's sugar production.

Talks were held between government and the consortium in Maputo last week, and will resume on December 15 to iron out additional issues.

Société Marromeu representative Thierry Lagesse said he was optimistic about the project although major issues had still to be negotiated. His consortium wanted a clear commitment from the Mozambican government that it would de-mine the area, improve communication facilities and road and rail routes and allow tax exemptions for the project.

Arnaldo Ribeiro, head of the parastatal Sugar Institute of Mozambique, which is focusing on the industry's development, said the Mauritian consortium was ready to invest $70m for the first phase to rehabilitate the works at Marromeu, which no longer function. This would include rehabilitating the industrial site and sugar irrigation networks, as well as re-establishing cattle and copra (coconut) farming in the area. According to a feasibility study, Marromeu would be able to produce 115 000 tons of sugar a year in eight years' time.

Luabo was technically rehabilitated in the early 1980s by an SA company but was immediately occupied and destroyed by Renamo. The Mozambican Air Force also inflicted damage in a bid to recapture the town.

The economic revival of the Marromeu/Luabo complex — which government hopes will eventually provide 14 000 jobs — could also help government gain more support in a region dominated by Renamo.

The move is the latest attempt to revive the sugar industry, which used to provide Mozambique's third most important export commodity after cashew nuts and prawns. Sugar plantations cover 52 800 hectares and the industry used to be a major employer, providing about 45 000 jobs in the early 1970s.

At the industry's peak in 1972, Mozambique produced 326 000 tons of sugar, but with only two of the six factories in operation it is expected to produce about 30 000 tons this year.

One factory which is up and running is Acucarira de Mafambisse, in the town of Mafambisse in Sofala Province, whose rehabilitation was initiated by the sugar institute's Ribeiro five years ago. About $50m has been invested in the project, with help from the African Development Bank, and management was taken over by SA's Tongaat-Hulett company last year. Government intends to privatise the majority stake in the company, giving Tongaat-Hulett first option.

The other functioning factory is Acucareira de Xinavane, on the banks of the Nkomati River. It produces 10 000 tons. Production is expected to reach 47 5000 tons in the next three years. However, about $49m is needed to rehabilitate the factory and irrigation schemes.

Government owns 51% of the shares and the Portuguese Grupo Espirito Santo company 49%. Government has already secured $10,1m from the Kuwait government's development fund, and the parties are negotiating for loans from the oil producing countries' Opec Fund, the Arab Bank for African Economic Development and Nedbank CGIC.

Meanwhile, SA's Illovo company has acquired a majority stake in the sugar complex at Maragra, near the Nkomati River, where it expects to plant 2 000 hectares.

The Buzi complex, also in Sofala, is the only unit not yet targeted for rehabilitation.

# Fiscal policy bad in Africa

Sowetan 1/12/97

By Coudjoe Amankwaa

AFRICA's economic policies are inappropriate, the deputy president of Botswana, Festus Mogae, told guests at Mafube Publishing's annual banquet at the World Trade Centre in Kempton Park on Saturday.

He said fiscal and monetary policies were weak and ineffective, and excessive military spending continued against the backdrop of limited basic necessities such as health, agriculture and education.

Mogae referred to a 1997 World Bank report which said fiscal deficits and aid dependency were high, while private investment and foreign direct investment levels were low.

South Africa's development as an integral part of the continent's socio-economic advancement was critical if the African renaissance dream was to be realised, he said.

● The Micro Enterprise award of the Enterprise Development Forum and Mafube Publishing was won by Public Works Minister Jeff Radebe, his deputy Pumzile Mlambo Ngcuka and Dr Allister Ruiters.

# New African co-operation body to be formed

KHARTOUM — Sudan, Chad, Central Africa and Niger have agreed to set up a mechanism for economic, political and cultural co-operation open to other nations in the region.

The foreign ministers of Sudan, Chad, the Central African Republic, with a representative from Niger, issued a statement yesterday after closing two days of talks on Sunday in Khartoum.

They said they had drafted a treaty for the establishment of an organisation for "regional co-operation and integration in all fields".

They said the talks, which followed a summit meeting among the Central African Republic, Chad and Sudan in Bangui early last year and a meeting in Gabon's capital Libreville, joined by Niger, discussed the means of setting up a regional co-operation organisation.

The resulting draft treaty is to be submitted at a meeting of the four countries in Khartoum during the first quarter of next year.

According to Sudanese television, President Omar el-Beshir received the African delegates at his office early on Sunday. A Sudanese foreign ministry official described the outcome of the meetings as "extremely positive and in parallel with aspirations of the peoples of the region".

According to yesterday's official al-Anbaa daily, the ministry's African department chief Abdul Mahmoud Abdul Halim said the proposed mechanism would "contribute to the development process in the region". — Sapa-AFP.

# New hope for tomato farmers in Africa

(1)

Dar es Salaam — A vegetable research centre in Tanzania's northern town of Arusha has given hope to southern African tomato farmers by developing two new tomato varieties whose yields are expected to improve tomato production in Africa.

The Asia Vegetable Research Development Centre, the brainchild of the Taiwan-based Vegetable Research Centre, was set up in 1995 to cater for countries that are members of the Southern African Development Community.

Known as ARP367-2, the tomato varieties are resistant to common diseases affecting tomatoes, last longer and mature between 80 and 120 days. — Paul Chintowa, Independent Foreign Service/Africa Information Afrique

CT(BR)4/12/97

**STOCK MARKETS** *An increasing number of new companies in sub-Saharan Africa are being listed, Standard Bank says*

# Across Africa, privatisation means investment opportunity

1 CT(BR) 5/12/97

**From Reuter**

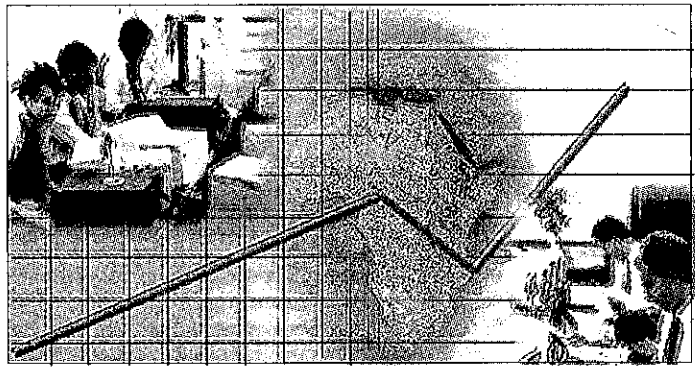
Johannesburg — Africa's growing number of government privatisations and initial public offerings presented new investment avenues for global investors, one of South Africa's biggest banks said yesterday.

Standard Corporate and Merchant Bank (SCMB), part of the Standard Bank group, said it was eyeing a number of financial advisory opportunities, particularly in Zambia, Ghana, Tanzania, Kenya and Zimbabwe.

"There are growing opportunities for stock market investors, direct investors and traders in most countries in sub-Saharan Africa," said Kathryn Nankiwell, SCMB's corporate manager. "An increasing number of new companies are being listed, often through government privatisations."

SCMB was bidding to be the privatisation adviser for Tanzania Telecommunications (TTCL), which may seek a listing on the soon-to-be-established Dar es Salaam stock market, Nankiwell said.

She said TTCL investor attractions included Tanzania's strong GDP growth — telecoms expenditure was between 2 and 4 percent of GDP — the firm's monopoly status as a basic service provider and the application of new wireless technology.



However, possible concerns for investors could include high inflation, low personal income, high population growth, low service levels, vulnerability to competition and levels of debt.

Earlier this year, SCMB led the restructuring and flotation of the Sugar Corporation of Malawi (Sucoma), that country's biggest listing, accounting for over 90 percent of the bourse's market capitalisation.

Sucoma's share price had risen steadily from its 250 kwacha (about R827) opening on November 10 to close on Tuesday at 285, SCMB said. The bank's brokering arm currently recommends the share as a buy.

Tim Thackwray, also of SCMB's corporate finance team, said there was increasing interest in Africa from emerging market equity funds.

"Particularly in London, there is much interest not only in South African emerging companies but also in African emerging stocks," he said.

African countries with stock markets include Botswana, Ghana, Ivory Coast, Kenya, Malawi, Namibia, Nigeria, Swaziland, Zambia and Zimbabwe. Several have shown spectacular performances.

Zambia surged 126 percent in the first eight months of 1997 and Botswana doubled. Before Zimbabwe's recent currency crisis, its key industrial index had jumped nearly 100 percent in dollar terms.

Uganda and Tanzania are next in line while Mozambique plans to open a bourse next year.

Recent African privatisations include Tanzania Oxygen, Tanzania Breweries, Kenya Telecom, Zambia Consolidated Copper Mines and Malawi's Presscorp.

# Flood of jobseekers to hit Africa, ILO says

(1) ART 8/12/97

**Geneva – Sub-Saharan Africa must encourage small, labour-intensive industries to generate jobs for some 8,7 million people who will enter the labour market each year until 2010, the International Labour Organisation said today.**

The United Nations agency said unemployment rates in Africa's urban areas were projected to approach 30% by the year 2000 unless action was taken to reverse the trend. This rate had already doubled over the past 15 years to 20%.

The continent had been showing its first signs of economic resurgence, with overall growth rate at 3,7% in 1995. Thirty-three of the 50 Sub-Saharan countries that year posted growth rates that were higher than the population growth rate, according to the ILO's "Jobs for Africa" policy report.

But widespread poverty remained closely tied to the lack of adequate productive employment opportunities, said the report prepared jointly with the UN Development Programme.

Traditional sectors generating both growth and jobs, such as agriculture and government, were saturated, yet the labour force was growing at about 3% annually. "The implication of this is that between now and the year 2010 there will be on average some 8,7 million new entrants to the labour markets every year in Africa for whom jobs have to be found," the ILO report said. – Reuters

# Farm killings deal blow to emerging farmers

()(1) 13/12/1997

OWN CORRESPONDENT

ARG 13/1/98

**Pretoria – Land redistribution to emerging black farmers could be dealt a severe blow because of the country's spate of farm killings.**

National African Farmers Union executive director Andrew Makenete said the security crisis in rural areas was discouraging black potential farmers from entering the food production market, although they stood to gain land from the Government.

Land Affairs and Agriculture Minister Derek Hanekom announced this week that 500 000ha of land would be transferred to about 50 000 new owners next year as part of the Government's land reform programme.

A total of 900 000ha of private and State land had been identified for eventual transfer, he said.

Commercial farmers whose land was up for redistribution could adopt a hardened stance against the process and not volunteer to engage farm workers in training and skills transfer programmes, Mr Makenete said.

He said many farmers were already following these programmes and although the process was progressing slowly, the upsurge in the number of farm killings had thwarted plans to speed it up.

Many of these programmes are based on goodwill and if farmers feel threatened they may change their attitudes and become more aggressive, he said.

Farm killings do not serve the interests of land allocations or the economy. They are random, unwarranted, and have to be condemned in the strongest possible terms.

He said the 45 000-strong member union, which represents emerging black farmers, believes farm killings would be easier to remedy once the core motivation for these focused attacks had been identified.

Free State Pan Africanist Congress chairman Mofihili Likotsi said farm attacks – especially those in KwaZulu-Natal where black and Indian farmers had been victims – were not always racially motivated.

Mr Likotsi said the land redistribution programme was experiencing problems because of the attacks.

# US focuses on Africa

(1) Sowetan 15/12/97

Africa, after disappearing from the Western spotlight at the end of the Cold War, seems to have made a come-back, **Vernon Seymour** explains why ...

SPECULATION about the impact and implications of United States foreign policy in Africa and other developing nations has generated much controversy and debate in recent years.

American presidents and Washington foreign policy establishments have almost traditionally been the least interested in African policies.

It is therefore notable that US Secretary of State Madeleine Albright's visit to the continent, including a quick stopover in South Africa, is the second within a year by the head of America's foreign policy establishment.

Does Albright's visit to Africa mark a strategic shift in policy towards the Third World continent? Has Africa been placed higher on the US government's foreign policy agenda?

When Bill Clinton became president in 1992, the US had an opportunity to define its role in the new global order by fashioning policies for the 21st century which were not distorted by the Cold War lenses of the past.

However, the challenge of creating a foreign policy in a confusing new world appears to have flummoxed even the policy-makers in Washington.

Africa, having lost the strategic value it had after World War II when mainly the US and the then United Socialist Soviet Republic embarked on the Cold War, has become either irrelevant or, at most, marginal to American interests.

Since the end of the Cold War the super power's interest in Africa has faded.

Evidence of such a trend is to be found in the declining levels of aid to Africa. By 1996 the US Congress reduced development assistance to Africa by almost 25 percent.

The most devastating blow for many African governments came when the US Congress effectively withdrew all funding for the World Bank's low-interest loan programme to the poorest countries for the three-year period beginning in 1997.

The trajectory is clear: American foreign aid in general, and to Africa in particular, is continuing on a steady downward trend.

Paralleling these trends is the disparagement of Africa by Western journalists, American intellectuals and Washington policymakers.

Africa is widely depicted in the West as a place of hopeless anarchy, an arena for unrewarding international social work or the source of infectious diseases like Aids and Ebola.

More common still is the omission of Africa in discussions of the new world economic order. In fact, Africa is absent even when cultural matters rise to the fore.

How then does one interpret Albright's visit to the continent? One of the answers is the development of a new constituency in the US which has a strong interest in Africa.

**US Secretary of State Madeleine Albright.**

The Clinton government is responding to this new constituency which is actively lobbying and advocating a new policy agenda for America's role in Africa.

Among the major players of this new constituency is the rise of non-governmental organisations like Africare, American Friends, the African-American Institute and the National Democratic Institute, all of which have benefited from the transition to privatised development aid. It is not uncommon to find that 60 to 80 percent of some NGO's budgets come from USAid funds.

## Seizing the opportunity

The new constituency is in some ways an attempt to seize the opportunity left by the demise of the American and African movements which during the 1970s and 1980s were able to frame, place and force African issues onto the Congressional and executive agenda in Washington.

Policymakers and their new allies are now ready to assert control over American foreign policy in Africa.

Old concerns about American national security and the profits of multinational corporations now occupy space within human rights groups, NGOs dedicated to charity and relief work and, most importantly, elected and appointed black public officials.

It is this new constituency that is now fuelling renewed interest in Africa.

In recent months, Africa started to acquire new political and cultural visibility in the US. There was the US government's sponsorship of Africa at the Denver Summit of Eight meeting in July, a White House Conference on Africa and the forthcoming trip to Africa by Clinton.

At grassroots level, an African nationalism continues to reverberate through youth culture, schools and such startling events as mass marches by African-Americans.

These are hardly signs of Africa slipping out of public view and off the policy map.

The new scenario is not what American scholars and policy analysts predicted in the wake of the post-Cold War "new world order".

US leadership is crucial to the development of a mutually beneficial partnership with the nations of Africa. Its role in multilateral institutions such as the International Monetary Fund and the World Bank can also be critical for alleviating the tremendous debt that burdens many African governments.

A programme of debt relief and debt forgiveness is urgently needed so that these nations can begin devoting more of their scarce resources towards sustainable development and democratisation.

If the US could persuade the governments of the industrialised nations to write off half of Poland's and Egypt's official debt, as it did in April and May 1991, surely it can do the same for Africa? Hopefully, Albright's visit will advance the cause of Africa.

The US is a nation that has always aspired to the realisation of the greatest dreams: life, liberty and justice for all. Maybe the American government is finally realising that African people aspire to those same values.

The realities of the current age are most profoundly expressed in the proverb *"Umuntu Ungamntu Ngabanye Abantu"* – people are people through other people.

The quality of people's lives is inextricably linked with the actions of others. Maybe American foreign policy towards Africa is now ready to acknowledge this fact.

*(The writer is a Senior Research Fellow at the Centre for Southern African Studies, University of Western Cape.)*

AFRICA

# 1998 set to be year of privatisations in Africa

BD 17/12/97

**Tim Cohen**

LONDON — With the notable exception of SA, analysts are anticipating that 1998 will be a record year for privatisation in Africa.

With the easing of foreign investment constraints, and institutional and regulatory improvement in many African countries, more and larger privatisations are expected next year.

These could include a major water and electricity producer in Gabon, the first initial public offering of a telecommunications company in sub-Saharan Africa in the Ivory Coast, the wrapping up of the sale of government's stake in Zambia Consolidated Copper Mines, and a telecommunications privatisation in Mauritius. Smaller privatisations are also due to take place, with analysts seeing a trend toward more privatisation using the fledgling stock exchanges as a vehicle.

According to Banque Nationale de Paris analyst Brad Swanson, there have been 2 040 privatisations in Africa (excluding SA) in the 1988 to 1995 period. Of these, 58% consisted of the sale of shares, 8% the sale of leases and 26% the outright sale of assets.

Although the number of privatisations has been high, the size of the privatisation transactions was small, averaging $828 000.

The percentage of privatisations through public offerings was only 5,4%, Swanson told a recent emerging markets investor conference sponsored by Standard Bank. The reason for this was that "systemic problems" existed that slowed the development of local bourses, including poor information and research, restrictions on foreign investment, foreign exchange controls and insufficient settlement systems.

Although new bourses had popped up in many African countries, market capitalisation was small and liquidity was poor, with turnover not reaching 10% of market capitalisation in any African bourses outside SA. But new developments were changing this scenario, including the establishment of a regional bourse in the African franc zone of West Africa — run from the Ivory Coast — which would include equities from eight countries in the zone cleared through a central depository. The other member countries linked to the bourse are Benin, Togo, Burkina Faso, Mali, Niger, Senegal and Guinea-Bissau.

This system would be tested in January next year with the listing of Sonatel, the first initial public offering of a telecommunications company in sub-Saharan Africa, which should raise $58m.

Soon new bourses would be established, or would begin functioning properly, in Uganda, Tanzania and Mozambique, which would bring the total number of bourses in sub-Saharan Africa to 17, against two five years ago.

Investec analyst John Clemmow said 1998 would be a "big year" for privatisations, with many countries under pressure from the International Monetary Fund or generally in need of cash.

# Africa struggles on

(1)

**Southern Africa achieved some sanity in 1997, but most of the continent remained turbulent with political violence recurring from the Horn to Sierra Leone...**

Sowetan 29/12/97

MANY of the African old guard bowed this year as the continent struggled on amid political miracles and turmoil. Among those that left the scene this year were Hastings Kamuzu Banda, president of Malawi for 30 years after its independence. He died at the age of 99.

FW de Klerk, the last white president of South Africa, resigned as leader of the National Party and left politics. And in Zaire, Mobutu Sese Seko, tyrannical president for 32 years, was driven out of power in May and died a few months later.

His long-time opponent, Laurent Kabila, took his rebel army right across the huge country – now renamed the Democratic Republic of Congo – and swept into Kinshasa.

While southern Africa seemed at last to be taking on a generally more settled appearance, the waist of the continent, stretching from the Horn to Sierra Leone, remained turbulent.

Kenya approached presidential elections with recurring political violence. On one occasion, police chased demonstrators into the cathedral in Nairobi and beat two men to death at the altar.

Many died in riots on the coast. Rwanda and Burundi continued to be lawless and unsettled, with renewed outbreaks of ethnic massacres. The Burundian army admitted to shooting 126 refugees expelled from Tanzania, and hundreds more were believed to have been killed later.

It was said that the military regime of Major Pierre Buyoya had killed 50 000 people since taking power.

Trials of people accused of mass killings in Rwanda in 1994 resulted in many death sentences, but even as this was happening, more killings were reported.

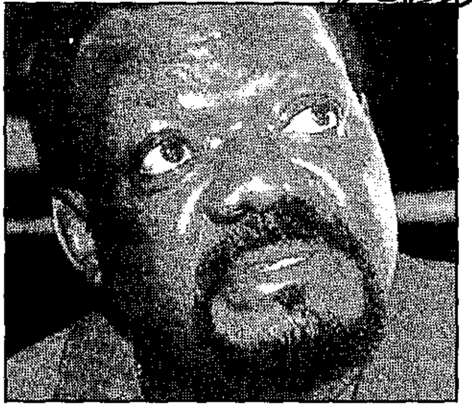
In southern Sudan, the war intensified in January. A series of peace attempts were made during the year involving President Nelson Mandela but not much headway was made.

Museveni was increasingly concerned by the havoc being wrought in northern Uganda by the Christian fundamentalist Lord's Resistance Army rebels.

Fundamentalism has become a world problem. In Sudan, it was the government's desire to impose its brand of Islam on the South that prevented a settlement. In Algeria, horror piled upon horror in a civil war in which 150 000 lives were lost with no end in sight.

In Egypt, a fundamentalist Islamic group pounced on tourists in Luxor, killing 58 of them. Since 1992 the group had killed 1 000 people in a campaign against the secular government of president Hosni Mubarak.

Peace came to Liberia with presidential elections on July 19. On the eve of polling, Charles Taylor, leader of the National Patriotic Front, apologised to the nation for the long war. He



**Obstinate Unita leader Jonas Savimbi refused to participate in Angola's government of national unity and forced a renewed offensive against his rebel forces.**

emerged as president with 70 percent of the vote.

The pacification of Liberia took place under the direction of the 16-nation west African regional grouping, Ecowas, and its military forces.

Ecowas chair was Nigeria, where the military regime of General Sani Abacha was still firmly entrenched, and which saw itself increasingly as the region's peacekeeper.

When the democratically elected government of Sierra Leone led by Tejan Kabbah was ousted by a military coup in May, Ecowas sent in forces to overthrow coup leader Major Johnny Koroma and restore democracy.

They failed. Stalemate set in with Ecowas troops near Freetown, warships offshore, occasional bombing and the country in a state of economic ruin.

Nigeria itself continued to defy the Commonwealth, from which it had been suspended in 1995, insisting it was on course for civilian rule.

The Commonwealth gave Nigeria the benefit of the doubt and decided at its Edinburgh summit in October to wait and see whether the promised moves towards civilian rule materialised in 1998.

Key political prisoners, such as ex-head of state Olusegun Obasanjo, remained in jail for another year, despite worldwide pressure for their release.

In December, former vice-president Shehu Yar'Adua, the prisoner Abacha most feared because of his wide support, died in jail.

Congo-Brazzaville was racked by a new civil war between forces loyal to president Pascal Lissouba and supporters of former president Denis Sassou-Nguesso.

In southern Africa, only Angola remained seriously unstable as Unita leader Jonas Savimbi refused to participate in a new government. A frustrated UN ordered sanctions against Unita.

In Zambia, rioting in Lusaka was followed by an incident in Kabwe when police fired on former president Kenneth Kaunda and other politicians.

Later, a few soldiers staged a half-baked coup attempt and a state of emergency was declared.

After 17 years of hesitation and failure to right colonial wrongs, president Robert Mugabe finally launched a takeover of white farmland in Zimbabwe.

He said he would acquire half the land owned by commercial farmers to resettle 100 000 landless families. Land was the root cause of the 10-year civil war that ended in 1980, but the problem had never been sorted out.

The country's prosperity continued to rest on white agriculture. Now Mugabe had to find R199 million a year for a decade to pay for the takeovers – and appeals to Britain for help were turned down.

Across the border, South Africa's Truth and Reconciliation Commission went on agonising and soul-searching over the apartheid years.

The commission was unique. Historically, such a body had never been set up to listen to those prepared to confess to their misdeeds and to apologise instead of being condemned in court.

The year produced extraordinary moments of human drama – none more so than when Mrs Winnie Madikizela-Mandela kissed the mother of Stompie Mooketsi Seipei, the teenager whose death she was said to have caused.

Madikizela-Mandela responded firmly and imperiously at the commission as witness after witness accused her of ordering or taking part in beatings and killings during the apartheid years. Her denials were qualified only once when she admitted "things went terribly wrong ... I am deeply sorry".

The Dutch Reformed Church produced an 82-page apology for its stance during National Party rule, but former president PW Botha told Commission chairman Archbishop Desmond Tutu that he would never apologise. – *Gemini News Service.*

# Africa still world's first waste dump

Sowetan 30/12/97 (56)(1)

## Enviromental groups being mobilised against "waste colonialism" by US

By Russel Molefe

UNWANTED hazardous waste from New York in the United States may be dumped or incinerated in South Africa and other African countries, the Environmental Justice Networking Forum (EJNF) has warned.

The warning comes ahead of the impending award of a tender to a South African company, EnviroServe, by the New York City Domestic Waste Tender.

EJNF coordinator Mr Bobby Peek said this week that the forum had already mobilised local and international groups such as the Asia-Pacific Environmental Exchange and the International Trade Information Service.

"We will continue to mobilise other organisations so that this waste colonialism is halted immediately and the environment and health of African people is protected," Peek said.

He said there were many reasons why New York was not incinerating its own toxic waste. These included:

- The financial implications of operating an incinerator are huge and New York City would rather export the waste and dangers associated with it;
- There has been tremendous pressure from environmental groups which led to the closure of incinerators across the United States; and
- Dioxin, which is the most lethal man-made poison, is produced by incineration and causes cancer, birth defects and psychological damage.

"One has to realise that the record of hazardous waste in Africa is dismal. Furthermore, it says to the world that, after two decades of public battle and outcry against the dumping of waste, Africa is still being treated as the dumping ground by developed countries," Peek said.

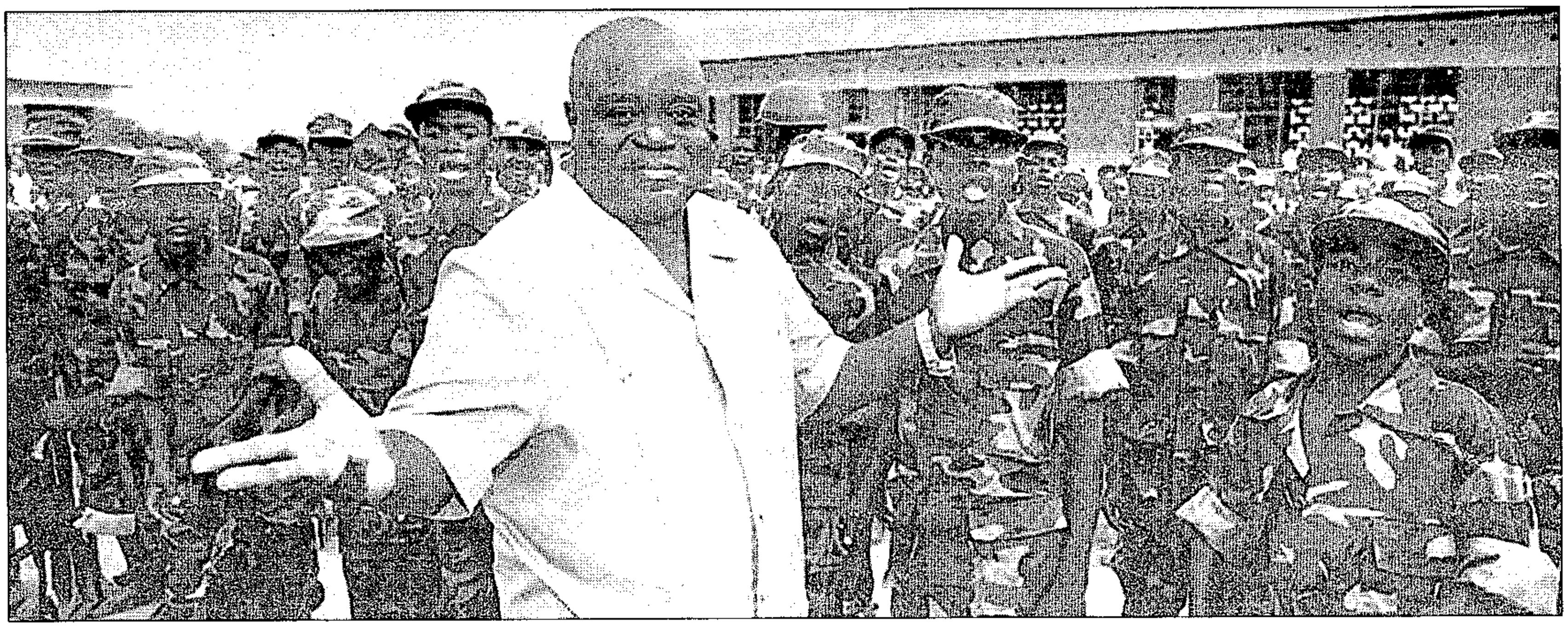
### Benefits

However, EnviroServe managing director Mr Stan Jewaskiewitz said the company proposed to only utilise domestic waste and no hazardous waste would be involved.

He said the benefits for the importation of the waste would be a low-cost source of energy, sustainable job creation and increased economic activity. The project would not proceed until the host countries had agreed with the proposed activities.

"Provided discussions with the African countries prove successful, the New York City Tender can provide a substantial source of raw material," Jewaskiewitz said.

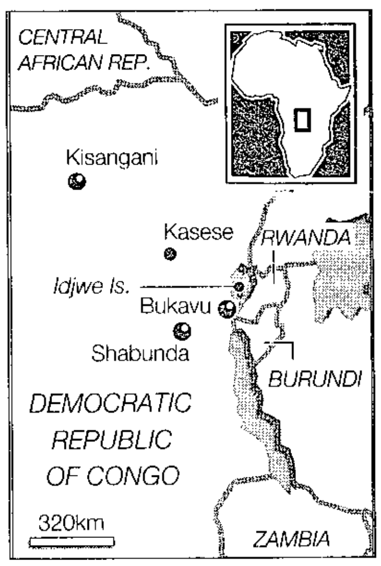
**Acid test: Laurent Kabila deposed Mobutu Sese Seko in an onslaught that would have been deemed unthinkable just a few years ago**



# Africa's 'new breed' of leaders put to test

(i) M+G 24/12/97-8/1/97

*Was Madeleine Albright correct in hailing Africa's 'strong new leaders' as 'beacons of hope' during her recent tour of the continent?* **Chris McGreal** *reports*




They have been hailed as the "new breed" of African leaders, the kind of men who front this continent's renaissance heralded by Thabo Mbeki. Others have disparaged them as little different from their predecessors, noting that every one of those now embraced as Africa's best hope since independence came to power at the point of a gun, and not one has held genuinely open elections.

But whatever the merits of the next generation of leaders, this year saw Africa's old politics turned on its head and throw up the greatest test to date of just how "new" the new breed are.

The overthrow of former Zaire's veteran despot, Mobutu Sese Seko, exposed beyond doubt that Africa's old guard can no longer rely on defunct alliances. The manner of Mobutu's departure would have been unthinkable just five years ago, even after the end of the Cold War. France, and possibly the United States, would surely have intervened to prop up an old friend, especially in the face of such an unreliable challenger as Laurent Kabila.

But more significant than the retreat of direct Western intervention — brought about not just by the Cold War's demise, but also the American debacle in Somalia and France's double dealing during the Rwandan genocide — was the role of Zaire's neighbours in its war.

Tiny Rwanda's army chief, General Paul Kagame, broke all the old rules by invading the vast country that was Zaire, and is now the Democratic Republic of Congo, to bring down Mobutu. He did so with the firm backing of Ugandan President Yoweri Museveni, who helped pluck Kabila from 30 years of obscure and sporadic resistance against Mobutu's regime to front the invasion.

While most of the fighting was led by the Rwandans, Ugandan troops played an important role in the early stages of the war. Angolan President Eduardo dos Santos dispatched forces across the border to help Kabila as he swept to final victory. Ethiopia's Males Zenawi gave his support. Zambia helped out by allowing forces fighting for Kabila to pass through its territory. So did otherwise ostracised Burundi.

The key players in the drama were praised by US Secretary of State Madeleine Albright as Africa's "strong new leaders" and "beacons of hope" during her tour of the continent in December.

Museveni personifies the new order, though he has been in power for 12 years. The relatively orderly and decent administration he has imposed in the wake of Milton Obete and Idi Amin has won him much praise. The US State Department has nudged aside congressional criticism of Museveni's ban on party politics by calling Uganda a "uni-party democracy".

Museveni was fated to lead only a relatively small country, as is Kagame as Rwanda's vice-president, army chief and the real power in the land. But between them they threw up a man who by association is now deemed to be part of their club, and will provide the acid test of whether this "new breed" lives up to the billing.

With Kabila's administration rests a considerable amount of influence over whether the efforts of his backers bear fruit in helping to fundamentally reshape Africa, or whether they will simply be remembered as a valiant failure.

As president of the Democratic Republic of Congo, Kabila inherited a plundered country. But its size and potential wealth place it at the heart of Central Africa's revival.

Political stability and development could potentially lay the ground for imaginative solutions to the seemingly unbridgeable divisions in Rwanda and Burundi. But, first, the Congo has to be dragged back on to its feet.

In Kinshasa there is some evidence of a different mindset from the nihilism of Mobutu's rule. Corruption is still rife. The government shows a strong streak of authoritarianism, including a ban on political activity. And the Cabinet is severely lacking in experience.

But the new administration has already brought a degree of responsible fiscal management severely lacking in recent years, and drawn up plans for economic revival which have been given a nod of approval by the World Bank, the US and the European Union — touchstones for the "new breed" leaders seeking international approval.

Others have ample reason to wish Kabila success. Kagame organised the October 1996 invasion of Zaire in an attempt to dampen the rising instability caused by the sprawling Hutu refugee camps around Goma. He is a shrewd tactician who once served Museveni as his intelligence chief before taking up arms to liberate his own country, Rwanda, from Hutu extremist domination.

Kagame won that war in 1994, but only after a genocide in which the abhorrent Hutu regime organised the murder of hundreds of thousands of Tutsis. Nonetheless, he has long recognised that just because his

**Paul Kagame: Broke all the old rules to help Kabila**

overwhelmingly Tutsi army was victorious, the Tutsi minority's best interests are not served by a repressive dictatorship. Neighbouring Burundi is a sobering reminder of that.

Kagame and his victorious Rwandan Patriotic Front made a sincere attempt to reach out to moderate Hutus and establish a broad-based government. There was much talk of reconciliation and a new Rwanda. It was undermined not least by the international community's indefensible maintenance of the sprawling Hutu refugee camps in the Congo while the extremists re-organised.

Yet Kagame's hope that his army's invasion of the Congo and clearing of the camps would bring greater stability to his tiny nation have not been fulfilled.

Hutu militias have reorganised inside Rwanda, targeting Tutsi civilians in ever more frequent massacres. At times, Kagame's army has responded with brutality against civilians, perhaps frustrated that the real target proves elusive.

Above all, Kagame's image as a man of the new wave has been tainted by the massacres of Rwandan Hutus in eastern Congo. There is little doubt that some, if not most, of the slaughtered Hutus were women, children and unarmed men. And there is little doubt that Rwandan Tutsi soldiers were responsible for some of the killings.

Africa's old guard has looked on nervously through the year. Kenyan President Daniel arap Moi can feel confident of being re-elected for another five years on December 29. But Kenya's electoral system can hardly be considered free and fair, and the conduct of the government remains strongly authoritarian.

Moi must have wondered if Mobutu's demise might presage his own, given the average Kenyan's unhappy lot. For the moment, with questions still hanging over the "new breed", Kenya's president can breath a little easier. But if Kabila can be dragged around to proving a better president than his detractors predict, a new philosophy may truly have taken root in Africa.

**STOP ORDER** (Please print)

I, (Name): ............................ (Staff No.: ................)

of (University Department): ...........................................

hereby authorize the Finance Officer of the University of Cape Town to deduct monthly from my salary, with effect from (date) ............ the amount of R......* to be paid directly to the Campus Credit Union bank account at Barclays Bank - Rondebosch, Account No. 017-228655. This stop order is to remain in force until cancelled by myself.

Signed: ........................ At: ........................

Date: ....................

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*I wish to invest my monthly deduction as follows;

In my SHARES account R........ In my SAVINGS account R........

Note:
An entrance fee of R1 will be deducted from your first investment.
Amounts should be stated in rands only, (no cents).

1998

AFRICA — GENERAL

# An African court ... oh if only

① Sowetan 5/1/98

## But would the black fascist states subscribe to the ideal?

**By Cameron Duodu**

THE MOST positive news report from Africa in 1997 stated that ministers of justice and attorneys-general had agreed to establish a permanent African Court of Human Rights. The best news for 1998 would be for this to become reality.

Under the proposal, citizens of member countries of the Organisation of African Unity will be able to lodge complaints to the court about human rights abuses by their own or other African governments.

It would enable Africans to go to bed each night a little less worried. For if anything untoward happened to them following a knock on the door and an arrest in the early hours of the morning, they or their families could at least be able to seek redress from a body other than their own government.

Naive? Perhaps. After all, a Charter of African Human and People's Rights already exists. There is also an OAU Commission on Human and People's Rights, which is supposed to supervise the implementation of the charter by member states.

Yet Ken Saro-Wiwa and eight other environmental activists were hanged in Nigeria in 1995 in contravention of the charter's provisions.

The hangings were illegal even in terms of Nigerian law, but the OAU has not been able to lay a finger on that dastardly dictatorship.

Nigerians are now trying to come to terms with the December death in prison of their former deputy head of state, Major-General Shehu Yar'Adua. Against the tenets of the charter, Yar'Adua was tried in secret.

He was not allowed the right of appeal to the highest national court. He suffered "degrading and inhuman" conditions in prison, and eventually died.

Many other Nigerians are in jail, suffering the same conditions that killed Yar'Adua. They include the former head of state, General Olusegun Obasanjo and the man elected as president in 1993, Chief Moshood Abiola. Others have apparently been murdered by agents of the state.

Although it acts outside the law with impunity, the government of General Sani Abacha routinely attends meetings of the OAU Commission on Human and People's Rights.

So why make a song and dance out of the birth of an African Court of Human Rights?

For one thing, there is the deterrent effect of publicity. The Abacha regime, for instance, is so worried about negative publicity that it is negotiating with British publicity agent Max Clifford to launder Nigeria's image.

If the government is prepared to pay large sums to Clifford – whose forte is selling the stories of people engaged in sensational scandals to the tabloid press – it would surely not welcome embarrassing court rulings that would hamper his campaign.

African governments have often disregarded their own laws protecting the right of people to choose their rulers.

For example, most African constitutions state that elections should be run by an independent electoral commission. Yet in most cases, the government in power claims the right to appoint commission members.

In Ghana, Cameroon, Kenya and most recently Mauritania, the issue of the appointment of a partisan electoral commission has prompted voters to boycott elections.

An African Court of Human Rights could put an end to the problem. If it ruled that the appointment of an electoral commission was partisan, and therefore null and void, this would at least enable the international community to condemn such elections without reservation.

Such a court could also protect people against inhumanity meted out to them outside their own countries.

Several African states have been accused of ordering out "illegal aliens" at unrealistically short notice. While illegal residents must submit to the laws of their host country, they must be treated like human beings.

They ought to be given adequate time to settle their affairs and must not be deprived of any property they have acquired. If they are denied these rights, the court should order the offending country to compensate them.

Would African countries accept such rulings? Since no one is forcing them to sign a treaty that will bring the court into existence, they must be made to obey it.

The issue of establishing the court will be discussed by the OAU in May, and it can only be hoped that positive steps are then taken. – *Gemini News.*

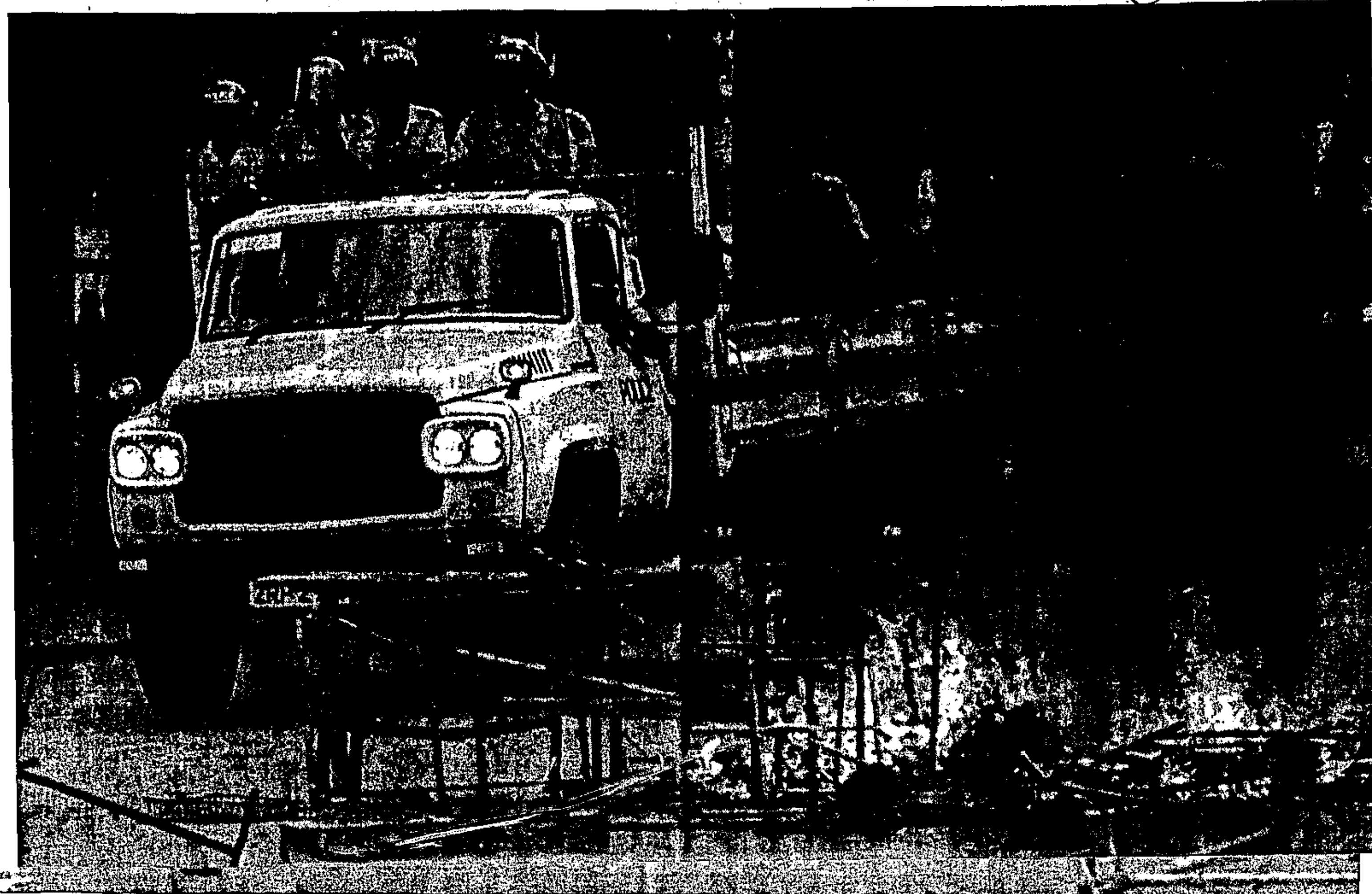
**Chief Moshood Abiola.**

The Helen Suzman Foundation has followed up its 1996 survey into political opinion in SA with a similar investigation into six neighbouring states. By comparing responses a picture of popular attitudes began to emerge. R W Johnson reports

Star 21/1/98

# Six countries longing for change

HOWARD BURDITT / REUTERS



Discontented ... recent riots against increases in the price of basic foodstuffs in Zimbabwe are indicative of increasing opposition to President Robert Mugabe.

We began the survey by asking how people had fared financially over the past five years. Their answers show all too clearly that it has been a hard, even depressing period for the people of southern Africa. Drought, cutbacks in the mining industry and economic gloom were lightened only by the political triumph in South Africa. Many reported that they were now worse off financially. This was true even in Botswana, where the economy has grown rapidly, although employment has not.

Lesotho respondents were the most negative on every score, especially the elderly in rural areas, a pattern repeated elsewhere. Women tended to take a more gloomy view, although to a considerable extent this was a rural effect: there are usually more women in rural areas than men.

The exception was Zimbabwe: only 24% of those in rural areas reported that their financial situation had deteriorated in the past five years, compared to 38% of people in towns. One should not over-emphasise these differences: huge majorities of all groups in Zimbabwe were discontented. But in other countries rural dwellers were far more discontented than urban dwellers.

Only Swazis and black South Africans bucked the trend of feeling worse off. The latter actually suffered rising unemployment and disappointment of their hopes but their post-liberation euphoria overcame these material failings.

Swaziland had the most sanguine population. Even here more women, older people and, above all, hard-core rural people felt they had fared badly over the past five years. The overall positive view derived entirely from men, the young and people living in towns. This was an early sign of a significant gender divide.

When we broadened the subject to ask whether there had been improvement or deterioration in the "general economic wealth of people around you" and whether "life as a whole was worse or better", significant differences emerged.

In Swaziland, Namibia, Botswana and Zambia the largest single group were those who thought there had been some improvement. Many of these respondents, while feeling that their own situation had deteriorated, conceded that at least others had benefited.

Lesotho respondents remained massively negative, while in Zimbabwe the number of those believing things had got much worse was the largest single group.

When we asked about "life as a whole" the malaise gripping Lesotho and Zimbabwe was extremely apparent. In the latter case 39% of respondents said life was much worse. This figure rose to 43% among men, 47% among urban dwellers and 51% among the unemployed. Clearly, President Mugabe faces an urban population longing for change. The relatively high degree of satisfaction felt by many Swazis was striking, though rural dwellers remained firmly negative, while Botswanans were far more discontented than we might have thought.

Asked how they thought their households would fare over the next five years a completely different picture emerged, with euphoric expectation in Zimbabwe (and South Africa) and gloom everywhere else. The euphoria in South Africa was clearly part of the post-liberation honeymoon and was an exclusively African phenomenon. Whites were extremely pessimistic, and coloureds and Indians fairly neutral.

More surprising was the giddy expectation in Zimbabwe. It is tempting to see these hopes mainly as an expression of longing for change. In that case we would expect support from the group which felt most positive about the future, but this was not so. The discontented urban dwellers were no more optimistic than the average about the future. The most optimistic were those aged over 50 and those on low incomes. Those on higher incomes were sceptical.

In Lesotho, Zambia and Botswana, people thought that present conditions would continue or improve slightly. But in Namibia and Swaziland there was a complete collapse of confidence in the future. In the former, the extreme pessimists were concentrated in the rural poor, especially those living in traditional huts: 61% expected things to get worse, against only 10% who thought they would get better, and among those with higher education, 50% expected deterioration and 6% improvements.

The most striking case was Swaziland, where optimism about the present gave way to massive pessimism about the future. This must be due to the great uncertainty Swazis feel about the approaching showdown between the king and the People's United Democratic Movement (Pudemo) and trade unions, a potentially revolutionary situation. The king's loyalists – concentrated among older, less educated and lower paid – were doggedly confident. But the younger, better educated and higher income groups were gloomy.

The verdict on the record of their governments was damning. With one exception, only a tiny group in each country, and in Lesotho nobody at all, believed government had fulfilled its promises. Even in Botswana, where rapid economic growth allowed large-scale social and educational spending by government, 57% thought the government had carried out few or none of its promises. The lesson seems that failure to stop unemployment from rising may undo everything.

Only in Namibia were there substantial numbers of satisfied citizens. Those most likely to declare themselves satisfied were the classic African nationalist categories: the "struggle" generation (now aged 35-49), urban dwellers, the better educated and Owambo speakers. Given that the performance of the Nujoma government has been no more successful than that of its neighbours, their satisfaction is likely to be an expression of loyalty to Swapo.

In South Africa people were less likely to applaud government performance after only two-and-a-half years of ANC government than Namibians were after seven of Swapo rule.

In Swaziland there was a massive expression of discontent with the ruling monarchy. An overwhelming 76% thought it had fulfilled few or none of its promises, compared with 21% who thought the government had fulfilled some of its promises – a gap of 55 percentage points.

Despite this low opinion of their governments' record, we still found high party loyalty in every country. In 1996, when we found that 40% of South African respondents took this view (with exactly the same number of Africans and non-Africans doing so) it was easy to believe that this was a feature of early post-liberation politics. But only in Lesotho were the figures lower, and even there 46% of those with only primary education expressed unconditional support for their parties and leaders.

Several forces may explain the phenomenon.

Botswana, which emerged as the most extreme case of follow-my-leader politics, has a particularly deferential and consensus-seeking culture. But whatever they tell our interviewers, Botswanans have given increasing support to the opposition BNP in elections. Their behaviour contradicts the notion of blind obedience.

This unconditional support for leaders and parties probably stems from traditional patterns of behaviour toward the authority of chiefs. A chief is someone you respect and support simply because he is the chief. Even during the worst of the fighting between Inkatha Freedom Party and ANC in KwaZulu Natal – a period when the Zulu king was clearly aligned with the IFP – Zulu ANC activists never wavered in their support for the king. It seems possible that these attitudes have been transposed on to the modern body politic.

When we asked people about their views on traditional leaders, there was broad agreement that chiefs must be retained – abolitionist sentiment was a minority view. The main division of opinion lay between those countries (Zimbabwe, Lesotho, Zambia, Botswana) where large majorities wanted chiefs to retain their powers or be strengthened and those (Namibia, Swaziland, South Africa) where majorities wanted less powerful chiefs or to abolish them. Opposition to strong chiefs was greatest in Swaziland.

If people are prepared to stand by their party even if they disagree with its actions and policies and it fails to keep its promises when in power, what happens if it loses an election? We asked people if they would want the party they supported to accept electoral defeat and leave government or if they would support its attempts to stay in power. The answers were at least partially reassuring: except in Namibia, large majorities said they would accept defeat. Yet substantial minorities in every country felt otherwise, including 30% in Botswana – a worrying sign given that the ruling party's willingness to step down may be tested at the next election.

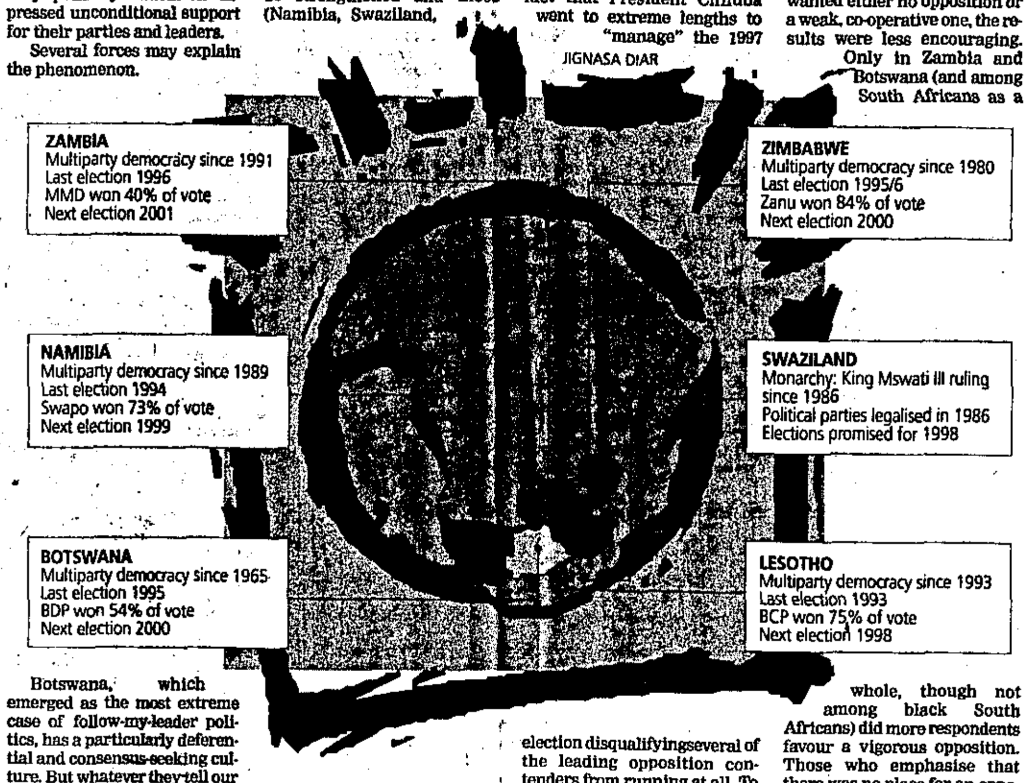
People were rather less confident that the parties themselves would accept electoral defeat and hand over power peacefully. Only in Zambia did a majority believe all parties would accept defeat, despite the fact that President Chiluba went to extreme lengths to "manage" the 1997 election disqualifyingseveral of the leading opposition contenders from running at all. To test opinion on this we asked people to choose between four options:

■ Opposition parties should join the largest party and form a single, united government.
■ A co-operative opposition that does not criticise too much.
■ A strong opposition that subjects government to tough criticism.
■ Opposition parties should not exist.

Public opinion across the region proved more appreciative of the democratic rights of opposition than many governments in power. President Mugabe argued long and hard for a one-party state, but only 27% of Zimbabweans agreed. In Swaziland, where the king has only recently permitted political parties, just 22% thought opposition parties should not exist.

The most eloquent testimony came from Zambia and Lesotho: states with the longest experience of a banned opposition registered the fewest in favour of it. When we simplified the picture, measuring those who wanted a strong opposition against those who wanted either no opposition or a weak, co-operative one, the results were less encouraging.

JIGNASA DIAR




Only in Zambia and Botswana (and among South Africans as a whole, though not among black South Africans) did more respondents favour a vigorous opposition. Those who emphasise that there was no place for an opposition in traditional African society would no doubt claim that this picture is nearer the truth.

Citizens may want to see a formal opposition, but it will mean little if they themselves do not feel free to express their opinions. We asked them how difficult or easy it would be to live in their neighbourhood if their political views were different from those of most other people. We first used this question in pre-election surveys in South Africa in 1993-94. Then substantial numbers of people – often a third or more of respondents, though with significant regional variations – said they felt it would be difficult or impossible to live in such circumstances. Such results seemed a distressing, but not wholly surprising, feature of pre-election South Africa.

When we posed the question across the six other countries in the recent survey, we found that such pressures were generally felt. Indeed, the results present an alarming picture. Across the region a majority answered that it would be difficult or impossible to live in their neighbourhood if their political views differed from those of most others. How can an opposition appeal to voters if most live in an atmosphere in which they do not dare disagree with majority opinion? The two countries undergoing political crises at the time – Swaziland and Lesotho – had the highest numbers saying it was impossible to live in such circumstances. Their replies show that as the political temperature rises so do these constraints.

Everywhere, the pattern was the same: those most likely to say it would be difficult or impossible to hold opinions different from neighbours were the old, rural dwellers, the poor, the less educated and, women. This may be because old values of community consensus are deeply inculcated among these groups; in part it may be because they are more socially vulnerable, but even more it is a matter of social confidence and neighbourhood. Middle-class white South Africans in spacious suburbs did not feel these pressures, though small-town, rural Afrikaners did.

People were not just frightened of their neighbours. Nowhere other than in Namibia did a majority of citizens feel free to criticise government and most felt extremely fearful of the consequences. In the countries where discontent seemed highest (Zimbabwe, Lesotho and Swaziland), the majority scared to criticise openly was of the order of 3:1 or even 4:1; suggesting a culture of constraint and anxiety. Such constraints are a huge obstacle to democracy and to the development of a democratic culture.

A genuinely free and independent press willing and able to criticise the government without fear would help redress the balance, but all too often it has been absent. African politicians sometimes claim that the public at large does not wish to see the press spread disrespect for the government. Despite the deference towards authority that our survey found, respondents expressed an altogether welcome degree of support for a free press. We asked whether the press ought to:

■ Support the government whenever it can.
■ Praise or criticise the government as it sees fit.
■ Watch for mistakes in government and be critical.

The largest group in every state wanted a press that praises or criticises without fear or favour, though in Zimbabwe, Namibia and South Africa a significant bloc would like to see the press support the government. The more the survey moved into better educated and urban groups, the stronger was the support for a critical press. In many countries support for a critical press was strongest among those who were afraid to criticise government and those who felt it was difficult or impossible to live in neighbourhoods where they held different political views from the majority. It is difficult to find a better justification for press criticism than that these, the most bullied citizens, least able to speak out, most wanted the press to speak out for them.

Nowhere in the region did a majority feel very confident when we asked if they thought democracy had been firmly es-
democracy had been firmly es-
tablished and that truly free elections will be held. Zambia, despite its political travails, showed the highest degree of confidence. Clearly the transition from single party rule that Kenneth Kaunda finally agreed to (and lived to regret) has had extremely positive effects on public opinion. In Namibia, Swapo loyalists were the most likely to say they were very confident, but not much more than one-third of respondents felt confident of democracy's future. The substantial number of those who replied "don't know" should probably be counted as holding negative views since they refused both the options allowing them to express confidence in democracy. Sadly, in Botswana, with a generation's experience of democracy, only 28% felt very confident of the future of their democracy – lower than that encountered in other countries with less reason for optimism. Opinion in Zimbabwe was very evenly balanced with not much more than a quarter feeling confident of their democratic future. Once again, Lesotho and Swaziland ranked at the bottom in terms of confidence.

Finally, we asked which people voters thought had benefited most from the end of colonial rule. The answers were emphatic. A large majority in every country believed that the benefits of independence had flowed to the better educated and, to some extent, to those in business, to those with new jobs in government and, most of all, to politicians and those close to them. This is no doubt an accurate reflection of social realities. After only two and a half years in office, the ANC government in SA was already beginning to attract such answers itself, though relatively few there were yet willing to say that politicians had benefited the most. Judging by results elsewhere, we must expect the number of South Africans citing this category to grow rapidly. Almost no one in South Africa believed foreign workers were major beneficiaries, but large numbers elsewhere did. In SA foreigners were clearly thought of as being destitute immigrants. In the rest of the region foreigners were thought of as white settlers, development experts or workers from international agencies. Very few believed that ordinary people – the promised beneficiaries of independence and liberation – had gained the most.

■ *This article first appeared, in a longer form, in the latest edition of Focus, published by the Helen Suzman Foundation.*

# Economic reforms in Africa stimulating growth

(1) BD 21/1/98

African countries are beginning to reform policies to encourage growth and investment in the face of dwindling aid flows, writes **Robert Chote**

IN THE 1960s economists had high hopes for Africa, with one leading textbook rating its growth potential ahead of east Asia's.

Alas, these hopes have been cruelly dashed: output per head has fallen in much of Africa since 1960 and living standards have slipped further behind those in Asia and Latin America. But in the past few years there have been tentative signs of improvement.

After falling at an average rate of 2% a year in the early 1990s, output per head in sub-Saharan Africa has risen more than 1% a year since 1995. Inflation, public-sector borrowing and current account deficits have meanwhile declined over the same period.

In a paper prepared for a recent American Economic Association conference, economists from the International Monetary Fund (IMF) argued that these improvements should not be dismissed as the result of fortuitous changes in external circumstances. "Rather, they appear to result mainly from improved policies in a number of countries," they argued.

Needless to say, performance has differed from country to country. In 12 countries, output per head has continued to fall. Conflicts have prompted declines in Burundi, Central African Republic, Comoros, Congo and the Democratic Republic of Congo. But Angola, Benin, Botswana, Côte D'Ivoire, Lesotho, Ethiopia, Guinea Bissau, Mauritius, Equatorial Guinea and Togo have all enjoyed growth in output per head of more than 2% a year between 1995 and last year — 4% on average as a group.

In three of these countries rapid growth has resulted from special factors — the exploitation of newly discovered oil reserves in Equatorial Guinea and recovery from armed conflicts in Angola and Ethiopia. But in the other eight, better policies appear to have yielded results.

The policy reforms in the better-performing countries have taken several forms. Nontariff trade barriers have been eliminated and import tariffs reduced. Domestic price controls have been liberalised, inefficient monopolies dismantled and state enterprises privatised. Exchange rates have been freed and exchange controls lifted in many countries. Government spending has also been reduced as a share of national output, reducing budget deficits and taming inflation.

Reform was certainly needed. Bad policies help explain why Africa's growth performance has been so much weaker than that of other continents.

A recent study in the Quarterly Journal of Economics notes economic growth should have been 1,1 percentage points higher each year in Africa than east Asia since 1960, simply because Africa had more room to "catch up" with richer countries by exploiting superior foreign technology and higher returns to investment. But in fact growth in Africa was 3,4 percentage points lower each year than in east Asia.

The journal's study argues that 2,6 percentage points of the growth differential can be explained by a set of seven policy variables. These include high budget deficits, big black market exchange rate premiums, low infrastructure investment, poor education, shallow financial markets and pervasive political instability.

But why have bad policies persisted for so long in Africa and why might things have changed for the better over recent years? The answers might tell us whether the recent improvement in Africa's economic performance is likely to persist or whether the continent has simply embarked on what will prove another false dawn.

The study argues that Africa has been plagued by worse policies than east Asia partly because of greater ethnic diversity: "Ethnic diversity alone explains between one-fourth and two-fifths of the east Asia/Africa growth differential and may fully account for some extreme country cases."

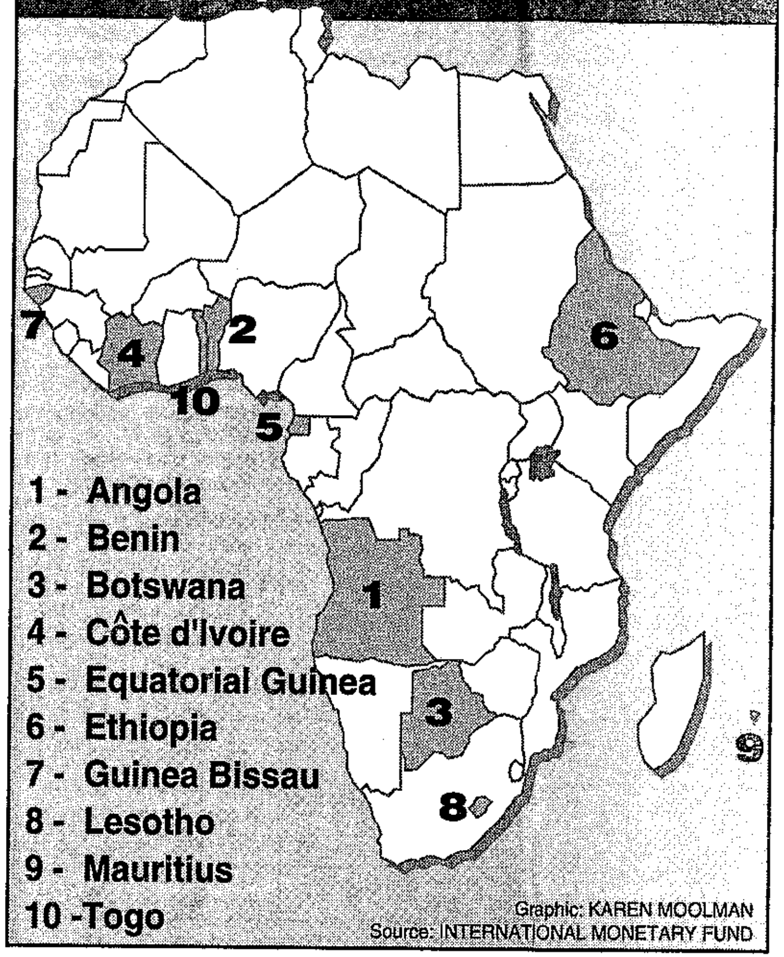
Ethnic diversity might cause problems for various reasons. Conflict between ethnic interest groups may delay macroeconomic stabilisation or the removal of black market premiums. Corruption may be more damaging if several groups take bribes. Different groups may impose taxes independently at levels which — added together — are far above economically desirable levels.

All but one of the world's 15 most ethnically diverse nations are found in Africa. Kenya illustrates the problem: when political power passed from the Kenyatta ethnic coalition to the Moi coalition in 1978, resources for road-building, health care and the like were shifted from the former's homeland to the latter.

But if ethnic diversity has helped explain poor policy making for decades, why the apparent recent improvement? Mohsin Kahn, one of the IMF authors, argues that policy makers have been spurred into action by globalisation and shrinking flows of overseas development assistance. The IMF authors argue Africa will have to make further reforms to sustain the recent rise in growth. This means improving infrastructure, legal systems and public services, as well as further liberalising trade, tackling corruption and strengthening financial systems.

This is a challenging agenda and one which will have to be underpinned by a political culture that does what it can to prevent ethnic diversity from impeding the reform process. But as aid flows continue to dwindle — and reliance on foreign investment increases — the pressure will remain intense and the rewards for success great. — Financial Times.

**More than 2% growth in output per head 1995-1997**




Graphic: KAREN MOOLMAN
Source: INTERNATIONAL MONETARY FUND

# Africa maize deal gets EU nod

① ARG 23/11/98

**Paris – The European Union, which has a record supply of maize, plans to offer subsidies of 25 Ecus per ton to assist exports to a band of central African countries, farm officials said.**

An EU committee meeting in Brussels agreed to open up the subsidy for up to 100 000 tons of maize shipments to Tanzania, Burundi, Congo or the Democratic Republic of the Congo (formerly Zaire), they said.

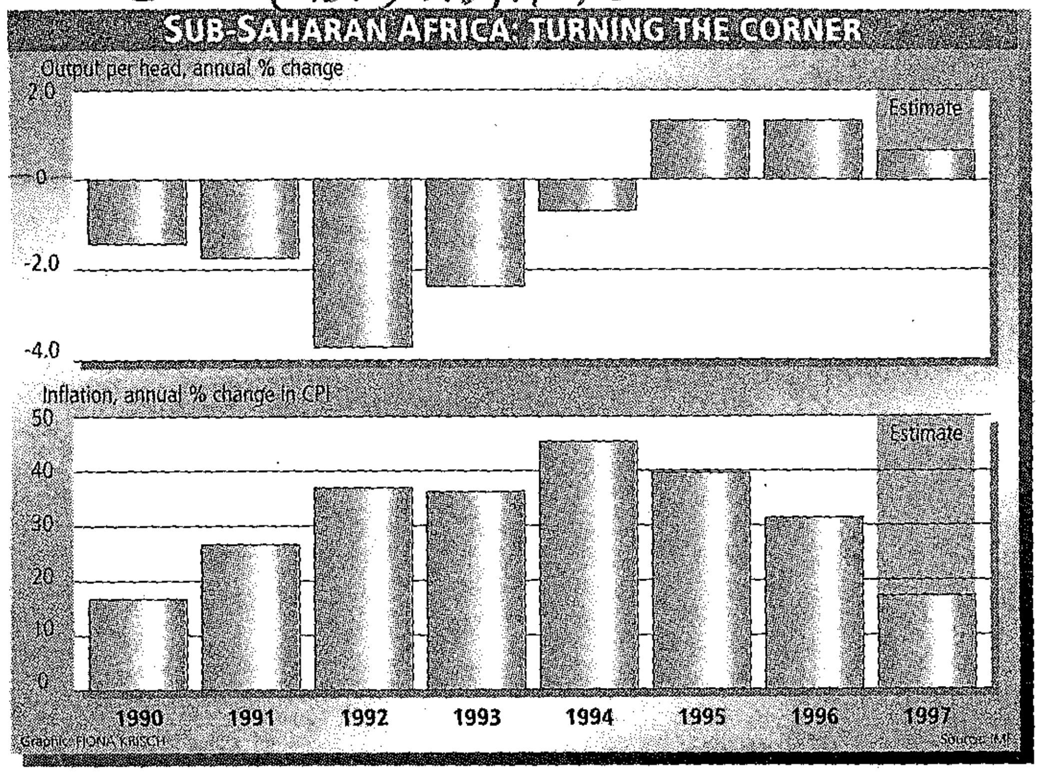
The shipments would be organised by the United Nations' Rome-based World Food Programme.

Under EU rules known as Article Seven, traders must present contracts to prove they have won business to eligible countries.

The EU normally does not subsidise maize exports from its internal market. But mainly because of a large crop, this year it has offered to subsidise up to 75 000 tons of Greek maize and to sell supplies to eastern Europe from EU-controlled stocks in Austria. – Reuters

① ST(BT) 25/11/98

# Glimpse of a new dawn on the horizon in Africa




## Output per head in sub-Saharan Africa has risen steadily since 1995, writes ROBERT CHOTE

IN THE 1960s development economists had high hopes for Africa, with one leading textbook rating its growth potential ahead of East Asia's. These hopes have been dashed: output per head has fallen in much of Africa since 1960 and living standards have slipped further behind those in Asia and Latin America.

But in the past few years there have been tentative signs of improvement. After falling at an average 2% a year in the early 1990s, output per head in sub-Saharan Africa has risen by more than 1% a year since 1995. Inflation, public-sector borrowing and current account deficits declined over the same period.

In a paper prepared for the American Economic Association's recent annual conference in Chicago, economists from the International Monetary Fund argued that these improvements should not be dismissed as the result of fortuitous changes in external circumstances. "Rather they appear to result mainly from improved policies in a number of countries," they argued.

Needless to say, performance has differed from country to country. In 12 countries output per head has continued to fall. Armed conflicts have prompted particularly sharp declines in Burundi, Central African Republic, Comoros , Congo and the Democratic Republic of Congo. But Angola, Benin, Botswana, Ivory Coast, Equatorial Guinea, Ethiopia, Guinea Bissau, Lesotho, Mauritius and Togo have all enjoyed growth in output per head of more than 2% a year between 1995 and 1997 — 4% on average as a group.

In three of these countries, rapid growth has resulted from special factors — the exploitation of newly discovered oil reserves in Equatorial Guinea and recovery from armed conflicts in Angola and Ethiopia. But in the others policy reforms appear to have shown results. These have taken several forms. Non-tariff trade barriers have been eliminated and import tariffs reduced. Domestic price controls have been dismantled and many state enterprises have been privatised. Exchange rates have been freed, exchange controls lifted and credit markets liberalised in many countries. Government spending has also been reduced as a share of national output, reducing budget deficits and taming inflation.

Reform was certainly needed. Bad policies help explain why Africa's growth performance has been so much weaker than that of other countries. A recent study in the Quarterly Journal of Economics notes that economic growth should have been 1.1 percentage points higher each year in Africa than East Asia since 1960, simply because Africa had more room to "catch up" with rich countries by exploiting superior foreign technology and higher returns to investment. But growth in Africa was 3.4 percentage points lower each year than in East Asia.

The Quarterly Journal of Economics study argues that 2.6 percentage points of the growth differential can be explained by a set of seven policy variables. These include high budget deficits, big black market exchange rate premiums, low infrastructure investment, poor education, shallow financial markets and pervasive political instability.

But why have bad policies persisted for so long in Africa and why might things have changed for the better over recent years? The answers might tell us whether the recent improvement in Africa's economic performance is likely to persist or whether the continent has simply embarked on what will prove another false dawn.

The study argues that Africa has been plagued by worse policies than East Asia — and that its growth performance has suffered accordingly — partly because of greater ethnic diversity: " Ethnic diversity alone explains between one-fourth and two-fifths of the East Asia/ Africa growth differential and may fully account for some extreme cases."

Ethnic diversity might cause problems for various reasons. Conflict between ethnic interest groups may delay macroeconomics stabilisation or the removal of black market premiums. Corruption may be more damaging if several groups take bribes. Different groups may impose taxes independently at levels which — added together — are far above economically desirable levels. Education may be difficult to provide if the wishes of ethnic groups differ.

All but one of the world's 15 most ethnically diverse nations are found in Africa, partly because of how European colonial powers negotiated national borders in the 19th century. Kenya illustrates the problem: when political power passed from the Kenyatta ethnic coalition to the Moi coalition in 1978, resources for road building, healthcare and the like were shifted from the former's homeland to the latter.

But if ethnic diversity has helped explain poor policy making for decades, why the apparent recent improvement? Moshin Kahn , one of the IMF authors, argues that policy makers have been spurred into action by globalisation and shrinking flows of overseas development assistance.

The IMF authors argue that Africa will have to make further reforms to sustain the recent rise in growth, especially reforms that will raise the continent 's investment rate. This means improving infrastructure, legal systems and public services, as well as further liberalising trade, tackling corruption and strengthening financial systems.

This is a challenging agenda and one which will have to be underpinned by a political culture that does what it can to prevent ethnic diversity from impeding the reform process. But as aid flows dwindle, the pressure will remain intense and the rewards for success great. — *Financial Times.*

# African leaders back good governance

BD 26/1/98 (1)

Claire Pickard-Cambridge

KAMPALA — African leaders and the World Bank agreed that good governance was the driving force behind development and that regular meetings should be held to measure progress, Deputy President Thabo Mbeki said on Saturday.

Mbeki was speaking after a two-day meeting attended by World Bank president James Wolfensohn and leaders of 12 eastern, central and southerm African countries to discuss strategies for their economies.

He said African leaders also made some "sharply critical comments" about the behaviour of the bank in the past when it had imposed its own agenda on development policy. Wolfensohn said the bank was retraining about 400 senior staff to ensure members liaised closely in projects and did not come to countries like "viceroys".

Mbeki said African leaders agreed with Wolfensohn that they had to take responsibility for their own mistakes, rather than blame the bank. He said Wolfensohn believed it was important for the bank's agenda in Africa to be determined by what the continent's leaders wanted

A joint communiqué issued by Wolfensohn and the leaders after the meeting said Africa should be a priority development area for the bank. It noted that regional integration was a vital step in establishing an African economic community and facilitating global integration. Mbeki said parties agreed that more bank resources needed to be allocated to Africa so it could reach a point where development took off and became self-generating. In this, debt reduction was critical.

Moses Ngoasheng, an economic adviser in Mbeki's office, said what distinguished Wolfensohn from his predecessors was that he had met African leaders in a consultative forum.

Mbeki's delegation left Kampala on Saturday and President Nelson Mandela is expected today for anniversary celebrations of the National Resistance Movement.

# Africa settles for old loan formula

BD 28/1/98 (1)

KAMPALA — When World Bank president James Wolfensohn faced 12 African leaders at an economic summit in the Ugandan capital, Kampala, he asked for new ideas to solve old problems. He did not get the answers he was looking for.

The leaders — who see themselves as an improvement on the corrupt and inept African leadership of yesterday — sat behind closed doors for two days and finally settled on an old formula: more money.

Ugandan President Yoweri Museveni, who presides over the sub-Saharan African country with the highest economic growth rate at 7%, produced a six-page statement at the end of the summit on Saturday which listed as priorities new roads and bridges, improvement of water supply, the speeding up of debt relief and spending more on health and education.

Bank officials responded that that was what they had been doing for the past 20 years in Africa. The continent had swallowed more money than any other developing region in the world, they said, and shown little progress.

Of the world's 20 poorest countries, 16 are in Africa. The debt for 52 sub-Saharan countries recently reached $235bn, mostly to the International Monetary Fund, World Bank, African Development Bank and individual governments. Just 14% is commercial.

Museveni, Congo's Laurent Kabila and Ethiopia's Meles Zenawi — all new revolutionary leaders who toppled old, corrupt regimes — have promised a democratic Africa based on human rights and market economies.

So far they have delivered only partial results with doubtful effects. Old roads have crumbled, new ones need to be built; railroads are limited and the energy sector is insufficient to sustain a relatively high economic growth in sub-Saharan Africa — an average 4,5% a year.

Preserving economic and political stability is not possible without capital infusions. But an inefficient bureaucracy, unnecessary military expenditure and corruption are problems that need to be addressed from within. So do other contradictions.

In Uganda, Museveni has banned activities of all parties except his National Resistance Movement since coming to power in 1986.

Across the border in Rwanda, the Tutsi-dominated leadership has been fighting a Hutu insurgency and is engaged in an expensive, undeclared civil war with no end in sight.

Congo's Kabila, who toppled Mobutu Sese Seko last year with the help of both Uganda and Rwanda, has rarely been seen in public since. The international business community is worried about his inconsistency in rewarding contracts to mining companies, some of which are suing others for allegedly stealing the contracts by bribing officials.

Human rights groups have accused the Ethiopian government of imprisoning a sick leader of the main opposition group on charges of having encouraged armed rebellion. Critics call the charges a fabrication.

Zimbabwe's Robert Mugabe, who also took part in the meeting, has ordered troops onto the streets of Harare after mass protests against increasing the price of maize meal.

Kenya's Daniel arap Moi met privately with Wolfensohn in Kampala to urge the restoration of a $71,6bn loan for energy and crumbling roads. The loan was suspended last year because of Moi's failure to tackle corruption.

Making African leaders accountable is one of the World Bank's long-standing demands — and biggest disappointments. — Sapa-AP.

Comment: Page 11

**A family flees Njoro, 170km northwest of Nairobi, with all their belongings after a raid by attackers at the weekend which killed three people. Since January 10, 40 people have died. Witnesses say the well-armed attackers belong to the Kalenjin group, which is the ethnic group of President Daniel arap Moi.** Picture: AP

# Africa still silenced by lack of cash

Star 20/1/98 (1)

Abidjan – Conventional wisdom in the West held that as new technologies like cellular telephones and the Internet spread around the world, they would set off a leap forward in Africa, offering the continent's mostly poor countries an opportunity to overcome one of the most crippling legacies of underdevelopment: unreliable, expensive communications.

Through the Internet, African schools would be able to supplement tiny or nonexistent libraries with online access to collections all over the world. Scientific researchers and doctors who lack the money to subscribe to leading journals would be able to keep abreast of the latest work in their fields. And businesses would be able to market their goods or hunt for foreign partners cheaply.

The new telephone technology, meanwhile, would supposedly provide a reliable and affordable way to overcome hopelessly outdated copper-wired phone networks, with their noisy lines and overloaded switching systems.

But the reality of these vaunted new technologies has so far lagged far behind their promise for most of Africa.

In a few places, like Congo, formerly Zaire, the near-total collapse of the conventional telephone network has made cellular telephones an indispensable fallback. And in countries like Ghana and Senegal, a small but fast-growing Web culture is sprouting as competition drives the price of Internet access steadily downward.

But in most of the continent, instead of ushering in a communications revolution, the new technologies are still hobbled by the same stubborn facts of life as predecessors from the motorcar to the telephone: on the world's poorest continent, the have-nots outnumber the haves so greatly that many modernising innovations simply pass millions by.

At the moment, Manhattan in New York City has more telephone lines than exist in more than three dozen countries of sub-Saharan Africa.

In the Ivory Coast, getting a new telephone line can take two to three months. And there has been fierce competition among the three cellular-telephone operators that have been in service for about a year. But for all of their advertising and promotion, the companies have signed up only about 30 000 customers out of a population of nearly 15 million.

The Internet has proved to be even rougher going for local marketers, and the underlying statistics make it clear that until some things change radically, use of the Web in much of Africa will remain limited to a minuscule elite.

People in the computer industry say that only 3 000 to 4 000 computers are sold each year in the Ivory Coast, and that 80% of those are bought by the government or private businesses.

Whether for equipment or the services themselves, price stands out as the major inhibiting factor throughout Africa, and the continent's difficult economic straits present a cruel barrier to the very technologies that many expected would help create an economic takeoff. – NY Times cal authorities, would come before Par- price of water are traditionally intro- de

# Naidoo heads Africa telecoms body

Vuyo Mvoko

BD 11/2/98

CAPE TOWN — Posts, Telecommunications and Broadcasting Minister Jay Naidoo has been appointed by 32 other African countries as chairman of the newly formed African Telecommunications Development Steering committee.

The committee will be responsible for the development of a telecommunications agenda for the continent. The body will hold its first meeting next month in Geneva at the World Telecommunications Policy Forum.

The committee is expected to prepare a document that will contain comprehensive positions for potential investors, and identify projects to be launched or highlighted during the Africa Telecom '98 conference, to be held in SA in May.

"Given the low telephone penetration rates in Africa and new possibilities created by technological changes, the challenges for the committee is to set an agenda for telecommunications development that will ensure that Africa Telecom '98 sets the beginning of a new era of Africa," Naidoo said.

# SA is the powerhouse of Africa

(1)

Sowetan 2/2/98

## The country generates 28 percent of all products coming out of continent

**By Isaac Moledi**

ABOUT 28 percent of all products emanating from Africa are generated by South Africa. The country also generates 50 percent of the power consumed in Africa.

South Africa also accounts for 37 percent of the continent's vehicles.

This is according to National Productivity Institute (NPI) executive director Dr Jan Visser, who addressed an Asian Productivity Organisation symposium in Tehran, Iran, on Friday.

In a statement, Visser said despite South Africa having only 5,5 per cent of Africa's population, it generated 28 per cent of its products.

But Africa, with 13 per cent of the world's population, produces only 1,7 per cent of the world's wealth, he said.

"In the African context, South Africa is well developed, having a gross domestic product per capita of R14 760 against R3 138 for Africa, but in the world context it is at best a developing country," he said.

He said Sub-Saharan Africa's GDP per capita has registered no growth in the past 35 years.

Visser, who is also president of the Pan-African Productivity Association (Papa), said the region had started from a very low base compared to other regions. This led to region's gross national product (GNP) being about R2 460 compared to a world average of R22 632.

"The incredibly low standard of living cannot be alleviated unless the continent successfully improves productivity. There is at present great interest in productivity improvement but, unfortunately, very little action."

One of the main reasons for the slow progress was that African leaders were more committed to power politics than to economic development.

He said another major stumbling block had been the adoption of socialism and communism at independence.

"A few countries that have shed the political wet blanket and adopted positive economic policies are now developing quite nicely," he said.

It was difficult to assess the effectiveness of productivity activities of the various African productivity centres. "Judging from the published material one can not help but get the impression that many of them are still in their infancy. Many appear to be under-financed because African governments are faced with huge social demands," said Visser.

CFA FRANC

# Africa's franc zone stands in Asia's economic line of fire

CT (BR) 3/2/98 (1)

**ALAN RAYBOULD**

Abidjan — The dramatic falls in Asian currencies have added a new twist to the debate over the future of Africa's CFA franc following the likely demise of the French franc to which it is linked.

The CFA franc is used by 14 African states — mostly former French colonies and competitors of southeast Asian countries in markets such as cocoa, coffee, timber and palm oil.

N'Goran Niamien, the finance minister of Ivory Coast, the world's biggest cocoa producer, said in January that Europe's move to a single currency would not affect the CFA franc, which would be fixed against the euro at a rate "mechanically" derived from its current fixed parity of 100 to a French franc.

However, Niamien added: "What's happening in Asia concerns us to the highest degree." Other observers also recognise the new factor in the equation.

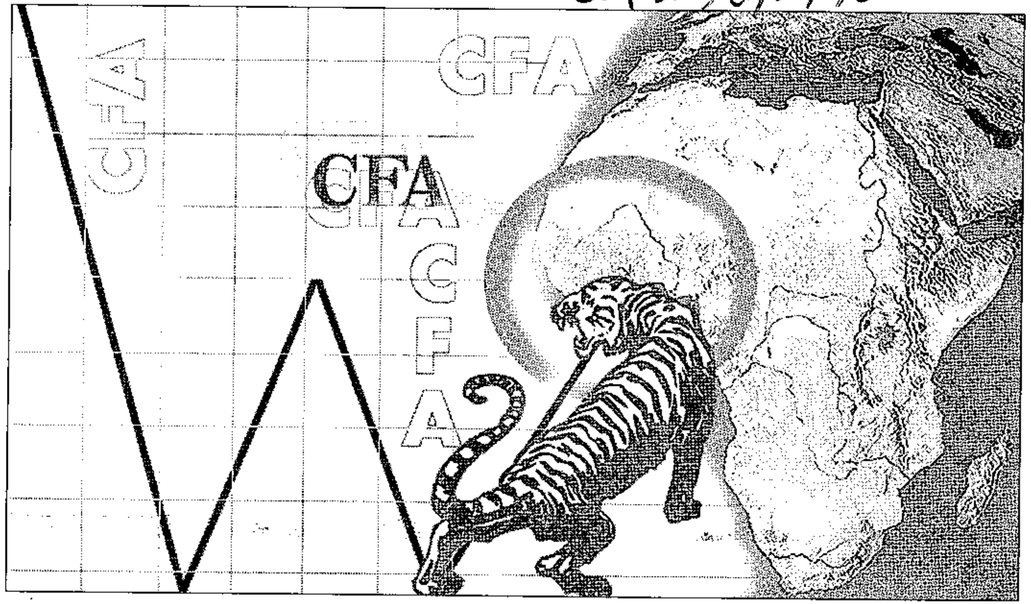
"The Asian crisis is going to pose a problem of competitiveness for our economies. That is where the real debate on any adjustment of the CFA franc in the context of the euro will be situated," said Michel Abrogoua, the manager of the new West Africa Growth Fund, which is committed to the franc zone.

The French treasury guarantees to exchange the CFA franc for French francs, making it, in theory, a rare African hard currency. Its parity went unchanged for 45 years, until 1994, at 50 to one French franc — a source of stability for the mostly French firms that did business in the zone.

But by the 1980s, low commodity prices and high external debt burdens had brought stagnation into the franc zone. That stability was no longer such a virtue for countries which needed to diversify their exports and their trading partners.

The African countries were forced to swallow a devaluation by the World Bank, the International Monetary Fund and France, whose about-turn was seen as a betrayal in Africa.

Speculation is rife in the zone that the advent of the euro could be the occasion for another parity adjustment. Bankers in Africa say some businesses are switching funds into French francs as a precaution, and the central banks of the zone are tightening the screws.




It has become increasingly difficult to get even small amounts of French francs in exchange for CFA francs in Abidjan, Ivory Coast's commercial capital. Sometimes banks demand a flight ticket to Paris as proof that the need is "genuine".

"The (Central Bank of East African States) is supposed to change CFA into French francs on demand, but it says there aren't any ... It's a deliberate policy on the part of the central bank," said the treasurer of one Abidjan bank.

In fact, full convertibility of the CFA franc was never really established after it was halted in 1993 to stop capital flight when devaluation began to look inevitable.

Alain Le Noir, who heads a club of francophone African bank chiefs, said this fact made a nonsense of the franc zone edifice. "Recently a French consultant, paid in CFA francs for work done in Ivory Coast, was unable to exchange his CFA francs for French francs, not only at the best banks in France but more seriously at the Bank of France itself," he said.

The crunch may come at the beginning of May, when European countries meet to decide which of them will be eligible to join the economic monetary union in 1999, and set bilateral exchange rates as a basis for their euro parities.

Some European countries are unhappy about the CFA franc being attached to their new currency, but French ministers and officials have travelled to Africa to promise that both the link and the value of the CFA franc would be assured when the euro comes.

However, one African financier, who had experience of both the private sector and the multilateral agencies, doubted the system would stay the same for very much longer.

"The French treasury's guarantee might be given for now, but I don't think the French are going to accept this situation over the medium term, because they don't have the means," he said.

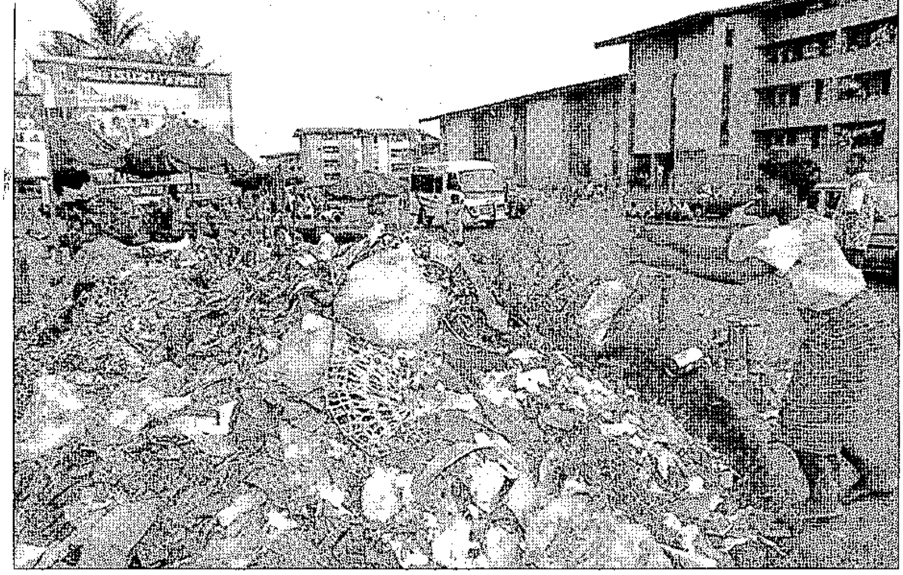
"What you might see, as a kind of halfway solution, is a link with the euro but with a margin of manoeuvre, so the CFA franc will no longer be tied into too rigid a system."

The two parts of the zone may even split in two. Officials in west Africa, moving fast towards economic union, increasingly qualify their support for the CFA franc rate to their own area.

But in the meantime Antoine Pouillieute, the head of French development agency Caisse Francaise de Developpement, dismisses as "flights of fancy" rumours of devaluation linked to the advent of the euro in either region.

"The economies of the franc zone, whether in central or west Africa, are going in the right direction," he said in Cameroon in January.

"The rate ... poses no problem of competition in the zone. Technically, unlike in 1994, there is no economic reason to justify a devaluation." — Reuter



**LOAD OF RUBBISH** *A person throws garbage on a street in Abidjan. Africities, a forum addressing the problems of urban upkeep, is being held in Abidjan* PHOTO: AFP

# Africities' culture of garbage

CT (OR) 3/2/98 (1)

**Michele Leridon**

Abidjan — Florid nicknames such as Abidjan's "pearl of the lagoons" and "Bangui the coquette" give the lie to the ubiquitous pitted pavements and rotting piles of trash that plague urban Africa.

Mayors and bureaucrats from across the continent who gathered in the Ivorian economic capital this week were the first to admit this home truth, which grows more pressing every year.

"Maintenance accounts for an ever-decreasing proportion of local budgets. Almost everywhere in Africa, local authorities take care of less than a tenth of the areas under their responsibility," said the Municipal Development Programme (MDP).

This international donor-backed organisation is the host of Africities, a weeklong forum bringing together mayors, councillors and sanitation experts from all corners of the continent.

Most admit the problems lie with those holding municipal purse strings, who tend to favour glamorous new projects over the upkeep of dilapidating infrastructure.

Douala, for example, the economic capital of Cameroon, faces a "crucial shortage of funds" for maintenance, according to Jean Yango, who heads the city's technical administration.

High humidity and poor soil conditions conspire with countless trucks from across Cameroon as well as from Chad and the Central African Republic to erode the city's streets. Lack of cash for repairs exacerbates the problem.

"A decentralisation law was adopted in 1987, but clauses delegating specific responsibility were never adopted," explained the Cameroonian.

Consequently, Douala has only managed to repair 300m of tarmac in a city boasting some 450km of tarred road.

In Man, on the mountainous west of Ivory Coast, the local authority receives an annual 8 million CFA francs (about R64 000) in tax to collect household rubbish but spends more than six times that on the job.

According to the MDP, refuse collection rates have fallen consistently since the 1980s to reach "catastrophic levels". In large towns less than half the rubbish is picked up, while in smaller ones, it is often all left to rot in the street.

While admitting the error of their ways, elected officials also place some of the blame on citizens, who they say seem hardly aware of maintenance efforts.

A well-publicised campaign to introduce plastic rubbish bags to Abidjan residents last October, which even featured a minister extolling the virtues of the humble household object on national television, has failed to make much impact.

"It's early days yet. Old habits die hard," explains Ash International, which collects the city's refuse and whose Africities stand is decorated with their own gleaming bags.

In the densely populated quarters of Abidjan, women still throw their garbage into buckets and cardboard boxes left exposed to the elements. There is little chance of convincing them to pay for rubbish bags or taxes.

"It's a vicious circle: people aren't ready to pay taxes, because they get little in the way of public services, and local authorities don't provide public services because they lack adequate fiscal revenue," notes Noel Carrere from the World Bank.

As for loans from this bank, "strictly speaking, they should not be used regularly to pay for maintenance", says Carrere.

Several aid agencies are working to mobilise local residents in the upkeep of their areas.

In a busy area of Dakar in Senegal, the "Lingueres of Gueuel-Tapee" have organised street cleaning and refuse collection teams. In Ouagadougou, the "Bao Manegre" association does similar work, while a group of women in Bamako teach locals about public health.

They will have their work cut out until the process of decentralisation increases authorities' means to meet their public health needs. — AFP

# Poverty forces children to work

Reneé Grawitzky

RISING poverty in Africa was causing an increase in the use of child labour, with estimates that child labour would grow by 1-million a year and increase to 100-million by 2015 from its current level of 80-million, an International Labour Organisation (ILO) report said.

The report, to be discussed at a child labour conference in the Ugandan capital Kampala today, said Africa had the highest incidence of child labour in the world, with 41% of children between 5 and 14 years old involved in economic activity.

Poverty was the most important reason children worked and they commonly contributed around 20-25% of family income.

The report found that the pronounced increase in the number of poor people in Africa was due to rapid population growth and that child labour would continue to rise.

Roughly every second African lived below the poverty line and the prediction was that by 2000, more than 300-million Africans would be living below the bread line.

BD 4/2/98

Participation rates of children in the labour force were highest in Sub-Saharan Africa, where nearly half the children between 10 and 14 were working.

The deterioration in living standards and the incapacity of education systems to cater for all children of school going age also contributed to the increased use of child labour.

Studies carried out in commercial agriculture in SA, Kenya, Malawi, Tanzania and Zimbabwe found that children worked primarily for economic reasons to supplement low family income.

The report found that employers preferred to use child labour because of the absence of labour disputes and the children's willingness to work as many hours as required, regardless of lower wages.

The ILO will hold a conference in Geneva in June to discuss the adoption of new international labour standards on extreme forms of child labour.

CAPE ARGUS ISSUES

# Africa discovers a new kind of leader

① ARG 4/2/98

## INSIDE STORY

## *But is it style over substance?*

A new generation of African leaders are hailed by some as beacons of hope, criticised by others as smooth versions of their predecessors. **STEPHEN BUCKLEY** reports from Kampala, Uganda

It was no coincidence that a recent meeting between World Bank president James D Wolfensohn and a dozen African leaders and top government officials was held in the easygoing, sun-kissed Ugandan capital.

Ugandan President Yoweri Museveni has become a darling of major international donors such as the World Bank and the United States. His economy is thriving, and he appears serious about battling corruption. On her recent trip to East and Central Africa, United States Secretary of State Madeleine Albright called him "a beacon of hope".

In fact, Mr Museveni is seen as the godfather of what many believe is a new kind of leadership in East and Central Africa.

Admirers applaud these leaders – most of whom have held power less than a decade – as progressive and refreshingly independent. Critics attack them as a more sophisticated, smoother-talking brand of their authoritarian predecessors.

Those leaders include Prime Minister Meles Zenawi of Ethiopia; President Issaias Afewerki of Eritrea; Paul Kagame, Rwanda's vice-president and defence minister; and President Laurent Kabila of Congo. All but one of those countries had representatives at the January 23-24 summit.

Several characteristics mark these men, all of whom grasped power through rebellions. They have close relations with their major donors, drawing hundreds of millions of dollars in aid annually. They say they despise corruption. They woo the Western media, using grace and charm to spin reporters relentlessly.

And, perhaps most strikingly, they have rejected the doctrine of non-interference that African leaders embraced for decades.

The most salient example of the new eagerness to intervene was last year's seven-month rebellion that toppled late dictator Mobutu Sese Seko of Congo, then known as Zaire.

No fewer than a half-dozen nations – Ethiopia, Eritrea, Zambia, Angola, Uganda and, most importantly, Rwanda – had a rolé in bringing down Mr Mobutu.

"People realise that what goes on in a country is not just a matter for people in that country," said one senior government official in Rwanda, calling the changes in east and central Africa "momentous".

"States are very selective of when and where they intervene," the official said, adding that the changes "have not been influenced by Western countries" and presaged a new era of African independence.

Others suggested that they were just as dependent on the west as their forebears. Uganda, for example, will get $750-million (about R3 750-million) from donors this year, including $250-million from the World Bank.

Some analysts argued, for example, that these new leaders appeared concerned about corruption because the World Bank and other key donors had begun to pressure them recently to address it.

"I've rarely seen African countries more dependent on the outside world," said Olara Otunnu, a Ugandan who heads the New York-based International Peace Academy, which focuses on conflict resolution.

Former leaders such as Tanzania's Julius Nyerere, Zambia's Kenneth Kaunda and Ghana's Kwame Nkrumah were more "intellectually independent", he added.

"They didn't always get it right ... but they depended on their own people and their own ideas."

The intellectual vitality and political vision of such early post-independence leaders evoked great optimism during the 1960s. The fiery Mr Nkrumah preached the gospel of pan-Africanism. Mr Kaunda promised to be guided by the tenets of humanism and was known for his openness to the Western press. Mr Nyerere rejected tribal politics.

These men and others – all Cold War pawns who masterfully manipulated their suitors – were disappointments. Disastrous economic policies would doom Mr Kaunda and Mr Nyerere. Corruption and greed would overwhelm Mr Nkrumah and others.

The policies of today's leaders may not stray from their predecessors', but they "know how to talk the talk," said Mr Otunnu.

"They have a well-developed sense of what makes good copy."

Others pointed out that, for all of their talk, it was far from clear that the new generation of leaders is committed to smothering corruption or nurturing stable democracies.

"New leaders, new style, old game," said Alison Des Forges of Human Rights Watch Africa.

"It's the same game, but it's played by people of greater finesse than their predecessors. They employ extremely subtle and effective use of the lessons of history and the guilt of the international community."

Mr Museveni's "no-party" democracy worries many, and major donors believe creeping corruption could stunt Uganda's economic progress.

Ethiopia's Mr Meles is accused of arbitrarily arresting hundreds of people and has allegedly fallen into the same cronyism that has wrecked so many African regimes.

Some analysts believe the Rwandan government is more corrupt than the one it toppled and that its army has made the country essentially a police state.

"This is a new generation of strongmen," said Pauline Baker, executive director of the Fund of Peace and analyst of democracy issues in sub-Saharan Africa. "They are more independent and pay more attention to economic development ... but they can be just as undemocratic as the previous leaders."

The most articulate – and ardent – defenders of these heads of state are the leaders themselves. And no one is more articulate and ardent than Mr Museveni.

In a clear reference to the team effort to dethrone Mr Mobutu, 53-year-old Mr Museveni asserts that "for the first time since independence (in the 1960s), the African intelligentsia, in partnership with the peasants, are assuming leadership".

This is an era of "new independence in decision-making. We don't decide on matters because foreigners want us to decide".

He suggests that African leaders

**Uganda's man:** Yoweri Museveni

must push their countries toward "modernisation and industrialisation" with special emphasis on infrastructure, education and health care.

"If that doesn't take place, the new order will be as empty as the old one," he says.

Mr Museveni, who regularly grants interviews to the western media, has warm brown eyes and a winning smile, but those features fade quickly when reporters challenge his leadership record.

The former Marxist defends no-party democracy, which critics have contended is single-party rule by another name. He has said that countries such as Uganda – where memories of dictator Idi Amin's ethnic purges remain fresh – are not ready for liberal democracy because it would re-ignite tribal tensions.

A proponent of the so-called Asian model of development, Mr Museveni believes that in "pre-industrial" societies such as his, economic strength must precede democratic growth.

His attention to Uganda's economy has made it among Africa's strongest this decade, with consistent growth rates of 5% and above.

"Liberal democracy grows hand in hand with industrialisation," he says.

"Political change is the roof. The economy is the foundation."

For many critics, such talk harks back to the Cold War, when the West often traded off leaders' democratic shortcomings for ideological loyalty. Many analysts believe that policy strengthened despots and contributed to the enervating instability that has blanketed the continent for much of the past three decades. They fear the West may again be treading the same path.

"The same standards we use for countries all over the world are the same standards we should use for Africa," said analyst Ms Baker. "I don't think there should be a double standard."

Ms Des Forges said, "We may not end up being disillusioned" by these new leaders.

"We can influence the choices they make." – The Washington Post

ST 15/2/98

# Labour of children growing in Africa

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KAMPALA: Child labour is a serious and growing problem in Africa, and the situation in Uganda is among the most alarming because of Aids and armed conflict, an official will tell an international conference on the subject here this week.

"The issue of child labour in Uganda is so huge that it cannot be left to the government alone," said acting Labour Commissioner Ms Harriet Luyima.

Luyima will join delegates from 22 nations today at a three-day conference on child labour in Africa.

Delegates will draw up strategies to combat hazardous forms of child labour in Africa.

The International Labour Organisation says the growing army of child workers is expected to increase in Africa by at least 1 million this year. In all, there are about 250m children employed worldwide.

The latest figures in Uganda indicate that at least 12% of the nine million children and youth under 18 are engaged in some form of labour in the country.

Although numbers are greater for Asia, Africa has the highest percentage of children — 41% — involved in economic activity.

The Uganda Aids Commission says at least 1 million of the country's children have been orphaned by the disease. Labour ministry research indicates that scores of households in the south-western district of Rakai, particularly hard-hit by Aids, are run by children.

While child labourers in Asia generally work in organised industries such as rug-making or the manufacture of sports shoes and balls for soccer and baseball, African children work mainly in the rural and informal sector. They pick tea and coffee, herd livestock and work in garages. — Sapa-AP

# The fine art of bribery

*Despite attempts by leaders to clean up corruption in Africa, graft remains the order of the day in many countries, reports* **Chris McGreal**

There was a time when Kinshasa Airport induced mild panic in all who contemplated its grubby portals. A cocktail of chaos, intimidation and outright threats usually helped denude visiting business people of their cash. Today, not only are bribes largely unnecessary, they are hardly ever asked for.

In contrast to Mobutu Sese Seko's example of plunder, the leadership of the rechristened Democratic Republic of Congo at least pays more than lip-service to opposing graft, while conceding that until it can pay civil servants and policemen proper salaries graft will remain a problem.

If Thabo Mbeki's much-heralded continental renaissance is ever to become a reality, Africa's new leaders at least need to be seen to be trying to curb the corruption which has eaten at its soul. But graft remains the order of the day in many countries.

Business people seeking government contracts can routinely expect to pay through the nose in Nigeria and Kenya. The demands will be made perfectly clear, usually in the form of a "service fee" or a percentage of the contract.

The squeeze may also be put on them in Uganda and Tanzania, despite promises of better administration. However, it is likely to be rather more subtle and less demanding.

As Zimbabwe's economy sinks deeper into the mire, corruption is infiltrating ever more into its system. What was once confined to the elite is creeping into other areas of the government. But, as in so much of Africa, it is a matter of survival for those at the bottom of the pile, as well as padding for the leadership's already fat bank accounts and a source of political patronage.

Nigeria has long set the standard to avoid. Mobutu may have stolen then Zaire blind, but successive Nigerian military regimes and their civilian cohorts institutionalised a complex network of graft built on billions of dollars of oil revenues. Transparency International, which monitors global corruption, placed Africa's most populous country at the bottom of the pile in last year's index.

Despite a vigorous advertising campaign, in international news magazines and on CNN, aimed at trying to persuade outsiders that Nigeria's military has reformed, General Sani Abacha's government is primarily interested in ensuring that dwindling resources do not have to be shared among too many grabbing hands.

Lagos Airport was at one time almost as notorious as Kinshasa's. The military has cleaned it up. But business people walking into a government ministry should often expect to pay, and keep on paying, if they want to be taken seriously.

While bribes in Nigeria may be commonplace, they are also illegal and expose foreign business people to the country's notorious scams. Many would-be investors have found themselves handing over large dollops of cash to people sitting in the offices of this ministry or that only to be told the next day that no such person exists. Others, after handing over their bank details, have returned home to discover that their accounts have been looted by fax or telex.

Elsewhere in Africa, World Bank and International Monetary Fund (IMF) pressure has forced some countries to clean up their act, at least on the face of it.

Last year, President Daniel arap Moi announced an unprecedented anti-corruption drive after the IMF and the World Bank cut off more than R1-billion in loans.

In an unusually frank admission of the extent of the graft plaguing Kenya, Moi promised the renegotiation of two massive contracts for the power sector after the World Bank questioned the tender procedure. He also pledged to clean up the tax ser-

(1) M+G 6-12/2/98

vice and the proper collection of import duties — an implicit recognition of the massive corruption at Mombasa port.

Moi was even forced to concede the extent of the notorious Goldenberg scandal in which senior Kenyan government officials and ruling party politicians are alleged to have stolen about $400-million in a scam involving gold and diamond exports. Kenya exports neither gold nor diamonds.

But anyone looking to do business with the Kenyan government can still expect to pay from the start. Long before the final percentage on the contract is handed over to the person at the top, there are their underlings to be placated along the way — unless the deal is a big enough deal to demand the boss's undivided attention.

Graft remains a problem in Laurent Kabila's Congo despite efforts by some in the government to clean up the system. However, most business people find it less pervasive than it was in dealing with some, if not all, senior officials. Many are surprisingly frank about their history of pocket-lining, but insist it is all in the past, if only because of the fear of getting caught. Would-be investors face a more serious problem in the government's tendency to try and renegotiate contracts after they have been signed.

Whatever the shortcomings of African administrations, it takes two to tango. Transparency International also monitors the insidious impact of some foreign business people more than willing to pay bribes if they believe it will give them an advantage over a competitor.

According to Tra[illegible] International, West Eu[illegible] nies — led by those from Belgium and Luxembourg — contribute most to corruption in international business.

[illegible], according to Transparency International, United States business people lose out on contracts as they are less willing to pay.

**Mobutu Sese Seko: One man who never had to pay at Kinshasa airport**

# Child labour expected to soar in Africa

Star 6/2/98

Kampala – Two-fifths of African children between the ages of 5 and 14 are at work, and their numbers are expected to swell by at least a million a year, according to a report to an international conference which opened here yesterday.

Compiled by the International Labour Organisation in Geneva, the report estimated that "the number of child labourers in Africa could surge from today's 80 million to over 100 million by the year 2015."

It blamed the "demographic explosion of impoverished people and poor or inadequate levels of economic growth across much of the continent".

The report "Child Labour in Africa – Targeting the Intolerable" coincided with the start of a three-day conference of workers, employers and government officials from 22 countries organised by the International Labour Organisation and the Organisation of African Unity.

It said more than 250 million children are at work in the world, "with the greatest concentration in Asia".

In percentage terms, however, Africa has the highest incidence of child labour.

The highest levels in this age group are in Mali (54%), Burkina Faso (51%) and Burundi (49%), while Ethiopia, Kenya, Niger and Uganda have levels between 40 and 46%.

"The major factors responsible for the growth of child labour are rapid population growth, and deterioration in living standards and in the incapacity of education systems to cater to all children of school age and provide them with a decent education," the report said. – Sapa-AFP

# Mixed success in reforming public service in Africa — IMF

**Simon Barber**

**Government wage bill as a % of GDP**

| | 1986 | 1991 | 1996 |
|---|---|---|---|
| Comores | 8,6 | 10,3 | 7,8 |
| Côte d'Ivoire | 8,3 | 11,3 | 7,1 |
| Congo | 12,5 | 16,9 | 9,3 |
| Ethiopia | 9,6 | 8,3 | 6,3 |
| Ghana | 5,3 | 4,1 | 5,6 |
| Kenya | 9,2 | 8,5 | 9,4 |
| Lesotho | 17,1 | 15,2 | 15,0 |
| Malawi | 5,7 | 4,6 | 5,8 |
| Mozambique | 4,8 | 4,9 | 3,7 |
| Rwanda | 5,6 | 5,6 | 4,8 |
| Tanzania | 5,7 | 4,1 | 5,2 |
| Uganda | 1,4 | 1,3 | 3,0 |
| Zambia | 5,1 | 6,1 | 4,4 |
| Zimbabwe | 10,5 | 14,9 | 11,7 |

Graphic: KAREN MOOLMAN Source: IMF

WASHINGTON — African countries have had mixed success in reforming inefficient and corruption-prone bureaucracies over the past decade, a recently released working paper by the International Monetary Fund's (IMF) fiscal affairs department says.

There has been some progress in downsizing and cost-cutting, but decidedly less in improving the quality of public services, the paper concludes.

It emphasises the need for improved "recruitment, remuneration and promotion policies, based on performance rather than connections".

The paper looks at 32 countries, 29 of which undertook public sector reforms as part of IMF structural adjustment packages starting in the mid-eighties.

It includes the Southern African Development Community countries, minus Angola, Namibia, Swaziland and the Democratic Republic of Congo.

Overall, the governments studied have shed employees since the start of the decade. The central governments of the 24 countries for which there was adequate data shrank their total payroll from 2-million in 1991 to 1,8-million in 1996.

Over the same period, state wage bills fell from an average of 7,2% to 5,8% of gross domestic product (GDP) in the 32 countries.

Wages also consumed less revenue and accounted for a reduced share of government expenditure.

Real wages per public servant fell an average of 12% in 20 countries.

However, most of this seemingly positive trend was attributable less to public service reforms than to the devaluation of the central African franc (CFA) in 1994, which slashed real wages in much of Francophone Africa, distorting the averages.

Also, whatever the fiscal benefits of falling real public service wages, they also meant that "few countries were able to narrow salary differentials with nongovernmental sectors" — an important objective if government bureaucracies are to attract and retain skilled and honest personnel.

By the same token, the paper notes, progress has been slow in "decompressing" public service salaries, which is to say increasing the difference between the compensation of bottom and top-level employees, also an important factor in keeping talent.

In some cases, "compression" has increased. Cameroon, for example, in 1994 reduced the highest public servant salary to six times the lowest, down from 10 times between 1984 and 1992.

Logically enough, those countries which have been most successful in "decompressing" wages were those that had raised wages, cut payrolls and kept total wage bills reasonable in GDP terms.

The star in this regard was Uganda, where the real wage per public servant rose an astonishing tenfold between 1990 and 1996, while the overall wage bill rose to only 3% of GDP in 1996, well below the 5,8% average in the countries studied.

This was not alchemy: government employment in Uganda fell by just more than half between 1990 and 1996, from 320 000 to 159 000.

The countries looked at in the paper moved to reduce payrolls by cracking down on "ghost" workers — in one unnamed instance, an audit turned up an entire bogus department manned by fictitious public servants whose salaries someone was pocketing — and by freezing hiring, eliminating vacant posts, laying off temporary workers, privatising functions, and forcing or paying employees to retire.

(1) BD 12/2/98

The IMF researchers found that in many cases the costs of voluntary retrenchment packages, often directly footed by donor countries as a sound investment in good governance, were excessive.

Zambia, for example, was at one point offering employees with 20 years' service payments worth a staggering 13 years of base salary at time of departure.

"A challenge for countries is to reduce the cost of severance packages and change their design so that only poor performers are provided with an incentive to depart.

"High-quality staff should be provided with performance-based remuneration, as an incentive to remain in the civil service," the paper said.

While many African bureaucracies are bloated in relation to their countries' ability to pay for them, in terms of public servants per capita, the paper shows, they are really quite modest.

Just 1% of the population of the 32 countries covered were public servants in 1996, compared with an average of 7% in the industrial democracies and former centrally-planned economies of eastern Europe and Russia.

# Quality telecommunications, Africa's zone of common interest

BD 16/2/98

**Africa must use the new telecommunications order to advance its own interests and development, writes Posts, Telecommunications and Broadcasting Minister Jay Naidoo**

HUMANITY is at the threshold of a new millennium and in the throes of a new and potent revolution that will redefine our understanding of the world as we know it today. Unlike previous technological revolutions which focused on energy and matter, the information revolution of telecommunications involves fundamental shifts focusing on time, distance and knowledge.

Developments in telecommunications over the past four decades mainly focused on wireless local loop technologies, with the past decade seeing a momentous shift towards intelligent applications and the provision of information services such as Internet, VSAT services and direct-to-home broadcasting. The pace of change shows no evidence of abating.

The barriers that have traditionally separated telecommunications, computing and broadcasting have broken down and Africa must devote more attention to the Internet as one way of bridging the gap between the information-rich and the information-poor.

Communications is a leading sector in the world economy. In the absence of good quality telecommunications, intra-African and international trade cannot be successful. There is, therefore, a zone of common interest to which all of Africa should contribute to. But the importance of the sector extends beyond economics and trade to education, health, business and social services to every village in Africa.

It is important that any discussion on the information infrastructure should include that of content and the role in which African stakeholders can participate not only as consumers of imported programmes but also as active participants in their production, programming and scheduling.

The development reality is that the world is characterised by ever-widening inequalities and uneven distribution of resources. Three countries — the US, Japan and Germany with only 9% of the world's population — account for half the world's income and for more than one third of its purchasing power. Sub-Saharan Africa has only 1% of the world's telephone lines, but 10% of the population. Tokyo has more telephone lines than all of sub-Saharan Africa.

Africa's telecommunications suffer from critical variables such as capital and technology. We must seek a realignment of the sector to attract investment to meet future challenges. Studies show a direct positive relation between communications infrastructure and per capita growth which has led successful economies to place telecommunications expansion at the forefront of development. The most pressing challenge facing Africa is the constraint on finances to invest in infrastructure, mainly because of the competing demands on the fiscus in the light of limited resources. Restructuring of the sector is critical, but policies must conform to national goals.

There are several reasons regulation should be part of the telecommunications sector restructuring particularly if it involves entry of a multiplicity of players in the market.

Market forces will not satisfy all policy objectives and social and fiscal policies may demand actions that cannot be achieved in a purely competitive, unregulated market.

Restructuring should should include a regulatory system that will:

□ Create a stable and transparent environment to attract investment;

□ Facilitate access of service providers to the network within a framework that promotes fair competition while protecting network integrity;

□ Ensure the provision of universal service while helping to achieve integrated rural development;

□ Promoting innovation and the introduction of new services and technologies; and

□ Safeguard the rights of users, operators and investors.

To meet the requirements of developing countries, governments should create an environment for private sector investment through public sector partnerships. These could take various forms such as strategic equity partnerships, and business co-operation contracts. Our experience as a developing country is that rather than follow a blueprint for telecommunications restructuring, a hybrid option could prove to be the most successful path to attracting investment and technology. The path any country chooses will depend on national priorities and the objectives of the restructuring.

The critical issue is that the restructuring facilitates inward investment to fund network expansion and modernisation and in the process increase access. Entrepreneurial and professional skills must also be created to enable empowerment.

A common and unified African position will ensure that Africa achieves its vision to be an integral part of the global information society. The main challenges facing African telecommunications include:

NAIDOO

□ Focusing on globalisation;

□ Exploring the role of technology in seeking innovative solutions to development problems;

□ Implementing appropriate sector management and institutional development strategies;

□ Expanding the role of public-private partnerships on infrastructure investment;

□ Addressing the development and information gap; and

□ Focusing on the dependence on costly imports of technology.

The need for a unified approach is consistent with the long range planning necessitated by fundamental structural changes in economies as well as the formation of various international trading blocs.

An African plan of action must seek to:

□ Initiate a dialogue towards designing and creating legal and regulatory frameworks;

□ Promote the introduction of competition in the provision of advanced services;

□ Improve efficiency and productivity of public telecommunications operators to enable them to prepare for competition;

□ Establishing a regional market for telecommunication equipment and services;

□ Work towards common procurement arrangements and common technical standards for Africa; and

□ Foster the implementation of a telecommunications network to facilitate the creation of an African economic community.

It is important to consider Africa's location advantages on the global telecommunications map. This includes examining the growth potential of hubbing strategies on a continental basis and developing credible strategies for achieving these goals. We will have to examine strategic alliances with international operators for hubbing and feeder traffic into Africa. This entails submarine cable investments and satellite links. Such a strategy ultimately depends on a complex series of factors such as the relative price, capacity and quality of service, as well as interconnection and other commercial agreements among African countries on traffic distribution patterns.

Specific initiatives that could be included are developing a pan-African cable network; working to reduce the level of tariffs between African countries; co-ordinating the mater frequency plan for the continent; and developing a common African position on policy issues.

In developing an African strategy, it is important that we establish guidelines for regulation, determine how private financing can best be brought to bear on expansion and develop delivery mechanisms. Towards this end, there needs to be consideration of setting up a dedicated Africa telecommunications fund to support infrastructure investment programmes.

□ *This is an edited version of Naidoo's address at a workshop on African telecommunications in Somerset West at the weekend.*

# More people go to church than the cinema

**Going to church is still a more popular activity than going to the cinema, a survey commissioned by Business Day shows**

TWO out of three urban adults in SA claim to go to church regularly, while only one in four visits the cinema, a survey for Business Day, conducted late last year by AC-Nielsen•MRA (Market Research Africa) found.

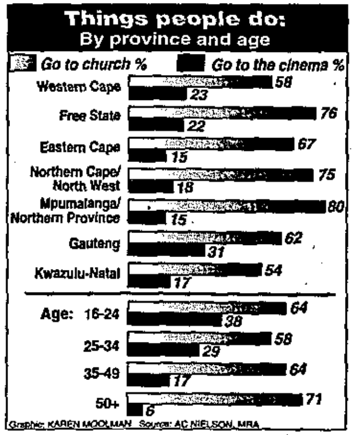
This look at how South Africans spend their leisure time was part of a larger survey on the prevalence of smoking. The results of the survey on smoking were published on February 2.

The scientifically representative, all-race sample of 2 496 adults represented 92% of the urban population and 53% of the total population. Participants were asked briefly about their attitudes to church and cinema, cigarettes and soft drinks, sports and driving.

Drinking soft drinks came closest to being a universally popular activity, with nine in 10 adults enjoying them.

"This high penetration level applies more or less equally across all demographic categories, rich and poor, young and old, though the quantities consumed per person would vary considerably," said MRA director Brian Culross.

Attendance at "church or other religious services" was a popular activity, with 64%




popular activities. One in three (34%) of urban adults claim to drive a car, bakkie or minibus. Again there is a marked imbalance between the sexes, with more men (45%) than women (25%) claiming to be regular drivers. The races show plenty of differences too, ranging from 16% of black adults to 78% of white adults.

Culross said the figures indicated that drivers were concentrated in the higher income and age groups, though they probably measured car driving ability rather than ownership. More white adults (78%) than black adults (16%) were drivers.

One in four adults participates in sport, which seems to be male dominated (35% male, 17% female). Participation is influenced by income, declining sharply among the less well-off, and it also tapers off with age. Where the monthly household income exceeds R6 000, 39% take part in sport; below R2 000, the figure halves to 19%-20%.

The survey shows that only 23% of urban adults go regularly to the cinema. This conceals wide variations between demographic

# SA bowed but not broken by US report

**Southern Africa, on the whole, managed to keep its head above water in the US government's latest report on human rights records of countries worldwide, writes Simon Barber in Washington** (1)

BD 17/2/98

EVERY year at this time, the US state department publishes a fat compendium of reports on the human rights record over the preceding 12 months of every country in the world, save, of course, the US.

The picture painted of southern Africa in the latest edition is decidedly mixed, ranging from pretty decent — Botswana can hold its head up in almost any company — to really dreadful.

In the latter category, Angola stands out, with its 12-million citizens subject to the beastliness of not one, but effectively two, sets of authorities, the official MPLA-dominated government and Unita. In areas controlled by Unita, there were "numerous extrajudicial killings, disappearances, incidents of torture, arbitrary arrests and detentions, denial of fair public trial, forced conscription and attacks on civilian populations".

Unita also "tightly restricted freedom of speech, the press, assembly, association and movement", and refused to co-operate with United Nations (UN) human rights monitors.

The government behaved just as badly, but sought to excuse itself on grounds that the 20-year civil war justified "allowing emergency considerations to override concerns about human rights abuses". But it was hard to see how the war justified also "pervasive corruption" and the concentration of "the overwhelming portion of the country's wealth in the hands of a small elite", while "areas under government control suffered from hyperinflation, scarcity of consumer goods, massive unemployment and underemployment, and crumbling infrastructure".

In Mozambique, also, "extensive corruption at all levels of government continued to be a problem". The judiciary was "only nominally independent" from the ruling Frelimo party.

There were instances of "extrajudicial killing" by police and local officials. Security forces and police "routinely beat, tortured, or otherwise abused detainees, including street children".

However, unlike their counterparts in Angola, President Joaquim Chissano and his government did appear genuinely interested in cleaning up their act. Police reforms were under way, despite an interruption in the training being provided by Spain's Guardia Civil after police shot and killed a Spanish doctor. The authorities did make some attempt to investigate and punish those responsible for abuses, and showed themselves increasingly tolerant of criticism, as evidenced by the growth in the number of "independent media sources".

Inasmuch as citizens have a right to expect sound economic management from their rulers, the Maputo government, corruption notwithstanding, has lately been respecting that right a good deal more assiduously than the Luanda regime. The Mozambican economy looked set to record a second consecutive year of 6% plus growth in 1997, the state department noted, while inflation had been tamed to 5,3% by midyear from 51% in 1995. "The pace of transition to a market economy quickened. Privatisation continued to advance."

In Tanzania, meanwhile, where economic reforms were considerably more advanced than in Mozambique, the state department found that "pervasive corruption constrained economic progress" and "continued to have a broad impact on human rights". Corruption featured heavily in the Tanzania report, in large part because the authors had the findings of the government-appointed Warioba Commission, released last April, as source material.

Among the Warioba findings highlighted in the state department report was that "police arrest innocent people and file false charges against them if they refuse to pay bribes. The government did not punish officers for such offences."

The judiciary was just as bad. "Clerks took bribes to decide whether or not to open cases and to hide or misdirect the files of those accused of crimes. Magistrates often accepted bribes to determine guilt or innocence, pass sentence, withdraw cases, or decide appeals."

In addition to practising extortion, "police often harassed and intimidated members and supporters of the political opposition. The occasional suspect was beaten to death." More broadly, the government "infringed on citizens' privacy and limited freedom of speech and of the press, and freedom of assembly, association, and movement", and "obstructed formation of domestic human rights groups".

The Zambia report avoided any finding as to whether President Frederick Chiluba had violated the human rights of his predecessor, Kenneth Kaunda, by having him arrested on Christmas Day. Technically, at least, the arrest was lawful in terms of the state of emergency approved by parliament after the October coup attempt by Captain Solo.

The report did note that Kaunda, and others arrested with him, would have to be released or formally charged before the state of emergency expired this month — unless parliament agreed to extend it.

The government received credit for establishing the autonomous Zambian Human Rights Commission, whose effectiveness was demonstrated when it "obtained access to the coup detainees and exposed the fact that seven of them were tortured".

The report found also that Zambia's police were "highly politicised" and "continued to commit numerous, and at times serious, human rights abuses", including the "use (of) excessive force that at times resulted in extrajudicial killing". The problem of police brutality, however, was being addressed through the adoption of community-based policing methods and the inclusion of human rights in the police training curriculum.

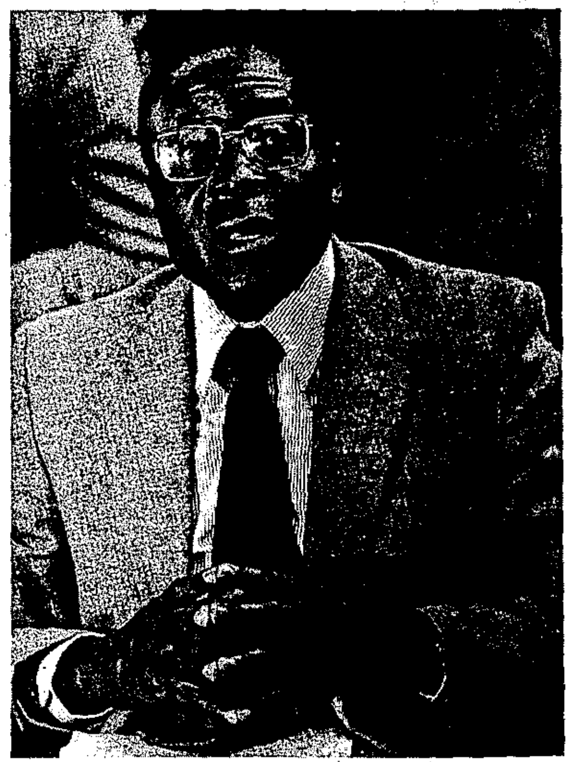
Zambian prison conditions — vile in common with those almost everywhere in the region — "deteriorated further, posing an increased threat to the health and lives of inmates". There was one mention of corruption: "Police often detain citizens in private debt disputes in exchange for a portion of the payment owed."

Overall, the state department seemed eager to give Chiluba the benefit of most doubts in terms of human rights.

Perhaps not coincidentally, his economic management received a strong write-up: "Throughout the year, the government continued its free market economic reform programme, halving the inflation rate, maintaining the budget under control, and pressing forward with the privatisation of parastatal companies. Nonmetals exports continued growing strongly, increasing diversification and jobs and making up for reduced foreign exchange earning from copper."

There was nothing very nice the department could say about the handling of Zimbabwe's economy. "The poor and working class saw a significant drop in their standard of living."

As for human rights in the 17th year of President Robert Mugabe's administration: "The government respected some of the human rights of its citizens. However there were significant problems — including incidents of police brutality, harsh prison conditions, pretrial detention, the government's refusal to abide by several court rulings, Central Intelligence Organisation intimidation of opposition party candidates and their supporters, restrictions on academic freedom, infringements on citizens' privacy, restrictions on opposition party financing and attempts at interference with nongovernmental organisations' leadership selection".



MUGABE

On the government's since-stalled moves to expropriate commercial farm land with only limited compensation, the report was carefully phrased. "The need for land reform is almost universally accepted; however, there are problems. In some cases land was apparently targeted for acquisition to achieve political goals." In the context, the word "political" seemed to mean "on behalf of certain politicians" as opposed to in the public interest.

The report on SA found that the government "generally respected" the human rights of South Africans. The country's laws and its "newly independent" judiciary offered "effective" recourse in individual cases of abuse.

To be sure, there were problems, most notably the staggering number of deaths in police custody, which, according to the Independent Complaints Directorate established in April, hit 428 last year, up from an estimated 32 in 1996. The report offered some consolation in the thought that the increase was due largely to "new statutory requirements for the SA Police Service to report all such cases".

Otherwise, and not counting continued "extrajudicial killings" in KwaZulu and elsewhere, SA's faults were pretty standard to the region and much of the rest of the world. Overburdened courts led to lengthy delays in trials.

"Discrimination against women and the disabled continued. Violence against women and children remained a serious problem. Vigilante action and mob justice remained a problem."

For those who made it from police custody into prison, there was the dubious satisfaction of knowing that — all but uniquely in Africa — their conditions "generally meet minimum international standards".

# Monetary union talks off indefinitely

(1) BD 18/2/98

ABUJA — Talks on a single monetary zone for 16 west African countries foundered yesterday over disagreements between former British and French colonies, officials said.

The symbolic launch of a travellers' cheque in a common currency for the Economic Community of West African States was postponed indefinitely after a meeting of a subcommittee of five regional leaders was cancelled.

"They are still trying to sort out the areas of disagreement, but the gap between the Anglophone and Francophone countries is huge and there appears no clear way of bridging it," an official from Nigeria's negotiating team said.

The idea of a common currency for the economic community, which groups some of the world's poorest countries, was first mooted more than 10 years ago.

The huge and apparently impassable barrier is persuading the mostly French-speaking countries of the West African Economic and Monetary Union that they should abandon their common CFA franc, backed by the French treasury, for one likely to be dominated by regional giant, Nigeria.

"It is a serious deadlock and they will never let that currency go while they can keep hold of it," another Nigerian official said.

Economic community officials said they had no new date for a meeting between leaders of Nigeria, Ghana, Côte d'Ivoire, Togo and Mali, which would have followed discussions on Monday between central bankers and finance ministers from the same countries.

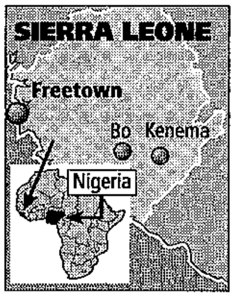
**Hilary Andersson** reports that Finance ministers and the heads of West Africa's central banks drew up a proposal for creating the travellers cheques, to be known as the "west African unit of account", at a summit meeting in Abuja, but delegates were skeptical that the move would lead to full regional monetary union by 2000 as planned.

"I think they would be better off talking about 2005 because for one thing they have to wait and see where Europe is going," said a spokesman for Nigeria's Central Bank.

Francophone west African nations already share a common currency, the CFA, which is backed by the French franc, and are reluctant to give it up for what is little more than an ideal of regional unity and independence. However, increasing uncertainty about how long France will continue to back the CFA may be contributing to disussion on further regional integration.

The proposed west African unit of account for use in the travellers cheques will intially be worth $1,40 a unit. The principle of regional travellers cheques was agreed last year but implementation of the idea was frustrated by the indebtedness of some nations to the regional organisation.

This problem highlight a fundamental issue: west Africa's richer nations do not want to subsidise poorer ones. West Africa is also divided politically on many fronts. — Reuter.




# Guarded praise for Nigeria's peace role

Star 20/2/98 (i)

**Analysts say it shows Africa can take care of its own problems, writes Ann M Simmons**

The ouster of a military junta in Sierra Leone by a Nigerian-led peacekeeping force demonstrates that Africans can take care of problems on their own without intervention from outside the continent, analysts say.

Although the mission was accomplished last week with force and not diplomacy, its supporters say the goal of the military campaign was honourable and rare: to restore and not to overthrow an elected African government.

But sceptics are still wary of the role of Nigeria – Africa's most populous nation, with more than 100 million people – in the peacekeeping operation. They ask if Nigeria really seeks to occupy tiny cash-strapped Sierra Leone to pillage its remaining resources, chiefly its diamonds. There is also concern that Nigeria might get bogged down in Sierra Leone, as it struggles to restore law and order and disarm remnants of rebel factions said to be scattered throughout the country.

"People have said that Africa should take matters into its own hands, and it has," said Ahmed Rajab, editor of Africa Analysis, a London-based publication reporting on the continent's financial and political trends. "That's a plus."

Jean Herskovits, an African history professor at the State University of New York and a longtime expert on regional security issues in Africa, agreed: "It is a genuine blessing at a time when the West is not going to do anything."

Indeed, Western nations have shown their reluctance recently to get involved in African conflicts and instead have been promoting the idea of Africans solving their own problems. Last year, the United States launched an initiative to fund and train African troops from several nations for an African Crisis Response Force.

An official in Washington says the US supported the Sierra Leone peacekeeping effort and now would work with the government of President Ahmad Tejan Kabbah, who was deposed after barely six months in office in a military coup led last May by Lieutenant-Colonel Johnny Paul Koroma.

The United Nations and the Organisation of African Unity both condemned the coup and the brutal rule that followed and authorised, under the military wing of the Economic Organisation of West African States, an effort to restore Kabbah and peace in Sierra Leone.

This African effort was unusual, with the last such, perhaps, comparable kind of intervention being the 1979 move by the Tanzanian Army into Uganda, leading to the overthrow of dictator Idi Amin and later to elections won by former president Milton Obote.

Some analysts say the successes in Sierra Leone will let the Nigerian regime of General Sani Abacha deflect the increasing criticism of its dictatorial policies, poor human rights record and the economic corruption and drug trade.

But J Z Gana, a Nigerian diplomat in Nairobi, replied: "We believe not only is this mission a success for Nigeria but a success for the entire West African region. We just hope the process of democratisation will take place very soon, so that we see Kabbah return to power and we can pull out of there."

He dismissed critics who claim Nigeria is interested more in exploiting Sierra Leone than restoring democracy there, saying, "people who did not expect us to succeed will look for every excuse to criticise us". Now, Nigeria and its African allies face a daunting task in trying to bring a lasting peace to Sierra Leone, a former British colony racked by three coups since 1992.

Sierra Leone – to which the US contributed $37,5-million (R185,4-million) in humanitarian aid in 1997 – is one of the five poorest countries in Africa. An embargo after the coup caused further devastation. Thousands of foreign businessmen and senior officials fled when the junta took power.

While Kabbah is expected to return to Freetown soon, the West African peacekeepers in the destroyed Sierra Leone capital have had to struggle to contain vigilante gangs, bent on wreaking revenge on supporters of the ousted regime.

The peacekeepers' conduct has been commendable, observers say. "They have been like gentlemen," said one international relief worker. "They've been quick, very efficient and effective. At the moment, they're on their best behaviour." – LA Times

# Africa gets wired, but still lags far behind world norms in public Internet connection

5/3/98 (1) BD

NELSPRUIT — At least 42 of the 54 capital cities in Africa offered their residents live public Internet access, Tom Butterly, Zimbabwe's director of Information Management Consultants, said this week.

But Africa continued to lag far behind the developed world, he said.

Butterly said from Harare after the release of a report on the constraints that limit the development of a "wired" economy in Africa that of the 42 capital cities, only eight countries had local dial-up access throughout their more rural regions.

The rapid adaptation of the Internet as a business tool over the past three years was the main reason for the surge in connections, but overregulation and poor telecommunication infrastructure continued to pose serious obstacles to true "cyber-connectivity", he said.

None of the 42 Internet-connected countries provided access at anywhere near the world norm of one in 45 people with direct Internet access, he said.

SA was still rated the best in Africa. One in 65 people had direct access to the Internet, but elsewhere in Africa the average was nearer one in 5 000 people, Butterly said.

Zimbabwe ranks third in Africa. One in 1 100 people has direct access, while 700 000 of the estimated 1-million people in Africa with public access to the Internet are believed to reside in SA.

"Despite rapid progress, Africa continues to lag far behind the developed world where, for example, one in six people in North America and Europe are estimated to use the Internet regularly," Butterly said.

Stressing that the Internet and electronic mail (e-mail) were essential in assisting African businesses to overcome their traditional constraints to economic development, such as distance from markets, Butterly said high Internet access charges were also a serious problem.

Other problems identified in Butterly's report included a severe shortage of skilled technology personnel, the high cost of computer and communication equipment, inadequate telecommunications infrastructure and unreasonable regulatory environments in many countries.

"One of the most serious problems in Africa is teledensity — or the number of telephone lines per 100 people. There are in fact more telephone lines in just New York or Tokyo than in the whole of Africa," he said.

This "disastrous" state of telecommunications was, he insisted, directly related to the state control and monopoly model adopted by African governments and the fact that governments had concentrated their telecommunication drives on urban areas while 89% of Africa's population live in rural areas.

The only solution to the problem, Butterly said, is for governments to embrace deregulation and privatisation completely and avoid the temptation to set up semistate companies or similar government-influenced companies.

Stressing that deregulation did not necessarily mean handing entire telecommunication industries over to multinational companies, Butterly said SA had proved that local investors were more than willing to invest in potentially lucrative markets either directly or through the stock exchange.

He conceded that strong regulatory frameworks were needed to ensure that the rights of the public were maintained but insisted that these bodies should concentrate on technical standards and service quality and should be totally free from the delivery of telecommunications services. — Sapa.

# AIDS will reverse gains

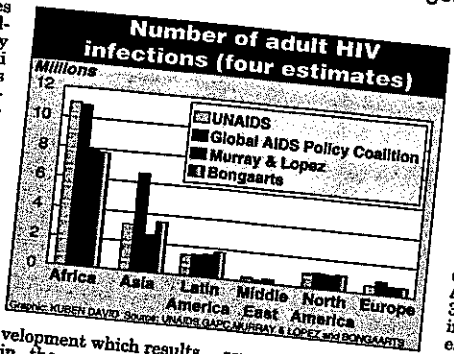
The much-touted African renaissance stands to be severely undermined by the impact of AIDS unless the continent as a whole elevates the issue on its agenda, writes **Mark Heywood**

BD 9/3/98

IN A number of speeches recently President Nelson Mandela and Deputy President Thabo Mbeki have emphasised SA's pioneering responsibility to Africa in the "African Renaissance".

Indeed so strong is this idea that it features in statements about foreign and trade policy and in the government's desire to extend its mandate for reconstruction and renewal to the whole of Africa.

At the African National Congress's (ANC's) congress in December the idea was developed at length. According to Mandela, renaissance is the "rebirth, renewal, springing up anew". One of the aims of the African renaissance will be "sustainable development which results in the continuous improvement in living standards and equality of life of the of African people".



Graphic: KUBEN DAVID Source: UNAIDS,GAPC,MURRAY & LOPEZ and BONGAARTS

This idea is a powerful motivating force for Africans and Africa. Like the ideology of Black Consciousness, it could play a part in restoring pride, vision and a determination by Africa to impact on global society. However, it must also be more than rhetoric. It must confront the real conditions that face Africa today. It is surprising, therefore, that the idea makes no mention of the African AIDS epidemic.

In 1997 the United Nations Joint Programme on AIDS (UNAIDS) estimated that of the 30,6-million infected with HIV world wide, 20,8 million lived in sub-Saharan Africa. Because the increasingly effective antiretroviral treatments are unaffordable to Africans, and because a vaccine is still years away, most of these people will die. As will most of 16 000 people who are infected daily.

These statistics are stunning when measured against the silence they elicit. It is this silence, an anathema to the concept of the African Renaissance, that must be probed. The reason may be that the economic impact of AIDS on Africa will be different to the effect a similar sized epidemic would have on other regions of the world, particularly the industrialised world.

HIV/AIDS is most prevalent among the economically active. But despite this, the World Bank believes that in Africa it is not going to have a significant effect on economic growth. A recent publication by the World Bank (Confronting AIDS: Public Priorities in a Global AIDS epidemic) states that "declines in population growth due to HIV/AIDS will tend to offset declines in economic growth, so that the net impact on gross domestic product (GDP) per capita will be generally small".

At a time when many African countries are locked into Structural Adjustment Programmes aimed at improving economic output, "development" is gauged around indicators such as GDP and gross national product. The fact that AIDS may not adversely affect GDP seems to be one of the reasons why it gets little attention from policy makers and planners.

Recently the UNDP has developed new indices of development that take into account more than merely economic statistics. The Human Development Index compares variables such as life expectancy, education and GDP. The Human Poverty Index compares percentages of people expected to die before they are 40, illiteracy, economic provisioning and child malnutrition.

These indices reveal dramatic declines in African countries. Of the 30 countries with declining development indexes, 12 are in sub-Saharan Africa, with the main reason being "falling life expectancy due to armed conflict and HIV/AIDS". In 18 sub-Saharan countries HIV/AIDS will reduce life expectancy by at least 10 years, and in 14 it will push child mortality up by at least 50 deaths per 1 000 births.

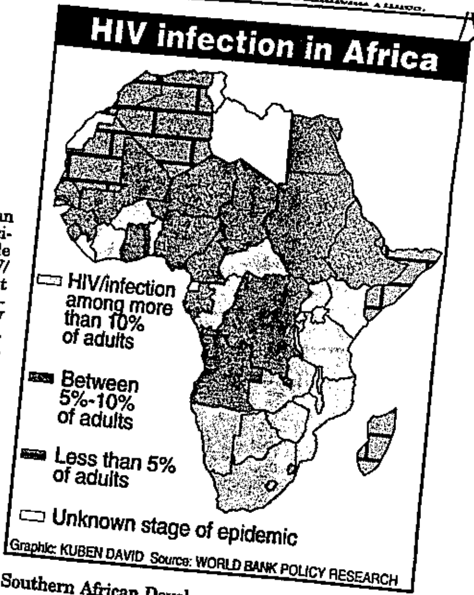
A study of 15 countries in sub-Saharan Africa predicted a doubling in the number of orphans by 2005 — 4,2-million.

Clearly if unchecked the UNDP's prophesy that "AIDS will reverse poverty gains and set off a cascade of economic and social disintegration and impoverished " will be fulfilled. AIDS will also impact significantly on human rights, law and Africa's achievements in sciences and culture. Mandela's elucidation of the African renaissance as leading to "strengthening the genuine independence of African countries and the continent in our relations with major powers" will be a chimera.

This should be sobering for advocates of the African renaissance. It should be sufficient reason to justify a continental campaign to slow down HIV infection and provide services for people with AIDS. This must be advocated through regional and continental bodies.

Only one African country has acted decisively to try and impede the progress of HIV/AIDS. The commitment of President Yoweri Museveni of Uganda to HIV prevention over a number of years has made Uganda one of the few countries in the developing world where AIDS, whilst still a huge epidemic, is beginning to be managed. In the industrialised world this has been achieved by science and access to treatments. In Africa it will only be achieved by political commitment and reallocation of resources.

SA should be shamed by Uganda or move faster to emulate its successes. Commitment at home, and the notching up of successes, can be exported abroad. Our powerful position in the Southern African Development Community and the Organisation of African Unity places the government in an ideal position to elevate AIDS on the African agenda. Not to do so will be to the continent's lasting cost, and make the idea of the African renaissance a quirk of politics.



Graphic: KUBEN DAVID Source: WORLD BANK POLICY RESEARCH

□ *Heywood is head of the AIDS Law Project at Wits University's Centre for Applied Legal Studies in Johannesburg.*

# Foreign ownership adds value to African firms — study

**The higher the percentage of foreign ownership in African companies, the greater the value added, a new World Bank study has found, reports Simon Barber from Washington**

BD 11/3/98 (1)

SEABORD Corporation is a US agricultural commodities company which has interests in milling operations in a number of African countries.

Recently, Seabord thought it had a deal to take a majority stake in a state-owned mill in Lesotho.

However, at closure, the firm was frustrated to discover the Lesotho authorities had amended the terms to give it only 49%.

That, says Ralph Moss, the company's government relations director, is an example of why the conditions contained in the proposed African Growth and Opportunities Act are so important.

The bill, to be voted on by the US House of Representatives this week, offers African countries several potentially significant trade benefits designed to boost investment in export-orientated manufacturing.

To enjoy the benefits, countries have to be certified by the president as committed to playing by the market-friendly rules promulgated under what has been called "the Washington consensus".

Theoretically, Lesotho could be penalised in terms of the act for its alleged treatment of Seabord.

For TransAfrica's Randall Robinson, this is what is wrong with the bill. He sees it as a neo-colonialist attempt to turn Africa into a giant plantation for US and other multinational corporations.

Pretoria, whose US ambassador, Franklin Sonn, has termed the bills' conditions "an infringement of our sovereignty", seems, at least partly, to share this view.

Let us assume, for the sake of argument, that the bill does have an effect along the lines of Robinson's complaint.

To get US trade benefits, African governments jump through the required hoops.

They balance their budgets. They reform their regulatory and judicial systems.

They crack down on corruption. They privatise state-owned industries and open all major sectors of their economies to foreign investment while guaranteeing "national treatment" to foreign investors.

One result might well be that foreign investors would end up owning majority stakes in many African enterprises.

Is this necessarily a bad thing? Not according to a recent World Bank study, The Effects of Foreign Ownership in Africa: Evidence from Ghana, Kenya and Zimbabwe.

The study looks at the value added by 416 manufacturing companies in the food processing, wood and furniture, textiles and metal-working sectors and correlates it with the percentage of foreign ownership of the organisations concerned.

The relationship is not so perfect that each additional point of foreign ownership yields a commensurate rise in value added.

Indeed, the performance of firms that are 10% foreign-owned is not statistically much different from that of companies whose equity is held in a 50-50 domestic-foreign split.

However, the productivity of both labour and capital, as measured by value added both per worker and per dollar invested, rises markedly once foreign ownership exceeds 55%. The accompanying tables tell the story.

In addition to being more productive, foreign-controlled manufacturers in the countries examined employ more workers than foreign-local partnerships or firms where the foreign stake is less than a controlling share.

The foreign-controlled firms are also more likely to have training programmes for their workers and to have better-educated managers. Those companies where the foreign stake is 65% or higher post the best returns in terms of value added to the expansion of both plants and workforce.

The authors of the study offer several explanations. Obviously, foreign owners are likely to enjoy a number of advantages over local ones, including "the 'know-why' surrounding know-how, timely access to finance, maintenance personnel, and sources of information about technology and markets". They are also likely to have superior "market power", resulting in a higher value of sales while at the same time raising competitive obstacles to local entry.

That, of course, does feed the "plantation" concerns expressed by Robinson. The authors note that while joint ventures and partnerships in which foreign investors take minority stakes will probably not be as successful as foreign majority-owned enterprises, they may be the only "politically palatable" way to open up a country to foreign investment.

In these circumstances, they suggest entering into arrangements under which foreign "managerial control" is greater than that "suggested by the share of equity owned by the foreign firm".

However, the report's authors conclude, "if higher value added is in fact driven by greater investment in resources and productivity-enhancing technology, it may be beneficial to pursue 'open-door' policies that allow foreign investors to own majority shares or subsidiaries in the industrial sector in Africa".

**Effects of foreign ownership in Africa**

| | Zimbabwe | Ghana | Kenya |
|---|---|---|---|
| ***Value added per worker in US$*** | | | |
| Wholly locally-owned firms | 5 855 | 1 417 | 3 145 |
| Firms with 1-55% foreign equity | 10 094 | 3 011 | 3 959 |
| Firms with >55% foreign equity | 14 412 | 9 433 | 5 319 |
| Firms with >65% foreign equity | 14 363 | 16 307 | 5 340 |
| ***Total workers per firm*** | | | |
| Wholly locally-owned firms | 184 | 34 | 108 |
| Firms with 1-55% foreign equity | 468 | 95 | 104 |
| Firms with >55% foreign equity | 536 | 228 | 697 |
| Firms with >65% foreign equity | 537 | 120 | 541 |
| ***% of firms with a training programme for workers*** | | | |
| Wholly locally-owned firms | 19 | 3 | 5 |
| Firms with 1-55% foreign equity | 29 | 3 | 22 |
| Firms with >55% foreign equity | 40 | 17 | 9 |
| Firms with >65% foreign equity | 60 | 33 | 11 |
| ***% of general managers with graduate training*** | | | |
| Wholly locally-owned firms | 34 | 42 | 18 |
| Firms with 1-55% foreign equity | 57 | 70 | 57 |
| Firms with >55% foreign equity | 69 | 100 | 70 |
| Firms with >65% foreign equity | 60 | 100 | 63 |

Graphic: KAREN MOOLMAN Source: WORLD BANK

# Nongovernment bodies split over US trade bill

(1) BD 11/3/98

WASHINGTON — A major US-Africa trade initiative, poised to pass through the House of Representatives this week has provoked an unusual split within the nongovernmental organisation (NGO) community in the US.

One group of trade, human rights, and environmental NGOs argues against the legislation — the Africa Growth and Opportunity Act — claiming it "combines the worst terms of both the North American Free Trade Agreement and the harsh International Monetary Fund (IMF) structural adjustment programmes".

"This is not an Africa Growth and Opportunity Act," declared Transafrica president Randall Robinson at a news conference on Monday. "It is the Africa De Facto Recolonisation Act." Transafrica is one of Washington's most influential lobby groups on foreign-policy issues of interest to black Americans.

NGOs specialising in African development issues, while agreeing that the proposed act contains serious flaws as written, say its impact will not be as dire as its foes believe and that the legislation offers welcome and unprecedented US attention to a long-neglected region.

Other NGOs fearful that the bill overemphasises market solutions to Africa's development problems, nevertheless are encouraged by the new opportunities it affords for African exports and debt relief.

The bill has been put on a "super-fast track," according to Gmakahn Sherman, an analyst at Church World Service-Luthera World Relief, primarily because President Bill Clinton hopes to make it the centrepiece of his trip to Africa at the end of this month. While the bill appears certain to pass the Republican-dominated house, where it enjoys substantial bipartisan support, the Senate is unlikely to vote on it before Clinton's trip. NGOs unhappy with the wording intend to focus their effort to amend the bill as it works its way through the upper chamber.

The bill is designed to promote US trade and investment in sub-Saharan Africa. Africa now accounts for only about 1% of all US exports and 2% of all imports. Similarly, the region receives less than 1% of all US investment overseas.

The bill expands the number of African products eligible for duty-free treatment by about 50%; eliminates textile and apparel quotas for Kenya and Mauritius; and offers up to \$650m in credits and guarantees to be used by US corporations to invest in Africa, particularly in infrastructure projects. It requires the president to develop a plan for a US sub-Saharan Africa free trade area and authorises debt relief for countries that qualify.

The catch lies with the eligibility requirements for African countries.

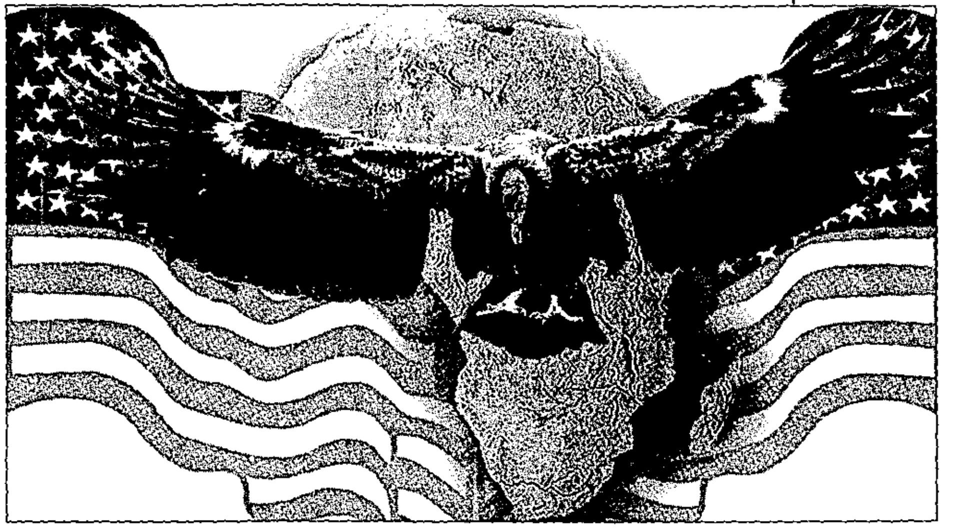
The president must formally determine each year that each beneficiary country "does not engage in gross violations of internationally recognised human rights and has established, or is making continual progress toward establishing, a market-based economy". — Sapa-IPS.

US-AFRICA TRADE

# NGOs protest against 'recolonisation' bill

CT (MR) 11/3/98 (1)

**Jim Lobe**



A US-Africa trade initiative which is poised to pass through the House of Representatives this week has provoked an unusual split within the non-governmental organisation (NGO) community in the US.

One group of trade, human rights and environmental NGOs argues against the Africa Growth and Opportunity Act, claiming it "combines the worst terms of both the North American Free Trade Agreement and the harsh International Monetary Fund (IMF) structural adjustment programmes".

"This is not an Africa Growth and Opportunity Act," Randall Robinson, the president of Transafrica, said at a press conference on Monday. "It is the Africa De Facto Recolonisation Act." Transafrica is one of Washington DC's most influential lobby groups on foreign policy issues of interest to African-Americans.

NGOs specialising in African development issues, while agreeing that the proposed act contains serious flaws as written, say its effect will not be as dire as its foes believe. They say the legislation offers welcome and unprecedented US attention to a long-neglected region.

Other NGOs fear that the bill overemphasises market solutions to Africa's development problems. But they nevertheless are encouraged by the new opportunities it affords for African exports and debt relief.

The bill has been put on a "super-fast track" primarily because US President Bill Clinton hopes to make it the centrepiece of his trip to Africa at the end of March, according to Gmakahn Sherman, an analyst at Church World Service/Lutheran World Relief. Clinton, the first sitting president to visit Africa in almost 20 years, will visit Senegal, Uganda, Botswana, South Africa and Ghana.

The bill appears certain to pass the Republican-dominated House, where it enjoys substantial bipartisan support. But the Senate is unlikely to vote on it before Clinton's trip. NGOs unhappy with the current wording intend to focus their efforts to amend the bill as it works its way through the upper chamber.

The bill is designed to promote US trade and investment in sub-Saharan Africa. Africa currently accounts for only about 1 percent of all US exports and 2 percent of all imports. Similarly, the region receives less than 1 percent of all US investment overseas. And most US business with Africa involves just a few countries, primarily South Africa, Nigeria and, to a lesser extent, Ghana and oil-producers Angola and Gabon.

Among other provisions, the bill expands by about 50 percent the number of African products eligible for duty-free treatment under the Generalised System of Preferences, eliminates textile and apparel quotas for Kenya and Mauritius and offers up to $650 million in credits and guarantees to be used by US corporations to invest in Africa, particularly in infrastructure projects.

Legislation also requires the president to develop a plan for a US-sub-Saharan Africa Free Trade Area and authorises debt relief for countries which qualify.

The catch lies with the eligibility requirements for countries wishing to benefit from the programme. Section four of the bill requires that the president formally determine each year that each beneficiary country "does not engage in gross violations of internationally recognised human rights and has established, or is making continual progress toward establishing, a market-based economy".

To determine compliance with the latter, the bill sets out 12 points that require progress. These include liberalising trade, protecting intellectual and other property rights, reducing "high import and corporate taxes (and) controlling government consumption", providing national treatment for foreign investors, removing curbs on investment and divesting parastatal companies.

The president also is required to "take into account" whether the country is making "substantial progress" in reducing tariffs and other trade barriers, actively pursuing membership in the World Trade Organisation (WTO) and complying with IMF adjustment programmes.

"This is the corporatisation of American foreign policy vis-a-vis Africa," says Ralph Nader, the US consumer activist and the head of Public Citizen, which played a key role in defeating Clinton's request for expanded trade-negotiation authority in Congress last year.

Nader warned on Monday that African companies would be "run into the ground by multinational corporations moving into the local economies" in countries which complied with the bill's conditions.

Robinson and Nader are backed by other groups. These include Friends of the Earth, which argues the bill will promote industries — such as mining, logging and export agriculture — that threaten Africa's ecosystems and small farmers. Another is the AFL-CIO labour confederation, which assails the absence of labour protection in the bill and worries that Asian textile companies will make use of Africa to transship exports to the US.

Robinson said he still hoped the bill would be amended on the House floor in ways that would enable him to support it. Such amending would include deleting portions of the bill which refer explicitly to compliance with IMF and WTO requirements. Robinson and his supporters also want to ensure that US aid and existing trade preferences will not be affected.

African diplomats have also weighed in with their comments. In a letter sent to Robinson last week, Roble Olhaye of Djibouti, the dean of the region's diplomatic corps in the US, argued that the bill "is designed to help African countries gradually shift from dependence on foreign assistance based more on the private sector and market incentives. As such, (the bill) merely continues an approach that has been initiated by Africans themselves."

Despite his government's opposition to unilateral conditions, Franklin Sonn, the South African ambassador to the US, also supports the bill. "We are conscious of the complexity involved in drafting bipartisan legislation ... in a way that will also meet the approval of the White House, as well as the constituencies," he wrote recently. — *Sapa-IPS, Washington, DC*

# Africa takes stock of mining effects

(1) Sowetan 12/3/98

COMMUNITIES in mining areas are paying a heavy social and environmental price for increased mining activities on the continent, according to reports from African non-governmental organisations (NGOs).

Commercial mining has led to environmental degradation, the displacement of people from communities in which they have lived for years, and higher incidences of lung diseases among populations.

Often, mine sites are contaminated beyond restoration, according to participants at this month's meeting in the Ghanaian capital of Accra.

The meeting, entitled Mining, Society and Environment, was organised by the Africa office of the Third World Network (TWN-Af) – a development NGO.

The effect of mining activities on society and the environment has received little attention from African governments and mining transnational corporations (TNCs).

"Presently, the benefits from mining tend to stay with the TNCs, while negative consequences like pollution of water and soil, which may threaten the livelihood of surrounding communities, stay within the country," says a briefing paper circulated at the meeting.

Participants believe that mining is one sector that has attracted huge sums of foreign direct investment worldwide.

From 1985 to 1995, R17,29 billion was invested in emerging market mining projects, but in the last two years alone, this has risen to R39,52 billion in new deals, according to Christopher Chamberlain of the Bank Information Centre.

The centre is a non-governmental organisation that provides information on the projects, policies and practices of multilateral development banks.

This increased investment has gone hand in hand with initiatives meant to encourage foreign investment – by the end of 1995, at least 35 countries had radically relaxed their mining codes.

"Indeed, so intense is the desire for foreign direct investment (FDI) that African leaders have literally fallen over each other to create the incentives and establish the investor confidence necessary to attract FDI," Charles Abugre of the Third World Network told the meeting.

"The greatest concern over the mining rush is in areas of social development and the environment," said Abugre.

"There is a growing perception of collusion between the state and mining companies in their singular drive for investment... and this collusion has little sensitivity to social and environmental accountability or responsibility.

"Social impacts are the most abused. More often than not, communities are not involved during the baseline studies, nor do they have the capacity to conduct such studies independently," he added.

In South Africa, participants were told "the Government is being driven by the Chamber of Mines. The community is under pressure from the chamber and is being locked out".

What the chamber wants in South Africa "is a situation where everything is discussed by all except the communities", noted Matthews Hlabane of the South Africa Environmental Monitoring Group. "In some cases mining takes place within a hundred metres (of homes), blasting and all. Houses are cracking."

### Health and safety

South Africa, which has the world's largest gold reserves, has a Health and Safety Act, but, lamented Hlabane, it excludes the community "totally".

"What we want is that if a person from the community falls sick, say from the dust from the blast, the companies should assist that person in getting medical treatment, rather than leave that person to use her or his own money.

"The Act should make this possible and the companies should accept responsibility for social effects arising from their activities," added Hlabane.

The gathering was told that the current international regulatory system was seriously flawed.

"In order for environmentally and socially sustainable private sector development to become a reality, market leaders and regulators must take their roles far more seriously," said Abugre.

"Instead of stressing voluntary standards and enforcing only vague, ad hoc policy interpretations," Chamberlain says, multilateral entities such as the World Bank need to "develop systematic guidelines that are transparent and unequivocally enforced".

"Without this safeguarding of the public interest, the market-fix-all approach of the World Bank and its counterparts will fail to achieve sustainable development and the mining projects will continue to have the potential to produce disastrous results for developing country citizens and environments," Abugre told the meeting. – *Sapa-IPS.*

# Africa bill's future uncertain after feeble congress vote

BD 13/6/98

**Simon Barber**

WASHINGTON — The expansion of African access to US markets faces an uncertain future following Wednesday's less-than-ringing 233 to 186 vote endorsement of the African Growth and Opportunity Act by the US house of representatives.

Sponsors of the legislation had been hoping for at least 300 votes to "kickstart" the senate, where the bill had been gathering dust since it was introduced last year by Indiana Republican Richard Lugar, former chairman of the senate foreign relations committee.

President Bill Clinton would certainly not have a signed bill in hand as he sets out on his African tour next on Sunday. However, he is taking a sizeable congressional delegation with him, and there are hopes the legislation may "get some bounce" from his trip, said Tony Carroll, lobbyist for a coalition of US companies pushing the bill.

Senate staff said majority leader Trent Lott, the senate's top Republican, had not shown his hand on the bill, which Secretary of State Madeleine Albright called one the administration's "highest legislative priorities" this year.

The key benefits are an expansion of the range of African products eligible to enter the US duty-free under the generalised system of preferences to include textiles, clothing, and any other articles not now on the GSP list, but increased imports of which are deemed by the president to pose no threat to US industry.

To enjoy the benefits, which are designed to attract investment to African export industries, African countries have to demonstrate that they are committed to market-based economic reform and trade liberalisation among other things.

The tariff provisions were hotly opposed by house members aligned with organised labour and the textile industry. They warned that far from stimulating investment in Africa, cutting duties would simply lead to China and other East Asian exporters transshipping goods through the continent to avoid US duties.

Opponents played on fears of African corruption and inefficiency to argue that measures in the bill designed to prevent such ploys would be ineffective.

Among those who voted against the bill was Illinois Congressman Jesse Jackson junior, son of the Rev Jesse Jackson. He argued that the legislation was so biased in favour of US corporations that it would lead to the "re-enslavement" of Africans.

He also argued the bill should have contained provisions specifically promoting partnerships between African and black American businesses. Several other members of the congressional black caucus voted against the bill, despite pleas from several African ambassadors.

# Telecommunications project attracts $430m

Robyn Chalmers (1) BD 13/3/98

TWO high-capacity submarine cable projects to improve telecommunications in Africa have attracted potential investment of more than $430m.

The SA-Far East (Safe) and southern Africa-western Africa cable projects are optical fibre submarine cable schemes planned and owned by a number of telecommunications entities.

Telkom said an investor meeting, attended by international players, was held this month to ascertain the level of interest in the projects, and more than $430m of the $550m required was committed.

"Achieving potential investment of 79% of the total required exceeds all other attempts and proposals for similar types of infrastructure that have been on offer to the African continent for the past four years," said a Telkom spokesman.

The development of the Safe cable began in June 1996 with the key role-players being Telkom, Telekom Malaysia, Mauritius Telecom, Cable & Wireless and France Telecom.

The development of the Southern Africa-Western Africa cable project kicked off in May last year. Key players were Angola Telecom, OPT Benin, Côte d'Ivoire Telecom, Ghana Telecom, Intelcam of Cameroon, OPT Gabon, Liberia's Libtelco, Senegal's Sonatel, Niger's Sonitel, Telkom and Togo Telecom.

The integrated cable systems will route between Dakar, Senegal and Penang in Malaysia. There will be landings in the Ivory Coast, Ghana, Benin, Cameroon, Gabon, Angola, SA, Mauritius, Reunion and Diego Garcia.

Telkom said the aim of the projects was to have direct, reliable and secure communications which had high volume and quality to many destinations.

*House of Representatives votes 233 to 186 in favour*

# US-Africa trade bill passed

ET (NR) 13/3/98 (1)(Bus)

RICH MKHONDO

Washington, DC — US lawmakers have approved legislation aimed at spurring economic growth in sub-Saharan Africa by engaging the continent's countries as trading partners.

After six hours of often hostile debate on Wednesday, the 435-member House of Representatives voted 233 to 186 to approve the bill which has been hailed as historic for US-Africa relations.

"The winds of change are blowing in Africa," said Congressman Ed Royce, a Democrat from California. "Trade is a missing link in US policy towards Africa. This bill is a landmark piece of legislation to fill that missing link. We are ready for a new era in US-Africa relations."

The legislation, the Africa Trade Growth and Opportunities Act, declares the formation of a US-Africa Economic Forum modelled on the Asia-Pacific Economic Co-operation grouping; the creation of a free trade zone with some African countries by 2020; the expansion of the General System of Preferences programme and support for accelerated debt relief and offers for loan guarantees to spur investment in 48 sub-Saharan nations.

But African nations which want to take advantage of the Africa trade bill must lower trade barriers and permit free investment by foreign companies; allow joint ventures between African and US companies; crack down on piracy of intellectual property; reduce import and corporate taxes; eliminate corruption and minimise government market intervention; encourage private ownership of telephone systems and other infrastructure; and reduce poverty.

Economists said among the 48 sub-Saharan nations, South Africa, Uganda, Ghana, Ivory Coast and Botswana met the criteria and would be the first to benefit from the legislation.

A messenger delivered a letter by President Bill Clinton to the House saying that when he visits six sub-Saharan nations from March 23 to April 2, he would "deliver a message that the US stands ready to be a partner in Africa's prosperity.

"This bill ... would help African nations that are committed to undertake difficult economic reforms to build better lives for their people," he said.

The authors and sponsors — Congressmen Phil Crane, a Republican from Illinois, and Jim McDermott, a Democrat from Washington state — told legislators that for the first time since the end of the colonial era, the US would engage sub-Saharan Africa through developmental assistance instead of aid.

Crane, the chairman of the subcommittee on trade on the ways and means committee, said: "The American corporate community has developed a renewed interest in Africa. Now is the time to seize the initiative and work to solidify the positive developments that are taking place in Africa."

Many prominent black legislators opposed the bill. Maxine Waters, who chairs the congressional black caucus, said: "The bill appears to go too far in taking away the authority of sub-Saharan countries to determine trade policies."

But supporters said the legislation would set Africa on the same road to dynamic economic growth that Asia had achieved. — Independent Foreign Service

# The IMF's herbs are so harsh and bitter they lose their medicinal value

(1) cf 15/3/98

Economically and socially, the IMF has largely failed in Africa. GUINNESS OHAZURUIKE (right) looks at the reasons.

THE INTERNATIONAL Monetary Fund (IMF) came into being on December 27, 1945 after the Bretton Woods conference, attended by representatives of 45 countries.

Its charter, known as the Articles of Agreement, makes it the general overseer of its members' monetary and exchange rate policies, and a guardian of a code of conduct committed wholly to the stable and orderly growth of a free market economy.

As a co-operative monetary institution, it is primarily neither a lending institution nor a multilateral development institution.

In fact, in the present international economic order, its sister institution, the World Bank, performs this vital role.

Yet, having been authorised to exercise firm surveillance over the exchange rate policies of its members, the Fund has assumed a major role in co-ordinating the worldwide debt strategy and the establishment of the Structural Adjustment Facilities designed to address the needs of its poorer members.

The Fund determines who qualifies for a World Bank loan and the (usually harsh) conditions that are set.

Thus, members, especially developing counties, seek an IMF passmark with corrosive anxiety, aware of the adverse effects which the disapproval of this "international mother and father" portends for their economy and, to a great extent, political stability.

It is against this background that this attempt at evaluating the socio-economic impact of IMF policies on developing countries, particularly Africa, is justified.

By way of digression, the Fund is widely expected to perform in Africa what the miraculous Marshall Plan did in Europe after World War II.

Unfortunately, after centuries of political oppression and economic exploitation at the hands of predatory colonial masters, not to mention the dicatorship and squandermania of some of their local substitutes, the Fund over the years has not been able to make a positive impact of significant measure on the continent.

For instance, the magnitude of financial assistance the Fund committed recently in Asia is unknown in the history of its operation in Africa. It has made available substantial bail-out packages to three "Asian tigers" in a bid to salvage their crumbling economies.

These packages: \$43 billion to Indonesia, \$17,2 billion to Thailand; and \$24 billion to South Korea, are capable of lifting them from near economic collapse to the robust position prevailing in some European countries – that is, if the attendant policy measures do not undermine these commitments.

Back home, the unavailability of such major bail-out packages leaves the impression that the IMF is yet to realise the economic potential of this continent.

Many think the main reason for the Fund's low profile in Africa is its amazing record of policy failure.

Although this is not enough space to present detailed evidence against the Structural Adjustment Programme (SAP) in Africa, it is common knowledge that the IMF-imposed adjustment has failed to bring about the desperately needed economic reprieve to peasants in the continent.

Rather it has damaged the development prospects of poor people irrevocably.

For this reason the poor and the middle class are usually more riotous than jubilant about the Fund's policies. And such riots have become routine in many African cities.

The origin of the adjustment programme in Africa dates to the early eighties, when the impact of foreign debts became critical for the smooth operation of these economies.

The response then focused on economic adjustments programmes financed by the IMF, which aimed to bring the debtor countries' unhealthy balance of payments back into balance by devaluing the exchange rate (to encourage exports and discourage imports) and deflating the economy.

To get the economies into better shape for the longer term so that they could grow out of debt, the principal instruments became privatisation to reduce the role of government and deregulation to open up the domestic market.

These objects are not bad per se, to the extent that all countries, debtors or creditors, strive to achieve a healthy balance of payment if the economy is to remain viable.

Yet this is not to suggest that the SAP, as designed and implemented under the strict guidance of the IMF, is the only or best way to transform African economies from under-development to developing, from decline to growth, from poverty to prosperity.

The adjustment programmes almost always boil down to straightforward prescriptions that ignore the basic features peculiar to African society, with very bitter and harsh side-effects. As a result, the recipient of the loan, choked by harsh conditionality, is reduced to a mere trading nation instead of trying to develop an industrial base to diversify and strengthen the economy.

In sub-Saharan Africa at least, there is general agreement among critics that the economic and social results of these programmes have been very disappointing.

Even the World Bank has been forced to accept that the social consequences of adjustment were higher than predicted.

The Fund has responded by sometimes tolerating measures aimed at giving adjustments a humane face.

However, such gestures have proved insufficient in Africa, where the Fund gives too little and asks for too much sacrifice.

Even the "success stories" that confront progressive minds each time they peruse World Bank reports are mere claims, not substantiated with observable facts.

Ghana in the early nineties is one such example.

On the social side, adjustment programmes usually result in a higher cost of living, a massive loss of employment and the brutal reduction of budgetary allocation for social services.

In short, the herbs that IMF prescribes for loan recipients are in most cases so harsh and bitter that they lose their medicinal value.

The earlier the Fund modifies its theoretical mind-set, the better.

□ **The writer is a research assistant at HURISA in Sandton.**

# SA applies to participate in fund

BD 16/3/98 (1)

John Dludlu

GOVERNMENT has applied to become a participant in the African Development Fund, taking the first step towards SA's intended contribution to the concessionary finance window of the African Development Bank.

This was disclosed in the budget review last week. According to the review, the application to contribute to the replenishment of the seventh fund was made last year.

Although the intention to contribute to the fund has been known for some time now, no official announcement has been made to indicate the scale of Pretoria's participation in the fund that is traditionally made up of contributions by non-African members of the bank.

When SA finally makes the contribution, it will be joining neighbouring Botswana which has already made a once-off contribution of \$2,4m in two instalments.

The fund, created in 1972, provides loans on concessionary terms to about 39 low-income African countries. These loans bear no interest, but carry a service charge of 0,75% on unpaid disbursed loan amounts and a commitment charge of 0,50% on the disbursed loan portion.

The seventh fund has about \$2,6bn to cover the 1996-1998 period.

The contribution to the fund by Pretoria, which holds about 1% worth of shares in the bank, will signal its commitment to African development.

Since SA joined the bank, the relationship has developed. Last year, the bank launched a R100m Eurorand bond.

Last December the bank's executive board approved a line of credit to the Development Bank of Southern Africa for R750m to assist in funding infrastructure project service. This was in addition to a R113m investment in the SA Infrastructure Fund.

The board of directors of the Abidjan-based bank approved an investment of R12m in Msele Nedventures, a vehicle that provides equity financing to unlisted small and medium-sized enterprises.

According to the budget review, contracts worth R2,3m have been awarded to SA companies.

# AFRICAN BUSINESS

**US-AFRICA TRADE BILL** *President's upcoming visit may spur investment*

# Bill Clinton comes to Africa bearing gifts

CT(PTR)18/3/98 (C1)

ERIC SCHMITT

Washington, DC — In approving a broad trade bill with Africa last week, the US House of Representatives gave President Clinton an important carrot to bring on his trip to the continent next week.

The legislation, which still needs Senate approval, promotes private US investment for the 48 countries of sub-Saharan Africa, many of which are among the poorest in the world. Nations are eligible for preferential treatment if they move towards democracy and free-market economies.

In many respects the bill has more symbolic than substantive importance, because trade with Africa is only a tiny fraction of total US foreign commerce.

But in a refrain repeatedly heard on the House floor and which Clinton will undoubtedly hammer home during his six-country visit, the bill's proponents say the measure underscores a fundamental shift in US relations with Africa that favours trade over aid.

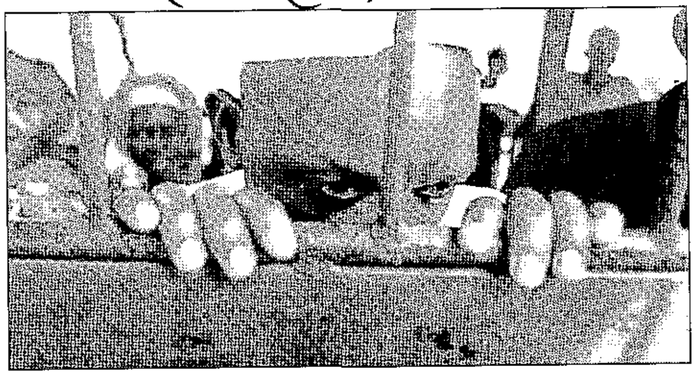
"This legislation creates a reward system that insures those market reforms in Africa are more likely to continue," said Representative Doug Bereuter.

The bill allows duty-free and quota-free exports to the US for 10 years, encourages the creation of free-trade zones, and creates a position in the office of the US trade representative to focus on African issues.

The bill would encourage the Overseas Private Investment Corporation to set up two investment funds, one for $150 million and another for $500 million, to stimulate private sector and public works development.

Only countries that demonstrated progress in adhering to human rights, a commitment to free-market economic practices and tariff reduction would be eligible. House aides said of the region's 48 countries, six to eight might qualify already, including South Africa, Uganda, Ghana, Ethiopia, Botswana, Ivory Coast and Liberia.

The legislation would not affect the $700 million a year in US foreign assistance to Africa, an amount that has been dwindling steadily as Africa's strategic role in the post-Cold War world diminishes.



**HOLDING ON** *A Muslim man waits outside a mosque in Monrovia, Liberia, in January for a ration of rice. Hopes are high in the country that Clinton's tour will increase US interest in Africa* PHOTO: AP

Africa received sporadic attention from the US during Clinton's first term.

But Hillary Rodham Clinton visited in 1997, and the White House has been working with Congress since then on legislation to remove tariffs, particularly on textiles and apparel, for African countries that reduce trade barriers and promote private investment.

Clinton's 11-day visit will include stops in Ghana, Uganda, Rwanda, South Africa, Botswana and Senegal.

"When the president of the United States visits these countries, it ... says to investors the US has an interest," said Representative Charles Rangel, a main sponsor of the bill.

The vote in the House last Wednesday was 233 to 186.

It is unclear whether the Senate will act on the bill this year. Senator Richard Lugar, the bill's main sponsor in the Senate, said he was encouraged by the House vote. But no vote was likely before May, Senate aides said.

The House bill drew bipartisan support from lawmakers who emphasised that many sub-Saharan African countries were moving to the political and economic reforms that would qualify them for the new plan.

Representative Newt Gingrich, the speaker of the House, gave a rare floor speech in favour of the bill, saying it would promote jobs in the US through more exports to Africa.

But the bill ran into opposition from lawmakers like Representative Jesse Jackson, who expressed fear that the legislation would lead to the exploitation of African workers. —New York Times News Service

# Big tourism plan for three Southern African countries

(i) (288) Sowetan 18/3/98

MBABANE – Mozambique, Swaziland and South Africa would launch a joint tourism investment drive in early May as part of the R600 million Lubombo development project, Tourism Minister Pallo Jordan announced in Swaziland this week.

Speaking at a meeting of ministers from the three countries in Mbabane, Jordan said pre-qualifying bids and investor outlines for projects would include the recently declared world heritage site at St Lucia, the as yet undeveloped Kosi Bay lake system and the Mozambican resort town of Ponto do Ouro. At least two cross-border parks linking conservation areas in South Africa and Mozambique, and Swaziland and Mozambique, were also being packaged.

The anchor projects would be supported by publicly funded infrastructure developments, including the construction of a new road along the coastal reserves from Hluhluwe in KwaZulu-Natal to the Maputo Elephant Reserve, in Mozambique.

Construction had already begun on the South African portion of the road and a passenger train service between Durban and Maputo was introduced last week.

Upgrades on the N2 through Swaziland to Maputo had also begun on the South African side of the border to allow for an alternative commercial traffic route away from the new tourism road.

Ministers from the three participating countries will also sign Lubombo protocols to enable rapid cross-border development and travel.

Mozambican trade and tourism minister Oldemiro Baloyi said extensive technical planning had gone into packaging the investment opportunities, including legal, financial and marketing requirements.

"Our selling points, other than the stunning geography, are our new-found political stability, undeniable political commitment to this (venture) and an extraordinary willingness to cut red tape and co-operate," Baloyi said.

Jordan also said a single regional visa for South Africa, Swaziland and Mozambique may be introduced to encourage cross-border tourism and ecotourism. The suggested visa would be treated separately from a proposed South African Development Community protocol on the movement of member SADC citizens, he said.

Jordan said tourism policy makers had been discussing how to do away with the three visas needed to visit KwaZulu-Natal, Swaziland and southern Mozambique – the largely unspoilt area to be developed.

"We need a common approach to soften our borders in specific areas; so that we can sell them both to investors and to tourists as a package," said Jordan.

SADC protocol would allow for the free movement of all people in member states. – *Sapa.*

# Hillary spells out US aims for Africa

## *President's trip to focus on partnerships and trade links*

(1) ARG 19/3/98

**RICH MKHONDO**
FOREIGN SERVICE

**Washington – President Bill Clinton's trip to six sub-Saharan Africa nations would go a long way to broaden US awareness of the need to engage with Africa by moving from Cold War-era African dependency on aid to a relationship based on trade, said his wife, Hillary Rodham Clinton.**

In a briefing to African journalists at the White House yesterday, she said her husband's tour of Ghana, Uganda, South Africa, Botswana, Senegal and Rwanda from March 22 to April 2, would highlight America's post-Cold War interest in the continent's people.

It would launch a partnership founded on a common commitment to democratic principles and universal respect for human rights, economic growth, and mutual security.

"The trip will represent a very strong statement of commitment on behalf of the US to our relationship with and in partnership with Africa.

"We believe that Africa should be fully integrated into the global community," she said.

While in South Africa from March 25th to March 29th, President Clinton will meet President Mandela and other leaders.

He also will address Parliament and visit Robben Island.

Plans are under way for Mr Clinton to visit Soweto and other areas while he is in Johannesburg on March 28 before travelling to Botswana on March 29.

Mr Clinton's visit has raised growing expectations of increased US involvement in the region.

"We want to send a clear message here in the US that we have a strong interest in developing strategic economic trade investment and other kinds of partnerships with Africa.

"We want to send a clear message to African countries that we believe in the future of Africa," said Mrs Clinton.

Last year, Mrs Clinton spent two weeks in sub-Saharan Africa.

She visited Senegal, South Africa, Tanzania Zimbabwe, Uganda and Eritrea.

She said her husband's trip had been boosted by the upcoming legislation linking US trade, development and aid to democratic and free-market reforms, a strategy designed to encourage self-reliance in Africa.

It would relieve debt and promote investment for nations that "reform".

At yesterday's briefing, Assistant Secretary of State for African Affairs Susan Rice said: "First we must accelerate Africa's full integration into the world economy. As the global village shrinks and nations forge closer economic ties, Africa must not be left behind."

"There are many bright spots on Africa's horizon. Economic growth is on the upswing and nations are liberalising their economies."

# US apologises for disruptions presidential entourage will cause

The United States government has apologised in advance for any disruption that President Bill Clinton's entourage and security requirements might cause during his visit to Africa next week.

US Assistant Secretary of State for Africa Susan Rice told African journalists in a satellite linkup from Washington that Mr Clinton's entourage, which reportedly will be 700-strong, might pose some "difficulties and challenges on the ground".

"We certainly will apologise in advance and regret any dislocation or other difficulties that may pose."

Radio Botswana journalist Tsiang Oshinka told her that when US Vice-President Al Gore was in the country several years ago "it was a sort of security nightmare".

"One can only imagine what would happen with the president coming here," he said.

Ms Rice said she understood the concern on this issue.

"Frankly, it's one that we worry about everywhere on the continent.

"We want to be as respectful of the countries that we visit as we possibly can ... at the same time there is a requirement to ensure that the president's security is attended to; I believe and I hope that those things are not mutually exclusive." – Sapa

# Tough issues to be tackled in Cape Town

**Bill Clinton's scandal-induced political weakness does not mean the US president's Africa safari should be taken lightly, writes Simon Barber in Washington**

BD 20/3/98 (1)

AFRICA, it seems, can never catch a lucky break. President Bill Clinton lands on Monday at the start of the most extensive visit to the continent by a sitting American president.

In 1978, Jimmy Carter did only two countries, Nigeria and Liberia, and was around for just three days. Clinton is doing six — Ghana, Uganda, Rwanda, SA, Botswana and Senegal — over 11 days. He is serious about it. This is no cheap political stunt. He has little to gain in domestic political terms, aside perhaps from a holiday from the hounds at home and a chance to look statesmanlike.

Trouble is, for all his continued high standing in the polls, scandal has made him something of a lame duck. He lacks the clout to bend congress to his will, and chances are that when he gets home, his attention will be occupied more on self-preservation than on following through on any pledges he may make to his African hosts. Obviously, you would prefer the first president to take a real interest in you to be at the top of his game. That Clinton is not is a problem.

For his trip to be of more than symbolic importance, he needs to be able to persuade the senate to follow the house of representatives in passing the Africa Growth and Opportunity Act, complete with duty-free treatment of African textiles, clothing and other goods previously denied US trade preferences.

Without it, his own Partnership for African Growth and Opportunity will be fairly hollow. It will take a fight.

Clinton also means to announce several initiatives, including a new "education for democracy" programme and a fund to beef up judicial systems in the Great Lakes region. He will need the congress to give him the money — about \$60m — plus another \$30m he wants to help leverage concessional debt relief.

Still, his political weakness is no reason for treating his safari lightly. The symbolism matters. So does the precedent — Clinton, barring disaster, is putting Africa on the itinerary of future presidents. More immediately he is sending a message to the American public that Africa is the kind of place a president goes to not only to visit US troops — the reason for President George Bush's fleeting Somali stopover in early 1992 — but for serious discussions with its leaders.

However fleetingly, and assuming the attendant US press corps is willing to cover anything but the sex and lies story, those leaders — all save President Nelson Mandela virtual unknowns over here — will have a rare chance to showcase themselves and their countries and to further the process of breaking ugly stereotypes.

Showing Americans that "Africa is not a backwater, a jungle with bodies floating down rivers" is high on the list of what Clinton himself hopes to accomplish, says Susan Rice, US assistant secretary of state for Africa.

It is a result not only the administration is hoping for. The World Bank, worried that the White House media might miss the point, invited the pack to a briefing this week to emphasise it. "This trip means a different way of looking at Africa, and that is as a business partner and not simply as a place where you provide humanitarian assistance," says Jean-Louis Srabib, one of the bank's two vice-presidents for Africa.

"What I would focus on," he says, cajoling, "is the nature of the conversations that are going to take place between the American delegation (which is to include a number of senior US executives) and African leaders." The latter seemed to be "more than willing to make the necessary economic policy transformations in terms of reducing the role of government (and) opening up to the private sector".

Srabib may have been a little optimistic when he said the discussions would be dominated by "business talk". The Clinton team has a far more complicated dialogue in mind, ranging from democracy and human rights through the modalities of creating an African "crisis response force" and settling regional and international conflicts to protection of the environment.

The most testing part of the tour will be the two days in Uganda. Clinton arrives there on Monday night after little more than a photo op with Ghana's Jerry Rawlings, who is getting relatively short shrift because Accra lacks accommodation for the small army that travels with a president. It needs two big hotels. Accra has them.

Unfortunately, one is Libyan-owned and so off-limits.

Uganda will be challenging because President Yoweri Museveni sits awkwardly on the fault line of US policy as Rice has been enunciating it in recent weeks.

That goes also for Ethiopia's Meles Zenawi, Eritrea's Isaias Afwerki and Rwanda's Paul Kagame, who will be among regional leaders gathering on Wednesday, with Tanzania's Benjamin Mkapa and The Democratic Republic of Congo's Laurent Kabila, for what the White House is calling the Entebbe Summit for Peace and Prosperity.

On the one hand, the Clinton administration wants to embrace Museveni, Meles, Isaias and Kagame as symbols of the "new" Africa — take-charge types committed to economic reform, rooting out corruption, liberalising trade and otherwise breaking with the past. It also appreciates that, as a bloc, they are significant geopolitical players in the region.

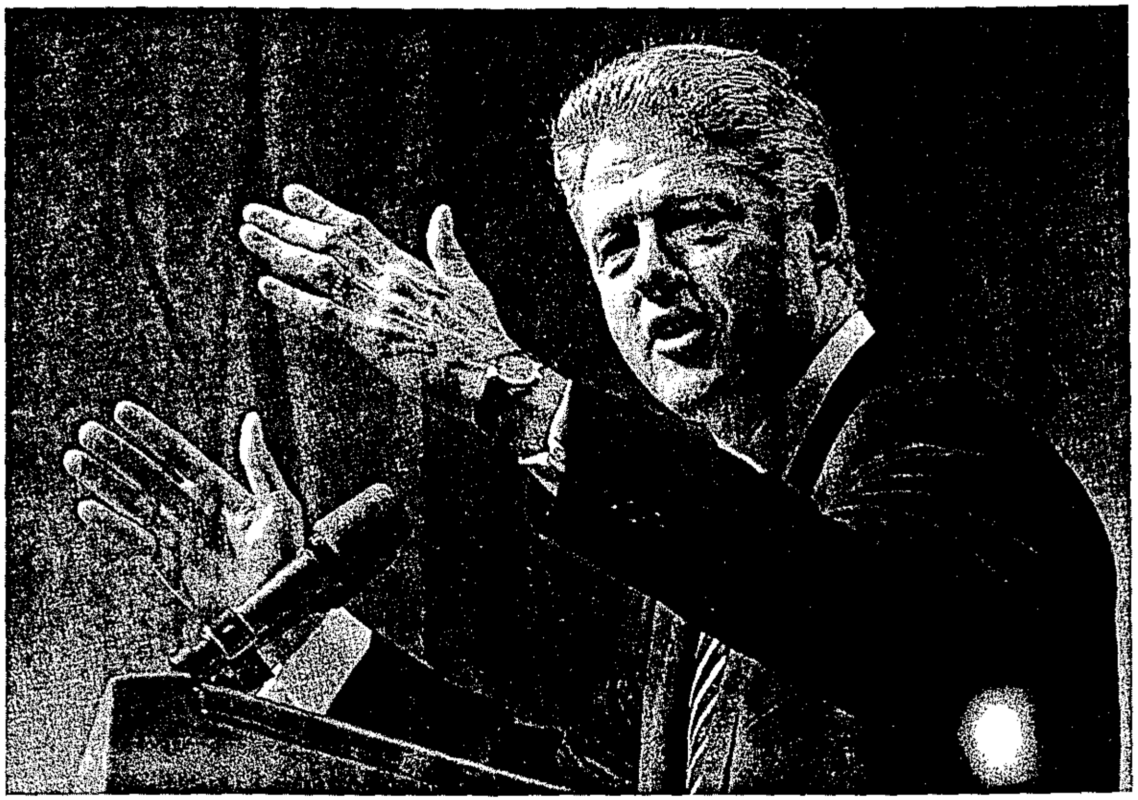
They got rid of Mobutu and Zaire. They share US interests in taming the Islamic regime in Sudan. On the other hand, none has yet shown himself a true champion of democracy and human rights, which, in the administration talking points for the trip, is the "bedrock" of US policy.

Clinton's two and a half days in Cape Town, where he will be joined by a delegation of 20 congressmen, may well be more celebratory of the African renaissance announced by Deputy President Thabo Mbeki, than substantive. But there are some tough bilateral issues to be tackled, not only on trade — the pharmaceuticals patents row, for example — but on aid.

Mandela has complained that the US Agency for International Development (USAid) is potentially undermining the ANC ability to govern by channelling funds to nongovernmental organisations critical of government, as opposed, presumably, to backing projects that would help the ANC deliver on its election promises.

USAid says it is trying to strengthen civil society with a view to deepening democracy although, as administrator Brian Atwood admitted this week, it now is willing to review its "strategy" to focus on less contentious areas like agriculture.

Flawed as USAid's approach may have been, there are questions Clinton might usefully, if quietly, raise about the ANC's apparent intolerance of dissent.



Clinton embarks on his African safari next week. Picture: AP

# Banking institutions vow to face Africa's challenges

Sowetan 20/3/98 (1)

**By Shadrack Mashalaba**

THE World Bank and the African Development Bank have committed themselves to combining ideas to meet Africa's challenges.

World Bank manager of external affairs for the Africa region Robert Calderisi said many Africans did not regard the World Bank as impartial.

The bank's official was addressing a conference organised by the South African Institute of International Affairs and the United World Colleges on the topic Southern Africa – Into The Next Millennium.

"We are seen as peddling some kind of freemarket ideology, applying the same solutions to different countries and problems and being a battering ram for some large countries' interests on the continent. We are identified with conditionality rather than opportunity," said Calderisi.

He unveiled the bank's mission for the next 10 to 15 years.

According to him the priorities will include the development of human resources, regional integration, improving conditions for private and public investment and managing the natural environment.

He said: "This is a rich agenda, but one which African governments will drive – with the involvement of the private sector, local communities and the development institutions."

A new partnership, he said, was necessary because Africa was the only continent that would continue to rely greatly on multilateral development finance well into the next century.

"We do not need to have everyone agree with us," he said.

"We need to understand the specific circumstances, hopes and concerns of the people we are trying to serve in each country and spend not half, or two thirds, or three quarters of our time, but 90 percent listening, observing and hearing before talking and writing ourselves.

"We need to develop ground rules for desseminating data given to us by government in confidence. Such data will undoubtedly contribute to domestic confidence and attract investment."

AFRICA COMPETITIVENESS REPORT

# At best, it could have been worse

(1) FM 20/3/98

For businesses, stability comes ahead of democracy

Governments matter. This is the message that emerges from the World Economic Forum's *Africa Competitiveness Report 1998*.

"The things that businesses say are their most serious constraints are within the control of African governments," it says.

"The countries that have done well, by and large, are those which avoided the extreme economic and political turmoil that trapped many countries in Africa during the Seventies and Eighties."

Businesses want governments to provide stability. Democracy, however, is less important.

Businesses located in Mauritius, which tops the African competitiveness ranking, are lucky enough to have both.

The country, described by the report as "one of Africa's most impressive examples of economic turnaround," is the country most open to trade. It has the highest ratio of savings to GDP, the best telecommunications infrastructure, the longest life expectancy and the lowest infant mortality.

It is also "one of the most firmly rooted liberal democracies. Freedom of assembly and movement are assured and 300 labour unions operate. Elections are competitive, with ethnic minorities assured a voice."

But Tunisia, second in the competitiveness ranking, is described as only "nominally" a democracy. "The government party has come under increasing criticism in the West for authoritarian practices. The government justifies its stance as an effort to nip in the bud the Islamist movement that has destabilised neighbouring Algeria. However the brunt of force has fallen largely on leaders of the democratic left."

Nevertheless, Tunisia has a number of things going for it. It heads the table on civil service stability, certainty of rules and laws, personal security, legal system, health care and education.

Botswana, number three on the competitiveness ranking, offers benign stability, described as "perhaps Africa's most enduring democracy."

It is also one of the continent's wealthiest countries with an average per capita GDP of US$2 700. And it is the only African country to receive an investment grade by the Economic Intelligence Unit.

At this point in the rankings, the quality of economic and political achievements starts to decline markedly.

SA ranks seventh on the competitiveness index — behind Namibia, Morocco and Egypt — largely because of its infrastructure.

Among the other advantages, the Internet is widely available, access to finance is not a problem, banks have sound balance sheets, the legal system is rated highly and tertiary education is suited to the needs of business.

But the track record of the SA government does not inspire confidence. Though policies are sound, their implementation is "indecisive and equivocal". And government is one of the biggest spenders on the continent at nearly 21% of GDP.

Personal security is lowest (of the countries for which information is available), the costs of organised crime are high and citizens are likely to turn to physical force or illegal methods to settle disputes rather than depend on legal adjudication.

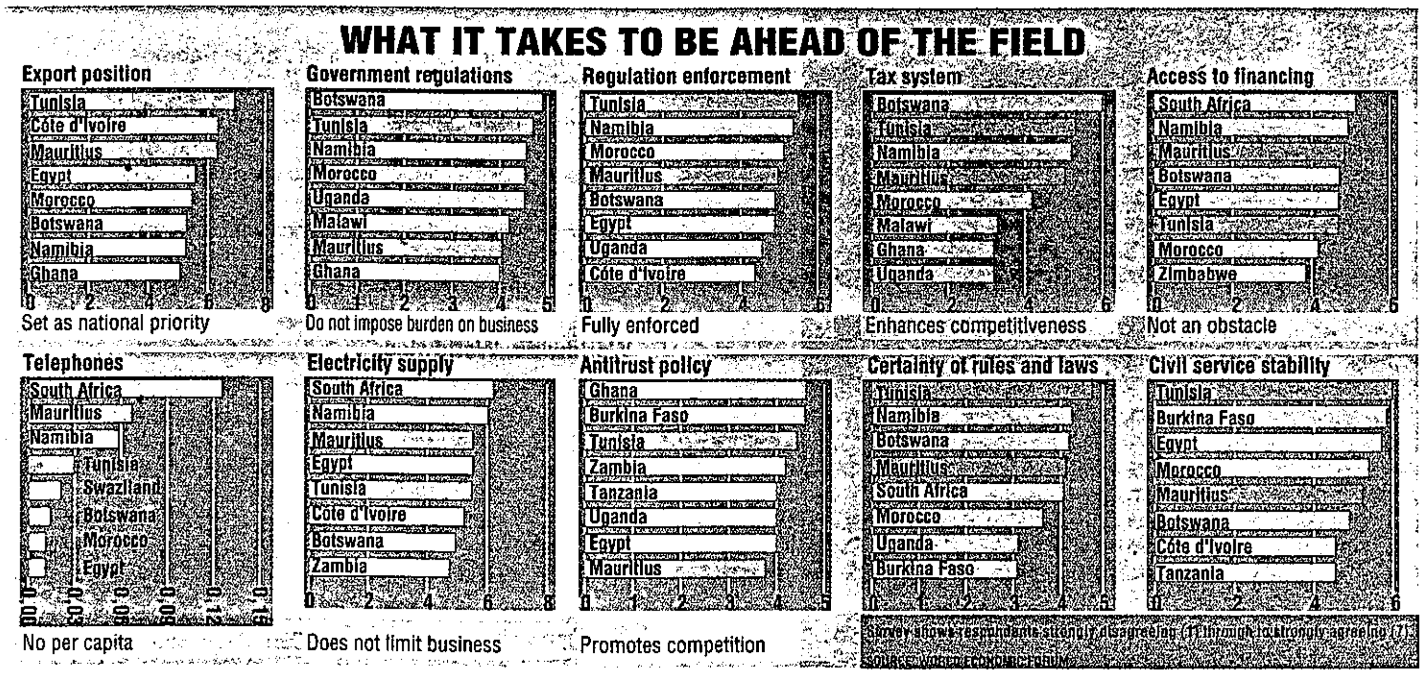
For the most part SA is seventh because the other 16 countries are a lot worse.

It needs to be said, though, that foreign direct investment does not seem to be greatly influenced by the stability or competitiveness of an economy.

The country that attracted most finance in 1996 was Nigeria, politically unstable and second last on the competitiveness index. Largely because of its crude petroleum industry, it drew US$1,7bn of the continent's $4,9bn.

But countries less richly endowed with natural resources have to compensate with better governance.

Ethel Hazelhurst



# What will Bill get out of Africa?

ARGT 23/3/98 (1)

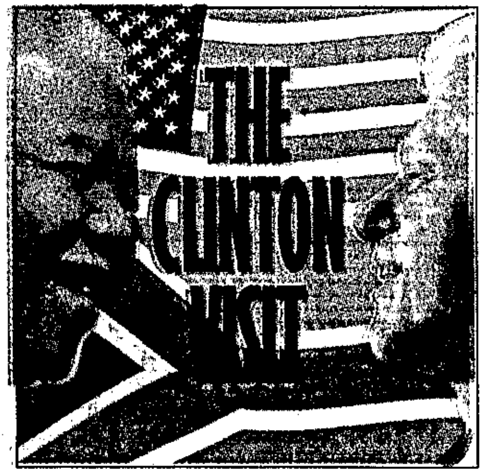
**Accra – The United States has never considered Africa important enough – politically or economically – to merit a proper tour by an American president. So why has President Bill Clinton chosen to make an 11-day tour of the continent, and why now?**

There is of course a feeling in Washington that Mr Clinton (and his wife, Hillary) will be so far from Washington for so long simply in order to have a break from the relentless volley of sex allegations against him, although the president seems unlikely to win a reprieve with more than 200 Washington-based journalists accompanying him on the trip.

His advisers claim he has been devising a new strategy for relations with Africa since the late 1980s, when the continent's usefulness as a battleground for proxy superpower wars ended along with the Cold War.

Self-interest and ethics, US government officials insist, now compel the US to find a way of ensuring that Africa is not left behind in economic globalisation.

More than 700-million people in sub-Saharan Africa create a huge untapped market for US goods, and the promising economic improvements in a handful of African countries make trade between the world's




richest and poorest continents a possibility.

Not everyone is convinced by the stated motives of the US for the visit.

Some analysts say it is largely symbolic and designed to play to the African-American constituency at home.

Those who insist the trip is for a home audience point to the president's visit to Ghana today – the first African country to win independence from European colonialists – and to the former slave fortress at Goree Island, Senegal.

The emotional climax of the tour, and the televisual episode that the president will be most keen to have played back home, is his planned speech at Goree Island, at the end of his trip.

An estimated two-million Africans were dispatched as slaves from the fortress to the American colonies.

Taking Mr Clinton at face value, it is true that some African countries are showing signs of economic recovery and tendencies towards democracy.

It may be that Mr Clinton believes this progress deserves recognition.

It would be easy, then, to see why Ghana, Uganda, South Africa, Botswana and Senegal are being visited.

The Clinton administration comes to Africa bearing the African Growth and Opportunity Act.

It offers better trade terms for African countries which meet democratic and economic requirements.

Ironically, some of Africa's poorest countries complain that stringent rules set by international lenders actually undermine fledgling democracies by imposing additional hardships on populations which already rate among the poorest in the world. – The Independent, London

# Clinton's Africa trip 'significant'

(1) (

DONWALD PRESSLY

CT 23/3/98

PRESIDENT Bill Clinton begins his 11-day six-nation tour of Africa today — being touted as the most significant by a United States president to the continent and the first to include South Africa.

Clinton will join a long list of political luminaries to have addressed Parliament. He meets President Nelson Mandela at Tuynhuys on Thursday shortly before speaking in the National Assembly.

The visit reciprocates a state visit to the US by Mandela in 1994. Mandela, as ANC leader, also met then president Mr George Bush during a visit to the US before the party came to power.

Mandela's office said the tour was significant "just from the point of view that it is the first time that an American head of state is visiting South Africa". Presidential spokesperson Mr Parks Mankahlana said: "That in itself is a major development ... no (US) president has ever been here."

The last US president to visit Africa was Mr Jimmy Carter in 1978.

Clinton, who will be accompanied by First Lady Hillary Rodham Clinton and their daughter Chelsea, starts the trip in Ghana's capital, Accra, today. He will also visit Uganda before heading for SA. He will then move on to Botswana, Senegal and Rwanda.

Mankahlana also said that the tour, on which Clinton will be accompanied by an entourage of 800 business people and journalists, showed that the US "takes Africa seriously" and his three-day stopover in South Africa indicated the importance of this country on the American agenda.

He said the visit was significant from the point of view of improving relations "not only from a political point of view" but also from an "economic and trade point of view".

National Party executive director Mr Renier Schoeman said South Africa had moved from a tense period of international isolation during apartheid, which had seen "a very negative" period under Carter from 1977 to 1981.

Schoeman, who was deputy foreign minister up to 1994, said he had regularly called on the great powers, who were "very involved" in destroying apartheid, to demonstrate their obligation to "play a role" in the building of a new South Africa.

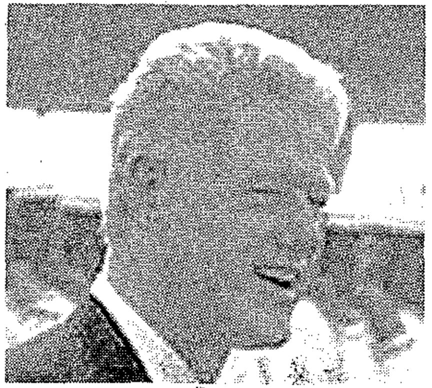
Through the US-SA bi-national commission, which he described as a very formal diplomatic link, the US was demonstrating the importance it attached to South Africa.

Democratic Party leader Mr Tony Leon said that while he suspected the visit was more symbolic than substantive, "it is far more significant than just public relations".

He hoped that those who met Clinton would "make the most of it" by demonstrating South Africa's commitment to "core beliefs" such as free markets, world trade, respect for international competition and the willingness to play a role in international affairs.

Pan Africanist Congress leader Dr Stanley Mogoba said the visit was "long overdue". He hoped that the US would desist from "dictating terms" about whom SA should relate to.

But he said he hoped that the US would use its capitalist clout to help correct the wrongs of apartheid.



CLINTON

# Time for Americans to put new Africa on map — Clinton

(1) BD 24/3/98

**Own Correspondent**

ACCRA — US President Bill Clinton yesterday hailed the seeds of a new democratic and peaceful Africa at the start of his 11-day tour through the world's most troubled continent.

"Africa has changed in just 10 years. Dictatorships have been replaced in many places," he told thousands of cheering Ghanaians in Accra's Independence Square. "It is time for Americans to put a new Africa on our map."

Defying the suffocating heat in a dark suit, he warned there were still dangers but predicted an African renaissance and pledged that the US would do all it could to help.

Ghanaians thronged the square from before dawn to mark what many believe is their greatest day, since they were the first country in sub-Saharan Africa to win independence in 1957.

President Jerry Rawlings, a flight-lieutenant who seized power in a coup in 1981, supervised a clean-up of the streets leading from the airport. He reminded his visitors of an uglier chapter in their relations. The slave trade, he said, still chilled Ghanaians' hearts, but it had also forged "indisoluble bonds" between the two countries.

In a colourful reminder of how Africa blends tradition with modernity, tribal chiefs in flowing robes perched on thrones under giant hand-held fans behind the two presidents.

Clinton was nearly swamped by spectators as he went on a walk-about with his host. Clearly flustered, at one stage he gestured frantically at the crowd to give him some space and shouted: "Get back, get back."

Today Clinton meets a gathering of central African leaders in Uganda.

He is due in SA on Thursday, and is likely to share an award with his arch foe, Libyan leader Muammar Gaddafi.

Officials say it is usual for visiting heads of state to receive the Order of Good Hope, and have said it is highly unlikely President Nelson Mandela will not give it to Clinton. Gaddafi received the award last year.

Push towards Africa: Page 14

# New breed may be old hat

(1) BD 25/3/98

Are the new breed of African leaders really setting a new agenda for the continent or will time tell a different story, asks **Michaela Wrong** and **Michael Holman**

UGANDAN President Yoweri Museveni once described himself as a fat, balding man with a silly hat. But such self deprecation, rare among African leaders, does little to obscure the fact that when US President Bill Clinton flew into Entebbe, he was greeted by the most influential sub-Saharan head of state after Nelson Mandela.

From the meeting, the US will signal its approval of both the Ugandan president and the "new breed" of African leader he represents. Ever since the toppling last year of Zaire's Mobutu Sese Seko by rebels backed by Rwanda and Uganda, the tendency has been to view African politics in terms of a key band of five: Museveni, Ethiopia's Meles Zenawi, Eritrea's Isiais Afewerki, Rwanda's Paul Kagame and to a lesser extent, the Democratic Republic of Congo's Laurent Kabila.

This "new breed" of men share their relative youth, the means used to seize power, their intellectual arrogance and their contempt for Africa's colonial heritage. It is felt they set a fresh agenda that leaves an older generation of autocrats lagging. Trumpeting the battle against corruption, they ditched Marxism in favour of structural adjustment.


US president Clinton with Ghana's President Jerry Rawlings.

Picture: AP

In this group, Museveni holds pride of place. No one has shown more ideological adaptability, more skill at wooing donors, or more far-reaching influence. The forces that overran Rwanda in 1994 were led by men who had held top positions in his army. Three years later, Kabila ousted Mobutu with help from Ugandan troops.

Analysts are braced for an assault on Sudan's Islamic government in which Museveni and his Eritrean and Ethiopian allies are expected to play their usual covert roles, blessed by a Washington which is anxious to see an end to the fundamentalist threat.

However, increasingly, human-rights activists and analysts question whether the "new breed" are as mould breaking as supporters profess, or whether, in describing a country such as Uganda as "a beacon of hope", the US is being naive.

One reason for wariness is deteriorating records on human rights. While attention has focused on massacres of Hutu refugees in east Zaire by Kabila's forces, most of them were probably carried out by Rwandan soldiers.

Kabila's treatment of the opposition is becoming more reminiscent of his predecessor's by the day. In Ethiopia, the government's repression of secession movements has involved the detention of thousands. And while there are signs of a shift in Uganda, until recently Museveni was committed to his "no-party" system. At the same time, the leaders' economic recoveries, impressive when departing from rock-bottom, are beginning to look less miraculous, given the massive amounts of assistance their countries still need.

But the biggest danger of overenthusiastic western support, many analysts believe, lies in the pan-Africanism embraced by the new breed. It explains their readiness to redraw frontiers, send forces into adjacent countries and help topple their leaders.

There will be one way to tell whether the new leaders are in fact the old breed in a new sugar-covered coating: whether in 10-years' time, they are still on the scene.

In Rwanda the ruling party is extending roots into the judiciary and business. In Ethiopia and Eritrea, the ruling parties are so dominant, opposition is irrelevant.

And Museveni, who once said a decade in power was enough, has now been at the helm for 12 years and shows no signs of leaving. — Financial Times.

'WE WERE WRONG'

# Clinton admits that US made mistakes in Africa

(1) CT 25/9/98

**UGANDA:** The US president accepts that Americans benefited from the slave-trade and says he deplores his country's treatment of this continent during the Cold War.

PRESIDENT Bill Clinton yesterday came the closest an American president has yet come to apologising to Africa for slavery.

"The United States has not always done the right thing by Africa," he said during a two-day visit to Uganda. "European-Americans received the fruits of the slave trade, and we were wrong in that."

In recent days his host in Uganda, President Yoweri Museveni, said that the US would achieve little by apologising for enslaving millions of Africans during the past century. He added that the US would do better to increase its trade with Africa and invest more in the continent.

In his only public address during his Uganda visit, Clinton also deplored America's treatment of Africa during the Cold War, saying his country had sacrificed the needs of Africans to US strategic interests.

**PRESIDENTIAL:** Bill Clinton, who has been well-received in Africa so far.

"The biggest mistake the United States ever made with Africa was neglect and misunderstanding," he told a gathering of 5 000 adults and children at Kisowera primary school near the capital, Kampala.

Bill and Hillary Clinton arrived aboard a US Marines helicopter, touching down behind the school. On the outskirts of Mukono town, it is one of a number to benefit from teacher-training provided by American Peace Corps volunteers.

Education, the main domestic issue for the Ugandan Government, was the chosen topic of President Clinton's speech. As a result of Museveni's Universal Primary Education (UPE) initiative, Uganda's school population doubled last year to 5,3 million students. The charismatic Ugandan leader has promised free education to four children in each family. Clinton promised that Kisowera primary school, which has neither electricity nor telephone lines, will soon be connected on the Internet with a school in America. He told the children that they would be provided with computers that would enable them to communicate with a school in the state of Maryland.

The pledge to help the run-down school outside Kampala is part of a R600 million initiative to fund education in Africa, announced Clinton.

Having visited some classrooms, the Clintons were escorted to a paddock nearby where tribal singing and dancing was taking place.

"Welcome to Uganda, have a nice time," the pupils sang as Clinton, wearing a dark suit, and Mrs Clinton, clad in green, took their seats.

The couple showed every sign of enjoying the spectacle, though seemed rather bemused by the fervour of some of the lyrics.

"Oh, dear Americans," trilled the children, "we are so hopeful; your presence here today in Uganda promotes co-operation. Mishandling funds, misinterpretation, shortage of classrooms and teachers, prevent UPE from flourishing. Provide materials, maintain funds, train more teachers, sensitise Ugandans, unite and work hard. We thank Museveni; we thank Americans. Support UPE! Support the rights of the child!"

This morning Clinton is due to make a brief stopover in the Rwandan capital, Kigali, to commemorate the victims of the 1994 genocide.

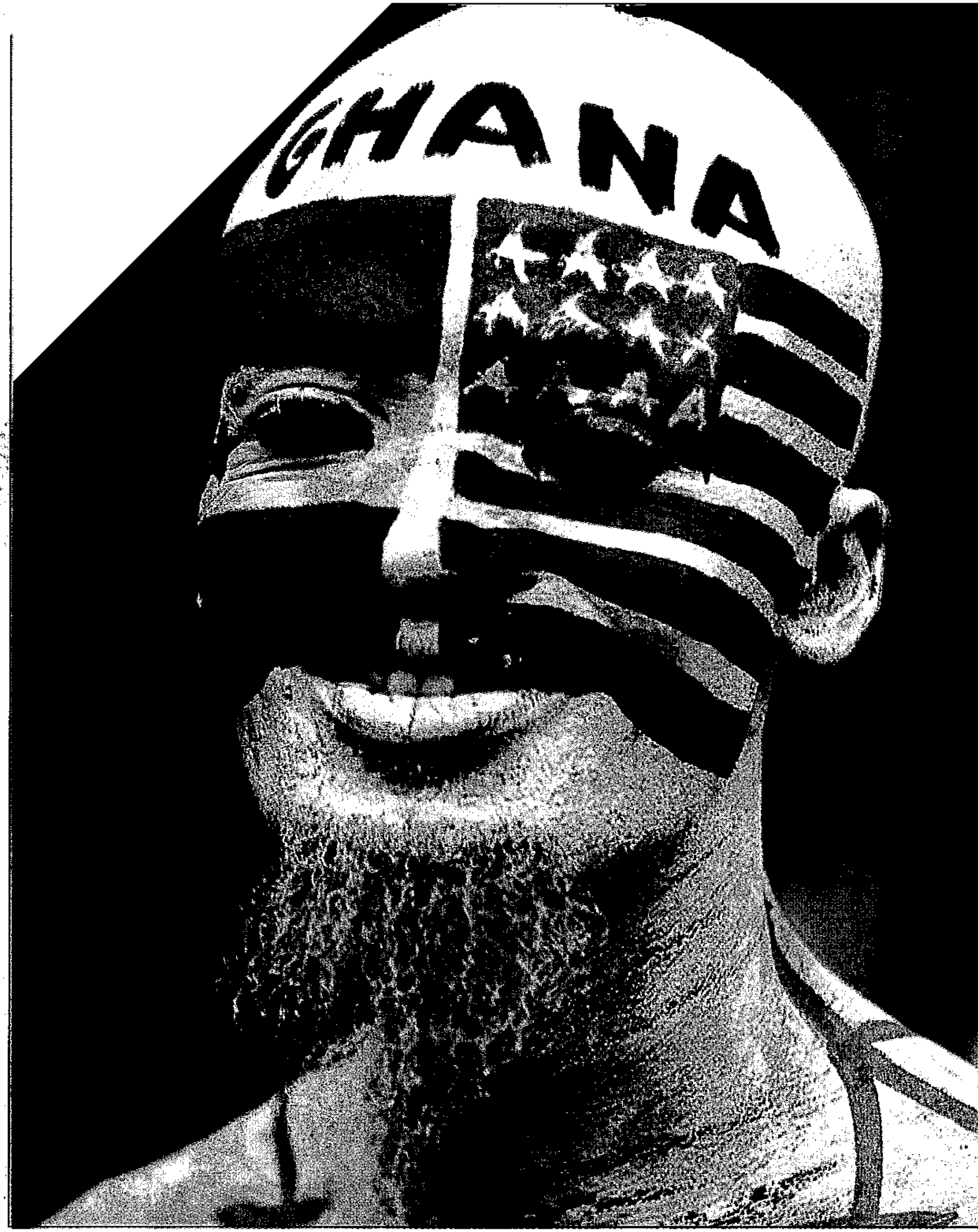
Before the couple leave for South Africa, the president will attend a regional summit for East African leaders in the Ugandan capital.

● Even with Clinton out of town, dirt is being dished on the White House lawn where television reporters make their nightly broadcasts.

This time, however, White House gardeners are spreading the dirt with two tractors to repair the damage done by the hordes of TV crews who descended on the executive mansion's lawn two months ago to cover the Monica Lewinsky sex scandal.

The White House asked news organizations to remove their equipment — including cables, tripods and phone lines — from the front lawn by Monday morning so as to begin repairing the grass while Clinton is touring Africa. In ordinary times, only about a half dozen TV crews plant their tripods on the lawn, but their numbers swelled to nearly two dozen at the height of the scandal, trampling the grass into mud.

— The Times, Reuter




**UNITED FACE:** Paa Solo, a Ghanaian man who calls himself the national showman, poses for photographers in Accra showing his painted face, body and beard adorned with the American and Ghanian flags. ***PICTURE: AP***

# US's economic safari

(1) Sowetan 26/3/98

President Clinton is in Africa. A lot of US economic savvy and planning have gone into the trip – a careful balance of carrot and stick. **Diane St Clair** explains...

PRESIDENT Bill Clinton's current visit to sub-Saharan Africa, the first by a United States head of state in two decades, is intended to demonstrate the increasing importance Washington attaches to the region.

A central feature of the 10-day, five-nation trip will be draft legislation designed to boost African exports to America.

Clinton will tout the Africa Growth and Opportunity Bill as a demonstration of US commitment to economic development in the world's poorest region. But not everyone agrees with him. Critics say the Bill "assaults the sovereignty of African countries in ways not present in our country's dealing with other nations". Other critics warn that African imports to the US will destroy American jobs.

They say it will also favour the interests of big business over ordinary Africans and leave small economies vulnerable to Western dominance.

The opening up of markets and the promotion of stability are the twin aims of Washington's new Africa policy, which the US leader's tour, which began on March 22, will highlight. The two prongs are tightly linked. Clinton wants to expand American business' stake in the exploitation of the region's abundant natural resources. Particular attention is being focused on the west African offshore oil rush which pits US giants against Europe-based transnationals. Intense competition is also under way for mining contracts in Congo-Kinshasa (formerly Zaire).

But US economic goals cannot be achieved in Africa unless peace is secured in volatile countries. Towards that end, Washington has been assembling a regional military force as part of an African Crisis Response Initiative. Six countries have so far agreed to contribute a battalion of troops. US Green Berets have been training these units for a year, preparing them for rapid intervention in future troublespots – missions that would first have to be approved by the Organisation of African Unity or the United Nations.

The White House also reasons that democratic governance can help sustain political stability over the long term.

His itinerary was carefully tailored to exclude troublesome places such as Kenya and Zimbabwe, which have both acquired reputations as unstable countries, led by autocrats in the mould of that which has plagued the continent; seemingly forever. Ghana and Uganda, on the other hand, have been chosen to host the US leader because their leaders are held up by Washington as models for Africa.

Both are taking part in the Africa Crisis Response Initiative. Moreover, President Jerry Rawlings of Ghana and President Yoweri Museveni of Uganda are former leftist radicals who have embraced capitalism, with each faithfully following market reforms designed by the International Monetary Fund (IMF).

US president Bill Clinton

The US and IMF frequently cite these two countries' economic growth rates as proof that "structural adjustment programmes" can succeed. Ghana and Uganda are further presented as countries gradually progressing towards Western-style democracy.

Each nation's gross domestic product (GDP) has indeed grown in recent years. And Ghana has held elections certified by outside observers as free and fair, while Museveni is a far more benign and effective ruler than his predecessors.

Senegal, a third country on Clinton's itinerary, is regarded as important for its status as a former French colony. The Clinton administration was intent on including at least one Francophone nation in the tour, so as to signal clearly that Washington no longer respects France's historical sphere of influence in Africa. Senegal was selected partly because it has agreed to participate in the US military training scheme.

Washington has been courting Paris' traditional African allies ever since the end of the Cold War.

In the interest of striking a geographic balance, Clinton will also be visiting two southern African countries.

Clinton will be congratulating Botswana on having achieved the key US goals for the sub-Saharan region. The State Department praises it for being "a long-standing multi-party democracy", whose diamond-driven economy is "market-oriented with strong encouragement for free enterprise".

Meanwhile, it is almost impossible to imagine the US head of state going to the region for the first time in 20 years and not paying his respects to President Nelson Mandela, leader and symbol of democratic Africa.

Clinton's stopover in South Africa also highlights some of the domestic political factors behind his decision to adopt an activist policy towards the sub-Saharan region. African-American voters comprise the most dependable voting bloc for Clinton's Democratic Party. A presidential visit to the "motherland" is designed to please not only the African-American rank and file, but also the increasingly powerful Congressional Black Caucus.

That 40-member group has been generally solid in its support for the Africa Growth and Opportunity Bill, which is meant to serve as a centrepiece of the Clinton visit.

Two years in the drafting process, the Bill would establish an infrastructure investment fund and allow sub-Saharan countries to export unlimited quantities of textiles and apparel to the US duty-free.

The measure is one of the foremost expressions of Washington's new Africa policy, which places emphasis on "trade – not aid".

US textile manufacturers say it will lead to a huge upsurge in illegal transshipment to US markets of Chinese-made textiles, while trade unions fear it could destroy thousands of jobs in American textile factories. An influential black-led campaign group has broken with many of its usual allies in Congress on this issue.

In order to qualify for the proposed textile trade benefits, the Bill would require African countries to meet various requirements, including adherence to structural adjustment programmes. This means it would encourage cuts in spending on health and education, says the TransAfrica pressure group, while serving the interests of transnational corporations.

Another of the Bill's stipulations is that African governments must agree to treat foreign investors no differently from their domestic counterparts. – *Gemini News.*

*(The writer is a freelance journalist and public-health specialist who formerly worked as a researcher for an international affairs lobby group in Washington.)*

ANALYSIS

# Africa needs to believe in its ability to change for the good

**The return of self-confidence to Africa may be more important to its recovery than economic structural adjustment. Nicholas Woodsworth views the situation from Dakar, where US president Bill Clinton touches down next week**

(1)
BD 27/3/98

THE street people of Dakar — hustlers, hawkers, beggars, pimps, shoeshine boys, pickpockets and all other manner of pavement entrepreneur — do not know what to make of Jangar Hodari.

Other newly arrived foreigners, instantly recognised for the fresh meat they are and aggressively pestered at every step, treat the avenues of the Senegalese capital as an assault course — they hold their heads down and keep moving. Make eye contact here, and you are soon trying to extricate yourself from the purchase of a smuggled watch or a young girl.

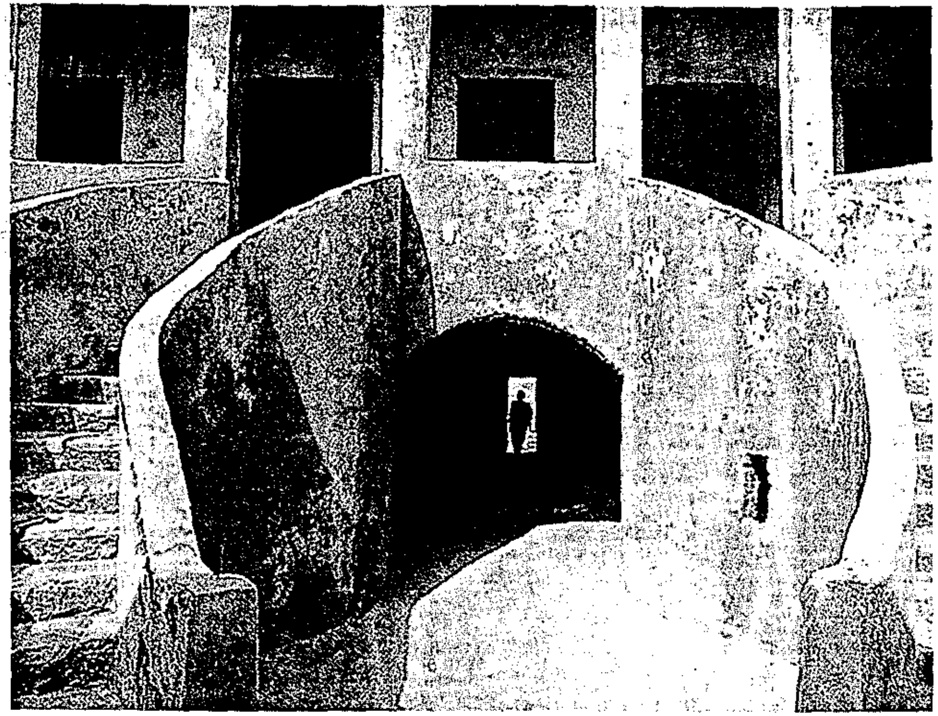
However, Hodari is not interested in watches or young girls. Nonetheless, he positively likes these contacts. His palm rises to meet theirs with a resounding smack.

From the window of my hotel off Avenue Georges Pompidou, I see that after three days here Hodari has found himself a rickety wooden bench in the shade of a corner shop. A powerfully built man dressed in a baseball cap and Negro Leagues T-shirt, he passes the day in the company of a curious and ever friendlier entourage of street people. He has, for the time being, become a street person himself.

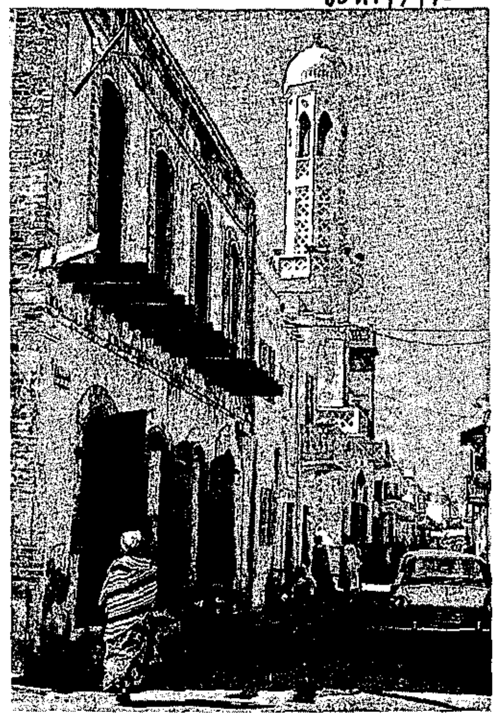
Despite the African name he has adopted, Hodari is a middle-class black American from St Louis, Missouri. He has taken time off to see West Africa, "the place I originally come from".

So far he has visited the Ashanti slave castles in Ghana and the Gambian villages which provided slaves. His object of pilgrimage in Dakar is nearby, the ill-famed island of Goree. For more than 300 years, Goree was west Africa's principal slave-shipping post. From this part of the continent alone, 15-million Africans departed, one fifth of them perishing en route.

With its weighing rooms, fattening rooms, loading door looking seawards to a hopeless future, the Slave House on Goree Island is a sad and eerie place. Hodari said it made his flesh crawl. He heard voices crying out and he wanted to help.



Slave quarters at Goree, a sad and eerie place



A Senegalese mosque

We watch a smiling boy crawl past the bench, his head inches from the ground, his hands grasping a tin for coins, his thin legs so deformed that they rise grasshopper-like above him. How, Hodari sighs, do you cope with a vision like that?

How, indeed, does anyone cope with a continent that, from the great upheaval of the slave days to the present, has failed to put itself to rights? Here is a continent whose entire gross domestic product south of the Sahara is equivalent to just one fifth of that of France.

Half the population of 600-million lives on less than $1 a day. Out of 1 000 children born, 90 die before their fifth birthday. Hodari, for all his good will, has no answers and must content himself with sidewalk commiseration. I have no answers either.

Ten years ago, when I lived and worked in Africa, I thought I did. Recovery, however, challenging, lay in getting the economics right.

And so, partly, it does. But after 20 years of generous bilateral aid, four World Bank structural-adjustment loans, two sector-adjustment loans and two International Monetary Fund structural adjustment facilities, the prospects for the vast majority of Senegalese are bleaker than ever. Today, poverty, illiteracy and low life expectancy puts Senegal 13 places from the bottom of the UN development table of 173 countries.

Why is Africa struggling so hard for so little result? Sitting beside Hodari, I can only think the reasons are other than purely economic. In coming to Africa, Hodari is attempting to build self-confidence out of a painful and degrading past. Can African failure or success lie in that same question of self-confidence?

Suggest to a Senegalese that Africans, battered so long by disappointment, have lost their sense of self confidence and you will be vigorously rebuffed. Africans, I am assured, have every belief in individual capacities. Indeed, one need look no further than the streets to see a remarkable vitality and resilience.

But as the days pass I am struck also by a sense of helpless drift that approaches despair. What Africans have lost is faith in leadership and many of the social institutions, including those of traditional origin, that cripple their individual efforts.

One morning at the Dakar railway station, a once-magnificent, now dilapidated, remnant of French colonial power, I meet Daly Fall. A economics graduate, Fall scrapes a living as a freelance forwarding agent. If he could, he would leave Africa tomorrow. Like all Africans he believed that education was the key to a better life. But as France's once-powerful colonial influence has declined, so have educational standards. Today, more than 40% of Senegalese children do not go to school at all.

But the truth is that education, intelligence and hard work are not enough.

In a system where an entrenched and privileged elite maintains a firm grip on the reins of political and economic power, Africans rise by connection, by favours, patronage and corruption. It is generally accepted by most young Senegalese that to get ahead one must not only be educated, but dishonest as well.

It is a realisation that leads to vast frustration, anger, and an outraged sense of injustice. While many advantages of the country's formerly strong ties with France are eroding, in business and politics Senegal has proved reluctant to relinquish a dirigiste, statist style of control bequeathed by its colonial ruler.

Poor education, disillusion with public life and a growing gap between rulers and ruled can only undermine self-confidence. But at least, I say to myself as the days progress, Africans can fall back on the traditional social institutions.

Not all Africans agree. When I suggest over dinner one evening to Mamadou Niamj, a senior port official at the Dakar docks, that the extended African family provided a safety net in the absence of western-style social security, he smiled. "How can I save enough to make a real safety net?" He is feeding 30 dependants. The traditions of the extended family which preclude accumulation of capital, prevent millions of Africans from making any kind of investment in their future.

At least religion helps hold things together, I think one noontime as the entire city of Dakar comes to a standstill for Friday prayer. I can only marvel at Islam's social cohesiveness.

I am wrong again. The marabous, or sect leaders, of Senegal's large and highly influential Islamic brotherhoods are closely connected to the political elite. For ordinary Senegalese, religious influence peddling and the hidden relations between Islam and the state are a source of much frustration.

And what of "Africanness" itself? Since independence, African leaders from Senegal's Leopold Senghor to Tanzania's Julius Nyerere have promoted a semimystical, elevated concept of the African character. They identified a special quality in African social ties — a propensity for egalitarianism, a certain ease, intimacy and compassion entirely foreign to the European mind.

Such a philosophy, while oiling the wheels of human relations, is also a basis for human abuse. Easy, informal relations without the clear-cut accountability of a civil society are just one blurred step away from corruption. They encourage the ethical bankruptcy that today is rooted in African political and business culture.

Has Africa now wholly lost self-confidence? I do not think so. Africa cannot escape worldwide trends. As former colonial rulers disengage from African clients, and as globalisation and privatisation advance the tight control of African elites recedes.

More important, so fierce is the disillusion, many educated Africans are no longer buying institutions of the past. Africa needs change. A pre-condition to solving Africa's problems is a belief that it is worth it. — Financial Times

☐ TEXTILES (1) (18) CT (BR) 27/3/98

## Indian industry works way through Africa

The Indian textile industry was working its way through Africa as part of a strategy to double its share of world trade by the turn of the century, Deepak Sheti, the spokesman for a visiting trade delegation, said yesterday. He said India had captured 2,47 percent of the global market. Its objective was to win 5 percent to 6 percent of the international textile trade. Sheti represents the Powerloom Development and Export Promotion Council.

He said Indian textile manufacturers were confident they would break into African markets, mainly because of India's low production costs. He said about 8 percent was added to raw material costs by Indian manufacturers. South African firms added at least 40 percent to basic input costs. The average retail margin in India was 20 percent to 50 percent. South African shopkeepers seemed to add an average 200 percent, he said. — *Shirley Jones, Durban*

# Debt burden stunts the growth of a new Africa

(1)

An African economic renaissance may depend on an effective debt-relief initiative, writes ROBERT CHOTE

ST (BT) 29/4 3/98

AFRICA is showing tentative signs of economic turnaround after decades of underperformance. But the continent is still plagued by its heavy external debt burden.

In sub-Saharan Africa, output per head is rising again, inflation is falling and trade deficits are narrowing.

The discovery of oil reserves or the end of armed conflict are important factors in some of the most successful turnaround cases. But better government policies deserve much of the credit elsewhere. Sound policies — especially those that encourage domestic and foreign investment — remain crucial if this fragile turnaround is to be sustained.

From the developed world, Africa needs flows of trade and investment, plus continued progress in reducing the continent's external debt burden. Unfortunately, when it comes to the key themes of Western policy, European and US policymakers seem more focused on the first and second than on the third.

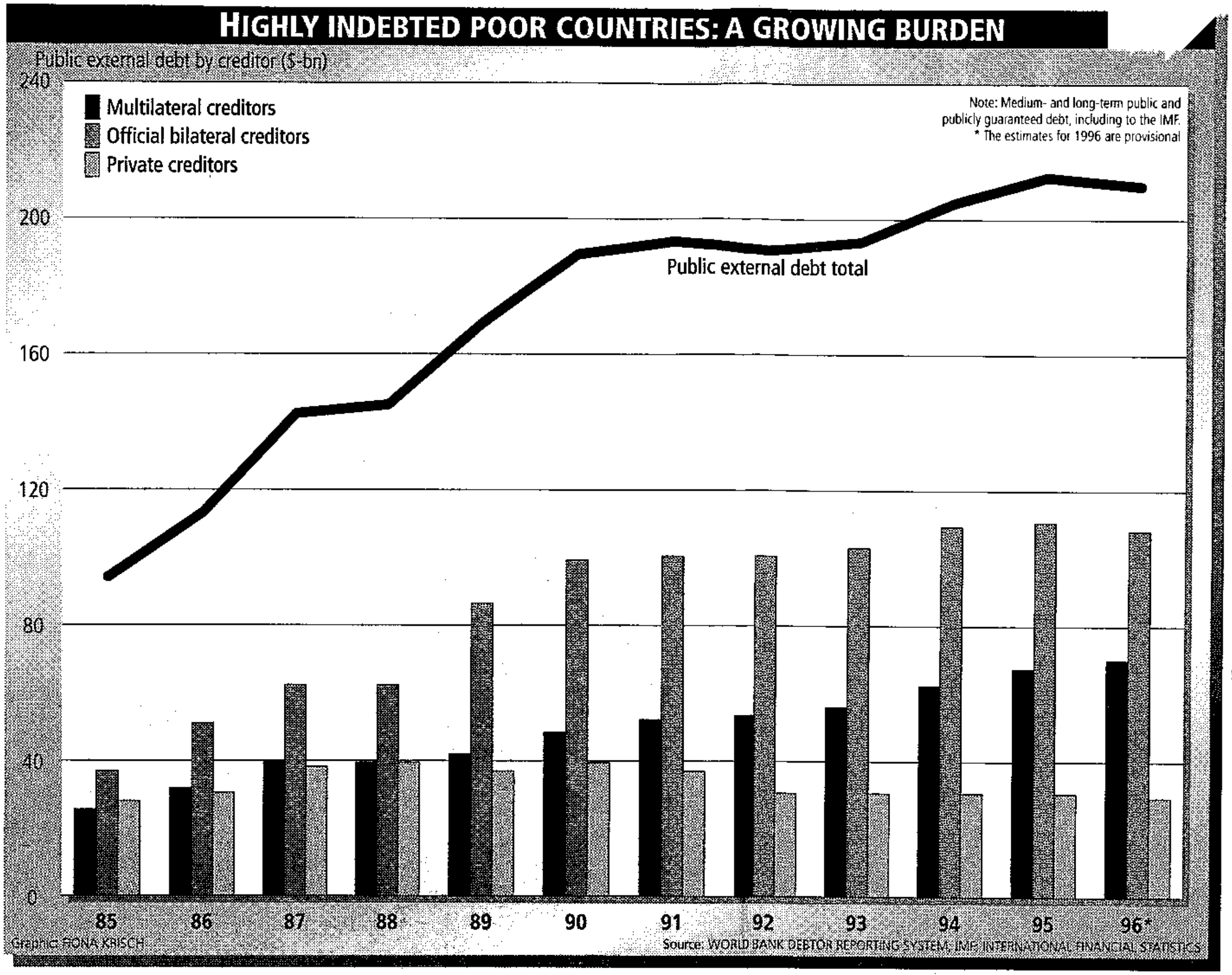
This is especially disappointing at a time when the international debt relief initiative for the poorest countries, assembled painstakingly by the World Bank and the International Monetary Fund since 1996, is in need of another kick-start. African countries are not the only potential beneficiaries of the scheme, but they will enjoy the biggest gains from debt relief.

Many of today's highly indebted poor countries got into trouble when falling commodity prices saw their exports crumble in the late 1970s. They borrowed overseas to finance investment and to compensate for lost foreign exchange earnings.

*African countries are not the only beneficiaries, but will enjoy the biggest gains from debt relief*

When the debt crisis prompted most commercial banks to stop lending in the early 1980s, these countries were left to rely on government lenders and multilateral institutions. Between 1985 and 1995, their public external debt climbed from $90-billion to more than $200-billion.

The present initiative aims to reduce the debt burdens of poor countries to "sustainable" levels. It is assumed these countries can sustain external debt with a net present value a little above 200% of their annual export earnings. Once existing debt relief mechanisms have been applied, and assuming the country has established a good policy track record, the various creditors share the task of reducing the overall debt burden to this supposedly sustainable level.




Last year debt relief worth $1.16-billion at net present value was agreed for Bolivia, Burkina Faso, Guyana and Uganda. The World Bank promised $285-million, the International Monetary Fund $145-million, other institutions $390-million and government lenders $335-million. Uganda should reach the "competition point" at which the promised relief is delivered next month.

But the initiative has run into problems with Mozambique, one of the poorest countries in the world. Mozambique needs $1.5-billion to reduce its debt to a sustainable level, more than any other single beneficiary and at a fifth of the initiative's total cost.

As its contribution, the Paris Club of creditor governments has offered up to 80% relief on eligible categories of debt owed to its members.

But such a large proportion of Mozambique's debt is owed to governments rather than multilateral institutions, that 80% relief on the Paris Club debts would leave the institutions contributing more than their fair share.

The Paris Club countries eventually agreed to do more in January, effectively raising the relief they offer to 86%. But this still leaves a $100-million funding gap. Britain has offered $10-million, Canada $7-million and the US is expected to offer relief equivalent to 88% through the Paris Club.

Most participants expect bilateral donors to meet two-thirds of the gap, with the multilaterals meeting a third. One possibility would be to tap a $170-million interest subsidy fund held in the World Bank by a variety of oil exporting nations. It would be surprising if such a relatively small gap could not be filled, but the delay in closing a deal is causing a few chewed finger nails.

One problem is agreeing the terms for Russia's contribution to Mozambique. If this proves an obstacle, it does not bode well for the likes of Nicaragua, Guinea Bissau and Tanzania, for which Russia is also an important creditor.

Agreeing on a debt-relief package for Mozambique would be a milestone for the initiative, but other challenges remain. One concern is that Ethiopia's participation in the initiative may be unduly delayed because its 1996 "enhanced structural adjustment facility" agreement with the International Monetary Fund has lapsed. Ethiopia should be back on track soon and it would be unfortunate if its lapse did lasting damage to its hopes of debt relief.

Some creditor countries that have always had doubts about the plan — notably Germany — are worried that Mali is now seen as eligible for help. Mali's debt was originally thought to be sustainable under existing mechanisms, but three factors have changed the picture: weaker exports, lower world interest rates and the discovery of more loans on its books.

Sceptics fear that other countries may follow, raising the cost of the initiative from its present $7.5-billion.

But, in fact, the cost of the initiative seems more likely to fall than rise, not least because a one-year delay in Ivory Coast's eligibility will reduce the cost of its relief.

Critics who argue the initiative is not generous enough may point to Mali as evidence that the sustainability calculations are based on over-optimistic assessments of export performance. The counter-argument would point to Uganda, where better-than-expected exports means debt relief will be slightly more generous than first intended.

With luck, US President Bill Clinton's visit will give new impetus to the debt-relief initiative. The US has supported the plan strongly, although its insistence on long policy track records for the potential beneficiaries grates with some of its more liberal supporters. — *Financial Times.*

Martha Bogatsu, right, offers advice to Botswana President Ketumile Masire during his farewell visit to the rural village of Mokgomane before his retirement this week. The president's wife, Olebile Masire, left, looks on. Bogatsu presented the Masires with a cow on behalf of the village. Picture: AP

# Finding efficient ways to feed Africa

(1) BD 20/3/98

**Vincent Nwanma**

ACCRA — Africa's efforts to produce enough food for its growing population moved a step forward at end of a consultative meeting in Accra in Ghana on Friday with a call for governments to allocate adequate funding in support of their agricultural-research systems.

The meeting was organised by the Food and Agricultural Organisation in conjunction with three other agencies. It was attended by 43 participants from 13 countries in sub-Saharan Africa, including SA.

It was a follow up to a field study commissioned in 1995/96 by the organisation in Ghana, Uganda, Zimbabwe and Senegal, each representing the different agro-ecological zones in the continent. The study aimed to identify appropriate technologies for Africa's agricultural sector and how these technologies effected food security on the continent.

"An appropriate technology is the technology being demanded by the end-user — the farmer," said Allan Chiyembekeza of Malawi's agriculture and irrigation ministry.

A draft resolution at the end of the meeting noted that with Africa's increased foreign debt, lower volume and value of export commodities, malnutrition and poverty, "it has become necessary for sub-Saharan Africa nations to recharge the path to development through their multicommodity endowment in agricultural production".

"This realistic path to wealth creation through agriculture must aim at substantial enhancement of agricultural productivity through the upliftment of efficient production per unit of resource," the resolution said.

Three types of technologies were considered. The first was available appropriate technologies that did not require further research, but required an enabling environment for adoption by small and medium-scale farmers.

The second category comprised technologies that needed adaptive research to meet the conditions of small and medium-scale farmers, while the third was new and emerging technologies such as the use of biotechnology and satellite-information systems for sustainable agricultural production and conservation of the natural resource base.

In Kassapu, a senior science officer in the organisation, said the aim of the meeting was to analyse the situation on the continent and formulate recommendations to advise policymakers. It was also aimed at establishing a networking system to facilitate the transfer of technology.

Similarly, the consultative meeting, he said, would "institutionalise technological co-operation between developing countries as the shortest way to the transfer of technology".

More advanced members of the group would assist the least-developed countries to establish their own technologies, he said.

In so doing, he said, the emphasis would be on food security. [illegible] put Africa's food deficit at between 50% to 60%, with 200-million out of the estimated 800-million malnourished people worldwide located on the continent.

"So you see that the task ahead of us is enormous," Kassapu said.

# Clinton calls for new investment in Africa

BD 30/3/98 (1)

**Stephen Laufer**

US PRESIDENT Bill Clinton left SA for Botswana yesterday after a keynote speech in which he called for major new private investment in Africa and said he would ask the US congress for $1,6bn of debt relief for the continent.

In a speech aimed primarily at US audiences, Clinton challenged business to seize opportunities offered by a continent of 700million people.

White House aides said the speech, at the opening of the US Commercial Service's Ron Brown Centre in Johannesburg on Saturday was part of a strategy to bring Africa closer to Americans for whom the continent was still a blank spot on the map.

Chelsea Clinton joins her parents today at the Mowana Safari Lodge in northwest Botswana for a mini safari and a brief respite from official engagements. The Clintons leave Botswana tomorrow for Senegal, the final stop on their six-nation Africa trip.

Clinton said in Johannesburg that he would invite leaders of reforming African countries to a Washington summit to follow up on his tour. African trade, finance, and foreign ministers would be invited to meet US counterparts yearly to advance modernisation and reform in Africa.

African countries whose leaders were working for equality and the rule of law and to improve government accountability, attack corruption and abolish other barriers to business, would be richly rewarded in the global marketplace.

Clinton said US trade with Africa was 20% greater than with the republics of the former Soviet Union and supported 100 000 US jobs. The average annual return of investment on the continent was 30%.

"I hope they are listening back in America," Clinton told a crowd of 500 to applause. "This is a good deal, folks."

He would raise the concerns about the debt issue he had heard from African governments with the leaders of the G-7 group of industrial countries at their next meeting to be held in England in May.

He challenged other industrialised countries to offer more debt relief so that resources could be freed up for health, education and sustainable growth.

Debt relief was not about charity, but enlightened self interest. It was good for US business, the US economy, and US jobs to have a sensible growth policy on Africa, he said.

The US had, together with its G-7 partners, secured a commitment from the World Bank to increase lending to the continent by as much as $1,1bn in the coming years, with a focus on reforming countries.

Clinton said that there was more to do in Africa and the US to improve economic ties, because Africa at present accounted for only 1% of US trade and direct foreign investment.

Clinton was at pains to respond to SA concerns over the "trade not aid" formula in his Africa Growth and Opportunity Bill now before the US senate. He said he would ask congress to restore US development assistance to Africa to historically high levels. It was, however, necessary to build on aid with trade and investment.

**US President Bill Clinton and his wife Hillary wave yesterday as they board Air Force One to depart for Botswana from Johannesburg.** Picture: AFP

**Inspiration to Africa: Page 2**
**Seeking a bigger slice: Page 15**

# Debt spiral gobbles up resources

(297) Sowetan 31/3/98

**By Garth le Pere**

THE HEADS of state of the Non-Aligned Movement (NAM), representing 113 countries from the developing world, will gather in Durban this August for the 12th summit.

One of the new issues, or at least one that has animated NAM debates in recent times, is the problem of debt relief for poor countries.

At the preparatory gathering of NAM foreign ministers in New Delhi last April, they noted that "mounting external indebtedness continued to cripple the development efforts of a large proportion of developing countries.

"Thus, they advocated the importance of a 'once and for all' approach which would reduce the overall debt burden and service to levels necessary to restore development through meaningful reduction of all categories of debt by major creditor developed countries, including multilateral creditors."

As their "once and for all" assault on the problem, the international financial institutions (IFIs) – the World Bank and the International Monetary Fund – at their 1996 annual board meetings, approved a new, innovative debt relief plan for the world's poorest countries.

This plan, called the Highly Independent Poor Countries (HIPC) debt initiative, promised to deal with the debt dilemma in a comprehensive and concerted manner.

It was designed to deal not only with commercial debt and debt owed to bilateral creditors (Europe, US and Japan) but also – and this was the new feature – debt owed to multilateral creditors, the IFIs and regional development banks.

The initiative's central aim was to enable countries which qualified for debt relief, that is, those whose debt burdens are too high to be dealt with by traditional debt reduction mechanisms, to achieve a sustainable debt level within a six-year period. During this period, a country would have to implement an IFI supported structural adjustment programme.

## Decision point

At a particular "decision point" – usually after three years – creditors would re-examine the country's debt problem to determine whether it is ready to graduate out of the HIPC scheme.

If it is deemed not ready, a determination is made on how much debt relief will be needed to reach sustainable levels at a "completion point" three years later.

The IFIs have defined a sustainable level of debt as one at which a country is able to meet its current and future debt repayment obligations in full without compromising economic growth and without resorting to rescheduling or building up future arrears.

In the HIPC scheme, a country undergoes debt sustainability analysis which determines how much debt relief is needed for it to fulfil the sustainability targets of the initiative.

On the basis of the country's annual exports, a debt burden within the range of 200 to 250 percent and a debt service of 20 to 25 percent is recommended.

For countries such as Uganda, Bolivia, Mozambique, the Ivory Coast, Ethiopia, Nicaragua and many others, this seemed to be an opportunity to crawl out of the abyss of debt. But a review of recent developments suggests that significantly more political will is needed to maintain the initiative's momentum.

In April, the IFIs announced, with great fanfare, that Uganda was the first country to qualify under the HIPC plan.

The debt relief package amounts to R1 622 million and represents a reduction of about 19 percent of Uganda's total external debt stock. But will Uganda really be better off? Uganda has recently received more than R240 million annually in debt relief from bilateral sources through its Multilateral Debt Fund.

## Worse off

Yet under the proposed structure for the disbursement of funds under the HIPC, only some R120 million will be available in debt relief after the completion point next year, meaning that the country will be worse off in cashflow terms.

Or take the case of Bolivia in South America. Last year, the IFIs approved a debt reduction package that would reduce the country's debt by R2 150 million by this September. Like Uganda, Bolivia is regarded as a textbook case for the initiative, with a decade-old track record of reforms under IFI supported structural adjustment programmes.

The government, as in Uganda, has committed itself to use the resources freed by debt relief for social sector investments and poverty eradication.

But Bolivia will also receive less than expected because of the principle of burden-sharing, a built-in weakness of the initiative. This holds that all creditors – both bilateral and multilateral – should provide debt relief in relation to their exposure.

The Inter-American Development Bank, which owes about one third of Bolivia's external debt and is thus expected to grant the lion's share of relief, sought ways to reduce its own contribution, partly because richer shareholder countries, such as Mexico, Argentina and Brazil, were out to protect their own interests.

Other cases can be cited but the fundamental problem is that of linking debt relief to the fiscal burden of debt. Developing countries often have difficulty mobilising fiscal resources to finance their expenditures, including debt service.

The export-denominated indicators discriminate unfairly against a range of developing countries or at least many of the 41 countries classified as HIPC which have relatively open economies and thus lower debt-to-export ratios.

The threshold level of 200 percent does result in the eligibility for a considerable number of HIPCs but will cost an estimated R24 billion, a cost which creditors are unlikely to want to shoulder.

An exit from the debt crisis before 2000 remains a realisable objective, but only if the initiative adapts, expands and enjoys the unequivocal backing of its architects.

It may alleviate the problem in the short term for a few countries which qualify but falls far short of its initial target of providing a robust exit for HIPCs from the debt spiral.

*(The writer is an executive director of the Foundation for Global Dialogue.)*

# Prospects for renaissance

(1) ARG 31/3/98

## *An SA-led African renewal could be in the offing*

**INSIDE STORY**

Mayivuke Afrika! An African renaissance depends largely on internal developments in South Africa, say **FRANCIS KORNEGAY** and **CHRIS LANDSBERG** of the Centre for Policy Studies

The articulation of an "African renaissance" by South Africa's foreign policy elite – led by Deputy President Thabo Mbeki – holds out the revival of a pan-African vision that has been dormant since the first wave of decolonisation, lasting from the late 1950s up to the original quest, inspired by Kwame Nkrumah, for a "political kingdom" encompassing the whole continent.

Now, Pretoria's espousal of an African renaissance holds out prospects of re-embarking on this quest.

This follows on the heels of South Africa's transition to democracy, which has unseated the last white minority regime in the region.

Pretoria's pronouncements on an African renaissance have come amid an unfolding discourse on Africa's future, pitting "Afro-optimists" against "Afro-pessimists".

This discourse tends to reflect conflicting readings of recent upheavals in several parts of the continent – particularly the Central and West/Central African peripheries of the Southern African Development Community (SADC), highlighted by the Great Lakes crisis and the toppling of Mobutu Sese-Seko in Zaire-turned-Congo.

Thus the articulation of an African renaissance could help to trigger a pan-African revival, linked to the unfolding of a new post-Cold War inter-African order.

Placed in historical perspective, the promised revival also suggests an alternative framework for interpreting phases of African integration at national, subregional and continental levels.

The initial "African independence decade" in the 1960s – leading to southern Africa's democratic transitions, and culminating in South Africa's "small miracle" – can be interpreted as efforts at melding colonially defined multi-ethnic, multicultural or multiracial territorial units into variations of the theme of what might be termed the "pan-African nation-state".

However, "national pan-Africanism" has for some time been accompanied by another phase transcending the nation-state: movements toward regional integration, leading to subregional, transnational state systems in the context of the Organisation of African Unity's (OAU) goal of an eventual African Economic Community.

South Africa's articulation of an African renaissance is interpreted by some as an expression of its own post-apartheid version of a pan-African nation-building project, linked to aspirations for effecting a broader transformation in southern Africa and Africa as a whole.

Yet South Africa's capacity to generate such momentum is contingent on, and linked to, the outcome of its own internal renewal, which suggests a series of scenarios reflecting divergent internal and subregional development paths.

### Domestic scenarios

Domestic scenarios revolve around the fate of the African National Congress-led tripartite alliance and its success or failure in remobilising its constituencies in partnership with the state and the private sector.

South Africa's transition, in effect, was a "double-edged sword" – while saving the country from further destabilisation, it resulted in a demobilised and, in some cases, an alienated ANC constituency.

This suggests three possibilities:

■ A neo-Keynesian/mobilisation scenario, assuming a high level of cohesion and consensus within the tripartite alliance, resulting in a coalition of social forces that transforms South African society through a public works-driven partnership of the public and private sectors as well as civil society.

■ A worst-case – from paralysis to crack-up – scenario, assuming growing turmoil and even violent instability within the alliance, which inhibits consensus and joint action on socio-economic, political and cultural issues.

■ The muddling-through scenario, which allows over time for substantial progress on the socio-economic, political and cultural fronts, in spite of, or even because of, elements of dissent within the ranks of the ANC and its alliance partners, as this generates a wide range of options for strategic realignments among Government, business, labour and civil society.

### Regional scenarios

Each of these scenarios spills over into broader southern African possibilities:

■ The pan-Africanisation of South Africa's renewal is based on the consolidation of the peace processes in Angola, the two Congos and the Great Lakes, centring on the establishment of an OAU Great Lakes Commission.

This body would oversee the deployment of a Great Lakes Stabilisation Task Force, delegated to Pretoria; mobilise an international recovery, reconstruction and development programme focused on Congo-Kinshasa; and begin open-ended negotiations on Julius Nyerere's proposed United States of Central Africa.

Pretoria would create a policy-planning apparatus tasked with formulating a coherent strategy for pursuing Africa's renewal, including the possible integration of the SADC and the Common Market of Eastern and Southern Africa (Comesa).

Benefits from the geo-economic politics of oil and water resources and the regionalisation of South Africa's military and defence industrial capacity, coupled with a regional Reconstruction and Development Programme initiative, also contribute to this pan-African renaissance scenario.

■ Pan-Africanisation, frustrated, is driven by escalating tensions between South Africa and an increasingly unstable Zimbabwe, coupled with an isolated Zambia.

A proposal by Pretoria for the establishment of Councils of Elders in subregions throughout the continent gets off to a halting start in southern Africa.

Meanwhile, the threatened disintegration of Zimbabwe amid growing internal contradictions stemming from regional, inter- and intra-ethnic rivalries within the ruling Zanu-PF party begins to create problems for South Africa and the SADC.

■ The balkanisation of the SADC could also evolve out of the frustration of pan-Africanisation.

In this scenario the expansion of the SADC, rather than its deepening, begins to work against large-scale regional integration, and the fault lines are reflected in the SADC parliamentary forum as rival interstate caucuses emerge. The SADC trade protocol is a casualty, and South Africa falls back on the Southern African Customs Union.

However, this balkanisation may also be beneficial in that smaller country clusters within the SADC become amenable to integration into a broader economic community. Another encouraging development is increased networking between business communities in various SADC states.

Ultimately, the study demonstrates that South Africa's internal political development is as crucial to the continent's prospects for renewal as Pretoria's choices in matters of foreign policy.

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# Discussions held on upgrading border facilities

MAPUTO — The opening of the border posts and access points between SA, Mozambique and Swaziland, and security issues were among matters discussed at a Lubombo spatial development initiative meeting in Maputo yesterday.

The meeting was attended by SA home affairs minister Mangosutho Buthelezi, his Mozambican counterpart, Almerino Manhenje, and Prince Guduza of Swaziland.

They agreed to upgrade existing border facilities. New ones would also be built where necessary to facilitate the speedy movement of people and goods between the countries.

Home affairs chief director of migration Patrick Matlou said the initiative was aimed at one-stop border facilities, where entrances and exits from the three countries would be in one place.

On immigration facilities, the parties recognised that the Southern African Development Community was working on a protocol, due to be signed at a meeting in August, that would facilitate the movement of people between member countries.

The three delegates believed it was necessary to immediately implement the standardisation of border procedures, the relaxation of visa requirements and visa exemptions for certain categories of people.

Officials from the three countries were expected to meet again next week to thrash out specifics of the visa exemptions.

The delegates said they recognised the importance of security, particularly in the area of immigration. — Sapa.

BD 2/4/98

# Africa 'cannot escape blame'

HARARE: African states lamenting their sidelined status in world trade were told by Zimbabwe's President Robert Mugabe yesterday to take advantage of a new US interest in the continent.

Mugabe, chairperson of the Organisation of African Unity, made the remark in an unusually self-critical opening address to the first meeting of ministers of trade in the OAU's African Economic Community.

Although he held that drought, debt and bullying by bigger states were partially responsible for the drop in Africa's share of world trade from five percent to two percent over the past decade, Mugabe told the ministers, who are trying to forge a united front before World Trade Organisation talks in Geneva next month, that Africa cannot escape blame for its underperformance.

Referring among other developments to the new US initiative on Africa promoted by President Bill Clinton during his recent African tour, Mugabe said: "Let us take full advantage of this goodwill and interest shown in Africa by tying our bootstraps and rising to the challenge.

"Anchored on growing peace and solid stability on the continent, the adoption of the principles of good governance, popular participation and democracy, let us make this the dawn of the African renaissance."

The term "African renaissance" was coined by South African Deputy President Thabo Mbeki, and used repeatedly by Clinton during his African tour.

However Mugabe's trade minister, Mr Nathan Shamuyarira, opened a preparatory meeting yesterday with the more usual complaint that developing countries were bullied at World Trade Organisation negotiations.

"The big trading nations ... have been taking decisions which they then ram down our throats."

Mugabe said the Uruguay Round of trade negotiations had showed that "not only did (Africa) have a limited capacity to trade, but it also lacked the capacity to negotiate as a region".

Mugabe called on African states to put the continent on the path to growth by "forging a new partnership through planning and acting together, and speaking with one voice". — Sapa-AFP

(290) (1) CT 9/4/98

# Africa 'lost 10 million jobs in 10 years'

(1) CT (PR) 15/4/98

**FRANK NXUMALO**
LABOUR EDITOR

Pretoria — The most serious problems facing the Organisation of African Unity Trade Unions Unity (OAUTUU) were unemployment, poverty, economic development and regional economic integration, Hassan Adebayo Sunmonu, OAUTUU's secretary general, said yesterday.

OAUTUU is the continental umbrella organisation of African trade union federations from 54 countries representing more than 20 million workers.

"There's been massive retrenchment all over the continent, mostly due to structural adjustment programmes and globalisation," Sunmonu said. "OAUTUU members have lost 10 million jobs in the last 10 years."

He said there were many incidents of violation of trade union rights in various African countries, including imprisonment and detention without trial.

"Our modus operandi is to meet those governments that are violating the trade union rights of our members and to try and sort out the problem in an African way," said Sunmonu.

"If we don't succeed, we file a complaint against that government with the International Labour Organisation committee on freedom of association, which then takes appropriate measures."

# Oxfam criticises pace of debt relief

(1)

CT (PR) 16/4/98

**From Sapa-AP**

Nairobi — An international aid group yesterday criticised the tough rules and delays in granting debt relief to Africa's poorest nations.

On the eve of an international meeting of creditors in Washington, DC, Oxfam called on finance ministers and bankers to put pressure on the International Monetary Fund (IMF) and World Bank to ease stringent criteria for writing off the debts.

The World Bank and the IMF agreed in September 1996 on a plan to reduce the debt burden of 19 highly indebted poor countries to what they call sustainable levels. They estimate the total cost would be around $7,4 billion.

So far, only Uganda has received debt relief. Mozambique would not benefit until 1999, Burkina Faso until 2000 and Ivory Coast in 2001, said Oxfam.

Oxfam argued that other African countries had embarked on bold economic reforms, but had no response from the creditors.

"Ethiopia will have to wait until 2001 even though 100 000 children die annually from preventable diseases," Oxfam said. "The money needed to reverse this is going on paying the debt. Debt repayments are four times more than public spending on healthcare."

It accused the IMF of being inflexible to Tanzania's case for debt relief, despite the country's economic reforms.

# US bids to soften terms of its Africa trade bill

① CT(BR) 15/4/98 (?) (183)

PETER FABRICIUS

Johannesburg — Some of the congressional sponsors of the US's controversial Africa trade bill were discussing ways to soften the language of the bill to make it more palatable to African countries, said Rosa Whitaker, the assistant US trade representative for Africa, in Johannesburg yesterday.

Whitaker is visiting South Africa to try to win greater support for the bill and for the Clinton administration's parallel initiative to boost trade and investment between the US and Africa.

She recently attended the Organisation of African Unity's (OAU) ministerial meeting in Harare, and said OAU members had expressed reservations about the conditionalities of the Africa Growth and Opportunity Act.

But she said that once she had explained some of the "misconceptions" about the bill, they had confirmed the OAU secretariat's endorsement of its principles.

The bill aims to promote trade and investment with Africa by measures including the lowering or elimination of US tariffs for a wide range of African products.

It offers unique duty-free access to the US market for African textile and clothing exports from countries that meet specified conditions — essentially to do with liberalising their economies and protecting foreign trade and investment.

During Clinton's recent visit to South Africa, President Nelson Mandela bluntly told the US president that the bill was "unacceptable".

Whitaker said yesterday: "We really don't have conditionalities as such. What we have are general eligibility requirements which represent the global best practices for attracting trade and investment."

**UNDER FIRE** *Health Minister Nkosazana Zuma's new laws are worrying US drug makers*

She said there was discussion among some of the sponsors of the bill "to rephrase it in a way that does not raise the ire of African countries".

She pointed out this was a unique trade bill because the US was offering African countries enhanced tariff reductions without demanding reduced tariffs for entry of US goods into Africa.

Whitaker said she had held "extensive" discussions with Health Minister Nkosazana Zuma this week about the row between the US and South Africa over Zuma's new legislation which permits the import and use of generic medicines.

US pharmaceutical companies have complained that the bill violates their patent rights.

Whitaker said the discussion was "constructive", but could not say any progress had been made towards a compromise. She said the US agreed with Zuma's goal of providing affordable healthcare and to equalise access to it, but did not believe it was necessary to impinge on intellectual property rights of medical manufacturers to achieve these goals.
— Independent Foreign Service

# 'Africa can no longer blame the white man'

(1) OD 17/4/98

NEW YORK — African leaders had failed the people of Africa, United Nations (UN) secretary-general Kofi Annan said yesterday in a report analysing the roots of conflict and offering possible cures.

In his blunt report presented to the security council, Annan, a 60-year old Ghanaian, said African leaders could no longer blame the white man for their problems, but should look critically at their own record.

He noted that since 1970, more than 30 wars had been fought on the continent, most of them internal.

"By not averting these colossal human tragedies, African leaders have failed the peoples of Africa, the international community has failed them and the UN has failed them."

The 15-member security council commissioned the report from Annan at a ministerial session devoted to Africa on the sidelines of the UN general assembly session last September.

"More than three decades after African countries gained their independence, there is a growing recognition among Africans themselves that the continent must look beyond its colonial past for the causes of conflicts."

Surprisingly, Annan did not refer to the Democratic Republic of Congo, which has been the main African problem he has grappled with over the past year.

An official said Congo was still "a moving target" so it was "difficult to draw the lessons learned". — Sapa-AFP.

# UN chief blames African leaders

CT 17/4/98

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He noted that since 1970, more than 30 wars had been fought on the continent, most of them internal.

"By not averting these colossal human tragedies, African leaders have failed the peoples of Africa; the international community has failed them; the United Nations has failed them," Annan said.

The 15-member Security Council commissioned the report from Annan at a ministerial session devoted to Africa on the sidelines of the UN General Assembly session last September.

"More than three decades after African countries gained their independence, there is a growing recognition among Africans themselves that the continent must look beyond its colonial past for the causes of current conflicts," he said.

"Today more than ever, Africa must look at itself. The nature of political power in many African states, together with the real and perceived consequences of capturing and maintaining power, is a key source of conflict across the continent," he said.

Annan also recognised that disagreements among major powers on how to handle conflicts in Africa had also hindered progress.

Surprisingly, although Annan's report specifically mentioned the UN experience in several African countries, he did not refer to the situation in the Democratic Republic of Congo, which has been the main African problem he has grappled with over the past year.

A senior UN official said the former Zaire, now renamed Democratic Republic of Congo, was still "a moving target" so it was "very difficult to draw the lessons learned".

Speaking of the lessons from the UN failures in Rwanda and Somalia, Annan urged the international community to show the political will to "intervene where it can have an impact, and invest where resources are needed."

"The credibility of the United Nations in Africa to a great extent depends upon the international community's willingness to act and to explore new means of advancing the objectives of peace and security on the continent," he said.

Annan also raised questions about the effectiveness of humanitarian assistance, expressing concern that such aid could help fuel conflict or facilitate "political inaction".

He issued a long list of recommendations, ranging from improving the effectiveness of sanctions and relief operations to curbing arms sales and restructuring international aid.

He backed the Organisation of African Unity calls for donor countries to cancel the poorest African countries' debt, and urged the major industrialised countries to discuss eliminating trade barriers against African products.

Annan proposed a Security Council summit within five years to boost support for Africa, and suggested the 15 foreign ministers reconvene every two years to reassess efforts.

The council is due to debate Annan's report at an open meeting on April 24. — Sapa-AFP

# Per capita GDP is only R3 100

PRETORIA: Africa represented 13% of the world's population but produced only 1,7% of the world's total wealth, Pan-African Productivity Association president Mr Jan Visser told a meeting of the Organisation of African Unity's labour and social affairs commission here this week.

The gross domestic product per capita in Africa was only R3 100 in 1995 compared to a world average of R24 400.

From 1985 to 1995 the GDP per capita declined at a rate of 1,1% for every year.

Visser said that high productivity was important for job-creation because economic growth was impossible in the global economy unless firms were extremely competitive.

He warned that the globalised economy should not be seen only as a threat — it was also a huge opportunity because it opened markets for African entrepreneurs.

The OAU meeting was presented with a World Economic Forum report on African competitiveness in which South Africa came seventh but compared with 46 other developed countries it ranked only 44th.

Pan-African Employers' Confederation secretary-general Mr Azad Jeetun of Mauritius struck an optimistic note when he said there were already signs that the continent had reawakened, with 19 countries recording growth rates exceeding five percent last year. Even the World Bank admitted that Africa was on the way to sustained growth, he said. — Sapa

# African interests first

Any relations with the West must help develop the African renaissance by enhancing the continent's autonomy. **Francis Kornegay** explains why ...

Sowetan 20/4/98

IN the wake of United States president Bill Clinton's historic visit to South Africa, Pretoria has an opportunity to further develop its relations with the US.

It can do so by expanding beyond the Binational Commission and re-energising the anti-apartheid constituency in the US for the longer struggle ahead to achieve an African renaissance.

Although there is support for an African renaissance at the level of government and the private sector in the US, the continent's renewal does not necessarily imply a complete identity of interest between Pretoria and Washington.

An African renaissance is first and foremost in the interest of Africa by enhancing the continent's capacity to determine its own fate as an autonomous regional bloc in the global arena, which is very much in Pretoria's geopolitical and economic interest.

Moreover, while Clinton's visit and the African Growth and Opportunity initiative making its way through the US Congress signal an increasing interest by US businesses in competing economically with European and Asian nations on the continent, American companies will also be competing with South African companies.

At the same time, South African companies are seeking greater access to the US market as an export destination for generating growth in the South and Southern African economy, which will provide a major source of the economic momentum required to generate an African Renaissance.

Support for an African Renaissance aside, Pretoria will need all the help it can get in surmounting tariff and non-tariff barriers from the US and other Western powers which are more interested in access to African markets, including South Africa's, than the other way around. The European Union-South Africa trade talks are an indication of this.

While diplomacy and diplomatic channels are the first line of defence for South Africa in its complex and evolving economic relationship with the US, a second but no less important line of defence is its constituency in the US.

There exists a large section of the American public that contributed to South Africa's liberation and who want to see democracy succeed here and elsewhere on the continent. They would also like to see sustained and equitable economic development in South Africa.

Therefore, this constituency tends to support policies that would harmonise US-South Africa interests rather than actions that would seek unfair advantage over South Africa, with the possible effect of subordinating it and the rest of the continent to America's economic power.

They represent a constituency willing to help South Africa fight off protectionism in the US. But for this to happen, Pretoria will have to proactively work with this constituency in tandem with its growing links with corporate America.

> **'Leadership must now come from Africa. The one country that can exercise that leadership is SA'**

To a large degree, this constituency has lost much of its momentum since South Africa's political transition in 1994. Leadership must now come from Africa. The one country that is in a position to exercise that leadership is South Africa.

This creates an unprecedented opportunity for the US constituency. Never before has there been "one country", as opposed to an entire continent, in all its complex diversity, for the US constituency for Africa to relate to.

## Ethnic-based

Which is why the conventional ethnic-based foreign affairs lobby model has been so problematic as applied to Africa

To a certain extent, the anti-apartheid activist movement for sanctions overcame this problem but still provided little framework for a more sustained, positive campaign on Africa's behalf since this largely centred around foreign aid appropriations.

And this is a notorious loser before the US electorate – except where a country (as opposed to a continent) has a dedicated ethnic and/or issues constituency.

US interests in Africa, however, are broader than South and southern Africa. Any South African strategy aimed at reactivating the anti-apartheid constituency will have to take into account a wider African agenda as well as, or in addition to, its own national interests.

Hence Pretoria will need to coordinate with other African actors in developing a concerted outreach to the American public that can be tailored to its special concerns as well as to a broader African renaissance programme that defines a role for the diverse constituency of interests in Africa that exist in America, accompanied by a special outreach to the African-American community.

For various reasons to do with the internal dynamics within the African-American section of America's Africa constituency, this ethnically defined sub-constituency has never fulfilled its potential as an actor in US-African relations. But that is a subject all on its own.

Beyond that, there are positive initiatives that could be undertaken to reactivate the African-American constituency and the broader constituency for Africa.

This could involve enlisting organisations like the National Association for the Advancement of Coloured People along with the plethora of African affairs and development specialist organisations to mobilise support in the US for an African Renaissance – one that incorporates South Africa's transformation along with the renewals of Southern Africa and the continent as a whole.

With particular reference to the US-South Africa relationship, this mobilisation could centre around a public education campaign in the US which highlights what has been achieved in South Africa in creating a new society since the first democratic elections in April 1994.

The campaign could also highlight what remains to be done in the years ahead and how US protectionism presents an obstacle to fulfiling the renewal agenda of South and Southern Africa and the continent at large.

With particular focus on the African-American community, this campaign could be coupled with the recruitment of retired African-American professionals and skilled workers to temporarily fill gaps in the South African public sector in the service of its transformation and the development of human resource capacity.

Such a programme could be expanded to other Southern African Development Community countries as well.

But for this and other initiatives to develop in the interest of South and Southern Africa, the level of engagement between Pretoria, in particular, and its constituency of supporters and long-time allies in the US will have to receive considerably more focused and sustained attention than has thus far been the case.

*(The writer is coordinator of the National Policy Institute of South Africa. The article is written in his personal capacity).*

# Productivity in Africa 'not satisfactory'

**By Isaac Moledi**

AFRICA has 13 percent of the world's population but produces only 1,7 percent of the world's wealth, Pan-African Productivity Association (Papa) president Dr Jan Visser said in Pretoria on Friday.

Addressing the 21st experts meeting of the Organisation of African Unity's Labour and Social Affairs Commission, Visser said he was concerned that the continent's gross domestic production per capita was equal to the gross domestic consumption per capita.

It was impossible, he said, for a country to consume more per person unless more had been produced per person.

He said the GDP per capita in Africa was only R3 118,6 in 1995 compared to a world average of R24 546,4. The GDP per capita declined at a rate of 1,1 percent per year between 1985 and 1995.

"Productivity is a holistic concept which embraces all resources. It demands that the right things be done right on time every time," he said.

Visser argued that high productivity was important for job creation and unless firms were competitive, economic growth would be impossible in a global economy.

"The balance of payments of African countries all tend to be negative due to imports exceeding exports.

"The globalised economy is not only a threat – it is also a huge opportunity because it opens markets for African entrepreneurs".

According to the African Competitiveness Report published by the World Economic Forum recently, South Africa came out seventh on the list.

The World Competitiveness Report however, placed it at 44th when it was compared with 46 other (mostly developed) countries.

"African countries should learn from these studies," said Visser, who is also executive director of South Africa's National Productivity Institute (NPI).

Africa's 54 countries have only six productivity centres. Of this number, four of these centres are independent organisations, while the other two are part of government departments in their countries.

Most countries have management institutes and in many these fulfil the role of a productivity centre, said Visser.

Sowetan 20/4/98

# Africa tries local cure

Sowetan 21/4/98

OAU ministers are determined to resolve Africa's social ills along with tackling economic growth – but will their calls be realised? **Sharon Chetty** asks…

ORGANISATION of African Unity (OAU) members last week again committed themselves to improving the social lot of people on the continent.

At a ministerial meeting of the OAU's commission on labour and social affairs, there was much discussion about the importance of treating Africa's social ills instead of only concentrating on economic growth and expanding markets.

After the week-long conference in Pretoria, relevant ministers of member countries adopted recommendations that are expected to inform their policy making.

"Worldwide there has been neglect of the social dimension," said one of the participants, Mrs Mervat Talawi, the Egyptian minister of insurance and social affairs.

"But after the end of the Cold War there is recognition of the need to invest in people if we want to alleviate poverty and other problems."

Talawi is a career diplomat who has represented her country in Japan, Austria and at the United Nations (UN). She has also served as deputy foreign affairs minister.

She said dealing with social problems can often be more difficult than tackling political ones. However, it was vital that organisations such as the OAU placed social change as a priority because it went "hand in hand with economic change".

"The issues are complicated but it is crucial that they are tackled if we want sustained economic growth and political stability."

Social change is now on the international agenda and, as in the rest of the world, she said, African governments have to work out a plan on how to improve people's lives.

For the first time considered attention was being given to previously ignored sectors, such as how to cater for the disabled and ensure that they have adequate representation.

Her portfolio was deliberately named "social affairs" rather than "welfare" as she prefers to emphasise the need to develop people.

"Welfare handouts can only be temporary because there is never enough in the budget. Our aim should be how to move the marginalised more to the centre."

More attention must be paid to the large informal sector in developing countries, she said, and added that one of the failings of developing countries was the tendency to follow Western economic models which were based on the formal sector.

A big stumbling block had been the lack of reliable information on the informal sector, which meant that governments were unable to plan properly, she said.

Last week's meeting dealt with, among other things, the impact of globalisation on social issues; violence against women and children; children in armed conflict; the illegal drugs trade; unemployment and other labour issues.

The only resolution adopted was a call for the UN to lift a trade embargo against Libya.

While the meeting's recommendations were just guidelines for member states, such "talkshops" were necessary because the region needed to have a more coordinated approach, Talawi said.

She also believes there is a genuine commitment to fighting poverty and other problems afflicting the continent, and that it is useful for OAU members to meet and work out common approaches.

Recognising that "globalisation hurts the poorest", it was therefore vital that the OAU expressed the continent's position at world bodies.

While there was much emphasis being placed on opening up the continent's markets, Africans first had to see how that benefited the people on this continent, she said.

Conforming to rules of international bodies such as the World Trade Organisation was a strain on most African countries, who were still battling illiteracy and trying to improve training standards.

Also, the speed at which the African marketplace was opening up meant that a lot of economies were being upset.

**Mervat Talawi ... developing people must be Africa's priority.** PIC: SHARON CHETTY

### How to fight poverty

"This continent has to look at a lot of things in the context of globalisation. The first consideration is how the lives of the poor can change ... how to fight poverty."

Developing countries needed to give the continent a "grace period in which to catch up" and at the same time help with technical expertise since aid to the continent was less than that to Asia or Latin America, said Talawi.

She was not satisfied with the discussion on violence against women, which she described as "weak", and believes more effort should be made to educate people on the issue.

"Most countries have laws against such violence but the practice goes on ... there has to be greater acknowledgment that violence against women and children affects everyone."

However, she was glad that there was unanimous rejection of the use of children in armed conflicts and said she would like to see more commitment to ensuring that young people were not called to take up arms.

"There must now be more peace education for children – maybe some kind of therapy so that they can learn to move away from violence."

Joint efforts were needed to resolve armed conflicts and to deal with insidious problems like land mine clearing, the meeting agreed.

Providing micro-credit and training people to be entrepreneurs, instead of relying on government for jobs, was crucial to tackling unemployment – the developing world's number one problem.

At the same time, child labour was acknowledged as a big problem on the continent and members again committed themselves to adhering to the UN convention that prohibits the employment of anyone younger that 15.

"Child labour is difficult to prevent completely, but governments are asked to ensure that children are not made to work in dangerous areas (like underground mines)."

And while the continent's low growth rate and productivity was regularly lamented, Talawi pointed out that social change would make the difference.

"Educated people will be more healthy, and healthy people are more productive," she said.

# Regional rescue plan breaks new ground

**The resettlement of SA farmers across borders is an indication of the increasing co-operation between SA and its neighbours, writes Claire Pickard-Cambridge**

BD 22/4/98

THE prospect of growing numbers of SA farmers moving deeper into Africa would only a few years ago have kindled fears of a second "great trek", with its message of conflict and domination.

However, a pointer to the changing economic and political landscape is the co-operation developing in such ventures between the SA Chamber for Agricultural Development in Africa (Sacada) and the governments of SA and recipient countries.

This time round SA's government is backing the ventures into the interior, while neighbouring governments are pinpointing where SA farmers are needed.

Sacada, established with President Nelson Mandela's backing in 1995 to help stimulate the regional economy, resettled about 15 farmers in Mozambique last year. They are export orientated and each employs about 100 people in the northern province of Niassa, which the Mozambican government wanted developed.

Sacada simultaneously provides training for Mozambican farmers in subsistence and commercial agriculture and gives marketing and technical help. It operates only at the invitation of other governments and receives management fees to cover costs.

Progress on the Mozambican project — which was launched as joint venture SDM with R15m grants from both the SA and Mozambican governments — has sparked the interest of another 20 African governments. They have asked Sacada to operate in selected parts of their countries and its next step will be to settle up to 400 SA farmers in Zambia.

Sacada president Dries Bruwer said the initiative could be traced to 1994, when organised agriculture approached President Nelson Mandela about the millions of illegal immigrants moving into SA and particularly the number of Mozambican squatters on Free State and Mpumalanga farms.

"We said organised agriculture was forced to start getting involved in upgrading the neighbouring states' economies. We had the expertise and offered to get involved," he said.

The cabinet agreed that a regional rescue plan was needed. Agriculture was deemed to be the first building block, with Mozambique needing urgent attention.

Mandela asked Bruwer, then Transvaal Agricultural Union president, Free State Agricultural Union president Piet Gous and Gen Constand Viljoen to go to Mozambique in 1995, where plans were explored with Mozambican President Joachim Chissano.

Sacada was launched the same year and board members include Mpumalanga premier Mathews Phosa, who took on the job at Mandela's behest. Phosa, who facilitates political liaisons, enthuses about the contribution these projects can make to "economic reconciliation" in the region.

The Mozambican SDM project was launched in 1996 when a training farm was set up in Niassa province. SDM's production fund provides soft loans to SA and local farmers in the project.

Bruwer said the SA government could not commit such funds again and Sacada is helping to manage the seed capital in a self-generating manner.

Varied legal systems and requests from governments necessitate flexibility from Sacada. For instance, land in Mozambique can be obtained only on 50-year leasehold and Sacada's farmers are on land held in SDM's name.

In Zambia SA farmers can buy state-owned farm land themselves. Here Sacada is negotiating land acquisition and holding talks with donors and banks to facilitate financing. The Zambian government, in turn, may allow reduced taxed rates and provide incentives for clearing land and installing infrastructure.

Farmers need to be adaptable because labour laws differ vastly from country to country and tribal custom is a consideration.

Bruwer said that in Niassa province where chiefs have jurisdiction over locals, some SA farmers had to pay wages via the chief who laid on the workers. Here Sacada advises farmers to approach the local chief to discipline or replace an unsuitable worker. He claims the situation is not as complex as it seems — "a farmer gets to know how chiefs are likely to deal with matters".

Once the Zambian project has been launched Sacada is keen to turn to Uganda, Tanzania and the Democratic Republic of Congo, which wants food produced near its mines in Shaba province.

Others which have approached Sacada are Angola, Malawi, Cote d'Ivoire, Ghana, Rwanda, Burundi, Sudan, Somalia, Brazzaville-Congo, Gabon, Burkhino Faso, the Central African Republic, Liberia, Cameroon, Nigeria and Libya.

However, Sacada aims to move farmers into an area only if it is deemed politically stable.

An unrelated private SA development company, Sadefco, has first-hand experience of Congo-Brazzaville's civil war which erupted in the middle of last year.

Sadefco pioneered the resettlement of about 25 SA farmers in the country three years earlier and had to airlift several back to SA. Sadefco executive chairman Johan van der Westhuizen said their programme — which involved crop production, agro processing, agricultural research and the training of locals — was back on track.

Sadefco holds a 60% stake in an agro-industries project and the Congolese government holds 40%. Sadefco also has farmers in Madagascar, Guinea and Burkina Faso.

Another possible pitfall for export-orientated farmers will be inadequate transport networks.

Bruwer counters that one reason Sacada has earmarked Mozambique, Zambia, Uganda, Tanzania and the Democratic Republic of Congo as initial targets is that an extensive rail network, including the Tazara and Benguela railway lines, exists in the band across central Africa. "We believe there are enough rail upgrading plans afoot for farmers to market properly in future."

Even though the new wave of SA pioneers may be linked to positive development ventures, locals inevitably wonder whether SA investment will prove a double-edged sword: they know they need investment but fear that South Africans will gain inordinate influence in the economy.

The Zambia Investment Centre, which needs to facilitate the sale of state farms, maintains it has had a largely positive experience of SA farmers. And centre head Bwalya Ng'andu said peasant farmers were not unduly threatened by land sales because "we are careful to ensure peasants are not removed from the land".

However, the Zambian press reported allegations last year that an SA farmer had beaten a worker to death and police were reluctant to press charges. No clarity was forthcoming on what may have been an isolated incident.

Johann Wingard, Sacada's vice-president, said individual SA farmers already in Zambia had no links with Sacada.

Questioned about Sacada's approach to a member who offends the local community, Wingard explained that Sacada wanted to send 16 to 18 farmers as a community which would have its own district agricultural association to deal with problems. "They will discipline themselves. We will give them guidelines and ensured they understand the Zambian government's terms."

However, he acknowledged that Sacada would have less influence over these private farmers than it had in Mozambique, where the land was in SDM's name. One of SDM's conditions is that funding and support can be withdrawn from a farmer who seriously offends the community.

Bruwer is forthright on the matter: "If a farmer is under Sacada's umbrella we will not allow racist or bad treatment of labourers — in Mozambique we had one chap who was controversial and pushed his staff too far. We warned him not to handle workers that way."

Phosa said some observers initially thought resettlement projects had overtones of another "great trek". But he believes a fresh perspective is appropriate — the one adopted by African governments which realised the South Africans had good intentions which needed to be utilised.

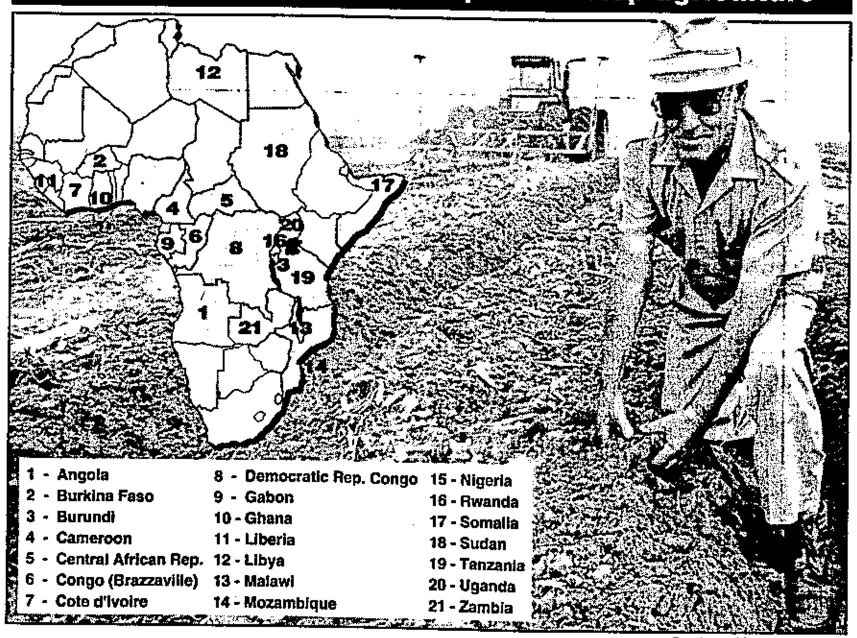
"People must decide whether they are going to be prisoners of the past or want to forge a new future. The involvement of SA farmers is essential for progress in the region."

Food security was critical and SA had the expertise. Reconciliation should have practical effects — "instead of transporting R4 rifles, we need to transport ploughshares", Phosa said.

Bruwer said the eventual settlement of about 2 000 export-orientated farmers in different but strategic parts of Africa was a clean break from the past. "The difference is that we are working closely with foreign governments and the local communities."

He stressed that southern Africa was opening up and farmers were businessmen who also needed to spread their investments. Sacada's selection criteria for SA farmers are that they need to be experienced in large-scale commercial agriculture and have access to some of their own funds. Most are making decisions based on business principles and building communities around them will have economic spinoffs. As Wingard pointed out: "Our economic border is no longer the Limpopo River — there are unbelievable opportunities out there."

**States wanting Sacada's help to develop agriculture**




Graphic: KAREN MOOLMAN

UN REPORT ON AFRICA (1)

# Annan wags finger at Africa

Stop blaming the colonial masters

FM 24/4/98

**Conflict in** Africa is neither inevitable nor intractable, asserts UN Secretary General Kofi Annan, who, together with SA Deputy President Thabo Mbeki and Ugandan President Yoweri Museveni is emerging as a standard-bearer of Africa's renaissance.

Annan presented a candid report to the UN Security Council last week. Urging Africans to take control of their own destiny, he focuses on the sources of conflict on the continent and ways to promote peace and development.

The Security Council commissioned the report last September, when it took the unprecedented step of considering the need for a renewed and concerted international effort to promote stability in Africa. The council will debate the report.

Annan's report maintains that African conflicts are caused by human action and can be ended by human action. The Ghanaian UN chief accuses many African leaders of having failed their people, and says they should look critically at their own record instead of continuing to blame colonialism.

He says that the UN is increasingly required to respond to intra-State instability and conflicts that tend to destroy civilians and ethnic groups — such as the genocide in Rwanda — and not armies.

"Preventing such wars is no longer a question of defending States or protecting allies. It is a question of defending humanity itself," Annan says.

Since 1970 more than 30 wars have been fought on the continent, most of them intra-State in origin. Fourteen of Africa's 53 countries were afflicted by armed conflicts in 1996, accounting for more than half of war related deaths worldwide and resulting in 8m refugees. "No-one — not the UN, not the international community, not Africa's leaders — can escape responsibility for the persistence of these conflicts."

In many parts of Africa, however, efforts to break with these patterns are beginning to succeed. Annan hopes his report will add momentum to this renewed quest for peace and prosperity. He makes "realistic and achievable" recommendations that may, over time, reduce Africa's conflicts. But the "political will" of Africans and non-Africans is crucial; without it no amount of assistance or hope can achieve peace.

The sources of conflict are as varied and complex as the continent itself, he says. History and external factors cannot be denied as sources of instability. "But more than three decades after independence there is growing recognition among Africans that the continent must look beyond its colonial past for the sources and solutions to its current conflicts."

Annan says peacekeeping efforts and humanitarian assistance depend on: a clear understanding of the challenge, the political will to respond to it, and adequate resources. It is equally important to understand that peace and development are inextricably linked. The renunciation of violence as a means of gaining and holding onto power, he says, must be followed by a renewed commitment to development based on "sober, sound and uncorrupted economic policies."

While a number of African States have made good progress in recent years, others languish in near permanent economic crisis, worsening internal tensions.

"Good governance is now more than ever the condition for the success of both peace and development," Annan says.

"It is no coincidence that Africa's renaissance has come at a time when new and more democratic forms of government have begun to emerge."

Annan's key recommendations include: Curbing arms sales; better targeted sanctions and aid operations; "peace-friendly" structural adjustment programmes; an expanded initiative for highly indebted poor countries and writing off bilateral debt to the poorest; eliminating trade barriers to African products; and promoting transparent public administration.

**Amarnath Singh**

# SA not yet ready to join US-driven African peace force

① Star 28/4/98

**By Peter Fabricius**
Star Foreign Service

The South African Government is still not ready to participate in the American Crisis Response Initiative (ACRI), a US government programme to train African peacekeeping forces to intervene in conflicts on the continent.

As a result the Americans are reluctant to provide aid for the big, joint military exercise called Blue Crane which is to be conducted by the Southern African Development Community (SADC) in November, South African official sources said.

The Americans, who have been wooing South Africa for nearly two years, were encouraged by recent remarks made by President Nelson Mandela.

At a joint press conference with visiting US President Bill Clinton last month he said of the ACRI that "we support the initiative very fully", adding that his only reservation was that any peacekeeping force should be commanded by an African.

Since the Americans had never objected to an African commander, they took these remarks to mean SA might be ready to participate in the ACRI.

But they were disappointed when in meetings last week the SA Government again declined.

Official SA sources said that the SA Government was still concerned that if it participated as an individual country in the US initiative, it would be seen by its neighbours in the region as being "in bed with the Americans".

It would prefer to co-operate with the US through SADC to avoid creating the impression that it was serving American interests in the region. A US diplomat confirmed that the SA Government "wants to think about it some more".

He stressed that participating in the ACRI would have "no strings attached". It would only entail training and would not commit SA to any deployment of its forces.

The decision to deploy would be made by the UN or OAU or a regional body such as SADC.

Crises were always looming in Africa and it might be a while before either SADC or the OAU established their own peacekeeping forces. The US had decided in the meantime to help individual countries informally.

In SADC, for example, it had already provided peacekeeping training to Malawi "which didn't threaten regional security".

"You can do subregional capacity-building in several ways; one way is training with several individual countries which can then decide to put their troops together into a subregional force. That way you are strengthening the whole by strengthening its parts."

Although the US would greatly appreciate SA's participation in the ACRI, it would continue to train forces from other countries, "leaving the door open" for possible later SA participation.

But he said that SA was in some danger of missing the boat. Seven countries had already signed on to the programme and were acquiring common "inter-operable" skills. SA was in danger of getting out of step.

SA sources said that the US was refusing to provide financial or logistic help to the Blue Crane exercise unless SA signed on to the ACRI.

Although he did not address this charge directly, the US diplomat did say that America was reluctant simply to give money to an exercise like Blue Crane without entering a "partnership" which would provide "continuity" in the relationship.

It is understood that SA has made new proposals for US participation in Blue Crane which the Americans are considering.

Ghana's President Jerry Rawlings, US President Bill Clinton and his wife Hillary greet a crowd in Independence Square in Accra last month. PIC: AP

# Scramble for Africa's economy

Sowetan 28/4/98

By Chris Landsberg and Claude Kabemba

FOUR YEARS into the new order, South Africa's Africa policy is turning into a coherent and well-planned vision.

So, whatever its other impediments, Deputy President Thabo Mbeki's doctrine of an African renaissance is winning the public relations and credibility contests.

With this creed South Africa is challenging the West's Africa policies. Indeed, almost all Western powers are lately talking about partnerships with Africa.

The French are talking of a partnership; the Swedes and other Nordic states are in search of "partnership Africa"; the British and the European Union are looking for a new post-Lome Convention partnership.

And, of course, the United States is boasting about its intentions to strike a new cooperative deal with Africa under the guise of "a strategic partnership" with Africa.

To their credit, the Swedes have engaged in a long consultative process with Africans to define the parameters of this "partnership Africa". Other Western powers can take a leaf out of the Swedish consultative process.

Africa is beginning to uncover the lack of depth inherent in some notions of partnership with the continent. To be sure, all these schemes have a number of elements in common.

They all have in-built intentions of building genuine market economies, nurturing genuine democracies in Africa and supporting conflict-resolution efforts.

But there is yet to emerge concrete substance to these ideals. And in the absence of meaningful policy, the very concept "partnership" runs the risk of becoming an empty vessel.

Let us consider the recent African safari of US president Bill Clinton and assess whether it comes close to being a genuine attempt at forging a credible partnership with Africa or whether it is little more than a marketing tool for a president in search of a purposive foreign policy.

The "new" US policy towards Africa, said Clinton during his visit, was to seek a "new partnership for the 21st century" founded on a common commitment to democratic principles and universal respect for human rights, economic growth and mutual security.

According to assistant secretary of state for Africa Affairs, Susan Rice, the new policy is said to be a trade-centred approach to Africa's development.

The emphasis is on a bifurcated approach to interacting with Africa – aid and trade. Aid, it is argued, is not enough to tackle Africa's massive socio-economic backlogs and to stimulate growth.

Rice promised to give Africa "unprecedented attention" in a post-Cold War era that has fundamentally altered Africa's political and social landscape.

The US is seeking to embrace an Africa without command economics or minority rule. Africa is also no longer the playground of superpower competition.

The first reality that seems to fly in the face of these good intentions is the new rivalry between the US and France. France has long regarded Africa as its "sphere of influence". But its Africa policy is in disarray.

France has taken serious foreign policy blows, and suffered humiliating setbacks in Rwanda in 1994 and more recently, in Mobutu Sese Seko's Zaire in 1997.

Clinton's trip to Africa also came as a further blow to the French. The Africa policy elite in Paris have started accusing the Americans of meddling in their backyard.

The Americans have responded by arguing that African opportunities can be shared, not only by Washington and Paris, but also by London, Bonn, Stockholm and other industrialised powers.

## Subtle and sophisticated

This Franco-American rivalry is adopting new subtle and sophisticated forms, notably in the economic sphere, that is already triggering new tensions between Africa and the West.

Many Africans view this squabble as a cunning new scramble for Africa's economic heart and mind, thinly disguised as "partnership".

Clinton, Rice and their foreign policy elite will, as a matter of urgency, have to address this public relations crisis in their Africa plans.

The US promises new efforts at resolving conflicts, but these attempts remain largely rhetorical. This is evidenced by the lack of progress on the US-initiated and British and French-backed African Crisis Response Initiative (Acri).

There is also a new emphasis on economic reform and liberalisation and the revitalisation of transparent and honest government.

Rice laid a great deal of stress on reciprocity and a mutually reinforcing partnership: "(It) is not simply what the United States can do ... It is what we can do for each other and what we can do in our mutual interest."

But if Clinton's recent 12-nation visit to Africa is anything to go by, the new "partnership" will be strewn with difficulties and will hardly be interactive and reciprocal.

Contrary to reassurances by senior US officials, there are understandable anxieties in African quarters that the "new" partnership will not be an equal one.

There is fear that such a partnership will come to consolidate US hegemony in Africa and exacerbate Franco-American rivalries. This undeclared contest suggests that there has not been enough structural adjustment of orientations in the West to move away from the *real politik* quibbles on Africa.

The economic scramble for Africa is therefore likely to intensify when French president Jacque Chirac sets foot in South Africa in June.

Indeed, South Africa is singled out as a guarantor of overseas interests and territorial space in Africa. Clinton has stated that the US "needs a strong South Africa" to secure the "new" partnership.

But given that its own transition is incomplete, and that under the presidency of Mbeki South Africa's foreign policy is likely to go through even stronger phases of independence and autonomy, a surrogate role by Pretoria is scarcely guaranteed.

This independence is already posing challenges for a strategic US-South Africa partnership. South Africa is beginning to recognise the limits of a US-South Africa partnership for Africa, and is now adamant about playing the role of champion for the African cause.

Conversely, however, a true African renaissance needs critical strategic partnerships with the industrialised West.

The challenge, as South Africa's responses to Washington and Mbeki's recent visit to Asia have demonstrated, is to utilise relationships as instruments and forums to seriously tackle African challenges such as reducing and cancelling the continent's massive debt burden, bargaining for African market access to the north and debating the industrialised powers for free and fair trade with Africa.

*(Chris Landsberg is the deputy director of the Centre for Policy Studies, and Claude Kabemba is a foreign policy analyst at the Centre.)*

# Africa 'needs strategy for telecommunications'

**Robyn Chalmers** BD 29/4/98 (1)

A STRATEGY to develop telecommunications throughout Africa will emerge from the Africa Telecom '98 conference, says Posts, Telecommunications and Broadcasting Minister Jay Naidoo.

He said yesterday that in terms of foreign investment, Africa was the largest untapped market in the world for telecommunications services and products. Tokyo, for example, had more telephone lines than all of sub-Saharan Africa, even though there were 30 times more people living in the region than in Tokyo.

The challenge was to ensure Africa became an attractive market. "This can be achieved by ensuring there is a policy and regulatory framework that is investor friendly," he said.

Naidoo said it had been decided to hold a telecommunications meeting at the conference to put in place a strategy for the continent. The meeting, to be hosted by Deputy President Thabo Mbeki, aimed to commit African policymakers to creating investor friendly conditions for the development of telecommunications.

Naidoo said a broad African development plan should emerge from the discussions, including a partnership between the public and private sectors.

The heads of state of Egypt, Senegal, Ghana, Ethiopia and Zimbabwe were invited to take part.

Naidoo said one of the more contentious debates at the conference was likely to be the rebalancing of tariffs. Internationally, tariffs were falling in line with greater competition. African companies would have to move in the same direction in the face of enormous telecommunications backlogs.

Other challenges included the increasing globalisation and integration of the world economy and the need to implement sector management and institutional development strategies.

The role of public-private sector partnerships on infrastructure investment must be expanded.

Africa Telecom '98 is to be held at Johannesburg's National Exhibition Centre from May 3 to May 9.

Reuter reports that the SA Telecommunications Regulatory Authority (Satra) has invited applications for temporary frequency-spectrum licences. The licences will apply to potential additional cellular operators and suppliers of technology.

Satra chairman Nape Maepa said the authority would issue temporary licences to allow the industry to test and develop new technologies and services.

This follows significant interest shown by the industry after the recent launch of a public discussion document on the economic feasibility of additional cellular licences.

Naidoo said a third cellular licence would be awarded before the end of this year. Government would be keen to introduce up to five licences to keep the market place competitive, he said.

# Campaign seeks to cancel Africa's huge debt burden

(C) Star 29/4/98

## Interest payments alone are proving impossible to meet

By Asare Kofi
Accra

Imagine Africa entering the next millennium without the debt burden weighing on its back.

This would open a new vista of opportunities for the impoverished continent, say members of Jubilee 2000, a coalition that seeks the cancellation of the developing world's debts.

South African Anglican Archbishop Rev Njongonkulu Ndungane described Africa's R1 135-billion debt as an "albatross on the necks of Africa's people" as they struggle to keep pace with the demand for debt repayment. Africa's debt, Ndungane says, translates into about R2 000 for every African.

Jubilee 2000 has launched a worldwide debt campaign. The Africa launch was held in the Ghanaian capital of Accra recently. The coalition bases its campaign on the Biblical injunction for the Jews to observe the Jubilee year, in which slaves were set free and debts cancelled.

It says its campaign is the modern day equivalent of the fight of the abolitionists, whose campaign led to the end of slavery and won freedom for slaves.

"Its (the campaign) success has the potential for creating an opportunity for new beginnings in the developing world," Ndungane says.

"The cancellation of the international debt will undoubtedly enable Africa to make significant contribution towards enhancing the quality of human life," Ndungane adds.

African countries' external debts vary in amounts and structure – those owed to official creditors and private institutions. In the same way, the debt burden, as measured by the fraction of resources used to service these debts, also varies between them.

But, the service charge – interest payment and amortisation – constitutes the real cost of the debts. Also, while the sizes of the debts have escalated, so have the fractions of export earnings used to service them.

For instance, Zimbabwe's debt rose from just about R3,9-billion in 1980 (its year of independence) to about R24-billion in 1995. Over the same period, its debt service ratio – percentage of export earnings used to service the debts – rose from 3,8% to 25,6%, according to figures published in the 1997 World Development Report.

Over the same period, Cote d'Ivoire's debt rose from about R37-billion to about R95-billion, with its service ratio being similarly increased.

What is disturbing, participants to the African launch said, is that the resources used to pay for and service the debts, constitute a drain on resources that should otherwise provide essential services to African citizens, especially the poor.

### Even 'rich' SA buckles under the weight ...

In many African countries, governments' spending on social services, infrastructure, education and health has declined, or is just a fraction of what is needed. In Ghana, for instance, government's allocation to the universities is just 25% of what they require to run their programmes in an academic year.

"Infrastructure (in Africa) has been damaged because there is no money," says Malika Bediako, of the Jubilee 2000 Coalition London office. And, Grace Akello, a member of parliament from Uganda, says the greatest victims of the debt burden are women.

"If there is any group of people oppressed by the debt in Africa, it is the women," she said. Women, she says, take care of all in the family: the children, the men and the elderly. It's also the women's responsibility, she says, to ensure that the child is sent to school, is taken to the hospital when it is sick.

"And when she gives birth, she has to travel about 10km to a place where there is a hospital."

Debt servicing eats up funds that would be used to provide these services, Akello adds. "If you have to spend about 70% of your Gross National Product to service debt, you cannot build roads, hospitals for your people," she says.

South Africa, considered one of Africa's strongest and largest economies, also has not escaped the debt burden. The country's debt rose from just R80-billion in 1989, to R263-billion by 1995. Its debt is now R309-billion, with debt servicing now the second highest expenditure in the Government's budget.

"Consequently, it has been extremely difficult for the new democratic government of South Africa to embark more vigorously on necessary human development and social upliftment programmes in order to redress the imbalances that it inherited from the apartheid regime," Ndungane says.

Africa's debt problem has become a quagmire largely because of the mismatch between the loan obligations and the resource base for servicing them.

This, observers say, is due to the nature of Africa's exports - mainly raw materials, whose prices have actually fallen in real terms over the loan period.

In 1996, the World Bank and the International Monetary Fund announced the Highly Indebted Poor Country initiative, designed to give debt relief to these countries. Africa received this announcement with a lot of excitement chiefly because a large number of the affected countries are in sub-Saharan Africa.

"We stand at the threshold of a new millennium. We should pledge ourselves to work vigorously and earnestly in the first instance for the cancellation of the international debt which would give Africa an opportunity for a fresh start," Ndungane says.

And, having cleaned the slate, "Africa should brace itself to take its destiny into its own hands," he adds. – Sapa-IPS

# Call to cancel Africa's debt

Sowetan 30/4/98

**By Asare Kofi**

**ACCRA** – Imagine Africa entering the next millennium without a debt burden on its back. This would open new opportunities for the impoverished continent, say members of Jubilee 2000, a coalition that seeks the cancellation of the developing world's debts.

South African Anglican Archbishop Njongonkulu Ndungane regards Africa's R1,5 trillion debt as an "albatross" on the necks of Africa's people as they struggle to keep pace with the demands for debt repayment.

Africa's debt, he told the Africa launch of Jubilee 2000 in the Ghanaian capital of Accra recently, translates into about R2 000 for every African.

Jubilee 2000 has launched a worldwide anti-debt campaign, and bases its campaign on the biblical injunction for Jews to observe the Jubilee year, in which slaves were set free and debts cancelled.

The coalition says its campaign is the modern-day equivalent of the fight of the abolitionists, whose campaign led to the end of slavery and freedom for slaves.

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What is disturbing, participants to the African launch say, is that the resources used to pay for and service the debts constitute a drain on resources that could otherwise provide essential services to African citizens, especially the poor.

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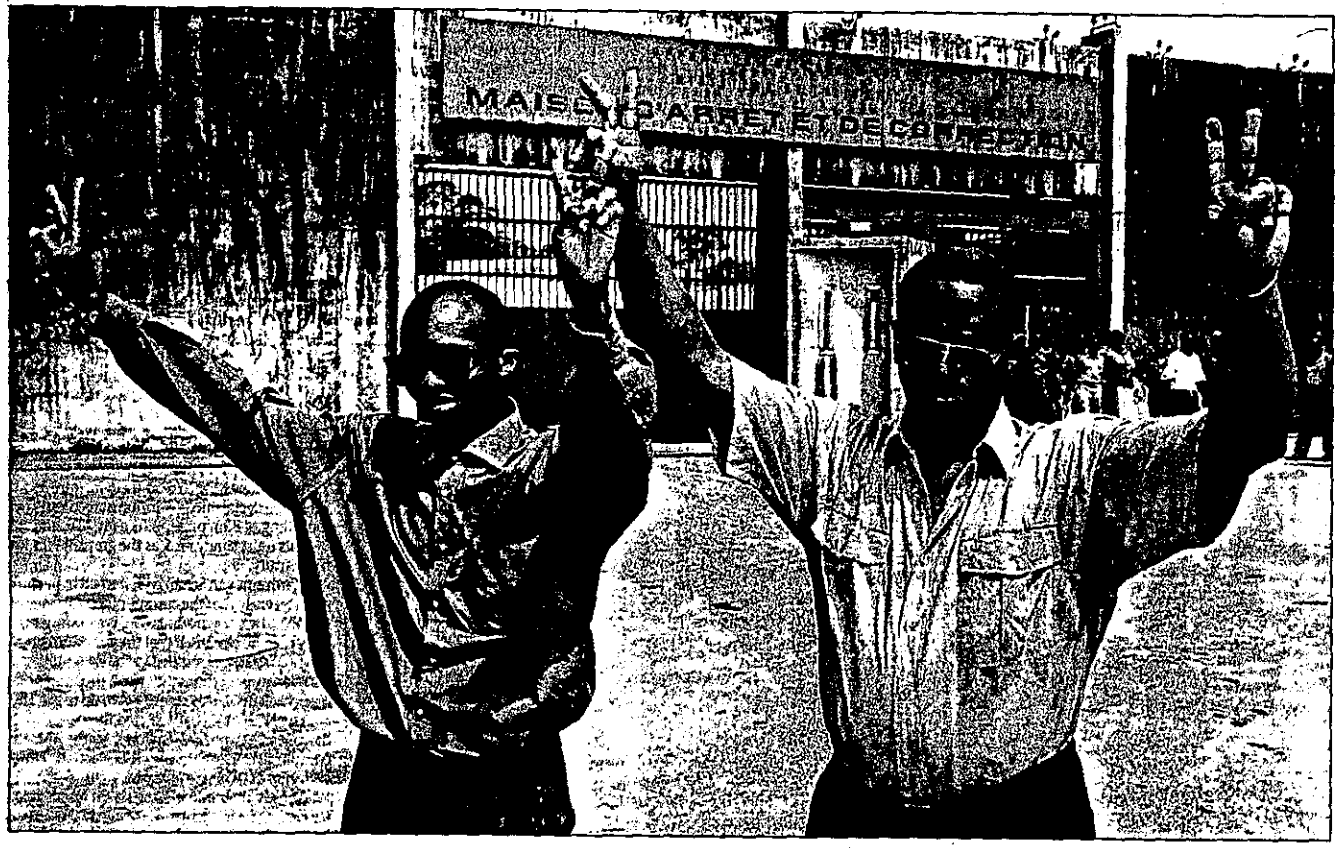
"Consequently, it has been extremely difficult for the new democratic government of South Africa to embark more vigorously on necessary human development and social upliftment programmes in order to redress the imbalances it inherited from the apartheid regime."

Another focus of the Jubilee 2000 campaign is Africa's poor.

Of the estimated 3,5 billion poor people in the world, about half are said to be in Africa.

"We should pledge ourselves to work vigorously and earnestly for the cancellation of the international debt which will give Africa an opportunity for a fresh start." – Sapa-IPS.




**FREE AT LAST:** Souleymane Senn (left) and Dramane Sangare, respectively editor and publisher of Ivory Coast's opposition daily *La Voie*, are released after seven months in jail.

*PICTURE: AFP*

# Jailed, harassed, killed: A tough April for Africa

CT 1/5/98

**ABIDJAN, Ivory Coast:** In the space of a week, a reporter was killed, a newspaper editor was dragged off by security agents and a publisher was ordered to remain in prison for a year.

During the same week, a former radio correspondent was accused of treason and the offices of an opposition newspaper were ransacked and looted by armed thugs.

For journalists in West Africa, from war-wracked Sierra Leone to repressive Congo, April has been a cruel month.

"Over the last two years, the West African sub-region has become the worst region in Africa with regard to press freedoms," says Mr Kakuna Kerina of the New York-based Committee To Protect Journalists.

BBC reporter Eddie Smith was killed in April during an ambush while trying to cover the latest fighting in Sierra Leone, his homeland.

Two days later, Hilton Fyle, a former BBC correspondent from Sierra Leone, was charged with treason for allegedly working with that country's recently ousted military junta.

In Cameroon, an appeals court judge ordered opposition newspaper publisher Pius Njawe to remain in prison for a year.

Njawe's crime? Reporting that President Paul Biya suffered from a heart condition. The government denies the report, but Njawe stands by his story.

Silencing journalists in Africa is nothing new, but press freedom activist Mr Robert Menard says the methods of suppressing information are changing. Leaders intolerant of dissent and criticism in some West African countries are now employing more sophisticated censorship through the courts.

"In Cameroon, for example, President Biya is replacing outright censorship with court rulings against a free press," said Menard, the secretary-general of the Paris-based Reporters Without Borders.

In other cases, censorship still takes the form of outright intimidation. In Niger, gunmen ransacked and looted the offices of the independent Republican newspaper. "This was a commando operation ordered by the government to silence our newspaper," editor Mamane Abou said.

Days earlier in Congo, newspaper editor Michel Ladi Luya was arrested by security agents and dragged from his newspaper offices in Kinshasa.

No formal charge has been levelled against Luya or his newspaper, *The Record*, which called the arrest an official "kidnapping" by President Laurent Kabila's security detail.

Luya had printed a letter from opposition leader Mr Etienne Tshisekedi that called Kabila's rule totalitarian.

In February, the editor of *The Potential* was arrested after publishing an article questioning Tshisekedi's internal exile to his hometown in eastern Congo. Mondeste Mutingo Mutuishayi was freed three days after his arrest.

And then there's Nigeria — perhaps the most repressive regime in West Africa — which routinely jails reporters, trashes newspaper offices and accuses leading opposition journalists of treason.

At least 17 journalists are known to be in prison, the Committee to Protect Journalists says. One senior newspaper editor is on trial for allegedly collaborating with military officers to overthrow General Sani Abacha.

"We have a very active and vibrant press in Nigeria, but you have to know where to draw the line," says Augustine Nwikinaka, a reporter for the state-controlled *Rivers Radio*. — Sapa-AP

# Booster for telecommunications

Star 1/5/98

Despite huge potential, Africa faces enormous challenges as it positions itself for global technological and economic integration. Ufrieda Ho reports

JASON ASKEW


Next week's Africa Telecom 98 is being heralded as the event of the millennium for the continent as it brings together top level delegations to jumpstart telecommunications development.

The conference will focus on the status of the continent as it positions itself for global technological and economic integration. Telecommunications is set to become one of the biggest global industries by the year 2000.

Already the world telecommunications market is estimated at R3-trillion and the information technology is estimated at R6,5-trillion. Africa is still not an active participant in this industry.

And the challenge will be to create a unified vision to ensure that it not left out in the cold.

The week-long Africa Telecom 98 conference is hoped to not only fill the gap of telecommunications on the continent but also to be a platform to develop better communication and co-operation for development in Africa.

Speaking at a press briefing this week, Minister of Post and Telecommunications Jay Naidoo said that a backbone of information had to be created on the continent. He said that this had to apply not just to the educated, but also to those who may never have seen a computer before.

Naidoo said that there are only 12 million phone connections in Africa, 5 million of which are in this country. Naidoo added that in Tokyo alone there are more phones in that city than in the entire sub-saharan region. "People are at a huge disadvantage when they cannot communicate," he said.

A reliable and extensive telecommunication network will be crucial in Africa to ensure the advantages of technologies such as distance education, tele-medicine as well as the upgrading of rural teachers.

Africa Telecom 98's other objective is to act as a platform to create a joint vision among African states which will regulate telecommunications across the continent.

An imbizo is being scheduled early in the week. Its primary aims will be to commit African policy makers to prioritise telecommunication development on the continent.

A plan will also be developed to bring the private sector on board to ensure they become active players in making the African renaissance a reality.

Five heads of states including those from Egypt, Senegal, Ghana, Ethiopia and Zimbabwe will address the imbizo.

Africa Telecom 98 is being organised by the International Telecommunication Union (ITU) which is a specialised agency of the United Nations.

Piers Letcher from the ITU said that more than 40 countries will be participating. "We need to develop a partnership to bring equitable telecommunications to all parts of the world," he said at a press briefing.

The last ITU telecom was held in Geneva three years ago and was about a third of the size of this year's event. About 6 000 guests are expected to attend the Nasrec show, including top level policy makers from Africa.

There are also more than 440 international exhibitors who will bring the latest telecommunications technologies to the country.

In addition to the exhibition, there will also be a discussion forum. This will be split into two sections: a strategy forum and a technology summit. The forum will look at the strategy of realising the theme of Africa Telecom 98 which is the "African Renaissance".

Under discussion are issues which include telecommunication policy regulations for the region, financing strategies, the status of women in technological advancement as well as discussions on the value of indigenous content in local broadcasting.

The technology summit will look at issues which include Internet technologies for Africa and telecommunications solutions for rural communities. The summit will also explore alternatives to fixed land lines such as, among others, cellular and satellite options.

# Five African heads of state pledge support for telecoms reforms

Robyn Chalmers

FIVE heads of African states threw their collective weight yesterday behind key telecommunications reforms which aimed to catapult Africa into the information age.

Egypt, Senegal, Ghana, Ethiopia and Zimbabwe committed their countries at the Africa Telecom 98 conference to prioritising telecoms development and forging an African telecommunications development plan.

The plan will address policy and regulatory frameworks, priority projects for Africa, financing and funding strategies and the need for partnerships between the public and private sectors.

Deputy President Thabo Mbeki called for liberalisation and privatisation of telecommunications as well as consistent and stable telecoms policies to attract much-needed investment.

Demand for access to telecoms services outstripped the existing physical capacity. "Our governments and states, historically the monopoly providers of telecommunications infrastructure and services, are not able to generate the resources necessary to meet the telecoms challenge," Mbeki said.

Africa had to follow the rest of the world and open up the industry to private sector participation. "I believe that by and large this matter is no longer in dispute in the majority of our countries," said Mbeki.

President Nelson Mandela said a new vision was required for African telecoms. This should be based on the right of universal access to telecoms and the need for a massive investment in human resources.

He said the investment needs of the rapidly expanding telecommunications industry could only be met through partnerships between public and private sectors. "If this partnership is to have the maximum effect in promoting our goals, it will need to have some co-ordinated vehicle like a dedicated African telecommunications fund."

Mandela said such a fund would finance the infrastructural projects needed to extend telephony to every village in Africa. It had the potential to put the continent on the map of the global information society.

Pekka Tarjanne, the secretary-general of the International Telecommunications Union, said Africa was witnessing a boom in cellular telephony while new kinds of satellite systems were due to begin operating in the coming months and years.

Tarjanne said the first signs of an Internet boom in some African countries was being seen. "Governments across Africa are now recognising the enormous importance of telecommunications ... and are using their political will to implement change and upgrade their infrastructure," he said.

Rich pickings: Page 15

BD 6/5/98

# African renaissance call spreads to telecommunications

**Underdeveloped Africa offers rich pickings for the telecommunications business, as the Africa Telecom 98 conference is likely to show. Victor Mallet looks at the continent's dismal record to date**

5/5/98 (1)

WHEN representatives of 400 companies and dozens of governments meet this week for Africa Telecom 98, they will repeat the mantra of "African renaissance" — and proclaim the continent as the last unexploited territory for big telecom investments.

SA's Posts, Telecommunications and Broadcasting Minister Jay Naidoo has said the week-long exhibition and conference is "one of the most important events to be held this millennium in Africa". It is being held near Johannesburg by the United Nations International Telecommunication Union.

Only one in 300 people in sub-Saharan Africa has a telephone. There are fewer phones in the region than in Tokyo. However, if there is to be a renaissance in African telecoms to match the still fragile economic recovery, it is likely to result in the withering away of most of the state-owned monopolies that have served the continent so badly for so long.

The inefficient monopolies often could not meet demand even for basic land-lines in their own capital cities. Now they are being left behind by new technology offered by foreign investors — including mobile telephony, satellite links and "wireless local loop" systems serving remote areas without the need for copper wire or glass fibre connections.

Few of the old-fashioned state telecoms firms are prepared for the increase in competition made inevitable by the worldwide telecoms liberalisation. Nor have they always grasped the implications of the convergence of the technologies of broadcasting, voice telephony and data transmission.

The International Telecommunication Union's African Telecommunication Indicators 1998, published yesterday, paints a sorry picture of state companies that have failed to meet demand for telephone services — even though this is a region where revenue per line is high by world standards.

In many countries — including Malawi, Swaziland, Sierra Leone and Tanzania — would-be telephone users have to wait about 10 years to be connected, according to the union's incomplete statistics.

In Guinea, the report shows, there are a remarkable 937,5 faults per hundred lines each year, which suggests that the average subscriber (there are only 16 200) has nine or 10 faults a year. Even Zimbabweans suffer 240 faults per 100 lines annually.

In the Democratic Republic of the Congo, there are only eight main lines for every 10 000 inhabitants, and in Chad, nine per 10 000. In SA there is more than one main line for every 10 people.

Figures such as these have whetted the appetites of the international companies exhibiting their wares in Johannesburg this week. In some countries, modernisation with the help of new investors is already under way. The International Telecommunication Union notes that there were five privatisations of African public telecoms operators in 1996 and 1997, compared with only one between 1990 and 1995. It also notes that a dozen nations have established independent regulatory agencies in the past two years.

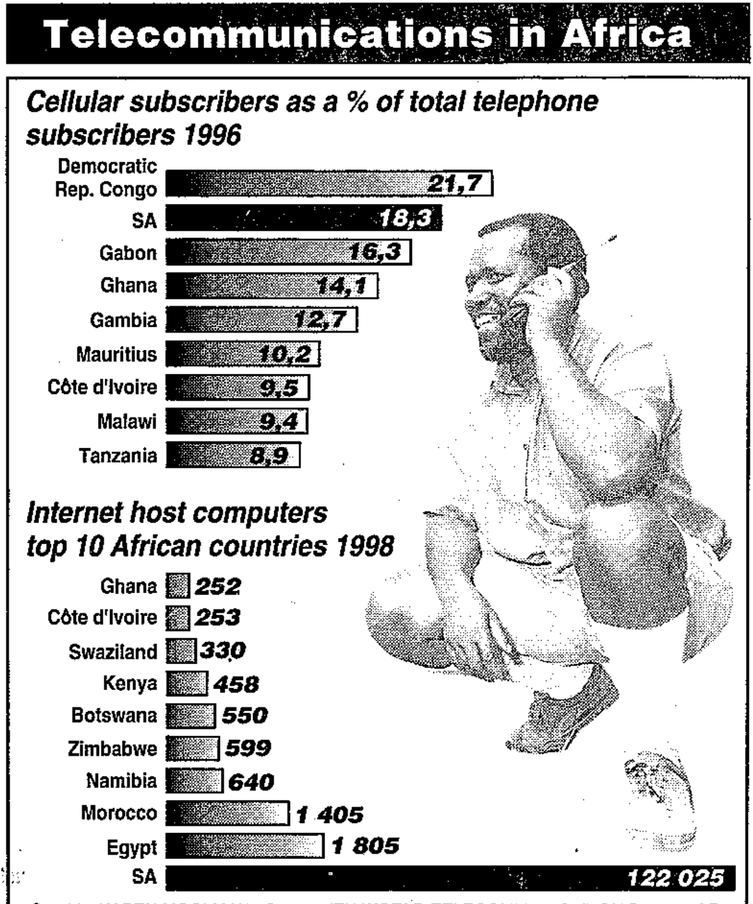
"The African mobile cellular market is blossoming," the report says, although it acknowledges this is partly because of the inadequacy of the ordinary network. Naidoo said last week that SA would grant its third licence to operate a cellular network before the end of this year.

A day later, DSC Communications of the US announced that Celcore, its cellular infrastructure division which specialises in smaller markets with low subscriber densities, had signed a contract to install a system in Lagos, Nigeria's biggest city.

However, Africa is likely to remain a relatively small and difficult market for many years. Of the $95bn raised worldwide for telecoms privatisation in the past four years, only $1,7bn was directed at Africa — most of that for SA.

An international dispute over US attempts to reduce settlement rates for international calls, which provide many African telecoms operators with a substantial net income in dollars, has yet to be resolved. "Even with the most optimistic assumptions," the union concludes, "fewer than one in 50 Africans will have direct phone access by the end of the decade."

Naidoo, however, is enthusiastic about using telecoms as a tool for African economic and social development. "This is not a dream. It is very much part of reality," he says. "The fact that we are among the least-developed countries in the world in terms of telecoms is not so much a disadvantage as an opportunity." — Financial Times.



Graphic: KAREN MOOLMAN Source: ITU WORLD TELECOMMUNICATION DATABASE

# Lomé convention's imminent demise inspires integration

Central African states are taking unsteady steps towards economic and monetary union, writes **Nicholas Shaxson** in Libreville

(1)

BD 7/5/98

AS EUROPE grapples with monetary union, a smaller-scale regional integration project is struggling to life in central Africa. The Economic Community of Central African States (Cemac) is an integration programme much like Europe's, but in reverse.

The six Cemac states have long shared a single currency, the central African (CFA) franc, which is guaranteed by the French Treasury at a fixed 100 per French franc, making it a rare African hard currency.

Now Cemac is trying to build common institutions similar to those Europe developed on the road to its single currency.

Eventually, say Cemac texts, central Africa could have a common parliament and ultimately court of justice.

"Integration is urgent for central Africa," said President Omar Bongo of Gabon, the tiny oil-rich state of about 1-million people which is most actively pushing the fledgling project.

Cemac was born in Libreville in February from the ashes of its predecessor, the 30-year-old Customs Union of Central African States which became a full free trade area on January 1 this year.

In practice, poor transport links between the six — Gabon, Cameroon, Central African Republic, Equatorial Guinea, Chad and the Republic of Congo — undermined the customs union.

Jean Ping, Gabon's minister of planning and one of the chief coordinators of the project, said Cemac went a lot further than the customs union.

"It is not only about a trading union, with the same central bank and currency, but we are trying also to build roads and other means of communication.

The organisation faces huge problems. Congo has just emerged from a ferocious civil war and the Central African Republic has suffered repeated army mutinies.

"If your neighbour has a fire and you don't extinguish it, then it may spread to your house," Ping said. "This project is good for us because it will be good for our neighbours."

A cornerstone of Cemac will be a regional stock exchange, which the Gabonese government says will be in place in Libreville by the middle of next year.

Shares in the recently privatised Gabonese water and electricity utility Seeg are already trading through a special mechanism, set up by one of Gabon's commercial banks, which is intended as a transitional step towards the stock exchange.

A new investment charter in Gabon has replaced a tangle of taxes and exemptions, levelling a playing field that was tilted in favour of firms from former colonial power France.

Other regional programmes are running in tandem with Cemac.

The Organisation for the Harmonisation of Business Law in Africa, which covers CFA franc countries in west Africa, adopted three acts on business and company law this year which have automatically become law in all the member states.

Another organisation, the Economic Community of Central African states includes the Cemac six, plus Rwanda, Burundi and the Democratic Republic of Congo.

Effectively moribund since its inception in 1984, this organisation was relaunched in February. This relaunch is an attempt to extend some economic principles beyond Cemac's borders to non-CFA franc countries.

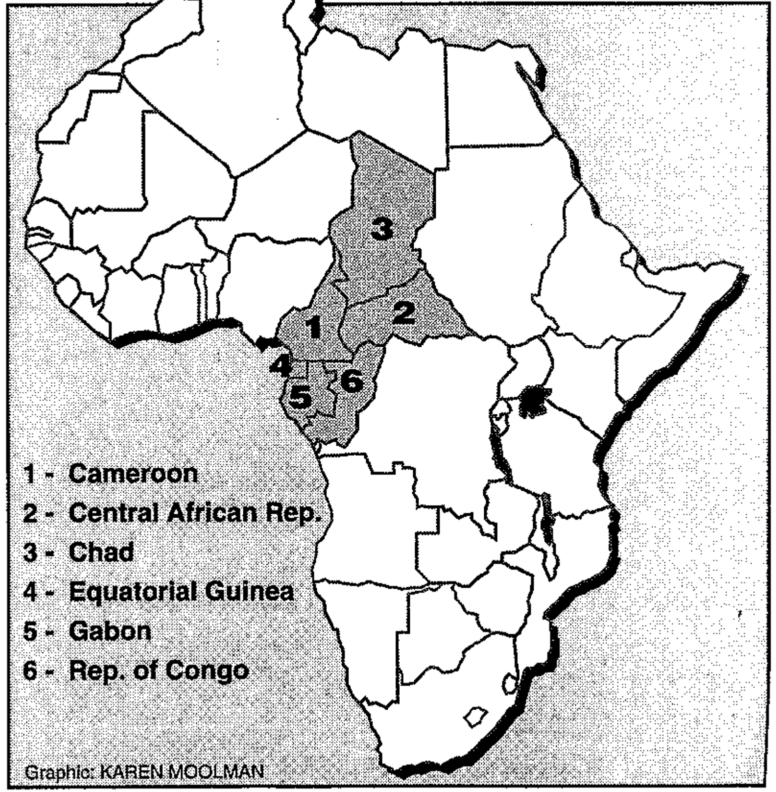
Feelers for possible membership of the organisation have been put out to Angola, which is a member of the Southern African Development Community (SADC). Gabon's Ping denied this was a French-led effort to tug wealthy Angola away from a rival English-speaking organisation, saying the central African community organisation would merely complement the southern African group.

Although many previous African regional programmes have drifted into failure, accelerating globalisation is prodding Cemac countries into action.

Leaders at the past customs union meeting in February expressed a particular fear at the prospect of losing special privileges when the Lomé convention, which governs trade and aid links between the European Union and the group of 71 African, Caribbean and Pacific countries, expires in 2000.

Many industries in central Africa are uncompetitive and woefully unprepared for the fierce winds of international competition, as Bongo conceded, calling it a prime concern. — Reuters

**The Economic Community of Central African States**



**Changing times:** nowadays having many children is too expensive for married couples and this has led to a falling birth rate among African women

# U-turn for Africa on population growth

ARG 7/5/98 (1)

**Nairobi, Kenya – Margaret Muthoni is a single mother with two children. She makes the equivalent of R260 a month selling vegetables.**

Rent and food alone usually swallow her income. Her mother pays for her children's schooling.

Those distressing facts have led Ms Muthoni to a simple decision: no more children.

"I can't afford another child," said Ms Muthoni, 31. "It's difficult to raise the two I have now. Two are enough for me."

Improved education among women, urbanisation and stronger government programmes have helped reduce fertility rates in many African countries over the past two decades.

Fear of child mortality also has been an especially potent force in compelling women to bear fewer offspring and to have them further apart.

Yet, today, population experts say that economic pressures have become at least as important as health issues in persuading Africans to have fewer children.

The trend signals a sea change in how Africans think of their families. No longer are children necessarily thought of as a source of wealth in and of themselves. For years, Africans had large families no matter how poor they were; now, those who have children they cannot afford are attacked as irresponsible.

"A big family used to be respected," said John Kekovole, a senior fellow with the African Population Policy Research Center. "If you had a big family, you got prestige. Now, if you have a lot of children and can't take care of them, what you get is blame."

Economics has played an especially key role.

The climbing cost of education has proved especially stressful for Kenyans. In this country, education represents the road out of poverty.

In Kenya the fertility rate dropped from 8 to 5,4 children during the 1985-1996 period as the economy declined. Zambia's fertility rate dropped from 7,4 to 6,5.

In one study in Nigeria, two-thirds of those polled cited economic hardship as the primary reason for using contraception and delaying marriage.

The phenomenon has baffled population experts. Historically, falling fertility rates accompany long-term economic success, as in East Asia and in African countries such as Botswana and Mauritius.

"It's really a total reversal of how we usually think of reducing fertility rates," said Ayo Ajayi, regional director of the Population Council, a research organisation.

Nevertheless, many analysts say the trend is here to stay. Population experts say a drop in fertility rates of 10% or more indicates what they call an "irreversible fertility transition", meaning that fertility rates should only continue to decline.

For years, Kenya was speeding toward a population disaster. Women bore an average of eight children, and the population was exploding by 4% annually – the highest rate in the world.

Then, during the 1980s, Kenya slipped into what has become a chronic economic crisis.

And so Kenyans like Pamela Atenya are left without much choice. She and her husband consider themselves working class "because there are some things we want to have" – such as a small plot of land and a house – "but we can't because our money won't allow us".

Atenya, 32, and her husband live well by Kenyan standards.

Today she and her husband can provide for their son, 13, and daughter, 9. But, Atenya said, "if I had two more, I couldn't dress them, couldn't feed them, couldn't buy their schoolbooks".

She thinks that people who have children they cannot afford "are stupid".

"If you can't afford them, why strive to have (more children)? Obviously they will go hungry."

Atenya was one of eight children, and she believes she suffered for it.

Her parents could barely afford to clothe them. Her mother and father dreaded medical emergencies. They could not send her and her siblings to school. Now she is determined to give her children a better life. "I want them to have what I didn't ... the best."
– The Washington Post

# Squeeze on African timber

CT(BK) 8/5/98

DESIRE ALLADOUM

Bangui — Africa's timber industry is likely to feel the squeeze from the continuing economic crisis in southeast Asia, which takes half of its exports, the secretary-general of the African Timber Organisation (ATO) said this week.

Mohamed Lawal Garba said the pinch could take two forms: it could increase competition from Asian timber, made more competitive by currency devaluations, and it could force African producers to rely more on the stricter European market.

European customer demands for evidence of environmentally friendly forestry would renew pressure on African producers to step up certification procedures and the monitoring of forestry companies, said Garba.

"Moves towards certification of African wood products have stalled somewhat in recent years," he said, adding that this was partly through a rise in demand from Asian countries, which were less concerned with certification.

"Now, countries with environmental concerns like the UK, Germany and the Netherlands, which are also major buyers of African wood, as well as green non-governmental organisations, could use the Asian crisis as a way of stepping up pressure for certification," he said. — Reuters

# African Connection aims at access for all

Star 9/5/98 (1)

By UFRIEDA HO

A final plan of action has been forged for African politicians to reach the goal of telecommunications access across the vast continent.

At the Africa Telecom '98 conference at Nasrec yesterday, the document, entitled African Connection, was finalised and accepted in principle.

The proposals are, however, not binding.

The document originated at preparatory workshops leading up to this week's Africa Telecom '98. Officials from 32 African countries prepared the document's groundwork in Cape Town in February.

One of its most crucial points is a strategic funding and financing plan.

The document outlines two studies which will be undertaken to assess the level of investment in the telecommunications sector over the past five years as well as a study which will fix appropriate telecommunications indicators for the continent.

Ghana's Minister of Communications Ekwow Spio-Garbrah said current indicators for teledensity was a Western concept that was unrealistic for the continent.

He said the Western concept of every individual owning his/her own phone could not be an immediate goal for Africa.

"We are aiming for universal access through communication centres rather than for every individual to have their own phone," Spio-Garbrah said.

He said it was more realistic for Africa to achieve universal access through facilities such as community tele-centres.

"We need African solutions for African problems," said Mauritian Minister Sarat Dutt Lallah.

Minister of Posts, Telecommunications and Broadcasting Jay Naidoo said there had to be a balance between return on investment for funders as well as governments' development goals.

He added that in putting the African Connection into gear there would be negotiations with, among others, the Development Bank of Southern Africa, the World Bank and the International Telecommunications Union.

# Africa faces phone bill of $750bn

CT(BR) 11/5/98 (1)

**SHERILEE BRIDGE**

Johannesburg — Africa is expected to spend an estimated $750 billion on telephone infrastructure in the next five years to reach installation targets set by African ministers at the African Telecom 98 conference last week.

The target is five times that of the International Telecommunication Union prediction that, on current growth rates, Africa would have 23 million phones by 2001 from the present 14 million.

Jay Naidoo, the minister of posts, telecommunications and broadcasting, said the quantum leap was necessary for Africa to take its place beside the world's more industrialised nations.

A road map document for Africa to improve its poor telecommunications infrastructure was released on Friday after the week-long Africa Telecom 98 conference drew to a close.

"Africa does have the political will to deliver basic telecommunications infrastructure on our continent and bring Africa into the technological age," said Naidoo.

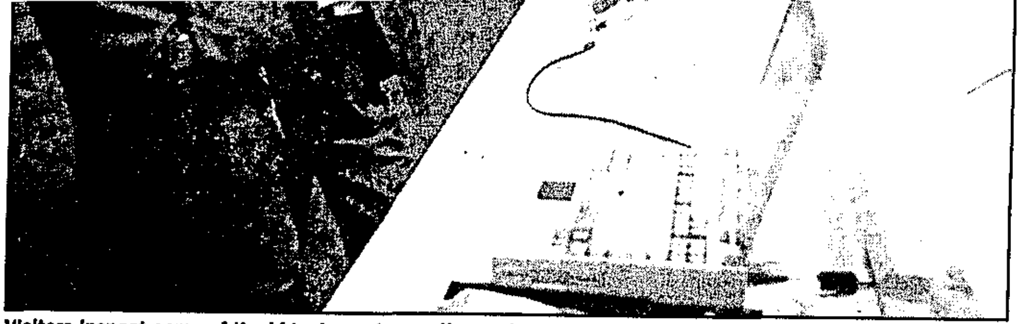
**PARTY LINE** *John Nasasira, Ugandan minister of works and communications, discusses the African policy document with Jay Naidoo* PHOTO: JOHN WOODROOF

He said the continent needed a telecommunications policy, which showed the way to building partnerships with the private sector, foreign investors and developmental banks to bring telephones to Africa.

The document, dubbed the African Connection, lays down a broad policy framework for African governments to co-ordinate policy and regulatory issues across the continent, thereby removing some of the investment stumbling blocks.

It suggests that by 2000 there should be a comprehensive policy framework in place to attract investment, calls for more focused human resources development and sets about establishing an African Telecommunications Development Fund to round up finances and provide foreign investors with a one-stop-gateway into the African market.

The document has been accepted in principle but the proposals are not considered binding. A number of key projects have been identified in the document, including the delivery of telemedicine, tele-education, tele-agriculture and access to the Internet. The document will be submitted to the Organisation of African Unity's heads of state summit meeting in Burkina Faso next month.



**Visitors inspect some of the hi-tech goods on offer at the Africa Telecom exhibition in Johannesburg.**
PIC: ANTONIO MUCHAVE

# Devising a grand plan for Africa

Sowetan 11/5/98

**By Sharon Chetty**

AFRICA'S PREMIER telecommunications conference last week may have showcased wares of the world's leading technologists – but the overriding issue remained basic: how to deal with this continent's telecommunications backlog.

And in an effort to add substance to the discussions, a report charting the course of how Africa will be "catapulted into the 20th Century" was released on Friday by Communications Minister Jay Naidoo and his counterparts.

The majority of the continent's 53 communications ministers have committed themselves to a grand plan, the first stages of which are expected to be implemented by June 2000.

But while the ministers clearly have a vision for a telecommunications revolution (delivery of lines will have to more than double just to meet the target), they will first have to overcome the social and political problems of the continent which has the largest number of the least developed countries on the globe.

Naidoo emphasised that the report, which is not binding, illustrated the commitment of most governments to the task.

"What we are saying now is that there is a political will ... that we are going to work together."

He pointed out that until now, the obstacle had not been lack of investment or funds or the delivery of lines, but rather political will.

### Wars and conflicts

Acknowledging scepticism of the success of such a plan on a continent constantly riven by wars and conflicts, Naidoo said: "The past century was dominated by an unhealthy dose of Afro-pessimism ... we are now making a serious commitment to take our continent into the next century.

"It is no small feat that we got the majority of African telecommunications ministers to agree (to the plan)."

The ideas have been under discussion since February and the overriding ambition is that much has to be done quickly to take Africa into the global information society.

Priorities will include developing the industry to provide tele-medicine, tele-education and tele-agriculture facilities and increasing access to the internet. Tele-centres in rural areas will ensure that larger numbers of people have access to telephones.

> **'In Africa, access is the issue. If in a village of 500 people we manage to put in 10 payphones not everyone will have a phone, but they will have access.'**

However, all this will only be possible if there is adequate infrastructure, which requires careful planning and implementation.

Over the next 24 months, policy and legislative frameworks will have to be worked out, regulatory systems established and a pool of African expertise harnessed for coordinated spectrum management and frequency planning.

The plan will be discussed at as many forums as possible, says Naidoo and will be on the agenda at the Organisation of African Unity's heads of government meeting in June and at the Pan African Telecommunications Union summit in August.

Some of the policy issues include: separating government from regulators and setting up independent regulators; ensuring that as many people as possible (the majority of whom are in rural areas) have access to basic services; creating conditions that will attract investors; developing local communication industries to be globally competitive while encouraging fair competition and preparing for a convergence of technologies; and liberalising the industry by encouraging more private investment.

One of the ideas mooted is the creation of a central fund, a database and facilities for "one stop shopping" for investors, who will then be spared the need to go to every country to look at projects or waste time on development that may be too small for their investment.

In principle it has been agreed that an African Telecommunication Development Fund should be set up and institutions like the World Bank and Development Bank be approached for funding.

A study will be done on investment in the sector over the past five years and how to increase it over the next five. Yardsticks "appropriate to African conditions" will also be worked out.

While the plan was to have a government-private sector partnership working on providing the service to Africa's needy, there will have to be a balance between investors getting a return on their investments and human develop, said Naidoo.

Ghana's minister for Communication, Ekwow Spio Garbrah, pointed out that the Western norm of one telephone per person did not necessarily apply to Africa and suggested that there had to be a "fundamental reappraisal of norms".

"In Africa, access is the issue. If in a village of 500 people, we manage to put in 10 payphones, not everyone will have a phone, but they will still have access," he says.

One of the aims will be to avoid establishing huge infrastructure. Thus, there is likely to be a "virtual secretariat" which communicates electronically while working on the project rather that a full time group rooted in one place.

### Human resources

While an African affirmative action plan will be necessary and developing human resources in the industry will be a priority, centres of excellence will also be set up to ensure coordination of the plan.

The human resources policy will have to take into consideration imbalances between different countries as well as the urban-rural divide. Therefore a network of human resource institutions are envisaged.

A feasibility study will be done on a common accreditation and certification programme for people trained in the continent's institutions.

An important consideration will be that each country or region is at a different level of development. For example, South Africa's priorities and needs will be different to Ethiopia's or Sudan's, where basic development is still necessary. A mechanism to ensure experience and expertise is shared, will be implemented.

One of the main concerns is to reduce the gap between the "information and technology rich" and the "information and technology poor".

Unless there is a proper strategy, the information revolution will make the divide the "widest gap in history", which may later become almost impossible to narrow, let alone close, say the African ministers.

● See page 13

**AID** *G8 summit will hear how cancelling debt of 20 poorest nations would save lives of 21m children by 2000*

# Jubilee 2000 campaign demands an Africa freed from debt

① CT(BR) 13/5/98

**DIPANKAR DE SARKAR**

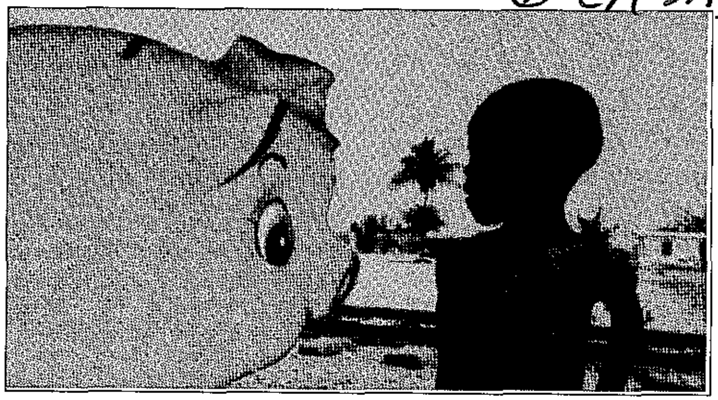
London — Imagine an Africa freed of its debt bondage.

"In Mozambique, it would mean that the 20 percent of gross domestic product (GDP) it pays on repaying its debt every year could be ploughed back into health and education," says Adrian Lovett, the deputy director of the Jubilee 2000 Coalition, which campaigns on debt issues.

At present, Mozambique is able to spend only 8 percent of GDP on education and 3 percent on health.

Imagine if the international donor community had displayed even a fraction of the political will and alacrity to deal with African debt as they did in helping east Asian nations tackle their financial crisis.

According to the United Nations Development Programme (UNDP), if the external debt of the 20 poorest countries of the world, many of them African, were written off today, it could save the lives of 21 million children before 2000. This means uncancelled debt could be responsible for the deaths of 130 000 children a week until 2000.



"If debt is written off, it could free up the potential of African children, and save lives through ... health interventions," says Ian Bray of Oxfam, the charity.

Chains around Africa, a Jubilee 2000 report this month, showed Africa paid out $1,31 in debt service for every $1 it received in aid grants in 1996.

"And Africa is the least well placed of all developing regions to sustain such a transfer, with real GDP per head at less than half that of all developing countries and less than one-tenth of the industrialised countries," the report says.

It also says the gap between grants and debt service is increasing.

The report's figures are shocking: the total debt owed by Africa in 1996 was $227,2 billion — $379 for every person on the continent. Africa shoulders 11 percent of the developing world's debt, with only 5 percent of the developing world's income.

Last year, the International Monetary Fund (IMF) expected to have put in $500 million and taken out $1,1 billion. This does not include significant interest charges. It amounts to "a net gain to the IMF from the world's poorest continent of at least $600 million in a single year", the report says.

Worldwide, the debt of the 41 highly indebted poor countries (HIPCs) is now $215 billion, up from $183 billion in 1990 and $55 billion in 1980.

Though the HIPC initiative to provide debt relief to those countries has been welcomed by the UNDP, "the relief will be selective — and often take three to six years to have effect", it says.

What is desperately needed is "more action, not more proposals".

The HIPC initiative, administered by the World Bank, is criticised by Lovett as loaded in favour of donors. "The definition of what is a 'sustainable' debt for the debtor country is decided by the donors. And they ... have a vested interest in keeping the recovery going."

Blunting Africa's opportunities for rapid advancement is its lack of access to agricultural markets in the industrial countries. Fairer access for Africa's exports, especially agricultural products, is seen by many as a test of international commitment to reduce poverty in the region.

Lovett says Jubilee 2000 has been assured by Jurgen Stark, the German finance minister, that debt is at the "top of the agenda" at this week's G8 summit in Birmingham, UK.

"We want them to cancel the debt by the year 2000, which is the only way to ensure a really new start to the world's poorest people in the next millennium," he says. — Sapa-IPS

BANKING (1) CT (BR) 14/5/98

# Privatisation on Egypt parliament's agenda

Legal changes that would ease privatisation of state-owned Egyptian banks are to be discussed by parliament's economic committee next week and should be approved before the summer recess, a ministry of economy official said yesterday.

"They won't finish without it," said Mahmoud Mohieldin, a senior adviser to the minister of economy. He added that the legislation before the people's assembly would revise Egyptian banking, company and capital markets law to allow private investors to hold stakes in the state-owned lenders, which control a dominant share of the nation's banking sector. The legislation also would provide for participation by new private investors in the banks' boards of directors and management, Mohieldin said.

Egypt remains committed to opening one of the "big four" state-owned commercial banks to private investment by year-end. The target bank has been selected but has yet to be named, Mohieldin said. Also to be revealed is the method by which private investors will take their stakes. The government is considering several options, including a public offering of existing or new shares, a placement with a strategic investor or a combination of those possibilities. — *Dow Jones, Cairo*

# Africa is on the mend

A survey on African competitiveness in terms of business and trade in 23 countries shows positive prospects of growth, writes **Sharon Chetty**

Sowetan 15/5/98

AFRICAN competitiveness will once again be on the agenda when political and business leaders meet this weekend at a World Economic Forum (WEF)-Southern African Development Community (SADC) summit in Windhoek.

Some of the discussions at the three-day gathering will centre around regional development, privatisation, inter-regional trade, infrastructural development, political risk assurance in Southern Africa, the cultural dimension of doing business in the region and how global volatility will impact on SADC.

Already an in-depth survey on African competitiveness has been compiled and much of the discussion will be drawn from that.

The first such report on the continent – every year the WEF compiles the authoritative Global Competitiveness Report – surveyed 23 countries and is particularly positive about growth and trade prospects for the SADC region.

Besides statistical information, the report – compiled in conjunction with the Harvard Institute for International Development (HIID) – takes into account the perceptions and opinions of more than 1 000 chief executive officers.

While their conclusion is that the "international climate is poised in Africa's favour", the authors emphasise that only with political will and foresight will the continent be able to end its poor economic performance.

They also point out that the specific development challenges of the continent are not *unique to Africa.*

Research by the HIID shows that the African economies respond to the "same basic strategy" that has proven successful in poor countries worldwide: private sector-led growth, openness to trade, attraction of foreign direct investment and public investments in health and education.

Debt relief, coherent economic assistance and improved market access are some of the areas that need urgent attention although they do caution that "even if current growth rates are sustained, it will be a decade or more before the continent as a whole can recover from the losses of the 1970s and 1980s. There is an urgent need to raise growth rates further".

The top performing economies – Mauritius, Tunisia and Botswana – have been well managed, have significant export interests and have a history of respectable growth, according to the report.

South Africa, which has the largest economy, has not had a high economic growth rate and is ranked seventh, but is credited for continuing "its political and social restructuring with astounding calm".

The better performing countries were those that were not torn apart by war or economic turmoil in the '70s and '80s, while the "middle" rankings still have to recover from long periods of bad performance, like Ethiopia, which has to rebuild after a civil war.

At the bottom of the rankings are Zimbabwe, Malawi, Nigeria and Angola.

There are also geographical coincidences.

**Namibia president Sam Nujoma will host this year's WEF-SADC summit.**

North Africa (Morocco, Tunisia and Egypt) and Southern Africa (Namibia, Botswana, South Africa, Lesotho and Swaziland) as well as Mauritius are among the better performers.

In all 23 countries, levels of optimism for future prospects were higher than expected and there were greater *expectations for continued improvement*, especially in the areas of tariff levels, road infrastructure, rule of law, telecommunications and access to financing.

However, perceptions about corruption and transparency showed limited improvement.

### Illness and disease

The only factor that worsened was the impact of illness and disease, in which there is evidence of deterioration.

However, there were some stark contrasts. South Africa, for example, although its ranking is respectable at seventh, comes last in the opti*mism rankings.*

The report states: "The relatively low ranking on the future can largely be explained by tremendous concern over crime and the instability associated with the transition to democratic rule.

"These fears may be exaggerated but these concerns are also strongly put."

Similarly, Zimbabwean businesses expected little improvement in the future and responded more negatively than in any other country on questions relating to the direction of change.

Interestingly, Botswana, Namibia, Tunisia and Mauritius – although the top four – were relegated to the bottom on this question, but this was attributed to satisfaction with current circumstances and a belief that perhaps things were already "so good" they can't get much better.

Political and policy stability, openness to trade, transparency between business and government and improved infrastructure are the areas in which the business community wants more reforms.

Business ranked stability and transparency issues as the factors inhibiting their work most.

Both domestic and foreign businesses rated corruption as one of their greatest concerns and a major obstacle to efficiency and growth.

While much has to change internally, the authors also point to ways in which the international community can contribute to improving Africa's lot.

Debt relief would be the first step. The continent has a large number of highly indebted countries and more than 20 percent of Africa's export earnings are used to service international debts.

Opening up world markets to African exports would be another. In crucial markets such as agriculture, textiles and clothing, developed countries have policies that protect their *own.*

However, the United States government estimates that reducing its import restrictions to allow in textiles and clothing from Sub-Saharan Africa would help develop that industry in at least eight countries, at a potential cost of only a tiny number of jobs in the US.

Developing manufacturing exports is a key to growth, but that sector is unlikely to develop if international markets remain closed to Africa, says the report.

The continent also receives the least foreign direct investment (1,4 percent or about R25 billion) despite the fact that it yields high returns.

Since there has been greater democratisation and growth ~~on the continent, there will be more~~ business opportunities.

But Africa's recovery will "continue to gain speed and strength" only with the proper international climate and domestic leadership committed to well-functioning markets, concludes the report.

● The countries surveyed were (from highest to lowest): Mauritius, Tunisia, Botswana, *Namibia*, Morocco, Egypt, South Africa, Swaziland, Ghana, Lesotho, Cote d'Ivoire, Zambia, Kenya, Uganda, Burkina Faso, Tanzania, Ethiopia, Mozambique, Cameroon, Zimbabwe, Malawi, Nigeria and Angola.

With the drop in the oil price it's since the budget was announced paying its debts. — Reuter



**ANALYSIS**

# Africa's good intentions wasted

① BD 15/5/98

**It may be tempting to forgive and forget with indebted countries. Yet that can be a mistake, writes Martin Wolf**

THE road to hell is paved with good intentions. This I learnt when I worked at the World Bank on several east African countries between 1972 and 1974. What I saw was governments — seduced by socialist ideology, encouraged by left-wing western advisers and backed by foreign aid — taking their first steps on the journey to disaster.

The dirigiste development path of sub-Saharan Africa is not the only explanation for the picture shown by the chart. Yet it does explain much of it. Countries that were particularly ill-suited to interventionist government embraced it with enthusiasm.

Leaders of the leading industrial countries — the Group of Eight (G-8) with the inclusion of Russia — who convene in Birmingham this weekend will now be asked to tackle one of the results: the unpayable debt of the world's highly indebted poor countries, all but seven of which are African.

The question is how western leaders should respond. With caution, is the answer. Debt relief does have a role to play in improving the plight of the world's poorest countries. However, it must not be exaggerated.

The big challenge is not debt; it is performance — or rather, lack of it. There is nothing wrong with going into debt and these countries are not poor because they are indebted. They are heavily indebted because they failed to use the capital inflows they received with even minimal efficiency, and they will remain poor if they continue to waste money.

How can a civilised person advance such quibbles when African governments transfer four times more in debt payments than they spend on the health and education of their citizens?

One should start with the facts. What matters is not the size of the debt stock or of the gross outflow on debt service, but whether the resources that are being transferred into a country exceed those being transferred out of it. If they do, the country can spend more than the value of its output, including on health and education, should its government wish.

The most direct measure of net flows is the current account, excluding interest payments and official transfers. As it happens, almost all heavily indebted poor countries ran large deficits in 1996 — that is, they spent more than they produced.

The World Bank also says that overall net transfers to heavily indebted poor countries (even after interest payments) have totalled about 7% of gross domestic product in the past 15 years.

The argument that these countries have been impoverished by the need to transfer resources to their creditors is simply false.

If the highly indebted poor countries are, on balance, receiving resources from the rest of the world, what is the point of formal debt reduction? Five arguments can be advanced.

First, as many nations are paying less than they are supposed to pay, they face a reduced incentive to improve performance, since a part of the reward would accrue to creditors rather than to themselves.

Second, debt reduction will reduce the bureaucratic effort involved in negotiations for new inflows or short-term rollovers of debt.

Third, benefits of reduced debt service obligation belong to indebted nations, making it easier for them to plan and set their own priorities.

Fourth, high formal debt obligations act as a disincentive to voluntary capital inflow and repatriation of flight capital because of the fear of higher taxation in future.

Fifth, reduced outflows might not be matched by a corresponding reduction in inflows, in which case the net inflow would increase.

These points in favour of debt reduction have merit. Yet there are also objections. The main one is that debt relief gives the biggest reward to the countries that have wasted their money most completely. Why should, say, Zambia get relief and not Bangladesh?

The attempt to balance arguments in favour of debt relief with those against it has led to the World Bank and International Monetary Fund (IMF) highly indebted countries debt initiative. Its aim is to reduce the net present value of debt service obligations to "sustainable" levels. Sustainability is judged, on a case-by-case basis, with debt-to-export ratios to be between 200% and 250% and the debt service ratio between 20% and 25%.

Countries must show six years of good performance to be eligible for relief from the Paris Club of government creditors and from multilateral agencies such as the World Bank and IMF.

So far relief has been agreed for Bolivia, Burkina Faso, Guyana, Côte d'Ivoire, Mozambique and Uganda, the net present value of all that relief being $3bn. Packages for Guinea-Bassau and Mali are under consideration, while 15 or 16 countries should, it is hoped, qualify for relief by 2000.

Yet this package has been subject to strong criticism. Opponents argue that the definition of sustainability is unrealistically tough, debt relief takes too long to arrive and performance requirements are far too strict.

Of these, only the first point has much merit. There is a good argument that, if debt relief is to be provided, it should be generous enough to ensure a country will not need it again. Creditors who made wasteful loans should also bear part of the cost.

In addition, big enough rewards must go to good performers to reinforce their success, both in their own eyes and in those of their neighbours.

The other points have far less merit. Indeed the bigger permanent relief is going to be, the more important it is to give it only to countries with demonstrably good performance. Moreover, the only indication of performance is what has already been achieved, not what is promised.

As nations can be shielded against costs of their debt service obligations in the interim period, however prolonged, it is sensible to give the reward of relief only when sustained performance has been shown. For these reasons, both the wait and the performance requirements are justified.

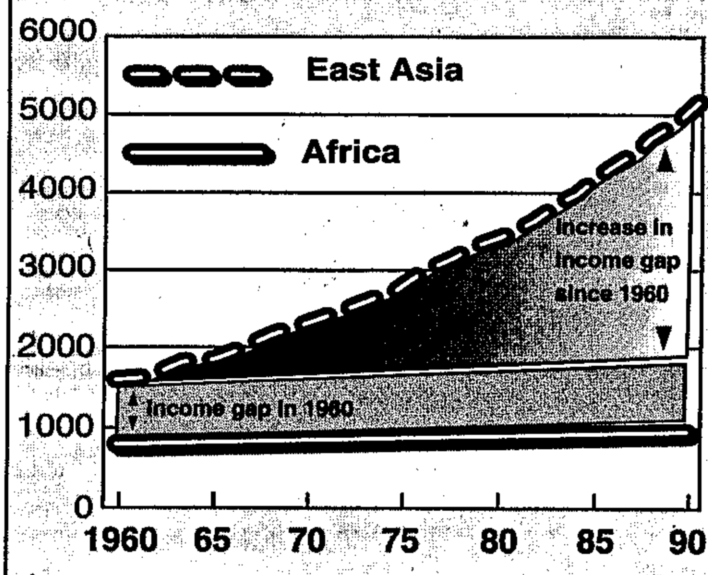
What the industrialised world's leaders should learn from the Birmingham campaigners is that a significant number of ordinary people care about the desperate plight of the world's poorest people. This is impressive and justified. Unfortunately, having one's heart in the right place says little, or nothing, about the state of one's head.

The plight of the world's poorest people cannot be explained by the debt their countries owe. The role of permanent debt relief must be to provide a secure base for the long-term development of well-managed countries.

Like all aid, it should be supplied selectively to countries with sound policies and a period of proven performance. If so, generous debt relief should be useful. If not, it will be just another case of good intentions wasted.
— Financial Times.

**How Africa has fallen behind**

The growing income gap between east Asia and sub-Saharan Africa $ per capita*




* 1985 constant dollars, at purchasing power parity

Graphic: KUBEN DAVID Source: WORLD BANK, FINANCIAL TIMES

# Debt is a millstone around Africa's neck

(1) Sowetan 18/5/98

**By Dipankar De Sarkar**

**LONDON** – Imagine an Africa freed of its debt bondage.

"In Mozambique, it would mean that the 20 percent of gross domestic product (GDP) that it pays on repaying its debt every year could be ploughed back into health and education," says Adrian Lovett, deputy director of the Jubilee 2000 Coalition, which campaigns on debt issues.

At present, Mozambique is able to spend only eight percent of its GDP on education and three percent on health.

And then imagine if the international donor community had displayed even a fraction of the political will and alacrity to deal with African debt as they had done in helping east Asian nations tackle their current financial crisis.

According to the United Nations Development Programme (UNDP), if the external debt of the 20 poorest countries of the world, many of them African, was written off today, it could save the lives of 21 million children before 2000.

> **'If debt is written off it could free up the potential of African children and save lives'**

Read the other way around, this figure means that uncancelled debt could be responsible for the deaths of 130 000 children a week till 2000.

"If debt is written off, it could free up the potential of African children, and save lives through low-cost health interventions," says Oxfam's Ian Bray.

The UNDP says: "The benefits of debt relief could be channelled to support education, health care, credit and pro-poor rural development."

Their comments underscored the message from a Jubilee 2000 report this month that showed Africa paid out $1,31 (about R6,50) in debt service for every one dollar (about R5) it received in aid grants in 1996.

"And Africa is the least well placed of all developing regions to sustain such a transfer, with real GDP per capita at less than half that of all developing countries and less than one-tenth of the industrialised countries," the report, titled *Chains Around Africa*, said.

What is more, says the report, the gap between grants and debt service is increasing. The R6,50 figure is the highest since 1989.

The figures calculated by Jubilee 2000 are shocking: the total debt owed by Africa in 1996 was about R1,3 trillion – about R1 900 for every man, woman and child in the continent.

Africa shoulders 11 percent of the developing world's debt, with only five percent of the developing world's income.

In 1997, the International Monetary Fund (IMF) expects to have put in R2 500 million and taken out R5,5 billion. This does not include significant interest charges.

It amounts to "a net gain to the IMF from the world's poorest continent of at least R3 000 million in a single year", the report says.

"Debt is a millstone around the necks of sub-Saharan African and other least developed countries," says the UNDP in its Human Development report for 1997.

Worldwide, the debt of the 41 highly indebted poor countries now totals about R1 trillion, up from R915 billion in 1990 and R275 billion in 1980.

Though a recent multi-lateral move – called the Highly Indebted Poor Countries (HIPC) initiative to provide debt relief to those countries – has been welcomed by the UNDP, "the relief will be selective – and often takes three to six years to have effect", it says.

What is desperately needed, it says, is "more action, not more proposals".

Blunting Africa's opportunities for rapid advance is its lack of access to agricultural markets in industrial countries.

Fairer access for Africa's exports, especially its agricultural products, is seen by many as a test of the international commitment to poverty reduction in the region.

But the Jubilee 2000 report quotes World Bank figures as showing that the prices of exports from Africa fell by 1,2 percent on average each year from 1990 to 1996.

"The fluctuating and ultimately declining prices of Africa's core exports has affected the capability of countries to pay debt service and further pushed them towards taking on new loans.

"If exports from Africa had remained at the values they held in 1980, Africa would not have needed to incur a penny of debt," the report says.

When the east Asian countries fell serially to the financial crisis last year, the IMF and the Group of Eight (G8) countries responded swiftly with a bail-out package of some R500 billion.

"Yet, when it comes to dealing with Africa's debt problems, petty squabbles between creditors, outright obstructionism and an apparently unbreakable attachment to the most arcane rules are the order of the day," says Oxfam's senior policy adviser, Kevin Watkins.

"The debt-reduction initiative has been allowed to drift like a rudderless ship on to the rocks of creditor politics," he adds.

A squabble broke out last November over who should shell out the R500 million needed to bail out Mozambique, stalling the HIPC initiative. The initiative, administered by the World Bank, is criticised as loaded in favour of donors.

## Vested interest

"In practice the definition of what is a 'sustainable' debt for the debtor-country is decided by the donors. And they, quite understandably, have a vested interest in keeping the recovery going," said Lovett, the author of the Jubilee 2000 report.

"What is needed is a neutral arbitrator – rather like a bank receiver who decides how much a debtor can pay back, and what the creditor can lose in order to wipe the slate clean."

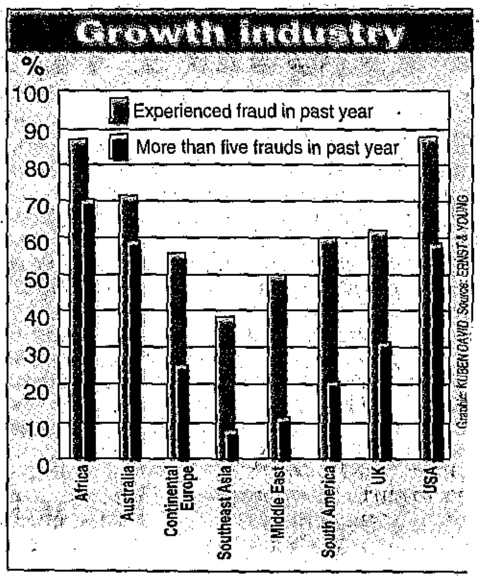
Lovett said Jubilee 2000 has been assured by Jurgen Stark, state secretary at the German finance ministry, that debt is at the "top of the agenda" at the G8 summit in Birmingham, Britain.

"Our worry is that it will be no more than nice words saying the HIPC initiative will go faster and include a few more countries.

"We want them to cancel the debt by the year 2000, which is the only way to ensure a new start to the world's poorest people in the next millennium," he added. – *Sapa-IPS.*

**According to the United Nations Development Programme, the lives of 21 million children could be saved before 2000 if the external debt of the 20 poorest countries of the world, many of them African, were written off today.**

PIC: ROBERT MAGWAZA






# Study exposes the management of fraud

① BD 19/5/98

Business Day Reporter

AFRICA is second to the US in the number of organisations which have experienced fraud, according to an Ernst & Young survey.

The survey also shows African companies are top of the list of those which have suffered more than five incidents of fraud in the past year.

African countries participating in the survey were Kenya and SA, with most respondents from SA.

Entitled "Fraud: the unmanaged risk", the survey, in which senior executives from major organisations in 32 countries worldwide took part, showed that a quarter of respondents felt it was likely that they would suffer fraud by an employee in collusion with organised crime groups.

African respondents topped this list at 60%, followed by Australian organisations at 33%.

The survey showed that 84% of the worst frauds were committed by companies' own employees, nearly half of whom had more than five years' service.

Of these crimes, 60% were committed by management.

Mike Savage, partner in charge of Ernst & Young's Fraud Investigation Group in SA, attributed the high incidence of fraud to inexperience.

"Our economy has been protected for many years," he said.

"Now that it has opened up, some organisations have become easy targets for organised crime syndicates.

"There is an increasing trend for employees to be identified by these syndicates and then bribed and coerced into colluding."

The increasing emphasis on good governance and transparency and a growing intolerance of criminal acts within society were leading to a greater exposure of fraud and corruption.

"Long-serving employees have the opportunity to assess the organisations' attitude towards fraud, the controls in place to prevent it and ways to circumvent those controls," Savage said.

"The very high incidence of employee fraud suggests that companies' controls are not designed to detect the enemy within the organisations."

Some SA organisations were, according to the survey, fighting back.

One local respondent is quoted in the survey as saying: "We strongly believe that proactive fraud prevention measures are necessary in order to reduce fraud.

"We have successfully used computers to identify unusual transactions and situations and constantly query staff on such issues.

"This is effective in identifying crime and in creating a sense of uncertainty in the minds of staff who might be tempted to collude with crime syndicates."

*to a new form of slavery — of poverty, hunger, illiteracy and disease*

**The price of poverty: A lonely and desolate figure in the bleak landscape of Niger, the world's poorest country**

# Why the poor are picking up the tab

(1) M&G 15-21/5/98

**Larry Elliott**

It is just before dawn in Kinshasa on October 30 1974. In a boxing ring in the middle of a football stadium lies George Foreman, knocked out by Muhammad Ali in one of the biggest sporting upsets of the century. As lightning crackles overhead, 60 000 Zaireans cheer Ali, world champion again after seven years.

It took 10 seconds for the referee to count Foreman out and end the contest billed as the Rumble in the Jungle. It has taken 24 years for the West to face up to the enormity of the debt crisis in the developing world.

The need to relieve the poorest nations of their unpayable debts has moved to the top of the agenda for the meeting of the Group of Eight (G8) leaders in the British city of Birmingham this week. Backed by a coalition of churches and charities, Prime Minister Tony Blair will urge the West to make deep cuts in the debt burden an urgent priority for the summit.

Officials were due to spend the week piecing together a deal to provide speedier relief for seven African countries grappling with mountainous debts in the aftermath of military conflicts — Rwanda, Burundi, Liberia, the two Congos, Sierra Leone and Somalia.

And Britain is attempting to bring all eligible countries under the umbrella of the joint World Bank-International Monetary Fund (IMF) Highly Indebted Poor Countries Initiative by the millennium.

Ali and Foreman collected more than $5-million each for 24 minutes' work, provided by Zaire's tyrannical president, Mobutu Sese Seko, to spread his name and the name of his country across the globe. The fight did that all right. But at what a cost — $10-million was money Zaire could ill afford 24 years ago, and the torrential storm that flooded the Stade du 20 Mai after the fight's end was symbolic of the economic torrent that was to engulf Africa from the mid-1970s.

When the bills started to come in for the continent's collective Rumble in the Jungle, they could not be paid. One poster for the fight, "From the slave ship to the championship", had to be withdrawn after it offended Zaireans. It has an ironic ring to it now, because for many African nations the crushing burden of debt has returned them to a form of slavery.

How so? Simple statistics illustrate the horrific cost of the crisis. According to the *United Nations Human Development Report*, about a quarter of the world's population, some 1,3-billion people, are living on incomes of less than a dollar a day. Nearly a billion are illiterate, some 840-million go hungry or are living from hand to mouth. And whereas people in the West can expect to live until almost 80, nearly one-third of the people in the least developed countries are not expected to survive to 40.

**Sub-Saharan Africa's debt stands at $222-billion, which is about $370 for every man, woman and child in the continent**

The epicentre of the problem is sub-Saharan Africa, which accounts for 33 of the 42 low-income countries that the World Bank rates as highly indebted. In 1962, sub-Saharan Africa owed $3-billion. By the early 1980s its debts had mounted to $142-billion. Today the debt mountain stands at $222-billion, which is about $370 for every man, woman and child in the continent. And it is getting bigger as countries fall behind with repayments.

What is more, the gulf between rich and poor is getting wider. The share of the poorest 20% of the world's people in global income stands at a 1,1%, down from 1,4% in 1991 and 2,3% in 1960. The income of the top 20% was 30 times higher than the poorest 20% in 1960. By 1991 it was 61 times higher. The UN says the latest figures put it at 78 times as high.

It is not just in per capita income that the disparities show up. The UN's annual Human Development Index is effectively a league table for standards of life looking at social indicators that include illiteracy, child mortality, access to health services, and life expectancy. For the richest 20 countries, the index reveals few serious social problems. In Britain, ranked 15th, nobody lacks access to health care or water, there is no adult illiteracy, 10 000 children die before the age of one, and every child goes to school.

Now take Ethiopia, 170th out of 175 in the table. There, 54% are without access to health services and 75% lack access to safe water. The adult illiteracy rate is 64,5%, 625 000 children died in 1995 before the age of one. There are no figures for children not in school.

Aid agencies say that an attack on poverty must start with a grassroots expansion of basic social services, particularly health and education. However, the poorest nations have little to spare on schools and hospitals once they have serviced their huge debts.

According to Oxfam, more than 100 000 Ethiopian children die each year from easily preventable diseases. In Africa as a whole, one out of every two children does not go to school, but governments spend four times more in debt payments to creditors in the West than they spend on health and education.

Why did this happen? One school of thought says the West is to blame for encouraging developing nations to borrow recklessly recycled petro-dollars from Organisation of Petroleum Exporting Countries (Opec) for inappropriate projects. Another school lays the blame with corrupt post-colonial elites, who squandered money from loans on grandiose projects or salted it away in Swiss bank accounts.

There is an element of truth in both arguments, but as David Landes says in his book, *The Wealth and Poverty of Nations*: "The continent's problems go much deeper than bad policies, and bad policies are not an accident."

"Good government is not to be had for the asking," Landes argues. "It took Europe centuries to acquire it, so why should Africa do so in mere decades, especially after the distortions of colonialism?"

Many of the nations that gained independence in the 1950s and 1960s were artificial constructs of the colonial era, built around commodities, with borders often cutting across racial and tribal lines. Over this was laid a centralised state, with power concentrated in a party, a ruling elite and ultimately an all-powerful leader. This quasi-Soviet system was a disaster, particularly when the economic climate turned nasty.

In the 1950s and 1960s rising commodity prices fed through into higher per capita incomes and more money for health, education and infrastructure, and still left something to be creamed off into Swiss bank accounts. But in the 1970s and 1980s commodity prices fell sharply, so they are now lower in real terms than during the Great Depression 70 years ago.

The problem was intensified by higher oil prices, and the debts run up to pay for imported machinery designed to enhance industrialisation. Africa was caught in the jaws of a vice; and most of the borrowed money went on projects utterly inappropriate for the needs of developing countries.

The West then imposed economic policies on the indebted countries that made matters worse. The idea behind structural adjustment was countries would export their way out of trouble, but since they were often one or two-commodity economies, attempting to increase exports involved increasing supply, which drove down prices.

Aid agencies argue that action to help the poorest countries is long overdue. Addressing Chase Manhattan shareholders on the eve of the Ali-Foreman clash, Nelson Rockefeller said: "I hope you enjoy the fight, because you're paying for it."

Rockefeller was wrong. The banks were bailed out by the IMF, which lent money to poor nations so they could pay off their commercial creditors. Zaire has not been so lucky. There the people are still picking up the tab.

SERIOUS ABOUT REFORM ... Deputy President Thabo Mbeki took notes

OPPRESSED BY DEBT ... Zambian president Frederick Chiluba wants relief

# World needs a clear signal from Africa

ST(BT) 24/5/98 (1)

**There was a lot of talk at this year's World Economic Forum conference in Windhoek. But when the dust had settled around the politicians' limousines, it appeared that not much had been achieved, writes SVEN LUNSCHE**

THE sense of frustration was all too obvious at last week's World Economic Forum conference in Windhoek.

As Southern Africa's business and political leaders gathered to assess and preview the region's economic integration, Michael Jackson's sudden appearance at the opening plenary was the only event that stood out at the meeting.

While the region's business leaders lived up to the conference's reputation as the prime spot to make a quick deal, the politicians merely uttered the usual platitudes. But the rhetoric sounded more hollow than ever as it became apparent that little progress has been made along the road to integrating and developing the Southern African Development Community (SADC).

As in Harare last year and Cape Town previously, the heads of state were unanimous in supporting free market reform in their own countries and for greater co-operation and integration in the region under the SADC umbrella.

There has also been some remarkable progress in areas such as energy and power-sharing, stock-market co-operation and crime fighting; sectors where politicians remain mostly on the sidelines.

But by and large the region is no further down the road of economic prosperity than it was two years ago and political agendas continue to be the first impediment to greater regional integration.

Since SA's admission to the SADC in 1994, eight sectoral protocols have been drawn up to boost regional integration and provide a common policy framework. Of the eight protocols signed so far, only one on immunities and privileges has been ratified by the requisite two-thirds of the body's membership. Of the 12 member states (Congo DR and the Seychelles are expected to join later this year) only Botswana has ratified all the protocols.

Most critically, the liberalisation of intra-regional trade has been in slow motion and only three members (Mauritius, Tanzania and Botswana) have ratified the 1996 Maseru agreement. A two-thirds majority can be expected only later this year with SA promising to come on board in mid-July.

Clearly Southern Africa doesn't have that much time and Harvard economics guru Jeffrey Sachs expects a tariff-free region within three to four years of ratification. "You simply don't have that much time if you want to catch up with the world," warned Sachs, who co-authored the WEF's Africa Competitiveness report.

SA Deputy President Thabo Mbeki, who studiously took notes while Sachs lectured, concurred: "The politicians in the region understand the need for greater integration and three years is a more realistic timetable. But we have to take our labour and business constituencies with us and this has slowed things down," he said.

Sachs's message contained his now familiar message of export-led economic salvation. "Trade is not merely a good thing. It is an essential part of economic development."

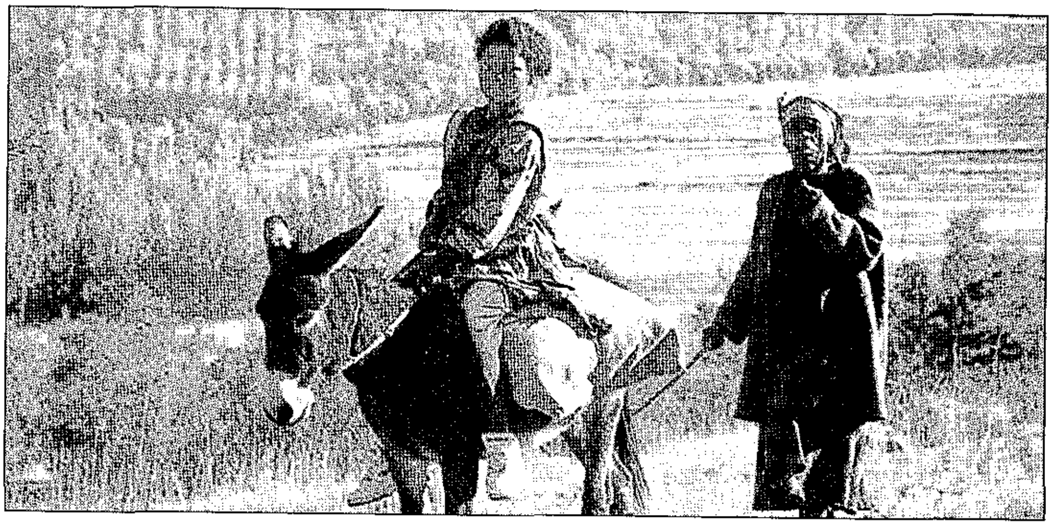
He said no country had achieved economic success by reliance on a single export commodity, with the notable exception of Botswana "since it used its diamond revenue to diversify". Thirty years ago Mauritius took the decision to venture into textile exports. "It was an outstanding success and in its wake followed other trade liberalisations which have made the country Africa's most competitive."

Apart from advocating special export processing zones, Sachs reiterated a number of cornerstones of economic liberalisation: realistic exchange rates; abolition of tariffs and quotas; low taxes; and a flexible labour market. While these are the standard ingredients of any IMF/World Bank reform package, Sachs vigorously advocated "fewer visits by the Bretton Woods institutions".

He also backed what emerged as one of the major themes of the WEF — debt relief for Africa by the developed world. "This debt is like a gun to our heads. We cannot reform without debt relief," stressed Zambian president Frederik Chiluba.

But Africa's leaders rather undermined their case by arriving at functions in cavalcades of limousines and surrounded by dozens of underlings and bodyguards. As Standard Bank's Nico Czypionka said: "These leaders calling for debt relief are arriving in Falcon 500s." It should be noted that Mbeki was a laudible exception, arriving in Windhoek with one bodyguard, a press secretary and his wife.

More seriously though, the continent's major creditors are unlikely to seriously examine debt relief without clear signals that Africa is on an irreversible free-market path.



***ONE STEP AT A TIME*** *Symbols of a better future in rural Lesotho. A young Basotho and her mother guide a donkey weighed down with wheat on the day after Lesotho's elections* PHOTO: AFP

# Bankers in Abidjan display Afro-optimism

(1) CT(MN) 26/5/98

**Simon Clow**

Abidjan — As Africa's finance ministers and central bank governors begin to gather here for this week's annual meeting of the African Development Bank (ADB), there is a distinct feeling that the Afro-pessimism of the 1980s is now giving way to Afro-optimism.

US President Bill Clinton speaks of a new deal for the continent, the International Monetary Fund lauds countries entering what it calls a "second generation" of free market reforms and there are signs of political renewal.

"Every observer, whether he is an economist or not, is seeing that there are positive signs," said Cheikh Fall, the ADB's Senegalese secretary-general, in Abidjan last week. "There is still a lot to be done and, as they say, that which remains to be done is more important than that which has already been done."

The ADB says Africa's economy grew 3,7 percent last year, down from 5 percent the previous year, but well above the 1,9 percent growth average for the early 1990s. In four out of five African countries gross domestic product (GDP) growth outpaced population growth. If managed well, that means economic growth is now fast enough to begin chipping away at poverty levels.

But the most rapid growth last year came in smaller countries like Burkina Faso, Chad, Lesotho, Ivory Coast and Mali or in countries recovering from recent turmoil like Angola, Mozambique and Rwanda.

Sub-Saharan Africa's regional powerhouses grew at a much slower pace, with Nigeria expanding by 3,2 percent and politically troubled Kenya by just 2 percent. In South Africa, by far the continent's largest economy, growth slipped to 2,2 percent.

The ADB's annual report, released last week, says that while overall growth in Africa will rebound to about 4 percent this year, South Africa, Nigeria and Morocco are expected to turn in more "moderate performances".

The ADB says current economic growth is proof of a "sustained reversal" of past declines, but stresses that more needs to be done to bring in private investment. Sub-Saharan Africa is the only part of the developing world where declining aid from Western countries still outstrips private flows.

The World Bank's recent Global Development Finance report says that since 1990 aid to Africa "has declined by $3 billion in nominal terms and by 25 percent in real terms".

With savings levels comparatively low, Africa has no choice but to look to foreign investors and hope that it can catch a larger share of the recent boom in the fluctuating private flows to emerging economies.

The World Bank's report says foreign direct investment (FDI) in sub-Saharan Africa last year reached $3 billion, double the annual levels of the early 1990s. But despite the increase, FDI flows still represent just 1 percent of the continent's GDP, half the average for developing countries as a whole. At the same time FDI flows to China topped $35 billion, and Brazil netted $16 billion.

On top of that, most of the money is still going to just a small clutch of African countries. Seventy percent of the investment goes to five countries — Ghana, Nigeria, South Africa, Uganda and Angola.

Free market reforms sweeping through the continent since the 1980s have brought their dividends, however. Perhaps the most important is increased macroeconomic stability.

Overall, inflation has fallen by more than half since 1994 and would have fallen more had it not been for hyperinflation in Angola and the former Zaire. In the past two years, three of five African countries have had budget deficits below 5 percent of GDP.

But the African economy remains notoriously vulnerable to outside shocks. Two reasons given by the ADB for last year's modest growth are weaker international commodity prices — the collapse in gold and other minerals as well as slightly lower crude oil prices more than offset the sharp rises in coffee, cocoa and tea — and the effect of El Niño on the region's agricultural production. — Dow Jones

# Nonaligned summit to focus on economics

Stephen Laufer

BD 27/5/98

THE Nonaligned Movement will put economic issues high on the agenda of its summit in Durban in a further move to intensify dialogue with G-8 and European Union (EU) states.

Foreign ministers of the group meeting in Cartagena, Columbia, last week agreed to a communique which will set the pace for the SA meeting. The Durban summit in early September is to be attended by most heads of state and government of the 113-member organisation of developing countries.

SA takes over the chair of the movement from Columbia in Durban, but has already been active as a member of the "troika" of past, present, and future chairs comprising Indonesia, Columbia, and SA. Troika representatives recently met British Foreign Minister Robin Cook to discuss debt relief for the most indebted nations.

As new Nonaligned Movement chairman, President Nelson Mandela is expected to make a keynote speech on development and north-south issues.

Abdul Minty, SA foreign affairs deputy director-general for multilateral affairs, said yesterday that issues to be discussed with the G-8 and the EU included debt relief, investment in Africa, Latin America and Asia, development aid and ways of dealing with the currency crisis affecting developing nations.

Consensus was reached on a number of issues in Cartagena, and these would be taken further in Durban, Minty said. Others on which no progress was deemed possible, which were regarded as bilateral, had not been debated formally. These included the nuclear weapons issue between India and Pakistan.

# International agency rejects pan-African rating plan

(i)

BD 28/5/98

**John Dludlu**

ABIDJAN — An international credit rating agency has poured cold water on plans to set up a pan-African rating agency which is linked to the continent's growing credit demands.

Although generally supportive of the need to integrate local knowhow into the credit ratings of African countries, Jack Patton, of international rating agency Standard & Poor, warned of practical problems in setting up a new, exclusively African-owned agency.

Instead, he suggested that the "way to go" was for African shareholders to set up linkages with international agencies like his agency, the International Finance Corporation, as well as the African Development Bank — almost the same sort of arrangement Standard & Poor has with Johannesburg-based CA Rating.

Patton, a director for development rating in charge of Africa and the Middle East, was speaking at a breakfast organised by publishers of Business in Africa, a magazine which is sponsoring the idea of a pan-African agency.

The other problems facing a regional agency were the benchmarks used in assessing institutions in the region, as opposed to using the international benchmarks. Those who were openly supportive of the initiative included Clifton Best, of the Accra-based CAL Merchant Bank, who suggested that such an institution be established by the private sector.

Its scope would also have to be broad, embracing parastatals.

Professionals of the planned agency should be well paid to reduce the temptation of corruption, Best said.

Speakers at the seminar called for such an agency to be credible, politically independent and technically sound. Further, they said the quality of the mooted institution's work should be beyond question.

Tim Turner, the head of the bank's risk management, said it supported the plans as there was a need for an internal country-risk analysis system.

The bank's lending operations had always been demand-driven and divorced from risk assessment, he said, stressing the important role of risk rating in overall assessment.

Franklin Kennedy, the CE of trade finance bank Equator Bank said that the introduction of a rating agency could assist in enforcing discipline in the banking systems on the continent by encouraging better disclosure and capital adequacy.

AFRICAN DEVELOPMENT BANK

# Bank plagued by 'chronic' arrears

BD 28/5/98

(1)

John Dludlu

ABIDJAN — The past two years had laid the foundation for reviving the African Development Bank, but the institution was still saddled with loan arrears from some of its poorest members, Omar Kabbaj, the banking group's president, said yesterday.

Reporting on the group's operations at the annual meeting, Kabbaj told governors the problem of chronic arrears had yet to be resolved. As of mid-May this year, the number of defaulting countries under sanction had fallen to 10, from 23 in 1996.

"At the end of last year, most outstanding arrears were due from countries experiencing or coming out of sociopolitical unrest," he said. Steps were being taken to contain a further build-up in arrears by the bank's active borrowers. Kabbaj asked governors to approve measures to increase the bank's capital by 35%.

A southern African representative called for better representation for the region in the bank's structures, while Kabbaj reported 190 professionals had been hired from 60 of the bank's 77 member countries.

The bank's loan and grant approvals doubled to \$1,8bn last year. Funds from the African Development Fund, the bank's soft loan window, rose three times to \$1,1bn, indicating the fund was now well geared.

This year, the group's commitments were expected to reach \$2,5bn, with more than half in concessional finance.

Kabbaj said net income was improving at \$158m at the end of last year. He said several steps had been taken to improve staff productivity and to make its borrowing procedures more flexible and attractive.

The board of the bank's directors have approved reforms aimed at making its loans competitive, by cutting commitment fees to 0,75% (from 1%) in new loans. Those borrowers servicing their loans accordingly would have their fees cut effectively to 25%.

Special measures, including a three-year budget and strict monitoring controls, were being taken to contain costs.

To tailor loans to the needs of members, rand-denominated loans were introduced. "This will enable the bank to expand its capacity to deliver investment finance to a larger number of borrowers and to diversify its exposure to country credit risk while offering an additional borrowing currency to our clients," he said.

He said growth in Africa should benefit from economic reforms and declining budget deficits and inflation. Yet, on the eve of the third millennium, the extent of absolute poverty in Africa was worrying, he said.

# African currencies fall under the spotlight

ABIDJAN — The African Development Bank, which began borrowing and lending in rands last year, is looking at borrowing in other African currencies, treasury director Thierry de Longuemar said yesterday.

"We do intend to be more active than we have been in other African currencies," he said at a seminar on the sidelines of the bank's annual meeting.

He mentioned the CFA-franc, the Egyptian pound, the Moroccan dirham and the Tunisian dinar as possibilities.

He gave no indication when such borrowings might come, other than to say that borrowing in CFA-francs would not happen this year.

De Longuemar said the existence of an international market in a currency was a crucial factor, because the bank might want to swap out of the African currency if it did not need all the funds to lend at the moment they were borrowed.

Another vital factor was convertibility. When asked about the CFA-franc, he said: "We consider it to be fully convertible because legally it is. Financially, there are some constraints."

In October last year, the bank introduced a new range of single currency loans at fixed, floating or variable rates.

De Longuemar said at a results presentation on Monday that demand for loans since then had been distributed across all the new products and were principally in dollars, French francs or rands. — Reuter.

BANKING *Offer to AfDB reflects confidence*

# SA exports its 'renaissance'

CT (MN) 29/5/98

ANTHONY MORLAND

Abidjan — South Africa's undertaking to increase its share in the African Development Bank (AfDB) by up to six times reflected a profound confidence that the bank was now better placed than ever to be the driving force of an "African renaissance", Gill Marcus, the deputy finance minister, said yesterday.

South Africa's pledge amounts to a contribution of as much as $1,31 billion.

"There is confidence in the bank's institutional reforms. It is now better managed and better resourced. There were certain rigidities in the way the bank met its needs," Marcus said at the AfDB's annual meeting of governors in the Ivorian economic capital.

The cabinet said yesterday it had decided to increase its share in the bank's capital stock from the present 1 percent up to a maximum of 6 percent. The exact figure would be determined in negotiations with other African countries.

"We think proper management is in place," Marcus said.

During a two-year overhaul steered by Omar Kabbaj, AfDB's group president, the bank shed much of the dead wood that gave it a reputation for inefficiency and cronyism.

Marcus said that the increased stake in the AfDB showed "South Africa's commitment to a vehicle for addressing poverty, and the purpose of the bank is to fight poverty".

The move was "not just in the interests of South Africa, it is part and parcel of our obligations as an African country.

"Any renaissance starts at home. The issues facing the continent face us: the poverty index, the haves and have-nots divide," Marcus said.

She described "as very significant" the bank's decision to approve the introduction of the rand as the first African currency used for its disbursements. "It gives new access to different sources of capital" to countries unable to make use of the bank's facilities, she said.

Marcus welcomed the bank's decision to accept South Africa as the second African contributor, after Botswana, to the African Development Fund, the group's soft loan or concessionary branch.

But she expressed disappointment that as a "regional" contributor, South Africa would not enjoy voting rights. "The articles (on voting power) were developed 30 years ago. Are they appropriate? They are an example of the inappropriate."

Marcus also believes that despite the positive changes in the bank, "it remains necessary for it to demonstrate its operational flexibility to take advantage of the opportunities arising from an improved investment climate on the continent". — Independent Foreign Service

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# AFRICAN DEVELOPMENT BANK

# Southern Africa wants more say in bank

(1) CT (BR) 29/5/98

ALISON JAMES

Abidjan — Southern Africa is pushing for greater representation in the African Development Bank (AfDB), which is holding its annual conference here. During the opening ceremony, the acting chairman of the bank's board of governors, Jacob Nkate of Botswana, complained that "southern Africa is underrepresented at the bank".

Nkate said Botswana, for instance, had only one employee at the Abidjan-based bank. "And we think our representation in the staff should reflect our shareholding as a region."

Asked if his was the first salvo in a big push for a greater role for the south in the bank, Nkate said he would not call it a salvo. "But I am confident that the management of the bank will listen to our concerns and address them within the framework of structures in the bank".

Nkate agreed it was important for the south to counterbalance the dominance of northern countries such as Nigeria and the north African states.

"When you are part of an institution, you want to be a part of it in all its structures and at all levels, otherwise you feel you are something of a passenger standing by the side.

"We want to participate not only in the shareholding of the bank but in the management and the staffing too.

"I know there is concern about shareholder representation among southern African countries. I would like it to represent what that shareholding is.

"I haven't got the numbers, but I can assure you that we are not happy with that representation," Nkate said.

AfDB sources responded that when they advertised job vacancies, they got very few applicants from southern Africa interested in making the move to the bank's headquarters here.

It is understood Botswana was originally proposed as the venue for this year's conference. The conference was moved, however, because there was insufficient accommodation available in Gaborone.

Until it was joined by South Africa this year, Botswana was the only African country contributing to the African Development Fund, the bank's soft-loan window.

South Africa also increased its role in the AfDB by announcing yesterday that it would raise its share of the bank's total capital stock from the present 1 percent to a ceiling of 6 percent. — Independent Foreign Service

# Eskom lights the way in Africa with regional power grid

(1)

**SVEN LUNSCHE**
Looks at transnational initiatives in southern Africa

ST (DT) 31/5/98

POLITICIANS are hedging their bets about greater economic integration in southern Africa, but the region's energy executives are rapidly fulfilling the dream of pooling regional power resources.

At this month's World Economic Forum in Windhoek, industry executives and officials from Southern African Development Community (SADC) countries rattled off lists of trans-border projects being finalised or on the drawing board.

Eskom is clearly the driving force behind the regional vision. Unlike the case in other sectors, SA's leadership is not met with scepticism and resentment.

Eskom's top executives — chairman Reuel Khoza and CE Allen Morgan — are leading the southern African integration. "For Eskom the regional grid is the practical implementation of African renaissance," says Khoza. "Cheap and reliable electricity supplies are vital if industry has any chance of becoming competitive."

Eskom's role is usually through joint projects but the utility has expressed an interest in buying into privatised state electricity companies. Uganda and Zambia are first on the list.

The speed of developing new electricity generation will depend by and large on electricity demand from SA. "At present forecasts for economic growth, we have enough power until 2006," says Morgan.

"However, if a number of new industrial projects come on stream, we will need new capacity by as early as 2003. That is why we need to plan for new projects now," he adds.

Integral to the region's power requirement is the SADC power pool, into which utilities sell their surplus so it can be accessed by all in the region.

At present, says Morgan, Eskom sells 2% to 4% of its electricity to the pool, by far the largest supplier to total pool flows of 800MW.

Some of the key projects earmarked for development are:

### MOTRACO

The Mozambique Transmission Company (Motraco) has been formed between Eskom, Mozambique's EDM and the Swaziland Electricity Board to co-ordinate the supply of electricity from SA to Swaziland and Maputo.

Motraco has been given renewed urgency now that Billiton has given the go-ahead for its Mozal smelter. The company will be financed at $130-million, with EDM and Eskom taking 33.3% each, SEB a minimum of 15% and equity partners the remaining 18.3%. In order to supply Mozal's initial 425MW electricity requirements, Motraco will build two new electricity lines from Eskom's Arnot and Camden power stations to Maputo. The latter line could also supply the bulk of Swaziland's power demands.

A number of feasibility studies regarding interconnections between various SADC countries have been completed. Morgan says the interconnections, including one between Zambia and Tanzania, will lend themselves to structures like the one used to create Motraco.

### CAHORA BASSA

For the second phase of Mozal, scheduled for 2005, 850MW will be required. In addition, several other projects are scheduled, including a R10-billion iron and steel plant.

Electricity authorities in SA, Zimbabwe and Mozambique are looking at options to meet the expected surge in demand.

Negotiations are ongoing for both Zimbabwe and Eskom to become stakeholders in the Cahora Bassa hydro-electric power station. Currently EDM owns 18% and the Portuguese power utility 82%. Government sources in Zimbabwe said this week they were close to finalising a 30% stake in Cahora Bassa in order to ensure it supplied the country's entire needs. Cahora Bassa supplies 400MW to Zimbabwe.

Morgan says there are "potential overtures" to bring Eskom into Cahora Bassa but nothing has been decided. Having completed a line between Cahora Bassa and SA, Eskom is negotiating a price for the power.

Plans are also under way for the construction of another dam at Mepanda Uncua on the Zambezi river for hydro-electric power generation. If EDM does go ahead with plans to construct the dam — expected to have a capacity to generate over 2 000MW of power — Eskom would be interested in partnering EDM, Morgan says.

A third potential source of electricity could be the Pande gas field on the northern Mozambique coast. US group Enron is promoting the idea although initial gas flows will be used for the Maputo iron and steel project in which Enron will be partnered by the Industrial Development Corporation.

### KUDU/ORANJEMUND

The Kudu gas field, developed by a Shell-led consortium, is at the centre of ambitious plans for power generation.

The gas exploration itself will cost $400-million, financed by Shell and Namibia Power (Nampower), among others.

In the first phase of gas utilisation, Nampower is leading plans to establish a $500-million gas-driven thermal power station at Oranjemund to make Namibia self-sufficient. The project is scheduled for completion in 2002.

Nampower will control 44% of the 750MW power station's equity, with Shell holding 19% and Eskom 15%. Morgan says the benefits for Eskom are that it will diversify its dependence on coal and water as the main sources of power. "Gas is environmentally friendly and globally an increasingly popular option," he says.

In the second phase of the project, towards 2004, says a Shell Namibia spokesman, the consortium exploring Kudu is considering a gas pipeline to *Cape Town to drive a new power* station in the Western Cape. This could supply Saldanha Steel and SA consumers via the Cape Town municipality.

It would be the first time that electricity in SA was generated by a utility other than Eskom.

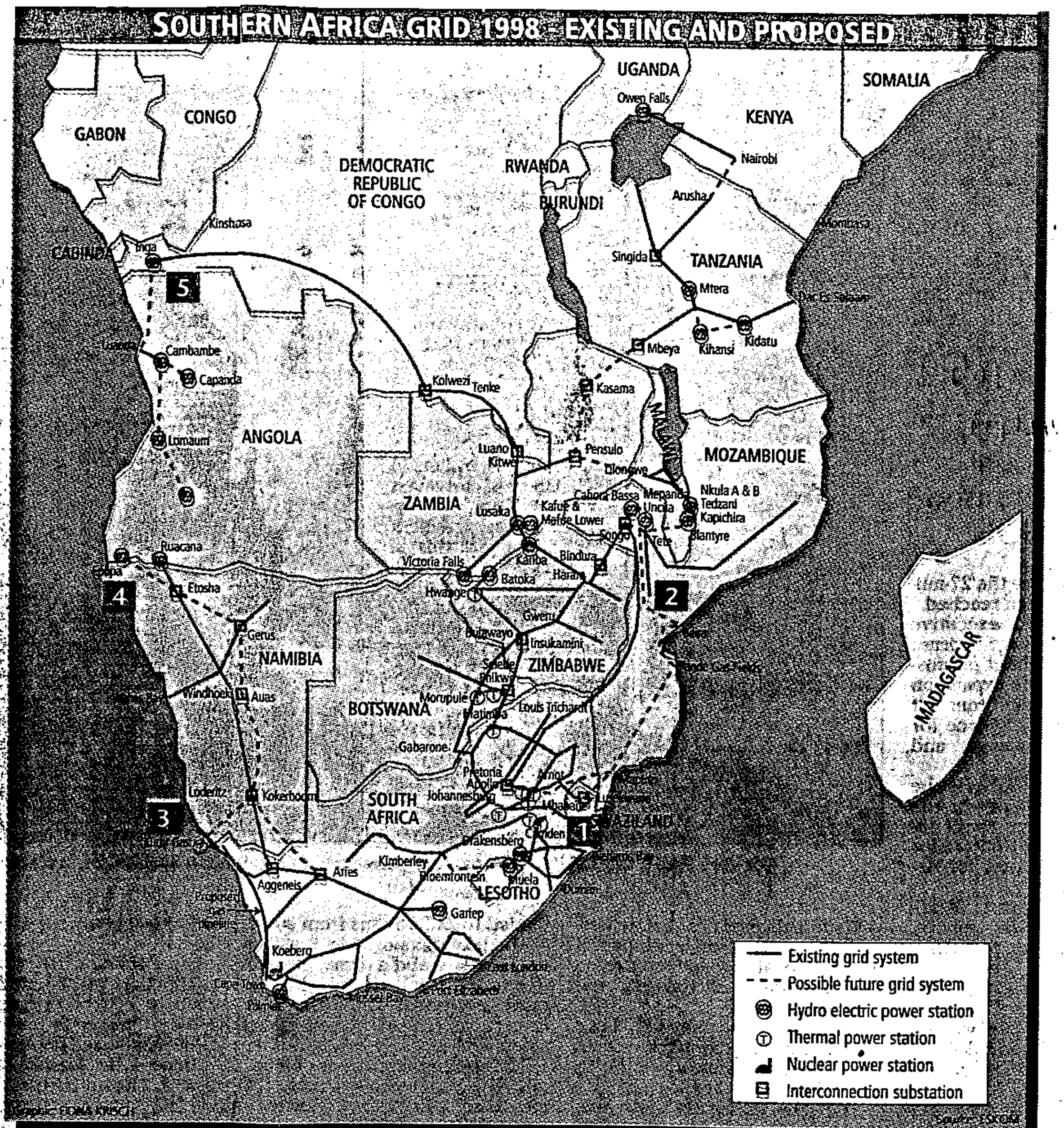
### EPUPA

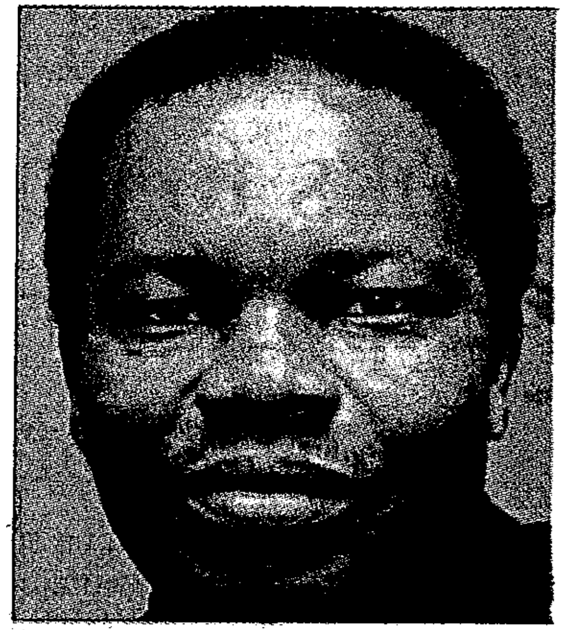
Also in Namibia, the existing line between the country and SA has been expanded, allowing Eskom to source more power from Namibia's Ruacana hydro-power station.

Plans for the Epupa power station further upstream on the Ruacana have run into strong resistance from environmentalists and have been put on hold.

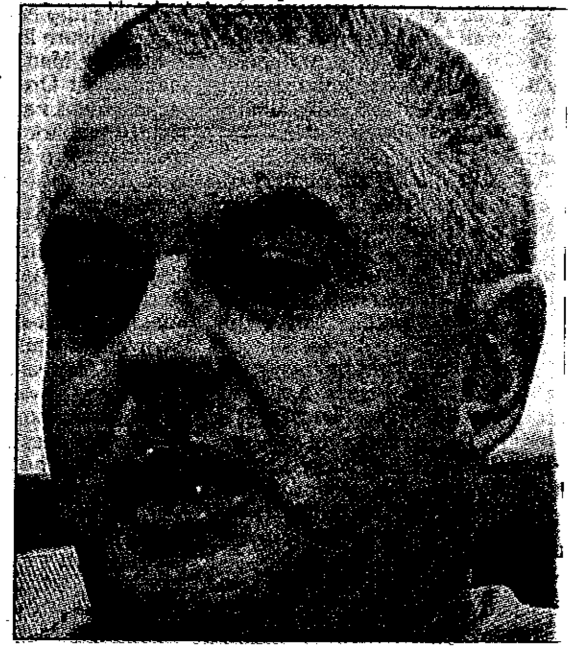
### INGA

A feasibility study has recommended upgrading the Inga hydro-power station in Congo DR as well as the construction of a new 500MW line from Inga to the copperbelt in Zambia. Additional lines are in the planning stage for the second phase of the project which also includes extending the lines to Zimbabwe and SA.



**DRIVING . . .** Eskom chairman Reuel Khoza



**NETWORKING . . .** Eskom CE Allen Morgan

# Scrap Africa's debt, SA archbishop urges IMF

10/6/98 (1)

**Simon Barber**

WASHINGTON — International Monetary Fund (IMF) directors and staff were yesterday bearded in their lair by the head of the Anglican church in southern Africa, who called for cancellation of Africa's foreign debt and the creation of a "mediation council" to act as kind of international bankruptcy court.

Archbishop Njongonkulu Ndungane was speaking at an IMF "economic policy and equity" meeting, which fund deputy managing director Stanley Fischer called "part of the IMF's continuing effort to understand equity" defined as social justice rather than an ownership stake.

Forgiving the continent's debt, which the archbishop put at $227,2bn, would give governments "a chance to take responsibility for moving forward".

Foreign aid, he said, quoting Harvard economist Alberto Alesina, "has largely been wasted ... and has not promoted the adoption of better macroeconomic policies".

Besides, he claimed, for every dollar Africans received in aid, they repaid $1,30 in debt service. "The money is on a perpetual merry-go-round. It is not used for development ... the poor end up paying the rich."

His proposed "mediation council" would act as a "strict and neutral" arbitrator between the creditors and debtors. One of its functions would be to "prevent foreign countries from falling into an abyss of unrepayable foreign debt", a role he clearly believed institutions like the IMF and World Bank had failed to play. It would also "give due regard to the interests of creditors".

The archbishop's remarks were warmly received, but some participants questioned his debt statistics. It was pointed out that actual debt repayments by African debtors were a fraction of their official owings.

# IMF chief urges Africa to target growth of 7%

CT (MR) 11/6/98 (1)

**Nicholas Phythian**

Ouagadougou, Burkina Faso — The head of the International Monetary Fund (IMF) told Africa's leaders this week that they should be targeting growth of 7 percent a year.

Michel Camdessus, the fund's managing director, was speaking at the annual summit of the Organisation of African Unity.

He said that African countries could achieve this with a mix of macroeconomic control, ensuring their banking and financial sectors were solid, and ending crony capitalism and corruption.

He told a news conference after addressing the summit that this was the lesson of the Asian economic crisis.

"They played the game of integrating into the world economy, but the lesson of the Asian crisis is that this is not enough."

Camdessus said Africa's economy, after two decades of decline, was on the road to recovery.

"Africa is getting better and, what is more, it owes all, or almost all, to the efforts of Africans themselves.

"Africa has been getting richer since 1995, compared to its birthrate."

But he asked: "How do we go forward? How do we ensure that growth does not stick at a ceiling of 5 percent but goes to 7 percent? It's at that level that things will get really better."

Camdessus said with economic rigour, Africa could achieve that target.

"You will see that Africa can become a continent of strong growth."

He listed various conditions for this. Noting that it was the poor who paid the price of corruption, Camdessus dismissed what he called crony capitalism.

In the long run, crony capitalism was the cancer that had undermined the Asian economies, he said.

There were other lessons for Africa in the Asian crisis.

Camdessus stressed scrupulous respect for macroeconomic control and advised Africa to take special care of its banking and financial sectors. "You must watch carefully over the strength of your banking and financial sectors."

In addition, he urged control over public spending.

"It is necessary to be very careful about non-productive spending, particularly military spending."

*The IMF's aim is to ensure that its customers can learn to live without it*

Camdessus also gave details of a brain-storming session he had held with Africa's leaders.

"It is necessary to enter into an era of excellence in the management of public finances."

Turning to the role of the countries' donors, Camdessus said this was not the time to talk of donor fatigue, but he stressed that private investment could only do so much. He called for development aid programmes to continue.

Camdessus is a former governor of the Bank of France.

He was confident in the future of the franc zone, to which many of France's former colonies in Africa belong, and dismissed speculation of a devaluation of the CFA franc.

"I have total confidence that there is no reason to review the parity of the CFA franc," he said.

Camdessus said the IMF's target was to ensure that its customers could learn to live without it.

He said Rwanda was the first recipient of special help for countries emerging from conflict, an initiative agreed by the IMF last year. Congo Republic could follow. — Reuters

# Post-conflict pains in African countries need special cures

Now that the African Development Bank has been restored to financial health, it needs to look at meaningful ways of responding to the peculiar needs of the continent, writes trade reporter **John Dludlu**

(1) BD 15/6/98

AFTER listening to several governors of the African Development Bank at its recent 1998 annual meeting, a certain pattern emerged: first, thanks to the host country — Côte d'Ivoire — for hospitality; then, thanks to the bank's management, notably its president Omar Kabbaj, for excellent preparations and general good work in stabilising the bank's financial health.

It is true that Kabbaj, backed by the bank's 53 African and 24 non-African shareholders, has presided over the most far-reaching reforms in the bank's history.

Four years ago, the bank was facing near collapse: corruption, management incompetence and bad loans were threatening its survival.

Thanks to financial engineering by Kabbaj, a Moroccan, the bank was put back on its feet, which restored African pride.

A week ago, Kabbaj reported that the past two years had laid a foundation for a sustained revival of the banking group: the bank's net income is continuing to grow (from 1996's $150m to $158m in 1997). Due to Kabbaj's reforms, staff productivity is improving and lending policies have been tightened, allowing only the most creditworthy countries and businesses to borrow.

To enhance the competitiveness of its finance, the bank has cut its fees. The commitment fee of 1% has been dropped to 0,75% for new loans and, subject to good debt service performance, a further 0,50% of the commitment fee will be waived, bringing the effective fee to 0,25%.

The Abidjan-based bank has decided to issue bonds denominated in various members' currencies, including SA rands, to give flexibility to members.

For countries in arrears for more than two years, a programme of reforms and adjustment is required before lending operations are resumed. This measure has been responsible in part for the declining levels of the debt burden of African countries. In most cases, this instrument has effectively meant no countries are allowed to accumulate new debt.

The strict lending and arrears recovery measures have seen the number of defaulting countries under sanction falling to 10 by mid-May from 1996's 23.

Most of the arrears are from countries experiencing, or coming out of, sociopolitical unrest — Angola, Liberia, the Democratic Republic of Congo, Somalia, Sudan, Congo-Brazzaville and Sierra Leone.

The stringent credit controls have left only 10 countries eligible for loans by the bank. These include SA, Algeria, Botswana, Morocco, Namibia, Tunisia and Swaziland.

Those who have a choice, like SA, are looking at other capital markets. The rest of the bank's members are now eligible for highly concessional loan finance provided under the African Development Fund, the bank's soft window.

The fund, traditionally, has been funded by non-African shareholders. SA and Botswana have contributed to its seventh replenishment, while Nigeria, the largest African shareholder in the bank, finances the Nigerian Trust Fund which serves a similar purpose. SA, which contributed R36m in the seventh development fund, has applied to become a regular contributor.

It took Elie Saleeby, the soft-spoken Liberian finance minister, to break the ritual back-patting by drawing the bank's attention to the real problem faced by countries like his own.

In an interview, he said the bank, of which Liberia was a founding member, failed those countries emerging from conflict situations. While other multilateral bodies such as the World Bank sent missions to Liberia, the bank had been passive.

Instead, the answer to the post-conflict countries by the bank, still haunted by its troubles of the recent past, appeared to be to support the heavily indebted poor countries initiative by the multilateral organisations. The programme, in which the bank is a participant, provides debt relief.

Saleeby says this programme, which requires economic reforms by prospective beneficiaries, is a timely response by the international community. However, it does not address the problem of post-conflict countries. It is like giving pain killers to someone who is about to lose a leg, he says.

Liberia has nothing to reform or adjust, he says rhetorically. The problem is about rebuilding war-ravaged economies. He suggests some kind of Marshall Plan to stabilise these economies, but adds that Liberia does not intend to become aid dependent for ever.

"One accepts that a viable, sound and efficient financial institution is required to deliver the support we need," he says, warning, though, that there should not be an obsession about the market. After all, the bank is not a merchant or investment bank. What is needed is to blend the principles of "sound and prudent investment banking" with the need to be responsive to particular problems of the region. These two are not mutually exclusive, he says.

The Liberian call enjoys strong backing from influential African members, including Nigeria and SA, now a 6% shareholder since the agreement to increase the bank's share capital by 35%.

Gill Marcus, SA's deputy finance minister, endorses Liberia's sentiments. She says other nonfinancial special measures, including technical assistance and expertise, are needed to get post-conflict societies to function more effectively again.

Other non-African members of the bank are already searching hard in bilateral talks with these countries for unconventional solutions to the reconstruction of post-conflict African economies. The bank, Saleeby points out, needs to be leading these efforts as an African institution.

Besides, promotion of African economic development and social progress are part of its mission.

Saleeby, formerly a senior financial specialist at the World Bank, tells of his desperate efforts to alert the bank to the growing problem.

At his insistence that the bank sends a mission to Liberia, Kabbaj is understood to have said the bank did not start the war in Liberia.

"This not only came as a shock to me, but it was painful," he says about the role that Liberia played in the bank's establishment.

However, Saleeby refuses to be dismissed by the bank's management. "I hope the bank will be big enough (to face the problem)".

The bank recently capped its financial reforms when its shareholders agreed to increase its general share capital by 35%. This will bolster its credit standing in the international capital markets, allowing it to borrow at favourable rates.

However, to stay relevant to its African audience, the bank has to be responsive to the continent's needs.

Now that the bank's financial health has been restored, it is time for Kabbaj to search for the "vision thing" in dealing with these peculiar African problems to stay relevant. It is more than about ratios.

# US Democrats belabour trade breaks for Africa

(1) MD 18/6/98

Simon Barber

WASHINGTON — Proposed trade preferences for African textiles and clothing came under heavy attack yesterday as the Senate finance committee held hearings on the African Growth and Opportunity Act that was passed by the US House of Representatives last March.

Committee chairman Sen William Roth, who hopes to bring the legislation to a Senate vote by early August, appeared willing to water down the textile provisions, seen as the bill's single most important element for encouraging investment in Africa and strongly backed by SA industry. As passed, the bill would make African textiles and apparel duty-free under the US generalised system of preferences, and would guarantee no quotas are placed on such goods until World Trade Organisation rules phase out quotas altogether in 2005.

Lousiana's senator John Breaux, a Democrat, demanded that African goods receive preference only if they are made from US cloth.

US Secretary of State Madeleine Albright, one of several big guns the administration sent to the hearings to show its seriousness about the bill, admitted she had no answer when asked why Africa should not be treated the same as the US's neighbours. Deputy Treasury Secretary Lawrence Summers said if African producers had to use US fabric to obtain benefits, the value of those benefits would be wiped out by transport costs.

Citing research by the US international trade commission, he said increased imports from Africa would displace those from Asia and other developing countries, rather than compete directly with US production, and so would likely cost the US no more than 700 jobs.

The textile provisions were one reason most Democrats voted against the bill in the House. It survived there because House leaders used parliamentary procedure to block the offering of amendments. Such tactics are not possible in the Senate, where a handful of members can derail legislation unless their demands are met.

African ambassadors, including SA's Franklin Sonn, attended the hearing in force to dampen charges levelled in the street outside by union activists, and former anti-apartheid crusader Randall Robinson, that the bill is the creature of multinational corporations seeking to "recolonise" Africa.

A letter from the ambassadors to Roth supporting the bill was distributed at the hearing. It was signed by 46 of 48 sub-Saharan envoys. Sonn's was one of the two missing signatures. SA has circulated a separate letter to Congress and the US administration, supporting the passage of the bill.

# Satellite telecommunications boost for Africa

MHG 19-29/6/98 (1)

**David Shapshak**

A new generation of low-orbit communications satellites could be the boost African telecommunications is looking for.

While South Africa's fledgling techno-enthusiastic population has embraced cellular telephony, it has not established much else on the continent. However, satellite companies are expecting Africa to hop directly to satellite use.

Communication by satellite has many advantages. There is no need to lay the costly fibre optic cabling, switches and other fundamentals necessary for a terrestrial telephone network.

Satellite telephones have been augmenting the communication of many business interests in remote parts of Africa, mostly mining operations, for many years. And journalists covering myriad wars in Africa in the past few years have relied on sat-phones to transmit stories.

However, sat-phones are a luxury for only a few of Africa's elite and foreigners.

But, says Ed Staiano, CEO of Iridium, while the early systems are too expensive for the average person, the company will fund the development of more efficient, cheaper systems.

Iridium, a subsidiary of Motorola, recently launched the last of its 66 low-orbit satellites whose network — or constellation — will cover the globe. It will be operational by September.

"We see our market, in the early stages, as primarily serving developers, tourists and business interests, not so much solving the complete rural problem. But it'll be the same phenomenon as cellular [telephony] — because of the demand it will be quickly funded and we can develop the system to bring costs down."

Constellations like Iridium and Globalstar — another low-orbit constellation expected to be operational before the end of the year — are in lower orbits, 780km and 1 414km respectively, than the existing networks, such as Inmarsat-3.

The advantage of the low-orbit satellites, says Staiano, is there is no delay in conversations: the satellites require less energy to transmit the call and the handsets can be much smaller.

Iridium and Globalstar plan to offer integration with terrestrial cellular networks, with both offering a variety of phone models which offer either subscriber identification module (SIM) cards or a satellite cradle.

Globalstar's John Cunningham says Africa has several distinct telephone markets which satellite telephony could service without depriving a country's telecom organisation of its revenue streams. He adds that satellite communications can instantly provide infrastructure, anywhere on the continent. Both Iridium and Globalstar are planning to include universal service components to their service.

Staiano is offering various subsidisation schemes for African countries so they may use Iridium's sat-phones for crisis management and disaster relief.

Sat-phone application in rural areas of developing countries has already proved fruitful. In 11 villages in northern India, where there is no telephone network nor electricity, solar-powered "phone boxes" let villagers make government-subsidised calls. There are similar schemes in Ghana, China, Tanzania and South Africa.

Another advantages of satellite communication is that you can use your sat-phone anywhere, even in the middle of an ocean.

"New kinds of satellite systems, known as GMPCS [global mobile personal communications by satellite], are due to begin operations in the coming months and years, promising a level of access to telecommunications never before attained [in Africa]," says Pekka Tarjanne, secretary general of the International Telecommunications Union.

"GMPCS has the potential to bring greatly improved access to telecommunications, particularly in remote, rural or under-served areas."

However, the most reliable means of communicating in Africa during the short term is radio, says Julius Lieberman, MD of Lieberman Communications, South Africa's largest supplier of Motorola's two-way radio system.

Nonetheless, satellite still holds the most promise for a continent-wide telecoms system. Satellite communication could not only leapfrog technology, but also the restrictive regulatory environments of many African countries whose governments retain almost dictatorial control of national telecommunications companys and whatever lucrative profits they generate.

The communications ministers of several African countries announced during the recent Africa Telecom that they would be working towards creating more investor-friendly environments for foreign financiers.

Tarjanne points this out as the way, in the words of Minister of Posts, Telecommunications and Broadcasting Jay Naidoo, to "smart catapult" the continent into First World telecommunication.

# Africa's refugee crisis rolls on

**Legendary hospitality of continent's people may in the end help find solutions, writes Sadako Ogata**

Star 22/6/98 (1)

The 20th of June each year is an opportunity to pause in our efforts on behalf of refugees and displaced people in Africa and to reflect on the past 12 months. It is also an occasion to look ahead – to the challenge of building peace on a continent which has seen more than its share of the tragedy of refugees.

Africa Refugee Day marks the date, 24 years ago, when the Organisation of African Unity's Refugee Convention was born. I continue to be struck by the foresight of the authors of that convention. They saw very clearly the need to balance the humanitarian imperative of solidarity with measures to ensure that refugee problems do not become a source of friction among states.

It was precisely in an effort to restore this delicate balance that the UNHCR, the OAU, and representatives of eight central African nations gathered last month in Kampala. The meeting was an important step towards replacing the language of confrontation with that of consultation, in an effort to identify solutions to refugee problems.

More than three years had passed since governments of the region last met to discuss refugee issues, at the Bujumbura Conference in February 1995, and there have been many dramatic changes in the Great Lakes region, and elsewhere in Africa, since then.

Rwanda is struggling to reintegrate nearly two million former refugees. The challenge of building stability in the aftermath of genocide and when 25% of the population have recently returned from exile is daunting, and there are still many Rwandans outside their country.

From neighbouring Tanzania the UNHCR has been ferrying refugees home across Lake Tanganyika to what is now the Democratic Republic of the Congo. But Tanzania continues to host 250 000 Burundi refugees, and a stable peace in the region will in part depend on their successful reintegration.

Elsewhere on the continent we have seen many other examples over the past year of the states and people of Africa shouldering the responsibility of solidarity, in an effort to build lasting peace.

The repatriation of Malian refugees from Mauritania and Burkina Faso has been completed, and with only a few thousand exiles from Mali remaining in Algeria and the Niger we are very near to bringing this complex, three-year operation to a close.

Late 1997 also saw the end of the UNHCR's programme for Togolese refugees, and the beginning of an immense operation in West Africa to resolve one of the continent's biggest refugee crises: the return of nearly 500 000 Liberians.

The mobilisation of resources for this important operation is one of my top priorities for this year, as building peace in Liberia will depend on the reintegration of the refugees, the demobilisation of combatants and a return to productive activity after so many years of brutal warfare.

It is my hope that stability will also finally take root this year in Angola, allowing the momentum of repatriation to accelerate so that around 250 000 refugees will be able to return from neighbouring countries.

On the other side of the continent there are still more than 400 000 Somali refugees outside their country. I am pleased to note that there has been progress in repatriation to northwest Somalia, bringing hope to the more than 200 000 refugees still in eastern Ethiopia. Yet the refugee populations in Sudan, Kenya, Ethiopia and Uganda continue among the world's largest.

Tragically, fighting and human rights abuses in Sierra Leone have led to a dramatic new refugee emergency. More than 500 000 Sierra Leoneans are now refugees in Guinea and Liberia. Some have been victims of shocking atrocities.

The images of this recent refugee exodus remind us that refugees by definition are people who have been excluded from their own societies, and in exclusion lies the seed of division and conflict which will erode societies from within and destroy the work of peacemakers.

There are two overlapping layers of responsibility for helping refugees. On one level, states are responsible for implementing the principles of protection contained in the OAU Convention.

This includes ensuring that asylum is granted to those fleeing persecution and violence, while at the same time taking practical measures to make sure that giving asylum does not create security problems for countries hosting refugees or for their countries of origin.

The UNHCR has worked in Africa for 40 years. We know Africa's hospitality is legendary, and it is on the foundation of this hospitality that a continent of peace and prosperity can be built.

■ *UN Commissioner for Refugees Sadako Ogata delivered this speech on Saturday on the occasion of Africa Refugee Day*

# Senate unable to generate enthusiasm for Africa trade bill

(1) BD 24/6/98

The African Growth and Opportunity Bill seems little more than hot air in the upper chamber of the US government, writes **Simon Barber** in Washington

ENDORSED by a less than definitive margin in the House of Representatives last March, expanded trade benefits for Africa are finally being looked at in the Senate. If last week's hearings on the Africa Growth and Opportunity Bill before Senator William Roth's finance committee are any indication, there is little enthusiasm for the legislation in the upper chamber — at least for those clauses that matter.

The key provisions give the administration the authority to expand the range and quantity of goods African countries can export to the US on a duty-free basis under the US generalised system of preferences. The authority would be valid for 10 years — instead of lapsing every year or so as happens with the present general system of preferences programme.

Just as important, African clothing and textiles would be eligible for a general system of preferences treatment, and would not be subject to quotas, as they are now, once exports to the US reached a certain level. For the purposes of the general system of preferences, all African countries, including SA, would potentially be treated as "least developed beneficiaries", removing an automatic upper limit on duty-free US imports of their goods eligible under the preferences system.

These benefits would not be entirely unilateral. To qualify for "enhanced" preferences — covering textiles, for example — countries would have to be certified as "making continual progress" towards creating an environment attractive to US trade and investment. And the textile benefits, in particular, would be forfeit if there was cheating.

Few members of Roth's committee showed up for the hearings and none who did clapped with more than one hand after Secretary of State Madeleine Albright, Commerce Secretary William Daley and Treasury Undersecretary Lawrence Summers made their pitches for the bill.

Notwithstanding its nearly universal popularity in Africa (SA alone voices doubts), Congressman Jesse Jackson, Jr, son of the president's special envoy to Africa, equates the bill with the slave trade, saying its purpose is to turn the continent into a "plantation" for US multinationals.

Roth, a Republican free trader, said he liked bill's goals, but wanted to take a closer look at the "tools" proposed to achieve them — in other words, he was noncommittal on the legislation's meat. He and the committee's ranking Democrat, Daniel Moynihan, sounded irritated that the administration was not using its energies to push an altogether more important trade measure: renewal of the president's "fast track" authority to negotiate trade agreements without having them amended to death by congress.

In an extraordinary defeat, President Bill Clinton had to abandon his "fast track" request last year because he could not get enough of his own Democrats to support him.

It did not escape the committee's notice that US Trade Representative Charlene Barshefsky had a more pressing engagement. Surely, if the administration cared as much as its rhetoric would suggest, such an engagement could not exist. A couple of senators said she could have answered their questions, insinuating that the others could not and that without her the exercise was a waste of time. Unhappily, Albright and Summers managed to prove the point.

In an attempt to kill the textile provisions, US industry is demanding that only African goods made with American cloth be given duty free treatment, a policy already adopted for imports from the Caribbean and central America. Why this would be lethal is obvious: the transport costs alone would vitiate any competitive advantage offered to Africa by the general system of preferences. However, it was not obvious to Albright. When asked why Africa should not be treated the same as Caribbean nations, she replied that she did not know.

The administration's failure to do its homework on the bill's single most significant trade benefit was compounded by an ugly incident. Senator John Breaux, Lousiana Democrat, was explaining why he opposed the textile language. Four thousand mostly black women had lost their stitching jobs just before Christmas when their company moved offshore. Breaux spotted someone in the seats reserved for administration staff rolling his eyes. He invited the contemptuous apparatchik to approach the dais, make his point in person and have his lights punched out.

Sen Jay Rockefeller, a Democrat of West Virginia, spoke up for ferroalloy producers and workers, well represented in his dirt-poor state. Roth chimed in sympathetically. Textiles were important in his state, Delaware.

It was hard to feel much optimism for the legislation after that. The Senate takes up nothing easily except with the unanimous consent of its members.

# African export growth lagging

BD 29/6/98

(1)

Patrick Wadula

SUB-Saharan Africa's growth in exports is far below that in South America and the Caribbean, which have increased their exports by 122,3% between 1980 and 1995.

The corresponding figure for sub-Saharan Africa was 1,43%.

These figures were given by University of SA chancellor Chris Garbers at a recent conference on Latin America in Pretoria. South America and the Caribbean's exports in 1995 amounted to $1 688bn — about six times higher than sub-Saharan Africa's $297bn for the same year. Of this total, SA's exports amounted to $136bn.

Southern Africa Development Community (SADC) principal economist Michael Stahl said the most important destinations of Africa's exports to Latin America in 1995 were Brazil (52%), Chile (14%) and Argentina (7%).

He said Africa's main exporters to Latin America were Nigeria and two SADC countries, SA and Angola.

"However, in 1995, just 4,9% and 3,2%, respectively, of these two countries' overall exports were destined for Latin America."

Stahl said the main consumers in Africa of Latin America's exports in 1995 were SA (30%), Nigeria (12%) and Morocco (10%). Other SADC countries were insignificant importers.

He said major Latin American exporters to Africa in 1995 were Brazil (51% of Latin America's exports to Africa), Argentina (28%) and Chile (6%). "For each of these countries, SA represented the most important destination for their exports in Africa — 22%, 46% and 69%, respectively."

# Failed coup drives foreign investors from west Africa

(1) CT(PR) 30/6/98

IAN STEWART

Dakar, Senegal — A west African enclave of farming plateaus and mangrove swamps, Guinea-Bissau was showing signs of emerging from decades of economic malaise when disaster struck this month.

The country had shed its post-colonial Marxistsystem and begun to attract outside investment and development aid in recent years to relieve staggering poverty that put it among the world's 10 poorest nations.

But a failed coup has degenerated into a military standoff in the capital and plunged Guinea-Bissau back into darkness. It has also unleashed fighting elsewhere in a region of complicated enmities and alliances.

Bissau, the capital city of about 300 000 in the nation of about 1 million, is nearly deserted. Downtown blocks are torn after two weeks of artillery shelling and ground fighting.

The population is fleeing for safety and facing the prospect of little food and almost no clean drinking water. Relief workers say tens of thousands of refugees are in dire need of assistance.

The crisis that began with an attempt to oust President Joao Bernardo Vieira on June 7 has its roots in the region's failure to find stability since the colonial powers left.

The coup leader, former Brigadier Ansumane Mane, is seeking revenge against Vieira for being removed as Guinea-Bissau's army chief of staff for alleged involvement in an arms smuggling scheme.

What Mane had not counted on was military intervention by Senegal and another neighbour, the Republic of Guinea.

The fighting had rekindled fears on both sides about a murky intellectual movement that campaigned to restore a precolonial empire covering Guinea-Bissau, Gambia and the southern Senegal province of Casamance, said Western diplomats and a local historian.

The idea, some believed, was for Casamance to win independence from Senegal, after which the three countries would form a new confederation, said historian Abdoulaye Bathily.

The Senegalese are thus using Guinea-Bissau's crisis as a pretext to crush the Casamance rebellion.

Coming to Vieira's aid, Senegal's army has led the skirmishing against Mane, driving him and his troops from their stronghold in an army garrison on the outskirts of Bissau.

In the northern border region, Senegalese troops are pursuing large-scale artillery and rocket attacks on the towns of Ingore and Bula, where Casamance rebel bases are reportedly located.

Unlike most nations in west Africa, Guinea-Bissau won its independence only after a protracted and bloody uprising led by the African Party for the Independence of Guinea-Bissau and Cape Verde, which had links with the separatists in Casamance.

After 14 years of fighting, Portugal cut Guinea-Bissau free from colonial rule and formally granted independence in 1975.

Guinea-Bissau began as a sovereign state with little industry and little hope. Its people lived on average only 35 years, and almost half its children died before age five.

Marxist ideology and central planning did little to relieve the burden, and Vieira began to slowly restructure the economy in 1986.

In recent years, foreign investment and infrastructure projects helped build up a small industrial base and transport network that attracted foreign business interests. — Sapa-AP

## ANALYSIS

# How Africa colludes in its infantilisation

**Africans have collaborated in allowing their status to be diminished by those outside the continent, who will thereby ensure their continued dependence, writes Adewale Maja Pearce**

(1) OD 14/7/98

**Refugees await medical and food aid in Sierra Leone**

MANY people in Britain recently saw a television advertisement made to coincide with Christian Aid week last month. It opens with a group of boys playing football in a dusty clearing somewhere in Africa.

All the boys are black except one, who is white. After a moment he breaks away from his companions and approaches the camera. He removes his shirt and says, in a British accent, that the price of the shirt will teach a child to read and write. He removes one of his boots and says the price of the boot will buy equipment to find hidden land mines. He removes a sock and says the price of the sock will help protect children against infectious diseases. Then he resumes the game, but not before the camera pauses on the smiling face of an elderly African man with a bad eye, whereupon a voice-over tells viewers how they can part with their money.

An accompanying press advertisement the same week shows us a photograph of the same boy posing with the black boys above the caption "This is your last chance to support our team". The text informs us the white boy's name is Stuart, that he is 14, and that he and "his Ethiopian friends" share the same dream — to play football for their countries. "Their chances of success are pretty evenly matched," it says, but should they fail, "their chances for the future are far from even". This is followed by the familiar litany of facts from the continent: half the children in Ethiopia die before adulthood, and those who do make it "face a life without proper food, health care, or the opportunity to learn a trade". Christian Aid believes in a world where "adults and children ... have the chance to live life, rather than survive it", to which end it provides local communities with clean water, health care and education.

Obviously, clean water, health care and education are good and necessary things, and no one would have reservations about feeding Africa's hungry children. Unfortunately, the advertisement itself encapsulates why we have been here before — Somalia, Rwanda, Ethiopia, Biafra — and why we are going to come here again. This is so because it both reinforces and guarantees the diminished status of the African at the heart of the continent's predicament. The fact that it does so in such a crude manner, for instance by having a British boy (black or white) speak on behalf of an African old enough to be his grandfather, is made worse, not better, by the insistence that the objects of Stuart's charity are his "friends", which is merely dishonest. The white boy is Stuart, 14, from Britain; the black boys are merely Ethiopians.

I saw how this worked at first hand when I was in the Rwandan border town of Gisenyi in late 1996 when Hutu refugees were crossing back into their country from the then Zaire. Two incidents especially have stayed in my mind.

The first concerned a young British woman, an administrator attached to an aid agency, with a walkie-talkie, a clipboard and an air of self-importance. I overheard her telling two journalists fresh from London that there were "only" five deaths in the makeshift hospital the previous day. "It isn't a large number, three of them were under five years."

The second concerned another young woman whom I saw taking photographs of a naked African child sitting in the dirt. He was encouraged to stare at the camera as she hovered above him. What struck me especially were the Rwandan men standing in a circle around her. Doubtless she had given them money to leave her alone to do the job.

Their collusion in this tasteless event was more distressing than the questionable morality of the photographer's actions. It could at least be argued that she was simply doing her job. The Africans, for their part, could be exploited because they accepted their diminished status in the scheme of things. This was evident in the absence of African organisations — if there are any — helping their Rwandan brothers and sisters.

All 29 aid organisations were from Europe and North America, which was precisely why that British woman — are there no Rwandan women? — could so casually dismiss the deaths of five human beings as though they were merely a statistic to be included in that evening's copy to London; and why Christian Aid has been able to run an advertisement placing the future of millions of Africans in the hands — or at the mercy — of a 14-year-old boy as though it were perfectly normal, which in a way it is.

We know how the argument goes. Of course all Africa's problems are the result of the prevailing world economic order, as represented by the Group of Eight, which failed to agree on debt relief for the world's poorest countries earlier this year. (To argue that Africa's problems are the result of its own failure — which at least has the merit of acknowledging Africa's own responsibility for the mess that the continent finds itself in — is hardly calculated to fill the collection box.) More important, it perpetuates the status quo in which people in the "developed" world imagine that giving people "the chance to live life rather than simply survive it" is their gift, and people in the "developing" world sit back and wait for the handouts guaranteed to keep them in a perpetual state of dependency that is hardly distinguishable — if it is — from infantilism.

□ *Maja Pearce is a freelance journalist based in London and Lagos.*

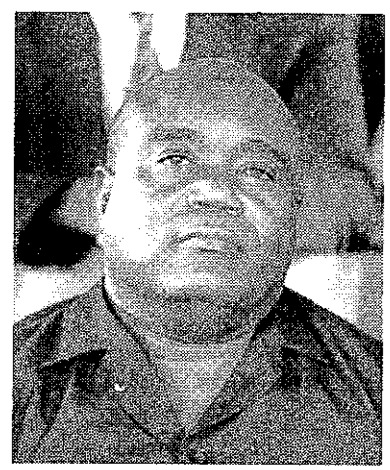
COMMENT & ANALYSIS

# Africa can gain much from globalisation

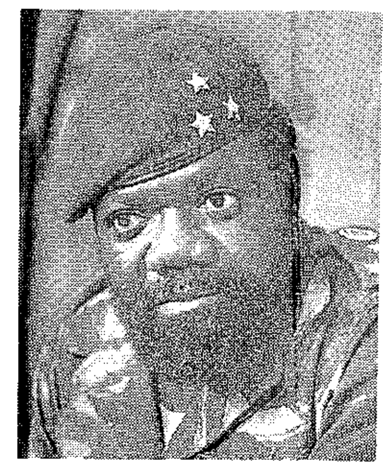
① BD 15/7/98

**The fact that globalisation has diluted the power of governments means Africa will have to respond to the financial and political discipline needed to prevent its marginalisation, argues Greg Mills**

KABBAH



KABILA



SAVIMBI

ABUBAKAR

THE rand's nose-dive is viewed with concern from abroad. At one level, it raises questions about the SA government's understanding of the world around it and its consistency in implementing policies that, even if politically unpopular in the short-term, can bring about longer-term economic growth. At another, it undermines the hope that a democratic SA could operate both as a standard bearer and firm anchor for sub-Saharan stability.

In this light, the reaction of the SA government and its constituents is being carefully scrutinised. For many, Pretoria appears to have missed the mark in understanding the nature of the global economy and pinpointing the reasons for its poor economic performance under the growth, employment and redistribution strategy along with its failure to attract the anticipated volumes of foreign direct investment (FDI).

Rather than attributing the economy's frailty to the lack of an attractive investor environment, Pretoria has, unsurprisingly, preferred to shift the blame elsewhere. Taking a leaf out of Mahathir bin Mohamad's book, the vulnerability to emerging market instabilities is seen principally as a result of market speculation, itself facilitated by rapid globalisation.

Also, on another front, as if to reassure those scrutinising who is in control, Deputy President Thabo Mbeki has criticised the African National Congress's communist allies for repeating the pessimistic assessments made by those who think "that our government has failed, as all other African governments have failed".

Certainly the economy's wobbles have occurred at a time when Africa is giving out negative, if contradictory, signals to the international community, compounding the challenges facing SA.

On the one hand, despite the untimely death of Chief Moshood Abiola, Gen Abdulsalam Abubakar's initiatives in Nigeria lend hope to positive prospects of peace and democracy. On the other, the outbreak of fighting between Eritrea and Ethiopia last month over a meaningless scrap of desert territory has served to focus attention on ongoing instability in many parts of the subcontinent.

Conflict is raging in Guinea-Bissau between the rebels allied to former army chief of staff Brig Ansumane Mane and the forces of besieged President Joao Bernando Viera.

Angola's army is poised to "take care" once-and-for-all — again — of Savimbi's Unita, a conflict of potentially lethal and frightening consequences for all of southern Africa. The return of President Ahmad Tejan Kabbah to Sierra Leone in March has not brought peace to that country.

Civil war continues in the Sudan, with Washington rallying Uganda, Egypt, Eritrea and Ethiopia to combat what it perceives as Khartoum's support of international terrorism, but perhaps of greatest concern is the situation in the Great Lakes, one that is still far from settled.

Laurent Kabila's overthrow of President Mobutu Sese Seko of Zaire was supposedly the signal event in an "African renaissance", the epithet that then captured the world's imagination.

Yet Kabila's failings not only pose questions about the future of his Democratic Republic of Congo, but asks them, too, about the wisdom and motives of the men who installed him — Paul Kagame of Rwanda and Uganda's Yoweri Museveni, two of Washington's new generation of favourite sons. Africans are quick to point out that the difficulties experienced by a handful of the continent's states should not overshadow the great strides made by others.

It has been argued that the international media — disparagingly referred to as the UN Security Council's sixth permanent member — tends to overlook the steady performers in the search for better and often heart-wrenching stories from a continent sensationally characterised by death, disease, debt and desperation. Although foreign coverage has in fact halved during this decade among the major US television networks, again globalisation and the media revolution is perceived as the culprit.

Yet globalisation is important to Africa. At the time of independence, African countries typically traded a high share of their Gross Domestic Product. Initially, the continent was able to attract comparatively large capital inflows. However, over the past 30 years, as the Oxford economist Paul Collier has pointed out, the rest of the world has been integrating while Africa has been marginalising.

To take full advantage of the benefits globalisation offers such as large private capital inflows (of which Africa receives less than 2% of the global total, though still half the capital flowing into the region), the continent's policy milieu will have to change substantially.

Until now, the African environment has been comparatively less favourable to efficient production (and thus global competitiveness). High transport costs, potential difficulties with contract enforcement, obstacles to obtaining and the expense of reliable information, and the poor quality of public institutions have all raised so-called "transaction costs".

For example, Africa has the lowest telephone density in the world yet the highest telephone charges, and three times the rate of faults per line as in other developing regions. As Collier said, such costs discourage transaction-intensive activities such as manufacturing "both absolutely and relative to the transaction-extensive exports of agriculture and natural resources".

As a result, foreign investment in Africa has been inward-looking and confined to those companies with an informational advantage and those sectors dependent on natural resources or servicing a local market. In simple terms, it has been growth-dependent rather than growth-generating.

About 60% of investment into Africa during 1989-94 came from two former colonial powers, France and the UK, with long-established links with the continent.

Africa, Collier concludes, has yet to globalise. Poor infrastructure, geographical location, low productivity and a high risk environment led, in combination, to lower returns (around one-third of the global average) on capital investments between 1960-90.

This was exacerbated by state expenditures principally focused on clinching patronage rather than economic growth. With structural adjustment policy reforms during the 1990s, the rate of return on African FDI has been about 60% higher than other developing regions. Yet even these levels of return have not proven sufficiently comforting. African governments' reputation for policy unpredictability and unreliability have continued to deter investment. On average, the continent's risk ratings deteriorated by roughly 30% from 1980-95.

To offset these perceived uncertainties, some have argued for the development of risk-bearing institutions and networks principally through pooling and diversification. Put simply, globalisation offers ways to reduce both risk and the cost of doing so. African nations could also improve their credibility in world markets by entering into reciprocal North-South trading arrangements which lock in macro-economic policy.

In this regard, both the renegotiation of the Lomé Convention and the proposed SA-European Union Free Trade Agreement offer possibilities.

However, rather than solely relying on externally imposed agents of restraint, investors are additionally on the lookout for domestic institutions and policies for reassurance — such as an independent central bank and capital account convertibility. The treatment of domestic firms (and their reaction) is also used as a guide by foreign investors.

The message from the international community is clear.

In today's "post-1994, post-euphoria" context, SA can expect no special favours. Rather than seeking out scapegoats for policy weaknesses, African governments will have to act decisively to integrate their economies in product and financial markets.

In an environment where reckless fiscal policies will be punished by capital outflow, globalisation has removed power from governments and demanded of them greater discipline. It has liberated capital and trade. Africa can only gain from this process providing it gets its house in order.

□ *Mills is national director of the SA Institute of International Affairs, who is currently doing research in the UK.*

## AFRICA

# Mauritius a model for success

(BD) ① BD 16/7/98

CUREPIPE — Much of sub-Saharan Africa has spent this decade struggling with political, social and economic failure. However, if this island nation has had anything to grapple with lately, it has been success.

Consider that in 1993, unemployment touched a low of 2% as 20 years of diversifying the economy away from sugar began to work a little too well.

Workers were being hired before they could hit job lines. Wages shot up. Suddenly, the island found itself fretting about labour shortages and excessive stock-market exuberance.

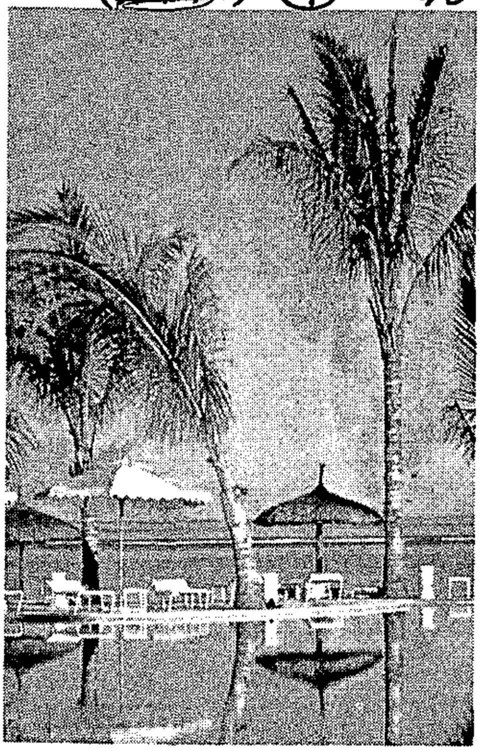
Since then, things have cooled down somewhat, with a correction in the Mauritius stock market and a rise in unemployment to 5,6%.

As many of African countries begin to emerge from three decades of strife, their leaders are asking whether they can follow the example of this tiny democracy.

What makes the example of this ethnically diverse island of 1,2-million people compelling is that while many other developing countries have been fretting that trade liberalisation will cause them more harm than good, Mauritius has managed to demonstrate the opposite.

Mauritius is a free trader's dream and a magnet for foreign investors. Its export-processing zone has lured foreign companies eager to take advantage of the island's privileged access — as a developing African country — to textile markets in Europe and the US. Over the years, it also has reduced corporate tax rates, eliminated local-ownership and local-content requirements for international companies, and slashed tariffs to a scant 0,03%, the lowest in Africa.

Signs of the payoff abound: downtown high-rises, ritzy shopping centres, and late-model European and Japanese cars. Literacy is universal. Life expectancy, at 70,6 years, is the highest in Africa. Per capita income stands at $3 690, second in Africa only to the nearby Seychelles islands.



Mauritius is a free trader's dream

The World Economic Forum said Mauritius had become the most competitive country in Africa, with growth in gross domestic product (GDP) of 6,1% in 1996, compared with an average of 3,8% for all of sub-Saharan Africa.

Because of Mauritius's effort to diversify the economy, sugar, long the nation's main source of income, has been eclipsed by textile manufacturing, tourism and banking; it accounts for only one-quarter of GDP, down from 90% in the 1960s.

Mauritius is now looking to move low-end manufacturing to African neighbours, with an eye to cheaper labour costs.

Three decades ago, Mauritius might have joined much of the rest of Africa on the path to economic stagnation. Sugar was it; there were no other natural resources. Literacy was 60%. Clashes among ethnic groups were frequent. Unemployment was almost 30%.

In the 1960s, Jose Poncini, a Mauritian economist, watchmaker and island historian, presented authorities with a radical plan that reversed the economic dogma of British colonialism. The old school held that the colonies should produce the raw materials, ship them to England for processing, and then import finished goods.

In 1972, on Poncini's recommendation, Mauritian authorities, desperate for solutions after a storm pummelled the island's sugar-cane crop, set up an export-processing zone. Any company could qualify as an export-processing zone so long as it exports 90% of its sales. Such companies pay no tariffs on any goods or raw materials they import, and they pay no corporate tax.

Asian textile companies came knocking; today, export-zone companies contribute 12% to GDP. To date, 7 000 companies have registered as offshore entities, creating 500 jobs and accounting for 3% of GDP.

For all its success, Mauritius faces some big challenges, particularly in broadening its economic base even further. The country has been adept at using the Lomé convention, an international agreement that grants preferred, reduced-tariff access for African goods to the European market, but the accord expires later this year, and it is still unclear whether it will be renewed.

To remain competitive, Mauritius will have to work on education. Only 3% of Mauritians obtain university degrees. This could hurt Mauritius as it tries to lure investment from software makers and other high-tech companies, Mauritius's latest strategy for diversifying. — Dow Jones.

# Museveni proposes a political union of states

(334) (1)

KAMPALA

Ugandan President Yoweri Museveni had called for a political union of eastern and central African countries to create a medium-size power on the continent, a newspaper said yesterday.

"The Bantu-Nilotic-Sudanic people of central and east Africa should form a union of African states with one union government and army," Museveni said in a 48-page paper presented on Wednesday to the congress of his political movement. "The expulsion of colonisation creates the opportune moment."

Museveni said that an army drawn from such a union would guard African interests against "encroachment by foreigners".

Museveni said that compared to other regions, Africa spent too little on arms, "yet it has the same obligations in defending and maintaining internal peace".

BD 17/7/98

The union would at first include Tanzania, Kenya, Uganda, Rwanda and Burundi and have a population of 92-million and a land area of 1,822km².

"Overnight, these countries would be transformed into a medium power in political, diplomatic, economic and military terms comparable to Iran," the Ugandan president said. — Sapa-AP.

# Selling Africa's potential to US investors is still hard work

(1) BD 20/7/98

WASHINGTON — Sub-Saharan Africa is still a hard sell in the US, but the continent shows growing promise for international investors interested in alternatives to Asian, Latin or east European emerging markets, says Stephen Cashin, managing director of Modern Africa Fund Managers LLC.

"It has been excruciatingly difficult to get investors to look at African markets," he said. But Africa was at a very interesting turning point. "We really are at the starting gates now."

The reality was that while Africa suffered from common misperceptions of a poverty-stricken, chaos-ridden monolith, many of sub-Saharan Africa's economic trends had been positive for several years. Gross domestic product grew a brisk 4,9% in 1996 on aggregate, compared with 3,6% in 1995 for the region, according to the World Bank.

Kwesi Botchwey, former finance minister of Ghana and currently director of Africa programmes at the Harvard Institute for International Development, said he saw a consensus on a general turnaround in sub-Saharan Africa over the past three years.

"The atmosphere had changed" since the end of the Cold War, when dictators received foreign aid for geostrategic purposes without regard for their economic policies, he noted.

On the whole, fiscal deficits and inflation rates had fallen and the need for economic reforms had been accepted generally, he said. Ten countries were even doing better than the averages, with gross domestic product growth rates above 7%, he said.

Approximately 30 sub-Saharan countries had positive per capita income growth for five years in a row, said Kim Jaycox, former vice-president for Africa at the World Bank.

Côte d'Ivoire, Ghana, Senegal, Togo, Benin, Uganda, Tanzania, SA, Mozambique, Namibia and Botswana were among the best bets, he said.

Moreover, many countries in the region had reformed their structural and regulatory environments, dropped exchange controls, implemented privatisation and opened their markets, said Cashin.

This positive evolution stood in sharp contrast to Asia, where financial tigers had turned into whimpering cats and economies had suffered through stunning currency depreciations, stock market crashes and recession in the past year.

Throwing the good developments in Africa into relief, the US government had also shifted its policy toward the region.

US Treasury Secretary Robert Rubin, currently in Africa, said the Clinton administration was committed "to broaden and deepen" investments on the continent. Following up on President Bill Clinton's trip to Africa, Rubin's tour was viewed as a strong signal that the US attitude was beginning to change.

"It shows the investment banking community as represented by Rubin is taking a more determined view of Africa," Cashin said.

The Africa Growth and Opportunity Act, now making its way through congress, would also strengthen US-African trade ties by reducing tariffs. The bill signalled that African countries were becoming trading partners, not just dependent-receivers of aid, said Constance Freeman, director of the African Studies Program at the Center for Strategic and International Studies (CSIS) in Washington. It would boost investment because the promise of exports would improve, Botchwey added.

Those who said they lacked a compelling reason "to go exotic" by investing in Africa were missing the point — to broaden their portfolios — Cashin said.

Yet, despite these positive developments, many sub-Saharan African countries had not seen the growth and global integration they hoped for, experts noted.

In part, US investors were cautious because they wanted to wait and see if the turnaround was sustainable. Infrastructure was poor, transaction costs high, and stock markets were inchoate at best in many countries.

"Instability is obviously a major deterrent to investors," Rubin said in a speech on his trip in Abidjan. Corruption was "a major impediment to economic activity" and investment, he added.

But, while some wary investors worried that the continent's countries still needed to reform their banking systems, strengthen their judiciaries, develop better bankruptcy regimes and overhaul their dispute settlement mechanisms, those bullish on Africa noted that those concerns, while real, were sometimes exaggerated.

Even industrialised Japan was struggling to reform many of those regimes, they noted. Investors did not need to wait until Africa got these institutions in place to invest there, but to push for them to be developed in parallel with rising investment flows, they said.

Other reasons US investors were reluctant to turn to Africa had solely to do with Africa's image problem and US investors' "America-centric" views.

For one, given solid growth in the US, a bullish stock market and low inflation, many US investors felt they did not need to explore.

"I'm making so much money sitting at home on my couch, I don't need to go to Africa," Cashin joked.

People were also averse to change. Bankers tended to employ long-term clear-cut strategies that had focused on other regions where their comfort level had been traditionally higher, Cashin noted.

"Too much of it depends on the CNN effect," Botchwey said. — Dow Jones.

# New court 'a boon to Africa'

THE sooner an international criminal court was established, the sooner the rule of law would become meaningful in Africa, Minister of Justice Dullah Omar said yesterday.

Opening the International Commission of Jurists (ICJ) in Bellville, he said South Africa welcomed the adoption last week of a United Nations-sponsored agreement on the creation of such a court.

*There was a danger that our Bill of Rights will serve only the rich*

Africa had been affected by all four of the core crimes mentioned in the court's founding statute: Genocide, crimes against humanity, war crimes and aggression.

"I am happy to say that the states of Africa voted overwhelmingly for the adoption of the statute," Omar said.

An exciting aspect of Africa today was that there were loud voices calling for a holistic approach to transformation.

A vision for African countries was emerging. It included the strengthening of democratic institutions; good governance, with accountability and transparency; the protection and promotion of human rights; the liberation of women and the promotion of their participation at all levels; an independent and diverse media; an independent judiciary and the rule of law, and an active role for organisations of civil society.

Turning to inequities in South Africa, Omar said that although the government had introduced comprehensive reforms, the black majority still not have property or wealth.

There was a danger that the rights entrenched in the Constitution would remain beyond the reach of the disadvantaged as they did not understand them and could not pay to invoke them.

"If social and economic realities are not changed to empower the whole population, there is the distinct danger that our beautiful Constitution and Bill of Rights will serve only the rich and powerful." — Sapa

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# Roots of dissension

As African states fill the gap left by the end of the Cold War, more attention is being paid to crises in Africa. **Claude Kabemba** gives an outline

Sowetan 21/7/98

THE departure of Ethiopia's Marxist leader Mengistu Haile Mariam in 1991 not only ended a 30-year civil war, but led to the liberation of Eritrea as well.

Meles Zenawi, the new Ethiopian prime minister, was quite prepared to see Eritrea independent and introduced a constitution which explicitly recognised the right to secede.

Eritrea's formal independence followed in 1993, and relations between the two neighbours appeared amicable.

However, with the recent eruption of conflict, it appears that the whole compromise between the new Ethiopian leadership and the Eritrean liberation movement was based on false pretensions.

Arguably, war fatigue influenced Meles to accept Eritrea's independence. Therefore the decision was an act of convenience rather than conviction.

But this was a blow to Ethiopian commitment to territorial integrity of the state – a reflection of Ethiopian nationalism – and its leadership role in the region that Mengistu stood for.

The cause of the current conflict is the Yigra Triangle, a strip of land which covers 400 square kilometres along their common border.

This land was never properly demarcated. At independence, Eritreans continued to occupy the land without much objection from the Ethiopian government.

A joint Border Commission of 1996 failed to resolve ownership of the land. In July 1991 the Ethiopian military moved into the area and displaced the Eritrean population.

The situation deteriorated further on May 6 this year when the Ethiopian forces attacked Eritrean troops in southwestern Eritrea.

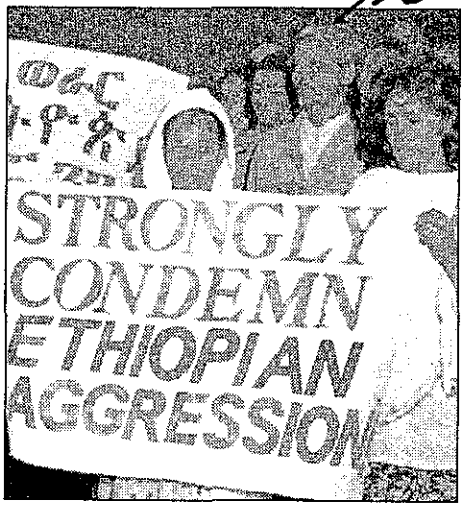
Most of African border disputes are the legacy of colonialism. And any state can have a boundary problem if it wants one; it takes a policy decision and effort not to pursue this.

It would have been expected that both Meles and Eritrean president Isaias Afeworki, former allies of war and proponents of the new Africanism invoked in the African renaissance, would continue seeking a peaceful resolution to disputed border claims.

The choice of the two governments to resort to war has come as a serious blow to the African renaissance.

African states, generally, have tried to contain potential border disputes by adhering to the Organisation of African Unity (OAU) doctrine of *Uti possidetis juris* (as you hold possession by right). This principle recognises colonial boundaries as sacrosanct.

But with time, as African states discover the problems and conflicts associated with artificial territorial limits on human activities, this doctrine has been challenged and will face even greater tests in the future.




**Eritrean expatriates in Nairobi during a demonstration.** PIC: AP

Indeed, as states in Africa start filling the vacuum left by the end of the Cold War, there may be more protracted border disputes in Africa, with the Horn being the worst affected.

Diplomatically, the new African leaders are not ready to go along with the old consensus on state sovereignty and non-interference in the domestic affairs of other states, expressed in the OAU Charter, which Afeworki has publicly attacked.

One official at the Eritrean embassy in Pretoria argues that the war is the expression of an expansionist zeal to restore Ethiopian leadership in a Muslim-dominated region and its hope to control access to the sea which it lost when Eritrea became independent.

But the Ethiopian government has maintained that the Yigra Triangle is an integral part of its territory.

What is more worrying for Meles today is Eritrea's perception that it has won the first exchange of fire. The fighting of May 6 resulted in Eritrea bringing under its control large parts of the territory under dispute.

This advantage should not be treated lightly for anybody engaged in the negotiations. Parties engaged in warfare usually take positions on whether or not to enter talks after a ceasefire, depending on how they stand militarily.

This is one of the reasons why Eritrea has categorically refused to give in to pressure to withdraw to the position it occupied before May 6.

While actual conflict seems to be on hold, little visible progress has been made in bringing Ethiopia and Eritrea back from the brink of renewed conflict.

The war of words conducted in the media shows no signs of letting up. Meles and Isaias have emerged not long ago from prolonged wars. War remains very much a part of the structure and culture of their polities.

It is doubtful that its prominence in their thinking can be substantially reduced without major shifts in their habits of heart and mind concerning the legitimacy of using violence in resolving differences.

OAU-sponsored mediation failed to produce any movement towards resolving the conflict. But as both Eritrea and Ethiopia are OAU members, the organisation has an explicit mandate to control this conflict.

The OAU mediation will bear fruit only if border delimitation is determined on the basis of established colonial treaties and laws applicable to such treaties.

Where there are no such treaties, as seems the case in the Yigra Triangle, the delimitation and demarcation process should be completed by a qualified technical team commissioned by the OAU.

But history tells us that the OAU is weakest when it intervenes in conflicts which demand complex negotiations and solutions. The OAU's frustration in the Libyan-Chad Aouzou strip conflict underscores this.

It has the regional salience to intervene in regional conflicts, but lacks the requisite broad-based political will to sustain conflict management endeavours.

And it lacks the adequate logistical and financial resources required for intensive and effective intervention in regional conflicts.

Two formal individual mediations can also play an important role in this conflict. Meles and Isaias both enjoy close relations with Ugandan President Yoweri Museveni. He visited both of them, and it remains to see what this achieved.

Equally important is the role Deputy President Thabo Mbeki can play in an effort to salvage the African renaissance as the new Africans, on whom the doctrine found most of its justification, have started undermining it.

As a last resort, if all diplomatic and political initiatives do not resolve the conflict, the issue should be taken to the International Court of Justice.

*(The writer is a foreign policy analyst at the Johannesburg-based Centre for Policy Studies.)*

:WS

# Africa trade bill in losing omnibus

ET(MR) 22/7/98(1)

**Rich Mkhondo**

Washington, DC — Key US lawmakers said yesterday they would merge the Africa trade bill with all other pending trade liberalisation measures into a single global omnibus package for consideration by the US Senate.

This move has sparked fears that the bill, aimed at extending sweeping trade preferences to sub-Saharan Africa, would be buried along with many other defeated measures.

The African Growth and Opportunity Act will be merged with other pending bills, including Fast Track, the Caribbean Basin Initiative (CBI), the Generalised System of Preferences, Shipbuilding, Mongolia Bill and Wool Tariff.

The Africa bill was expected to expand the list of African products eligible for duty-free access to the US market. It would also provide reform-minded African countries with preferential access for labour-intensive products, including textiles.

The bill will be merged with the CBI Act, which would provide additional tariff preferences on a number of products to Caribbean countries; the once-defeated Fast Track legislation which would give President Bill Clinton authority to negotiate trade deals without the fear of being overruled by the US Congress; the renewal of the Generalised System of Preferences; Trade Relations for Mongolia, which grants Mongolia normal trade relations status on a permanent basis; and the Wool Tariff Legislation which reduces duties on imports of certain types of wool fabric in order to correct an inversion in the tariff schedule.

"Taken together, this package of trade initiatives will knock down trade barriers and expand market access for US exports, while protecting US workers," said William Roth, the chairman of the senate finance committee.

"This bill will help bring down prices for US consumers. Importantly, these measures will also help further the process of economic and political development in other countries that want to take advantage of their benefits."

If the omnibus bill is passed by the Senate, it will be sent to the House of Representatives, where it faces strong opposition from lawmakers who have already defeated Fast Track and some of the other bills.

On its own, the Africa Bill has faced opposition from both Republican and Democratic lawmakers. It is now merged with other bills which have faced similar opposition and were rejected by lawmakers. — Independent Foreign Service

# US congress rivals see Africa bill as political football

(1) BD 29/7/98

**The Africa bill has become hostage to competing interests as congressional elections loom, writes Washington correspondent Simon Barber**

THE Africa Growth and Opportunity Bill is an effort to promote investment in African export industries. The idea is to complement the economic and political reforms many African countries are undertaking with US trade preferences designed to make those countries relatively more attractive as platforms for producing goods for the US market.

If President Bill Clinton had the authority to negotiate trade agreements without having them fiddled with by Congress after they had been signed, he could, in theory, be doing himself what the Africa bill exhorts him to do. That is, he could be negotiating directly with African partners much as SA is now negotiating with the European Union.

Yet even before his so-called "fast track" authority expired in 1994, Clinton showed little interest in doing that. So a bipartisan coalition of congressmen — free trade, anti-aid Republicans on the right and pro-Africa internationalist Democrats on the left — decided to start the job for him.

They drafted the Africa bill to give him the power to waive duties on virtually all non-oil exports from any African country he deemed to be reciprocating by opening itself up to US exports and investment and which met certain minimum standards of respect for human rights.

The bill, passed by the House of Representatives last March, is pretty extraordinary as trade measures go.

It says, in effect: we are not going to haggle over tariff levels on specific items and demand reciprocal benefits for our products. Instead, we are willing to zero out duties on almost anything you care to sell us to whose overall value you added at least 30% locally.

All you need do, it says, is "make progress" in liberalising your trade regimes and be willing to implement policies conducive to your economy's growing and becoming a market for our goods.

For reasons only fully understood by itself, SA's government did not like the deal offered by Congress despite being by far the best positioned to take advantage.

Nominally, at least, it saw the quid pro quo a threat to its excessively precious sovereignty.

Its position, which placed it at odds with virtually every other country south of the Sahara, was weird, given that it already qualified for the bill's extended benefits off its own bat and that, when carefully parsed, the conditions for qualifying were scarcely more onerous that those it already accepted as price of being eligible for treatment under the existing US generalised system of preferences.

It is, perhaps, some little consolation that Pretoria's pigheadedness, succour though it has given the bill's US opponents, is not the reason the initiative is gasping for life. The new SA has been getting old of late and no longer carries much clout here.

Even if deputy president Thabo Mbeki were to make an impassioned plea for the bill when he visits Vice President Al Gore next week to discuss the future of the US-SA Binational Commission (another opportunity to exploit US goodwill SA has squandered), he would have no effect.

The time has come and gone when SA's voice could have helped the Africa bill by backing the cause of its continental brethren to make a mockery of those opposing the legislation on grounds other than pure protectionism; who say, like Randall Robinson, they are trying to save Africa, despite itself, from being recolonised by foreign investors, or who complain, like congressman Jesse Jackson, son of the reverend, that the bill does not guarantee black US citizens a percentage.

The bill passed the House with a majority of Republicans (whom SA's ambassador Franklin Sonn equated with the Nationalists) in favour and a majority of the president's Democrats opposed, mostly at the dictates of organised labour. Clinton himself, a free trader, favoured the legislation.

The Republican congressional leadership looked at the result and said to itself, here is a president who relies on us to enact his free trade agenda but will sit back at election time and watch us get kicked in the teeth by labour-funded, protectionist Democrats.

The moment had come to make Clinton and his designated successor, Vice-President Al Gore, suffer for their persiflage.

Last week, Senate finance committee chairman William Roth, a Republican, and Senator Daniel Moynihan the committee's senior Democrat, who makes no secret of despising Clinton's cant, planted a lovely bomb. You say you want free trade, they told the White House, so here it is: fast track authority, the Africa bill and expanded preferences for Caribbean nations and Central America rolled into one package. The committee vote was an overwhelming 18-2 in favour.

Clinton's response was classic: how dare you hold the Africa bill hostage to fast track? This was a preposterous whine. Last year, fast track was Clinton's dearest wish, but his own party would not let him have it. Now, with congressional elections looming in November, and union money deemed essential to any chance of the Democrats retaking the legislature, Clinton declares the Republicans to be hypocrites for seeking to grant what he yearned for last year and will probably seek again.

The Republicans may now have enough votes in both the House and, with Democrats, the Senate to get the Roth package adopted.

The best hope for the Africa bill this year is that the Republican leadership has the gumption to follow through on its strategy — to sow havoc among the Democrats just before elections by forcing them to take sides on trade.

Chances are, though, that even sympathetic Democrats will use parliamentary manoeuvres to stop this happening.

ICA

# African economies beat emerging market index

(1) BD 19/8/98

Tim Cohen

LONDON — Africa is the one part of the emerging market world that continues to shine brightly, with key continental economies, excluding SA's, outperforming the benchmark emerging market index by 20% so far this year, a report published yesterday says.

Investment bank Flemings noted that over the past seven months, the Flemings Africa index, excluding SA, outperformed the International Finance Corporation's composite index by 18% in dollar terms.

SA's poor performance this year in dollar terms is illustrated by the fact that the figure is halved if SA is included in the measure.

A report published by Standard Bank yesterday showed a similar trend, noting that sub-Saharan stock markets were on average in positive territory this year.

Standard Bank London's report said though the markets were up only 1,2%, this was a "creditable performance" in view of the strength of the dollar resulting in weaker currencies in Botswana, Namibia and Zimbabwe.

However, this average increase was largely due to a huge jump in Ghana's market (92,2%), assisted by Mauritius, which recorded an increase of 23%.

The two indexes monitor a slightly different set of countries, with the Standard Bank report including Nigeria, and the Flemings report including Tunisia, Morocco, Egypt and SA.

Although the reports were both bullish on tradable African countries, they were bearish on Zimbabwe and Kenya, noting rising political tensions in these countries.

The Flemings report rates SA a "hold", recommending a hugely underweight position on SA amounting to 50% of a recommended African portfolio compared to its 87% weighting in the bank's index.

The political situation remained benign but the economic outlook was deteriorating, with the currency collapse, higher interest rates and an economy more vulnerable to the shock waves of the Asian crisis than previously thought.

Flemings expected the Egyptian, Mauritian and Moroccan markets to be the best-performing for the remainder of the year, issuing buy recommendations on all three.

The bank said in all three countries, "fundamentals are likely to prove durable and macro growth and corporate earnings prospects are generally good".

Flemings said the continent's economy was expected to grow 4,6% in 1998 and 4,9% in 1999.

Africa's growth performance reflected steadily improving macroeconomic management as a consequence of important structural reforms and the reduction of domestic price controls and trade barriers.

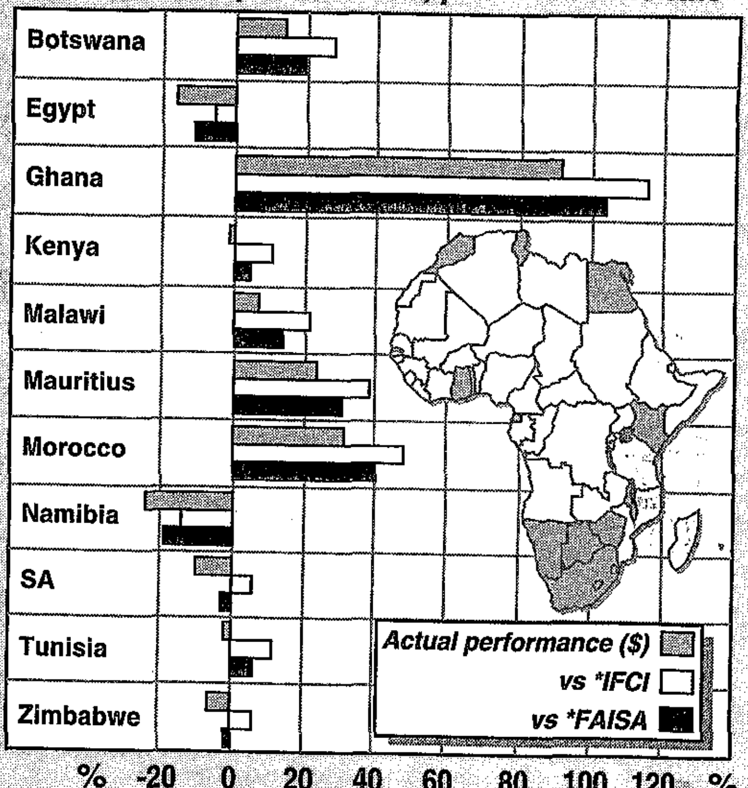
But the bank said the deterioration of the global economy in recent months would put pressure on African economies, particularly given the poor medium-term outlook for many commodity prices.

The bank said that despite their attractions, African share markets continue to account for a very small share of foreign investment in emerging markets.

However, holdings of African equities in global emerging market portfolios had increased slightly over the past seven months, with the bank's research indicating an average weighting of 9%, up from 6% last December.

**Most African makets outperform IFCI**

*Stock market performance, past seven months*




*IFCI = International finance corporation's composite index
*FAISA = Flemings Africa index, excluding SA

Graphic: KAREN MOOLMAN
Source: FLEMINGS

# Debt: Africa's scourge

① Sowetan 21/8/98

To eradicate poverty, Africa needs to get rid of its crushing international debt – a staggering R2 500 for every person on the continent. **Njongonkulu Ndungane** offers suggestions.

POVERTY is the greatest scourge of our time. The plight of the poor in many of the developing countries is a life-and-death catastrophe of massive proportions.

The statistics are frightening. A White Paper released by the British government last year says that 1,3 billion people continue to live in extreme poverty. Somehow they each survive on less than R6 a day.

According to the 1998 African Economic Report, it is estimated that almost 50 percent of the population of Africa lives in absolute poverty – and this is expected to increase.

More than 800 million people in the world are hungry. This number may well exceed one billion people by the year 2020.

The world's population of underweight children below five years of age is expected to grow from 192 million today to 200 million by 2020. The greatest deterioration will occur in Africa.

Every year eight million children die of diseases linked to impure water and air pollution. Fifty million children are mentally and physically damaged because of poor nutrition.

One hundred and thirty million children – 80 percent of them girls – are denied the opportunity to go to school. All this in a world in which one-fifth of its population enjoys 85 percent of the world's income.

What these figures vividly illustrate is that poverty is not just about low incomes. This was also shown beyond doubt at the recent poverty hearings that were held throughout South Africa.

These hearings confirmed that poverty is also about loss of dignity, of being treated as non-persons, about the lack of access to basic needs.

At the subsequent National Poverty Summit called by the churches, it became crystal clear that eradication of poverty was a top priority.

The summit identified the great urgency with which the development of an infrastructure for rural areas should be addressed.

It further identified three objectives that must be met to enhance the quality of life for the poor, and to contribute towards the process of eradicating poverty:

- The creation of an asset base for the poor. This includes ensuring that they have access to land, decent homes and basic human needs such as potable water;
- Stimulating economic activity. This must be done by way of targeted interventions and initiatives, such as the provision of housing subsidies and training programmes for community building; and
- Constructing social safety nets to alleviate the need on the one hand, and to stimulate economic activity on the other. This can be done by means of innovative cash transfers, for example.

One of the major factors contributing to poverty in developing countries is the repayment of international debt. Africa owes about R1 350 billion to creditors – some R2 500 for each person in Africa.

This is aggravated by the fact that Africa's long-term debt continues to grow. Debt service is still increasing. World Bank figures show that in 1996, Africa transferred almost R90 billion of its hard-earned financial resources to Organisation for Economic Cooperation and Development countries.

This equals the amount spent in Africa on education. It is twice the amount spent on health on the continent.

The human cost of international debt is immeasurable. The consequence is that millions will be denied their full humanity, and that its effects will be felt for years to come.

Put another way, the lives of 21 million children could be saved by 2000 – just 16 months away – if money expended on debt service could be diverted to spending on health, the provision of clean water and sanitation.

## Servicing debt

But spending on debt servicing goes on and on and on. Debt repayment by developing countries has become a crisis of the first magnitude.

As this crisis has deepened, so poor, indebted countries are increasingly transferring what financial resources they have to wealthy countries.

They do this by paying interest, followed by compound interest, on loans which they have sometimes effectively repaid several times over.

Pushed into ever tighter corners, they use money given for aid and development to do this. For every R6 that rich countries send to developing ones, R66 goes straight back in the form of repayment of debts owed to the wealthiest countries.

So wealth trickles up from the South to the North. Countries of the South find themselves bartering away, virtually free, precious products such as coffee, tea, sugar and mineral resources.

One of the most ghastly consequences of being in debt is that the poorest nations lose their economic independence. They find themselves being coerced to bow to the whims and demands of Western creditors.

Where Japanese farmers enjoy subsidies for their rice production, Zambian farmers are denied such advantageous support and protection.

Where European textile industries are protected from competition, African and Indian textile industries are forced to compete with the richest nations without similar protection.

The playing fields are anything but level. What we are faced with here are age-old double standards – a modern Dickensian humbug that is unjust, unfair, harmful and malignant.

It is with such issues in mind that I have been highly active in interventions aimed at the repudiation of the debt of developing countries such as those of Jubilee 2000.

This campaign aims to have such debts cancelled by 2000. We hope to formally launch the South African Chapter next week.

We are also concerned with what we have termed apartheid-caused debt. This refers to the debts of apartheid, which democratic South Africa is now expected to pay.

Democratic South Africa has inherited foreign debts of more than R90 billion and an internal debt of about R185 billion. The apartheid-caused debt of southern Africa is estimated at R240 billion.

In our view all loans to the apartheid regime and its agents were "odious debts" which were taken to suppress the people of South Africa. These are not the responsibility of the people and of our new government and should not be repaid.

The struggle for an equitable distribution of resources will not be successful until the apartheid debts of the past have been cancelled in South and southern Africa.

Substantial and permanent debt relief, including outright cancellation, is a necessary and early part of the remedy that will enable the developing countries to progress and thrive.

It should be glaringly obvious that poor, developing countries cannot repay the huge debts incurred in the past. They simply lack the resources to do so.

The remedy is clear. The debts of developing countries must be cancelled outright – and there is no better time than now, as we approach the turn of the millennium.

*(This is an edited version of Archbishop Ndungane's address at the Non-Aligned Movement-NGO Conference in Durban on Wednesday.)*

The deadlock between Mandela and Mugabe, and the institutional vacuum it has created, is partly responsible for the current clashes in central Africa

# Congo conflict exposes regional rifts

(~~308~~) (1) Star 24/8/98

By Cedric de Coning

Rifts and confusion seem to be the only certainties to emerge from the Southern African Development Community's meeting last week at which it was decided to intervene militarily in the Democratic Republic of Congo on the side of President Laurent Kabila.

The decision was neither unanimous nor clearly postulated, and there are doubts as to its legality. Taken by a handful of defence ministers, it now has the potential to plunge the SADC into war.

Its effect has been to exacerbate longstanding differences between South Africa and Zimbabwe over regional issues, and the use of force to settle them.

Media reports suggest there was no clear unanimous decision to intervene militarily in the DRC. Political sources in Pretoria said South Africa and Botswana had registered opposition to the plan.

President Nelson Mandela said he would not send troops to the DRC, Sapa reported. "Our attitude is clear. We would not worsen the position by sending in a military force. We are committed to peace."

Yet Zimbabwean Defence Minister Moven Mahachi told the BBC: "It was unanimously agreed we must with urgency make sure that practical assistance, both material and manpower, is given to the DRC in order to restore peace and stability."

It is a matter of debate whether defence ministers are authorised to take a decision of this nature. Some argue that an SADC summit of heads of state was required.

The Harare meeting was attended by the defence ministers of Angola, Namibia, Zambia and Zimbabwe. Five other countries were represented at a more junior level. Only South Africa's acting high commissioner to Zimbabwe was there.

## Africa's Regional Interests in the Democratic Republic of Congo

**Key dates in the history of DRC:**

- **1960** Formerly the Belgian Congo, gains independence.
- **1965** Mobutu Sese Seko becomes President of Republic of Congo, later renamed Zaire.
- **1994** One million Hutu refugees from Rwanda's genocide flee into Zaire.
- **1996** Reports emerge of friction between eastern Zaire's ethnic Tutsi minority, the Banyamulenge, newly-arrived Hutu militants and the local authorities.
- **1996** With Banyamulenge support and the backing of the Tutsi-led Rwandan government, Laurent Kabila's rebel movement unseats Mobutu.

**1997**

**May 17** Laurent Kabila declares himself President of the Democratic Republic of Congo.

**July 12** UN human rights group accuses Kabila's Tutsi-backed forces of massacres of Rwandan Hutu refugees.

**September 1** Fighting starts in eastern DRC provinces adjoining Rwanda.

**November 28** Twenty die in ethnic clashes in armed forces.

**December 10** Another revolt by ethnic Tutsis in the eastern DRC provinces who had supported Kabila earlier.

**1998**

**March 9** Ethnic Tutsis in Kabila's army end revolt in eastern provinces bordering Rwanda.

**April 17** UN Secretary-general Kofi Annan withdraws UN probe of massacres by Kabila forces, accusing Kabila of obstruction.

**May 17** More than a dozen African heads of state boycott Kabila's celebration of his first year in power.

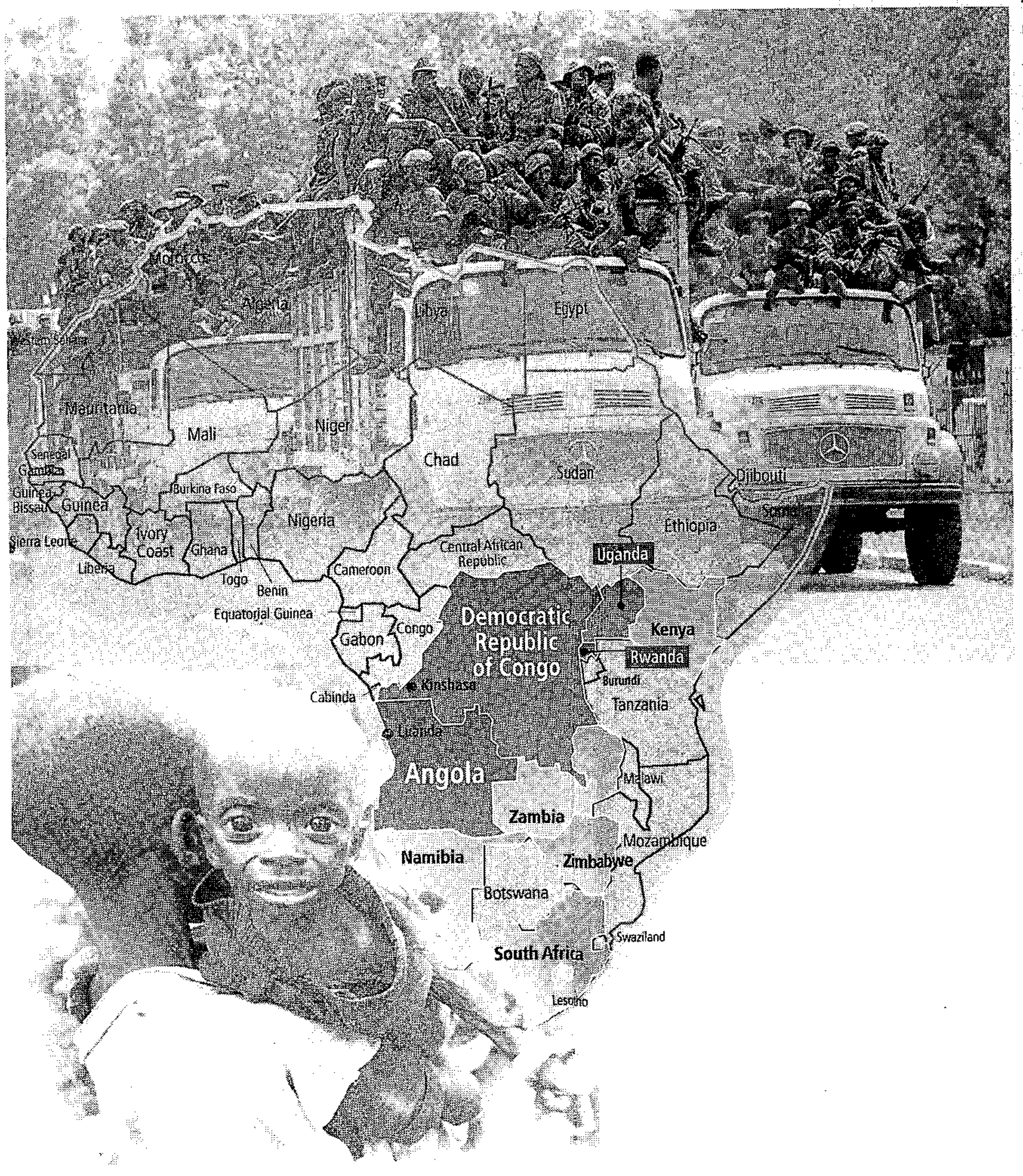
**July 13** Kabila fires Rwandan James Karabe as army chief.

**July 27** All Rwandan forces that helped Kabila to power are ordered out of DRC.

**August 2** Ethnic fighting breaks out in army barracks, and quickly spreads to eastern provinces of DRC bordering Rwanda.

**August 21** Reports from the DRC say foreign troops from Zimbabwe and Angola have begun arriving to support President Laurent Kabila, under threat from rebels.

**August 23** Rebel forces, on the march to the capital Kinshasa, say Angolan troops have attacked them from the rear.




GRAPHIC: BOB GRIERSON CAPE ARGUS

**The conflict in the Democratic Republic is perceived by some of its neighbours as a threat to the stability of the whole region. President Laurent Kabila has already accused Rwanda and Uganda of invading his country – a charge they both deny. Now Angola and Zimbabwe have said they are prepared to help Kabila resist the rebellion. But what strategic interests do outside nations have in Congo, and what positions have some of the other neighbouring countries taken?**

### Rwanda

Rwanda helped Kabila overthrow the former ruler, Mobutu Sese Seko, last year. But the alliance did not last long. Rwanda accused Kabila of supporting the Hutu extremists, who were responsible for the massacre of tens of thousands of Rwandans in 1994, and of discriminating against the ethnic Tutsis that had helped him to power.

### Uganda

Uganda also has security concerns. t says Kabila has failed to secure its border against Allied Democratic Forces – a rebel movement that uses Congo as a base from which to launch attacks in Uganda.

### Angola

Angola has one of the best trained and equipped armies in the region, but its position is actually ambiguous. Angola is concerned that supplies for the former rebel movement, Unita, are passing through Congo.On one hand, Angola is still dissatisfied with Kabila's efforts to crack down on border traffic. But on the other hand, there is no guarantee that the situation would improve if Kabila were deposed, and Angola has joined Zimbabwe in pledging support for the Congolese government. There have also been suggestions that the rebels would not have opened up a front on the western border without a tacit agreement from Angola not to intervene.

### Zimbabwe

Zimbabwe's enthusiastic response to Kabila" appeal for help came as a surprise to most Africa analysts. Zimbabwe appears to have no immediate strategic concerns: it does not share a border with Congo. Within Zimbabwe there as been opposition to military intervention because of fears that the economy could not support it. Zimbabwean officials are describing their proposed intervention as an attempt to restore law and order – but some analysts say that support is more likely to be based on personal relationships between the leaders. Kabila also owes Zimbabwe a lot of money for military equipment supplied on a commercial basis.

### Kenya

Kenya is generally pro-Kabila, being suspicious of the Tutsi-led rebellions in the region. When Mobutu fell, there were demonstrations in the streets of Nairobi, demanding the resignation of Kenyan President Moi.

### South Africa

South African President Nelson Mandela has said his country will not aggravate the situation by sending a military force. South Africa has a huge economic interest in Congo's diamond and mining industries, and wants to create stability in the country.

### Zambia

Zambia shares a long border with the richest part of Congo. It supported Kabila when he came to power but discreetly – and its allegiances remain ambiguous.

### Namibia

Namibia's motivations for supporting Congo are also a mystery to most experts. Some analysts believe that the reasons for many alliances may be based on the commercial interests of large multi-national companies and private security firms – rather than political interests.

The controversial decision comes at a time when the SADC is struggling to resolve its dual chairpersonship. Mandela is the chairperson of the SADC while Mugabe is chairperson of the SADC organ on politics, defence and security.

South Africa feels the SADC organ should be an integral part of the SADC proper and that it was never the intention to create more than one chairperson.

Zimbabwe argues that the SADC organ, like its predecessor, the Frontline states, should be separate from the SADC proper, and that SADC should not concern itself with political, diplomatic, defence and security issues.

A number of initiatives to resolve the impasse have failed. It is widely felt that the impasse is a result, at least in part, of a personality clash between Mugabe and Mandela, and will not be resolved while they are holding the respective chairs.

It is the institutional vacuum created by this impasse that is directly responsible for the current crisis, in the wake of any clear mechanisms and procedures as to how decisions of this nature have to be taken.

It appears as if the Zimbabwean-led decision to intervene militarily has been taken on the premise that Rwanda and Uganda are supporting the rebels fighting against Kabila and that it is therefore not a legitimate rebel uprising, but a foreign-inspired invasion.

Eyewitness reports confirm that Rwandan troops are in eastern DRC. But this is nothing new in eastern DRC – Kabila came to power with the help of the armed forces of Rwanda, Uganda and Angola.

At the outbreak of the current rebellion, Rwandan and Angolan units were still in the DRC. In part, the rebellion was sparked by Kabila ordering all Rwandan units out of the DRC.

For Kabila to deny any uprising, and therefore any internal political issues that need to be addressed, and to merely blame the "troubles" on a foreign invasion, is an obvious simplification of the complexities.

For the SADC ministers to base a far-reaching decision to intervene militarily in the DRC

## Initiatives to solve the impasse have failed

on such an obviously loaded interpretation of events in the DRC is highly problematic.

If it it is true that at least some SADC countries are committed to intervene militarily, the implications are far-reaching. We know Angola has already had some units in the DRC. And Zimbabwe has deployed some troops in the country. Apart from small numbers of special forces, it will take weeks for Zimbabwe to muster a battalion-size force for deployment in the DRC.

The situation is likely to change considerably over this period. Fighting is already reported relatively close to Kinshasa. Events in the DRC are thus likely to outrun any large-scale Zimbabwean involvement.

It is important to differentiate between military intervention aimed at helping one of the parties in a conflict, and a UN-style peacekeeping mission where a neutral multinational force is interpositioned between two conflicting parties.

Fifty years of UN peacekeeping has developed a wealth of operating procedures and checks and balances to ensure neutrality, minimum use of force and political control. It is by no means without its own problems and shortcomings, but it is designed for a totally different objective.

Many SADC countries, especially Zimbabwe, have peacekeeping experience, and the SADC has made much progress in this field. But an unfortunate result of an SADC military intervention in the DRC could be that it would no longer be able to act as a peacemaker. If a ceasefire is reached, it is unlikely that an SADC peacekeeping mission would be welcome to monitor it.

The mere threat of intervention is likely to increase tensions. Kabila will feel his position has been strengthened, both politically and militarily, and this will make him even less willing to negotiate with the rebels.

And the rebels will feel justified to request foreign intervention on their behalf, and their supporters, especially Rwanda, are likely to further increase support for the rebels.

If so, it is not impossible that one may see clashes between Rwandan forces and Angolan and/or Zimbabwean forces. Such a scenario has the potential to spiral out of control to open war, entangling a number of countries in southern Africa and the Great Lakes region.

It would unleash human suffering and economic degradation at a scale not seen in Africa before and would kill any chances of an African Renaissance for a long time.

## There can be no quick-fix solution

There are also those who argue that the Zimbabwean-led initiative to military intervention in the DRC may have the worst fallout in Zimbabwe itself.

They argue that Mugabe is out of touch with the military and other technocrats who are opposed to this kind of robust military role. Zimbabwe is the sub-regional leader in UN-style peacekeeping training and has peacekeeping experience in a number of UN missions, as in Somalia and Angola.

The feeling is that this kind of military intervention will do untold harm to Zimbabwe's image as a respectable nation and destroy what it has achieved thus far in the peacekeeping arena. And some argue that a military campaign of this nature will finally destroy an already beleaguered Zimbabwean economy. Some even argue that a large-scale military campaign in the DRC could end Mugabe's presidency.

It would appear as if the internal differences in the SADC on the DRC are more over process than substance. It is not a difference about who should be backed in civil war.

At the same time, the SADC seems to agree that another aimless rebel takeover of Kinshasa is not in the interest of the DRC, or of the SADC.

The various SADC initiatives are thus united in their desire to bring about a ceasefire quickly. A ceasefire should be followed by an all-inclusive political process in the DRC which would involve as many of the role players as possible.

It is up to the Congolese to find a mechanism to restore normalcy. The SADC and others can facilitate this process, but we should be extremely careful not to do more harm than good with ill-thought schemes and quick-fix solutions.

SADC military intervention in favour of one of the parties to the DRC conflict would be disastrous. It has the potential to destroy everything that has been achieved in the SADC. Now is a time for cool heads and clearly thought-through solutions.

If we have learnt anything in conflict management it is that there is no quick-fix solution. – Star Foreign Service

■ *Cedric de Coning is programme manager for peacekeeping of the African Centre for the Constructive Resolution of Disputes (ACCORD)*

# Seeking remedy for continent's many ills

**Events in central Africa have shown that some African countries are prepared to intervene in the affairs of sovereign states. This must be done not to prop up dictators and abusers of human rights, but to make the continent a dangerous place for them, writes Prof Gerrit Olivier**

① BD 25/8/98

**Rebel soldiers opposing President Laurent Kabila in the Democratic Republic of Congo patrol the streets of Goma on Sunday.** Photo: AP

ON TWO occasions recently, President Nelson Mandela expressed concern about human rights abuses in Africa and made practical suggestions on how to deal with the issue.

At the Organisation of African Unity (OAU) summit in Burkina Faso earlier this year, he suggested that the organisation's doctrine on non-intervention in the domestic affairs of member states should be reviewed to open the way for collective action against human rights transgressions.

More recently, at a conference in Durban, he urged speedier progress with the establishment of a human rights court for Africa. The protocol to the African Charter on Human and Peoples' Rights envisages such a court, but dissent among the African states about its permanent location holds back implementation.

A Pan African human rights culture would, no doubt, serve as an important remedy for many of the continent's ills. The African renaissance cannot take root in an environment of authoritarian oppression and human suffering. Mandela's questioning of the status quo should, therefore, be taken seriously by all those who hope for a better African future.

We know, of course, that post-colonial Africa has become something of a graveyard for many good ideas and many promising opening moves. Some Africa watchers may, therefore, be quite sceptical about the viability of Mandela's proposals concerning changing the non-intervention principle. What could make them even more sceptical is the fact that the question of interference in the domestic affairs of a sovereign state is particularly problematic. Many African leaders still cling to the notion that, in the context of African brotherhood and African solidarity, the sanctity of national sovereignty and jurisdiction is an absolute political value, transcending everything else.

The ruling African paradigm on sovereignty and territorial integrity is enshrined in Article 3 of the OAU charter, giving the organisation's members an "inalienable right to independent existence". The OAU fraternity has always been reluctant to tamper with the noninterference principle because the issues involved are so extremely sensitive and potentially divisive. This is why grotesque human rights aberrations by dictators of the ilk of Idi Amin, Mobutu Sese Seko, Gen Sani Abacha, Jean (Bedel) Bokassa, and many others, were practically ignored in the past by the OAU.

In typical American parlance, even the most liberal-minded African leaders took the view that a dictator in their midst "may be a sonofabitch, but he's our sonofabitch".

Considering Africa's own history of subjugation, suffering and exploitation, one could rightfully expect its leaders to act as paragons of human rights at home and abroad. The humanist philosophy underpinning SA's new constitution and the human rights culture the government seeks to promote ought to be general practice in Africa. Now it is the exception. It is very difficult also to reconcile the activist role played by the OAU in the international community's actions against apartheid (before and after it was declared a crime against humanity), and its continuing struggle to get a fairer deal internationally, with its tolerance of human rights abuses among its own members.

In the case of apartheid, the OAU enthusiastically accepted the modern interpretation of international law, legitimising interference in domestic affairs of states guilty of human rights offences. But when dealing with its own members, the OAU preferred to act strictly according to ancient Westphalian international law on national sovereignty.

It is general knowledge that SA's constant and strenuous efforts over many years to invoke article 2(7) of the United Nation's (UN) Charter (protecting national jurisdiction), were of no avail.

The majority argument against SA's domestic jurisdiction stance was based on the logic that article 2(7) was qualified by article 55 which provided for "universal respect for, and the observance of, human rights and fundamental freedoms ..."; and also on article 56, requiring that "members pledge themselves to take joint and separate action" for the achievement of the purposes set out in article 55. Also the first article of the UN charter singles out the promotion and respect for human rights as one of the organisation's main objectives.

The OAU charter pledges adherence to the UN charter and the Universal Declaration of Human Rights, but its own Charter on Human and Peoples' Rights lacks the instruments to intervene effectively in cases of human rights violations. Provision is made in the OAU charter for the "peaceful settlement of disputes by negotiation, mediation, conciliation or arbitration", but the success rate is unimpressive.

It is surprising, therefore, that while so much attention is given these days to the revision of the UN charter, we hear so few voices, apart from Mandela's, urging the modernisation and revision of the even more anachronistic OAU charter.

Modern international law regards the protection and promotion of human rights as a universal responsibility which transcends domestic jurisdiction. Therefore, it would be impossible for Africa to make headway with a human rights court — or any other device to protect human rights — if domestic jurisdiction remains sacrosanct.

It is always difficult, particularly for democratic states, to reconcile a human rights policy with other foreign policy aims, such as promoting business, or protecting strategic interests. America's quick retreat from the moral high ground when it became clear that lucrative trade links with China would be the price to pay for meddling in the latter's domestic affairs is a case in point.

The urgency of finding relief for millions of suffering Africans leaves no time for a US-style, long-term laissez-faire "third way" — that economic development will eventually lead to better human conditions in China. A more immediate remedy is needed if we wish to see the renaissance.

The cosy feeling of brotherhood and unity in Africa has not been a panacea for the continent's problems. A new element should be added. What Mandela seems to have in mind is a common moral and intellectual outlook among African states, which is also in harmony with universal values. To paraphrase eminent historian Edward Gibbon, Africa should evolve into "one great republic with a common standard of behaviour, where abuses of tyranny are restrained by the mutual influence of fear and shame."

The OAU's relevance is once more at stake. The world is waiting for Africa's problems to be resolved by Africans. Mandela's intervention, if sufficiently energised and amplified by our diplomats, could help Africa get under way.

In his recent report to the Security Council, Secretary-General Kofi Annan asked African states to look beyond their colonial past and accept responsibility for many of the political, social and economic problems plaguing the continent. He urged African leaders to protect human rights, ensure fair and impartial enforcement of laws and strengthen their judiciaries to "promote good governance". Mandela has now added his own powerful voice to that of Annan's.

If these exhortations are heeded, Africa could indeed become a dangerous place for dictators and abusers of human rights, and the African renaissance would be given a real chance.

*□ Olivier is director of Rand Afrikaans University's Centre for European Studies in Africa and former SA ambassador to Russia and Kazakstan.*

# Expert sees hope for African economy

Claire Pickard-Cambridge (1) BD 22/9/98

LUSAKA — Africa's economic hopes had been revived, although the problems in southeast Asia had come at an inopportune time, Standard Equities' SA economic strategist, Philip Clayton, said yesterday.

Clayton, who was addressing an African stock exchanges conference in Lusaka, discussed whether an African economic renaissance was fact or fiction.

He said with the move to a one-superpower world in the 1990s, Africa had come under pressure to reform economically and politically, although turmoil in the Democratic Republic of Congo had cast a pall over the idea of a political renaissance.

The European renaissance was characterised by social, political and economic turmoil, he said. Although upheavals were still a feature in Africa today, political freedom was improving.

"Whereas a decade ago the majority of governments in sub-Saharan Africa were either military dictatorships or one-party states, the majority of states now ascribe, in theory at least, to regular multiparty elections," he said.

The African renaissance was becoming a reality on the political level, and if Nigeria made a successful transition to democracy next year the omens for entrenching democratic procedures in the region would be good, Clayton said.

Although it was too soon to tell, it did appear that Africa was on the road to economic development. African Development Bank figures put growth at 3,7% last year and expected average economic expansion of 4% between 1996 and the end of this year — more than twice the annual average of 1,9% in the early 1990s.

Clayton said the turmoil in southeast Asia would continue to affect sub-Saharan Africa. Zambia, which depended on copper exports, had seen the price of the commodity decline by a third between June last year and January as a result of the Asian slowdown. The 10% fall in the price of oil over the same period would have a serious impact on Angola, Congo-Brazzaville, Gabon and Nigeria.

However, Clayton believed the long-term effect on the process of economic reform and expansion was likely to be muted.

Aid to Africa between 1990 and last year was down $3bn in nominal terms, and when inflation was taken into account this translated into a 25% real cut. While this appeared negative in the short term, it could spur the region to focus on more sustainable export promotion, Clayton said.

He also said US President Bill Clinton's African safari in March had put a focus on the continent. In subsequent months institutions dealing with Africa reported floods of inquiries, and the African Growth and Opportunities Bill — which would open the US market for African products — had more potential to boost economies than any aid programme.

While some negative stories had come out of the sub-Saharan region in recent months, this did not necessarily derail the renaissance, he said.

# 'housands of SAA staff threaten strike action after wage talks fail

BD 27/8/98

'l Sebolao
Reneé Grawitzky

Airways (SAA), scheduled for partial -tisation by May, faces disruptions to 'omestic and international flights to- ow as thousands of ground staff, cabin and technical maintenance staff ark on strike action after wage nego- ons ended in a dispute.

ne SA Railway and Harbours Workers' a (Sarhwu) notified the company of possible strike action, while airport union Salstaff will begin various forms of protest action which still have to be announced.

Sarhwu threatened that if the SAA dispute was not resolved it would call out its members in the Airports Company and Apron Service on a sympathy strike.

SAA CE Coleman Andrews expressed concern that the strike would affect efforts to make the airline a viable organisation.

Industry sources warned that the strike might not necessarily have an effect on the privatisation process under way, but that it could indirectly affect investor perceptions.

The sources said the strike was sparked by the fact that pilots were awarded a 17% increase in terms of an arbitration ruling.

Management threatened to take this on review but later dropped the matter.

It is believed that the increase for 650 pilots cost the company R53m. Remaining SAA staff have been offered a 7,5% increase while the union is demanding 12%.

Salstaff said that it was initially prepared to accept 7,5% as management had motivated that the company could not afford more and would adjust wages if the financial position improved. However, the union changed its position after pilots were awarded their increase.

Salstaff general secretary Andre Venter said the strike "comes at a bad time" as the airline cannot afford it.

However, workers needed to demonstrate their frustrations and the 17% wage increase awarded to pilots during arbitration "smacked of preferential treatment and injustice".

He said workers had been further slighted by Andrew's issue of a joint communiqué with the pilots "intimating that they together can solve the problems of the airline".

"This sent a message to our members that they were not as important and the airline does not need them," Venter said.

Another industry source said the dispute could have been further exacerbated by the fact that SAA executives were not certain what they should be doing, as their positions were coming up for review in September. That is why there was a certain amount of hesitancy in taking decisions.

In addition, Andrews had got involved midway through the negotiations.

The Airports Company said it had not received any notices from Sarhwu about impending sympathy action. However, wage negotiations were continuing and the parties would meet in the Commission for Conciliation, Mediation and Arbitration today.

# New vision for African Development Bank

BD 21/9/98 (1)

John Dludlu

THE African Development Bank, in which SA is a 6% shareholder, is to pay special attention to growth-orientated and private sector development in an effort to reduce growing poverty in its member states.

A new vision document compiled by bank management, which is being circulated among member governments, also says the bank has to focus on policies that favour the poor and support the business sector as an engine for growth.

The bank is emerging from a far-reaching reform programme.

The Abidjan-based bank, owned by 53 African governments and 24 non-African governments, will also need to promote the active involvement of civil society in the bank's activities as the institution battles to implement its main mission of helping its African members break the poverty cycle.

Management, headed by Omar Kabbaj, the Moroccan credited with having saved the bank from collapse, also pledged to mobilise resources, promote savings and investment as well as provide technical assistance and policy advice to its members.

Due in part to the reforms, including stringent borrowing criteria, and to growing poverty in Africa, most members now do not qualify to borrow on commercial terms from the bank. This development has coincided with the dwindling levels of concessionary funds, including aid, available.

About 14 African countries are eligible to borrow from the bank on normal commercial terms or a mixture with concessionary finance, while about 39 qualify only for concessionary funds of low interest rates and generous grace periods.

Talks with foreign governments and donors who fund the bank's concessionary window, the African Development Fund, have started.

The fund has traditionally been financed by contributions from non-African members of the bank, although SA and Botswana have taken part previously. Pretoria has indicated that it will be participating again in the present replenishment.

## Donors

Last Sunday, Kabbaj urged Southern African Development Community governments to "sensitise" donors on the need to be generous in replenishing the fund.

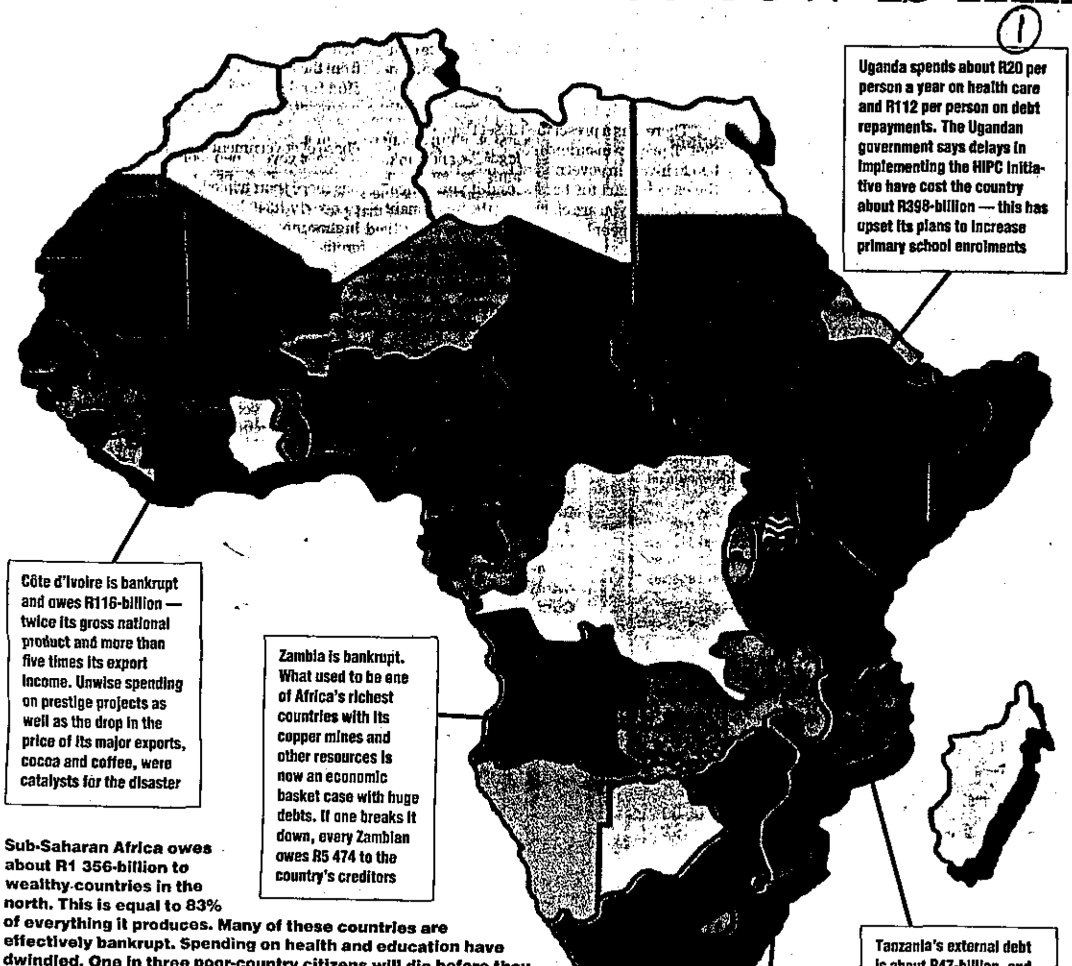
To increase the attractiveness of its loan products, the bank has introduced a Eurorand bond to expand the rand capital market, mostly in the southern Africa region, and has marginally cut its fees.

Among others, the bank has been criticised for not responding to the plight of countries emerging from conflict situations such as Liberia, the former Zaire and Rwanda.

The paper, which is likely to generate discussion, also says the bank has to focus on niche areas.

# The African debt cow is milked dry

① M+G 30/10 – 5/11/98




**Sub-Saharan Africa owes about R1 356-billion to wealthy countries in the north. This is equal to 83% of everything it produces. Many of these countries are effectively bankrupt. Spending on health and education have dwindled. One in three poor-country citizens will die before they reach 40, while it is estimated that half the population of sub-Saharan Africa will be living in poverty by 2000. Real wages in most African countries have fallen by between 50% and 60% since the early 1980s and unemployment rates are at an average of 20% and rising. Thirty-four of the world's 41 poorest countries are in sub-Saharan Africa. The world markets trade about R34,14-trillion dollars daily, three times the entire developing country debt. Sub-Saharan Africa also suffers a revolving door syndrome: its aid package is roughly equal to its debt obligations. Consider this: if debt is unpayable, it costs nothing to cancel it. The World Bank and International Monetary Fund say that 80% of the debt of the world's poorest countries is unpayable.**

**Ferial Haffajee**

"The owner needs the cow because of its milk. The cow needs the owner because he provides it with hay. But when the cow ceases to produce milk, the owner may well decide to slaughter it. The cow cannot do the same to the owner."

This is what Mozambican President Joaquim Chissano said in Jamaica last month during an impassioned plea for the scrapping of foreign debt.

In his allegory, the cows are the 41 poorest countries of the south, still linked umbilically to their owners, the wealthy countries of the north, to which they owed $215-billion at the end of 1997. Long ago the cows ceased to produce milk.

The world's poorest countries cannot pay their debts and provide the basics (food, security, health and education) for their people. In the balancing act between not defaulting on their loans and satisfying pressing social needs, something has to give.

The United Nations Human Development Report, which measures literacy, life expectancy and living standards, is revealing. At the bottom of the rung of that report languish the world's 41 poorest countries — all but seven of these are in sub-Saharan Africa.

In the latter half of this century, the International Monetary Fund (IMF) and the World Bank crafted several debt relief measures. None had any lasting effect, a[illegible] illustrated through the poor countries' debt fi[illegible]res which have grown and grown, from $55-bi[illegible]n in 1980 to $183-billion in 1990 and up by a [illegible]rther $32-billion last year.

Last year the IMF and World Bank lau[illegible]ed another debt relief measure. Called the h[illegible]ily indebted poor countries (HIPC) initiativ[illegible] it aimed to provide a "rapid exit" from de[illegible] It recognised that crippling debt stood in the w[illegible] of investment and precluded Africa fr[illegible]m taking its place at the global economic table.

Just one year down the line, it has become clear that the HIPC is not working. Earlier this year, the World Bank acknowledged that actual debt relief figures would be lower than anticipated: only two of the 41 countries earmarked for relief (Uganda and Mozambique) will in fact receive any debt relief by the year 2000.

The HIPC initiative is granted to countries with unsustainable levels of debt. Unsustainability is reached when debt is between two and two-and-a-half times greater than a country's revenue from exports. But before any relief is allowed, countries have to complete three steps. The road to HIPC debt relief begins with a three-year structural adjustment period, after which a country reaches its "decision point", when the amount of debt relief is determined and debt-servicing obligations are reduced.

This is followed by an enhanced structural adjustment programme. Only after this does a country reach "completion point" where debt stock is reduced by an agreed amount.

The process is cumbersome and long. Critics also complain that the definition of unsustainable debt is too narrow and doesn't take into account a country's ability to provide for its citizens' basic needs.

The Jubilee 2000 campaign draws it inspiration from the Bible, in which the Jubilee is an earthly renewal which occurs every 50 years.

Its proponents want significant debt relief by the year 2000 through a fundamental renovation of the HIPC initiative.

"All the indications suggest that continuing with the policy as it stands will not resolve the debt problem," says the International Catholic human rights organisation, Cafod.

*The Jubilee 2000 petition can be found at <http://reports.guardian.co.uk/debt/petition.html>. The signed petition will be handed in at the Group of Eight industrialised nations summit next year*

# Reducing the public health burden

## Ann Eveleth

## IN THE ACT

The public health system must have heaved a sigh of relief when the Cape High Court turned down a challenge to Minister of Health Nkosazana Zuma's Medical Schemes Bill. Cleared of the legal hurdle created by Business South Africa's attempt to shift the debate into the National Economic Development and Labour Council, the Bill must now be debated by Parliament's portfolio committee on health before it is presented to the National Assembly.

The Bill aims to reduce the burden of health costs borne by public hospitals by requiring medical aid schemes to take on more members. Many schemes have been criticised for denying access to those most vulnerable to high health costs, such as the elderly and those suffering from chronic illnesses.

The new Bill promises to prevent schemes from "cherry-picking" — profiting off the money contributed by healthy members, but remaining wary of taking on members considered to be high-risk. The Bill will prevent medical schemes from charging higher contribution rates on the basis of age, gender, past or present state of health, or the amount of claims submitted by a member.

It will also prevent schemes from excluding the dependents of members and stop schemes sending contributors into the public system after their benefits have run out.

The Bill's initiation has been marked by a flurry of court actions on behalf of health insurance companies, talk in Zuma's department of a "conspiracy" against health transformation and threatened protest action by the Bill's proponents in the tripartite alliance. But the controversy has obscured a curious shift in the private sector. The vast majority of medical schemes — the 70% that work differently from health insurers — have given their support to the Bill.

Their support contrasts claims by medical insurance companies that the provisions might lead to the demise of the sector and pave the way for Zuma to introduce a national health care system. The key to this difference may lie in the Bill's efforts to draw a clear line between medical schemes that cross-subsidise the health costs of the sick and elderly through the contributions of the young and healthy and those that bank on the continued good health of their members.

The health care sector is a multibillion-rand industry and is marked by fly-by-night schemes. The Bill offers new protections to consumers, including a requirement that schemes register with the council and their administrators are accredited. It also seeks to put an end to undesirable business practices.

The Bill will empower the council to enforce strict financial controls to ensure that a scheme is financially viable, and that it uses members' money for the purposes for which contributions are intended. This will reduce the risk of schemes going belly-up and leaving hordes of stranded contributors to fend for themselves.

**ECONOMIC UNION** *Globalisation may leave region in the cold*

# Central African version of the EU falls prey to inertia, petty politics

CT6/10/98 (FR)

**TANSA MUSA**

Yaoundé, Cameroon — Held back by a lack of resources and an absence of political will, plans for economic union in Central Africa are in danger of becoming a dead letter.

Of the six members of the Economic and Monetary Community of Central Africa (Cemac) — Cameroon, the Central African Republic, Chad, Congo Republic, Equatorial Guinea and Gabon — half have still to ratify the founding treaty drawn up in 1994. These six at least share a common currency, the CFA franc.

The wider Economic Community of Central African States (Ceeac), which also embraces Angola, Burundi, Democratic Republic of the Congo, Rwanda and Sao Tomé and Principe, has less to bind it and much to divide, not least the rebellion in the Congo, where Rwanda and Angola back opposing sides.

Officials and academics say the 90 million people of central Africa are in great danger of being left out in the cold by the globalisation of the world economy. The main factor holding back co-operation is political inertia.

"Within the context of economic globalisation, regional integration is a must for Africa," Professor Paul Biao of the University of Yaounde told a United Nations-sponsored seminar on integration, held in Cameroon late last month.

"The European Union and Asean ... are a lesson that central Africa, at the peril of further and greater exclusion, must emulate," he added.

The achievements to date are small.

For example, intraregional trade represents only 2 percent of gross external trade in central Africa, down from 7 percent four years ago.

Transport and telephone communications remain rudimentary: a phone call from Cameroon to Gabon is still routed via Paris.

Andre Tsala Messi, Cameroon's secretary of state for regional development, complained that it was easier for a Cameroon national to obtain a visa for an east African country than for neighbouring Gabon. He lamented the poor road links between states.

"Without the free movement of goods and persons, there can be no trade exchanges nor the cultural mix needed for homogeneity," he said.

"Yet in view of what is happening elsewhere today, we are condemned to come together to form one strong regional bloc if we want to have a say in the increasingly globalised world environment."

For Jean Emmanuel Pondi, a lecturer at the International Relations Institute of Cameroon, the main cause of stagnation is the mutual jealousy of the 11 heads of state.

"In central Africa, everybody wants to be leader in his own country. The result is that they look inwards to their home electorate, promoting 'micro-nationalisms' at the expense of any wider regional strategy," said Pondi.

"The non-advancement of the Cemac (and Ceeac) dossier is a very dangerous risk we are taking, especially in view of the rapid mutations taking place in other parts of Africa," said Dakayi Kamga, Cemac's executive secretary.

"We must ... intensify the campaign for economic integration by educating both the leaders and peoples in the subregion on the advantages accruing from working together."

Analysts say a common currency should be a priority, as should development projects that have a regional reach.

Within Cemac, analysts say institutions that have already been planned, such as a common parliament and common court of justice, should be set up as well as the bodies needed for closer economic union.

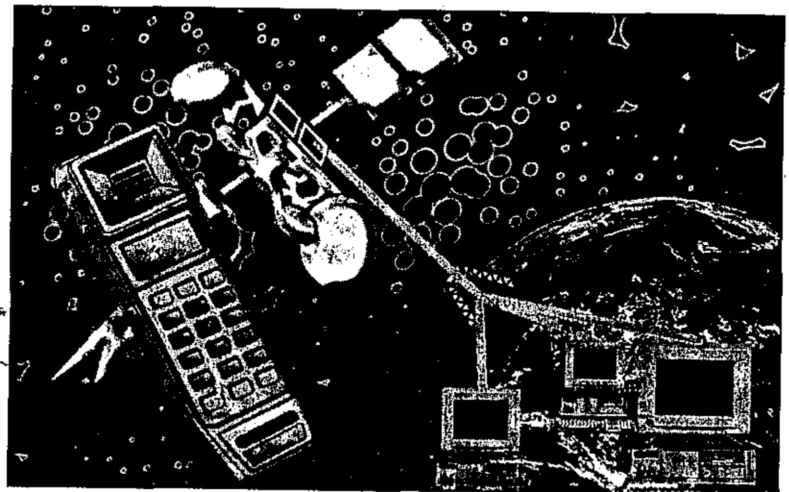
But above all, they add, central African leaders should set aside personal ambition and parochial politics to embrace the subregional agenda. — Reuters

DEVELOPMENT

Oct(PR) 6/10/98

# Information highway is Africa's path of hope

JOSEPH STIGLITZ, CALLISTO MADAVO AND JEAN LOUIS SARBIB



Knowledge, with its promise of treatment for common illnesses, increased crop yields and better-quality food, is one of the keys to improving the lives of the poor.

For example, about 2 million children in developing countries die each year, and another 900 million are made sick, by the dehydrating effects of diarrhoea — even though a simple treatment of water, sugar and salt could prevent such dehydration.

In contrast, more than 30 million people in west Africa have been saved from river blindness because of a public health campaign involving seven African countries, donor nations, the World Bank and a US pharmaceutical company.

What distinguishes public health successes, or others in the field of finance or technology, from failure is knowledge.

The worldwide explosion in knowledge management systems, from the Internet to cellular telephones to global broadcasting networks, does not prevent a lack of knowledge inflicting unnecessary suffering.

The impact that expanded knowledge and new technologies have on development will depend on how well international institutions and governments address the knowledge gaps that hinder development.

Technology, by itself, is not enough. The knowledge has to be disseminated through effective extension services.

This means addressing market failures which face less developed countries. Many of these failures result from wrong or simply imperfect information.

Consider, for example, the economic crisis in east Asia, which highlights how vulnerable financial markets are to wrong or defective information.

Failures of information can never be entirely eliminated, but mitigating these problems is crucial to rapid, equitable and sustainable development.

International institutions can help developing countries create improved incentives to gather and provide timely and accurate information.

By improving fraud laws, helping establish accounting and other fiduciary standards, and increasing access to funding for research, the development community can help create institutional frameworks, legal rules and social conventions that reduce information problems.

What does this mean for Africa, the least connected of all continents?

In 1996, sub-Saharan Africa (excluding South Africa) had about 1,5 million working telephone lines for a population of 575 million. South Africa had 4 million lines.

Africa's poverty is exacerbated by its marginalisation from the global communications revolution: it is remote from global markets and lacks connectivity between regional markets and within national economies.

If it is to benefit from the information revolution, Africa will need to increase its access to information and knowledge.

To achieve a minimum density of 1 percent, or one line per 100 inhabitants, by 2001 (again excluding South Africa) means an additional 4,5 million lines requiring a massive investment of about $6 billion to 8 billion in telecommunications infrastructure in general and increased access for poor and rural communities in particular.

Technological innovations such as low-orbit satellites and institutional innovations such as telecentres can help achieve this goal through a private-public partnership, provided governments establish the right regulatory frameworks.

Africa will also need to take advantage of innovations such as distance education and telehealth.

The African Virtual University (AVU) offers undergraduate and remedial courses as non-credit programmes to 16 universities in sub-Saharan Africa.

By the end of this year at least 25 universities will be connected to the AVU, with its curriculum of calculus, differential equations, physics, chemistry, statistics, computers and engineering and an on-line library.

The World Links for Development programme connects secondary school students and teachers around the world via the Internet, thus helping to improve education, develop information technology skills, broaden cultural understanding and promote economic development.

Presently linking 130 schools in countries such as Uganda, Mozambique, Senegal, Japan, India, China and Australia, the programme will expand to 270 schools by June 1999.

Ensuring that the right regulatory frameworks are in place to encourage private-sector development of these applications will go a long way towards accelerating their advancement.

The African Connection initiative, recently approved by the Pan African Telecommunications Union, offers a vehicle to address these priorities, focusing on rural telecommunications and the policy and regulatory framework.

Establishing these cyberlinks will let Africa share international knowledge. But it is also vital that Africa learn from itself and shape international knowledge to local realities.

The Indigenous Knowledge partnership aims to develop a database of local practices and lessons, thus spreading these experiences in print and electronically.

Finally, Africa will have to continue to invest in education and capacity building.

This year's World Development Report, released last week, clearly shows the link between education levels and the ability to absorb and adapt knowledge for development purposes.

But if Africa's renewal is to be sustained, Africans should be encouraged to invest their knowledge and abilities in Africa.

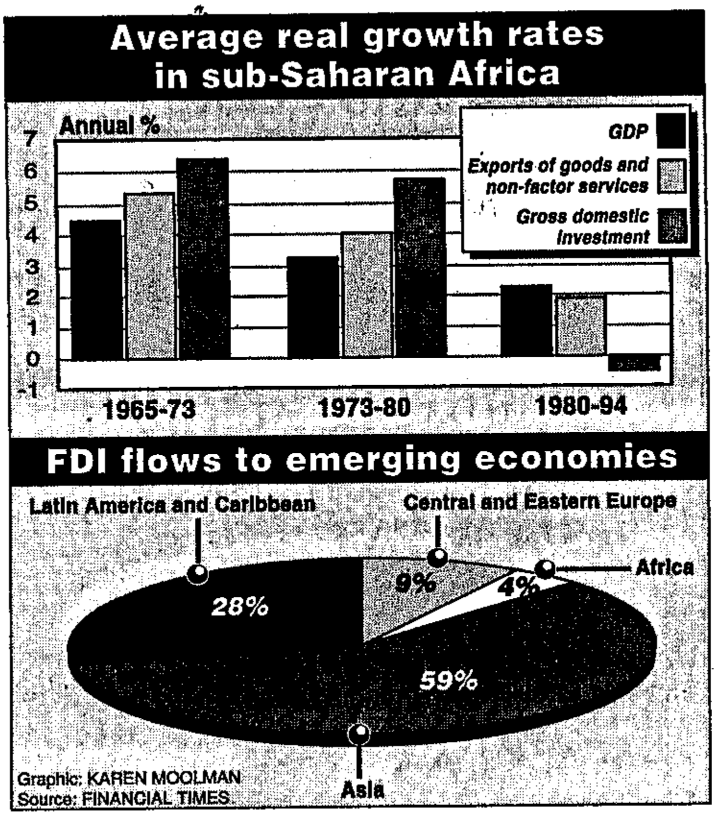
For developing countries, harnessing the global expansion of knowledge may seem like a Herculean challenge. But those that seek to meet it will stand out as development successes of the 21st century.

□ *Joseph Stiglitz is the senior vice-president and chief economist of the World Bank. Callisto Madavo and Jean Louis Sarbib are vice-presidents for the Africa region*

# Africa's renaissance train has been delayed, but hopefully not derailed

(1) BD 7/10/98

**Economic policy has lost its way in several African countries, notably Kenya, Zambia, Zimbabwe and partially SA, writes Tony Hawkins in Harare**



Graphic: KAREN MOOLMAN
Source: FINANCIAL TIMES

PREDICTIONS that the late 1990s would mark the start of Africa's renaissance are looking increasingly threadbare as the sub-Saharan economy heads into two years of substandard economic growth.

As recently as mid-year, the International Monetary Fund (IMF) was claiming that the region's economy would expand at about 4% this year and somewhat faster next year.

However this month, the Economist Intelligence Unit (EIU) forecasts sub-Saharan expansion this year at only 1,1%, with a recovery to 2,6% next year.

Some of the blame for the slowdown lies with domestic economic and political setbacks — political instability in Nigeria, civil conflict in Angola, the Democratic Republic of Congo, Sierra Leone, Sudan and Uganda and the border conflict between Ethiopia and Eritrea. Economic policy has lost its way in several countries, notably Kenya, Zambia, Zimbabwe and partially SA.

But the main reason for the slowdown has been Asian contagion, working primarily through commodity prices, especially the region's chief export, oil, and through the weaker global business environment and the world trade slowdown.

In August the IMF's index of nonfuel commodity prices fell to levels not seen for a decade, while oil prices were at 25-year lows.

Growth has slowed to a crawl in the two economies that account for 40% of regional gross domestic product — SA and Nigeria. The latter, 95% reliant on oil exports, has been hit by the slump in energy prices.

Domestic output in the nonoil sector is being constrained by shortages of refined fuel products, while business is adopting a wait-and-see attitude ahead of elections planned for early next year.

Since President Nelson Mandela's release in 1990, the SA economy has grown more slowly than in the previous sanctions-constrained decade and the SA Chamber of Business recently reported that its business confidence index had fallen to a 12-year low.

SA has felt the spin off of the Asian crisis. This, working through a falling rand, has contributed to currency devaluations in neighbouring countries including Zimbabwe, Zambia and Malawi, and Pretoria's partners in the Southern African Customs Union: Botswana, Lesotho, Namibia and Swaziland.

Bucking the trend, the CFA franc region continues to grow strongly despite commodity price setbacks, but in many other countries growth forecasts have been adjusted downwards.

Africa's heavy dependence on commodity exports, about 80% of the total, suggests that the recovery next year will be limp, especially with the EIU predicting a further 22% fall in oil prices next year.

These setbacks coincide with the resurgence of scepticism over the appropriateness of World Bank and IMF economic policy advice in sub-Saharan Africa.

In its 1998 trade and development report, the United Nations Conference on Trade and Development (Unctad) tilts at "ideological" policies, urging greater pragmatism in African economic policymaking.

The broad thrust of its suggestions is a greater role for the run-down African state.

Unctad criticises the privatisation or abolition of state agricultural marketing boards, wants to see a slowdown in import liberalisation, a different approach to tariff policy, capital controls, increased public as well as private sector investment and timebound "infant industry" protection in agriculture as well as manufacturing. Some of this sounds like and is a return to the failed policies of the 1970s and 1980s.

But it scores a couple of telling hits on the bank and the fund when it notes that recent growth is "not underpinned by a strong investment performance" and owes much to what is now seen to have been a "temporary upswing in commodity prices ... Even if the growth of the past three years could be sustained, that would not reverse the marginalisation of the region or have much effect on poverty".

Indeed, it would constitute little more than a recovery of growth lost over the past 20 years.

Fiscal stabilisation programmes have reduced government employment in Africa to "the lowest level of any developing region", says Unctad, noting that the creation of "a competent and independent state bureaucracy" that would restore "effective policymaking" is a prerequisite for economic recovery.

Increasingly such criticisms are striking a chord among African political leaders disappointed at the often meagre achievements of orthodox economic reform strategies.

In part, the World Bank and the IMF have only themselves to blame for exaggerating the gains of reform and turning a blind eye to policy slippages that undermine reform in the name of political correctness.

How the policy debate plays out will depend in part on the extent of the diverging interests of Africa's new haves and its growing number of have nots. Smart, educated African yuppies, trained in North America or the UK, have little sympathy for Unctad-style interventionism, though they feel strongly about the need to prevent the massive currency devaluations experienced in so many African countries.

At the other end of the spectrum, the broad masses see state intervention as their best bet, which is likely to mean that orthodox reforms will become more difficult to achieve unless they can be seen to result in improved living standards.

Africa's weak investment performance underlines the central requirement for sustained growth of increased, preferably direct foreign capital inflows. Capital controls and infant industry protection, however timebound, are not going to attract the kind of money that Africa needs.

Foreign investment is driven by success, which itself implies that the region's much-needed investment boom is still some way away.

This year and probably also next are likely to see the return of falling per capita incomes in many sub-Saharan economies and over the region. The renaissance train has been delayed but, one hopes, not derailed. — Financial Times.

# African gains through privatisation

Sowetan 8/10/98

**Sowetan Business Reporter**

THE privatisation of 2 700 enterprises in sub-Saharan Africa raised almost R1,8 billion in foreign exchange by 1996, says the International Finance Corporation in its annual report for 1998.

The IFC said the private sector's role is expanding as most countries have implemented market reforms intended to free entrepreneurial energies. Regulatory reforms have made it easier for private companies to operate.

"Moreover, capital markets are starting to develop in several countries. Equally encouraging is the progress of democratisation and of civil society. At sub-regional level, a democratic, open South Africa has had positive implications for trade and investment in the Southern African Development Community (SADC) and beyond, improving business opportunities for private investors and the IFC," says the report.

"Prospects are brightening as many sub-Saharan African economies have consolidated recoveries. The region's economies are growing, although at an uneven pace. Countries with strong economic performance owe their success to strengthened macroeconomic fundamentals resulting from structural adjustment and liberalisation."

The IFC is the private sector arm of the World Bank. Since 1956, the IFC's fundamental role has been to promote economic development by encouraging private investment, both foreign and domestic, in developing member countries.

It provides long-term, market-related capital in the form of loans and equity.

This year the IFC has approved two loans worth R240 million in South Africa.

Some of the local projects that have benefited from this funding include Constantia Days Inn Hotel, which got cash to establish and operate a limited service hotel, and Cash Bank, which will receive a loan to market its products and services.

Lesedi Private Hospital will get funding for the establishment of a nine-bed intensive care unit.

## Liquidity crises

In his message, outgoing IFC deputy executive vice president Jannik Landbaek said 1998 was a very difficult year in Asian markets.

Landbaek said IFC mobilised in Asia by helping existing clients survive the liquidity crises.

"By providing long-term capital to strengthen clients' balance sheets and by quickly identifying new investment opportunities, IFC was working to restore confidence in the Asian economies.

"Perhaps more than anything, the events in Asia this year reminded us all of the critical value of effective domestic financial regulatory systems and transparency in financial markets," he said.

"Although the recent problems in East Asia represented the most far-reaching threat to global prosperity since the Latin American debt crisis of the 1980s, we firmly believe that the decade-long trend of private sector-led development will continue.

"For private investors, nothing has changed the fact that the developing world – with its large, relatively young, and growing population – holds great promise."

## Developing countries

He said people in developing countries needed strong infrastructure, a healthy financial sector, industrial production and consumer goods and services.

The IFC says the next century will pose serious challenges. "The organisation is on the threshold of a major change," it says.

It argues that a dozen nations garner more than 75 percent of the world's private investment capital flow, leaving entire regions of the world vastly underfunded.

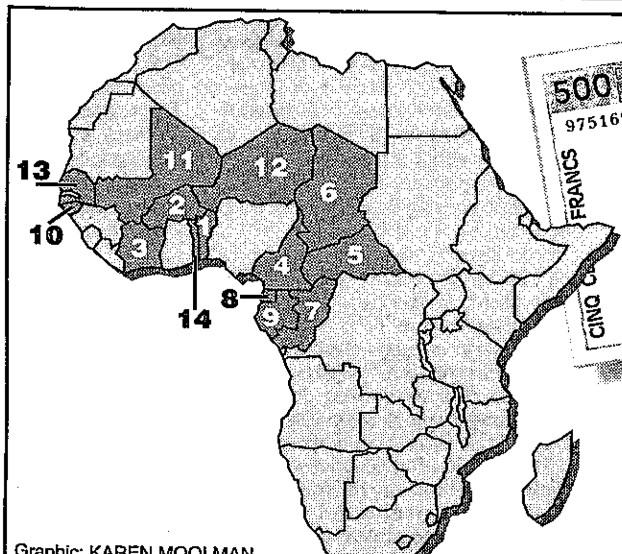
In the effort to eliminate poverty through economic development, this reality represents a large unfinished agenda for the IFC.

# Sub-Sahara economies look to CFA franc zone

(1) BD 12/10/98

**The CFA franc zone may buck the trend of recession being experienced elsewhere in Africa**

## Members of the CFA franc zone





**CFA members**

- **1** Benin
- **2** Burkina Faso
- **3** Côte d'Ivoire
- **4** Cameroon
- **5** Central African Rep.
- **6** Chad
- **7** Congo (Brazzaville)
- **8** Equatorial Guinea
- **9** Gabon
- **10** Guinea-Bissau
- **11** Mali
- **12** Niger
- **13** Senegal
- **14** Togo

Graphic: KAREN MOOLMAN
Source: FINANCIAL TIMES

WITH southern Africa headed into recession, residual hopes of strong sub-Saharan growth in 1998/99 rest heavily on the performance of the franc zone.

The 14 member countries of the CFA Franc Zone, accounting for 17% of sub-Saharan Africa's gross domestic product, have been less affected to date by the slowdown of the global economy.

This is partly because the bulk of their trade is with Europe, especially France, but also because some of their exports, notably cocoa and coffee, have held up better than the minerals and fuel and some agricultural raw materials that dominate sub-Saharan Africa's exports.

The zone is forecast to grow at least 4,5% this year while maintaining low — by African standards — inflation rates, projected at less than 5% in all but four of the 14 countries.

Whether this momentum can be sustained in 1999/2000 as world economic growth slows is doubtful, especially if the European Union is afflicted by the Asian and Russian contagion as seems probable.

The franc zone's already close links with Europe — about half of regional exports are sold to EU members — will tighten on January's launch of the euro.

The CFA franc is pegged to the French franc at a fixed rate of CFA Ff100, but this peg will eventually have to shift from the French currency to the euro. The International Monetary Fund believes this will have three main beneficial effects for the African countries:

□ With the EU accounting for half the franc zone's exports, stronger post-European monetary union growth will boost demand for the CFA's products;

□ The shift from a French franc peg to a euro peg should increase the stability of the nominal exchange rate for the CFA franc; and

□ The change to a fixed link with the Euro would mean that the freedom of capital flows between France and the CFA zone would extend to the other euro members, thereby accelerating the globalisation of the CFA member states.

The main possible downside, more of a threat now than a few months ago, is that being pegged to a hard euro could undermine the export-led growth that is crucial to its future prosperity.

The harder the euro, the greater the probability of a repeat of the 1986-93 period when the CFA franc appreciated with the French franc against the dollar.

In July non-fuel commodity prices were at their lowest point since the early 1990s. Then the combination of depressed export prices and demand and a relatively weak US dollar, against which the French franc and the CFA appreciated, forced reluctant zone governments to devalue their common currency by 50%.

The result has been four years of real GDP growth, averaging 5% a year after five years in which GDP declined by nearly 3% annually.

Investment has picked up, averaging 17% a year since 1994 compared with 13,5% in the early 1990s. Inflation is well below the sub-Saharan average, while growth rates have been significantly higher.

Dollar strength and French franc weakness has meant that since the 1994 devaluation the CFA has depreciated further from CFA555 to the dollar at the end of 1994 to more than 600 last year and 596 in August this year.

### Agreement

Being tied to the euro and the fiscal curbs implicit in the zone agreement with the French Treasury should help ensure that inflation does not stray too far from EU levels.

The region, though, remains overwhelmingly poor, heavily reliant on a narrow range of primary product exports — oil, coffee, cocoa and cotton — and dependent on both aid and debt forgiveness.

Also, while franc zone inflation may not be much above that of the EU, productivity growth is likely to be substantially slower, reflecting the region's poor skills and technology base and weak infrastructure.

Above all it is far from clear that after years of falling living standards and fiscal austerity, often under autocratic political regimes, the zone's population is prepared to knuckle under to the rigid fiscal and monetary regimes necessary to maintain a fixed parity with the euro.

Being tied to a strong franc may deliver low inflation, but it may also bring unemployment and sluggish export and output growth and with that political and social instability. — Financial Times.

# Africa faces future choked by huge debt

## *Repaying loans a drain on the continent that could affect the world*

(1) ARG 9/11/98

## INSIDE STORY

**Debt is an 'albatross' around the necks of developing countries, the 'last shackles of oppression' in the words of the Anglican Archbishop of Cape Town, the Most Reverend NJONGONKULU NDUNGANE who, in an address in Cape Town at of the launch of Jubilee 2000 SA, gave reasons why, in the interests of mankind's future, this debt should be cancelled**

It is a singular honour to give a keynote address on this auspicious occasion, the launch of Jubilee 2000 in South Africa.

Many of you will know that I have been closely involved in the issue of debt cancellation for some time, and that I was honoured to give an address at the launch of Jubilee 2000 Africa earlier this year in Ghana.

Jubilee 2000 has become a very important movement throughout the world.

Its central theme, that of cancelling the debt owed to the developed world by developing countries, has come to occupy the minds of an increasing number of individuals and institutions.

More important than that, however, is the growing realisation that on this issue could rest the future and wellbeing of humanity.

For there can be no doubt that the debt of developing countries, and their struggle to keep pace with its repayment, is an albatross around their necks.

The extent to which they will continue to be forced to prioritise debt repayment, at the expense of the development of their people, will determine to a very large degree the quality of life that we will fashion for ourselves and our children in the next millennium.

There can be no doubt that international debt repayment is a drain on the resources of developing countries.

In 1996, the countries of sub-Saharan Africa paid their creditors more in debt service than they received in loans.

For every dollar Africans receive in aid from developed countries, they repay $1,30 in debt service. In other words, the money is on a perpetual merry-go-round.

Because of this iniquitous situation, development of people in these countries is stunted.

***'For every dollar Africans receive in aid from developed countries, they repay $1,30 in debt service'***

The so-called aid received is largely used to benefit those from whom it is received. The poor do not benefit, and charity is not charity at all.

It therefore follows that poverty not only remains, but grows and multiplies on itself.

And instead of living life in all its fullness, as our Creator intended that we do, the people of developing countries live a meagre, hand-to-mouth existence that stunts the realisation of their God-given potential.

Quoting the figures supplied by the World Bank, a Jubilee 2000 Coalition report notes that Africa owes $227,2-billion, nearly $400 (more than R2 200) for every person in Africa.

These debts are more, sometimes much more, than what most Africans earn annually.

Africa is not intrinsically poor. It has vast natural and human resources.

Nevertheless, World Bank figures illustrate that in 1996 Africa transferred $14,5-billion of its precious resources to OECD (Organisation for Economic Co-operation and Development) countries.

This equals the amount spent in Africa on education, and twice the amount spent on health.

This inordinate transfer of wealth from developing to developed countries takes place in a continent where there is much suffering, hunger and disease.

The 1998 African Economic Report says that 50% of the population of Africa lives in abject poverty.

A report to African heads of state this year estimated that in sub-Saharan Africa 260-million people are subsisting on less than R6 a day, half of them lacking access to clean water and health services.

One-third of children between seven and five are not going to school. Life expectancy is 53 years. Infrastructure is dilapidated.

In Nigeria debt is tearing down schools, clinics and hospitals, and the effects are no less devastating than war.

In Zambia the external debt problem is chronic, unsustainable and of far-reaching consequences, with 85% of its population struggling in absolute poverty.

I have focused only on these two countries, but the same can be said of virtually every other African nation.

We should also constantly be reminded of the truism that our world is a global village.

What happens in one part of the world impacts on everyone else in this global village. The recent Asian financial crisis is but one example of this.

We should therefore never be deceived into thinking that the debts of the developing countries are their concern only.

Poverty in one part of the world impacts on the rest of it.

For we are dependent on one another.

We need to make choices about the way we relate to one another, and on this depends the future.

We have to choose either life or death. To choose life is the obvious and only option, for it provides a future in all its fullness, not only for us, but also for our children and for our planet.

It is imperative that those few people who have earned the respect and love of large numbers of people on this planet add their voices to this initiative.

In this respect, I wish to make a particular appeal to our own greatly loved and respected President Nelson Mandela to add his considerable moral authority to the Jubilee 2000 campaign.

On behalf of millions of people worldwide, we believe that your committed and regular support of Jubilee 2000 would go a long way towards persuading the world's economic and political leaders, including those of the powerful G8 (Group of eight Industrialised) countries, of the need to write-off this tremendous debt.

In your capacity as leader of the Southern African Development Community and the non-Aligned Movement, not to mention the tremendously high regard in which you are held in your own right, your support would carry huge weight.

Of course, we know that this is something with which you can readily identify, but the poor of our world need you to plead their case, again and again, until real and meaningful action is taken in this respect.

Cancellation of this debt does not only make sense from the perspective of building a peaceful future for humanity. There is also a moral imperative to do so, and it has its roots in the biblical injunction, expressed in the Hebrew scriptures, in Leviticus 25: 8-28.

In this passage, the Israelites are urged to declare every 50th year one of jubilee, in which debts are to be written off, among other actions.

In this spirit, His Holiness Pope John Paul II has expressly called for the reduction of indebtedness for the poorest countries of the world:

"Christians will have to raise their voice on behalf of all the poor of the world, proposing the Jubilee as an appropriate time to give thought, among other things, to reducing substantially, if not cancelling outright, the international debt that seriously threatens the future of many nations."

For Christians, this call has its deepest motivation in this promise for the poor that was impressively justified by Jesus Christ when he identified himself with the poor (Matthew 25: 35-40).

Humanity's intrinsic worth is to be found in the fact that we are made in the image of God: "So God created humankind in His image, in the image of God He created them".

There can be no greater value attached to us.

It therefore follows that human beings have an intrinsic worth and dignity, in spite of the sin into which humanity has fallen.

It is the constant task of the Anglican Church and the other religions of the world to call forth in people their God-given worth, and to challenge the institutions of society, such as governments, to act with God-like justice, fairness and equity towards its citizens.

That is why we have the responsibility of championing the well-being of humanity.

As Anglicans, we have also taken a strong stand on the debt issue.

The recent Lambeth Conference, which provides a spiritual lead to millions of Anglicans throughout the world, passed the following resolution:

***'Africa is not intrinsically poor. It has vast natural and human resources'***

"The need for debt relief for the poorest nations is urgent. Children are dying and societies are unravelling under the burden of debt.

"We call for negotiations to be speeded up so that the poorest nations may benefit from such cancellation by the birth of the new millennium."

The resolution also points out that debtor nations have responsibilities to sort out corruption and re-order their finances.

The Anglican Communion also pledged itself to co-operate with communities of other faiths in helping the poor, and all primates are to challenge their dioceses to fund international development programmes to a level of at least 0,7% of annual total diocesan income.

The latter represents a very practical way in which Anglicans around the world are demonstrating their commitment to the jubilee concept.

As Metropolitan of the Church of the Province of Southern Africa, I will be challenging the Dioceses of our province to follow this recommendation.

Up to this point, I have spoken mainly of the debt of developing countries, particularly in Africa.

Of course, South Africa is also in the position of owing a large amount of debt – a debt incurred by the previous regime.

Democratic South Africa has inherited foreign debts of more than R90-billion and an internal debt of approximately R185-billion.

The apartheid-caused debt of Southern Africa is estimated at R240-billion. Repayment on this debt constitutes the second largest item in our annual budget.

In our view, all loans to the apartheid regime and its agents were "odious debts", which were taken to suppress the people of South Africa.

These are not the responsibility of the people and of our new government, and should not be repaid.

Loans made to the neighbouring states to help them resist South African destabilisation should also be cancelled.

Indeed, South Africa has itself taken the lead in this respect by writing off the debt owed to it by Namibia.

South Africa has an enormous backlog and legacy of poverty and inequality:

- 54% of our population does not have taps with clean running water.
- 49% does not have flush toilets.
- 19% has had no schooling.
- 33% is unemployed.

"Our Government has made tremendous strides in addressing this legacy in the four short years since it has been in office.

Unfortunately, its efforts are hampered by the current level of debt and the burden of repayments.

Resources that are urgently needed for social spending are being ploughed into this bottomless pit of debt repayment.

We also have a moral responsibility to ensure that the political liberation that has been won in this country is turned into economic liberation for the majority of its citizens.

However, a large proportion of this debt – 95% – is owed internally.

Forty percent of this debt is owed to the pension fund of Government employees (The Public Investment Commission – PIC).

Research has indicated that a restructuring of the PIC will make a significant difference to the resources that are available for poverty eradication in South Africa.

The need to restructure the PIC revolves around a decision taken to pre-fund civil servants' pensions and change from a pay-as-you-go system.

Put simply, this means that South African taxpayers are paying twice for civil service pensions – for those who are retiring now, and for those who will retire in the future.

LEON MULLER

**Appeal:** the Anglican Archbishop of Cape Town, the Most Reverend Njongonkulu Ndungane, pleads for Africa's relief from debt

Changing the way in which the PIC is structured will go a long way towards addressing this vexing issue of the inherited apartheid debt.

Several suggestions have been made about restructuring the pension fund:

- Cosatu has suggested that the Government pension fund surplus be reduced and moved back to a pay-as-you-go system.

This would release billions of rands, depending at what level the fund would be set.

- Some have suggested that the Government declare an interest "holiday" on the Government bonds that are held by the pension fund.

More than R10-billion could be released through this action.

- Others argue that the amount the Government contributes to the pension fund as the employer should be reduced to the market level.

This could release a further R3-billion a year.

Having said that, it is most important to establish that any funding released through adopting these proposals should be specifically targeted towards programmes that eradicate poverty, and not simply released into the general fiscus of this country.

I want to urge captains of commerce and industry and members of the financial departments of Government to continue their discussions about the internal debt as a matter of urgency, and to find ways in which funds made available could be utilised for social upliftment programmes.

We in South Africa have lived with the Government's Growth, Employment and Redistribution (Gear) macro-economic strategy for some time now.

Since its introduction, budgets for ministries dealing with reconstruction and development have not kept pace with inflationary increases.

This means that, in real terms, these budgets have been cut.

Mainstream economists from the United States to Malaysia have now recognised that this approach, which has been termed the "International Monetary Fund (IMF) economic formula", has precipitated the global economic financial crisis.

And yet, South Africa continues to adopt this pattern of real term budget cuts, in the face of global evidence to the contrary.

It is clear that we need some fundamental re-thinking of economic policies in this country. For economic growth without human development is a dangerous formula.

Government and all concerned about the well-being of South Africans would do well to heed the words of advocate Rams Ramashia, words that were born out of his encounter with the many faces of poverty during the National Poverty Hearings:

"The time will come when no eloquent political rhetoric will quench the anger of the poor. Let us not reach the point where the struggle of the poor will tear apart the fabric of the society for which so much blood (and, I might add, sweat and tears) was shed."

***'All loans to the apartheid regime and its agents were odious debts, taken to suppress the people'***

As we approach – with breathtaking speed – the turn of the century, let us recall the political miracle that we achieved in South Africa in 1994 with the first democratic elections.

Let us now face the future with an even greater resolve to turn that political miracle into an economic one.

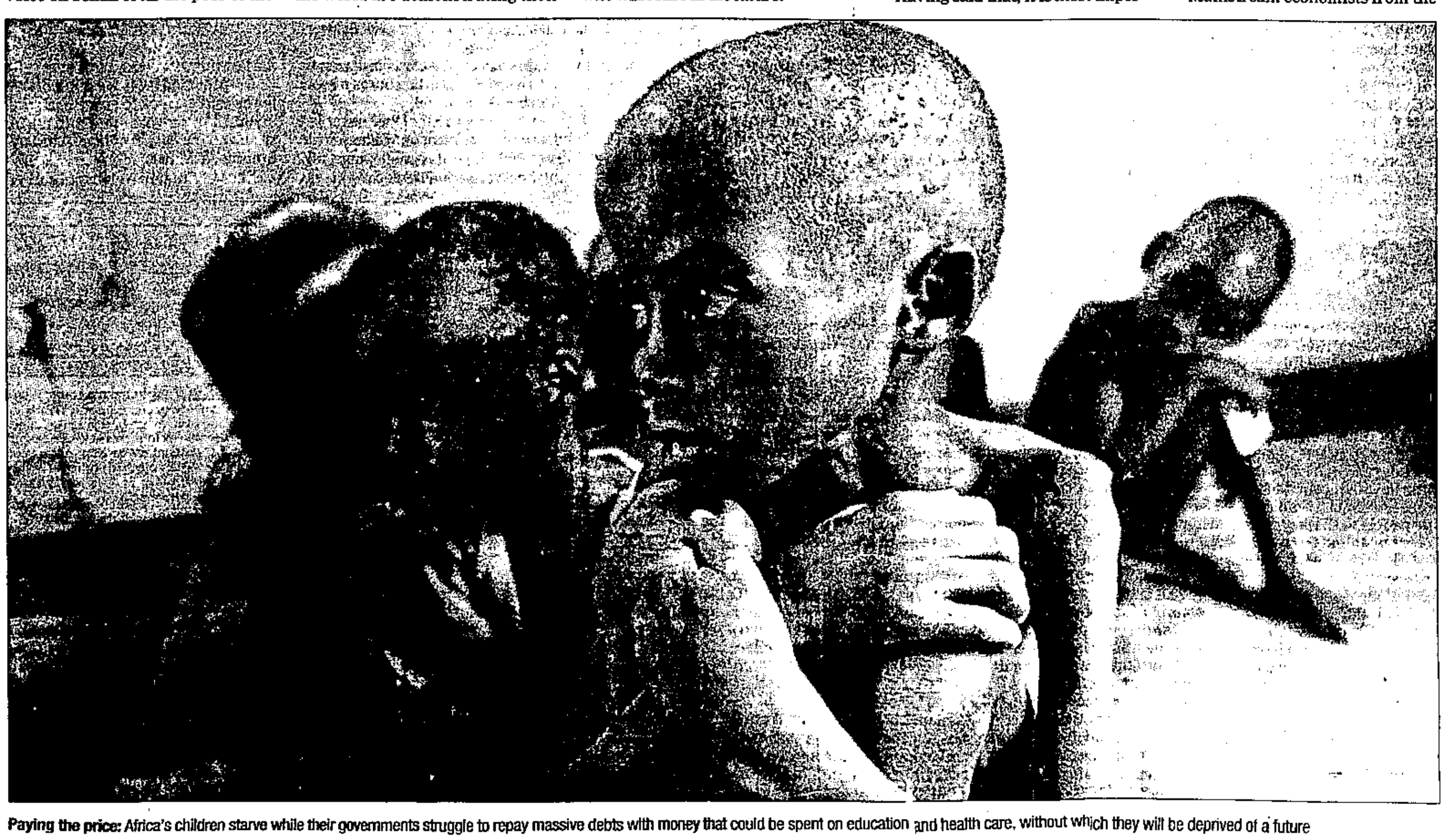
Let us become ever more determined, as a nation of Africa, to see this continent take its rightful place among the league of nations of the world, as one respected and playing a pivotal role in influencing the next millennium.

There is a great expectancy in Africa.

There is something about the air of Africa, something mystical, yet obvious, something of the old, but with the expectancy of discovery.

It is time to move forward, and to share the healthy, invigorating air of Africa with a world that has grown fatigued with old values.

And for that it must be freed from the last shackles of the oppression that is holding it back – the yoke of international debt.



**Paying the price:** Africa's children starve while their governments struggle to repay massive debts with money that could be spent on education and health care, without which they will be deprived of a future

# One in six Africans mentally disturbed

HARARE — One out of six Africans suffers from some form of mental disorder caused by civil strife, lack of political will and increasing poverty on the continent, according to the World Health Organisation (WHO).

Nigeria, with 1,3-million cases, tops the list. At the bottom of the league is the Indian Ocean island of Seychelles, with 740 cases.

An estimated 100-million people out of sub-Saharan Africa's 600-million population suffer from mental disorders.

A workshop organised by the WHO in the Zimbabwean capital of Harare in October also found that most of the 40-million people who suffer from epilepsy are in Africa.

The problem is compounded by an acute lack of funding in Africa. For example, Zimbabwe, which is estimated to have 115 360 people who suffer from mental illnesses, spends a paltry $2,5m on mental health.

While poverty is a common threat in all the African countries, changes to the structure of African families are compounding mental health problems, experts say. They point to last year's UN Development Programme report that said 40% of sub-Saharan Africa lived in poverty.

The traditional African safety net is undermined by western values and by drugs, civil strife and other forms of violence, which cause psychosocial problems.

Logan Ndahiro, National Co-ordinator for Mental Health in Rwanda, said that while they had not done a comprehensive national research on people affected by post traumatic stress disorder, a "mini-research" done by the health ministry estimates that about 80% of Rwanda's 8-million people suffer from some form of mental disorder.

The WHO says most mental health programmes in Africa are limited to poor-quality curative health care. Only 15 countries have comprehensive mental health programmes on the continent. — Sapa-IPS.

BD 12/11/98

# Africa faces a great challenge to attract foreign investment

(1) Sowetan 16/11/98

**By Shadrack Mashalaba**

DESPITE an improvement in Africa's foreign direct investment (FDI) since the beginning of the decade, the huge continent is still trailing behind other developing regions.

This is according to the United Nations Conference on Trade and Development's (Unctad) *World Investment Report: Trends and Determinants*, just released.

It reports that inflows into Africa in 1997 were fixed at R26,5 billion, compared with Central and Eastern Europe's FDI flows of R107,16 billion.

East and South-East Asian countries managed to attract R490,98 billion, and Latin America and the Caribbean enticed a record inflow of R315,84 billion.

For Africa to match the inflows similar to other economies, the continent faces a momentous challenge.

"Latin America now tops developing regions in inward FDI growth, due to economic stability, growth, liberalisation and privatisation; but Africa's performance has remained unremarkable – with some exceptions," said the Unctad report.

Africa only attracted a paltry four percent (excluding South Africa). South Africa managed to entice R9,58 billion last year.

Industrial Development Corporation (IDC) manager Jorge Maia said in Africa, South Africa and Egypt were the only two countries with industrial clusters large enough to attract investment.

Maia said South Africa – with its privatisation process still in its infancy – stands to benefit from FDI inflows in future. He added that there was a positive correlation between FDI and an acceleration in privatisation.

South Africa's FDI in 1996 rose from R760 million to R9,58 billion in 1997. This, he said, was as a direct result of, among other things, the sale of a 30 percent stake in Telkom to the SBC/Telekom Malaysia consortium, the sale of six radio stations and Sun Air.

Maia said more FDI in South Africa would be driven by privatisation.

The report also lists the FDI inflows to other parts of the continent: "As in the past several years, the largest recipients of FDI in 1997 were Nigeria (R7,89 billion), Egypt (R4,51 billion) and Morocco (R2,82 billion).

Unctad director Yobert Shamapande said FDI was a major engine of globalisation, and that Asia attracted two thirds of FDI for the developing economies.

The report said in the overall analysis the principal determinants of the location of FDI were the country's policy framework, business facilitation measures and economic factors.

Despite the financial meltdown, Maia said Asian economies were also still attractive to investors.

"There is no doubt that the developed countries, with more than two-thirds of the world inward FDI stock and 90 percent of the outward stock, dominate the global picture, but their dominance is being eroded," the Unctad report said.

"Developing countries accounted for nearly a third of the global inward FDI stock in 1997, increasing from one-fifth in 1990. It is in flows of inward FDI that developing countries have made the biggest gains over the 1990s."

According to Unctad, FDI flows in 1998 are expected to rise to around R2 425 to R2 480 billion from 1997's record flow of R2 256 billion. This year's rise will represent an historic upward climb for the eight consecutive year.

The rise in FDI flows is expected despite the recent financial turbulences in the East Asian markets. However, FDI inflows into the developing countries as a group is expected to decline somewhat.

The Unctad report also looks at the world's 100 largest Transnational Corporations (TNCs). It pointed out that the top 50 TNCs headquartered in developing countries are catching up rapidly.

Some of the top 25 TNCs from the developed countries ranked by foreign assets include United States-based electronics company General Electric, Netherlands petroleum giant Shell, Ford Motor, petroleum group Exxon Corporation and General Motors.

The top five TNCs in the developing countries, ranked by foreign assets, are Korean conglomerate Daewoo Corporation, petroleum group Petróleos de Venezuela, Mexican construction group Cemex, the Hong Kong-based electronic parts company First Pacific and South African paper giant Sappi.

South Africa has the biggest mining groups. However, according to Unctad the mining statistics were not available at the time of preparing the document.

"The top 50 TNCs headquartered in developing countries have built up their foreign assets almost seven times faster than the world's top 100 TNCs between 1993 and 1996 in their efforts to transnationalise," the report said.

Unctad added: "Not surprisingly, firms at the top of the composite transnationality index are from countries with small domestic markets."

According to the Unctad report, the forces driving globalisation are also changing the ways in which TNCs pursue their objectives for investing abroad.

"Technology and innovation have become critical to competitiveness. Openness to trade, FDI and technology flows, combined with deregulation and privatisation, have improved from access to markets for goods and services to immobile factors of production, and have increased competitiveness pressures in previously protected home markets, forcing firms to seek new markets and resources overseas," argued Unctad.

It also pointed out that in 1997 the value of cross-border mergers and acquisitions (M&As) was higher than previous years and that this was expected to increase.

The report said there were worldwide cross-border M&As valued at R1 331 billion, which represented three-fifths of global FDI inflows – an increase of almost 50 percent on 1996."

These M&As were mostly in sectors such as pharmaceuticals, banking insurance, chemicals and telecommunications.

# War and poverty take toll on Africa's mental health

(1) Star 19/11/98

Sapa-IPS
Harare

## The notion of extended family support is breaking down and in countries like Rwanda, genocide has also played a part

One out of six Africans suffer from some form of mental disorder caused by civil strife, lack of political will and increasing poverty on the continent, according to the World Health Organisation (WHO).

Nigeria, with 1,3 million cases, tops the list of people suffering from severe mental disorders in Africa.

At the bottom of the league is the Indian Ocean island of Seychelles, with 740 cases.

An estimated 100 million people, out of sub-Saharan Africa's 600 million population, suffer from mental disorders.

A workshop organised by the WHO in the Zimbabwean capital of Harare from October 27-29 also found that most of the 40 million people in the world who suffer from epilepsy – a brain disorder which causes sudden attacks of uncontrolled violent movement and loss of consciousness – are in Africa.

The problem is further compounded by an acute lack of funding in Africa.

For example, Zimbabwe, which is estimated to have 115 360 people who suffer from mental illnesses, spends a paltry $2,5-million (about R14-million) on mental health.

"The economic problems of African governments have confounded our ability to support health as we should.

"And all this is taking a toll on the kind of health service that African governments and communities can provide," said Professor Michael Olatawura, who teaches psychiatry at the University of Ibadan in Nigeria.

> "Battle for survival is under threat"

"Poverty is a critical issue because people are experiencing increasing economic hardships," said Iris Chagwedera, head of the University of Zimbabwe's psychiatry department.

While poverty is a common threat in all African countries, changes in the structure of African families are compounding mental health problems, experts have noted.

They point to the 1997 UN Development Programme (UNDP) report which says 40% of sub-Saharan Africa lives in poverty.

"The whole battle of survival and of keeping the family together is under threat. Families are not able to give support as before and many members have to travel out to work," said Olatawura.

According to Olatawura, the traditional African safety net, in which the extended family supports its less fortunate members, is being undermined by Western values, and more recently by drugs, civil strife and other forms of violence, which cause psychosocial problems.

"In Rwanda, which has had a taste of genocide, we are seeing a lot of psychosocial problems. Problems which are a direct consequence of the genocide," said Logan Ndahiro, who is national co-ordinator for mental health in Rwanda.

Ndahiro said that while they have not performed comprehensive national research on people affected by post traumatic stress disorder, "mini-research" done by the Ministry of Health estimates that about 80% of Rwanda's eight million people suffer from some form of mental disorder.

> "80% of Rwandans suffer stress"

"We have established psychosocial counselling centres where people with post-traumatic problems can go. It is not medical, but at least it offers a psycho-therapeutic approach," said Ndahiro.

Up to one million Tutsis and moderate Hutus were slaughtered by Hutu militias, known as the *Interahamwe* (those who fight together in the Kinyarwanda language), at the height of Rwanda's civil war in 1994.

"The problems now are not a result of traditional psychiatry but a result of what we might call post-traumatic stress disorder," Ndahiro said.

"This is a consequence of what people went through during the war, seeing their own kind killed.

"It is still haunting my people today. It is a question of political will," said Ndahiro.

"We are hoping that the political will come in more forcefully. Many governments are trying but too many still need to come on board," said Olatawura.

The WHO says most mental health programmes in Africa are limited to poor quality curative healthcare, often delivered in derelict hospital buildings.

"These conditions create a serious problem of acceptability of treatment. Drop-out rates are very high and as a result follow-up treatment for outpatients is very difficult," the WHO believes.

The workshop, attended by 12 African countries, said only 15 countries on the continent have comprehensive Mental Health programmes.

# Report paints bleak picture for investors

19/11/98

1

## Bloated bureaucracies, red tape and corruption make most sub-Saharan African countries inhospitable to US business

Simon Barber

WASHINGTON — A new report by the US international trade commission highlights the problems potential foreign traders and investors can expect to face in all but a few African countries, from bloated bureaucracy, red tape, corruption and overblown promises of liberalisation.

Only a handful of countries, notably SA, Botswana, Swaziland, Lesotho, Mauritius and Uganda, are spared from criticism in the country-by-country summary of the trade and investment climate in sub-Saharan Africa contained in the commission's latest annual report on US-Africa trade flows.

The commission is an independent government body which provides analysis for agencies like the office of the US trade representative and arbitrates on claims of unfair foreign trade practices brought by US companies.

Aside from the above-mentioned countries, the Southern African Development Community is a rough neighbourhood for US business, says the report.

For example, despite "significant reforms" including a "successful" privatisation programme, Mozambique still throws serious obstacles in the way of investors. "Strong deterrents to (foreign direct investment) include political risk, corruption, political red tape, dilapidated infrastructure and the relatively small size of the market.

"The property rights regime is fairly chaotic. The court system fails to protect property rights. Registering a company is a cumbersome and secretive process, with considerable red tape."

In Zambia, President Frederic Chiluba's economic liberalisation programme has experienced "setbacks" and his government is "tainted by corruption allegations". Privatisation is "sluggish". Obtaining a business licence is increasingly difficult and "labour laws were burdensome and compliance expensive".

The trade climate in Zimbabwe is clouded because "principal elements in the government oppose liberalisation" and concerns that cheap imports from SA "could lead to protectionist measures".

While legal restrictions on foreign investment have been reduced, a number of key sectors remain off limits and the government has shown itself ready to expropriate property.

Wages and employment are "heavily regulated", state permission is required "to commence virtually any economic activity" and the bureaucracy from whom permission must be sought "lacks transparency and is highly arbitrary". On privatisation there is "little progress".

Despite reforms, Tanzania "still relies heavily on foreign aid, but relations with international donors are fragile because of inflation and corruption". Although a new investment code has created a "more favourable climate", the "cumbersome bureaucracy" remains an "impediment".

Namibia gets high marks with one caveat: "Allegations of favouritism and nepotism have been raised on the awarding of contracts."

Angola, on the other hand, is described as essentially closed to outside traders and investors not involved in the oil industry.

Its market is "highly protected". The customs service appears to be corrupt. Trade is "dominated by politically well-connected firms". The judicial system has ceased to exist and the foreigner is as likely to be murdered by "bandits" as by police and government forces.

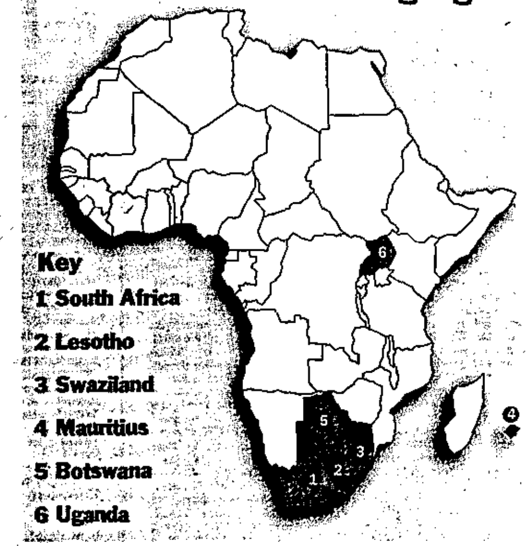
Needless to say, the commission believes the Democratic Republic of Congo is only for madmen and buccaneers, but the other Congo is portrayed as no less repulsive to investors. Even if they survive "hostile" bureaucrats and labour conditions, they will have to face "French vested interests".

In east Africa, the commission has nothing negative to say about Uganda, but Kenya is described as corrupt and obstinately unreforming. To be sure, it offers export promotion zones to attract investment, "but because investments are approved on a case-by-case basis and the procedures for obtaining approval are burdensome, arbitrary and often corrupt, foreign investment is declining".

As for west Africa, business conditions in Nigeria are predictably portrayed as unwholesome. But Ghana, popularly considered a beacon of investor-friendly rectitude, does not get much of a write up either: privatisation has "stalled" and "lack of transparency and overregulation create an element of risk".

The Francophone poster boys, Côte D'Ivoire and Senegal, also do not get much of a write up. Of the former, the commission remarks that "foreign investors remain wary because of crime, corruption, an inefficient and abusive bureaucracy and unstable legal protections". In Senegal, bureaucrats are venal and pervasive, while "civil unrest and violence are increasingly more common".

US trade commission highlights



# Gauteng to Uganda transport route opens

BD 24/11/98

## Trans Africa carves a path northwards through Africa, writes **Claire Pickard-Cambridge**

THE Trans Africa Railway Corporation, which launched its service from Gauteng to Uganda last week, plans to carve out a significant trading corridor through seven African countries.

The service is expected to revolutionise trading patterns in the region which have been hobbled until now by inefficient east African ports, incompatible rail gauges and deteriorating roads.

The Johannesburg-based director of Trans Africa, Mark Gordon, says transport time will be cut dramatically, and the $14m project could prove a springboard for extending its service into Kenya next year if negotiations with Kenya's rail authorities are successful.

The project includes plans to build an $8m inland port in Uganda which would serve as a hub for trade with the country's neighbours.

Trans Africa is a Tanzanian-registered company but is 48%-owned by the SA Infrastructure Fund. The remaining shareholders are Comazar, which has rail services in several African countries and has SA's Transnet as a 66% stakeholder; and the East Africa Coast Corporation which is owned by two SA entrepreneurs, Gordon and Hobart Anthony Kay.

Rolling stock will be leased from SA's Transnet — some of which will be adapted to the German gauge — as well as from the Ugandan and Tanzanian railway authorities.

Tracing the route on a large Spoornet map, Gordon said the goods trains would take 14 days to get from Johannesburg to Uganda, with red tape being reduced because goods remained under one agency. While the travelling time is not exactly supersonic, it must be compared with the torturous routes previously available.

For instance, SA goods to Kampala previously had to be shipped via Kenya's rusting port of Mombasa. Ships in Mombasa harbour can wait 10 days to have cargo offloaded, and trucking from Mombasa to Kampala can take another two weeks.

Trans Africa, which does not cater for passengers, goes from Johannesburg via Gaborone, Bulawayo, Victoria Falls/Livingstone and Lusaka to Kapiri Mposhi in eastern Zambia, which is the start of the Chinese-built Tazara Railway Line.

The linchpin on the route is a R20m transshipment centre built by Trans Africa in Kidatu, Tanzania, to link trains on the British "imperial gauge" line with the narrower German gauge of east Africa. High-tech "reach-stacker" cranes transfer the goods between trains within hours.

From Kidatu the trains travel via Kigoma to Tanzania's port of Mwanza, roll on to a wagon ferry and cross Lake Victoria to disembark at Port Bell in Uganda. The last leg to Kampala includes Namwanve, a station 5km outside the capital, where Trans Africa will build an $8m inland port with container depots next year.

Trans Africa hopes to carry 80 000 tons a year of cargo between Gauteng and Kampala, as well as 250 000 tons of domestic cargo within Tanzania. It has obtained a 20-year concession to operate on Tanzania's state-run rail network and is negotiating a similar deal with Uganda.

Gordon said he had had a positive response from SA business. Companies such as SA Breweries in Tanzania and Uganda are expected to use the service. "Britain has been replaced by SA as the biggest investor in Uganda and this rail link will make trade with SA even more attractive."

In Tanzania, Trans Africa has already signed a five-year contract with the Tanga Cement Company to transport 120 000 tons of cement a year from the coast to other parts of the country.

Mining is also opening up in northern Tanzania and the company hopes to transport machinery and supplies there.

At this stage, the greatest demand lies with north-bound traffic — a reflection of SA's trade surplus with most African countries — and Trans Africa expects to fill these trains.

However, it has budgeted for only a 10% return-load factor. Gordon said it was hoped the return-load would increase to 50% within six months, thereby enabling Trans Africa to provide a cheaper service for northbound traffic.

He believes the slightly cheaper fares and much faster service will spawn rapid growth in trade. Trans Africa's expansion plans include the possibility of linking Kampala to Nairobi and Mombasa.

Gordon said negotiations had started with Kenya Rail. "We are hoping Trans Africa Kenya will be born and feel it is important for Kenya to play a role in this corridor as well."

Trans Africa also plans to expand its service next year by reopening the old railroad from Kampala to Kasese, a strategic mining town in southwestern Uganda close to the Congolese and Rwanda borders. Kasese was once at the end of the line for goods destined for Rwanda, Burundi and eastern Congo, which meant the new project would boost trade and development in these countries.

Gordon said donor organisations had estimated it would cost $9m to reopen the Kasese line, but Trans Africa believed it could be made operational at less than R9m with upgrades being done as traffic picked up.

The Ugandans, and President Yoweri Museveni in particular, are keen on the inland port near Kampala because illegal imports have been hard to police. Customs duties will be collected more easily when container depots are consolidated into one controlled area, instead of being scattered around the capital.

Trans Africa has completed negotiations with the Ugandan authorities to lease 30ha of land and is negotiating to lease the barely functioning terminal from Uganda Railways Corporation.

Ezra Bunyenyezi, the MD of Elgon Holdings which owns part of Trans Africa Uganda, said a consolidated port facility had been the Ugandan government's dream for many years.

It would be a hub for trade with other countries, and Trans Africa Uganda would be responsible for building the port and raising finance on international markets.

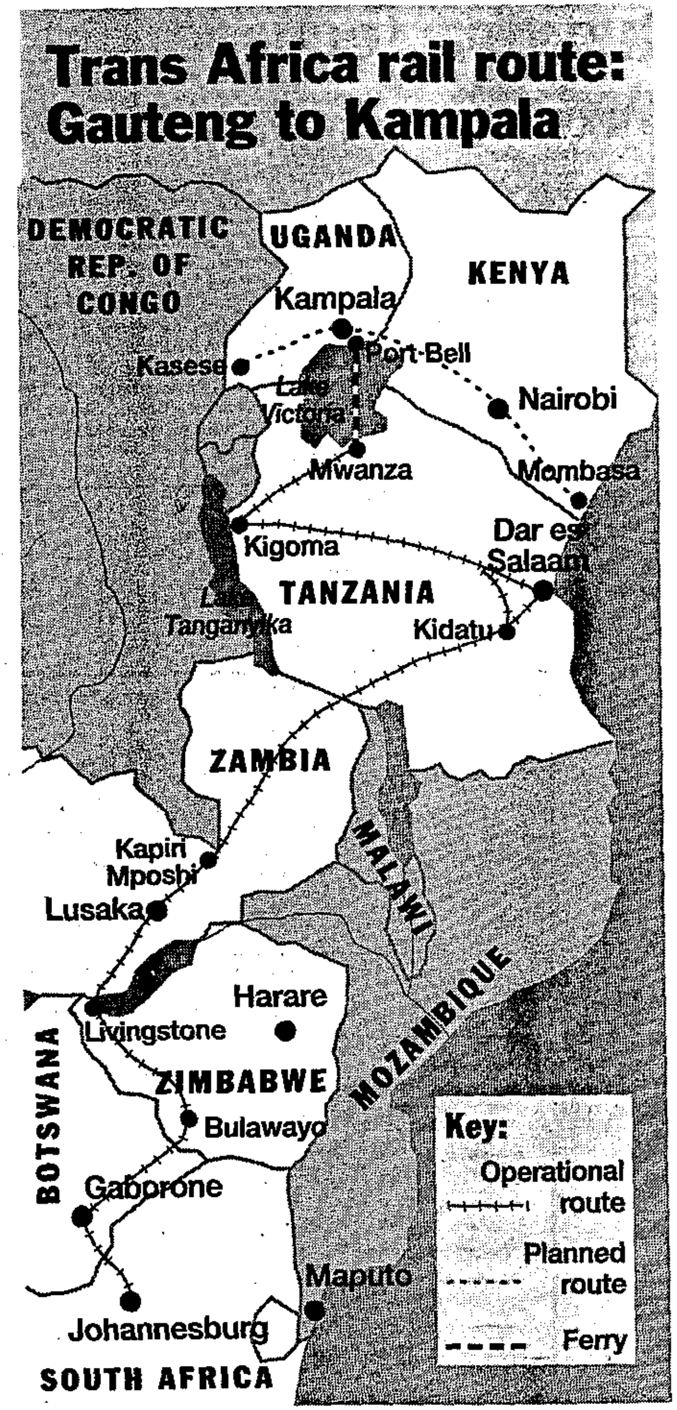
Despite the obvious regional benefits, the service has predictably generated some controversy. Several private sector players — spearheaded by the Kenya National Chamber of Commerce — are concerned that Trans Africa's service will lure customers away from Kenya Rail and reduce trade volumes at Mombasa port.

Chamber CE Rem Ogna has predicted a "deflection of focus from Mombasa port, which has long enjoyed the status of a landing point for the northern corridor linking Kenya, Uganda, Rwanda, Burundi and eastern Congo".

He also fears the new service will make Durban port the loading point for goods going to east Africa and the Great Lakes region.

Gordon argues that competition will be healthy. "In the past there was never an alternative for SA-Uganda trade so there was no incentive for Mombasa port to jack up its act. We would like to incorporate Kenya into our scheme and want our customers to be able to choose whether they will use Mombasa, Dar es Salaam or Durban."

The fears of Kenyan business only highlight the need for Kenyan transport authorities to improve efficiency if they wish to be competitive. Trans Africa is not only providing new opportunities, it is also going to shake up the moribund old order.




KAREN MOOLMAN

# Africa an 'increasingly bad investment choice'

BD 1/12/98 (1)

LONDON — Canadian exploration group Nevsun Resources estimates it will need to raise $75m to develop its Tabakoto gold project in Mali.

With expected annual production of about 140 000oz at a cost of $175/oz, Tabakoto would probably have attracted strong interest from the investment community in Canada last year. Nevsun, though, is keenly aware that few investors these days are willing to take risks on junior mining ventures.

Canada's juniors have had difficulty tapping capital markets ever since the Bre-X Minerals fraud seared investors last year. The hangover from the scandal was still painfully fresh when "Asian flu" sent commodities prices into a tailspin and the mining industry into a crisis.

The sombre mood among investors has affected many Canadian junior mining groups attempting to develop projects in Africa, a region in which Canada's exploration companies play a prominent role.

The health of the Vancouver stock exchange is a key indicator of the state of the junior mining industry in Canada. Home to more than 800 mining groups, almost 80 of which are active in Africa, the exchange's key index has fallen from 1 466 points in 1996 to about 400.

The industry slump has affected exploration worldwide and Africa has not been exempt. Metals Economics Group (MEG) in Canada suggests that non-ferrous metals exploration expenditure by Canadian junior mining groups in Africa will fall from about $220m last year to an estimated $150m. African exploration budgets for Canada's leading mining groups are expected to drop to $14m this year from $20m last year.

David Cox of MEG says with funds in tight supply, many small groups are being squeezed by the minimum exploration expenditure requirements placed on the property rights they hold. John Clarke, CE of Nevsun, which has four other properties on the continent, says: "It is a delicate balance between providing the best value to our shareholders and maintaining ownership of good quality grassroots properties."

In Africa more advanced projects also face a financing crunch, particularly given the corruption and turmoil that plague many of the continent's nations. Political unrest in the Democratic Republic of Congo has forced Canadian mining group Tenke to postpone development of its $450m Tenke Fungurume copper-cobalt project. And events such as the early November rebel raid on the Diamond Works mine in Angola, which left a number of mine workers dead, will only contribute to the perception that the continent is unsafe.

"Africa is becoming an increasingly undesirable place to invest," says Art Ettlinger, of Yorkton Securities.

Senior producers have largely overcome that situation by funding existing capital projects through debt financing, but juniors do not have that luxury.

Given the pessimism of the market, it is surprising the industry has not seen more consolidation, with seniors taking over junior groups that have quality properties but few resources. — Financial Times.

**PERSPECTIVES**

# IMF has ambitious agenda for Africa

(1) BD 3/12/98

## Financial leaders are asked to take a dual approach to overcome global economic crisis, writes Evangelos A Calamitsis

AN UNPRECEDENTED response to an unprecedented crisis. That was the gauntlet thrown down to world financial leaders when they gathered in Washington in October for this year's annual meetings of the International Monetary Fund (IMF) and the World Bank.

Some observers were looking for quick fixes to the economic turmoil that has spread like wildfire from one region to another, threatening to reverse decades of progress in improving living conditions. Others were looking for bold, imaginative measures to ensure future crises are less likely to occur, and those that do occur are quickly resolved.

Essentially, financial leaders were being asked to both put out the fire and to reform the international monetary system. To play both the role of firemen and architects. How should this be accomplished? On that issue, there was no shortage of ideas. A healthy debate took place, which reflected the lessons we had all learned from the Asian crisis. But the reality was that there were no magical solutions.

What emerged from the meetings was a common purpose and resolve to halt the economic virus and return the global economy to sustained health and growth. For at the root is a crisis not just of individual countries, but of the entire economic and financial system — a system not yet sufficiently adapted to the opportunities and risks of globalisation.

In Africa — with a few notable exceptions — the direct spillover effects from the crisis have been limited, as most countries are still at an early stage of integration in the world economy, with little access to private capital inflows. However, with the slowdown or decline in external demand, commodity prices of many African countries have dropped markedly. In particular, Africa's oil-exporting countries are having to cope with sharp drops in their oil export earnings and fiscal revenues. Prospects of a world economic slowdown have already trimmed forecasts for growth in Africa.

So what steps did financial leaders agree on to stop the contagion from sparking a global recession? Industrial countries, in a major policy move, left the meetings with a consensus on the need to create or sustain the conditions for strong, domestic-demand led economic growth. In recent weeks the US has trimmed interest rates twice. Europe is nudging interest rates down to the French and German levels. Japan has just passed critical banking legislation and reaffirmed its commitment to tax cuts and public spending, the G-7 political leaders rededicated their nations to this strategy in a statement issued on October 30.

The Asian countries in crisis underscored their determination to maintain and strengthen macroeconomic policies and enhance structural reforms to withstand better the worsening external environment. With currencies progressively stabilising, interest rates easing, inflation in check and external current accounts in surplus, efforts must now focus on rolling back the human cost, by using fiscal policy, among other things, to back social safety nets and invest in health and education.

Countries fighting contagion underscored their desire to resist, above all, the temptation to yield to superficially attractive options, such as unilateral debt postponements and protectionist measures. Instead, they agreed on the need to hone their capacity to anticipate difficulties, respond quickly, and pursue sound economic policies. These countries must be able to count on assistance from the international community, and the IMF stands ready to play its part, as is evident by the financial support package it is finalising with Brazil — a package that should help lift a major element of uncertainty hanging over world markets.

The international community reiterated its support for increasing the IMF's financial resources so that it can continue to do its job. Shortly after the meetings, the US Congress moved to approve what has been perceived as controversial IMF funding. This was, in the final analysis, a sign of uncertainty on the depth of the global crisis and the need for the US to shoulder its responsibilities. It will free funding from other countries as well, which should put a total of about $90bn at the IMF's disposal to tackle future economic crises.

African countries also underscored their commitment to play their part by pursuing sound economic policies and accelerating structural and institutional reforms.

In this context, at the annual meetings, finance ministers and central bank governors from Africa emphasised the need to replenish quickly the IMF's concessional loan facility, so that the IMF can bolster its work in support of Africa's reform efforts, as well as the debt initiative for the heavily indebted poor countries. On this front, two recent IMF executive board decisions have spelled good news for Africa. The first is to give countries an additional two years (until the end of 2000) to qualify for special assistance, a move that will enable many more countries, some of which are emerging from conflict situations, to participate in the initiative. The second is to allow programmes supported by emergency post-conflict assistance to count towards the heavily indebted poor countries' track record.

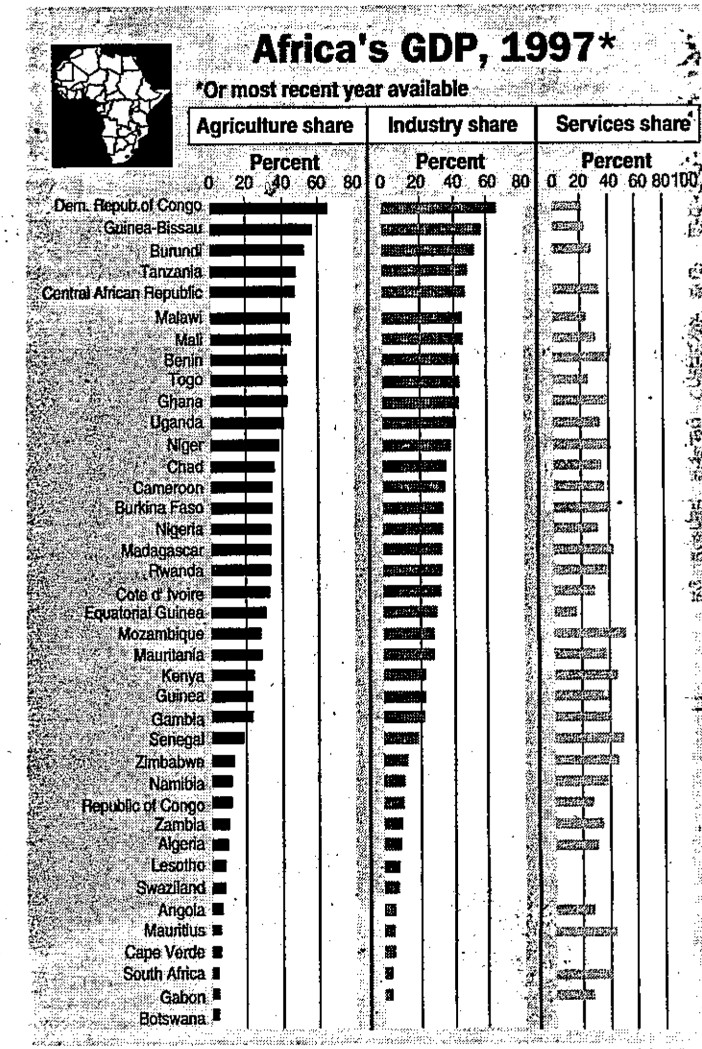
Looking ahead, what can be done to build a stronger international monetary system?

Here, financial leaders have zeroed in on a number of measures that embrace changes in the way countries monitor and discipline themselves, changes in the way banks and borrowers interact, changes in the way financial markets behave, changes in the way the IMF operates, and changes in the way multilateral institutions like the IMF and the World Bank interact. The key elements include:

- Greater public and private sector transparency and new standards of co-operation and financial sector governance. The IMF will play its part by increasing the amount of information it makes public;
- Increased scrutiny of economic policy and performance by governments and multilateral organisations, to address problems before they turn into crises;
- A commitment to financial sector reform to bring markets and banking sector operations up to international standards and enable countries to adjust to the complex demands of the global market; and
- Plans to involve the private sector in preventing future economic trouble and to keep it involved — on a voluntary and co-operative basis — in finding solutions the next time problems arise.

This is an ambitious agenda for the path ahead. But it is one that promises to head off new rounds of contagion and to build a more durable international monetary policy. Arising from that policy will be a system Africa can count on as it banishes the danger of marginalisation and takes its rightful place in the global marketplace, thus enhancing its prospects for sustainable growth and poverty reduction.

*Calamitsis is director of the IMF's African department*



KUBEN DAVID Source: WORLD BANK

# Africa's mineral wealth still beckons

(1) BD 29/12/98

## When international mining groups believe the time is right they will find the money to realise some of Africa's wealth, writes **Ken Gooding** of the Financial Times

MINING represents one of Africa's few real areas of progress. This is partly because miners have no alternative but to go where nature placed its rich mineral deposits.

Africa already provides most of the world's gold and gem diamonds as well as those more useful precious metals — platinum and palladium. Most of the world's cobalt, copper, chrome and titanium dioxide is also mined in Africa.

There is a great deal left.

The US Bureau of Mines estimates that deposits in southern Africa alone hold nearly 90% of the world's platinum and palladium, 85% of the chromium, 75% of the manganese, 50% of the gold and 50% of the vanadium.

Until recently, however, these riches were unavailable to the international mining companies which had the money and expertise to dig them out. But since the end of the 1980s, change has been sweeping through the continent.

From Algeria to Zimbabwe, more than 30 African countries have made substantial changes to their mining codes.

Governments that once treated international mining groups with deep suspicion have started competing for their favours. Many have watered down or abolished foreign ownership restrictions or punitive taxes that previously discouraged companies from exploring. Mining groups are also being invited to bid for state-owned mining assets.

Governments in Africa, as elsewhere in the developing world, recognise that mining can play a vital role in improving a country's infrastructure. Road and rail links must often be established, water and power provided and the "human" infrastructure improved through the provision of medical and educational facilities.

Moreover, because the credit rating of large foreign mining companies is often higher than that of the host government, they may be able to provide this infrastructure more cheaply than can the state.

However, despite these benefits, there is still a tendency for some African governments to treat mining by foreign companies differently from other industrial activities, says Ian Emsley, an economist with Anglo American Corporation who has studied long-term mining and development in Africa.

Some African governments still treat mining as a special case because they retain the perception that mining involves the plunder of the country's patrimony and creates little wealth for the government or employment for the population.

Emsley argues, however, that over the next 10 years or so mining probably holds the best hope for African industrialisation and prosperity.

There are the obvious benefits of foreign exchange earnings, tax revenue and employment as well as those involving the development of infrastructure.

Mining groups have to bear in mind that not only do they have the challenge of digging out ore in remote areas, they are involved in an activity subject to political risks. Construction of a mine involves a heavy commitment of capital and long lead times before any reasonable financial return can be generated. So foreign mining groups will go ahead with large-scale projects only if they have reasonable confidence that a government's attitude towards inward investment is likely to be maintained.

That confidence has been creeping back. Whereas during the 1970s and 1980s scarcely a dollar was spent in Africa on mining exploration, spending has accelerated rapidly in the 1990s.

This year, Africa has drawn level with Australia in second place in the nonferrous exploration league. Latin America remains the most favoured region. According to the Metals Economics Group (MEG), a Canadian consultancy, exploration spending allocated this year for Africa was $493,4m which represents 17,4% of the $3,5bn that mining groups will spend worldwide.

Low commodity prices have forced mining companies to cut exploration budgets, so the global total will be down 31% from $5,1bn last year, MEG predicts. Spending in Africa also fell from $662,6m last year.

Nevertheless, MEG says Africa is making the biggest advance in its percentage of the total because that 17,4% compares with 16,5% last year.

Mining companies have also shifted their targets within the African region. There is a massive cut in exploration spending in SA, for example, because mining companies in the country have been concentrating mainly on restructuring and it has not been clear until recently how government's new minerals policy would pan out.

No sector has changed more than SA's gold mining industry. Two years ago the industry consisted of six mining houses holding management control over 32 operating mines. By the middle of this year the industry had reorganised and now consists of Anglogold, Avgold, Goldfields, JCI Gold, Harmony, Durban Deep and smaller operations.

SA gold companies are now more intent on exploring elsewhere in Africa and other parts of the world in a quest to become global mining groups.

MEG's statistics show exploration spending in SA this year will fall from $120,5m to only $4,8m and its share of the total African cake will be down from 20% to 10%.

At the same time, Tanzania has replaced Ghana in second place in the African exploration league. Spending there this year will be $57,7m or 13,2% of the African total, compared with $59,3m or 9,8% in 1997. Spending in Ghana last year was $75,1m, for a 12,4% share, against this year's $48,6m or 11,1%.

Much of the money being spent in Africa is being used to search for gold which once found, can usually be easily extracted and quickly sold.

A survey of planned capital expenditure, as distinct from exploration spending, of mining groups conducted last year by Mining Journal using its Metallica 2000 database, showed that capital expenditure in Africa had jumped 36% since 1995 to $4,46bn. About $1,95bn of the latest total was for gold projects and $1,43bn for copper.

Not so long ago Africa was the world's prime source of copper. If the so-called African copper belt is to regain something like its former importance, the privatisation of Zambia Consolidated Copper Mines (ZCCM) needs to progress more smoothly than it has so far and stability must return to the Democratic Republic of Congo.

The copper belt's main undeveloped resource is Konkola Deep, which has the potential to produce 340 000 tons a year of copper, roughly 3,5% of today's western mined output and more than the present production from the whole of the copper belt.

The cost of developing this resource could be as high as $800m. On top of this, some estimates put the cost of bringing the existing ZCCM operations up to modern standards at $2bn.

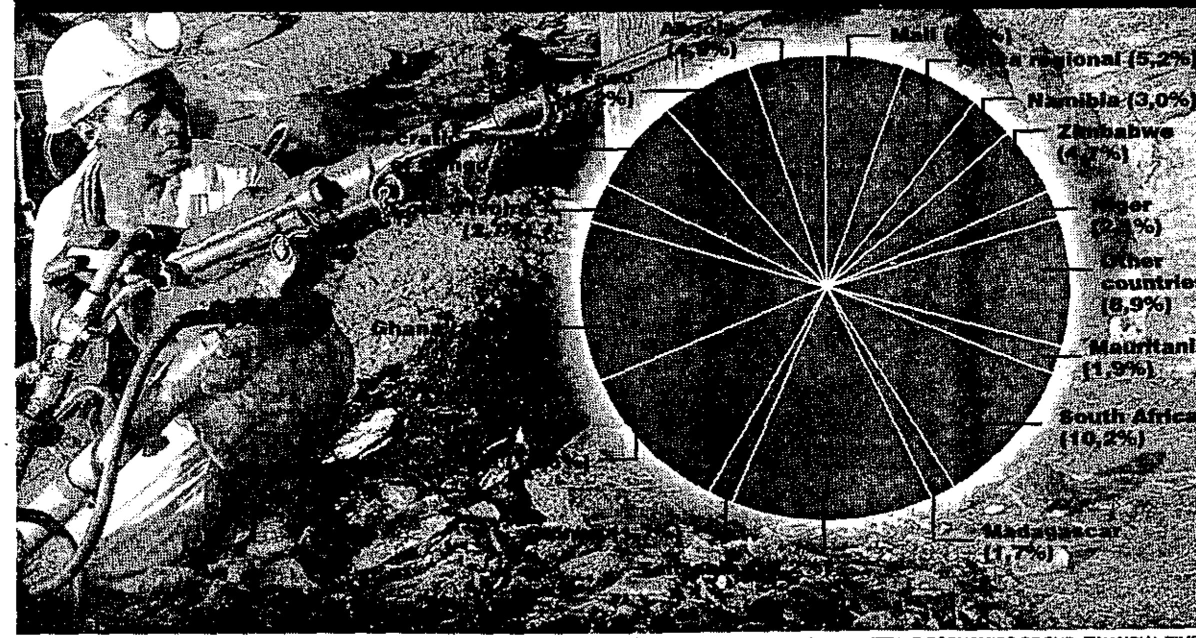
At present, capital for mining and exploration is hard to come by. The Bre-X scandal last year — when claims by this small Canadian company that it had found the world's biggest gold deposit in Indonesia proved to be a gigantic fraud — made it difficult for other small and medium-sized mining organisations to raise fresh capital.

This year, the collapse in commodity prices to levels not seen since the 1930s recession, and the resulting impact on share prices, is giving even big mining groups problems.

These are relatively short-term difficulties, however, and do not alter the fact that Africa has a mouth-watering treasure chest of minerals waiting to be unlocked.

When mining groups believe the time is right, they will find the money to try to claim some of that wealth.

**Africa's treasure chest**




KUBEN DAVID Source: METALS ECONOMICS GROUP, FINANCIAL TIMES

# Telecommunications plan adopted

**Robyn Chalmers**

A KEY plan to build Africa's telecommunications infrastructure was adopted at a recent Pan African Telecommunications Union meeting, paving the way for its implementation across the continent next year.

The plan, forged by African ministers at the Africa Telecom conference held in SA, is a road map for sector restructuring through new policy and regulatory frameworks that will facilitate much-needed investment.

It means African countries will move along the path of liberalisation, privatisation and regulation for their telecommunications utilities. Programmes for rural telecommunications and human resources development and technical assistance are outlined in the plan. It is called the African Connection.

Post and Telecommunications Minister Jay Naidoo said yesterday the plan now had the backing of the 44 member states of PATU.

Detailed studies would now be done on how the plan should be implemented.

Naidoo said this would be presented to next year's Organisation of African Unity (OAU) meeting. There would be a call to African leaders to prioritise telecommunications development on the continent.

Investors had made it clear that funds would be forthcoming once there was a stable environment. That meant a stable regulatory environment and consistent policies governing telecommunications.

The International Telecommunications Union recently estimated that $20bn would be required over the next five years to provide basic telecommunications infrastructure in Africa. African ministers at Africa Telecom estimated that $750bn had to be spent on infrastructure to double the number of telephone lines to 50-million within five years.

BD 2|9|98

AFRICA - GENERAL
1999
JAN - DEC.

**FINANCE** *Reliance on foreign capital for performance remains a major inhibitor*

# Better prospects in 1999 for key African stock markets

ET (BR) 12/1/99 (1)

**Paul Richardson**

Johannesburg — Sub-Saharan African stock markets will struggle to attract much-needed foreign investment in the year ahead, but better economic prospects could underpin growth in a number of key markets, analysts say.

Despite being generally insulated from the turbulence which swept emerging markets last year, most major African stock markets suffered losses as they strained under the added burden of domestic economic and political instability.

Because of their diminutive stature among the more established markets, they only draw local and specialist interest, which provides a buffer from heavier portfolio flows but deprives them of liquidity which could help them thrive.

"The major characteristic of Africa is that it remains outside the mainstream," said James Graham-Maw, the global portfolio manager at Foreign & Colonial Emerging Markets in London. "These markets are not characterised by the ebb and flow you see in the more established markets."

Those who were prepared to invest in Africa last year were burnt by the economic and political instability which is still endemic on the continent.

According to Investec Securities, stock markets in Kenya and Zimbabwe — the principal economies in the region, excluding South Africa, with market capitalisations of $1,74 billion and $1,3 billion respectively — posted losses of 4,1 percent and 56,3 percent respectively last year in dollar terms.

Kenya's economy has struggled over the last year, while Zimbabwe faces growing opposition to President Robert Mugabe.

In Zambia, where investors cite the lack of progress on privatisation as a major deterrent to foreign investment, the market shed 54,6 percent last year in dollar terms. Zambia's bourse has a market capitalisation of $280 million.

"In general, Africa's stock markets remained insulated from events in the outside world, with the most important drivers of their performance remaining domestic economic and political actions," said London-based Investec.

*Good rains and stable commodity prices should lift economic gloom of '98*

But it noted that the reliance on foreign capital for stock market performance could have negative consequences when external events caused a reduction in funds allocated to Africa.

"It is this possibility which could cause 1999 as a whole to be rather disappointing," it said.

Domestically, analysts expect the pall of economic gloom to begin to lift in 1999, primarily because good rains will benefit the agro-based economies and because of stable commodity prices.

"We see inflows improving this year," said Christopher Hartland-Peel, the head of equity research at Standard Bank London.

"We do not see a deterioration in terms of trade this year as we saw last year. We see a stabilisation in commodity prices," Hartland-Peel said.

This should provide the continent with improved growth prospects. "Superimpose upon that falling interest rates and lower inflation in some of the countries, and that is where the improvements on the stock market will come from this year," Hartland-Peel said.

Analysts expect that one of the safe bets this year will be Kenya, where interest rates have fallen dramatically and there is the prospect of a pickup in economic growth.

"Almost everything that could go wrong has gone wrong for this country as a combination of natural disasters and political incompetence has driven foreigners away, but in the process they have left the (Nairobi Stock Exchange) as one of the cheapest sources of good quality assets in the world," said Investec.

Zimbabwe, which was similarly battered by devastating economic and political news, could also be a good bet this year, provided an expected change of government takes place.

"The market is back on the watch list," said Graham-Maw.

Other "safe havens" in 1999 could be Botswana and Mauritius, both viewed as politically and economically stable.

Botswana and Mauritius, with market capitalisations of $700 million and $1,8 billion respectively, registered gains of 6,7 percent and 13,8 percent last year in dollar terms.

In west Africa, analysts say Ghana is difficult to predict because its stock market is perceived as expensive, although the country is expected to register strong economic growth this year.

Nigeria, which is being swept by political change, could also provide positive returns, said Karin Schoeman at Standard. — Reuters

**AFRICA**

# WHEN TROUBLES BOIL OVER THE LIMPOPO

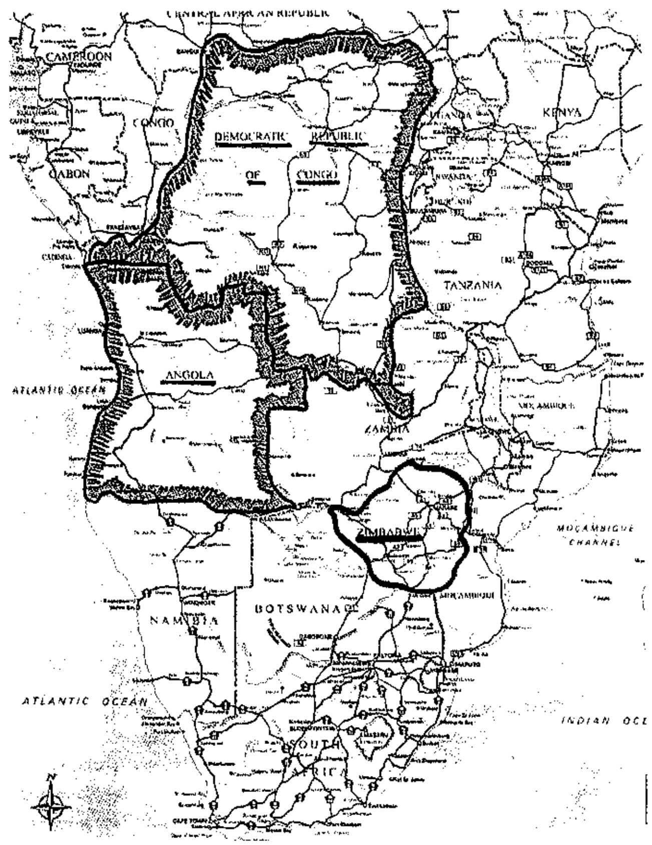
(1)

## Not only wars, but the Mugabe factor threaten SA's growth

~~360~~ FM 29|1|99

To many foreign investors, Africa is seamless. Borders are blurred and events in any part of the continent can affect the world's perceptions of the country on its southern tip.

By an unhappy coincidence, in 1998, when financial crises in other parts of the world frightened investors out of most emerging markets, an unprecedented number of conflicts broke out in Africa.




One of the most publicised was that in the Democratic Republic of the Congo (DRC), when President Laurent Kabila's government was challenged by rebels. Fighting became a regional affair when the rebels were backed by Rwanda and Uganda, while Angola, Chad, Namibia and Zimbabwe sent troops to support Kabila.

In Angola, more than 300 000 people were displaced by renewed fighting between the government and rebel Unita forces. And the UN evacuated 14 peacekeepers in December, attracting more bad publicity for the troubled region.

In Sierra Leone, President Ahmed Tejan Kabbah was also threatened by rebels last year. This too became a regional issue when he was saved by the Nigerian army, with the backing of Britain and a mercenary force.

But the situation came apart three weeks ago when rebels entered the capital again. Rebels are reported to be killing and mutilating civilians while government-supporting forces stand accused of indiscriminate aerial bombardments on areas of the densely populated capital, causing civilian casualties.

Images of war in Angola and the DRC, fighting in Brazzaville, slaughter in Sierra Leone and fears of flashpoints in the Comoros, Guinea Bissau, Ethiopia, Eritrea and Sudan are probably as damaging to SA's prospects of attracting international capital as Kwazulu-Natal massacres and Cape Town bomb blasts.

Now another threat is looming on SA's border. Zimbabwean President Robert Mugabe is undermining the stability of southern Africa. He is flirting with bankruptcy by sending troops to the DRC when his country only survives on conditional IMF handouts. He is alienating the army whose top commanders are said to be calling for withdrawal. And he is attracting maximum attention to his poor judgment by arresting and torturing journalists attempting to report on the controversy.

This follows a series of economic blunders, including the imposition and almost immediate withdrawal of a 5% levy on the value of stock exchange transactions.

Events were brought to a head two weeks ago by fears the IMF would not disburse its US$53m loan — which put the Zimbabwe dollar into free fall. After two months at Z$36-37/US$, it gave way on January 11, hitting Z$43,75 four days later. It was stabilised by central bank intervention and, at the start of this week, it was being held below Z$40 to the US dollar, virtually by decree.

Mugabe is apparently trying to avoid a re-run of events a year ago. On that occasion, his decision to expropriate 1 400 white-owned farms halved the value of the Zimbabwe dollar overnight and sent food prices soaring. By January last year food prices had risen 25% over four months, bringing rioters into the streets of Harare. Violence and looting spread to other towns and the 40 000-strong army was placed on full alert with orders to shoot to kill. Damage amounted to about Z$20m.

Pegging the currency this time round can only be a temporary measure. The economy is coming apart and Mugabe can't hold the future at bay for ever.

Moreover, the consequences of poor policy decisions will be even more dam-

**ECONOPESSIMISM** (1)

# A SPOT CHECK ON AFRICA

## An albatross SA can't neglect

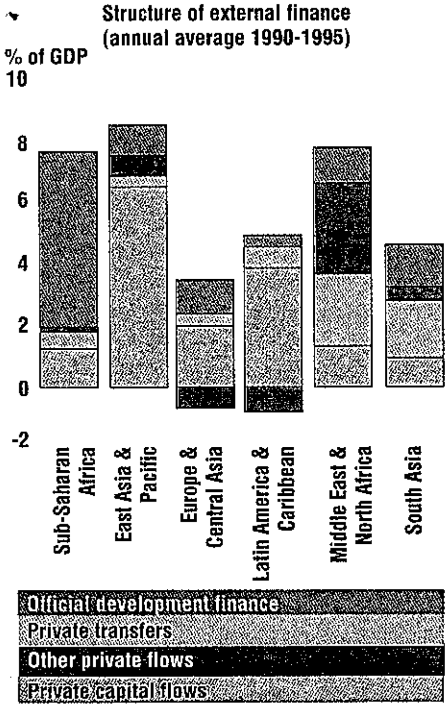
FM 29|1|99

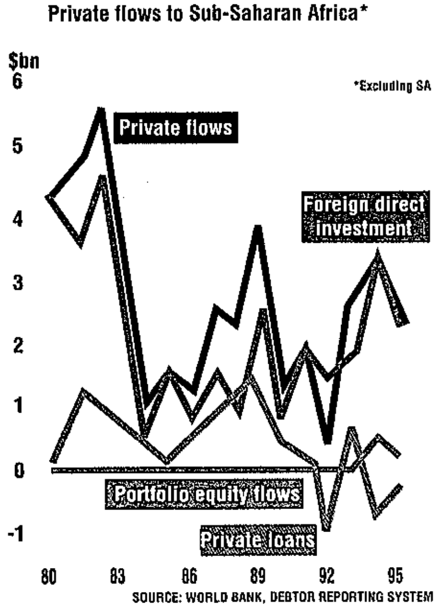
SA is inextricably linked to Africa. And Africa's problems, starting with its estimated $300bn foreign debt, seem insurmountable.

Despite some improvement in the early Nineties, no other country group has experienced a general loss in competitiveness that comes close to matching that for sub-Saharan Africa, says William Lyakurwa, of the Nairobi-based African Economic Research Consortium.

In a paper presented at a Tokyo conference on globalisation last year, Lyakurwa recounted Africa's experience over the past 30 years: "For a total of 30 African export products, Africa's market share declined by over 20,8% to 9,7% — a trade loss for the region of just under

# WHO'S GETTING WHAT




aging now than they were a year ago. Emerging markets have taken a battering and, after the recent devaluation of the Brazilian real, it won't take much to turn investors off regions where inept governments generate serial crises.

SA is vulnerable to the false moves made by neighbours.

Also at risk is SA's biggest export market — R10,9bn in the first seven months of 1998, compared with R6,2bn to the UK, the next most important customer. Wars and revolution will strangle this logical growth area for exports.

If Africa's instability creates problems for SA, this country does little for Africa.

The biggest contribution comes from entrepreneurs, investing in productive capacity in neighbouring states to enjoy the benefits of lower labour costs.

Unfortunately, the benefits are limited by the labour and business lobbies. Though they seldom agree on anything, they are united on the need for tariffs to protect them from cheap imports.

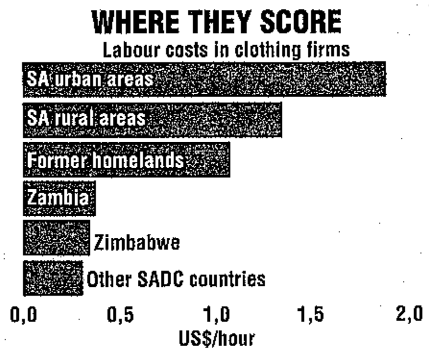
To the extent that they succeed, they are preventing other African countries from properly using the productive capacity.

However, it would take a brave politician to argue for a more liberal dispensation because supporters of the new SA are as unlikely as the pillars of the old order to see any percentage in helping bordering countries.

Certainly, there are strict limits to what SA can do for its neighbours in the way of aid finance because its resources are so scarce and its have-nots so numerous. But at least South Africans should not hinder their neighbours' development by destroying their comparative advantage — lower labour costs.

Beggar-thy-neighbour is a shortsighted approach to foreign and trade policy. If the neighbours are poor the neighbourhood will run down.

**Ethel Hazelhurst**





$11bn, equivalent to the total development assistance of $10,9bn in 1991."

Almost all countries north of the Limpopo and south of the Sahara rely heavily on commodity exports. And global demand for commodities is falling. This is because so many countries are in recession and because there has been a structural change in the global economy. So, even when the commodity cycle turns, revenues from commodity exports will remain vulnerable.

To escape the poverty trap, Africa will have to diversify into secondary industry, adding value to commodities and promoting manufactured exports. But there are huge obstacles to the development of secondary industry: a crippling shortage of infrastructure and a dearth of skills.

A quantum increase in investment is needed but this is not forthcoming because investors shy away from countries whose basic infrastructure is so poor, says a banker. They complain of power cuts, water shortages, a lack of all-weather and feeder roads to transport agricultural produce to major centres, a shortage of rolling stock, refrigerated trucks and cold storage for perishables, and of restricted access to information systems.

University of Stellenbosch economics professor Colin McCarthy's research illustrates the point:

- Electricity generating capacity in Africa is 0,14 MW per 1 000 people compared to a world total of 0,55 MW;
- Per capita electricity output is 503 kWh compared to 2 692 kWh for the rest of the world;
- In 1990, only 20% of the road network was paved; and
- There were 19 telephones per 1 000 people, compared to 130/1 000 elsewhere.

There is no improvement in sight. Except for Mauritius and Tanzania, which have investment ratios of 26%-30% of GDP, the ratio of gross investment to GDP remains below 20%. This suggests there is business to be done by suppliers of capital goods and contractors of capital projects. But here, too, is an obstacle. Large sums have to be raised for these projects and they are repaid over 15-25 years. Who would be prepared to take a risk stretching over that period?

**Ethel Hazelhurst**

SA AEROSPACE INDUSTRY

FM 29/1/99

# COMPANIE-E-E-S! BY THE CENTRE . . . ALL JOIN ARMS!

(254)

Sigcau discusses her plans for streamlining the defence industry

In 1993, with Cold War concerns giving way to smaller, regional crises in the Persian Gulf, the Balkans, Africa and elsewhere, William J Perry, then US deputy secretary of defence, invited top guns from America's major aerospace and defence companies to dinner and delivered a simple message: consolidate the industry. At the time, the US defence budget was declining and there was no room for the mammoth military-industrial base that had been developed to fight the Soviets.

The "last supper", as it became known, kicked off one of the largest bouts of mergers and acquisitions in US history. Within four years the number of key defence and aerospace manufacturers had shrunk from nine to just three: Boeing, Lockheed-Martin and Raytheon.

In October 1998, following significant defence cuts in SA, our own Minister of Public Enterprises, Stella Sigcau, made a similar call on the aerospace and defence companies at an industry indaba. She told the gunners to form an integrated, streamlined and efficient industry capable of participating in the export arena.

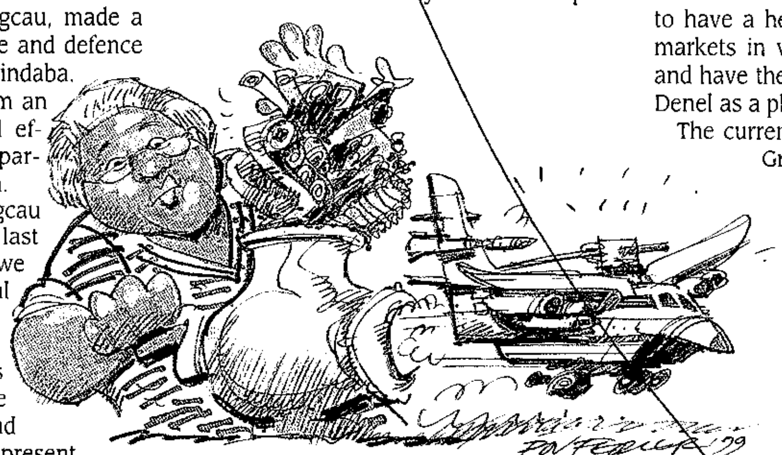
SA has little choice, Sigcau told the *FM* in an interview last weekend. "On one hand we can remain outside the global consolidation process and try to compete with these giant multinationals. But this would eventually be the death of SA's defence and aerospace industry as our present technology would become obsolete and we would be relegated to being a low-technology manufacturing supplier."

Government is still the largest stakeholder in this industry, through Denel. Its call for a new direction, therefore, is a significant if belated step for the industry. It compares favourably with earlier attempts to transform Denel, and is pure genius next to the rifles-to-cricket bats and soft drink can programmes of the early Nineties. The industry still accounts for 50 000 jobs and has an annual turnover of R7bn, according to government figures.

But government has not stopped at paper. It has indicated it intends to facilitate the consolidation and repositioning of the industry by privatising Denel — a kind of smart-privatisation. Sigcau & Co have yet to decide on how best to do this in the various facets of the industry, but this week they released details of what they intend to do on the aerospace side.

The plan is to merge Denel Aerospace with Advanced Technologies & Engineering (ATE), other private-sector players, and probably parts of SAA. It also envisages a major equity partnership with a foreign player in the new entity, with several other partners at a business unit level. Government will retain 50%-plus in the company, with ATE holding 20%-30% and the foreign partner 20%-30%.

The business plan for SA aerospace is a lot more refined than Denel's, and focuses on two roles: as military-commercial programme partner for rotary wing aircraft, missiles and unmanned aerial vehicles, and as a dominant African product support and service company. That means SA will stop trying to design, produce and market original planes and helicopters against heavy hitters and will start teaming up with international players to do what it's good at. It will also try to exploit regional opportunities such as aeroplane maintenance and the conversion of planes from passenger to cargo use.



Sigcau says her advisers researched trends and issues in the industry thoroughly before deciding on the new format. Their thinking, she says, is in line with recommendations made in a study by leading British-based business consultancy Booz-Allen & Hamilton.

"Because we have limited resources, we cannot afford to make any mistakes, so we have used our time wisely to review the bigger picture before making our move with Denel's restructuring," Sigcau says. The hope is to have details of the new company finalised by April.

Many other countries have already gone a similar route to the one that SA has plotted. Australia and Singapore have, for example, focused on product support, modification, offset and system integration support while embarking on large-scale downsizing and productivity drives.

Government also intends to jack up the skills levels and productivity at Denel and the new organisation. There is likely to be an injection of internationally experienced top management and Denel has committed to achieving productivity gains of 40% or more in the next 18-24 months. Success here seems dependent on the achievement of the targeted 40% growth in sales at the company by 2001.

Profit does not seem to be top of Sigcau's list of concerns: "We would be happy to have a healthy balance sheet to reach markets in which we want to participate and have the international community see Denel as a player of the future."

The current plan has industry approval. Grintek MD Sybrand Grobbelaar says mergers should improve prospects for the new group and simplify the supply chain for independent suppliers such as Grintek.

Much will hinge, though, on who the strategic partner is and how much it brings to the party. Odds-on favourite appears to be British Aerospace, the UK's leading exporter and Europe's leading defence and aerospace group. In 1997, it reported profits of R5,96bn on sales of R85bn, 89% of which were exports.

During British PM Tony Blair's recent visit it was announced that Denel and British Aerospace had signed a memorandum of understanding to work towards a long-term partnership. The British also undertook to help transfer management and international business skills to the restructured Denel. The thing to watch for in coming months will be what further commitments Sigcau and others can squeeze out of them.

**Stuart Rutherford**

**Mugabe:** Has faced human rights protests after journalists were detained and tortured by the military – despite court orders that they should be released.

**Dos Santos:** Intends imposing tougher regulations on the media after two journalists were arrested for re-broad casting a programme which claimed Cuban soldiers were fighting with Angolan troops in the DRC.

**Savimbi:** Has grabbed chunks of land from government forces and thrown down the gauntlet to the government, by declaring all-out civil war, and leaving the United Nations virtually powerless.

The emerging shift of power from democratic institutions to the military in southern Africa poses the most serious threat to democracy – military dictatorships and rule by decree, writes **Bright Mwape** from Windhoek

# Southern Africa's greatest threats

Star 2/2/99 (1)

Clive Wilson, proprietor of Zimbabwe's *The Standard* spent a weekend in jail as Zimbabwean police blocked a demonstration by human rights lawyers pressing for his release last Monday.

The protest was one of many directed at Robert Mugabe's government, locally and internationally, since Wilson's paper reported the alleged detention of 23 soldiers over a foiled coup plot.

A day before his arrest, Wilson witnessed the release of his editor Mark Chavunduka from 10 days of illegal military incarceration. Chavunduka and author of the story, Ray Choto, himself detained for three days, had suffered physical body torture by the military.

All three men were denied access to lawyers and family. About the same time two Namibian television journalists Andreas Frai and Vincent Spiegel were in a Botswana jail for attempting to cover a trial of fugitive leaders of an armed rebellion in north-eastern Namibia. The Caprivi "rebels" fled to Botswana after their alleged plot to secede from the rest of Namibia was exposed.

The events in both countries, especially Zimbabwe, sparked widespread protests. The Media Institute of Southern Africa led public demonstrations targeted at Zimbabwean diplomatic missions in the region.

While this happened, two Angolan media workers Jose Alberto and Jose Cabral Sunde were in detention in Luanda for rebroadcasting a news bulletin from a Portuguese radio station. The news alleged that Cuban soldiers were fighting with government troops in the ongoing civil war and the DRC.

A military court-martial in Lesotho had meantime summoned journalist Candi Ramainoane for exposing non-judicial practices in a "kangaroo" treason trial of mutinous soldiers. He is now banned from covering the proceedings. Namibia, the third country after Angola and Zimbabwe, fighting alongside Congolese President Laurent Kabila banned the press from covering the country's involvement in the unpopular war.

The Namibian government blamed the media for the growing negative publicity on their involvement in the DRC. The ban was lifted after a public outcry.

All the recent incidents of attack on the media, all of them in January of this year, have been induced by the military or armed rebellions. The issue is whether these clampdowns herald the return of dictatorships and the rule of silence in southern Africa.

People are angry. Relatives are dying in wars they cannot justify. Tax is up, governments are spending excessively, while poverty, unemployment and crime hit the ordinary people.

As the region's war-engaged regimes face increasing pressure in their home countries, they compromise on good governance and resort to non-civilian measures to protect their peeling reputations.

The Angolan government last week announced impending stiffer measures against the media.

Zimbabwe's defence minister Moven Mahachi used similar words to endorse military detentions of civilian offenders.

The emerging shift of power from democratic institutions to the military is introducing democracy's most serious threat: military dictatorships and rule by decree.

In Zimbabwe, courts must bow to the army because "the military is above the law", says defence secretary Job Whabira.

As insecure governments entrench military rule it is the pillar of transparency and accountability – freedom of expression – which will naturally be attacked first.

While other southern African states sit by and watch what is happening, the region becomes ungovernable, unfit for investment and settlement.

Even the more stable states like South Africa will have to deal with the fallout from politically unstable neighbours. What the region witnessed last month may be the beginning of untold military retribution which may drive the region several decades back. – Star Foreign Service

## UN's retreat from Angola tests its credibility

Luanda – After humiliating exits from Somalia and Rwanda in recent years, war-torn Angola is shaping up as the next real test of UN credibility.

Despite a UN-policed peace deal signed in Lusaka in 1994, Angola is back at war, pitting government forces against Unita rebels.

The latest conflict has seen Unita throw down the gauntlet to Angola's government, challenging President Jose Eduardo dos Santos to all out civil war after grabbing chunks of land from government forces. It has also rendered the world body virtually powerless in the country and forced UN Secretary-General Kofi Annan to seek its withdrawal.

"As in Somalia, where warlords hounded the UN out, and in Rwanda, where it failed to prevent the genocide of a million Tutsis and moderate Hutus, Annan's blue helmets are again under pressure.

"Angola is the most important peacekeeping mission in Africa," Issa Diallo, head of the UN Observer Mission in Angola (Monua), has said repeatedly. It is also almost the only continental mission.

"Credibility is at stake."

The 1994 peace accord has now collapsed. Since December 5, when Luanda launched an offensive against Unita, Monua, which oversees the peace, has failed to talk to either side, let alone have them talk to one another.

In January, Annan all but threw in the towel, saying in a report to the Security Council there was no longer a peace to keep and the operation should shut down when its mandate expires on February 26.

Annan's tough stance took senior Monua staff by surprise, not only because the world body has spent upwards of $1,5-billion trying to sustain the 1994 agreement, but because there is an extensive web of UN-linked aid agencies which know their work is vital to the population's survival.

The problem with the mission in Angola, as in Rwanda, is it has no teeth. In 1995, as the peace looked to be progressing steadily and both sides appeared to be sticking to promises, Monua began withdrawing peacekeepers, from 7 000 to 1 000 by the end of 1998.

With fighting now raging in Kuito, Huambo and Malanje and near the oil town of Soyo in the far north-west, the UN's presence has been reduced to a high-security camp next to Luanda's airport.

Despite the increasingly low-key operation, Diallo has worked to keep up appearances, saying repeatedly the issue is whether Monua stays, but not what those who stay can achieve.

"We should not escape by the back door at midnight under the pretext of a lack of security," he said recently. "Sooner or later the warring parties will have to come to peace and reconciliation."

The parties were fighting since before independence from Portugal in 1975, and neither wants UN peacekeepers on the battlefield.

What the government does appreciate from the international community, however, is aid and humanitarian support from UN and non-governmental organisations.

While soldiers take care of the fighting, aid workers look after an estimated one million people who have been displaced, feed those in besieged cities, make artificial limbs for citizens hit by landmines and look after orphans.

When Monua cautioned that if it was forced out, there was no guarantee the humanitarian groups would stay, there was alarm.

But aid workers say they will stay while work exists. "As long as there is even one mouth to feed, we will stay," says Francesco Strippoli, of the World Food Programme. – Reuters

# East African sugar faces big threats

Michael Wakabi

KAMPALA — Cost-cutting and more efficient production techniques had to be introduced to ensure the survival of east Africa's sugar industry which is undercut by imports, a regional conference concluded recently.

Key issues that emerged in the six-nation conference were the harmful effects of dumping and smuggling on the local industry, the need to cut high production costs, inadequate management of by-products and uncertainty about privatisation.

Shell Uganda MD Paul Maes said dumping, high costs and privatisation problems were common to all countries in the region other than Mauritius. These countries had yet to indicate the course of privatisation, and this concerned local players.

Imports have swamped local markets in recent years. Kenya's sugar deficit is 29%, and Uganda's 40%, yet local producers fail to offload all their produce because imports are cheaper.

BD 10/3/99

## Smuggled back

Uganda's Trade Minister Manzi Tumubweine said there would always be an incentive for profiteers to smuggle in sugar while local stock was expensive. Industry players had to overcome internal inefficiencies while lobbying government for help in bringing down the cost of local inputs and utilities.

Managers from Kenya's Chemilil Sugar Company said duty waivers to encourage the export of Kenyan stocks did not work because that sugar was smuggled back into the country.

Cutting costs was seen as the long-term solution. Government intervention depended on a multisectoral approach and adoption of new technologies.

With world prices falling from a high of 12 US cents a kg to 7c to 8c, even high tariff walls could not help local industry compete with imports. The problem was aggravated by untaxed stock finding its way onto local markets.

Management of by-products like molasses was another concern. Delegates were warned that molasses harmed the environment, and regional production was rising. Technologies to process the by-product into products like industrial spirits had not yet taken off in the region.

# AIDS sends African life expectancy plunging

ARG 18/3/99

(1)

**Washington – AIDS has cut average life expectancy in Zimbabwe by 26 years and in South Africa from 65 to 56, the United States Census Bureau reports today.**

Life expectancy in Zimbabwe is 39, down from 65 were it not for the AIDS epidemic, the bureau said. Other African nations also have experienced significant reductions in life expectancy because of AIDS.

"AIDS results in higher mortality rates in childhood, as well as among young adults where mortality otherwise is low," said Karen Stanecki, a contributing author of the Census Bureau's new report.

"As a result, AIDS deaths will have a larger impact on life expectancies than on some other demographic indicators in these nations."

The report suggests the following reduced life expectancies due to AIDS in African nations:

Botswana, from 62 to 40 years; Burkina Faso, 55 to 46; Burundi, 55 to 46; Cameroon, 59 to 51; Central African Republic, 56 to 49; Republic of the Congo, 57 to 47; Congo, 54 to 49; Ethiopia, 51 to 41; Ivory Coast, 57 to 46; Kenya, 66 to 48; Lesotho, 62 to 54; Malawi, 51 to 37; Namibia, 65 to 42; Nigeria, 58 to 54; Rwanda, 54 to 42; Swaziland, 58 to 39; Tanzania, 55 to 46; Uganda, 54 to 43; and Zambia, 56 to 37.

Other findings from the report:

■ The world population will reach 6-billion this year.

■ Between 1998 and 2025, the world's elderly population (age 65 and over) will more than double while the world's young (under age 15) will grow by only 6%.

■ About 96% of world population increase now occurs in the developing regions of Africa, Asia and Latin America. – Sapa-AP

# Trapped in ignorance

Sowetan 23/3/99(?)

Harsh structural adjustment policies, rising debt and lack of political will have undermined Africa's pledge of basic education for all , writes **Sharon Chetty**

A DECADE after world leaders pledged to provide education for all children by the year 2000, hundreds of millions still do not have access to educational facilities or do not stay in school long enough to learn to read or write.

And, not surprisingly, given the litany of this continent's problems, children in sub-Saharan Africa are the worst off in the world and this region has even seen a decline in the numbers of children going to school.

This gloomy scenario is detailed in a report that will be released today by Oxfam International, a network of aid agencies working throughout the world.

Describing the quest for education for all as a "moving target", the report points to at least six conferences between 1990 and 1996 at which heads of state and governments, and other world leaders, committed themselves to eradicating the education crisis in the developing world.

But despite their grand promises, the situation has not improved and the report admits that governments have all failed to deliver on education.

At the 1990 Education For All conference in Thailand it was resolved that there would be basic education for all and a reduction of adult illiteracy by half by the year 2000. The emphasis was to be on eliminating gender disparities.

But a decade later there are still 125 million children who have never attended school; another 150 million start primary school but drop out before they can read or write. In 16 sub-Saharan African countries, there has been a drop in enrolment and this region accounts for one-third of the world's total out-of-school population. One in four adults in the developing world (around 872 million) are illiterate, with the numbers growing.

The correlation between a lack of education and poverty is well known and again emphasised in the report.

Women remain the most marginalised and are caught in the poverty trap because in most societies males are given preference when it comes to education.

Now a new deadline, 2015, has been set, but the report warns that even this "less ambitious target will be completely unattainable", if current trends are anything to go by.

And if governments fail to act now, 75 million children will still be deprived of basic education by 2015, the report says.

However, in addition to providing a catalogue of the world's education crisis, concrete suggestions have been made on how the problems can be dealt with.

Oxfam says that there needs to be urgent changes to international policy, proposing that:

**A familiar sight of a student in a makeshift class. Sub-Saharan Africa has the most young children who are out of school**
• PIC: JENNY MATTHEWS/OXFAM

- there be a new global action plan for basic education to mobilise political will and new resources;
- there be deeper and quicker debt reduction for those countries committed to using the extra resources to invest in basic education;
- the International Monetary Fund and World Bank reform their economic policies (known as structural adjustment programmes) and financial rescue packages to ensure that they no longer undermine access to and spending on basic education;
- there should also be increased aid to support education; and
- that governments of poor countries be encouraged to prioritise spending and policies on basic education.

Oxfam maintains that a lack of political will and commitment is more of a problem than a lack of money.

They say that universal education, while costly, is still affordable and estimate that an extra R48 billion is needed.

In global terms, this is not a lot of money and represents, according to the report, about four days, worth of military spending or less than half what American parents spend on toys for their children each year; or even less than the amount of money Europeans spend on computer games or mineral water in one year.

"If all the world's children of primary school age were to receive a good education, illiteracy would be eradicated within one generation," says the report.

But, as the numerous conferences of the past decade have shown, mere commitment by heads of states and governments is not going to be enough.

Through the global action plan, Oxfam proposes that new resources, which will be generated by increased aid, debt reduction and from private sources, be used to support governments committed to the 2015 target.

It also says that there needs to be a "coherent" planning and policy framework which would need to be implemented in different stages.

The global action plan would also provide the umbrella for a specific plan of action for sub-Saharan Africa.

Aid and debt relief, together with better support for policy planning and implementation, will be priorities.

It is estimated that African governments will have to increase their domestic expenditure by about R6 billion a year to invest in education and Oxfam suggests that part of the global plan will be to work closely with governments in identifying mechanisms through which to do this.

Much emphasis is placed on debt relief – a decade ago at the Thailand conference it was acknowledged that poor countries needed to divert the money spent on servicing debt towards social reconstruction.

Oxfam says that debt liabilities should be converted into investment in basic education.

It also suggests that the policies around Heavily Indebted Poor Countries be reformed so that there are more incentives for those governments to spend on social development.

A "fiscal cap" – that is, a limit on how much a government spends on servicing its debt – must also be introduced and the main consideration in setting the criteria must be sustainable human development, the report says.

It suggests that the global plan be adopted next year when a review of the Thailand conference is held.

**LOMÉ CONVENTION**

① FM 26\3\99

# PLAN TO PLUG THE FUNDING GAP

The old pact achieved little; the new effort turns to business

African governments are planning to use the European Union's Lomé trade and aid convention to give a much-needed boost to Africa's reputation as an investment location.

The 25-year Lomé pact, which links the EU to 71 African, Caribbean and Pacific (ACP) states, including SA, has long being driven by government interests in both regions. But Africans are now adamant that the new convention being negotiated must put business at the heart of the EU-ACP relationship.

"The new agreement should focus on the private sector," says ACP secretary-general Peter Magande. "We have to get economic actors on both sides to talk to each other, to network and exchange information."

EU officials agree. The European Commission has suggested that promoting the role of African business and encouraging European investments in the region must be a priority in the new convention.

But that's easier said than done, say others. Persuading European business leaders to take a closer look at investment and trade opportunities in Africa will be tough, cautions Henri Malosse, head of the French chamber of commerce in Brussels and chairman of the EU-ACP committee of Ecosoc, the EU body which brings together labour and business groups.

"The Lomé Convention has to gain the confidence of private business," Malosse insists. A business-friendly agreement, he says, must encourage "direct co-operation" between both sides' economic operators. Second, there must be help from the convention to create national chambers of commerce to help governments in introducing and maintaining good pro-investment rules and regulations.

But, he says: "In the end, investments depend on the conditions prevailing in each country."

Those conditions are not universally good. Sixteen African countries are engaged in military conflict. Though structural adjustment programmes imposed by the International Monetary Fund are working in some places, reports of widespread corruption continue to deter many potential investors. Also, African consumer markets — with exceptions, including the Southern African Development Community (SADC) countries — are viewed as small and unattractive.

"We have to face facts: one day of war can destroy years of development," an ACP diplomat stresses. "Foreign investors will come to Africa only when the conditions are right for them."

So far the continent's record in attracting foreign business has been dismal. Recent data released by the UN Conference on Trade & Development (Unctad) show that African nations continue to trail behind other developing countries, both in crisis-hit Asia and in Latin America. In 1997, Africans managed to bag investments worth a mere US$4,7bn, compared to the $56bn that flowed into Latin America and the Caribbean and $87bn invested in Asia and the Pacific.

In addition to war and conflict, business leaders say that high utility costs in many countries act as a deterrent. African countries have to create "a better environment for investments", says Malosse, adding that regional groups like the SADC are more likely to attract investors than small, individual nations.

Last month EU and ACP negotiators met in Dakar, Senegal to map out a new business strategy. It includes EU efforts to help African governments undertake legal, administrative and regulatory reforms. Consideration is being given to drawing up new good-business rules to attract increased foreign investments.

Philip Lowe, director-general for development at the European Commission, says the EU will also help African governments wanting to draw up dispute settlement rules, reform their judicial systems, introduce antitrust regulations and sign investment protection treaties.

The focus on business is no surprise. Declining foreign aid budgets worldwide have made governments turn to investors to fill the funding gap.

The urge to try a new track also stems from disappointment at the convention's performance in promoting ACP development. EU aid under Lomé — estimated at about $16bn over five years — has been crucial for many ACP economies.

But ACP officials say they are disappointed with other aspects of the treaty, including the trade chapter.

**BEST PERFORMERS**

Africa: Recent FDI frontrunners by selected indicators, 1987-1991 and 1992-1996 ($m and %)

| | Average FDI inflows per year ($m) | | FDI inflows per $1 000 GDP ($m) | | FDI inflows per capita ($m) | |
|---|---|---|---|---|---|---|
| | 87-91 | 92-96 | 87-91 | 92-96 | 87-91 | 92-96 |
| Botswana | 56,7 | 137,9 | 18,6 | 33,1 | 46 | 95 |
| Equatorial Guinea | 11,1 | 109,7 | 82,9 | 689,8 | 32 | 282 |
| Ghana | 11,9 | 121,4 | 2,1 | 20,5 | 1 | 7 |
| Mozambique | 9,2 | 33,3 | 6,8 | 23,5 | 1 | 2 |
| Namibia | 29,6 | 108,4 | 14,3 | 37,5 | 23 | 72 |
| Tunisia | 86,4 | 387,3 | 7,8 | 23,3 | 11 | 44 |
| Uganda[a] | -1,4 | 77,6 | -1,0 | 15,9 | 0 | 4 |
| Average for Africa[b] | 60,1 | 96,1 | 6,7 | 10,4 | 5 | 7 |
| Average for all[b] developing countries | 212,1 | 613,0 | 8,2 | 17,3 | 8 | 20 |

a: In the years 1989 and 1990, Uganda experienced negative FDI inflows of $1,8m and $5,9m, more than offsetting the positive inflows of the other years in the period 1987-1991 and resulting in a negative sum for the FDI inflows of that period as a whole

b: Including South Africa

SOURCE: UNCTAD FDI/TNC DATABASE

In principle, the preferential trade arrangements provide for duty-free access to European markets for ACP goods. But ACP trade experts say their exports often have to face insurmountable nontariff barriers, including high health, sanitary and environmental standards.

"These measures end up penalising us," one official insists.

And despite tariff elimination, ACP exports are subject to high excise taxes.

The official adds that "responsibility for the ACP group's poor trade performance has to be shared by our governments and the EU".

EU officials agree that the convention's achievements are modest. They are hoping that the conclusion of free trade zones with ACP states will help spur economic liberalisation and competition in the region. But ACP officials say the free trade route is full of obstacles illustrated by the difficulties in concluding such a pact with SA.

Shada Islam, Brussels

# Schooling for all can save Africa from a bleak future

**Better education in poor countries would give everyone a richer life, and not cost much. But in Africa more and more children are not going to school**

1ST(BT) 28/3/99

PLACE OF HOPE ... rural Africa's schools are typically ill-equipped, crowded and even decrepit, but they offer millions the opportunity to escape poverty

NIGERIAN taxi driver Rasaki Hassan wants to set up his own company. Why? "So I can make money to send my children to school." What for? "So they can have a better life."

Rasaki typifies the almost universal belief in education in the poor world, particularly in Africa. For millions like him, it means their children may escape the drudgery of labouring or subsistence farming, and offers the chance of wealth, power, a job with a suit and an office. Parents make huge sacrifices to send a child to school.

That's not just good for the children. "Educate part of a community, and the whole of it benefits," says Amartya Sen, India's Nobel-prize winning economist.

Basic learning, he says, drives economic growth; think of post-war Japan. It limits population growth, helps women to raise healthy children and farmers to reap bigger crops. If enough people can read and write, the economy improves, and everybody can get more out of life.

But in much of Africa the state of schooling is dire. All over Africa every day, children walk or run for miles to reach decrepit buildings that often do little more than keep off the sun and rain. There may be no water or electricity and not enough benches or desks. Books and equipment, if any, are shared in classes of up to 100. Sport is kicking a ball of wrapped-up rags around a stony field. Some schools have to take one set of pupils in the morning, another set in the afternoon. Many children do not get there at all.

According to the United Nations Children's Fund (Unicef), about 40-million children in sub-Saharan Africa get no basic teaching. Spending on each child is now only half what it was 20 years ago.

Although enrolment in primary schools has increased hugely since colonial times — from 25% of all children in 1960 to about 60% now — the numbers of the uneducated are also growing. At an Education for All conference in 1990, all but two of the world's governments pledged that there would be universal basic education by 2015. But by then, at today's rates, about 75-million children, most of them in Africa, will have none. Why?

One answer is lack of resources. The 30 African countries deepest in debt spend as much on interest as on health and education combined. In the past 20 years, reforms demanded by aid donors, the IMF and the World Bank required cuts in government spending. Education for all was no longer an option.

In Tanzania, the government devotes three times more to servicing debt than to education, on which spending has dropped two-thirds in a decade.

In Zambia, where debt repayment now costs 10% of GDP, spending on schools has fallen.

*'$2-billion more a year will get every African child to school. The world spends that daily on arms.'*

By 1996, more than 550 000 Zambian children, aged six to 11, were out of school, yet Zambia still found money for defence, which, as a share of GDP, rose from 1.1% in 1985 to 1.8% in 1996. In Tanzania, it was at 3.3% of GDP in 1996.

In a report this week, British-based charity Oxfam describes the link between poverty and educational success measured by enrolment, proportion of children completing four years of school, and girls' learning achievements.

Richer countries do not automatically have better education. Zimbabweans, Oxfam argues, are taught roughly as well as South Africans, though they have only half the income per person. Botswana's education system is three times better than four-times-richer Kuwait's. Kenyans, less than half as rich as Pakistanis, have a schooling system rated three times better.

Lack of money keeps children out of school. Cutting school fees and abolishing school uniforms, which often cost more than fees, improves attendance at once. In 1997, Uganda did both, and has 2-million more children in schools today. Only a smallish amount is needed to get every child into school: $2-billion more a year would do it for Africa, says Unicef, equal to a rise in government spending on basic education from 2% of GNP to 3%. The world spends that each day on military equipment.

Aid, too, could be better directed; only 15% of it is earmarked for education and health, and countries where the fewest children go to primary school have had the biggest aid cuts this decade.

Debt, aid and money do not tell the whole story. Forgiving debts could simply allow some governments to spend more on guns. For this reason, Oxfam wants debt relief to be strictly conditional on improved educational standards.

There are other reasons why African education is failing. AIDS is one. Girls may be kept at home to care for a stricken relative, or get it at school. Some fall pregnant and have to drop out, while the boy does not. Girls are disadvantaged in other ways, and have a higher drop-out rate than boys. Some parents do not bother to educate them at all; if they can send only one or two children to school, boys generally take precedence.

Poorly paid, unenthusiastic teachers are a bigger problem. A Nigerian primary-school teacher is paid only $23 a month; if their pay arrives it is often late.

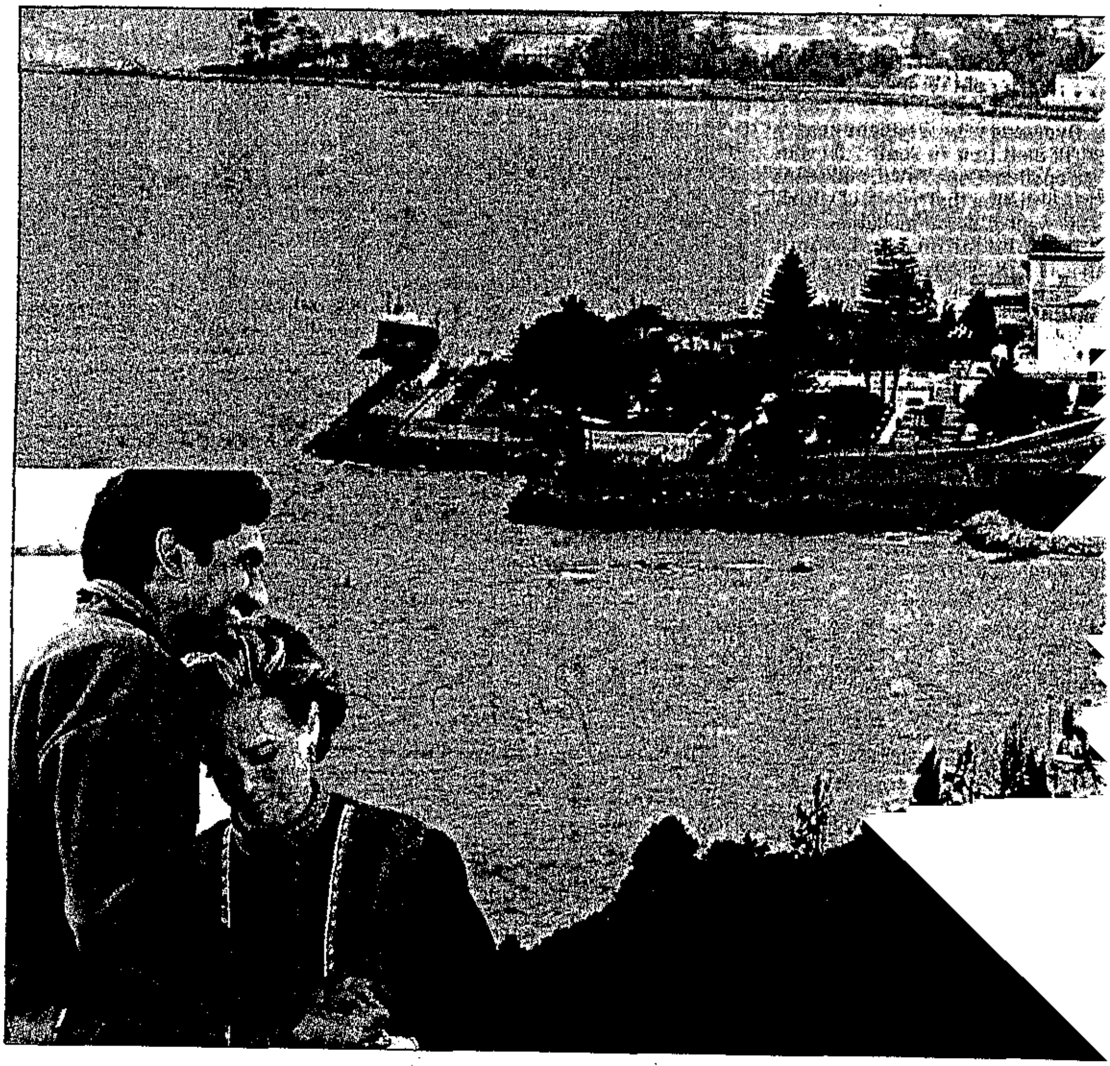
Putting into primary schools some of the funds now spent on debt and armies — plus better attitudes to girls' needs — could quickly give most African children basic skills in reading and writing. Jobs, suits and offices won't follow automatically, but far more Africans will have the basic training they need to help themselves. Without that, Africa's future will be bleak indeed. — 

CAPE ARGUS IS

# Getting plugged into

## Jay Naidoo goes on safari to connect a contine

**Jay Naidoo's rally across Africa is unmistakably a public relations stunt, but it is driven by a profound question: what is the real Africa? ROSS HERBERT of the Independent Foreign Service reports**



**See ya:** Minister of Telecommunications Jay Naidoo says goodbye to his wife Lucie at the start of a rally through Africa to promote invest

From this rich coastal plain, dotted with olive trees, Carthage waged a losing 128-year war against Rome. From it, Hannibal organised battalions of war elephants with which he crossed the Mediterranean and the Alps to sack Italy. Here, Africa was first given her name by the victorious Romans, who fed an empire from its fertile soil. And here Jay Naidoo wants to launch a revolution.

The Minister of Posts, Telecommunications and Broadcasting, Mr Naidoo started a 21-day, 14-nation 4x4 rally on Saturday, from Africa's northern most tip at Bizerte, 60km north of Tunis, to its southern extreme at Cape Agulhas. The aim: promote the connection of Africa to the wired world of 21st century telecommunications, Internet, telemedicine, distance education and satellite and cellular telephony.

A not-so-secret secret of South African journalism is that reporters are constantly besieged with offers – "freebies" as they are known: Let's jet to a posh Victoria Falls hotel to confer on the future of computers. We are launching a new product line and are briefing journalists at a five-star bush lodge.

With that ethics-bending tradition in mind, I greeted Minister Naidoo's invitation with a healthy scepticism. Cynics can fairly ask whether the millions corporate sponsors are paying for the rally would not be better spent on real telecommunications. But the rally, like Bill Clinton's Africa tour last year, raises profound questions that ought to transcend their public relations packaging.

On Tuesday, I set out for Tunis with the rally crew in a propeller-driven C-130, stuffed with spare tyres, motor oil, bottled water, and a small helicopter. For the unacquainted, a C-130 offers all the creature comforts of a mobile refrigerator.

Passengers are slung in canvas-mesh seats along the two walls with their feet propped up on the cargo mountain. By the end of the first seven-hour leg to Nairobi, I had donned two pairs of pants, six shirts, a towel and a bandana to fight off temperatures better suited to dead beef than live humans.

At a simple level, Mr Naidoo wants to promote investment in telecommunications, without which Africa will never catch up with the fast-growing economies in the rest of the world. "There are more telephones in Manhattan than all of Africa. How does Africa with 750 million people and only 14 million telephones fit into the future? It doesn't. Our vision of an African Renaissance will be still born unless that telecommunications reality is changed," Mr Naidoo said before heading to Tunis.

Jay Naidoo is a man who loves to jaw about conceptual frameworks, white papers and structural blueprints. However, when he warms to his rally subject, I sense the fire comes not from the narrow realm of telecommunications but the broader concerns that suffused his stint as RDP guru.

Winning the billions of dollars needed to modernise African telecommunications means revolutionising perceptions of the continent as an investment destination.

Compare the fortunes of China and Africa. China is afflicted with corruption, is massively underdeveloped, riddled with Byzantine regulations and plagued by political influence that can bring outside investments grinding to a halt.

Yet the industrial world sees it as the last great investment frontier where underdevelopment is a sign of potential.

In contrast, Africa's underdevelopment is seen as an unmitigated negative. Investors interpret low African incomes as lack of purchasing power, African corruption as a constant peril and poor African infrastructure as a guarantee that every task will be vastly more difficult than in the rest of the world.

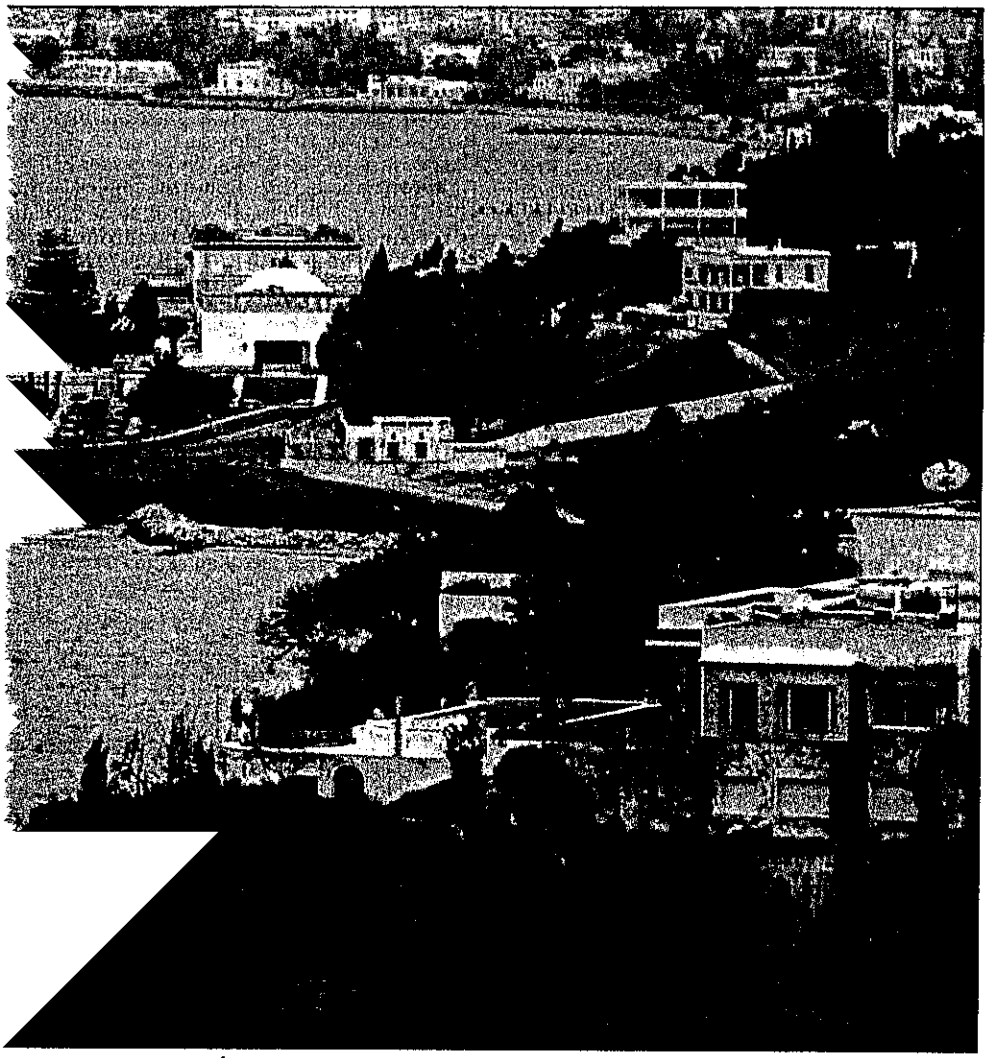
Why the difference? China does have a vastly larger middle class and a technological base capable of building cars, nuclear power plants, computers, missiles and myriad manufactured goods significantly beyond Africa's capacity. But there is more at work.

Africa remains reputationally challenged. In essence, Mr Naidoo's rally reflects the complaint one hears repeated bitterly in every African capital: African investment suffers because the media relentlessly focuses on war and disaster and ignores the good side of the continent.

# nto the real Africa

(1) ARG 1/4/99

## a continent to the information age...



y through Africa to promote investment in telecommunications. It will take in Tunisia and several other countries

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The notion that Africa's image suffers from a biased Western mindset grows from ignorance of how journalists operate. Media critics seem to assume that each story should offer the current facts plus a full and fair history. We operate as individuals on individual stories limited by space and time.

When news arrives of Sierra Leonean rebels indiscriminately chopping limbs off women and children, reporters do not ask whether it reflects the broader reality of Africa, whether it is fair to Africa's image or how Sierra Leone has made positive contributions to the world.

When tourists are murdered in Uganda, reporters cannot slant the story based on how it might irreparably harm African tourism. That is for the world to decide.

Should journalists, in the interest of Africa's reputation, not report on genocide in the Great Lakes? Should we ignore the larcenous misrule of Mobutu Sese Seko, Laurent Kabila, Daniel Arap Moi or Robert Mugabe?

World leaders generally, and Africans in particular, are chronically hesitant to intervene in the sort of civil wars that plague Africa. If the media suppressed news of the heinous, would anyone ever act decisively?

Part of Africa's problem is the sheer magnitude of crisis news. By my count there are four or five hot wars outside of Africa, including the on-going bombing of Iraq, Sri Lanka, Afghanistan, Serbia and East Timor. Perhaps there are a few more lower-grade rebellions. In Africa I count wars or rebellions in 10 countries involving armies from 18 nations.

In practice, covering such wars is hugely expensive. The sheer number of conflicts in Africa means most news budgets are drained before reporters get much chance to search for the good news.

I have spent the past three years covering Africa, racing between wars, disasters and political crises. We need hard-hitting crisis news, but I am convinced we need to see the other Africa, the wonderful, exotic, generous, adventurous place that is rarely touched by the media.

Crisis news is necessary but it has become a crutch for editors not courageous or decisive enough to send reporters off the beaten track. Increasingly budgets dictate which reporting ventures in Africa are considered a good value. They implicitly push reporters to stay in capital cities where they can crank out more stories without the high cost of reaching the hinterlands.

As a result the proportion of news resources dedicated to conservation, development, what is working and why is far too low.

In any other continent it would not much matter. But the world's knowledge of Africa is so poor and stereotypes so deep-rooted that a few negative stories can radically shift the balance of investment in ways that would be impossible in continents about which the world has a full, well-grounded knowledge.

And by striking the wrong balance between crisis and non-crisis news, the media affects what may be the most important factor limiting Africa's technological advance – the image of technology that each person holds in his or her psyche.

Asia has raced up the technological ladder in the last half-century because of a very uncomplicated attitude to outside technology.

In contrast, Africans continue to see technology as something alien that requires outside experts. As a result they continue to think of technology as something that must be given either as an act of charity or in exchange for access to resources.

Changing that debilitating self-perception is one of Mr Naidoo's missions for the trip.

He wants to change the view of what is possible by focusing attention on real examples of Africans using technology in their daily lives. For attempting to shine the media spotlight on the unseen, intriguing, positive side of Africa, Mr Naidoo's rally should be commended.

I only hope that once the rally ends, the media barons will hear the call, shift their budgets and let reporters continue to try and discover that other Africa.

# Sudan sends positive signal to Naidoo rally

ET (BR) 7/4/99 (1)

**Independent Foreign Service**

Khartoum — The Sudanese government has expressed strong interest in forging ties with South Africa for the development of its recently liberalised local telecommunications market, and gave full support to the African Connection Rally of Jay Naidoo, the communications and broadcasting minister, which arrived in the country this week.

Ghazi Saladien, the Sudanese information and culture minister, and Elhadi Bushra, the communications and roads minister, met Naidoo on his arrival from Egypt at Dongla in northern Sudan on Monday. They briefed Naidoo on Sudan's growing democracy and telecommunications developments.

Naidoo was told local and national telecommunications and Internet services were now open to competitive private sector investment. The regulator is expecting companies to apply for licences to operate in any of these service areas.

Fees range from 2 percent to 5 percent of revenues for a telecommunication or Internet service licence, which drops by 50 percent when renewed. The fee is usually at the lower end of the scale in rural areas to encourage investment in the less profitable locations.

The country's telecommunications services suffered major setbacks in the past two decades owing to lack of maintenance by the government-owned monopoly. In 1994, the government formed a partnership with the private sector, establishing Sudatel to handle Sudan's telecommunications.

The state owns 68,8 percent of Sudatel, with the remainder in private sector hands. Today, Alcatel, Siemens, American company STS and Daewoo have a presence in Sudan; and there is also Mobitel, a separate GSM mobile cellular telephone operator.

Before the establishment of the regulatory authority — the National Telecommunications Council (NTC) — in 1996, a concession was granted to Mobitel for five years as the sole supplier of mobile cellular services. Sudatel was given a five-year franchise on international services.

Mohamed Omar, the secretary-general of the NTC, said the government planned to divest itself gradually of most of its remaining shareholding in Sudatel and would only retain a minority share, probably about 25 percent.

It also expected that Sudatel would withdraw from the provision of public telephone services, leaving the market open to the introduction of phone shops and telecentres.

There are no restrictions in Sudan on the foreign ownership of telecommunications services.

# African states to boost indigenous shipping

BD 20/4/99 (1)

Kingsley Kubeyinje

LAGOS — The 25 countries that make up the Ministerial Conference of West African and Central African States on Maritime Transport are developing a plan to encourage the participation of indigenous investors in shipping.

The ministerial conference plans to set up a united coastal shipping company for member states before the end of the year. Conference secretary-general Magnes Teye Addico says the organisation will help to develop coastal shipping services.

"We are going to erect special berthing facilities, special tariffs and customs facilities so that small coastal ships can find their way into the ports," he said. The organisation would also encourage indigenous investors to go into shipping by creating an environment conducive to their participation.

Addico noted that all of the 25 governments making up the conference had passed many resolutions on maritime transport policy and had expressed their commitment to co-operate.

He expressed regret that shipping had been run as a state enterprise in many member states in the past and said: "We want to encourage co-operation between our maritime organisations and private-sector participation in the maritime industry."

CAPE TIMES
TUESDAY, APRIL 20, 1999 ★



TELE-MEDICINE STUDIES IN 21 COUNTRIES

# Naidoo links Africa with technological healthcare

CT 20/4/99 (1)

**JOHANNESBURG:** With bad roads and poor infrastructure, rural Africa is proving fertile ground for experimentation with healthcare and telecommunications. **ROSS HERBERT** reports.

TELE-MEDICINE was the focus of a demonstration in Pietersburg yesterday as minister Jay Naidoo arrived back in SA for the final leg of his 11-nation trans-Africa road rally to promote telecommunication investment and co-operation across the continent.

Naidoo's voyage — which began at the northern-most tip of Africa in Bizerte, Tunisia, and ends tomorrow at the continent's southern extreme at Cape Agulhas — has highlighted examples of computer education, deployment of Internet communication centres and satellite education.

But the use of telecommunications in medical education and treatment is among the most practical uses of technology to extend services in Africa.

Naidoo was on hand for a live video link between medical students at the University of the North and Aids patients at clinics in Soweto, who discussed the creation of community counselling services.

According to Dr Sam Gulube, chairperson of the National Tele-medicine Task Team at the Department of Health, the link is part of the first phase of a three-phase programme to improve health care with telecommunications.

One facet of the programme is to link all SA medical schools, and later other African schools, by video so that university lectures can be shared with all institutions.

The programme will also test the use of telecommunications to extend specialist medical care to rural patients.

Using electronic mail, the programme aims to test the cost-effectiveness of forwarding x-ray images, ultrasound scans, retina scans and microscope images of tissue samples from clinics to central medical facilities, where specialists can provide diagnoses and expertise that would otherwise be available only if patients took costly trips to regional hospitals.

Field tests of a variety of tele-medicine systems are underway in at least 21 African countries, and range from high-cost live video diagnoses or video conferences, like the Pietersburg demonstration, to a variety of lower-tech approaches.

Some of the most effective services are the simplest.

South African non-government organisation HealthLink has installed an inexpensive electronic mail system in some 400 hospitals, clinics and medical offices.

Doctors use HealthLink's e-mail to send queries to their peers when they have troublesome cases.

Questions or medical educational material and announcements can be distributed automatically to 500 doctors participating in the system.

The child health unit at UCT is using electronic mail to provide distance learning, while the medical library at the University of the Free State uses it to answer medical queries posed by doctors in the field.

Dr Lech Banach, director of the telemedicine unit at the University of Transkei, said 53 sites in Transkei are using inexpensive computer video cameras to scan x-ray images, tissue samples or skin lesions and forward them for analysis by experts at Umtata General Hospital, the Medical University of South Africa in Pretoria or to the Armed Forces Institute of Pathology in Washington DC, which offers free diagnosis assistance to African hospitals.

Some doctors in rural clinics are using consumer digital cameras to snap pictures of their patients and forward them by electronic mail to regional experts.

To keep the cost of the electronic mail network down, HealthLink uses free electronic mail software available on the Internet, and old-model computers. — Independent Foreign Service


**LAST LAP:** Communications Minister Jay Naidoo completes his 11-nation trans-Africa road rally at Cape Agulhas tomorrow.

# Naidoo's Africa tour is about phoning home — and getting the work done

GREG ARDE

PIETERSBURG: In a back-alley in a small, bustling Tanzanian town I found Geoffrey Mbanga, who boasts the only privately owned Internet access in Morogoro — a discovery more precious than gold on a continent of cranky telephones.

I cannot send you a photograph of the 49-year-old master's graduate because when I met Geoffrey I was briefly separated from the rest of the team covering minister Jay Naidoo's African Connection Rally, which got me there.

They had the digital camera, and I had a couple of American dollars — so I could e-mail this story to you, minus a picture of him.

Speaking of pictures, the ones of Africa we see most often are of war and famine. That is likely to remain the case unless the continent takes a giant leap into the information age.

In the last four weeks covering this event, I, and the 40-plus participants in this cross-continental endeavour to raise awareness about the need for African telecommunications, have been possessed with the issue of connectivity.

And that's not the mushy, feel-good notion of connecting the continent for the betterment of the poor — it's the idea of calling home to speak to loved ones, and filing stories and pictures to fulfil work obligations.

Through two-way radios, cellular telephones, erratic land-lines and satellite telephones we managed to stay in touch, and even then, infrequently.

And this is the observation of a journalist with a laptop computer, e-mail access and money to pay for international calls, many of which are routed via Europe.

For a villager in northern Kenya where the next settlement is two or three days' camel-ride away, the chances of contact with the rest of the world are severely limited.

Against this backdrop one must assess Naidoo's ambitious trip crossing 11 countries, a multi-million rand exercise paid for by sponsors.

Geoffrey was one of the few people on our journey who hadn't heard of the great event — "his excellency's visit", but he seemed very pleased to meet me and was elated that I could e-mail my office.

While he has to dial into the Internet via Dar-es-Salaam, hundreds of kilometres away, Geoffrey is still an avid web surfer and this assists his motor spares and construction business.

"You've got to keep up with this world. It makes me a little more money and allows me to improve my business because I research technical information.

"We have potential in this developing world and this allows me to connect with the world. We have a lot to sell in Tanzania. "The technology is there — it's just extricating it. I taught myself how to use this thing," he says pointing to his computer, "I didn't even know how to switch it on when I got it. But that was three years ago."

This single example of telecommunications development would no doubt please Naidoo and Gideon Makwatobe, the assistant general-secretary of PATU (Pan African Telecommunications Union) who has accompanied the rally.

Asked if it had helped ordinary people, Makwatobe said: "Telecommunications is a tool of development in every human activity, but if we plant the seeds today we cannot expect the crops to grow overnight — we must water them.

"Governments cannot afford to build communication infrastructure. We must make sure the rules are clear for communication development so we can attract the private sector, and we are restructuring PATU to do this."

Rally sponsor Siemens is keen, according to Edgar Mabothe, a South African-based manager of the company: "Wherever there is a chance to put infrastructure in, we see it as good business opportunity. The private sector must come in.

"And when that happens, we'll be there." — Independent Foreign Service

CT 21/4/99

# Rally sparks interest in Africa being 'wired'

CT 22/4/99 (1)

**GREG ARDE**
INDEPENDENT FOREIGN SERVICE

CAPE AGULHAS: The Africa Connection Rally arrived yesterday at Cape Agulhas, Africa's southernmost point, about 4pm — 23 days and 14 000km after leaving Bizerte in Libya, its northern-most point, on March 30.

Minister of Telecommunications Jay Naidoo drove into the settlement in a turbocharged diesel 4X4, followed by a support staff and press contingent of 40 people.

The whole endeavour was aimed at raising awareness about the need for telecommunications in Africa. After unveiling a plaque to commemorate the event, Naidoo said the purpose of the trip was to ensure that Africa wasn't left behind in the information age.

Naidoo will be officially welcomed by President Nelson Mandela in Cape Town today. A banquet this evening will complete the project.

But much work remains to be done. Earlier during the journey, Gideon Makwatobe, assistant general secretary of the Pan African Telecommunications Union (Patu), who had accompanied the rally, said: "Telecommunications is a tool of development in every human activity, but if we plant the seeds today we cannot expect the crops to grow overnight — we must water them.

"Governments cannot afford to build communication infrastructure. We must make sure the rules are clear for communication development so we can attract the private sector, and we are restructuring Patu to do this."

Rally sponsor Siemens is keen, according to Edgar Mabothe, a local manager of the company. "Wherever there is a chance to put infrastructure in, we see it as a good business opportunity."

**SHARING SUCCESS:** Minister of Post and Telecommunications Jay Naidoo, with daughter Shanti and son Kami, at Capa Agulhas yesterday. *PICTURE: THEMBINKOSI DWAYISA*

A meeting between Makwatobe, Naidoo and Organisation for African Unity chief Salim Ahmed Salim in Addis Ababa during the rally has gone some way to ensuring the African connection becomes a reality. Naidoo said talks with Salim were a useful prelude to a meeting of heads of state in Algiers in June, where they will discuss implementing a framework that defines national activities to "wire" Africa.

This is the institutional capacity which Naidoo believes will develop telecommunications in Africa, something he hopes will stand firm, regardless of individual efforts — although he believes the rally did achieve its objective of raising awareness.

editor of independent daily The responded by cutting back on From about 50 titles a week at one multinational asked.

# African conflicts displace 8-million

BD 23/4/99 (1)

Claire Pickard-Cambridge

ABOUT 20 different crises in Africa are resulting in the displacement of about 8-million people from their homes, says the director for Africa of the United Nations High Commissioner for Refugees (UNHCR), Albert-Alain Peters.

The magnitude of the problem is particularly serious in the Great Lakes region and Angola, where the latter now has about 1,2-million displaced people.

Peters, who was addressing a Pretoria news conference yesterday, says the UNHCR is coping poorly with the problem because it needs far greater resources for such a demanding support programme. Many crises are being forgotten by the wealthier donor countries who are focusing on refugees in the Balkans.

"The UNHCR is concerned that no situation should be neglected and we try to keep sensitising the donors to these needs."

Peters warns that refugees place a heavy burden on the host country's infrastructure, education and health-care systems. "It also delays the pace of development."

Peters recently visited northern Zambia where about 30 000 refugees have poured in to escape fighting in the Democratic Republic of Congo. The refugees, who are largely concentrated around Kaputa near the Congo border, are being moved to better facilities at Mporokoso, about 200km away.

Peters says Zambia and Tanzania both support large refugee populations. Zambia has a total of 190 000 refugees, many of whom are Angolan. Some have been in Zambia so long that they may acquire citizenship, he says.

He also says 1 116 of the 2 500 refugees who arrived in Botswana last year from Namibia's Caprivi Strip have been granted asylum. A second group has also been interviewed and a decision is expected from government this week. The exodus from Caprivi was linked to Namibian defence force searches for those connected to demands for secession from Namibia.

CAPE TIMES
FRIDAY, APRIL 23, 1999 ★

AVERAGE WAIT FOR PHONE IS 5,4 YEARS

# Communications vital to keep Africa in step

CT 23/4/99 (1)

**GOOD** communications is one of the best ways to speed up commerce and government — a strategy Africa badly needs, concludes **ROSS HERBERT**, who followed Naidoo's rally.

WITH great fanfare, Jay Naidoo set off across Africa three weeks ago with a small army of journalists, an unusual method and a gargantuan agenda.

The method: An 11-nation, 21-day road rally from Africa's northern-most tip at Bizerte, Tunisia, to its southern extreme at Cape Agulhas.

The rally finished on Wednesday when Naidoo and his weary crew finally rolled into the Cape.

The agenda of that 32 000km of travelling was to help focus public, political and investor attention on facets of Africa oft neglected, to encourage telecommunications investment, to portray hopeful sides of Africa lost amid the voluminous media coverage of African wars and disasters and to restore a measure of African pride in itself.

In this slog across Africa, it was clear that many of the stereotypes about the continent are true. The roads are atrocious outside North Africa and a few main arteries in the south. Telephone and Internet services are in short supply and unreliable.

Telephones provide one tangible indicator of the quality of African governance. The average person in sub-Saharan Africa who requests phone service from a state telephone company must wait 5,4 years for delivery; more than 10 countries take more than a decade to deliver.

Africa has less than half as many telephones per capita as other developing regions. South Africa has the best service in Africa by all measures. It has 10,05 telephones per 100 people (1996 figures) with 81,6% of the population having access to a phone. On average, sub-Saharan Africa has only one phone for every 200 people, while the worst countries — Democratic Republic of Congo, Chad — have less than one phone for every 1 100 citizens.

Still, there is another side. Investment in telecommunications is exploding in Africa and a host of new technologies are being tried — from satellites that connect bank ATMs or corporate networks to the world, microwave transmission (to replace often stolen copper cable) and wireless local loop systems (a form of radio-based telephone more cost-effective than cellular for rural areas).

Nine years ago only six countries offered highly limited cellular phone service. Today there are 65 networks in 39 countries. Ten countries have allowed private investors to buy stakes in their state telephone companies and 15 more plan to do so. Ghana and Uganda plan to fully open telecommunications to competition.

Three years ago, only 12 countries offered Internet service. Today all but Eritrea and Somalia have consistent links to the net.

In African business circles, cynicism runs deep about whether an African Renaissance is beginning in the minds of political leaders or those leaders have simply been forced into change by lack of money and forceful demands from the IMF, World Bank and the West.

But Naidoo's all-too-brief dash through Africa did reveal something has changed in government thinking. Governments, even the grossly corrupt ones, recognise that they cannot begin to do what the private sector can and if they do not act to spur innovation and investment, rapid innovation in the rest of the world risks leaving Africa further behind than it already is.

What lessons have been learned? It is a stereotype, but nonetheless true, that Africa is too slow and bureaucratic. Africa simply gets less done in a year than other continents and desperately needs to focus on speed. Fortunately, good communications is one of the best ways to speed up commerce and government.

Naidoo's reception impressed on me the extent to which African citizens and politicians are deeply influenced by one another. The subtle tension that exists between South Africa, Zimbabwe and other nations grows from that influence.

The idea of a road rally to promote telecommunications struck me initially as Quixotic. It was fraught with logistical problems and a failure by Naidoo's team to understand how difficult reporting on Africa can be. But South Africa needs to push and cajole Africa to reform and to lead the way in breaking stereotypes. In that, the rally was a useful first step. — Independent Foreign Service

*Economic Commission for Africa campaigns for Addis meeting*

# African ministers to ask West to cancel foreign debt

CT(BR) 23/4/99

(1)

TSEGAYE TADESSE

Addis Ababa – African finance ministers meeting in the Ethiopian capital next month are expected to call on rich nations to cancel much of the continent's $350 billion foreign debt.

"Africa's debt is essentially non-payable under any sensible scenario," the Economic Commission for Africa (ECA) said in a pre-conference paper.

"A credible solution to Africa's debt problem must entail substantial debt cancellation."

African ministers of finance, economy and social affairs from most of the ECA's 53 member states will meet their mainly western creditors at a conference in Addis Ababa from May 6 to 8, to review the continent's economic and financial outlook.

The ECA paper noted the "political will" to cancel debt among some creditor nations. "The UK, for example, has unilaterally cancelled a portion of debt owed it by the poorest countries, mostly in Africa," it said.

But it criticised the controversial heavily indebted poor countries (HIPC) initiative of the International Monetary Fund (IMF) – likely to be high on the agenda at the conference – for being too restrictive when classifying countries eligible for debt relief.

Many Africans say the initiative is moving too slowly to cancel debt.

Five proposals for greater debt relief have been put forward for consideration at a Group of Seven meeting in Cologne in June.

The ECA called on African nations to speak with one voice "that is coherent, loud and clear in the unfolding of new debt initiatives".

The paper also criticised African countries for allowing their nationals to build up huge wealth overseas.

"Africa's wealth held overseas is the largest of any continent – 39 percent compared with 6 percent for east Asia before the crisis," it said. "Reversing capital flight could go a long way in solving Africa's development finance problems."

The ECA said Africa's economic performance in the last four years had been positive, with average growth of 4,5 percent. But growth must reach 8 percent to make serious inroads into the continent's poverty. – Reuters

# African rail scheme works up steam

CT(BR) 23/4/99 (1)

**Goddy Ikeh**

Lagos – The Union of African Railways (UAR) has set up five "platforms" to serve as areas of co-operation between African countries.

According to Greg Ilukwe, the UAR president and a Nigerian, the decisions taken at the union's executive committee meeting last week in Nairobi, Kenya, put the Nigeria Railway Corporation, (NRC) in charge of the committee for development of infrastructure with members from the five regions of the UAR.

Ilukwe, who is also the sole administrator of the NRC, said at the weekend in Nigeria's new capital city of Abuja that the Nigerian Institute for Technology in northern Nigerian city of Zaria was responsible for training staff, with all regional training agencies incorporated as co-trainers.

Ilukwe said the training committee would soon meet to work out how to discharge their task. The other committees, he said, included the committee charged with the sourcing of materials and logistics for the development of the continent's rail system to meet with modern challenges, while another committee was charged with interconnectivity of the railways.

He said one of the committees was mandated to examine the modern economic challenges of restructuring and privatising the railways in Africa.

On the plan to relocate the union's headquarters to Nigeria from the Democratic Republic of Congo, he said negotiations were in top gear, adding that "things will soon be sorted out".

Ilukwe said the union at the recent meeting also took steps to address its poor funding and agreed to take the issue to the Organisation of African Unity in a bid to stimulate members to settle their dues.

According to him, more than $5 million of subscription fees was owed by members

He chided some African countries, which had always seen the union as "irrelevant", and stressed the need for the continent's railway officials to "compare notes and examine ways to help each other".

Speaking on plans to modernise the activities of the Nigerian railways, Ilukwe said the NRC would computerise its activities.

On the rehabilitation of the Nigerian railway by the Chinese, he said the job was nearing completion. He said the materials required from China, such as locomotives, coaches, wagons and signalling facilities, had arrived and would soon be put to use. – Independent Foreign Service

Sowetan 1/10/99

# Allure of Africa fades

Foreign direct investment in South Africa and the continent in general dropped last year, **Sharon Chetty** looks at some of the reasons ... (74b) (1)

FOREIGN direct investment (FDI) in South Africa dropped last year, adding to the overall decrease of investment into the rest of the continent, according to the latest World Investment Report of the United Nations Conference on Trade and Development (Unctad).

The decrease to South Africa has been attributed to a slow down in privatisation-related investment.

Whereas in 1997, South Africa received a record $1,7 billion (about R10,2 billion) in FDI, in 1998 the figure was a mere $371-million (about R2,2 billion), placing the country seventh on the continent after Nigeria (which was number one) followed by Egypt, Tunisia, Algeria, Zimbabwe and Angola.

The decline has also been attributed to reduced investment by Asian companies, especially from Malaysia, due to the economic crisis there.

However, if the South African figure was excluded from the overall tally, the continent would record a "modest increase", says the report.

And while Africa has been benefiting from an inflow of FDI since the early 1990s, the growth in investment is still less than for other developing regions, "leaving much of Africa's potential for FDI unutilised".

Germany, Malaysia, Switzerland, the United Kingdom, United States and Italy – mainly because Aeroporti di Roma bought a stake in the Airports Company of SA – were the main sources of FDI into South Africa.

The industries that attracted most of the investment were in energy and oil, mining and quarrying, construction and materials, motor vehicles and components and food and beverages.

In the Southern African Development Community (SADC) region, there had been $2,27 billion (about R13,62 billion) FDI, which was a mere 0,35 percent of the world's inflows.

While the "security situation", in other words the high crime rate, is cited as a concern for investors coming into SA, war-torn Angola, which has government-controlled oil resources, beat SA to the investment cake.

Algeria, another country wracked by internecine violence, but which also has oil resources, earned more FDI than SA with $500-million (about R3 billion) flowing in there.

Not surprisingly the war-torn Democratic Republic of Congo earned nothing.

And in South Africa's case, there appears to be little or no correlation between a country's attractiveness and the amount of investment it receives.

South Africa is touted as the most attractive on the continent, followed by Nigeria and Botswana while Zimbabwe is way down the scale.

UN secretary general Kofi Annan.

However, prospects for higher FDI into South Africa are still good, particularly in manufacturing, mining and forthcoming privatisation projects, predicts the report.

Regional integration in SADC, the conclusion of trade agreements with both the European Union and the United States and "domestic and political developments" are the factors which are expected to influence FDI inflows into SA in the medium to long term.

And prospects for Africa generally are good, says the report, "as many African countries appear to be a better place to do business than the overall negative image would suggest".

The existing disparity between the developing and developed world is quite stark and is increasing.

Despite a general slowdown in world economic growth, global FDI inflows reached a record $644-billion (about R3 864 billion) last year, which was an increase on the 1997 level.

The European Union got 35,7 percent of that, followed by the United States, 30 percent, China 7,1 percent, Brazil 4,5 percent and Canada 2,6 percent.

Nearly all of the increase in FDI was concentrated in developed countries while FDI flows into developing countries as a group declined.

While the developing countries of Asia had reduced flows, Latin American and Caribbean countries recorded "strong performances" according to the report. And investment flows into the transition economies of Central and Eastern Europe remained almost stable.

Most of the FDI flows can be attributed to cross border mergers and acquisitions.

These include the merger of British Petroleum and Amoco of the US worth $55 billion (R330 billion); Daimler Benz of Germany and US Chrysler Corporation at $41 billion (R246 billion); Zeneca Group of the UK and Astra AB of Sweden worth $32 billion (R192 billion) and Hoechst of Germany and Rhone-Poulenc of France worth $21 billion (R126 billion).

Transnational Corporations (TNCs) are at the core of global FDI, says the report.

There are some 60 000 TNCs which in turn have more than half a million affiliates that account for an estimated 25 percent of global output.

The world's largest 100 transnational corporations, when measured in terms of foreign assets, "hold a dominant position in the international production system".

They now account for $4 trillion (R24 trillion) in total sales and hold a stock of assets in excess of $4,2 trillion.

General Electric is the world's largest TNC, followed by the Ford Motor Company and Royal Dutch Shell Group.

Among the top 100 TNCs, only two are from developing countries: Petróleos de Venezuela and Daewoo Corporation of the Republic of Korea.

The report says that FDI "is now the single most important source of external finance" for developing countries.

It overshadows official aid and exceeds net lending by international banks. At the same time, it is not just about money changing hands.

FDI can comprise a package of resources such as new technology, access to new markets, the transfer of skills and management techniques and consideration for the environment for the country into which in flows.

However, governments still have to be cognisant. As United Nations secretary general Kofi Annan says in the preface to the report:

"To promote the development of their own countries, governments need to maximise the positive contribution that foreign direct investment can make to development and to minimise any negative effects it may have."

# World Bank teams up with European business

~~ES(?)~~ BD 10/5/(1)99

PARIS — The World Bank teams up with the private sector here today in an effort to encourage greater private investment in Africa in the face of dwindling aid flows to the region.

The bank is co-hosting the one-day conference, Private Sector Partners in Africa, with the Centre Francais du Commerce Extérieur, a French government body aimed at encouraging French companies to move into foreign markets, and the French business leaders' association.

The conference is to be attended by representatives from about 100 private companies across Europe in what the bank said was its first such meeting to mobilise investors for Africa on a European scale.

Several officials from the bank's Washington headquarters, including Jean-Louis Sarbib, vice-president for Africa, will be outlining the institution's activities in the region, private sector developments, and how the bank can help to boost investment.

Increasing private sector investment in Africa and encouraging its integration in the world economy is a bank priority, especially with donor governments proving more reluctant to provide aid.

"Structurally, investment in Africa is very difficult", because of its division into a plethora of small countries with relatively small trade links between them, said Gilles Garcia, a bank spokesman in Paris. "You must choose your country, and choose your sector," he said.

The bank's private sector arm, the International Finance Corporation, is the biggest source of foreign direct investment in Africa. Its Multilateral Investment Guarantee Agency offers guarantees for investment against political risk.

Long-term private capital flows to Africa doubled in 1997 to $8bn from $4bn in 1996, but remained tiny as a proportion of the total $256bn in total flows to all developing countries, say bank figures.

"Africa must attract more investment, not only from foreigners but from Africans themselves," the bank said. It has stressed that countries wanting to attract investment must follow suitable economic policies. Investments in infrastructure, a reduction of monopolies, and more private ownership and foreign direct investment were needed if African was to develop further, the bank said. — Sapa-AFP.

# HIV named as Africa's No 1 killer by world health watchdog

(1) ARG 12/5/99

Johannesburg – HIV/AIDS is now the number one overall cause of death in Africa, and has moved up to fourth place among all causes of death worldwide, according to the latest annual World Health Report.

Last year, HIV/AIDS was ranked as the seventh highest cause of death worldwide.

The report, released yesterday in Geneva by the World Health Organisation (WHO), used HIV/-AIDS estimates from the Joint United Nations Programme on HIV/AIDS and WHO's own estimates of other diseases, to rank the world's major causes of mortality, morbidity and disability.

Heart disease, strokes, and acute lower respiratory infections, typical causes of death in old age, were the only causes of death to surpass HIV/AIDS.

The epidemic was responsible for one in five deaths in Africa in 1998, approximately two million people, according to the UNAID/-WHO estimates.

Dr Peter Piot, UNAIDS executive director, said it was of great concern that AIDS had been with us for just 20 years and was already killing more people than any other infectious disease.

"It is the most formidable pathogen to confront modern medicine, with the potential to undermine this century's massive improvements in health and well-being of people around the world."

The new report says HIV is catastrophic because Aids targets young adults and the number of deaths are accelerating "Even if we stopped HIV today, because of the millions of people living with the infection, the burden of Aids will continue to be severely felt," he added. – Argus Correspondent

# African countries to set up arbitration court

B/D 14/5/99 (1)

## Anglophone states have also been invited to join the effort by the 16 countries

ABIDJAN — A regional commercial arbitration court is to be established in Côte d'Ivoire by the middle of the year, marking an important step by 16 francophone African countries to establish a unified system of commercial law.

The arbitration court is the latest function of the Common Court of Justice and Arbitration established in Abidjan, the capital of Côte d'Ivoire, under the Organisation for Harmonisation of African Business Law (Ohada) treaty signed in Mauritius in 1993.

The treaty aims to establish a clear body of law and practice in a region where financiers often run scared of funding projects because they are unable to pursue defaulters with any certainty. Ohada is designed to assure potential investors that they will have recourse to a transparent judicial system independent of national pressures.

The organisation has already established a general commercial law, corporate law, sureties law, debt recovery law and bankruptcy law, replacing colonial statutes dating back to the last century.

The new laws were established in 1997 and came into effect at the beginning of 1998; companies set up before that period will have to be in compliance by next year. Anglophone countries have also been invited to join the treaty.

The Abidjan court will offer an arbitration site for companies in dispute, where each party will send its own representative and either jointly choose a third party or ask the court to appoint an independent arbitrator.

The court already interprets Ohada law and acts as a tribunal of last resort, once national systems have been exhausted. It is currently dealing with its first two cases — one from Chad and another from Côte d'Ivoire — but its vice-president Jacques Mbosso refrained from going into details.

Kalidou Gadio, chief counsel for the African Development Bank, says that if the system is successful, it will be a significant boon for the region.

The common court should help clarify case law, previously almost impossible to apply with judgments often contradicting one another or simply unavailable.

The Star — Monday May 17 1999

# Aids now the No 1 cause of death in Africa, 4th in world

(1) Star 17/5/99

HIV/Aids is now the number one overall cause of death in Africa, and has moved up to fourth place among all causes of death worldwide, according to the latest annual World Health Report.

Last year, HIV/Aids was ranked as the seventh highest cause of death worldwide.

The report, released in Geneva by the World Health Organisation (WHO), used HIV/Aids estimates from the Joint United Nations Programme on HIV/Aids (UNAids) and WHO's own estimates of other diseases, to rank the world's major causes of mortality, morbidity and disability.

Heart disease, strokes, and acute lower respiratory infections, typical causes of death in old age, were the only causes of death to surpass HIV/Aids.

The epidemic was responsible for one in five deaths on the African continent in 1998, approximately two million people, according to the UNAids/WHO estimates.

Also, HIV/Aids was now the primary cause of disease burden in developing countries.

It also meant that Aids was making the most destructive impact, not only on death rates, but on premature death and disability in the developing world.

**One in five of all deaths on continent during 1998**

Dr Peter Piot, the executive director of UNAids, said it was of great concern that Aids had been with us for just 20 years and was already killing more people than any other infectious disease.

"It is the most formidable pathogen to confront modern medicine, with the potential to undermine this century's massive improvements in health and well-being of people around the world," he said.

According to the new report, HIV is unusually catastrophic for two reasons – Aids targets young adults and the number of deaths are accelerating quickly.

"Even if we stopped HIV today, because of the millions of people now living with the infection, the burden of Aids will continue to be severely felt. This is only the tip of the iceberg," Piot added.

While only small fluctuations in impact have been seen over the years with other causes of death, the Aids curve was rising sharply.

"These new findings challenge the world to make better use of the tools we have to reduce the impact of Aids, including prevention and care, and speed up the search for an Aids vaccine," said Piot. – Health Reporter

CAPE TIMES
★ FRIDAY, MAY 20, 1999

# EU to tighten control of aid

(1) CT 20/5/99.

JOHN FRASER
INDEPENDENT FOREIGN SERVICE

**BRUSSELS:** The EU Commission has ordered far tougher controls on the payment of its aid to African states, fearing that funds intended to boost development have been siphoned off into financing wars.

The review of aid payments was sparked by the conflict in the Democratic Republic of Congo, and follows concerns that the EU may unintentionally have helped to arm some of the combatants.

A policy paper on the issue, entitled "Co-operation with ACP countries Involved in Armed Conflict" was adopted yesterday by the 20-strong Brussels Commission.

The aid review will apply to all ACP (African, Caribbean and Pacific) countries, to which the EU directs aid through the Lome Convention, and which are involved in conflicts.

"Armed conflicts cause immense human suffering, destroy the efforts of human and economic development, undermine the solidarity among ACP countries, which is the basis of the Lome partnership, and have an impact on European political, economic and security interests," it says.

The review was ordered "following the escalation of the Congo crisis into a regional armed conflict".

The review adds that the EU has a "special responsibility" to try to help end wars in Africa, but also a "duty" to ensure that its aid to ACP states is used properly.

Reforms involve paying aid in staged amounts to enable checks on how it is spent. Aid will be frozen if the EU has misgivings on how the money is used and aid programmes will be halted if funds are diverted to military activities.

# Africa will need $250bn for infrastructure in next decade

BD 25/5/99

(1)

John Dludlu

CAIRO — Africa will need to invest as much as $250bn during the next decade to meet the continent's infrastructure requirements, says African Development Bank president Omar Kabbaj.

Speaking at a conference ahead of the bank's annual meetings today, Kabbaj said Africa's demands for infrastructure were at about 5%-6% of gross domestic product. Because of budgetary constraints faced by many governments and the need to follow prudent macroeconomic policies, very few governments had such funds.

It was necessary, he said, to involve the private sector in the provision of infrastructure — through management contracts and lease arrangements, concessions via build-operate-transfer, or build-operate-own schemes.

"Indeed, participation of the private sector is necessary to ensure the desired volume of investment resources is forthcoming, and that infrastructural services are supplied efficiently and effectively," he said.

In a bid to create an environment promoting the private sector, governments could look at policies like maintaining a stable and predictable macroeconomic framework; developing effective administrative and legal institutions; and strengthening of financial markets.

In cumulative terms, the bank had given loans and grants worth about $12,2bn between 1967 to 1997 on projects in the transport and public utilities sectors.

At a seminar on globalisation, Cyril Enweze, the bank's vice-president for operations, called on African governments to take a proactive approach to integrating their manufacturing sector into the global economy. He also challenged the private sector to wean itself off a protectionist mentality.

The main challenge facing governments was to build up competitive manufacturing sectors — creating an environment conducive for private sector growth through market-friendly policies.

At the same gathering, George Assaf, senior executive officer at the United Nations Industrial Development Organisation, said integration of Africa's industrial output was at a negligible 0,29% and Africa's exports had fallen to about 2% in recent times from 5%. This decline was because of the continent's failure to maintain its share of exports in raw materials.

He called for "genuine partnerships" to be established with both the private sector and international community to revive the fortunes of African industrial sectors. He also said privatisation was not a panacea for Africa's problems.

# Liberalise electricity supply to stimulate economy, Africa told

(OCT(BR) 28/5/99

**Matt Daily**

Amsterdam – African economic growth depended on increased access to electricity, but structural barriers often deterred private investors from taking the burden off cash-strapped governments, speakers at the African Energy Forum said yesterday.

"Availability of electricity ... is the greatest impetus for gross domestic product (GDP) growth," said Tony Hanna, the vice-president for Shell International Gas. "In developing countries electricity growth outpaces GDP growth."

Africa made up 12 percent of the world population but used only 3 percent of the world's commercial energy, he said.

"The potential for growth there is very significant," he said, adding that African electricity demand was likely to double in the next 10 years.

Regulations and political instability often deter investment in African utilities because they heighten risks for investors.

Graham Ward, the world utilities leader at PricewaterhouseCoopers, said governments must take steps to reform their legal systems, increase commercialisation and corporatisation in the industry and liberalise markets by unbundling utilities operations.

Institutional regulations had to be reformed before the private sector increased its participation, he said.

"The key is to establish long-term investor confidence."

Several speakers noted that governments were often reluctant to give up control of state-run utilities despite their inefficient operation.

"The problem we have seen is that the governments, rather than take the lead role, often take day-to-day control of utilities," said Said Mikhail, the senior power engineer with the World Bank.

"What we are saying is that governments should not completely abandon the power sector ... but let the private sector do what it does best and the government do what it does best, which is to set policy," he said.

To increase investor confidence, independent power producers needed contract security and guarantees that they would be paid for their efforts, Hanna said.

Justin Loasby, the head of the European Investment Bank's southern African and Indian Ocean division, said it was important to judge each state's utility on its merits.

"It's not the case that all state-owned power companies are bad. Some are quite good," he said. – Reuters

# Kabbaj's second-term bid boosted

BD 7|6|99 (1)

**John Dludlu**

THE bid by Omar Kabbaj, the president of the African Development Bank to secure a second term at the institution's helm received a boost at the weekend when another key contender for the job — Callisto Madavo — declared his support for Kabbaj.

Still, the battle for a second five-year term is not over; the search for the person to lead the Abidjan-based institution into the next millennium officially kicks off next year.

Interviewed last week, Madavo, the World Bank's vice-president for Africa, said: "I am not a candidate ... I am not running".

He had already told sponsors of his candidacy of his decision not to run against the Moroccan who made known his intention to seek a second term at the helm of Africa's premier development finance institution.

Madavo, widely respected on the continent, said he believed the reforms introduced by Kabbaj had to be broadened and deepened. A second term would be "genuinely good" both for the bank and the continent. "I hope he gets re-elected to deepen the reform movement he started several years ago."

Madavo said he had already told Herbert Murerwa, the Zimbabwean finance minister, of his decision.

Observers in southern Africa say Madavo's decision might have been inspired by the good personal relationship the two share.

Kabbaj declared his intention to seek re-election at last month's annual meeting of the bank in Cairo.

Since taking over the reins of the institution, which is owned by 53 African governments and 24 non-African ones, Kabbaj has introduced tough, but necessary reforms, to save the bank from collapse in the face of mismanagement and lack of controls.

Apart from shareholders, Kabbaj is known to command a great deal of respect among commercial banks.

However, his support among some African shareholders may be on the decline, warn some. Unhappiness over Kabbaj's leadership stems in part from the stringent controls he introduced which have effectively cut off 39 of the bank's borrowers from borrowing from the bank's commercial window.

Madavo said that if there were "second generation" problems, or problems resulting from policies, Kabbaj was best placed to deal with them. Governments have yet to make their feelings known on whether they will support Kabbaj.

# 'Arms bazaar' is fuelling conflicts

BD 10/6/99

AN INTERNATIONAL "arms bazaar" of ex-eastern bloc military equipment is helping fuel conflicts in southern Africa, regional security analysts have told the United Nations information unit Irin.

As eastern European nations cut back on defence spending, surplus military hardware at knockdown prices is readily available — it can even be ordered on the Internet — and is transported to local flash points with little fear of scrutiny, the analysts said. A 1950s-era T-55 main battle tank can be bought for as little as US $30 000.

Among the main suppliers of cheap but deadly military equipment is Bulgaria, according to a recent report by Human Rights Watch. During the cold war, Bulgaria's arms industry was the "cornerstone of the national economy", the report said. To maintain hard currency flows and avoid job losses, Bulgaria's export-orientated arms business has attempted to cash in on international conflicts, either covertly or through legitimate sales.

The report (Money talks — arms dealing with human rights abusers) alleged that in the mid- to late 1990s, Bulgaria "exported, transported, or transhipped arms to conflict areas, particularly in Africa, and its weapons continued to make their way to abusive military forces, including government forces and rebel groups".

Arms sales in the southern African region were frequently brokered by SA middlemen, the analysts told Human Rights watch.

The organisation said Bulgaria supplied the Angolan government and, in breach of UN sanctions, the rebel Unita movement.

According to media reports, a captured Unita officer said earlier this year that Unita was able to mount its rearmament drive with Bulgarian military equipment reaching it through unnamed African countries. Luanda has alleged Bulgarian weapons have reached Unita through Uganda, a claim rejected by Kampala.

Zambia, too, has repeatedly denied a role in assisting Unita with weapons supplies, while the Mozambican government said in 1997 it would investigate reports that Bulgarian arms were going through the country to Unita bases in Angola. It had not yet made public its findings, the report said. — Sapa

16/6/99 (1)

## AFRICA

CT.

## Thousands desert drought-hit areas

THOUSANDS of Ethiopians facing severe hunger have begun migrating to towns from drought-stricken areas in the northern and eastern parts of the country, United Nations officials said yesterday.

"Following successive marginal harvests in recent years in the northern region and a complete failure of this year's short rains, more than 13 000 people have migrated in south Tigray and northern Wollo alone," the UN Development Programme said in a statement.

The agency warned that a "grave famine situation" is developing in the eastern region of Hararghe. The year-long border conflict between Ethiopia and Eritrea has undermined agricultural production, with tens of thousands of rural families displaced from their farms.

**Genocide ruling:** A Rwandan court has imposed a life sentence on a man convicted of genocide and crimes against humanity, and has released 31 others after finding them not guilty of any wrong-doing. The suspects were among a group of 67 people accused of genocide in the Kigali rural district between April and July 1994. The remainder of the suspects were sentenced to prison terms ranging from seven to 20 years.

**Constables held:** Ghanaian police officers have been arrested in the capital Accra after allegedly selling arms and ammunition to a traditional chief. The constables said they each received 500 000 cedis (R1 200) and were offered land in exchange. An employee at Accra's main police station, who allegedly colluded in the crime, was also arrested.

**September poll:** The Central African Republic is planning a presidential election on September 5 and 26. But the date of the poll, which is part of a reconciliation process following three army mutinies and ethnic and political violence in 1996, will not become final until President Ange-Felix Patasse confirms it.

**Wave of arrests in Angola:** Authorities in Angola's northern Uije province have arrested 30 men, including a state attorney, for alleged collaboration with Unita guerrillas. The men stand accused of helping guerrillas infiltrate the town of Uije, the Roman Catholic radio station Ecclesia reported. The station also reported that a Unita official has been placed under house arrest in the south-western port city of Benguela, also on the grounds of alleged collaboration with the rebels.

**Editor to be handed over:** An association of Sierra Leonean journalists has agreed to hand over a journalist wanted by the authorities if his security is guaranteed. Jonathan Leigh, managing editor of the *Independent Observer*, has been in hiding since last Thursday, when authorities said they had seized a cache of arms at his office. Six people, including four journalists, have been arrested in the affair.

**20 die of thirst:** Twenty Sudanese have died of thirst in a series of incidents in the past two weeks when their trucks broke down in the desert. In the worst incident, 13 people died this week when a truck taking 65 passengers to Libya broke down close to the border. The remaining passengers survived after managing to reach nearby Libyan villages. Seven other people had died in similar circumstances last week.

**Warning on 'Aids drug':** Swazi Aids workers have advised HIV-positive people against buying a product named colloidal silver. The warning came after reports that people have been flocking to a dealer in Manzini following an advertisement claiming that the product, imported from the US, helps people with Aids. Inquiries made by the Swaziland Aids Counselling Office found that no one had ever used it to treat HIV/Aids. US embassy officials denied any knowledge of the drug.

**Church ceasefire call:** Zimbabwean and Congolese churches have called for an immediate ceasefire in the Democratic Republic of Congo's 10-month war. "The war is causing untold suffering to the people of the Congo and other countries in the region," a communiqué released at a church summit in Harare said. Zimbabwe has sent more than 6 000 troops in aid of Congolese President Laurent Kabila, who is also backed by Angola and Namibia in the war against rebels supported by Rwanda and Uganda.

# Regional bank strives to attract investors to Africa

KAMPALA — The Eastern and Southern African Trade and Development Bank said yesterday it would invite non-African states to join in a bid to increase its credit rating and facilitate borrowing from international capital markets.

"We hope by the end of 2001 that at least four member countries of the OECD (Organisation for Economic Co-operation and Development) will have joined," said Kariuki Mwangi, the bank's trade finance director.

"We are trying to attract nations out of Africa to improve our creditworthiness, to allow us to borrow on global markets," he said. The bank, whose main brief is to promote regional trade and industrial investments, could then make cheap loans to members.

The bank also wanted to attract institutional investors like the European Investment Bank and Commonwealth Development Corporation. — Reuter.

BD 22/6/99


**Delegates at the Africa Rail '99 exhibition and conference at Nasrec's Expo Centre in Gauteng which began yesterday and continues until Thursday.**
Picture: ANDY KATZ

# Rail services vital for growth

**Robyn Chalmers**

A RANGE of challenges is facing the growth of rail traffic in Africa, notably big infrastructure investment backlogs and the need to connect rail systems across the continent, says Transnet MD Saki Macozoma.

Speaking yesterday at the second Africa Rail '99 conference, Macozoma said the development of rail was a critical element to drive economic growth in sub-Saharan Africa and the continent.

He said Transnet was looking at its rail services, consisting of passenger and freight operator Spoornet and commuter rail operator Metrorail. Passenger services accounted for only 2% of business and private sector concessions were under consideration there.

"Transnet has a different focus which is not on people but rather on goods. We need entrepreneurs to go into (different areas) and look for concessions (on the passenger side)," he said.

Macozoma indicated that there were a number of key issues in Africa which must be considered if rail is to play an integral role in the 21st century. African governments generally had not invested much in rail in the past 50 years and did not have the resources required.

The private sector was the most likely source of new resources. However, there was a danger in Africa that as governments embarked on the privatisation route, other problems could be created, such as a lack of connectivity across rail networks in Africa. "We have to be mindful of these issues."

The increased and intelligent use of rail technology would bolster rail networks on the continent, while safe and clean rail systems which were on time would help attract passengers back to using trains as opposed to cars.

The transport department's recent Moving SA report had indicated that there was a tendency for South Africans to use cars, which led to traffic congestion.

In SA there were other challenges facing the growth of the rail network, such as low densities in corridors, urban sprawl and dysfunctional apartheid planning.

It was critical that the Southern African Development Community (SADC) protocols on rail and road be integrated into the national legislation of member states.

The Southern African Railways Association, formed in April 1996 largely as a result of the SADC protocol on transport, communications and meteorology, is looking at these issues.

Remmy Makumbe, general secretary of the association, said yesterday it recognised there was an urgent need to improve the quality of railway services if the railways were to increase their market share in a competitive industry. To deal with these and other challenges, the current thrust was to develop international corridors with "seamless logistic solutions as opposed to local and non-cohesive individual ... operations".

Godwin Punungwe, railway specialist at the Southern Africa Transport and Communications Commission, said efficient and cost-effective surface transport systems in the SADC region could only be achieved through policy actions promoting efficient operations for various transport modes.

① BD 23/6/99

# Foreign investment in Africa 'profitable'

BD 6/7/99 (1)

## Rate of return of US transnational corporations in 1997 was 25%

Jonathan Katzenellenbogen

DURBAN — The profitability of foreign direct investment (FDI) in Africa has been consistently higher than in most other regions, says a United Nations Conference on Trade and Development report released yesterday.

The report shows that the rate of return on African operations of US transnational corporations in 1997 was 25% compared with the average US affiliate of 12%.

Japanese firms had average returns of 6% on direct investment in Africa in 1995 compared with a world average of 2%.

Direct as opposed to portfolio investment is in real plant and equipment rather than financial instruments. This sort of investment in Africa has lagged behind the rest of the developing world.

Inflows into developing countries as a group almost quadrupled from the early 1980s to the early 1990s, but during this period direct investment inflows into Africa doubled. This had the effect of cutting the continent's share of global investment from 9% in the early 1980s to 4% in 1996-97.

Poor economic policies and conflicts in the 1970s and 1980s are partly to blame for this, says the report. However, it sees "a number of positive but little known facts about Africa, such as the considerable improvement by African countries of their FDI policy frameworks" as having changed this.

These include trade liberalisation, strengthening of the rule of law, better governance and improved transparency. The report points out that the FDI data conceals a diverse picture with Egypt and Nigeria receiving significant inflows due to oil-related investment.

It also points to SA's growing direct investment role in the region, but says its "potential as a regional growth pole has yet to be realised".

This is due to the exclusion of some sectors from trade liberalisation and faster growth of demand in SA. The rapid expansion in SA investment in the region has been fuelled by SA demand for primary and intermediate goods, expansion of manufacturing production and privatisation.

Commenting on the report, Finance Minister Trevor Manuel said the effort to attract investment should move beyond the primary sectors and into job creation.

### Foreign Direct Investment

**SA's FDI stock in selected African countries (millions of dollars)**

| Country | 1993 | 1997 |
|---|---|---|
| Botswana | 34 | 60 |
| Lesotho | 17 | 40 |
| Namibia | 32 | 191 |
| Swaziland | 26 | 113 |
| Zimbabwe | 35 | 46 |
| Others | 663 | 860 |
| Total | 806 | 1310 |

Rand amounts increased by more than dollars because of depreciation of the rand

KUBEN DAVID Source: UNCTAD, FOREIGN DIRECT INVESTMENT IN AFRICA: PERFORMANCE AND POTENTIAL JUNE 1999

Provincial and Local Government Minister Sydney Mufamadi receives a copy of the recommendations of the municipal demarcation board's report from the body's leader, Mike Sutcliffe, at a workshop held yesterday.

Picture: TREVOR SAMSON

# Africa's fight against poverty is a battle for peace, says UN

(1) BD 12/7/99

ALGIERS — Africa is falling behind in the race to halve poverty by 2015 and wars, more than anything else, are to blame, a senior United Nations official said.

Kingsley Amoako, the head of the Economic Commission for Africa, said in an interview that Africa was achieving less than half the 7% growth it needed to significantly reduce poverty.

He said that African leaders starting their last Organisation of African Unity (OAU) summit of the millennium in Algiers today had to tackle the root causes of war for which the simplest solutions were economic.

"Joining a rebel army becomes a viable employment opportunity where jobs markets do not incorporate youth," Amoako, a former World Bank official, told foreign ministers ahead of the summit.

"The choice is between guns and butter. The fight against poverty is a battle for peace."

Amoako said African economies grew by around 3,3% last year, up slightly from the previous year, comparing favourably with growth rates elsewhere.

"It would take 7% a year to make a meaningful contribution to poverty reduction," he said.

Last year's growth was mainly fuelled by the agricultural sector that benefited from reforms and good weather for the fourth straight year, a commission annual report said.

However, the industrial sector shrank by 3,2% last year from the previous year, while export revenues plunged 17% due to lower commodity prices, including oil, the report said.

"For the first time in the ... 1990s, the trade balance was negative, boosting the current account deficit to a high of $16bn," it said.

The report said that the growth was also marked by sharp discrepancies in the continent's five subregions and even in most of the countries themselves.

Only north and South Africa enjoyed positive growth, while the picture was gloomy in the three other sub-regions — central, western and eastern Africa, which account for 75% of the continent's population.

Amoako said a recent ECA study showed countries with the lowest score on its growth index had a long history of civil wars, such as Sierra Leone, Niger, Benin, Uganda, Central African Republic and Rwanda.

Prospects for sustained growth are brighter in countries which enjoy political stability, less corruption and more transparency in governance, he said. Egypt, Morocco, Mauritius, Botswana, SA, Gabon and Libya were among countries which scored highest on the index.

Amoako said African governments must boost existing regional economic groupings such as the Economic Community of Western African States, the Southern African Development Community, Common Market for Eastern and Southern Africa and the Arab Maghreb Union.

Member-states in these groupings must eliminate trade barriers, harmonise their laws and set free trade zones to become more competitive in a global economy.

"The biggest challenge is where we can get the resources. Privatisation is a key tool," Amoako said. — Reuter.

# E-mailing the seeds of inequality

## Developing countries need a kick-start from rich nations to become part of the digital world, according to a UN report

BD 13/7/99 (1)

IT COSTS $75 and takes five days to send a 40-page document from Madagascar to Côte d'Ivoire. It costs $45 and takes half an hour to fax it. It costs about 20c and takes two minutes to send it by e-mail, which can go to thousands of people at no extra cost.

"The choice is easy, if the choice is there," says the 1999 United Nations (UN) Human Development Report.

The number of internet hosts (computers with a direct connection to the internet) rose from less than 100 000 in 1988 to more than 36-million in 1998. By 2001 the UN estimates that more than 700-million people will be using the internet.

"Communications technology sets this era of globalisation apart from any other. The internet, mobile phones and satellite networks have shrunk space and time," the report says.

It values e-commerce worldwide at $2,6bn in 1996 and forecasts that this will rise to $300bn by 2002. This offers development opportunities for poor countries, which can take part in the knowledge economy.

The report points to Caribbean countries that have been successful in using low-cost semiskilled labour to export data processing services.

The software market provides another route into the knowledge economy for developing countries.

Companies from countries in the Organisation for Economic Co-operation and Development account for more than 90% of the software industry.

Now a handful of developing countries are beginning to take part. Indian software exports, for example, have increased rapidly this decade.

The report highlights information technology's potential in the fields of health and education, as well as business.

The typical US medical school library subscribes to 5 000 or more journals. Nairobi University's medical school, regarded as a leading centre in east Africa, subscribes to just 20.

The internet makes it possible to get such information to developing countries at far lower cost.

However, not surprisingly, schools and governments that have least access to more traditional sources of information also tend to be poorly connected.

The information revolution also carries the risk of polarisation, the report says. "The network society is creating parallel communication systems: one for those with income and education; the other for those without connections, blocked by high barriers of time, cost and uncertainty and dependent on outdated information."

The US, with less than 5% of the world's population, has more computers than the rest of the world combined and is home to 26% of all internet users. South Asia, with more than 20% of the world's population, has just 1% of all internet users.

Many developing countries are still catching up with older technologies such as telephones, televisions and radios, the report says.

They need help to take part in the digital world.

The report calls for a tax on information sent through the internet, with the proceeds used to help provide equipment in poor countries.

This will be of little help in developing countries without functioning education systems. For example, in Benin, 60% of the population is illiterate.

"Even for the newest and most advanced technologies, the most basic and longstanding policy lies at the heart of the solution," the report concludes. — Financial Times.

# African continent told to make up for lost time

(1) BD 13/7/99

**Roula Khalaf**

*Financial Times*

ALGIERS — President Abdelaziz Bouteflika of Algeria painted a sad picture of Africa at the end of the 20th century during the 35th summit of the Organisation of African Unity (OAU) in Algiers yesterday.

Africa remained isolated and removed from the forces that were pushing the rest of the world, was mired in internal conflict and wars and was hesitant to move forward economically, Bouteflika said.

Africa had to make up for lost time, he said.

"By facing the political, economic and social realities and co-operating to overcome the challenges, we have a chance today to launch a new beginning for Africa."

Bouteflika said the presence of about 40 heads of state, a high turnout for an OAU summit meeting, was a recognition of the steps for peace that his country had taken.

The summit, billed as the end of Algeria's international isolation, followed moves by the new president to appease Islamic rebels who had been fighting the army-backed regime.

A proposed amnesty for rebels not involved in killing civilians and the recent release of some political prisoners were seen as first steps towards a resolution of Algeria's crisis, which erupted in 1992 after the cancellation of elections Muslims were about to win. The three-day conference will focus on internal conflict and economic development and co-operation.

Olusegun Obasanjo, Nigeria's new president, emphasised that finding a solution to a crippling $220bn debt problem in the continent was essential if Africans were to benefit from the democratic systems they were expected to support.

Kofi Annan, the United Nations (UN) secretary-general, called yesterday for the encouragement of more investment into Africa and said the UN was determined to stand by the continent.

The summit came after a peace deal signed last week to end an eight-year war in Sierra Leone and new moves to end the 11-month conflict in the Democratic Republic of Congo.

Officials in Algiers were hoping yesterday that progress would also be made at the summit towards resolving the border conflict between Ethiopia and Eritrea.

# OAU call for Africa to shed its image of continent at war

(1) CT 13/7/99

**PEACE CALL:** Nigerian President Olusegun Obasanjo

**ALGIERS:** Nigeria's new civilian president Olusegun Obasanjo yesterday called on Africa to shed its reputation as a continent at war with itself and urged fellow leaders attending the OAU 35th summit to make 2000 the year of peace.

Obasanjo, who last addressed an OAU summit as military ruler of Africa's most populous nation two decades ago, said the challenge of the millennium was to root out the problems blocking the economic development of the world's poorest continent.

"The goal is to create a resurgent Africa that is at peace with itself and able to compete on equal terms with other regions in an increasingly globalised and borderless world," Obasanjo told the opening session of the summit in Algeria, itself emerging from a bloody Islamist revolt.

"I wish to propose that we agree to declare next year as the year of peace and security in Africa," he said, listing war, population growth, desertification, drought, disease, illiteracy and the continent's $350 billion foreign debt as the main obstacles to growth.

UN Secretary-General Kofi Annan, a Ghanaian, welcomed emerging home-grown peace deals in Sierra Leone, the Democratic Republic of the Congo and Algeria. "The overall picture in Africa today is nowhere near as gloomy as it seems to those elsewhere," he said.

African leaders turned out in force for the three-day annual summit.

"By your presence here you show political and psychological support for my efforts to bring about a return of peace and reconciliation and to restore the dignity of the Algerian people," new OAU chairperson President Abdelaziz Bouteflika of Algeria said.

Bouteflika has persuaded the armed wing of the Islamic Salvation Front (FIS) to lay down its arms, but the more radical GIA group has shunned talk of peace.

Algerian officials say 43 of the OAU's 53 members are represented by heads of state or government, topping the previous best turnout of 42 in Tunisia in 1994.

Libya's Muammar Gadaffi, who has taken an increasingly active role in African peacemaking, was attending his first OAU summit since 1977. Egypt's Hosni Mubarak came for the first time since Islamic gunmen tried to kill him in Ethiopia in 1995.

Security was tight around the Club des Pins state residence and conference complex and the hotel housing the leaders and hosting closed-door sessions.

The continent's myriad conflicts and plans for economic revival will dominate the summit.

Sierra Leone's President Ahmad Tejan Kabbah and rebel leader Foday Sankoh, who signed a peace deal on July 7, attended the meeting as did most of the leaders involved in the Congo conflict.

Warring Eritrea and Ethiopia are represented respectively by their president and prime minister. Their bitter border war rages on.

President Laurent Kabila and the presidents of other countries involved in the 11-month-old war in the Democratic Republic of Congo signed a ceasefire accord in Zambia on Saturday after intensive lobbying by their Southern African neighbours.

But Rwandan- and Ugandan-backed rebel factions could not agree on who should sign. Mediators said the rebels could sign later. In the meantime, the war continues.

And Angola has slipped back into civil war after five years of strained peace.
— Reuter

# Mbeki issues wake-up call to OAU heads

## 'Time to join global economy'

ARG 14/7/99 (230) (1)

PETER FABRICIUS
Foreign Editor

**Algiers – President Mbeki urged Africa's leaders to meet the challenge of globalisation with strong action to implement democracy, good governance and a common market, rather than by making moral appeals to the rich countries.**

He was delivering the keynote address at the 35th Organisation of African Unity summit here.

Mr Mbeki criticised a draft resolution of the summit which complained about the negative effects of globalisation on developing countries and called for it to be conducted more democratically.

"Mere moral appeals from the have-nots to the haves are not likely to take us very far," he said.

Instead Africa should develop its own "sovereign continental capacity" to take part in the process of establishing the ground rules, institutions and practices to govern the global economy.'

The way for Africa to start tackling globalisation was to put its own economic theory into practice, by creating a functioning mechanism to begin implementing the continent-wide African Economic Community (AEC), which the OAU envisaged eight years ago but which has remained a blueprint.

The OAU had to start taking the Abuja treaty establishing the AEC for what it was – "a legal document which, within our countries, has the force of municipal law".

"Accordingly, we cannot avoid putting in place and activating oversight structures to ensure that the law is in fact observed," Mr Mbeki said.

This might raise questions of national sovereignty, but by voluntarily acceding to the treaty, African governments had agreed to qualify their national sovereignty, because they believed that joining forces with others would better serve their national interests.

The OAU would need to put in place mechanisms and procedures to enable it to determine whether what it was doing at national, bilateral, regional, continental and global levels was consistent with the objectives of the Abuja treaty.

It would need to look at the efficacy of such existing institutions as the OAU secretariat, the UN Economic Commission for Africa and the African Development Bank.

The body established to implement the economic community should report directly to the OAU heads of state, "as political economists who seek to build people-centred societies," Mr Mbeki said.

And in a move designed to foster democracy on the continent, Mr Mbeki said the OAU would ban governments that took power by force from attending future gatherings until they reform and open up to civilian rule.

He mentioned Niger, Guinea-Bissau and the Comoros, whose leaders had staged coups in the last year.

"We have decided that governments coming to power by military force will not be allowed into the next summit," Mr Mbeki said.

"In the meantime, we will be working with them to return them to democratic society."

He said a special OAU summit will convene from September 6-9 in Libya to look at how to deal with renegade governments.

The meeting also will address the restructuring of the 53-member organisation to make it more efficient and how to prevent and resolve conflicts when they happen.

REUTERS

**Talking heads:** OAU chief Abdelaziz Bouteflika, middle, Tanzania's Salim Ahmed Salim, left, and Libya's Muammar Gaddafi in Algiers

# 'Meet challenge of globalisation'

ALGIERS: African leaders should speed up the economic integration of their continent to meet the challenge of globalisation, President Thabo Mbeki said at the OAU meeting here yesterday.

"This calls for our conscious and deliberate intervention in the process of globalisation, as Africans, to produce these results — ethics, equity, inclusion, human security, sustainability and development," he said.

He quoted a UN Development Programme report stating that while the advantages of global markets and competition should be preserved, it was also necessary to ensure globalisation worked for people and not just profits.

The 1999 Human Development report says: "When the market goes too far in dominating social and political outcomes, the opportunities and rewards of globalisation are spread unequally and inequitably."

He was critical of the fact that most states had done little towards establishing the African economic community agreed to in the 1991 Abuja Treaty.

Its goals included higher economic growth and investment, better living standards and the modernisation and integration of African economies. — Sapa

STABILITY, GROWTH KEY AIMS

# OAU prepares to oust coup leaders

ET 14/7/99

(230)(1)

**ALGIERS:** Coup leaders might soon be "red-carded" by the OAU as African leaders work for a stable, politically respectable continent. **PETER FABRICIUS** reports.

THE Organisation of African Unity is moving to suspend from its ranks leaders who come to power through coups.

The twin themes of the summit are conflict resolution and economic development.

Several leaders at the summit here have condemned leaders who have taken power by force. At least six leaders at the summit did so, three of them in the past year.

Zambian President Frederick Chiluba urged the summit leaders to "red-card" coup leaders, suspending them immediately from the OAU, but South African President Thabo Mbeki suggested a more realistic policy as he described it, of showing them a "yellow card" — giving them a year to move towards constitutional government or be suspended from the next year's summit.

In an acclaimed speech here, Nigerian leader Olusegun Obasanjo demanded that coup leaders be suspended, saying: "We must be emphatic about upholding codes of good conduct. We must condemn coups and let the violators know there's no room for them in our company.

"We must not have any excuse, diplomatic or expedient, for sitting with those whose actions have clearly shown that they don't deserve our respect."

OAU Secretary-General Salim Ahmed Salim echoed his sentiments, saying it was essential to ensure that the OAU put into operation its own declarations and commitments which it had not always done in the past.

"For instance, in Harare in 1997, African leaders made it clear that unconstitutional changes of government were to be a thing of the past. Yet coups still haunt our continent. This problem needs to be addressed to assure that democracy and the rule of law are nurtured and consolidated in Africa."

UN Secretary-General Kofi Annan said that in the past year Africa had witnessed, in the Comoros, Guinea-Bissau and Niger, "new examples of a problem we hoped we had put behind us — and new deviations from the principle, agreed to in Harare two years ago, that the will of the people must be the basis of authority in Africa and that governments, duly elected, should not be overthrown by force".

The growing intolerance of coups comes as the organisation takes responsibility for Africa's destiny, with a corresponding impatience among the continent's democracies for a past OAU tendency: To blame ills on others.

# Africa's coup leaders to get 'yellow card'

(1) (230)

## Landmark decision by OAU

ARG 15/7/99

PETER FABRICIUS
FOREIGN EDITOR

**Algiers – Africa's leaders ended the Organisation of Africa summit here with a new resolve to end the economic ills and conflicts that plague the continent, adopting an historic resolution to suspend leaders who come to power through coups.**

President Thabo Mbeki, attending his first OAU summit as head of state, said the meeting was characterised "by a mood of great determination to ensure that decisions on these matters are actually implemented".

In their most important decision, the 45 leaders decided that governments that took power by force from elected governments would be suspended from the OAU if they had not moved to constitutional rule by the time of the next annual summit in a year's time.

On the coup resolution, Zambian President Frederick Chiluba proposed to "red-card" coup leaders – suspending them immediately from the OAU – but he and the other leaders accepted a proposal by Mr Mbeki and newly-elected Nigerian leader Olusegun Obasanjo that coup leaders should instead be "yellow-carded" – given a warning and a year to restore constitutional rule or be suspended at the next summit.

Mr Mbeki said that in the meantime the OAU would have to take active measures to help these governments establish constitutional rule.

Mr Mbeki and General Obasanjo emerged clearly as the two major players of this summit, receiving general recognition and respect.

Mr Mbeki was chosen to deliver the final address, thanking Algeria for hosting the summit.

The summit became an important boost for the incomplete and uncertain reforms of Algerian President Abdelaziz Bouteflika, who has recently released Islamic extremist political prisoners and begun a dialogue with one of their groups.

The summit passed an unprecedented motion of support for Algeria and Mr Bouteflika, proposed by South Africa, thanking both for their contribution to the independence of Africa.

The summit also agreed to hold a special meeting in Libya in September this year to review the OAU charter.

# US expected to cut aid to world bodies

PD 29/7/99 (1)

## Proposed law may affect World Bank, African Development Fund

**Mark Suzman**

*Financial Times*

WASHINGTON — The US House of Representatives is expected to approve a foreign aid bill this week that would impose deep cuts in US funding of the World Bank, as well as other international financial institutions.

The proposed legislation, which has already been approved by the Republican-led house appropriations committee, would also cut aid to the former Soviet Union and freeze or lower budget allocations for a wide range of other international programmes.

Many of the proposals are certain to be modified in later negotiations with the White House and the Senate, which has already passed its own version of the bill proposing less severe cuts.

However, critics warn the legislation sends a strong signal of continued uneasiness on Capitol Hill about US involvement in multilateral initiatives.

"Foreign aid has always been an easy target," says s congressional aide who opposes the legislation.

Republicans defend the proposals as reflecting the tough choices that Congress has to make this year in order to meet its self-imposed budget caps. It also argues that many other programmes are facing similar cutbacks.

The steepest cuts are aimed at the International Development Association, the World Bank's "soft loan" window to provide concessional financing for poor countries.

The bill recommends that Congress approve $12,7bn for overall foreign operations and export assistance, $1,9bn less than US President Bill Clinton requested in his budget.

It also calls for cuts to regional development initiatives, with funding for the Asian Development Fund and the African Development Fund to be cut to $100m each. Last year the Asian Fund received $210m, in part to help deal with the fallout from the economic crisis, and the African Fund received $127m. The committee report says the reduction to Asia is "made solely because of the limited budget allocation available".

Although assistance to Egypt and Israel, the two largest beneficiaries of US aid, remains broadly unaffected, the bill proposes only $725m in support to states of the former Soviet Union, $76m down on last year's allocation and $307m less than Clinton's request. It recommends the US withhold 50% of assistance to Russia unless it ends nuclear and ballistic missile cooperation with Iran.

# Africa to get UN-backed online business database

(1) CT(MR) 29/7/99

**Bontle Headbush**

Johannesburg – The African Business Round Table, the organisation established to promote Africa's private sector, yesterday launched its African Business Executive (Abex) programme.

Abex, worth R4,9 million, is an electronic database of business opportunities, activities, tenders and skills in Africa, set up to solve the critical lack of business information in Africa.

It will play a role in promoting intra-African trade, co-operation and investment for economic growth and sustainable development in the continent.

Financial support for the project was received from the United Nations Development Programme (UNDP).

Thelma Awori, the UNDP regional director for Africa, said: "There is no doubt the conception of Abex (and) its implementation will be a major breakthrough in Africa's economic growth in the 21st century."

The African Business Round Table said the rationale behind the setting up of the programme was the lack of a central mechanism for pooling the wealth of talented advisers in Africa's business community and the lack of business information.

It said the full dimension of the Abex database would be realised in stages. Three regional offices would be set up, in Douala, Lagos and Dakar, by the year 2000, along with a head office in Johannesburg.

# UN to pump cash into African database

BD 2/8/99 (1)

Justin Palmer

THE critical lack of business information in Africa has been regarded as partly to blame for the continent's underdevelopment, but this is set to change as the United Nations Development Programme (UNDP) pumps $800 000 into an electronic database called Abex.

Abex is an acronym for African Business Executive Programme, which was launched recently by the African Business Round Table and houses in its database a list of African consultants, business activities and information relative to the continent. It is hoped that these will play an important role in promoting intra-African trade, co-operation and investment.

It will do this by enabling African economic operators, both private and public, to identify business opportunities with relative ease and to participate in them if they so desire. Skills that lie idle or underused in Africa will also be identified so as to better harness the continent's resources.

The absence of a central mechanism for pooling the wealth of talented advisors in Africa's business community, as well as the scarcity of business information, is the rationale behind the setting up of Abex.

Another rationale stems from the fact that many external advisors in Africa have adopted cut-and-paste policies that have been ill-suited to local conditions. The resulting irony is that Africans receive the blame for apparent mismanagement. Abex intends to effectively disseminate business information plus other relevant technical assistance, forging a greater role for Africa's private sector in its ongoing development process.

Donor agencies are to be involved, but so will other relevant agencies and organisations that are based in Africa or do business on the continent.

The electronic database itself will be linked to international development organisations while each office will be linked to the Abex centre in Johannesburg which in turn will be linked to the World Bank, the African Development Bank and the US Agency for International Development.

It is expected that by December 2000, 35 offices will span Africa while Abex regional offices will be set up in Cameroon, Nigeria and Senegal by the end of the year.

On a user basis, the round table members will be able to access the information on Abex while nonmembers will have access at affordable rates.

Thelma Awori, UNDP regional director, said, "We want to know that the round table plays its rightful role and that the biggest instrument for intra-African trade and co-operation in round table hands is the Abex programme".

# Hatred at heart of lakes' upheaval

LUSAKA — Centuries-old ethnic hatred in central Africa's Great Lakes region between majority Hutus and minority Tutsis was at the centre of the Congo conflict which formally ended with Tuesday's ceasefire deal.

The animosity fuelling one of the most tenacious ethnic feuds in African history has torn apart Rwanda and Burundi and now destabilised their giant neighbour, the Democratic Republic of Congo.

A key rebel group fighting to overthrow Congo President Laurent Kabila signed yesterday a truce already agreed to by six African countries drawn into the year-old war.

Despite the signature of the Rwandan-backed Congolese Rally for Democracy, analysts say securing a lasting peace in Africa's third-largest country will be no easy task. Tutsi-Hutu rivalry goes back centuries, but its results have grown more horrific.

The ethnic blood-letting culminated in the 1994 Rwandan genocide of an estimated 800 000 Tutsis and moderate Hutus.

The first phase of the latest Congo war started in 1996 when Zaire, then home to more than a million Hutu refugees from outside its borders, ordered its indigenous Tutsis — a tiny proportion of its 40-million people — to get out.

Rwanda was the backbone of the rebel force fighting to topple the Kabila government. The irony is that Rwanda along with other regional states played a major role in installing Kabila as president in May 1997 after toppling late dictator Mobutu Sese Seko.

Kabila had been a fringe revolutionary for years until 1996 in South Kivu, where there was a rumbling dispute over the Mobutu government's refusal to allow Zairean citizenship to the Banyamulenge people — ethnic Rwandan Tutsis who settled across the border more than 200 years ago. BD 1/9/99

The Banyamulenge were becoming increasingly persecuted by more than 2-million Rwandan Hutu, who fled to Zaire in 1994 to escape feared Tutsi reprisals for the genocide.

Mingling with genuine refugees were thousands of former Rwandan army troops and dreaded Interahamwe militiamen who were using refugee camps as bases to launch raids into Rwanda.

The citizenship issue gave the Rwandans the excuse they had long been looking for. Kabila, backed by Rwandan troops, emerged from obscurity as a suddenly credible alternative to Mobutu.

The Rwandans invaded, destroying some Hutu camps and finally propelling Kabila to power. Many Hutus fled deeper into the jungles of the Congo and continued to regroup and wage attacks against Rwanda, Burundi and Uganda. In Burundi, more than 150 000 people died in a civil war and massacres after the Tutsi army overthrew a Hutu president.

With Kabila facing complaints from Rwanda that he was not doing enough to contain Hutu insurgency in eastern Congo, he gradually fell out with Kigali and the other regional broker, Ugandan President Yoweri Museveni. — Reuter.

...OLENDERS

FM 24/9/99

# ROCKY START AS ERWIN TRIES TO SPEAR LOAN SHARKS

## Lenders sign up for recognition amid court challenges

Pieter du Plessis and his five partners have been doing a roaring trade since they teamed up in 1996 to lend high-interest money to blue-collar workers in Potgietersrus, Northern Province.

Some months they turn over R200 000 in loans. Their microlending company, New Dimension Financial Consultants, has expanded to Pretoria, Bloemfontein, Port Elizabeth and beyond.

But big changes are under way. Government has instituted regulations to rein in the fast-growing microlending industry.

The deadline for all microlenders to register with the newly formed Micro Finance Regulatory Council (MFRC) was Wednesday last week. Registration means that New Dimension and other lenders are prohibited from charging more than 10 times the prime interest rate annually — an average of about 13,3%/month at the current prime rate.

The restriction troubles Du Plessis. He says he charges about 30%/month on short-term loans, though the rates are flexible and depend on customers' circumstances.

"Customers get anything from 2% to 8% discount in difficult times," he says. "In cases where a customer takes home about R50 after debt repayments we freeze our debt for a period of up to three months."

The new regulations also provide opportunities for the industry. "Diversifying into other cash services such as educating customers about financial management and insurance can offset the effects of the capped interest rates," says Du Plessis. He estimates this could boost his clients' income — about R800/month at present — to about R2 000, and benefit both lender and borrower.

Du Plessis says his industry should be striving to expand into financial services for people who do not use banks, and possibly for small businesses.

The legislation is intended to squeeze out loan sharks by encouraging registered lenders and the public to report illegitimate practices. Du Plessis has his eyes peeled. "Some lenders are not even registered with the Receiver," he says.

Nonetheless, he says the law falls short of protecting the customer. "There should be a maximum limit on the loan amount, but the law does not say that." He is convinced the legislation will eventually help, though, because consumer interest groups serve on the council.

New Dimension is not immune to the usual risks of running a lending operation, such as bad debts and fly-by-night clients. But Du Plessis says his company screens customers carefully. Prospective customers must produce identity documents and proof of employment.

Du Plessis says his company will have nothing to do with heavy-handed debt collection. "Our loyal customers pay themselves, in cash," he says.

As with most microlenders, New Dimension requires borrowers to surrender their identity documents, bank cards and PIN numbers. This is one of the thorniest practices in microlending and has been outlawed by the new Act. Du Plessis is a member of the Microlenders Association (MLA), which is taking Trade & Industry Minister Alec Erwin to court in a bid to overturn the regulation. The case is due for a hearing on October 18.

They are also challenging the cap on interest rates. MLA membership manager Gerco Engelbrecht says the cap will drive many cash loan operators out of business.

"An audit of cash lenders' financial statements showed they need to make a return of about 25%/month to break even," he says. This is to provide for bad debts and high operating costs. Engelbrecht says market forces should be allowed to determine interest rates.

If there were doubts that microlenders would comply with government's requirements, those were dispelled by the crush of lenders at the MFRC offices as the registration deadline neared. The council's acting CE, Neville Zar, says applications averaged 300 a day for the last three registration days. The rush came after a court ruling rejecting an MLA challenge to the authority of the MFRC.

"Unregistered companies are subject to Usury Act penalties, which include imprisonment or a fine, which may be imposed by government," says Zar.

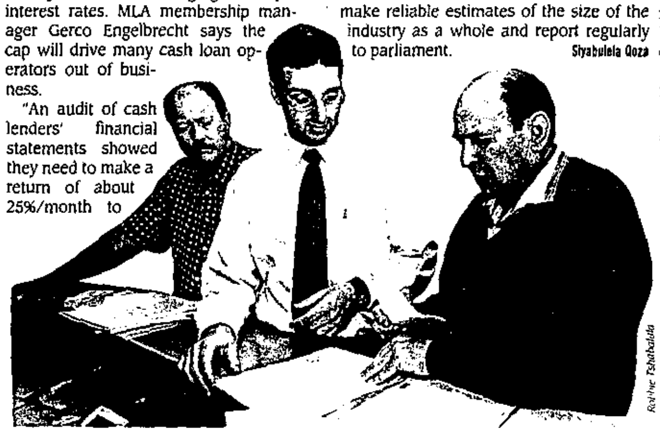
He declines to estimate how many microlenders have registered since the office opened two months ago.

Zar says the council had to return some applications because the lenders were not registered with the Receiver of Revenue. Others were returned because of insufficient information. Some applications were received after the deadline, but may still be accepted.

Nobody involved with the industry is prepared to say whether the registration has been successful because nobody knows how many microlenders there are. But Erwin appears to be in no mood to condone stragglers, and has shown no intention of extending the deadline.

It may take years to get an accurate assessment of the number of illegal lenders, but this is likely to decline over time. Meanwhile, it is the MFRC's task to make reliable estimates of the size of the industry as a whole and report regularly to parliament.

**Siyabulela Qoza**



Robbie Tshabalala

***Registration*** *. . . regulator Zar (middle) helps microlenders Du Plessis (left) and colleague*





WORLD BANK

(1)

# KINSHIP THE KEY TO SUCCESS

## Ethnic loyalties can be used to overcome market shortcomings

FM 24/9/99

Throughout Africa's history, ethnicity has been at the centre of conflicts that have ripped apart the continent's socio-political fabric. But Africa can turn ethnic loyalties and other social networks into a positive force to drive the continent's economic development.

Social and business networks have been used elsewhere to overcome the lack of a well-functioning market economy. Because family and ethnic ties provide the basis for mutual trust, they can become the only reliable and secure assurance for businessmen in an area where formal business agreements are difficult to enforce. Such ties also make it easier for businessmen to share information and resources.

The *World Development Report 1999/2000*, released by the World Bank, identifies networks as part of the solution to the continent's dismal economic growth record. It cites Tanzania as a country that could draw on its ethnic, religious and kinship ties to overcome market failure.

The best-documented example of successful networks is the Chinese Diaspora, known as the "bamboo network", which drove Asia-Pacific's economic development. Businessmen in the network bridged market failure, created markets and helped the region's economies become competitive in a short time.

Africa has its own, less well known case. The Nnewi peoples of eastern Nigeria developed a manufacturing industry in the early Eighties when Nigeria's manufacturing output was declining.

In the two-year period between 1983-1984, Nnewi businessmen started 23 large to medium-sized factories and engineering workshops, producing motor vehicle components and a wide range of products such as electrical wire, cables, toilet paper and road construction equipment.

In a paper prepared for the African Development Bank's 1998 Africa Development Report, Paul Bennell from the University of Sussex in the UK describes how Nnewi businessmen used their cultural practices to help overcome the high cost of doing business in Nigeria.

Business transaction costs in Africa's most populous country are high because of years of negligible investment in infrastructure. In addition, property rights are poorly specified and difficult to enforce.

Businesses also have to deal with a battery of regulations, which cost time and money (in the form of bribes).

But the Nnewi, "a dynamic, geographically tight cluster of indigenous capitalist manufacturers", relied on a supportive network of relationships. Most of the manufacturers had started as traders, running motor spare parts shops, and as apprentices to motor traders. Bennell argues that the collaborative skills used to establish small businesses were honed when the entrepreneurs became traders.

The skills involved "co-operative competition". This included sharing production equipment, lending each other skilled personnel, and providing advice and technical assistance. "Close trust-based relationships also ensure that key information travels quickly among both producers and traders. Furthermore, Nnewi entrepreneurs have developed close links with spare-part producers and wholesalers in Taiwan and other Asian countries," says Bennell.

How the Nnewi turned to culture to keep afloat could be the key to economic growth in countries such as Tanzania.

The country's growth prospects are similarly hamstrung by a lack of physical infrastructure, access to finance and markets for agricultural produce. Its infrastructure suffers from years of neglect, partly as a result of 24 years of socialist policies. Only 12% of the country's road network is in good condition.

Given that 75% of the population lives in rural areas and that agriculture generates about 70% of rural incomes, the agricultural sector appears to be the best available engine to drive economic growth.

Yet agriculture, which accounts for more than 50% of economic output, is in a poor state. Export (cash) crops account for a mere 8% of total agricultural production.

The bank suggests Dar es Salaam's hope of transforming agriculture lies in focusing resources where the scope for rural-urban synergies is greatest. But this depends on the ability of farmers to overcome failures in the market.

For market transactions to take place, there need to be assurances that obligations will be met, bills paid and goods delivered, and that the cost of doing business will be manageable. "These assurances can be provided through legal and insurance contracts. But ties to ethnicity, religion and kinship are a source of social capital and can support flexible production arrangements, subcontracting, and outsourcing schemes," the bank says.

It cites the Chaggas, the business elites of Arusha and Moshi, Tanzania's other major cities, who have strong social and business networks as well as adequate finance. Tanzanians could also tap into their connections in business communities in the Middle East, Europe and south Asia.

**Jabulani Sikhakhane**


| DEVELOPMENT DATA | Tanzania | Sub-Saharan Africa |
|---|---|---|
| GDP ($bn) | 6,9 | 327 |
| Population (m) | 31 | 612 |
| GDP per capita ($) | 210 | 510* |
| Telephone mainlines (per 1 000 people) | 3 | 16* |
| Paved roads (% of total) | 4 | 16* |

*average

SOURCE: WORLD BANK PUBLICATIONS

# HIPC II 'is too rigid for Africa'

~~Cape Town 28/9/99 (152)~~ (T)

**Peter Galli**

Washington, DC – There is increasing unhappiness among African nations about the enhanced Heavily Indebted Poorest Country initiative (HIPC II) which, they say, is too prescriptive.

Daniel Yona, Tanzania's finance minister, noted that on the eve of his country's access to HIPC II – which provides for faster and wider debt relief – Tanzania was expected to come up with a comprehensive anti-corruption strategy. "I hope we can do this in time to qualify for benefits from next June," he said.

HIPC relief should not be confined to social benefits, he said. Each country should be allowed to prioritise the use of its relief.

Tomaz Salomao, the Mozambican finance minister, stated that HIPC II simply exacerbated the rigid and over-prescriptive approach of the International Monetary Fund (IMF).

Yona said his country spent nine times as much on debt servicing as on education, and four times as much as on health provision.

South African finance minister Trevor Manuel said one of the biggest problems was that 54 African countries had just two seats on the IMF's development committee. South Africa, as one of these, had to represent 20 countries.

"The US has just announced a budget surplus of $155 billion ... yet its Congress wants to reduce its contribution to IDA (International Development Agency)," Manuel said.

"It appears more and more that poverty is regarded as our problem. Africa, as a region, will simply have to work together to oppose this."

Sowetan 1/10/99

# Allure of Africa fades

Foreign direct investment in South Africa and the continent in general dropped last year, **Sharon Chetty** looks at some of the reasons ... (74b) (1)

FOREIGN direct investment (FDI) in South Africa dropped last year, adding to the overall decrease of investment into the rest of the continent, according to the latest World Investment Report of the United Nations Conference on Trade and Development (Unctad).

The decrease to South Africa has been attributed to a slow down in privatisation-related investment.

Whereas in 1997, South Africa received a record $1,7 billion (about R10,2 billion) in FDI, in 1998 the figure was a mere $371-million (about R2,2 billion), placing the country seventh on the continent after Nigeria (which was number one) followed by Egypt, Tunisia, Algeria, Zimbabwe and Angola.

The decline has also been attributed to reduced investment by Asian companies, especially from Malaysia, due to the economic crisis there.

However, if the South African figure was excluded from the overall tally, the continent would record a "modest increase", says the report.

And while Africa has been benefiting from an inflow of FDI since the early 1990s, the growth in investment is still less than for other developing regions, "leaving much of Africa's potential for FDI unutilised".

Germany, Malaysia, Switzerland, the United Kingdom, United States and Italy – mainly because Aeroporti di Roma bought a stake in the Airports Company of SA – were the main sources of FDI into South Africa.

The industries that attracted most of the investment were in energy and oil, mining and quarrying, construction and materials, motor vehicles and components and food and beverages.

In the Southern African Development Community (SADC) region, there had been $2,27 billion (about R13,62 billion) FDI, which was a mere 0,35 percent of the world's inflows.

While the "security situation", in other words the high crime rate, is cited as a concern for investors coming into SA, war-torn Angola, which has government-controlled oil resources, beat SA to the investment cake.

Algeria, another country wracked by internecine violence, but which also has oil resources, earned more FDI than SA with $500-million (about R3 billion) flowing in there.

Not surprisingly the war-torn Democratic Republic of Congo earned nothing.

And in South Africa's case, there appears to be little or no correlation between a country's attractiveness and the amount of investment it receives.

South Africa is touted as the most attractive on the continent, followed by Nigeria and Botswana while Zimbabwe is way down the scale.

**UN secretary general Kofi Annan.**

However, prospects for higher FDI into South Africa are still good, particularly in manufacturing, mining and forthcoming privatisation projects, predicts the report.

Regional integration in SADC, the conclusion of trade agreements with both the European Union and the United States and "domestic and political developments" are the factors which are expected to influence FDI inflows into SA in the medium to long term.

And prospects for Africa generally are good, says the report, "as many African countries appear to be a better place to do business than the overall negative image would suggest".

The existing disparity between the developing and developed world is quite stark and is increasing.

Despite a general slowdown in world economic growth, global FDI inflows reached a record $644-billion (about R3 864 billion) last year, which was an increase on the 1997 level.

The European Union got 35,7 percent of that, followed by the United States, 30 percent, China 7,1 percent, Brazil 4,5 percent and Canada 2,6 percent.

Nearly all of the increase in FDI was concentrated in developed countries while FDI flows into developing countries as a group declined.

While the developing countries of Asia had reduced flows, Latin American and Caribbean countries recorded "strong performances" according to the report. And investment flows into the transition economies of Central and Eastern Europe remained almost stable.

Most of the FDI flows can be attributed to cross border mergers and acquisitions.

These include the merger of British Petroleum and Amoco of the US worth $55 billion (R330 billion); Daimler Benz of Germany and US Chrysler Corporation at $41 billion (R246 billion); Zeneca Group of the UK and Astra AB of Sweden worth $32 billion (R192 billion) and Hoechst of Germany and Rhone-Poulenc of France worth $21 billion (R126 billion).

Transnational Corporations (TNCs) are at the core of global FDI, says the report.

There are some 60 000 TNCs which in turn have more than half a million affiliates that account for an estimated 25 percent of global output.

The world's largest 100 transnational corporations, when measured in terms of foreign assets, "hold a dominant position in the international production system".

They now account for $4 trillion (R24 trillion) in total sales and hold a stock of assets in excess of $4,2 trillion.

General Electric is the world's largest TNC, followed by the Ford Motor Company and Royal Dutch Shell Group.

Among the top 100 TNCs, only two are from developing countries: Petróleos de Venezuela and Daewoo Corporation of the Republic of Korea.

The report says that FDI "is now the single most important source of external finance" for developing countries.

It overshadows official aid and exceeds net lending by international banks. At the same time, it is not just about money changing hands.

FDI can comprise a package of resources such as new technology, access to new markets, the transfer of skills and management techniques and consideration for the environment for the country into which in flows.

However, governments still have to be cognisant. As United Nations secretary general Kofi Annan says in the preface to the report:

"To promote the development of their own countries, governments need to maximise the positive contribution that foreign direct investment can make to development and to minimise any negative effects it may have."

# Africa — where leaders bash gays to keep political chaos in closet

(1) CT 6/10/99

SILVIA ALOISI

NAIROBI: Homosexuals in Kenya tend to keep a low profile, fearful as they are of the social stigma against them.

Yet last week they grabbed the spotlight as President Daniel arap Moi joined the bandwagon of gay-bashing African leaders.

Reporters who had followed the president to an agricultural show in Nairobi expecting to cover the problems of Kenya's tea and coffee sectors heard Moi denounce what he called the "scourge" of homosexuality.

Moi is the latest African leader to attack gay relationships, which are illegal or taboo in many parts of the continent.

Earlier last week Yoweri Museveni, president of neighbouring Uganda, ordered the arrest of homosexuals for carrying out what he described as "abominable acts". His remarks followed a widely reported gay wedding in a suburb of Kampala.

Zimbabwean President Robert Mugabe, who started a particularly outspoken anti-gay campaign in 1995, once described homosexuals as "lower than pigs and dogs".

Gay rights advocates say homosexuals are being used as scapegoats in an attempt to divert attention from economic decline and political discontent.

"Mugabe is attacking gays to distract people from the economic problems of his country," says Keith Goddard, programme manager of the Gay and Lesbian Association of Zimbabwe (GALZ) in Harare.

Homosexuality, the anti-gay argument goes, is foreign to Africa, against its traditions and the teachings of Christianity. It has been imported by corrupt white colonialists and, more recently, by Western tourists.

"Governments play with religious superstitions, especially in rural villages, telling people that, for example, it's the fault of gays if God is withdrawing the rain and we have a drought," says Goddard.

Kenyan authorities were blamed for using a similar technique in August, when a report on the alleged spread of devil worship — described as the biggest threat to Kenyan society — was leaked to a newspaper and dominated the front pages for days.

Social attitudes towards homosexuals in Africa vary from country to country.

South Africa has one of the most liberal legislations on gay issues. The Constitution bans discrimination on the basis of sexual orientation and a series of laws and judgments have been enacted to protect homosexuals at work and at school.

Despite Mugabe's virulent anti-gay campaign, Zimbabwe appears to be ahead of other African countries like Kenya as far as gay tolerance is concerned.

"We are organised, we meet and we socialise," said GALZ's Goddard, adding that his association has 300 members and is in touch with another 1 000 homosexuals. "During the day we serve as a drop-in centre and at night there are clubs which are very tolerant of gays."

In Kenya, there is no gay scene as such. Kenyan law on homosexuality is based on archaic British law which has since been amended in its home country.

It states that the act of homosexuality between men — lesbians are not even contemplated — is a crime punishable with imprisonment of up to five years.

"Yet not a single person has ever been prosecuted," says Martha Koome, chairperson of the Federation of Kenya Women's Lawyers.

"The government has taken a top-down approach but Kenyan homosexuals live underground and the police can't go into people's bedrooms."

Oscar, a 25-year old gay hairdresser from Nairobi, says what he fears most is the social stigma.

"Just having conversations with colleagues ... sometimes the idea of homosexuality comes up and most people would be so negative and so homophobic," he says.

"I like having these people as my friends. I wouldn't want to be in a situation where suddenly they knew I was (gay) and they didn't like it or they reacted really badly. I'd be working with people whom I like and who don't like me any more".

Blackmailing gay people is also a threat.

"You meet these people in a club. They'll cruise you, you'll cruise them ... you quite honestly think they're genuine," says Oscar.

"This person would get to know where you live ... two or three days later they have friends who are policemen and show up.

"And they say if you don't give us a certain amount of money — usually it's money they want — this policeman is going to arrest you". — Reuter

# Adding some optic fibre to African Renaissance

(1)

**A SA-based initiative will give African countries instant access to the rest of the world, writes DON ROBERTSON**

ST (BT) 10|10|99

THE first phase of a plan to link developing nations in Africa with the rest of the world through fibre optic telecommunications will begin early next year when a R300-million project, backed by Transnet and Telkom, gets off the ground.

A new company, Comafrica Technology Investments, in which Transnet has a significant stake through subsidiary Comazar, will lay a 2 500km fibre optic cable from the Tanzanian port of Dar es Salaam along the existing railway line to Livingstone in Zambia.

The cable will then link with a similar fibre optic cable which will be laid by Namibian Telecommunication from Windhoek, through the Caprivi Strip to Livingstone. Windhoek already has a sophisticated fibre optic link with South Africa.

In later phases of the project, central African countries such as Kenya, Uganda, Burundi and Rwanda will join the telecommunications system.

International access will flow through a further connection to the SAT 3 submarine fibre optic cable which runs from Lisbon down the west coast of Africa, linking Cape Town and Durban, and then on to India. This will ensure that international telecommunications become possible.

Work will start on the project in the first quarter of next year and completed in about a year.

Rail group Africa East Coast and corporate finance group Ventures and Acquisitions each have a 40% stake in Comafrica, while Comazar has the remaining 20%. Transnet has a 60% interest in Comazar. Africa East Coast, in turn, has a 32% interest in Trans Africa Railway Corporation Tanzania, with Comazar holding 20%.

Trans Africa has the licence to rail containers from Johannesburg to Nairobi using an "inland port" at Kidatu, 250km south-west of Dar es Salaam, where the wider-gauge SA rail line meets the narrower-gauge African lines. Containers are moved by crane from one line to the other.

Mark Gordon, a director of both Comafrica and Trans Africa, says that although African countries at this stage of economic development might not need a sophisticated terrestrial telecommunications system such as this, Comafrica believes that by being the first group to offer this facility, it will benefit in the future.

"Within five years, we hope to have most of the developing countries in Africa linked internationally through our operation.


"The beauty of fibre optics is that it is substantially cheaper than satellite communication and can accommodate a lot more information at lower cost.

"For instance, a 10-minute telephone call from Nairobi to Johannesburg using satellite links could cost as much as $100 — the same call through the fibre optic route could cost as little as $1.

"It has taken about three years to negotiate the agreement with the various countries involved and cost us about R10-million to date. We had the advantage, through Trans Africa, of already having made contact with the railway groups in Tanzania, Malawi and Zambia and now have the blessing of the telecommunications groups in those countries. Now we also have the support of Telkom locally," says Gordon.

The project will be financed through co-operation with a number of international IT companies as well as bankers, and it is expected that about 70% of the expenditure will be made available through equity and the balance through debt.

Comafrica will not be able to charge for use of the cable, but will be able to charge a "rental" fee related to the cable.

CAPE TIMES
★ MONDAY, OCTOBER 11, 1999

\id concert
*PICTURE: AP*

(1)(92)

# Aids is 'crippling' Africa's growth

CT 11\10\99

GENEVA: On top of the enormous human cost of Aids, Africa also bears the cost to development — a cost that is being studied for the first time at an international workshop starting today in Namibia.

The Aids pandemic is the main factor behind the slow-down in growth in sub-Saharan Africa, a recent World Bank study shows. And 22,5 million out of the 33m people in the world who have HIV live in sub-Saharan Africa.

With most Aids victims aged between 20 and 49, their "productive years", Aids exacts an enormous toll on the workplace, says the International Labour Organisation (ILO), which is co-organising the three-day conference with the UN Aids programme.

In Zimbabwe and Botswana, the two countries most heavily hit by Aids, one working-age adult in four has HIV.

In Namibia, Zambia and Swaziland one adult in five is HIV-positive, according to a 1998 survey by the World Health Organisation and the UN Aids programme.

Businesses must find ways of coping with Aids-linked challenges, like increased absenteeism. Aids was the main cause of death for Africans aged 15 to 49 in 1998.

"The Aids scourge runs contrary to the main aims of the ILO, especially that of a "decent job" for everyone," an ILO specialist said.

Workers with Aids face discrimination ranging from a lack of social security to job losses, especially in the non-regulated sector which employs most Africans.

Co-workers often have to work longer hours to fill in for absent colleagues. They too take more time off — to look after sick relatives and attend funerals.

Zambia's main cement-producing firm saw time off triple between 1992 and 1995. As a result, the company decided to allow funeral leave to close family members only.

Aids cost the Ugandan railways as much as $300 per employee per year, according to UN Aids figures. The company lost 10% of its workforce to Aids in the mid-1990s.

More worrying to employers is the loss of a qualified workforce that is difficult to replace, a study of bosses from Zimbabwe shows. This loss holds back development in a continent already hampered by a dearth of skilled workers.

Botswana loses two to five percent of its teachers to Aids each year. In South Africa, 15% of civil servants are HIV-positive, according to ILO estimates.

Delegates from 20 African countries will study existing legislation on discrimination, disease prevention, workplace codes, protection of and assistance for those with Aids.

A strategy for action will be drawn up at the meeting.

A conference concentrating on the medical aspects of Aids was held in September in Lusaka. — Sapa-AFP

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mics, George
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# Morris West writes to the end

SYDNEY: Australian thriller writer Morris West has died of heart failure while working on his latest novel, his son said yesterday. He was 83.

The best-selling author died on

"He died very peacefully in the middle of a sentence," his son Chris O'Hanlon said.

Born in the southern Australian city of Melbourne, West wrote 27 novels, as well as screen-

# Rescuing Africa from its malaise

(1)

**A call for unity dominated the launch yesterday of the African Renaissance Institute, which aims to mobilise human resources and intellectual wealth on the continent, writes Primarashni Pillay**

BD 12/10/99


Graphic: RUBY-GAY CAETANO Source: AFRICAN RENAISSANCE INSTITUTE

WITHOUT unity between African countries, there is no hope for the continent. This was the warning from Salim Ahmed Salim, secretary-general of the Organisation of Africa Unity (OAU), to dignitaries attending the launch of the African Renaissance Institute yesterday.

He threw his weight behind the newly formed organisation which has representatives from various regions in Africa.

The institute is charged with rescuing Africa from its economic malaise and tapping into its resources and ensuring the renewal of the continent.

Salim offered his personal co-operation and support to the organisation.

The institute was born out of two years of consultations between SA and various African countries.

The institute intends mobilising and networking Africa's human resources, and harnessing its intellectual wealth for the next millennium.

It regards itself as an activist-oriented organisation, aiming to work with African governments, African development institutions and the private sector, in the areas of economic recovery, science and technology development, governance and peace; and health and cultural events.

However, the institute does not claim to be the custodian of the solutions to all of Africa's social and economic problems.

With regard to assisting African governments implement economic reforms, it intends closely monitoring national economies and providing advance warnings to governments of serious developments in these their economies.

"The institute recognises that the African cannot blame anyone (for the variety of problems Africa has). No-one but Africa itself shall ensure a sustainable economic transformation towards a better future."

President Thabo Mbeki, who addressed the launch, said political movements and governments in Africa should be mobilised to further the aims of the African renaissance.

"We must also pay attention to the intelligentsia, the professionals, the trade unions, business people ... to bring them into the popular struggle for Africa's rebirth."

He said conditions existed for the process to be enhanced and these included the acceleration of globalisation, and the weakening of the struggle among major powers for spheres of influence in Africa.

"As we take advantage of these changed circumstances, we must move from the fundamental proposition that the peoples of Africa share a common destiny," he said.

Mbeki said ways had to be found to persuade institutions like the United Nations, the International Monetary Fund and the World Bank that it was obligatory for Africa to support the vision of an African renaissance.

He said such organisations should support this concept and be guided by what the people of Africa wanted.

"The difficulty we will face with regard to the accomplishment of the last of these tasks is illustrated by the problem we are facing even as we stand here, of arriving at the point when we can conclude the bilateral agreement (free trade deal) between our country and the European Union," Mbeki said.

The deal was signed later in the day, but yesterday he blamed the self-interest of developed countries for problems in the finalisation of the deal.

Salim stressed that Africa needed unity "for the sake of security, stability and development".

Recalling Africa's history, Salim said unity had been critical for survival in adverse conditions, and countries showed they had the capacity to preserve their values.

He said African countries had fought against colonialism and apartheid. "All people came out to fight against injustices," he said.

However, the unity had faltered and this resulted in conflicts on the continent.

He warned that if the scourge of continental conflicts was not kept in check, it could explode into chaos and instability.

Salim said there was a need to work for self-respect and the development of Africa and that the work would not be easy or quick.

Meanwhile, Dr KY Amoako, executive secretary of the United Nation's Economic Commission for Africa, said four out of 10 Africans live below the poverty line, on barely one dollar a day.

"The goal must be to eradicate absolute poverty from the continent."

At least 30% of Africans do not have access to medical services, while more than 40% lack access to safe water.

"The goal must be to ensure health care for all, as well as universal access to water and sanitation."

Amoako said the renaissance was not a "mirage" and the groundwork for change had been partly laid. Africa had seen encouraging growth rates in its economy over the past five years.

"Yet these accomplishments cannot be assumed to mean that the aggregate African economy has crossed the critical threshold to a self-sustainable, poverty-reducing growth path."

He said the reduction of poverty was a long-term effort.

He raised the issue of Africa setting out to strengthen mechanisms through which analysis from African research networks and universities influenced public policy decisions.

Partnerships were important in the region. "We at the commission are mindful of the fact that no single institution can act in isolation," he said.



# Africa outlines plans to stamp out corruption

(1) (34) 12/10/99 ARG

ALEX DUVAL SMITH
Staff Reporter

**Durban – An attempt to stamp out bribery at Nigeria's biggest airport, and a plan by Botswana for an international database of graft, are among initiatives being outlined at the 9th world anti-corruption conference in Durban.**

But the irony of staging the conference in Africa – perceived as the most corrupt continent – was not lost on the more than 1 000 delegates.

"What is the point of anti-corruption laws when a president can pardon whoever he wishes?" asked Zimbabwean opposition politician, Margaret Dongo.

Earlier, James Wolfensohn, president of the World Bank, told the delegates from about 100 countries that fighting corruption was crucial to achieving equity and social justice.

He said the bank had previously ignored corruption because it was deemed a "political issue", but that it now had a plan aimed at fighting the scourge without cutting aid.

He conceded that "more often than not, if a government official steals something, it's a lack of control and supervision in our practices".

The five-day conference which opened yesterday is a biennial event organised by the Berlin-based lobby group, Transparency International. It is best-known for publishing an 85-country "corruption perceptions index", the most recent of which places Denmark at the top and Cameroon at the bottom.

The top African country, Botswana, is at number 23, ahead of Japan. The 1998 index, based on business people's views of corruption they encounter around the world, ranks South Africa at 32, Italy at 39 and Colombia at 79.

Most of even the lowest-scoring countries have sent delegates, ranging from civil rights groups to justice ministers. But Nigerian President Olusegun Obansanjo, a former council member of Transparency International, cancelled his visit.

Absent in any significant numbers are representatives of the large corporations that often are accused of perpetuating corruption on a grand scale.

Also absent are the aid agencies, blamed for increasing corruption in the developing world by not properly policing the use of their donations.

Robert Wilson, chairman of the mining group, Rio Tinto, which employs 35 000 people worldwide, including 6 000 in Africa, conceded that means to "fight corruption are not something business leaders discuss".

He said Rio Tinto had a company policy of not paying bribes, and of protecting "whistle blowers".

"A growing number of companies have policies such as ours – but it was not long ago that the payment of bribes was tax deductible in Europe.

South African President Thabo Mbeki earlier linked levels of corruption in South Africa – at their worst in provincial and local government – with apartheid, and said: "The existence for a long time of a political and social system that was morally and politically illegitimate meant that people set their own norms of social behaviour.

"The first thing we had to do was to end the illegitimate system and replace it with a system that will evolve social norms," he said.

But Abigail Bonsu, a Ghanaian journalist and a delegate, said young democracies faced special dangers.

"Moral standards have fallen in Ghana because people are no longer afraid of the authorities, and the judicial system is not strong enough, and therefore not respected."

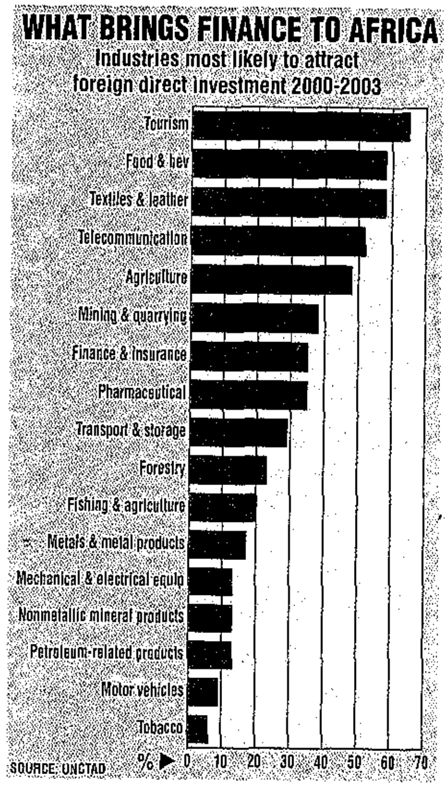
Botswana President Festus Mogae said his country was planning a database of the incidence of corruption, but blamed governments in "the north" – the developed world – for not taking enough action against companies guilty of corruption.

"The corrupter and the corrupted must all face the due process of the law," he said.

■ The Heath special investigating unit has sent officials into three northern universities to probe allegations of massive corruption.

# Economic Trends

By Ethel Hazelhurst




# TOURISM IS THE BEST BET FOR AFRICA ① FM 15/10/99

## New attractions for investors

A little-known fact about Africa is that the main attractions for foreign direct investment (FDI) are opportunities in the continent's services and manufacturing sectors rather than in primary industries.

Results of a survey of 44 African investment promotion agencies, by the United Nations Conference on Trade & Development (Unctad), have been released in the *1999 World Investment Report*. And they run counter to the common perception that Africa has nothing to offer but commodities.

The survey established that the three most attractive industries for FDI in 1996-1998 were telecoms, food & beverages, and tourism, with mining & quarrying ranking fourth. And, in 2000-2003, tourism is likely to top the FDI list followed by food & beverages, textile & leather, and telecoms (see graph).

FDI flows into Africa in 1998 were US$8,3bn, says Unctad, compared to the record $9,4bn in 1997 — but largely because of a decrease of flows into SA where privatisation-related FDI fell back to levels seen in earlier years.

Inflows into other African countries increased for the fourth consecutive year, reaching the record level of almost $8bn.

Africa lags behind other developing regions in attracting FDI. But the figures need to be seen against the level of domestic direct investment. African FDI in 1997 was 8,2% of domestic investment, above the world average of 7,7%.

Countries most often mentioned as the destination for FDI in 2000-2003 are SA, Nigeria, Botswana, Côte d'Ivoire and Tunisia. However, Botswana is described as the most business friendly country, followed by SA, Nigeria, Uganda and Côte d'Ivoire.

Factors that draw investment to individual countries are profitability, the regulatory and legal framework and the political and economic outlook, the survey shows.

Access to regional markets (and to a lesser extent global markets), trade policy, the tax regime, as well as access to low-cost skilled labour, were also mentioned by most investment agencies as positive factors.

The factors most likely to deter FDI in Africa in 2000-2003 are extortion and bribery. So there's no doubt what SA's priority should be if policy makers would like to see more foreign funds going into the real economy. ■

artnership in the ... ation of Rhodesia ... now approaching 70%.

# Africa needs to restore its soil to feed its people

(1) BD 18/10/99

## About 30% of the children on the continent suffer from malnutrition

WASHINGTON — Food production in Africa, which has the world's fastest-growing population, cannot be substantially increased unless its soil is conserved and restored, according to a new analysis by the United Nations (UN).

The region, which is also the world's poorest, suffers severe soil degradation compared with other developing regions where the Green Revolution has boosted the production of staple crops largely by developing and disseminating high-yield varieties of rice, wheat, maize and other foods.

"The Green Revolution as it was achieved in Asia and Latin America will be impossible in Africa unless we can improve the quality of the soil on which these new varieties are supposed to thrive," says Uzo Mokwunye, director of the Ghana-based UN University Institute for Natural Resources in Africa.

Unless sub-Saharan Africa can boost food production in the coming years, starvation and poverty could reach unprecedented levels, according to the analysis.

An estimated 30% of African children are malnourished. If current trends continue, the region, a net food exporter in 1950, will produce enough food for only 40% of the projected 1-billion inhabitants who are expected to live there in 2025. That will be almost double the 550-million people living there today.

While research centres in the developing world continue to devote substantial time and expertise to developing new varieties of staples which can be used in Africa, they face special challenges given the poverty of the soils there.

"These programmes (for plant breeding and crop improvements) will bear much more fruit if we can improve the soil," says Moctar Toure, who heads the World Bank's Special Programme for African agricultural research.

Most African soils are naturally low in key nutrients compared to richer soils in other parts of the world. "African farmers have been ingenious throughout the centuries in coaxing crops from such poor conditions," says Mokwunye.

Add to that four major human influences causing soil degradation — overgrazing, inefficient farming practices, overexploitation of farm land and deforestation.

Soils traditionally have been replenished by crop residues and animal manure, but these potential sources of nutrients are increasingly being used as fodder for livestock and household fuel.

At the same time, other soil fertility conservation practices have broken down due to the growing demand for arable land by a rapidly growing population. In addition, more marginal land, including forests, is constantly being brought under cultivation.

The region faces a vicious circle: increasingly desperate demand for arable land results in its faster deterioration, making it yet more difficult to increase productivity. As a result, Africa lags far behind the rest of the world in increasing crop yields.

Average African farm yields for important cereals such as maize, rice, sorghum and wheat now lag far behind other regions. Yet the situation is not irreversible, according to Mokwunye and other experts at the World Bank and the Consultative Group for International Agricultural Research.

The UN estimates that African farmers could quadruple maize yields, triple sorghum yields and more than double rice and wheat yields if they receive the necessary support for improving soils and acquiring high-yielding plant varieties.

African ministers have already developed national action plans that would accomplish those goals at a cost that the UN estimates at between $100m and $500m a year per country over 10 years.

"If its food production potential is met, Africa could again be a net food exporter," says Mokwunye.

International co-operation and support will be vital. The 1996 food summit at the UN Food and Agriculture Organisation in Rome launched the Soil Fertility Initiative for Africa which is designed to co-ordinate the efforts of all key players.

The World Bank is devoting more of its lending resources to agriculture in Africa. During the 1990s, its agricultural loans to the region averaged about $180m a year. For next year, that investment is supposed to rise to $250m.

African ministers are urging the bank, Africa's largest single source of development capital, to increase its lending to agricultural projects in the region by $2bn over the next 15 years to address soil fertility.

Initially, it should provide up to $360m between 2000-2004 for implementing new soil fertility national action plans in 12 countries, the Africans say.

The institute, which specialises in training and facilitating African scientists and researchers, also hopes to raise $15m to conduct its work, says Mokwunye. — Sapa-IPS.

# Trans Africa Railway's projects firmly on track

(1) (~~269~~)

## Expansion of operations has seen the rail corporation acquire wagons from Spoornet, write **James Macharia** and **Claire Pickard-Cambridge**

BD 3/11/99

THE Trans Africa Railway Corporation, which links Gauteng with Tanzania and Uganda, has bought 150 new wagons from Spoornet to boost its steadily expanding operations.

The service has carved out a trading corridor through seven African states since its launch a year ago, causing a flurry in east Africa. Inefficient operators are hastening to improve services.

Trans Africa began with fortnightly trips at only 20% capacity during the initial months, but increased demand for freight services has prompted it to offer weekly trips, says Trans Africa's Johannesburg-based director, Mark Gordon.

Gordon is also one of the owners of the Africa East Coast company, which has a 32% stake in the Dar es Salaam-registered Trans Africa Railways Corporation. The SA Infrastructure Fund holds 48% and the Comazar Group 20%. The majority stake in Comazar is held by SA's Transnet.

Gordon says the route will reach its capacity soon once sufficient wagons have been bought or manufactured. At present the company has 25 to 30 trucks coming off the assembly line each month.

"It will take another five months to get to our capacity," he says.

The service now takes 10 days to get from Gauteng to Port Bell in Uganda, which is faster than the initial prediction of 14 days.

The crucial link in the service is the R20m transshipment facility built by Trans Africa at Kidatu, Tanzania. High-tech "reach-stacker" cranes transfer goods from trains coming off the British "imperial gauge" line onto the narrower German gauge of east Africa.

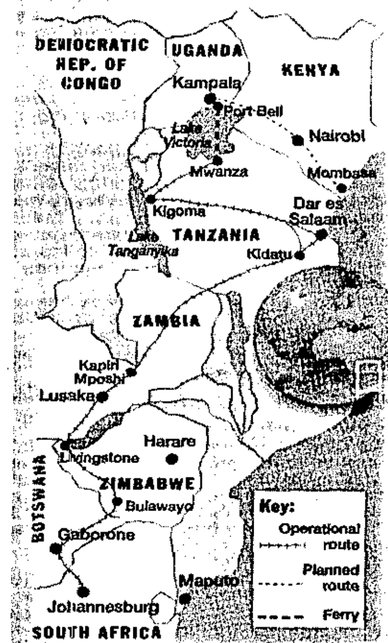
The rail service has made a difference to many companies in the region given that the alternative option of shipping from Gauteng to Mombasa or Dar es Salaam still takes four to six weeks.

The new railway developments spell competition over freight rates for cargo destined to landlocked Uganda and the Great Lakes states of Rwanda, Burundi and the Democratic Republic of Congo.

In mid-October, the Kenya Railways Corporation announced reduced freight rates and flexible import procedures for cargo freighted to Uganda from the Kenya port of Mombasa. It also introduced a single-document procedure to replace up to 14 documents.

The charges for a 8m container have dropped 11% from $948 to $840 while those for a 16m container fell by a similar margin.

### Trans Africa rail route: Gauteng to Kampala




The moves by Kenya Railways are intended to make it more competitive against both Trans Africa and the rail service from Tanzania's Dar es Salaam port down a southern corridor.

Importers in Uganda expect freight rates for cargo destined to their country to drop drastically as the battle between Trans Africa Railways and Kenya Railways intensifies.

Yet Gordon insists Trans Africa is not in competition with the national railway companies in east Africa.

"We are between 10 and 20% more expensive than Uganda, Tanzania and Kenya railways. But it is not a factor for us as we serve blue chip clients willing to pay more for a first world service.

"We are not in a price war with others, they have begun reducing their costs even though they are not making money. They should be focusing instead on providing a better service."

Gordon says Trans Africa's aims also differ from those of national railways. "We provide a dedicated service to certain clients which means several wagons are set aside just for their use. This means the service costs more."

Trans Africa has not yet started building its planned $8m inland port at Port Bell in Uganda. "We are still waiting for Uganda Railways to give us unlimited access rights to the port, and refuse to invest so much money if we are controlled by another party," he says.

Talks over the port have been dragging on more than a year, and this could sabotage a future Trans Africa service from Port Bell to Nairobi and Mombasa.

"Trans Africa and Comazar have opportunities all over Africa. Many states are asking us to invest, so we may have to walk away from Uganda," he says.

At present the company has more than enough to focus on. Major clients include Tanga Cement, based in Tanzania, and transporting fuel for a large multinational. Negotiations in progress include those with General Tyre and two big mining companies.

### GETTING IT RIGHT

**BEIGE chief operating officer Barry Duke did not resign before he could be dismissed, as we reported yesterday. He was, in fact, dismissed with immediate effect and did not pre-empt dismissal by resigning. Company secretary Barry Fink was not dismissed, as we reported, but was the third executive to resign beforehand.**

□□□□

**FRANCHISE Factor, the biannual survey of the franchising sector, is undertaken by Franchize Directions and not Deloitte & Touche Franchising as reported on Monday.**

# Kabbaj seeks growth in Africa

① BD 4/11/99

## African Development Bank head wants to encourage development of private sector on continent

Kabbaj ... defending credit policy

**John Dludlu**

THE African Development Bank, the continent's premier development financier, should demonstrate the success of its programmes by shoring up economic growth in its 53 regional member states, says Omar Kabbaj, its Moroccan president.

In a wide-ranging interview, Kabbaj also defended the bank's strict credit policy which has earned him enemies among some of the bank's African shareholders.

Though he supports the tighter policy, modelled along the lines of the World Bank, Kabbaj points out that the policy was adopted by the board of governors, or finance ministers of member states, before he joined the bank.

In part, the policy stops further lending — on commercial terms — to countries in arrears with their loans. However, countries can still borrow from the bank's soft loan window, the African Development Fund.

Several heads of government and finance ministers have asked Kabbaj to seek re-election when his five-year term expires next year.

If he is re-elected, Kabbaj's vision for the next five years would see the bank, which has 77 shareholders including foreign governments, helping its key constituency — African governments — to attain higher levels of growth through the promotion of the private sector as well as by providing economic policy advice.

He also stressed the need for the bank, which is based in Abidjan, to earn the respect of its members.

If he were re-elected to a second term, he would also help defend the gains the bank has made since the early 1990s when it faced collapse.

A new term would enable him to complete the reform of the bank's organisational structures, operations and governance, and to make the changes "irreversible", he said.

Apart from stabilising the bank's financial position, Kabbaj's changes have also resolved a range of staffing and governance problems.

His predecessor was involved in a series of clashes with management and the bank's various shareholders before his departure.

When Kabbaj took over in 1995, "I was too optimistic ... (in thinking that) we could do it all in three years". His reforms were slowed down by an "imbedded culture" of unprofessionalism among member states and within the bank.

In recognition of the changes, several credit rating agencies have restored their upbeat AAA rating for the bank, while Standard & Poor's has given it a "stable outlook".

Although Standard & Poor's recognises the progress made in restoring the bank's financial health, it raises the question of arrears and the messy way in which the bank arrived at its decision to increase its issued share capital.

The fifth general capital increase, which raised the bank's issued capital 35%, was heavily criticised by Nigeria, the bank's largest shareholder with about 10% of all stock.

The Nigerian government, then led by the late Gen Sani Abacha, criticised changes to the voting structure which effectively strengthened the say of foreign shareholders in the bank's decision making.

However, the general capital increase became effective at the end of last month. Crucially, it has the support of the new Nigerian government led by President Olusegun Obasanjo.

# US Senate finally passes Africa bill

(1) BD 5|11|99

## Restoration of key benefit for textile makers still at issue

Simon Barber

THE Africa Growth and Opportunity Act, the long-stalled initiative to promote investment in the continent by rolling back remaining tariffs on "reforming" countries' exports to the US, was finally passed by the Senate late Wednesday.

The question now is whether negotiators from the House of Representatives can persuade the Senate to restore a key benefit for SA and other African textile makers. It was stripped from the version the upper chamber approved, in a package of other trade measures, by a 76-to-19 margin.

The Senate version only offers duty- and quota-free treatment to African clothing if made from US fabric and thread, which would wipe out any benefit for the SA textile industry, as well as any advantage clothing companies might stand to reap.

The House backed preferences for African apparel made with African as well as US materials and will seek to retain this in a final compromise version which both chambers must endorse before the legislation is signed into law by President Bill Clinton.

Nonetheless, the Senate's action, nearly derailed a week ago when Democrats voted en bloc to back a filibuster by protectionists from southern textile-producing states, was an important breakthrough. It was the culmination of two years of intense lobbying by African governments for improved access to the US market.

It was also the first time in six years that the Senate passed legislation liberalising trade. Although it did not restore the president's "fast-track" authority to negotiate new trade agreements, its supporters had warned that its defeat would severely undercut US credibility in the new round on international trade negotiations, set to start in Seattle at the end of the month.

Adopted with the Africa bill was a measure to give Caribbean states US trade preferences on a par with those of Mexico under the North American Free Trade Agreement. The Senate also agreed to extend the generalised system of preferences (GSP), under which duties on many developing country products are waived, for several years.

The Africa legislation authorises the office of the US Trade Representative to grant GSP to virtually all African products not already covered, as long as the president judges the beneficiary countries to be serious about economic and political reform.

These conditions have been attacked for impinging on African sovereignty to advance the interests of multinational corporations.

Clinton, who had named the Africa bill as one of his top priorities this year, said after the vote that the measure had "enormous" potential as a way to reward African countries that have good government.

The bill was first passed by the House in March last year and then died in the Senate, in part because Clinton was afraid to press a free trade initiative with congressional elections in the offing. It was passed again by the House this July. Had the Senate killed it a second time, it is likely that it would have stayed dead.

# How Africa ① must diversify

ET (PR) 10/11/99

**Nahed Tantawy**

Cairo – African countries should be less dependent on primary goods and adopt diversified production methods, participants at an African commodities conference said on Monday.

"It is no longer acceptable for the African continent to remain highly dependent on revenues from its primary goods exports and for the fate of its people to remain tied to international fluctuations in the prices of these goods," Amr Moussa, the Egyptian foreign minister, told the conference.

The event was organised by his ministry in collaboration with the Common Fund for Commodities (CFC).

Rolf Boehnke, the managing director of Netherlands-based CFC, told the five-day conference that 800 to 900 million people in developing countries, out of the 2,4 billion employed in agriculture, depended on the production of export commodities for most of their income.

"In Africa, commodities account for about three-quarters of total merchandise exports," he told participants.

Despite serious efforts at economic restructuring and regional co-operation, African countries' efforts were inhibited by weak infrastructure, civil wars and natural disasters, said Magda Shahin, CFC's governor and the deputy Egyptian foreign minister.

She said challenges included "a distinct decrease in official development assistance and foreign investment, a build-up of debt and a collapse of primary goods prices".

Moussa said net foreign direct investment in Africa was worth $6,4 billion and African debt was $350 billion, or 65 percent of gross domestic product. Servicing that debt consumed an estimated 31 percent of all exports.

"Primary commodities provide more than 90 percent of foreign exchange for 20 African countries," said Befekadu Degefe, a senior official of the United Nations Economic Commission for Africa.

Liberalisation, economic diversification and the development of human resources were the key policies that analysts recommended to help strengthen Africa's position.

"Efforts have to concentrate on assistance for commodity producers through improved productivity, market access, product development and diversification," said Boehnke.

Raising the technical capacity of individuals was necessary to increase domestic output and competitiveness, Degefe said.

"Africa has the natural resources,which is one big plus, but (it) unfortunately doesn't have the capacity to exploit them," he said.

Degefe said it was time for Africa to curb production of "sunset commodities" in which demand was declining. "We have to go over to the industrial sector, which is where the money is."

David Luke, minister councillor in the Organisation of African Unity, said primary commodities could become a strength to Africa, provided its economies were well integrated.

"Commodities have a place within the context of economies that are well diversified and also within the context of regional economic integration," he said. – Reuters

# Commonwealth must act on rights abuses

① M+G 12 – 18/11/99

**Howard Barrell**

**Iron fist: A confidential document at the Commonwealth Summit says the organisation needs to act on human rights abuses, like Robert Mugabe's persecution of homosexuals. PHOTO: AP**

The Commonwealth Summit in Durban is being dominated by a confidential internal report saying the organisation should increase its powers to act against member states for human rights abuses.

The document would pave the way for action against the governments of countries like Cameroon, Kenya and Zimbabwe if they did not improve their compliance with democratic norms. It goes a long way towards addressing concerns raised loudly by human rights groups gathered in Durban in the run-up to the conference.

Getting the new plan accepted is likely to be a major test of the skills of President Thabo Mbeki, who is hosting the meeting of Commonwealth heads of government, which opened on Friday. It drew 47 heads of government, the highest ever to attend.

Informed sources said success would probably depend on Mbeki's ability to create a relaxed atmosphere on Saturday and Sunday, when the leaders go on an informal "retreat" together in George.

The retreat is usually the forum at which Commonwealth heads of government arrive at their trickiest decisions. These decisions are usually taken by consensus.

The confidential report under consideration by the heads of government suggests that the Commonwealth adopt a further set of principles on good governance, tightening up its views on what is acceptable. The document also proposes sharpening up procedures for acting against errant member states.

The report builds on the declaration Commonwealth leaders adopted in Harare in 1991 which committed individual member states to work for, among others, "democracy, democratic processes and institutions which reflect national circumstances, the rule of law and the independence of the judiciary, just and honest government". The Harare declaration was strengthened four years later when the Sani Abacha military regime in Nigeria hanged poet and activist Ken Saro-Wiwa just as Commonwealth members were meeting again in New Zealand.

In response the Commonwealth heads rushed through a set of disciplinary rules for member states which they had been due to consider.

It set up a watchdog, the Commonwealth Ministerial Action Group (C-MAG) to provide the organisation with political leadership between heads of government summits, which are held every two years.

C-MAG comprised eight foreign ministers and the Commonwealth secretary general. It was a high-level standing committee empowered, among other things, to act against a member government whose conduct had repeatedly frustrated democracy and "particularly in the event of an unconstitutional overthrow of a democratically elected government".

C-MAG has the power to suspend a country from all meetings of the Commonwealth, though suspension from the organisation itself must be a decision of the heads of government. It has met 13 times since 1995, most recently to suspend Pakistan, on October 18, from the councils of the Commonwealth following a successful military coup d'état against its elected government.

The latest Commonwealth proposals on democratic and good governance that are being discussed at the Durban summit are understood to suggest that C-MAG be retained but that its membership change slightly to include at least one state representing South Asia (Bangladesh, India, Pakistan and Sri Lanka).

Commonwealth Secretary General Chief Emeka Anyaoku said C-MAG would not limit itself to military regimes. He said new guidelines would be drawn up for C-MAG which would "enable it to look around the Commonwealth and to decide member countries need its attention".

The new proposals also broaden and lay out the set of democratic criteria that Commonwealth member governments must satisfy more explicitly, and provide for sharper punishment of offending states.

The document implies that the perversion of democracy by an elected government is every bit as serious as the unconstitutional overthrow of a government. It highlights freedom of expression, free opposition political activity and free and fair elections among these democratic standards.

Observers expect the Commonwealth leaders to take a cautious approach on Pakistan, where the military has overthrown a corrupt civilian regime.

The other feature of the summit is expected to be the presence in Durban of President Olusegun Obasanjo, which will represent Nigeria's full return to the organisation.

# Anti-dictatorship body boosted

Sowetan 12/11/99

**By Sharon Chetty** ①

THE Commonwealth Ministerial Action Group (CMAG), the special body tasked with dealing with military dictatorships, will be strengthened to be able to take action when there are complaints of human rights violations in member countries, Commonwealth secretary-general Chief Emeka Anyaoku said yesterday.

Speaking at the customary briefing on the eve of the Commonwealth Heads of Governments Meeting yesterday in Durban, Anyaoku said a report of CMAG's future role will be considered by the government heads.

The CMAG was instituted in 1994 in response to the suspension of Nigeria when military dictator General Sani Abacha executed 10 opposition activists.

A ministerial mission under the auspices of CMAG has visited Pakistan since that country's suspension last month and will also report on their findings and recommend whatever further action, if any, needed to be taken.

While acknowledging that there was public support for the military coup of General Pervez Musharraf in Pakistan, Anyaoku said the Commonwealth could not depart from the principle that a non-elected government had no place in the body.

When questioned about infringements of the Harare Declaration by countries like Zimbabwe, Zambia, Sri Lanka and Kenya, Anyaoku said how the Commonwealth responded would be determined by what future role the CMAG took on.

He was of the view that in future CMAG's work would include assessing "the democratic performance of members".

The new guidelines are likely to name "offenders" and then bring pressure to bear on them.

**Commonwealth Secretary General Chief Emeka Anyaoku talks to the media on the eve of the Commonwealth Heads of Government meeting yesterday.** PHOTO: AP

In collaboration with the secretary-general's office, the appropriate technical and other assistance will be offered to the countries to move them towards the path of democracy.

Todays's gathering is the largest ever CHOGM,

It was fitting that South Africa was hosting the last CHOGM of the millennium, said Anyaoku, recalling the Commonwealth's "long, deep involvement in the anti-apartheid cause".

Besides Thabo Mbeki, who is the chairman, and the British queen, who is the ceremonial head of the Commonwealth, other speakers at the meeting will be the prime ministers from Jamaica and Singapore, PJ Patterson, QC, and Goh Chok Tong, respectively.

Then political and economic developments in the different regions will be on the agenda.

Terrorism, child soldiers and the proliferation of small arms are some of the issues that will be discussed.

The economic discussions will centre on a review of the Edinburgh Economic Commission which was instituted at the last CHOGM; a report from the Commonwealth Business Forum which met this week in Sandton.

# Blair and Mugabe take gay row to Durban

(1) ARG 13/11/99

## British-Zimbabwe relations plummet at Commonwealth meeting

PETER FABRICIUS
AND ROBERT BRAND

When the 47 Commonwealth heads of government fly from Durban to the luxury resort Fancourt in George today for a retreat to ponder the problems of the world, one hopes that the organisers have not placed British Prime Minister Tony Blair and Zimbabwean President Robert Mugabe in neighbouring chalets.

If they have, Mr Mugabe will spend the weekend agonising not over global poverty but the possibility of a "gay gangster" attack from his neighbour, while Mr Blair will be in danger of being drowned in a flood of abusive verbiage. That is if their conduct towards one another continues in the same vein of the last few weeks.

The relationship between the two leaders and their respective countries has plummeted to extraordinary and unprecedented new depths in the wake of a "citizen's arrest" of Mr Mugabe in London recently by gay activist Peter Tatchell of Outrage! on charges of persecuting gays in Zimbabwe.

Mr Mugabe immediately accused Mr Blair's government of being responsible for the incident. Mr Tatchell seized him by the arm as he was getting out of his limousine and the war of words has not stopped since then.

The row has dominated the British coverage of the Commonwealth Heads of Government meeting. At a media reception yesterday an unrepentant Mr Mugabe again accused Mr Blair of being behind the attack by Mr Tatchell.

He dismissed another denial by Mr Blair that the British government had anything to do with the "citizen's arrest", saying that Mr Blair had "gays in his government" and they belonged to the same organisation as Mr Tatchell, clearly implying that the British government was behind the attack.

Mr Mugabe also told the British press corps that Zimbabwe had a better human rights record than Britain, because it did not discriminate against other races. He described how his government tolerated former leader Ian Smith.

His comments were in response to a report by a British Labour Party think-tank, the Foreign Policy Centre. The report, entitled Re-inventing the Commonwealth, called for Zimbabwe to be suspended from the Commonwealth because of its human rights record.

The row dominated a briefing given by Mr Blair's spokesman, Alastair Campbell, who said: "We don't get too wound up about this. The government does not direct and control the police or the think-tanks. We would dispute his claim about our human rights record."

Mr Mugabe said the row would be discussed in a meeting between the foreign ministers of both countries.

The clash between the two leaders, although not without its comic aspects, is also emblematic of the deeper problem of trying to entrench democracy among the Commonwealth members, which is dominating this meeting.

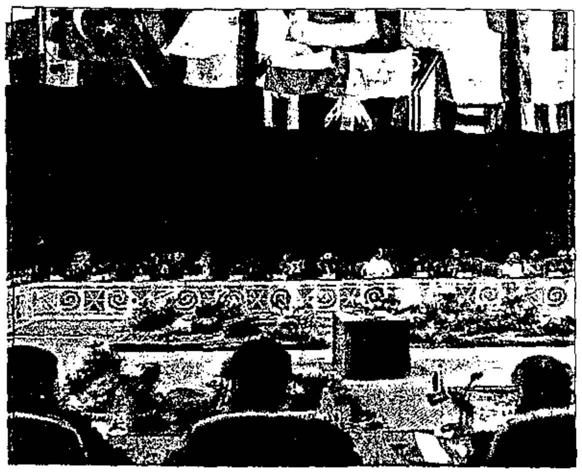
That commitment to intolerance of despotic rulers was reinforced by President Thabo Mbeki and others at the start of the meeting and was likely to result in the Commonwealth giving itself a wider mandate to act against member countries that violated its Harare Declaration of 1991 – a statement of commitment to basic principles of democracy, human rights and good governance.

Although the details of the new policy were only scheduled to be released late last night or today, it has emerged that the next terrain of the Commonwealth's struggle for greater democracy will be taking punitive action against members that suppress opposition political parties directly or indirectly.

This issue could prove divisive in the organisation as several countries are guilty of the violation. – Independent Foreign Service

COMMON CAUSE: President Thabo Mbeki and Queen Elizabeth applaud during yesterday's opening ceremony

TALKING HEADS: British Prime Minister Tony Blair and other heads of state at the start of the summit



NATIONAL STANDARDS: Commonwealth heads of state attending the first session of the summit at Durban's international conference centre

## Red carpet nailed down lest it trip up Her Majesty

A wayward red carpet got nailed at the last minute to preserve Queen Elizabeth's dignity at the opening of the Commonwealth Heads of Government meeting in Durban yesterday.

The 47 heads of government arrived through the basement of the International Conference Centre, coming up into the foyer via an escalator to be greeted by President Thabo Mbeki and Commonwealth secretary-general Emeka Anyaoku.

For them, a length of red carpet was laid from the top of the escalator to where Mr Mbeki, Mr Anyaoku and their wives were waiting.

But for Queen Elizabeth, who as head of the Commonwealth was to arrive in style through the front entrance, a special strip of red was laid from the point where her car would stop into the foyer.

Unfortunately, organisers had not reckoned with the stiff sea breeze that rippled the flags outside. When they opened the door, well in advance of her scheduled arrival, the wind kept flipping up a section of the carpet in the doorway.

One official stood with a foot on the rebellious floor covering until at 9.18am three men armed with hammers and nails arrived and made sure the carpet stayed flat.

The Queen, accompanied by her husband, the Duke of Edinburgh, drew up in a silver-grey Jaguar barely six minutes later – and the carpet behaved itself.

Earlier, one of the conference centre staff, in a grey suit, knelt not on the carefully brushed carpet but next to it to delicately burn off a few frayed threads with his cigarette lighter. – Sapa

## Flowers soothe miffed president

PETER FABRICIUS

The smallest country in the Commonwealth caused the biggest protocol fuss at the start of the Commonwealth Heads of Government meeting in Durban this week.

President Rene Harris of the Pacific island state of Nauru – all of 21km², population 9 500 – was mistaken for the leader of another small Pacific island state – Kiribati (717 km², population 83 000) – and taken to the wrong hotel in the wrong car.

When he realised that he had been received as the leader of another state, Mr Harris, whose sense of his country's importance is not proportional to its size, demanded to be taken back to Durban airport and given a proper reception befitting the dignity of Nauru.

Since there had been no great fanfare accompanying the reception of any of the Commonwealth heads – just a fairly straightforward greeting by Deputy Foreign Minister Aziz Pahad – the South African protocol officials could not accommodate his demands. It was also Mr Harris's birthday.

Eventually the South African government smoothed over the hiccup in relations by giving Mr Harris a large bouquet of flowers as a birthday present and driving him in proper style to his correct hotel – but not via Durban airport. – Independent Foreign Service

ST 14/11/99

# Mbeki puts Mugabe in firing line

## Commonwealth to probe state of human rights in Zimbabwe

**JUSTICE MALALA**

ZIMBABWEAN President Robert Mugabe — already under increasing domestic pressure for alleged human-rights abuses — is set to face a high-level Commonwealth inquiry into the state of human rights in his country as the organisation's leaders get ready to adopt a tough stance on undemocratic regimes.

Following a sharp attack on corrupt leaders by host President Thabo Mbeki in his opening address to the Commonwealth Heads of Government meeting in Durban on Friday, newly elected secretary-general Don McKinnock said the Commonwealth ministerial body tasked with acting on rights violations would be given greater powers by the leaders.

McKinnock said the Commonwealth Ministerial Action Group would now also be able to take action "where there is a clear and persistent repressing of the media for political purposes".

He said the heads of state had endorsed "a much broader role for the Commonwealth Ministerial Action Group".

The body would now be able to act on matters much broader than "just obscene violations of human rights", he said.

This move is likely to bring into sharp relief the actions of Mugabe's besieged regime, which has recently arrested and tortured journalists, brought various trumped-up charges against gay-rights activists and detained trade-union leaders.

Other countries which could come under the same spotlight are Zambia, Kenya, India, Malaysia, Cameroon and Singapore. These countries have been identified by various human-rights organisations on the fringes of CHOGM as being less than enthusiastic about human rights. Their actions could be the first to fall foul of CMAG's new early warning system, which would seek to visit countries and take action on human-rights abuses at an early stage.

CMAG is a body of eight foreign ministers and the secretary-general. Its latest action was to suspend Pakistan from the Commonwealth after the military coup which toppled the civilian government of President Nawaaz Sharief.

According to proposals likely to be adopted by the Commonwealth leaders this weekend, CMAG would now be able to intervene in countries at early signs of human rights abuses, go on fact-finding missions and ask other heads of state to act against member states.

The leaders of the 54-member organisation yesterday flew from Durban to George in the Western Cape for a two-day retreat where they would take part in various recreational activities and engage in informal discussions on various issues. The retreat — held at the sumptuous Fancourt estate — is where the major decisions of the conference will be taken.

The conference ends tomorrow in Durban with an announcement to be made by Mbeki and out-going secretary-general Emeka Anyaoku on the organisation's decisions.

In his address on Friday, Mbeki indicated that the Commonwealth would not tolerate leaders who violated the mandates of poor people. "They put us in positions of power so that they should thrive, and not so that we should seek to lighten the burden of our ponderous titles by transforming ourselves from elected and accountable politicians into self-serving tycoons," he said.

As chair of the meeting, South Africa is understood to be behind the push by the leaders of the Commonwealth for a more powerful mechanism to act on human-rights abuses.

At the opening ceremony, Mbeki gave Mugabe a cold handshake while he hugged and enthusiastically greeted other leaders.

Meanwhile, the Commonwealth leaders yesterday agreed to uphold CMAG's suspension of Pakistan. Spokesman Kaye Whiteman said leaders would announce a resolution tomorrow.

FEELING THE HEAT: President Robert Mugabe and his wife, Grace, are driven to their chalet at Fancourt Picture: RICHARD SHOREY

## Not one of this president's men

AS LOVE-hate relationships go, they don't come queerer than the one between Zimbabwe's President Robert Mugabe and Peter Tatchell, one of Britain's best-known militant gay activists, writes BONNY SCHOONAKKER in London.

Each year, at about this time, Mugabe pops over to London for a private visit, only to find his least favourite homosexual trying to disrupt one of his favourite pastimes — Christmas shopping at Harrods.

What has become an annual yuletide tradition of Mugabe-baiting began three years ago, when Mugabe paid his first visit to Britain since his own Harare declaration of 1995 that homosexuals were perverts, "worse than dogs and pigs".

This year, Tatchell, leader of a group called Outrage!, launched his boldest strike yet — trying to arrest Mugabe on charges of torture.

On October 30, three Outrage! members jumped on his limousine before he could drive off with his aides, while Tatchell opened the door and grabbed him by the arm. "President Mugabe, you are under arrest for torture," Tatchell said he told Mugabe. "Then the police arrived. I asked them to arrest Mugabe ... but they ... manhandled us away from the president's car."

Britain's high commissioner in Harare was summoned to Mugabe's offices to receive an official complaint about the incident.

## Protesters attack Bob

A SMALL group of protesters gathered at the Commonwealth Heads of Government Meeting at Durban's International Conference Centre yesterday to chant slogans against Zimbabwean president Robert Mugabe and Cameroon's president Paul Biya.

They accused Mugabe of murdering thousands of Ndebele people and said that Cameroon did not respect democracy and good governance. — *Sapa*

SOURING RELATIONSHIP

# Blair dismisses 'eccentric' Mugabe

ET 15/11/99 ①

**ROBERT BRAND**
GEORGE

GRUMPY President Robert Mugabe of Zimbabwe stayed away from a Remembrance Day ceremony for Commonwealth leaders yesterday following yet another vitriolic attack on Britain's prime minister, Tony Blair.

In an interview with the BBC World Service, recorded during the Commonwealth Heads of State's informal "retreat" at Fancourt, George, Mugabe described Blair as "stand-offish", "strange" and more right-wing than the conservative former British prime minister Margaret Thatcher.

In a later interview with Sky Television, Blair dismissed Mugabe as "eccentric" and said he would devote his energies to other Commonwealth leaders "who it is good to sit down and talk with".

The Zimbabwean delegation would not give reasons for Mugabe's absence from the Remembrance Day ceremony, which was attended by 44 other Commonwealth leaders who each laid a wreath at a plaque commemorating "those who gave their lives in pursuit of freedom and democracy".

Mugabe and Blair did not talk to each other during the retreat, an event specifically aimed at allowing Commonwealth leaders to talk about their concerns and differences in a relaxed and informal setting.

Mugabe accused Blair of wanting "nothing to do with" developing countries such as his own. British officials declined to comment.

"There has been an apartness between us and them, each going his own way. Mr Blair has remained a distant character — a kind of a dry character, you know, a man who wants nothing to do with you," Mugabe said.

He said "a number" of other leaders of developing countries shared his view that Blair's labour government was "strange in attitude, in fact to the right of the Conservative Party of Mrs Thatcher and Mr Major".

Mugabe said he was not interested in patching up his row with Blair: "They adopt a stand-offish attitude. And if they are stand-offish, then we are also stand-offish."

He dismissed criticism of his lavish lifestyle as "the language of homosexuals" and said Britain was the only country that viewed Zimbabwe as an autocratic country.

Blair's spokesperson said the British prime minister would "not go out of his way" to patch up the row with Mugabe.

The further souring in the relationship between Britain and Zimbabwe came as Commonwealth leaders were on the verge of agreeing to tough new human rights conditions for membership of the 54-state organisation.

At Fancourt, leaders discussed broadening the role of the Commonwealth Ministerial Action Group (CMAG), a body established to deal with military regimes but which could be given the power to examine the human rights record of civilian member states.

Zimbabwe is one of the countries singled out in discussions preceding the Commonwealth Heads of State Meeting in Durban as a state which suppresses dissent and minorities. The Zimbabwean government has in recent months clamped down on trade union leaders, imprisoned and tortured journalists, and brought trumped-up charges against gay rights activists.

A report by CMAG is understood to call on the Commonwealth to take a tough stance on civilian governments which follow undemocratic practices.

The recommendations in the report, if approved, will allow CMAG to instigate inquiries in countries which violate human rights and press for the suspension of such countries from the Commonwealth.

Mugabe's row with Blair started when the Zimbabwean leader was accosted during a recent trip to London by gay rights activists. He has demanded an apology from the British government, which has not been forthcoming. He then accused Blair of using "gangster gays" to persecute him.

● **Mbeki welcomes Commonwealth declaration**
**See Page 5**

# Obasanjo calls for 'charter' to tackle economic challenges

## Countries asked to show 'burden sharing' spirit

BD 25/11/99 (1)

John Dludlu

DURBAN — Nigerian President Olusegun Obasanjo has called on fellow Commonwealth leaders to formulate and adopt an "economic charter" to help tackle economic challenges faced by the 54-nation club.

Meanwhile, UK Prime Minister Tony Blair is due to visit Nigeria next year, his aides said after a Blair-Obasanjo meeting. The UK government, known to be pleased with Obasanjo's reform process, advises Nigeria in a range of fields including treasury, judicial service, privatisation and poverty alleviation.

Addressing reporters on the margins of the Commonwealth heads of government meeting, Obasanjo said his thoughts on the "charter", which would include debt relief for the bloc's poor countries, had already received support among colleagues in the meeting.

If this meeting, which continues today, cannot agree on the charter, then the secretariat, the London-based executive agency of the group made up of the UK and mostly its former colonies, should be empowered to make proposals on it.

The economic charter would be similar to the Commonwealth's Harare declaration which seeks to promote good governance in the club. Among other things, the declaration frowns upon military juntas which take power by force.

The economic charter would also include guidelines on spending of public funds. "If you spend money on arms, then you have no one but yourself to blame," he said.

The Commonwealth already has an autonomous business wing, the Commonwealth Business Council whose co-leader is Johnnic chairman Cyril Ramaphosa, that arose from a UK-inspired theme two years ago.

Obasanjo also used the opportunity to call on the wealthy countries to demonstrate a "burden sharing" spirit by providing debt remission for his country. In a carefully argued case, he said Nigeria, once on the list of the highly indebted poor countries (HIPC), had all economic indicators that made it qualify for debt relief. In fact, the country was removed from the list for political reasons, not economic ones.

However, he has already endorsed the HIPC's feeling that the initiative, co-sponsored by the Bretton Woods institutions and the African Development Bank, had not gone far enough.

Nigeria had spent almost \$8bn financing the peace-keeping work of the Nigeria-led Ecomog, mainly in Liberia. Therefore, he argued, if the country bore this responsibility, partly the world's, this should be taken into account. Nigeria's stock of foreign debt has soared as a result of interest to around \$21bn from about \$5,8bn, according to Chief Philip Asiodu, Obasanjo's economic adviser.

As he urged assistance to broaden and deepen democracy, Obasanjo warned that his fellow countrymen would be frustrated if they did not yield the dividends of democracy. That would be dangerous, he said.

# Summit plots war on world poverty (1)

## Leaders shelve bid to enforce democracy

ARG 15/11/99

PETER FABRICIUS AND ROSS HERBERT

**Durban – Commonwealth leaders yesterday set aside the task of establishing guidelines to enforce democracy among members to focus on a decision to find ways to make the organisation more effective in fighting global poverty.**

President Mbeki said late last night that this decision was part of the Fancourt declaration on globalisation and people-centred development, which the leaders had agreed at their retreat in George yesterday.

Developed countries had expected the Commonwealth leaders would agree to guidelines on action against member countries that suppressed opposition or abrogated human rights.

Until now the Commonwealth has only censured military governments that come to power by toppling elected civilian administrations.

But Mr Mbeki said late last night that although the leaders had discussed proposals to examine undemocratic practices by civilian governments, they did not have time to agree on them and would not discuss them again at their final meeting in Durban today.

He said the Commonwealth Ministerial Action Group, the disciplinary body, already had a mandate from the previous summit in Edinburgh in 1997 to look beyond military coups.

The precise guidelines for doing so would be established as part of a general review of the functions of the Commonwealth, which the leaders had agreed this weekend.

The Commonwealth had already established a basis for democratisation, but what was important now was to address the problem of global poverty, especially in the forthcoming World Trade Organisation negotiations.

He said the World Bank had estimated that half of the world's population was living on less than \$2 (R12) a day. "That is not a problem you address by extending aid. You have to come at it more fundamentally. That's why the matter of people-centred development was put on the agenda."

The Fancourt declaration urges a united position among developing countries in the WTO negotiations starting this month in Seattle.

But Mr Mbeki said the real challenge was going to be how to implement the declaration.

■ An agreement which would pave the way for elections in Lesotho next year had been postponed, Lesotho Foreign Affairs Minister Tom Thabane told Reuters yesterday.

Outgoing Commonwealth Secretary-General Emeka Anyaoku had said the deal could be signed on Tuesday.

The pact to create a new electoral system and timetable for voting was postponed last Friday because southern African leaders who were supposed to witness the accord could not attend.

Mr Thabane said the pact had been delayed again this week because Mozambican President Joaquim Chissano could not attend.

A new date has not yet been set.

The presidents of South Africa, Botswana and Zimbabwe were also to have gone to Lesotho.

"The visit of the four presidents was to bring the electoral process forward by fixing a date for the election," Mr Thabane said. "We shall set a date once all the presidents can make it."

# Reinventing the Commonwealth

① BD 15/11/99

## Leaders debate future of ministerial action group, writes associate editor John Dludlu

ADAPT or die, transform, reform or become irrelevant. These are the catch phrases that are haunting leaders of multilateral organisations.

From the United Nations via the World Trade Organisation, the Bretton Woods financial institutions and the Organisation for African Unity (OAU) to regional bodies like the Southern African Development Community (SADC), all have to face the challenge of enhancing their relevance as this century draws to a close.

Today this question is facing the 54 leaders of the Commonwealth, the "club" made up of the UK and countries that were mainly its colonies.

The reformist agenda has been on everyone's lips and minds for some time.

Adding fuel to the fire, a provocative paper by the UK-based Foreign Policy Centre think-tank on the Commonwealth's role in creating a rights culture in the group, released just before the Durban summit, generated more than the usual degree of attention and an extraordinarily emotional debate.

More significantly perhaps, an internal debate about the future role of the Commonwealth ministerial action group (Cmag) is under way in the organisation's corridors of power. Both these internally generated ideas and the centre's concepts no doubt deserve honest enquiry. In many respects, they appear to complement each other.

In its paper, titled Reinventing the Commonwealth, the centre, which has UK Foreign Secretary Robin Cook as its president, makes some potentially controversial suggestions.

One is that the host and chair of each Commonwealth heads of government meeting (Chogm) — currently President Thabo Mbeki — should act as Commonwealth president. In this capacity, the chosen head of government would be required to represent the Commonwealth at other important summits in the two-year interim before the next heads of government gathering.

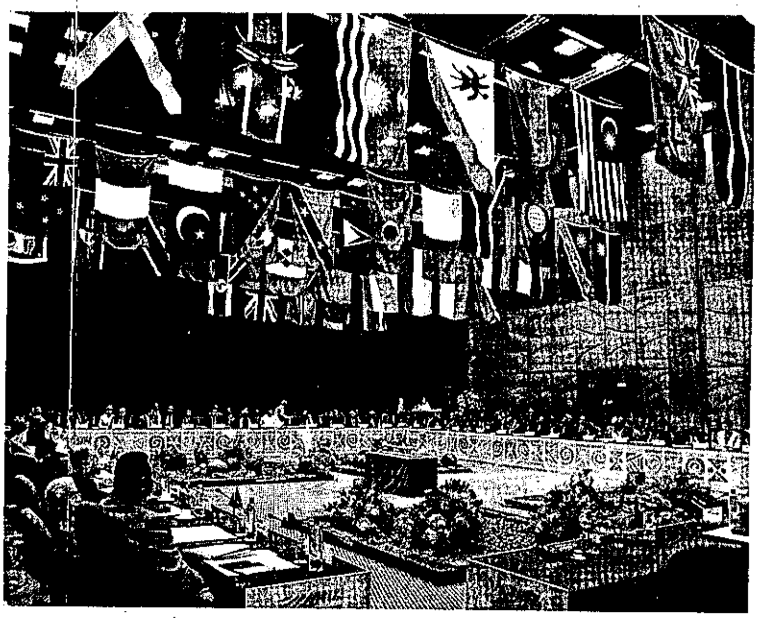
At present, this role belongs to Queen Elizabeth in her capacity as head of the Commonwealth. In its edition this week, The Economist has interpreted the proposal as a downgrading of the queen's role.

But the journal has got it wrong. This is not a radical proposal. Other multilateral institutions such as the SADC and OAU are led between summits by whoever has been in the chair at the last gathering.

If agreed to and implemented, this proposal would make it possible for the serving chair to actively promote the implementation of Chogm's chosen biannual theme.

As things stand now, there is no guarantee for instance that Commonwealth members, notably the richer ones, will put any effort into further exploring and responding to Mbeki's timely and noble theme for the current summit.

Concerned about the future of the developing world as globalisation gathers pace, he put on the agenda the question of "people-centred development — the challenge of globalisation".



**Heads of state and delegates under a flag guard during an executive session meeting at the Commonwealth heads of government summit talks in Durban.** Picture: AP.

Charging a host country with keeping themes like this in the public eye will enable Commonwealth members to measure progress on key issues.

In this scenario, holders of the Commonwealth presidency, with the queen acting as ceremonial head, will be expected to formulate and manage programmes that make their theme achievable. Quite rightly in this context, the authors of the policy paper suggest debate on whether Prince Charles should take over as head of the Commonwealth once he is king.

Charles himself may not want this role. Either way and in spite of its very strong merits, the paper appears to have been discredited by the close association of its authors with the ruling British party.

Zimbabwean Foreign Minister Stan Mudenge, whose country was named in the report as a human rights violator, rubbished it, saying it was written by "toddlers" trying to come to grips with important international relations.

"All I did", The Economist reports Mudenge as saying, "was crumple it and throw it in the trash can."

Of course it did not help the centre's reputation when the Zimbabwean delegation began circulating a copy of a letter of "clarification" written by Mark Leonard, its 25-year-old boss, on the margins of Chogm.

To the relief of the Zimbabwean delegation, this was widely seen as a retraction.

Whatever the fate of the think tank's paper, heads of state chose importantly to debate the future role of Cmag, the body that has become the Commonwealth's political troubleshooter. Less emotive the debate may have been, but it was by all accounts still highly controversial.

The body was first set up with rotating membership after the 1991 Harare Commonwealth summit. The meeting had firmed up a set of good governance principles that members agreed to live by.

Cmag's most memorable role to date has been in Nigeria after that nation was suspended from the Commonwealth following the execution in 1995 of poet and human rights activist Ken Saro Wiwa by the regime of Sani Abacha.

Cmag's mandate then was to nurse Nigeria back to multiparty democracy. Its services were once again called on last month when the military in Pakistan toppled the elected government in a bloodless coup.

Pakistan, a subject of debate at Chogm, has since been suspended from the Commonwealth. The Asian nation is likely to remain under a suspension order in spite of fierce debate at Chogm.

But the line taken on Pakistan indicates that it is often too easy to deal with military regimes. After the Harare declaration, which, among other things, frowns on the seizure of power by military officers, coups have become anathema and easy to condemn wholeheartedly.

The challenge now is dealing with the grey areas: cases where principles of multiparty democracy and good governance exist only in the statute books and not in reality.

This has led to proposals understood to have been widely but not unanimously endorsed according to which Cmag should be empowered to act in instances where there is a demonstrably unnecessary postponement of elections, systematic repression of opposition and a pattern of repression of independent journalism.

Commonwealth leaders were still in George yesterday on their traditional retreat, apparently discussing the exact phrasing of the clauses in the final document. Understandably, agreeing to these reforms will not be easy.

They pose the real possibility of harsh scrutiny and possible intervention by Cmag in those Commonwealth countries that are still ruled by civilians who tolerate systematic violation of human rights.

Ironically, Cmag is currently led by Zimbabwe's Mudenge. An indication perhaps that the new rules should see membership of Cmag not determined by rotation but by the summit itself every two years.

Several member states would appear already to be in violation of the newly enunciated principles. If this enhanced role for Cmag is agreed to, the leaders will have to define the nature and limits of interventions the Commonwealth or Cmag may make in a country that shows a pattern of violations of the Harare principles.

The Commonwealth will also have to find ways to harmonise Cmag's work with efforts of regional and other multilateral bodies such as the OAU.

Cmag, or the Commonwealth, should not and will not be able to replace the UN or the OAU when it comes to conflict resolution or cajoling a country towards democracy and the rule of law. Within the Commonwealth itself, some honest soul searching is necessary.

Among other elements, the body's admissions criteria should be clear enough to be enforceable.

It is encouraging to see that although a weekend may be insufficient to reinvent the Commonwealth its leaders may end up taking the first step in this direction by reforming Cmag, its rapid intervention group.

**WORLD TRADE**

(1)

# SO MUCH TO DO, SO LITTLE TIME

On the eve of the WTO conference, Africa is again in the cold

FM 26/11/99

Uganda's ambassador to the US, Edith Ssempala, compares the world economic order to a high-speed train: Africa is sitting in the rear coach and appears unwilling to fight its way to the front, where it can begin to direct its own economic destiny.

Take the Ministerial conference of the World Trade Organisation (WTO) to be held next week in Seattle, US. This meeting could shape the world trade order for at least the next 100 years. Yet Africa is conspicuous by its absence among the discordant voices seeking to set the agenda.

Ssempala says Africa tends to sit back and only respond to proposals from other countries or economic blocs. But it does have muscle. Each WTO member country has one vote; the African nations together have 30% of the 135 votes.

Africa's share of world trade has shrunk from 5% in the early Eighties to a paltry 1,5% in 1998. "The big problem is that we are not organised," she says.

"In trade you get what you negotiate, not what you deserve," says Ssempala. Africa deserves better trade terms if it is to improve the lot of the 250m-300m people living on less than US$1/day. But it must fight for them.

In return, developed nations and blocs such as the European Union and the US want Africa to support their trade proposals, some of which may be bad for the continent's long-term economic health.

A case in point is the proposal to graft labour and environmental issues on to the WTO's agenda for the millennium round of trade negotiations. Developed countries say this is necessary because lower labour and environmental standards would give industries in developing nations an unfair advantage. But the real reason arises from political pressure on trade negotiators in the developed countries.

One US government trade official says trade negotiators need to convince the US Congress that the WTO has a mechanism for dealing with the impact of globalisation on labour. "If we don't get anything we can hold as proof of the WTO's sensitivity to labour issues, it might make it difficult for Congress and the American people to support further liberalisation."

Years of economic mismanagement and political nepotism have driven many of Africa's skilled people to seek better pastures. As many as 200 000 of Africa's highly educated people are said to be working in Europe and North America. If Africa is to shape its economic destiny, it needs to attract back the exiles or develop skilled negotiators and analysts afresh. And it's running out of time.

Take the proposed Africa Growth & Opportunities Act, the much-hyped centrepiece of the US' new policy towards Africa. The Trade & Development Bill, as it is sometimes called in Washington, seeks to improve access for African manufacturers to US markets, especially the textile and apparel market. Africa's share of US textile and apparel imports of US$61bn stands at less than 1%, mainly from just two sub-Saharan African countries, Mauritius and Kenya. The US administration hopes that removing duties and quotas will spur investment in and development of the sector in Africa.

But the Bill's own language is less sanguine. It says sub-Saharan Africa has limited textile manufacturing capacity, which is projected to grow over the next 10 years at a modest rate. So US government trade officials say the Bill can only open trade doors for Africa; it will be up to African manufacturers to fight for a share of the US market.

The US administration still has to negotiate a new, compromise version of the Bill that will take into account the differences between the version passed by the House of Representatives in July and that passed by the Senate this month.

The main difference between the two is the clause inserted by the Senate requiring African countries to reciprocate duty free and quota-free access to the US textile and apparel market by using US yarn and fabric. This clause arises from concern that African countries may be used by major textile producers such as China and India to exceed their own textile and apparel export quotas to the US.

US trade officials say the yarn and fabric clause would make it difficult for African manufacturers to compete with Mexican and Caribbean producers.

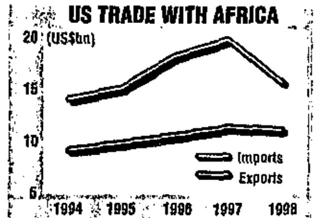
African countries have four years to develop a competitive textile and apparel manufacturing sector, before a special WTO agreement on quotas expires. Thereafter, competition will increase from other developing nations such as China, which has excess production capacity.

US trade officials admit that four years may not be enough.

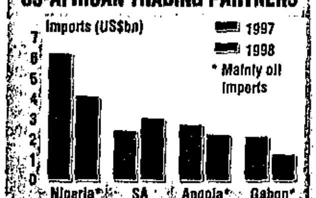
Such a proposal would be fought by other WTO members, including developing countries. But even if Africa fails to win the support of its fellow WTO members, it would signal to the rest of the world that it is taking control of its economic future.

Jabulani Sikhakhane

**US TRADE WITH AFRICA**




**US-AFRICAN TRADING PARTNERS**




**LEADING US EXPORTS TO SUB-SAHARAN AFRICA**

(1998 - US$m)

| | |
|---|---|
| Aircraft and parts | 950,3 |
| Construction machinery and equipment | 585,5 |
| Computers and peripherals | 337,9 |
| Motor vehicles | 312,7 |
| Wheat and wheat flour | 261,7 |
| Telecoms equipment | 209,6 |
| Used clothing and textiles | 88,3 |
| Agricultural machinery | 76,0 |

SOURCE: INTERNATIONAL TRADE ADMINISTRATION, US DEPARTMENT OF COMMERCE

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*Governance meeting held in Abidjan*

# Corruption 'an enemy of development'

ET(PR) 1/12/99 (1)

ROBERT OTANI

*Omar Kabbaj of the African Development Bank*

Nairobi Bad governance was the greatest stumbling block to the economic turnaround of Africa, an international conference on good governance and sustainable development in Abidjan was told yesterday.

Omar Kabbaj, the president of the African Development Bank (ADB), said a lack of public accountability and corruption had repeatedly undermined poverty alleviation.

Pervasive corruption harmed development because it reduced the ability of governments to carry out their functions efficiently. "Bad governance squanders government revenues and distorts and deters investment flows, thus undermining growth," he said at the meeting, which was described as stormy and which was attended by delegates from all over Africa.

Other causes of poor development management were highly concentrated decision-making and the absence of consultation and accountability.

The ADB president said that over the past few years his bank group had come to recognise the importance of good governance. It supported activities and programmes that sought to improve governance.

But he regretted that such activities were usually designed as components of larger structural or sectoral adjustment operations.

Although recent ADB loans had addressed issues of governance more directly, in the past few bank projects had given the matter priority. "There is a need to tackle the issues of governance in a much more direct and integrated manner.

"There is a consensus that good governance should build on effective states, mobilised civil societies and efficient private sectors – the three factors most crucial to sustained development."

He contended that, while underdevelopment had multiple and complex causes, bad governance and corruption were now generally regarded as central to the problem.

Corruption "dissolves public trust and corrodes social capital. It can also have far-reaching effects, misallocating resources and impeding effective service delivery, in the process undermining the legitimacy of the state", he said.

Paul Collier, a World Bank representative who presented a paper on reducing corruption, said once a society became corrupt, there were powerful forces that had a vested interest in keeping it that way.

Conversely, the same forces worked to keep societies honest if they started out that way. It was thus much harder to become honest than to stay honest. He believed the coming generation would substantially reduce corruption in Africa.
– Independent Foreign Service

**By Charity Bhengu**

# Africa's baby boom a worry for leaders

① Sowetan 10/12/99.

AFRICAN governments unanimously agreed this week that their population growth rates are excessive, with major socio-economic implications for their countries. The fertility rate on the continent is still above five children per woman.

The Third African Population Conference in Durban, hosted by the Department of Welfare's national population unit, addressed this and tried to provide a deeper understanding of various aspects of Africa's population.

Academics, government officials and organisations from the continent presented papers at the five-day conference, whose theme was "African Population in the 21st Century"

The University of Venda's Dr Tom Leeuw, a member of the national organising committee of the conference, stressed the importance of such a gathering.

"It could enable us to manage existing challenges in population matters insofar as they relate to other aspects of our society, for example economic planning and the provision of human resources," he said.

"Population studies are no longer about demographics (census taking or quantitative studies) and statistics. They also encompass understanding people as human beings as they are confronted with the exigencies of life."

During discussions on South Africa's fertility rates, the past cast a big shadow. The apartheid population strategy during the 1970s and 1980s attempted to directly control the reproductive behaviour of African women.

Welfare, Population and Development Minister Zola Skweyiya said: "A family planning programme, supported by a so-called population development programme since 1984, targeted specifically African women with dubious strategies to control their reproductive behaviour.

"The core message of these programmes was that the victims of apartheid ... were to blame for their own poverty, as they were supposedly overpopulating the country."

Professor Orieji Chimere-Dan of the University of North West said a decline in fertility took place in South Africa over a period of three decades among all sub-groups of the population. South Africa's fertility rate recorded a 52 percent decline from the early 1960s to the late 1990s. The fertility rate of African people declined from a very high 6,7 in the early 1960s to just 3,1 in the late 1990s.

During the same period, coloured people experienced a decline from 6,6 to 2,5; Indian people a decline from 4,7 to [illegible] and white people a decline from 3,3 to 1,9.

Chimere-Dan believes these changes in the country's fertility rate was driven mainly by changes in the


rate of marriages and the reproductive behaviour of single women.

"The speed of South Africa's fertility transition in the near future will in a large part depend on the trend in the popularity of formal marriage and the extent to which non-marital or illegitimate childbearing is further destigmatised," he argued.

"The renewed attention to marriage in demographic studies will certainly contribute to a better understanding of the intricate dimensions of the fertility transition not only in South Africa, but also in other African countries."

Professor Rolf Larsson from the University of Lund in Sweden also called on the conference not to ignore gender differences and their impact on reproductive behaviour when talking about fertility in developing countries.

"Everyone knows that it takes both women and men to make a child, but that their respective parental responsibilities and roles vary considerably," Larsson said.

"(Yet) the family planning movement is gender blind in its attempts to ignore the man."

Larsson said that men must share the responsibility of bringing up their children and giving them a good start in life. "In this way dialogue will be possible, and the woman's search for ways to regulate fertility accepted or even supported."

Dr Alfred Adewuyi from the Centre for Research in Nigeria also emphasised the importance of the male in decision-making on fertility.

"Women in the male-dominated culture in Africa, even in urban areas, are regarded as the weaker sex biologically, socially, politically and economically," he said.

"They completely lack the ability to control their sexuality and are always in the background, permanently poor and powerless.

"As a result the fertility level in sub-Saharan Africa remains the highest in the world."

Dr Prosper Poukouta of the African Development Fund stressed: "Population and development issues must be analysed against the background of poverty reduction and community participation."