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EASTERN AFRICA DEVELOPMENT BULLETIN

FORWARD

The member States and economic recovery in the East African subregion

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"The economic recovery that took place in sub-Saharan Africa is due largely to increased exports and a significant rise in the price of raw materials." This point was stressed by UNCTAD in its latest report.

However, this recovery is still fragile as it depends on prevailing factors "To capitalize" on this growth should be the watchdog in the event of a price fall to prevent economic stagnation.

In addition to this international trade mechanism, most of the countries in the East African subregion are presently pursuing very liberal, economic policies in line with their development strategies.

The new economic development policy framework has among other measures the establishment of a conducive environment for investment, the mobilization of domestic savings, rehabilitation works and road construction.

The implementation of economic integration projects and the efforts undertaken by member States on the one hand and by donors and financial institutions on the other is an expression of the will by all concerned to contribute to the development of the East African subregion.

In the light of the foregoing, policy makers and economic operators through their bilateral and multilateral cooperation institutions are also striving to promote the integration process in the subregion.

In his message Mr. Koffi Annan, UN Secretary-General stated that the UN would collaborate actively with African Governments to create the atmosphere vital for Africa's development. He added that the African continent was now at the cross roads. The prospects for Africa's development was greater than ever before. This has been demonstrated by the improvement in the economic growth rates, as well as the increasing importance that African countries attach to economic reforms, and to the consolidation of democracy in a number of countries and to the dynamism of the private sector and the civil society. The Economic Commission for Africa has played an important role and will continue to play this role in the development of Africa.

In his statement Mr. K. Y. Amoako, Executive Secretary of the Economic Commission for Africa (UNECA) spoke of his commitment to assist Africa in the implementation of its integration programme. Market integration through trade liberalization, harmonization of monetary policy and the participation of the private sector on the one hand and the expansion and the inter-connection of Africa's physical infrastructures on the other was emphasized.

The aim of this document is to disseminate the concerted efforts made by member States to mobilize domestic savings and to facilitate the flow of the necessary investments that would contribute to national and subregional development.

FIDA provided an overall loan of 8,250,000 SDRS the equivalent of US$ 10.8m. The sum of 1,332,000 SDRS was earmarked as credit for farmers while 330,000 SDRS was to support grassroots initiatives.

Madagascar is a member of COMESA (the East and Southern African Common Market) since 1993. It participates in the activities of this organization through it is not a fully-fledged member. Full membership by Madagascar will be to the advantage of both the Organization and Madagascar.

In this regard, it is worth mentioning the participation of the Madagascar Government in the various organs of COMESA. The convertibility of the Malagasy francs within COMESA and the enforcement on the rules governing tariff reduction would enable exports from Madagascar to member States of COMESA to be more competitive.

Madagascar has also trade links within countries of the Indian Ocean Commission. Madagascar therefore participates in the activities of IOC on matters of trade cooperation including the modalities for promoting trade among the member States within the framework of the Regional Trade Committee (RTC). A decision was made on 27m May 1994 establishing the NATIONAL RTC to serve as a consultative platform for the interested public and private organizations to follow-up activities initiated by the region and to coordinate national policies.

Generally Madagascar's trade with Member States of the IOC is very small as compared with its overall trade. Mauritius and Reunion though not members of the subregion are its main trading partners. However, Madagascar, has a trade surplus.

Main exports are: seafood that shrimps, lobsters, vegetables, onions, peppers... cereals (peas,beans) and beef)

Imports are many such as fertilizers, oils, machine and tools. They are mostly from Mauritius.

To promote regional integration, it will be necessary to prepare a trade agreement to increase trade and to diversify exports.

In this regard it is timely to cite the existence of a Regional Integrated Trade Development Programme (RITDP) which has been in operation since May 1996 and will last for five years.

The programme was designed by the ICO to remedy the ironic situation namely the low level of trade between nearby islands with complimentary resources and economies. Trade between these islands hardly reached 3 per cent of the total volume of trade in the region. To correct this anomaly, RITDP set as its main objective the strengthening of the regional integration process among the countries concerned. To this end, emphasis has been placed on intensifying economic and trade ties.

RITDP deals with private economic operators in the IOC countries. Its activities are focussed mainly on four areas namely the development of economic and trade ties, standardization and quality control, the dissemination of trade information to economic operators and the provision of credit facilities to economic operators. In all RITDP aims at developing ties between economic operators and especially developing the regional private sector to make it more competitive.

The development of economic and trade ties include putting economic operators in contact through the organization of trade missions, through meetings between enterprises as well as the development of business partnership and the training of external trade operators.

As far as standardization and quality control of products are concerned, these activities are based in Port Louis, Mauritius. The aim is to assist countries such as the Comoros and Madagascar to possess standardization bureaux and to encourage collaboration and technical cooperation on issues of standardization and to promote the adoption of international standards by the enterprises in the region.

The dissemination of economic and trade information will be done through a regional data base known as COI-INFONET which will soon be operational. This data base should be able to meet the needs of economic operators with regard to reliable trade information in general such as statistics, rules in force and business opportunities.

MADAGASCAR'S EXTERNAL TRADE

Madagascar external trade is presently being liberalized as it cannot escape globalization increasingly dominated by the major world economic powers. Third-world countries especially least developed countries like Madagascar with no means of salvaging themselves from under development are playing a level field game at best with an unfair and tough trade competition.

The trade liberalization measures undertaken by Madagascar in the last few years has some positive economic effects. The volume of external trade which is a direct source of foreign exchange for the country has been increased by 14 per cent. To an extent this achievement is due to diversification in exports. In effect, this increase has led to a surplus of 33 per cent in real value as compared to earnings in 1994 and 1997.

Exports now rely on non-traditional products. In other words, the more competitive new products have new outlets in the world markets and as a result create new trading partners.

Second major source of foreign exchange: is the export of fish resources which increases the value of external trade. Given its potentials in this area, it is a very promising sector. The export of shrimps among other products have increased by 45 per cent in value and by 20 per cent in terms of volume since 1995.

Furthermore tree resumption of marketing activities for industrial crops is also contributing to an increase in export earnings. Products such as cotton, sugar, sisal, which were used mainly by local industries are now bought at higher prices on the international market as compared to traditional export products.

Certainly these new export products are not as significant in terms of volume as the traditional export products albeit with an advantage that cannot be ignored. It is through their economic value that Madagascar has been able to reinforce and diversify its external trade. This is one of the reason why the government is trying to make the beef industry profitable. The fishing and beef industry suffered a temporary ban on the European market recently following doubts raised about their packaging. But this ban has long since been lifted.

As can be observed, the external trade of Madagascar has hardly improved. Despite measures to improve its balance of payment including the restriction on imports and consolidation of exports. As long as exports are based on agricultural products and primary commodities, the economy of Madagascar will continue to be weak and dominated by external factors.

The Government is not skeptical as efforts have been underway for sometime now to progressively improve the socio-economic development of this huge island in the Indian Ocean by all possible means.

For an update, the draft budget expenditure for 1998 which was examined by the National Assembly Last December stood at 7,194 billion Malagasy Francs (FMG). In comparison the budget for last year stood at 6,949 billion franc (FMG).

A three year agreement was reached with the International Monetary Fund (IMF) for the survey of 81.36m SDRs on 27m November 1996.

It should be recalled that Madagascar has unique natural plant and animal resources in the world and those are of considerable economic interest to the country. These resources have hardly been exploited and they might disappear in view of large scale environmental damage as a result of increasing pressure from human activities.

DEMOCRATIC REPUBLIC OF THE CONGO

The Democratic Republic of the Congo (DRC) is surrounded to the West by the Atlantic Ocean and the Republic of Congo, to the North by the Central African Republic and the Sudan, to the east by Uganda, Rwanda, Burundi and Tanzania and to south by Zambia and Angola. The forest area covers the central part of the country and accounts for 48 per cent of the total surface area containing both savanna and grassland. With a surface area of 2,345,409 km^3, it has an estimated population of 45m which is an average density of 19 inhabitants per square kilometer. The DRC is one of the least sparsely populated country in Africa. The active population is estimated at 63.6 per cent while the female population is estimated at 50.8 per cent. The annual population growth rate is 3.2 per cent. The Congolese economy is largely based on services, industry such as mining and agriculture. The main mineral resources are copper, diamond, gold, cobalt, zinc, tin, cadmium, coal, manganese, and methane gas on Lake Kivu. The country has immense agro-sylvo-pastoral and hydroelectric resources which can contribute significantly to the socio-economic development of the subregion.

Several intergovernmental and specialized institutions are present at the same time in the DRC. They are CEPGL, COMESA and ACTT/NC. DRC is also a member of CEEAC.

Toward economic recovery and development

The Democratic Republic of the Congo has prepared a 3-year development plan called "Minimum Triennial Programme". The overall objective of the programme is to achieve a short-term socio-economic rehabilitation of the country following thirty years of mismanagement and autocratic rule.

Minimum Triennial Programme 1997-1999

The programme priority is to establish in the Democratic Republic of the Congo a social market economy without which it would be impossible to rehabilitate the basic now dilapidated physical infrastructures and the weak social structures.

This programme has therefore an optimum social priority based on:

1. The Rehabilitation of the transport infrastructure.
2. The mechanization and modernization of agriculture.
3. Revival of mineral production and agriculture through large-scale industrialization with special emphasis on agro-food industry.
4. The rehabilitation of social infrastructures through the provision of safe drinking water and energy supply to all the provinces of the country and the rehabilitation of hospital and education facilities.
5. Reducing unemployment through job-creation.

In order to attain these priority objectives in economic and financial terms, an assistance of US 1.5 billion is absolutely vital. This package should include domestic resources accruing from proper management of public finances and national wealth and external resources following the resumption of bilateral and multi-lateral cooperation.

The distribution of the total sum for investments for the period covered by the programme will be based on a pro-rata contribution by each province to GDP as well as on the overall project investment needs.

Only investment projects in line with the priorities outlined in the rehabilitation of state economic and social infrastructures will be considered for implementation.

The criteria for selection will be based on the feasibility study and on the economic and financial viability of the project. Special attention will be given to projects with high economic returns and with project with least costs.

Support measures will be taken throughout project implementation and the policy of optimal investment already underway either through project rehabilitation or through project extension will be in place. For new investments, priority will be given to those with high rate of return and likely to bring about social market economy in the Democratic Republic of the Congo.

Investment Programme

The overall investment will be spread over for 3 years in the following manner:

1997-1998	1st programme year	US$	500,000,000
1998-1999	2nd programme "		500,000,000
1999-2000	3rd programme "		500,000,000
Total		US$	1,500,000,000

With the implementation of this programme more than 50 per cent of overall needs of the country will be met in 1999 while for some provinces the coverage will be higher.

For some other provinces, a better correlation between production and consumption will be attained.

Support measures

For efficient programme implementation, legal, administrative, institutional, economic, financial and training measures will have to be taken to overcome any obstacles.

The expected multiplier effect

On completion, the programme would have succeeded in the rehabilitation of basic infrastructures, social and economic infrastructures and facilitate the emergence of a financial intermediary as well as promote national economic integration, national unity, control inflation and reduce unemployment considerably.

After a period of 3 years the country would possess structures that could support stable and sustainable development. In other words, possess a viable macro-economic environment.

Retrospectively it must be pointed out that between 1958 and 1996 the population of Congo trebled from 15m to 45 m. inhabitants while production per capita declined by 65 per cent in estimated value. The Gross Domestic product was US$ 115 in 1996 compared to US$ 377 in 1957. According to the National Bank of the Congo the GDP fell 8.9 per cent on the annual average from 1965 which is 11.7 per cent per capita per annum. The gross national product per capita which is one of the lowest in the world (US$ 150) has recorded a negative growth rate of -2.8 per cent in 1996.

The economy was therefore compelled to rely on the informal sector according to the National Bank. This sector provides about 80 per cent of the gross domestic production. The buoyancy of the sector has suffered from poor infrastructures, low demand, lack of energy and inputs as well as inflation and the lack of credit.

The formal sector which is export oriented has on the other hand declined. The number of export crops diminished considerably and the list only included minerals, oils, coffee and tropical wood. Traditional exports almost disappeared and only brought in low export earnings.

The revitalisation of the rural areas should among other things contribute to the development of urban-based industries and this growth have an impact on the economy as a whole. There is therefore the need to establish a link between the urban centres and the rural farmers. The obvious advantage of this model of development is that it is bottom up as well as solid and sustainable and grassroots oriented. The objective therefore of the National Reconstruction Conference is to listen to the grassroots Congolese so that it could define its own model of development from its own felt needs. The provincial conference will deal with issues on national reconstruction in the following sub-committees.

Sub-Committee on National Reconstruction and Society
Sub-Committee on Democracy and Peace
Sub-Committee on the Economy
Sub-Committee on Culture

Sub-Committee on the Quality of Life
Sub-Committee on International Cooperation

The triennial plan places particular emphasis on the development of agricultural production at the village level and transportation towards the trading centres. The need therefore for the rehabilitation of roads serving the agricultural areas is a sine-qua non.
The authorities have several times called for the holding of people's consultative meetings between transporters and commuters using public transport as well as road and bridge engineers in order to attract the widest possible representation from the sector.

The Democratic Republic of Congo has 152,400 kms of road with the following breakdown:

145,000 kms of main road and secondary roads
7,400 kms of urban roads

The national road network is managed by three institutions namely.

The Road Authority (ODR), the national feeder road authority and the Road and Drainage Authority which are respectively responsible; for the main roads, secondary roads and urban roads.

The implementation of the Priority Road Programme which emerged out of the reform programme has indicated the necessity for the roads authority to extend its responsibility over an additional 10,000 kms of road.

To carry out its responsibilities, the roads authority possess equipment worth about US$ 100 m. To renew its capital equipment, huge sums should be made available to ensure that the roads authority has the capacity to carry out its functions.

The financial assessment of the Triennial Programme was done on the basis of maintenance standards and estimated unit cost in the priority road programme following the reform of the roads authority and endorsed by the experience gained during five years of implementation.

The overall cost of the triennial programme is estimated at US $ 1,315,320,000
The European Union, one of the Democratic Republic of the Congo's major donors has estimated the cost of the rehabilitation and maintenance of more than 600 kms of main roads and more than 4,000 kms of feeder roads at 65 million ecu.

At the end of 1994 with the transition process strongly on course, the European Commission increased and enlarged the scope of its humanitarian assistance. This enlarged humanitarian assistance was first of all in the health sector and later in food security and finally in the road sector and in the production and marketing of primary commodities within the context of programme support and rehabilitation.

The World Bank which was absent in the Congo towards the end of the Second Republic has resumed its activities in Kinshasha.

The UN specialized agencies including UNDP and UNHCR are on the ground again.

Since last year a special effort was made to assist the local population under the Extended Humanitarian Programme in the two Kivu regions. To date, there are more than 150 humanitarian projects and 45 have been completed. They were financed by UN agencies operating on the ground. The majority of these projects which are spread over 121 locations have been and are actually being implemented by about 50 national and international NGOs. They cover priority development areas such as food and agriculture, health, education, access to safe drinking water and environmental protection.

They are being implemented within the framework of "Post Refugees" which was operational during 1997 to 1998. Other programmes managed by UNDP and executed by UNOPS (Office for Project Services) will deal extensively with poverty alleviation.

The El nino phenomenon which generally hit the whole of the East African subregion has led to serious flooding by the Congo River towards mid-January this year and has severely hit the city of Kisangani and the eastern province in general.

Although UNDP provides technical assistance, the initiatives aimed at strengthening the capacity of local communities in the eastern province is a reflection of the will and the capacity of the UN to diversity its intervention programme by providing capital expenditure as the need arises.

The same could be said of the UNHCR which has undertaken three operations during the second week in January 1998 to transport various emergency materials and drugs to people hit by floods in Kisangani and Mbandaka.

In addition to its specific mission of providing protection and assistance to refugees, this gesture by the UNHCR is one of exemplary solidarity in the African tradition towards the people of Congo at a time when they are being mobilised for national reconstruction

The events which took place in the eastern part of the country has seriously affected the economic stabilization measures as well as the financial and budgetary measures which were being implemented.

On the issue of subregional cooperation and integration, DRC as a member of COMESA has stated clearly in its Triennial Programme that it has a virile and open economic policy based on understanding and solidarity with all peoples of the world. Trade ties should be intensified based on an equal footing with all peace and justice- loving countries of the world.

The resources of the country being as outlined in the Triennial Plan an african national heritage, it is clear that the masses of Africans would have access to those resources for their social, technical and cultural development. The DRC being one of the great economic and geostrategic poles of the continent constitute a major stake for the whole of Africa. The success of its programme will have far-reaching effect not only on the level and the quality of life of the Congolese people but also on the economies of the neighbouring countries with whom the Congo is prepared to maintain good neighbourly relations.

Considering the unprecedented scope of its national reconstruction programme, the Government of the Democratic Republic of Congo has decided to prepare and translate into concrete reality its minimum programme to guide and manage in a coherent and coordinated manner, all its actions for the FUTURE.

TANZANIA

With a surface area of 945,000 km^3 and a population of 28m inhabitants Tanzania has a varied landscape and vegetation from the coast to mountainous area with thin forest, highlands, steppe and acacia.

<u>Towards economic stability</u>

When the United Republic of Tanzania gained independence in 1961, the industrial sector contributed only 4 per cent to GDP. Between 1961 and 1967 the industrial sector recorded a sustainable growth rate of 9.8 per cent on the average per annum. But in 1967 the Arusha Declaration placed the principal means of production under state control.

An additional change in the development strategy took place in 1974/75 following the adoption of the Basic Industrial strategy (BIS) extending from the period 1975 to 1995.

Industrial growth was targeted at a high rate of 8.8 per cent per annum during this period.

Structural changes were expected to be implemented in the industrial sector through the increase in the proportion of industrial production which would lead to an increase of 7 per cent of GNP in 1970 to 18.8 per cent in 1995.

In the implementation of the Basic Industrial Strategy (BIS) several industrial projects were initiated including small-scale industries using local raw materials. Tanzania benefitted from the experiences gained in the production of textiles, leather, leather products, paper paste, paper and cement.

Employment increased from 74,076 in 1975 to 100,993 in 1980 and is presently at 160,000. A certain number of support enterprises have been established in research and development, industrial design and equipment, technical training, mechanised agriculture and rural technology.

National Economic Survival Programme (NESR) and Structural Adjustment Programme (SAP)

In the implementation of NESR and SAP, the government launched a series of macro-economic management programmes. These programmes have not achieved the desired objectives. As a result, the Republic of Tanzania has adopted a programme of economic recovery ERP I and ERP II.

Investment policies

The ERP is a radical reform of its investment policies aimed at reducing the role of the public sector and to increase the role of the private sector in industrial development. The Government therefore adopted an investment policy and an Investment Promotion and Protection Code in 1990.

A centre for investment promotion was set up to focalize on the means of promoting new investments. Some flexible measures were taken to encourage the development of the private sector namely:

(1) Industrial and trade activities could be allowed in free trade zones.

(2) The authorised industrial activities include textile, clothing electronic equipment, shoes, machinery computers, jewellery, wood products and telecommunications.

3) The authorised trade activities will include: depot facilities and storage, sorting grading, cleaning, mixing, packaging, repackaging and minor processing.

Measures aimed at encouraging investments also include tax concessions. Operators who qualify for these concessions are exempt from any tax or customs duties on products imported from the free trade zones. Any sum earned as dividend by an shareholder from an export company shall be exempt from tax for a period of five years.

The investment code states that all investors should pay an amount to the owner of the land allocated for such investment purposes. Any payment should also include the improvement that has been made on the land and on any benefit accruing to the investor from the land.

This payment should be fair and should be paid in full and promptly.

Although the industrial sector was modified in the beginning of the 1980s, it has the following characteristics:

- a high concentration in the public sector.

- a concentration of industries in the urban areas

- low level of private sector participation as compared with the flow of direct foreign investments

- Large-scale industries with capital intensive technology with weak domestic and external links

- Largely import oriented

- Growing indebtedness with lack of working capital and particularly foreign exchange.

- Low level of export for its industrial capacity.

Since 1991 after the launching of the economic recovery programme in Tanzania, the annual growth rate in the industrial sector was 2.3% while the contribution of the other sectors to GDP was an average of 8.1% from all the country's exports. To date, Tanzania's industrial capacity is an average of 40%.

It should be pointed out that the European Union remains Tanzania's principal partner providing funds to support the implementation of its economic recovery programme.

The International Monetary Fund (IMF) provided at the beginning of December a loan of 71.4 in SDRs ($US 97m) which is the second tranche of a loan of 16.6 m SDRS (US$200m) over three years under the Extended Structural Adjustment Facility (ESAF) in November 1990 to support a programme of economic reforms. The French Caisse de Developpement (FCD) approved a grant of 22m french francs on 11th December to Tanzania to strength the transport and electricity network and to improve the business management of Tanzania Electric Supply Company (TANESCO).

UGANDA

Investment Flows for national and sub-regional development

Uganda is a former British protectorate situated between Sudan and Lake Victoria and has a surface area of 235,880 Sq.Kms with a population of more than 20 m in habitants and a density of 88 inhabitants per sq. km. Its major agricultural resources are cotton, coffee and tea.

Although Uganda was unstable for sometime, its economic performance has nonetheless improved. About twelve years ago it was impossible to imagine that this country will today be exporting 20m roses annually to Europe.

Although the country's tourist imagine was dented by catastrophes such as El Nino, cholera and AIDS, it is also true that the donors have shown growing interest in Uganda. The country continues to receive financial support and investments which have contributed largely to improvements in its economic reform programme under the World Bank Structural Adjustment Programme. On average Uganda received US$608.9m as foreign aid during the last four years. Overall disbursement in 1995 was $658.264m which is an increase of 7.8% and 54.6% of its rehabilitation assistance programme. Generally, there has been a flow of aid and assistance since 1994. In addition to Uganda's bilateral and multilateral assistance, various agencies of the United Nations such as UNDP have played and continue to play in Uganda's development assistance. It should be recalled that the first cycle of cooperation between UNDP and the Government of Uganda started in 1972 but was interrupted by the civil unrest during the period 1977-79. The main areas that were earmarked for professional training included the training of government civil servants notably officials from the Ministry of Planning. In 1979 UNDP's assistance was mainly in the form of humanitarian assistance following the war. The second cooperation cycle which started in the beginning of the 1980s was also interrupted by civil unrest and dealt mainly with food aid to drought victims in the areas hit by war.

From 1988 - 1991, the third UNDP/Uganda cooperation cycle was implemented with special emphasis on increasing the planning and financial capacities of the public sector institutions in Uganda which were badly hit by years of civil war. The cycle also aimed at supporting integrated rural development and agricultural productivity which had been affected by the civil war.

The projects that were financed through this programme included industrial projects, horticulture and diary industry. A national policy on diary products and by-products was implemented. Skilled personnel and resources for household surveys.

UNDP also provided assistance for the rehabilitation of 10 district hospitals and supported the Aids control programme. Furthermore 700 kms of road was repaired in South-West Uganda with funds from UNCDF.

Other long-term programmes were jointly designed and implemented for Uganda to move from an under developed country to a developing one.

Nearly all the UN specialised agencies which are active in Uganda have provided an impetus in its socio-economic development for a country surrounded by Sudan to the north, by Kenya to the East, by Tanzania to the South, by Rwanda to the South-East and by the Democratic Republic of the Congo to the West.

Frequent travellers to the "pearl of East Africa" marvel at the facilities provided by the Uganda authorities to investors wanting to do business.

The Ugandan government is interested in massive investment flows. To achieve this goal they have prepared the ground work and are merely urging major industrialists to invest their capital.

Since 1997 there has been a slight increase in the number of investors requesting new licences. Increasing signals have been shown of this resumption in the request for new licences after the budget period. This is evidence that investors can also react positively to any change of policy.

As the situation changes with the adoption of the budget and the passing of the tax laws, it is expected that investors will increase considerably. There is growing interest among certain major Asian multinationals in Uganda following the visit of officials from the firm " Hyundai" in August 1997. Officials from another Asian giant "Daewoo" recently visited Uganda to assess the potentials in the energy and telecommunications sectors. Three other companies from Malaysia also visited Uganda during the same period.

During the period under review the investment authority in Uganda (UIA) has confirmed to collect and collate data for the investor for the period July 1991 to December, 1997. According to previous indicators, the proportion of programmed investment as compared to actual investment is impressive at all levels and this is well reflected in the investment atmosphere of the country.

Other UIA programmes have recorded considerably success especially within the UNIDO sponsored programme which was designed to target British investment. This programme succeeded in attracting many British investors who participated in the recent trade fair held in that country. The industrial reform programme is so advanced that the terms of reference for the feasibility studies are now ready. A certain number of international financiers have expressed interest in financing the feasibility studies. UIA has also sponsored a workshop on the transfer of technology which underlined the importance of foreign investment in the transfer of technology.

SUMMARY STATISTICS

July - August 1997	September - October 1997
Project under licence 40	41
Programmed investment $38.5m US	$1.049m
Employment 1,853 jobs	1442 jobs

The above figures indicate a record growth in programmed investment which is demonstrated by two energy projects under licence during the period under review. If the two projects are excluded, the figures for the period September to October 1997 indicate a net progress over the two preceding months. This factor supports the significant and increasing change that took place during the recent months as compared to major projects in terms of overall cost and job-creation. The total number of projects approved since July 1991 has reached 2,316 at the end of October 1997 with a planned investment of $4,848b which should create 159,180 new jobs.

Investment Promotion Activities

A delegation from the Group MIDROC Ethiopia comprising Mr. Daniel Tegenu and Bezawork Shimelash visited Uganda to submit a tender for the purchase of the Sheraton Hotel. This group is an investor in Ethiopia and visited Uganda to explore other investment opportunities in that country. They submitted a good bid for the Sheraton Hotel.

The country is a member of regional and international organisations such as the UN, the Commonwealth, the Non-Aligned Movement, the ACP Group of countries, OAU, the East and Southern African Common Market and the Inter-government Authority for Development (IGAD).

The new government should reunify the country, maintain law and order and rehabilitate the economy which has been devastated by years of war, mal-administration and corruption. The National Resistance Movement should be commended for restoring political stability in Uganda by promoting good governance and democracy through popular participation and the establishment of a constitution involving the majority of the people and guaranteeing equality and respect before the Law. These are some of the measures necessary for economic development.

A new constitution was promulgated on 8th October, 1995 and came into force in April 1996. It was drawn up by the Constituent Assembly which was elected directly by Universal Adult Suffrage on 28th March 1994. This constitution is an important step in the democratic process as well as in the maintenance of law and order and the advancement of good governance.

Uganda has gone through a stabilisation phase, and structural adjustment. It has also lifted import restrictions and instituted a considerable degree of trade liberalisation. This is reflected by the fact that the economy has recorded a high growth rate and inflation considerably reduced. However, the question which remains unanswered is the impact of these reforms on the average rural household and on poverty alleviation.

It is, however, difficult to assess the overall impact on these reforms and to reach any conclusion. First of all, there are many other factors other than the reforms undertaken through structural adjustment which are likely to affect living conditions. On the other hand the questianaire which was used in the survey carried out in 1997 differs significantly from that of the survey on the National Household Budget. Consequently, it is difficult to assess changes in terms of absolute poverty. However, it is possible to make certain observations on the basis of the data collected. There was an objection stating that poverty was not widespread while hard core poverty has been shattered. It was also observed that there had been a slight increase between poverty in the urban and rural areas.

Meanwhile the government has identified five priority areas in its Plan of Action for poverty eradication namely: security and good governance, economic infrastructure particularly road works,

increased investment, maintenance of macro-economic stability: Human resources development in particular basic education and health care. To attain these objectives, the planning process has been decentralised in all 39 regions in Uganda. The institutional capacity of these regions are presently being strengthened to meet the new challenge.

The Investment Code

The investment code in Uganda governing domestic and foreign investment provides favorable conditions for investors.

The Uganda Investment Authority (UIA) was established to nullify the decree on the protection of foreign investment and the decree on foreign investment included other related investment matters.

In this code "agreement" in terms of the transfer of technology or foreign skill include an agreement registered in this code relating to a licences, know-how, a commercial gain, a deadline, the state of the technology or skill in Uganda.

Following a loan agreement signed with financiers in July 1997 the largest private investment project ever was launched. It was expected that the first cobalt cathode to be sold was to come from this multi-million dollar factory towards the end of the first quarter of 1999.

Officials from the consortium South African De Beers and Anglo-American visited Uganda in September 1997 to explore investment possibilities in the mining industry.

Uganda which was known for wide-spread corruption has now declared an all-out war against corruption. This war is actively supported by politicians who are interested in the proper management of public finances. At independence the state was systematically looted, military budget inflated, government tenders subject to bribes and the customs regulations cumbersome. The reform of the civil service will take sometime but Uganda has already made some progress. In addition to economic reform and de-regulation to eliminate undue advantaged efforts are being made to reform the civil service through restructuring, better remuneration, training and creating awareness of professional ethics among public officials. Much effort still remains to be done to eliminate corruption. However, the inspector general has announced that all offenders involved in corrupt practices or in customs frand will be brought before the Law. This announcement should have a dissuasive effect.

KENYA

Kenya has a surface area of 583,000 sq.kms. and a population of about 27.34m. Its economy is based on agriculture and tourism.

Eighty per cent of the population are involved in agriculture, but hardly 4% of the land is cultivated. Half of the cultivable land is used for the growing of maize which is the staple diet of the population. animal husbandry is widely practised.

The tourist industry is an important sector of the country's economy.

On its efforts to strengthen cooperation with its neighbours, it is worth noting that Kenya is a cross road for road communication as well as air transportation in that part of the world.

Strategic communication point in the sub-region.

The main road networks. Some regional road projects have been approved by the 7th Conference of the Permanent Tripartite Commission.

The road project Mombasa-Malaba-Katuna is a sub-regional infrastructural integration project. Mombasa is the only international sea port although basic port facilities exist in Kinfi Lamu, Malindi and Shimom.

Mombassa has the capacity to handle the present and future port traffic to and from countries to the South of the Northern Corridor of Kenya, Uganda, Rwanda, Burundi and the Democratic Republic of the Congo. These countries are served by routes from the Southern corridor namely from Kenya and Uganda from Mombasa to Malasa (Kenya) and from Malala to Katuna (Uganda).

The road network on the Southern corridor is

a) A main road from Mombasa to Malaba stretching about 958 kms.
b) A secondary route from Mav-Summit-Kericho-Kisumu-Busier stretching 259 kms.
c) A district road from Kericho-Kisini Mukuya-Isabania stretching 199.5 Kms.

Most of the sections on the main and secondary roads were bitumenised during the 60's and 70s. During this period, the state of the roads has deteriorated due to improper design, lack of maintenance, overloading in the transportation of freight from rail to road. Major investments should be made along most part of the southern corridor of Kenya to ensure that paving standards are in line with current traffic constraints.

Additional investments should also be made to rehabilitate and strengthen the road portions along the corridor.

KENYA

The rehabilitation and consolidation of the road Mombasa-Malaba and the secondary routes will provide the quality of infrastructure required to sustain Kenya's overall economic strategy. Rapid, safe and least cost communications between Nairobi and Western Kenya is vital to increase the volume of road transport from and to the port of Mombasa. Such an increase will enable Kenya possess the necessary financial resources to implement its industrial development programme.

The route from Mombasa to Malaba is one of Kenya's busiest routes though overcrowded with domestic and international traffic to and from Uganda, Rwanda, Burundi and the Democratic Republic of the Congo.

Urgent repair work should be carried out on this road which should take up a huge share of the country's maintenance budget and this fact will have an impact on other roads. Domestic and

foreign vehicles plying this route increase its operational cost with negative effects on Kenya an and Ugandan imports and exports.

In 1992 the government appointed a team of consultants for the construction of the Isiola-Moyale Road taking standard bitumenisation norms into consideration. To meet the objectives of the survey the route was divided into four parts namely the road (136 Km) Isiolo-Merille, the road Merille-Marasabit (131 Km), Marsabir-turbi (121 Km) and Turbi-Moyale (140 Km). The Government preferred to do these sections.

The feasibility study was completed in December 1994. It demonstrated that the project had a 4,39 internal rate of earning. The results were not encouraging enough to pursue the project any further. But this was due to the fact that the consultants had dealt with Isiolo-Moyale as a national project and did not know the potential traffic to be derived by the project such as:

a) Trade and links from Kenya and Uganda with Ethiopia and Eritrea.
b) Trade by road between Tanzania and Ethiopia taking into account Eritrea's new status
c) The traffic towards Ethiopia through the port of Mombasa now that Ethiopia is landlocked.

In the light of the foregoing, the Kenyan Government approached the EU for finding for an additional survey to reassess the project. The government has already transmitted the terms of reference for the survey to the EU. The financial assistance of the donors will be required to finance the project.

It is expected that the project will cost about US$ 264 m. The donors and financial institutions are ADB, CIDA (Canda), China, DANIDA (Denmark, DGIS (Netherlands) KFW (Germany) Italy, Japan (JICA) ILO, ASSIST. ILO is involved in the development of methods based on work in the Eastern and Southern part of Africa.

We should, of course, not lose sight of the rail network within the context of the Second United Nations Transport and Communications Decade.

Most of the rail network in Africa in Sub-Saharan Africa are going through a serious crisis due to several reforms. Despite huge investments in infrastrustrue development and the availability of rolling stocks, rail transport has declined both at the national and subregional level in terms of freight and passengers.

However, rail transport in Africa should be able to play an essential role in meeting some of the demand for transport especially the transportation of large numbers of people and doing long hauls within an appropriate transport system as well as making fundamental changes in the management system.

The utilisation of containers has considerably increased in international trade in the last ten years and it will continue to do so up to the year 2000. Railway should in most cases play an important role in long distance surface transportation for containers especially in transit trade between ports and landlocked countries.

Finally, with the end of the elections and the appointment of a new Minister of Finance, the Government of Kenya sought the assistance of the International Monetary Fund in the implementation of a number of development projects.

The financiers responded positively and they are now waiting for the government to implement the economic reform measures that were to be undertaken after the elections.

President Daniel Arap Moi was re-elected for another five-year term during the elections that took place on 29th/30th December.

Please see the next page for the road network and rail roads

ETHIOPIA

Ethiopia is surrounded to the West by Sudan, to the North by Eritrea, to the East by Djibouti and Somalia and to the South by Kenya. It has a surface area of 1,221,900 sq.kilometres while the population is estimated at 58 millions with a density of 40 inhabitants per square kilometre. The annual population growth rate is 3.1 % and agriculture accounts for more than 73% of the economically active population.

Agriculture is the mainstay of Ethiopia's economy. In 1992, 1993 and 1994, the GDP was respectively 24, 25.9 and 31.7 billion birr.

The active population in Ethiopia including Eritrea's was estimated at 20,320,000 five years ago made up of 12,761,000 men and 7,559,000 women.

Ethiopia is host to several intergovernmental organisations and subregional specialised agencies such as IGAD, COMESA, East and Southern African Ports Association.

Integrated Development Project-WARDIS/SERP

Ethiopia has been and will continue for a long time to come a basically agricultural country and its economy will depend directly on agricultural resources obtained through very rudimentary methods.

Ethiopian agricultural institutions trained a large number of agronomists to develop its agricultural potentials. Despite some initiatives taken by these agronomists to introduce modern methods in agricultural development, a lot remains to be done if Ethiopia is going to attain the level achieved by some agriculturally-developed countries.

Among the main projects designed and executed is the SAERP/WARD programme which is part of the SAERT. This programme was first set up in 1993 in the Tigray region to irrigate the dry regions through the construction of 500 micro-barrages. In view of the large problem posed by rural development and food security as well as the limited scope of SAERP, the "Woreda Agriculture and Rural Development Integrated Services (WARDIS) was established for greater attention to be given to the ecology of the lowlands while taking the need to resolve the problems in the arid regions into account. The WARDIS programme operates under the decentralised organisational system. The programme objectives are increased production, participation, capacity building and the rehabilitation of the environment.

SAERP/WARDIS is a programme within the new policy of the Federal Democratic Republic of Ethiopia and it is a "stage by stage" programme. Already SAERP committees have been

established in several regions of Ethiopia. This was achieved mainly through the assistance of the UN Economic Commission for Africa in its cooperation with the state, the states and regions in the Ethiopian Federation. They have been grateful for such assistance.

The SAERP/WARDIS programme has achieved considerable success in Ethiopia in the last four year More than 150 technical documents have been published and more than 70 additional documents should be available before the end of 1997. These should serve as basic documents for the expansion of the SAERP/WARDIS programmes in the regions.

Furthermore, the programme has more than 120 multidisciplinary high ranking Ethiopian field officers. Technical cooperation agreements have been established with other developing countries. More than 40 senior retraining programmes have been organised by SAERP/WARDIS. A determined effort has been made to develop animal husbandry in the arid regions which have been unsuitable for pasture. A survey on animal husbandry was done in Tigray in three phases and it is expected to be carried out soon in other regions of Ethiopia especially in the south.

It is to be noted that under the SAERP irrigation programmes in the Tigray and Amhara regions, more than 12 million daily workers have been employed in 1996 in the execution of irrigation works.

These irrigation projects were implemented through the work of 15 Chinese and 9 highly qualified experts in the Tigray and Amhara regions. The work of foreign experts especially their rich experience and technical know-how have been the pillars for the success of the SAERP/WADIS programmes.

Moreover the SAEP/WADIS programmes have contributed towards the establishment of a national network of agricultural information linking Addis Ababa with the regions. These programmes are also expected to assist the Ethiopian Government in the development and strengthening of regional revenue systems. A rural credit programme has now been operational in two regions of the country.

SAERP promotes the development of the " Agricultural Rehabilitation Programme and sustainable environment". This programme is financed by UNDP and the Ethiopian Government. SAERP started in the Tigray Region of Ethiopia in 1993 as SAERT. The SAERP/WARD is was started in 1995 following the experience gained from SAERT at a time when food self-sufficiency was a ten-year target with the construction of 500 irrigation projects to be established over a phase period. The SAERT programme was thus the first Ethiopian regional programme initiated under the auspices of the ECA programme and SAERP (Programme for Agricultural Rehabilitation and Sustainable Environment).

SAERP is irrigation farming or the construction of small barrages or to divert waterways to increase production in unexplored agricultural production areas. Environmental issues are at the forefront of irrigation projects.

The management sharing of water (soil conservation, afforestation anti-sedimentation and anti-maleria programmes) are measures through community participation to attain optimal and proper utilisation of water resources.

The major problem of food security in Ethiopia compounded by rising population led to the establishment of a programme called Agricultural Development Service and Woreda Integrated Development Program during the course of the implementation of its sister programme, SAERP. This programme is operational in ecologically humid areas.

Whilst the WARDIS programme was started on ecologically humid areas and taking into consideration the enormous problem associated with arid zones, the WARDIS programme was designed to resolve the problems of arid zones.

Those the SAERP and WARDIS programmes have designed a system of data collection for all the arid regions of Ethiopia. Ethiopia has thus obtained considerable benefit from the two related programmes initiated by ECA.

A rural credit programme which can be organised and managed by the beneficiaries was developed with the cooperation of national and regional Ethiopian institutions. This project is now operational in two regional states in Ethiopia. National and regional seminars are being organised on how to extend the project to other regions of Ethiopia.

In addition to assistance provided to Ethiopia through SAERP/WARDIS, ECA is assisting Ethiopia through other programmes. ECA is also organising quarterly seminars on policies and strategies for graduates from Alemaya Agriculture University. ECA is also providing top professionals as consultants and teach the graduates. This is an on-going programme.

As indicated before, it is obvious that the SAERP/WARDIS programme is going to radically change rural life in the hinterland for long plagued by the vagaries of the weather and negligence on the part of human beings.

Mobilisation of labour for the implementation of micro-barrages and irrigation works UNOPS (UN Office for UN Project Services)

Rehabilitation Programme

The UN Bureau for Project Services was established in 1973 for the implementation of interdisciplinary projects by UNDP. UNOPS manages the funds to assist developing countries and countries undergoing a transition in search of peace, social stability, economic growth and sustainable development. Through its involvement in the project, UNOPs contributes toward implementation strategies, prepares action plans, selects and mobilises the necessary resources. It studies the national and international markets seeking partners and highest quality products. The Breau negotiates and supervises the contractual agreements, organises and administer the training programmes, manages the financial resources, revises the work plans and monitors the progress and outcome of projects. This is not the responsibility of any specialised UN agencies and this also applies to projects requiring general management capacities rather than a specialised sectorial expertise.

UNOPs whose offices are located in Nairobi is responsible for the supervision and administration of loans for projects financed by IFAD. (International Fund for Agricultural Development) mainly in East Africa. It is also responsible for the development of management skills for nationals working on the projects.

UNOPs mandate includes poverty reduction. Human settlements is one of its priorities. The United Nations Conference on Human Settlements Habitat II which took place in Istanbul from 3rd - 14th June 1996 underlined the license challenge posed by population explosion in the cities and called for a "shelter for all".

The Second United Nations conference on Human Settlements had as its background the rapid and worrying population growth in cities. In 1900 one person out of ten lived in the cities. In 1948 this figure rose to three out of ten and by the year 2000 half of the world's population would be living in cities. By the year 2025 this figure would have increased to 60 per cent.

Africa has the fastest growth in urban population at the moment whereas in 1960 there was only one city in Africa with more than one million inhabitants. According to the UN, Africa will have about sixty cities with more than one million inhabitants by the turn of the century.

According to the United Nations Human Development Index, an issue also dealt with by the European Union, the process of urbanisation is the direct effect of a rapid population growth.

In the past cities were associated with economic development, innovative ideas and the spread of new ideas, but now they are increasingly associated with urban poverty, environmental degradation, poor hygienic conditions and various health hazards.

Paradoxically poverty is increasing among the urban poor at a time when economic conditions are improving. Jeremy Scabrook in an article entitled "Increasingly difficult to survive in a brick jungle" he recalls that accelerated development associated with high economic growth and increased migration towards the cities has led to a considerable increase in the cost of plots in major cities. Rich districts are given maximum security protection making them look like international crossing points. Only state intervention which has been absent up to now can provide support for the people to help themselves. The Secretary General of the Habitat Conference - Mr. Wally NDOW emphasised the need to seek local solutions to the issues. The Istanbul meeting, however, recognised the changes that have taken place in life styles and the need to search for local solutions.

Although the Istanbul conference which was held a year and a half ago focused on urban centres, Habitat II emphasised the link between the city and the countryside. The final declaration states that the urban and the rural areas are interdependent and governments should endeavour to extend infrastructural developments and other opportunities to the rural areas to make them more attractive and to reduce the rural- urban drift. The conclusions of the meeting also mentioned the need to increase employment and housing in the rural areas.

GREAT LAKES REGION

Transport is an essential aspect of any national economic system. It also serves as an external trade link. Each country in this region is a transit traffic point bringing in foreign exchange. Transport infrastructure is a major constraint in the development of regional trade as it serves as a close link among the countries of the Great Lakes regions.

Following the summit held in Kinshasa from 10-12 August 1997, which brought together the Presidents of the Democratic Republic of the Congo (DRC), the Republics of Rwanda and Uganda;

it was decided to improve transport and communication among the countries of the Great Lakes Region to promote trade, tourism and socio-economic cooperation in the region in general and between DRC, Rwanda and Uganda in particular. Special attention was given to land transport including roads, rail and maritime transportation.

It was also decided that a joint technical working group should be established to include engineers/transport planners from the interested ministries of the three countries to work out details of a cooperation agreement with due consideration to surface transportation. This group held its first meeting at Entebbe in Uganda from the 25th-26th August 1997.

This group appointed a coordination unit comprising three officials to follow-up the decisions taken. The coordination unit had a one year term and it was presided over by Uganda.

Transport and communications do not constitute a directly productive sector. However, they provide essential support for the productive sectors of the economy particularly agriculture, industry and trade.

The events in the Great Lakes Regions are still major issues in world affairs. A UNDP analysis describes the region of the Great Lakes as a sort of window that illustrates the ups and downs of UN activities in the world of "complex urgencies".

It is worth noting that most of the countries of the Great Lakes Region have common cultural, linguistic and economic ties which can serve as a springboard for sub-regional cooperation.

In the face of these realities, policy makers together with economic operators and with the interested UN agencies have revived the Economic Community of the Great Lakes Region. The survival of this inter-governmental organisation (IGO) like any other body depends mainly on the good will of the member States of the Region.

The sub-region of the Great Lakes Region is a homogeneous geographic whole located at the crossroads of Central, East and Southern Africa. The six states are Kenya, Burundi, Uganda, Rwanda, Tanzania and the Democratic Republic of the Congo. It covers an area of 4,160,057 square kilometres and has an estimated population of 132m.

At the opening of the Tripartite meeting on Integration Projects in the Great Lakes Sub-region held at the Hotel Intercontinental in Kinshasa more than a year ago, the Director of the Sub-regional Development for Eastern Africa, of ECA, Mr. Peki Kana Kwala emphasised that the end of this country is characterised by the acceleration in globalisation and economic liberalisation, the emergence or consolidation of trading blocs among developed countries. The new direction in the world's economy has compelled African States in general and those of the subregion in particular to build viable economic groupings to break the vicious circle of narrow national markets, external dependence and poverty.

Sub-regional institutions for cooperation and Integration
Inter-governmental Authority on Development (IGAD)

IGAD comprises of 7 East African countries namely Djibouti, Ethiopia, Eritrea, Kenya, Somalia, Sudan and Uganda. The former name IGAD, the Inter-governmental Authority on Drought and Development was changed following the special summit on the heads of states of this group of countries to an Intergovernmental Authority on Development (IGAD) on 21 March 1996.

These countries together cover an area of 5.2 m sq.Kms with a population of more than 140m. It has the highest average population growth rate in the world of 3%. Half of the population is less than 14 years. This huge grouping of countries has suffered often from cyclic drought damaging animal husbandry and agricultural production. Environmental degradation has taken place as a result of natural causes and man's activities. Consequently more than 40% of the total land area of the IGAD Sub-region is not agriculturally productive.

Increasing the scope of cooperation between member States of IGAD to include humanitarian affairs was clearly defined in the cooperation Declaration and the Programme of Action at the end of the Summit Meeting of Heads of States of the Horn of Africa in 1992. The participants noted that they had met because they were convinced that the humanitarian problems be setting the peoples of the sub-region far from reducing had increased over the years. Since that period a number of projects and extended programme of activities were being implemented. About 10 programmes and projects-some underway-under the "Priority of Priorities" programme. It is mainly the construction of roads and road links and the strengthening of the rail network in the sub-region, the development of maritime telecommunications infrastructure, environmental protection and food security. We should not lose sight of its capacity concerning the prevention, resolution and management of conflicts. This particular role of IGAD has been reconginsed by the donors and constitute the best forum for cooperation, peace and stability in this part of the continent.

It should be noted that from 1986 to 1991 IGAD focused its activities on implementing major strategies in accordance with its mandate. From 1992 to 1996 it focused on the preparation and implementation of a 5-year Development Plan comprising programmes and projects on food security, environmental protection and reafforestation. About 10 programmes and projects were prepared to attain the organisation's strategic goals.

A major project is the improvement of the PANAFTEL telecommunications network covering Southern African and East African countries. This link extends from South Africa to Ethiopia, Eritrea, Djibouti and Somalia (Berbera-Harjeisa). This project is given high priority by the IGAD Secretariat.

During the discussions, the European Union's Regional Aid Programme to East Africa was drawn up in accordance with Article 160 of Lome IV as revised by the agreement signed in Mauritius on 4th November 1995 (which was later called the Lome IV convention) on the chapter relating to the implementation of the Second Financial Protocol.

Furthermore the European Investment Bank can provide funds from the resources it is managing in accordance with the criteria and status of the Bank and in accordance with provisions of articles 233 and 236 of Lome IV to finance regional investment projects particularly infrastructural projects including transport, telecommunications and energy.

Following the meeting of the Consultative Group on 11th December last, the donors pledged an aid package of US$ 1 billion as loan to finance development programmes in 1998.

EAST AFRICAN COOPERATION (EAC)

Since their meeting held in Nairobi on 22nd November 1991, three heads of States have made an effort to revive the defunct East African Community in a different form as an institution for East African Cooperation. On 30th November 1993, the three heads of States signed a protocol establishing East African Cooperation with an agreement establishing the Permanent Tripartite Commission. The protocol establishing the Secretariat of the Commission was signed in Arusha on 26th November 1994. The East African Cooperation Secretariat was set up on 14th March 1996 in Arusha and has a staff to implement the objectives of EAC.

OBJECTIVES OF EAST AFRICAN COOPERATION

East African Cooperation was established to attain the following objectives :

a) to consolidate cooperation to promote equitable development and to raise the living conditions and the quality of life of its peoples;
b) to promote the sustained utilization of the natural resources of the region and the protection of the environment;
c) to increase the role of women in development;
d) to promote peace, security and good neighbourliness in the region.

Progress achieved

The strategy adopted aimed at addressing economic issues with a sectoral approach. Since the establishment of the Secretariat in March 1994 in Arusha, Tanzania two meetings of the Commission have been held. The first took place in December 1996 and the second in April 1997. These meetings were expected to approve the proposals submitted to the Secretariat by the Experts Group on various important economic matters. The most important achievements of the EAC can be summarised as follows:

a) The harmonization of fiscal and monetary policies. The interested ministries have agreed to harmonize their macro-economic policies as follows :
(i) The attainment of a real sustainable GDP growth level annually of at least 6% by the year 2000; and maintain an exchange rate dictated by a stable market.

b) The East African Development Bank, in agreement with other development banks in East Africa, to provide funding for projects and the East African Development Bank becomes the main bank for East African cooperation;

c) Other issues under consideration include:

i) Employment and customs;
ii) Employment and Trade Unionism;
iii) Inter-State Defence and Security;
iv) Speakers of National Assemblies/Parliaments.

In the light of these observations, the priorities of EAC is aimed at overseeing the implementation of the decisions already taken. EAC in its pursuit to attain its objectives and goals should pursue its coordinating role in the development of trade and investment in East Africa.

Trade and Investment Promotion in East Africa.

The meeting held in October 1996 recommended :
the joint promotion of trade and investment through joint seminars targeted at foreign countries. Such a seminar took place in the U.K. in November 1996;

i) holding of regular consultations within IPC, the Investment Project Centre;
ii) promoting East Africa as a single market through the various IPC investment centres.

IPC agreed during their meeting held in May 1997 to promote initiatives on domestic and foreign investments as follows :

- October 1997 IPC (Kenya) coordinates the regional seminar in Nairobi;
- March 1998 IPC (Zanzibar) coordinates the regional seminar in Zanzibar;
- October 1998 IPC (Uganda) coordinates the regional seminar in Kampala;
- November 1998 the three IPCs coordinate through the East African Cooperation Secretariat a foreign seminar to be held in Kuala Lumpur, Malaysia;

March 1999 IPC (Tanzania) coordinates the regional seminar to be held in Dar-es-Salaam.

The IPCs also approved a proposal to publish a brochure on domestic investment promotion drawn up by the Secretariat of the East Africa Cooperation to be published in June 1998.

Finally it should be recalled that a request was submitted by the Secretariat of the East African Cooperation for assistance to carry out an evaluation exercise on the ports of Lake Victoria. This request was submitted to the Sub-Regional Development Centre - East Africa. Lake Victoria has ports that can handle goods in the south namely Kusumu, Jinja, Port Bell, Bukoba, Kemonds Bayand Mwanza South and South port for passengers; Mwanza north and Musoma. The purpose of the evaluation study on all the ports is :

- to establish the exact operational status of the ports and identify the needs of these ports to make them more operational; to meet this need, the Sub-Regional Development Centre - East Africa has already made arrangements to send a team of experts and a consultant to carry out the surveys on the ports of Lake Victoria.

The Common Market for East and Southern Africa (COMESA)

The Common Market for East and Southern Africa - COMESA was set up in December 1994 to replace the East and Southern Africa Preferential Trade Zone (ZEP) which was in existence since 1981. The treaty establishing ZEP had planned its transformation into a common market ten

years after its creation. The establishment of a common market is therefore a logical conclusion arising from the preferential trade zone.

The aims and objectives of the common market is the attainment of sustainable growth and development in the member States through the development of the production structures and marketing, the joint development and adoption of macro-economic policies and programmes, the promotion of domestic and foreign investment as well as the development of joint research in science and technology and the consolidation of relations within COMESA and with the rest of the world.

COMESA is carrying out its objectives as outlined in the treaty through the implementation of programmes in industry, energy, environment, transport and communication, harmonization of macro-economic policies, agriculture, peace and security, good governance, social and cultural integration as well as strengthening capacities.

However, attainment of the overall objectives of the treaty establishing COMESA is long-term. To enable COMESA to become a more efficient institution, certain priorities have been defined within the mandate conferred by the treaty for the next three to five years which is the development of regional integration through the development of trade and market integration. The COMESA Secretariat is expected to play a pioneer role in providing assistance to member States to enable them carry out the necessary adjustments to be full partners in the world economy under the umbrella of the World Trade Organization (WTO) and other multilateral agreements and regulations. In the short-term, COMESA will focus on programmes and projects aimed at :

- the liberalisation of trade and customs cooperation particularly the gradual implementation of a customs union and a common external tariff, the suppression of non-tariff barriers, the adoption of a common customs guarantee regime, the liberalisation of the rules of origin and cooperation in administrative, trade and customs procedures.
- administrative procedures in transport and communication to ease the free movement of goods, services and persons among the countries of the sub-region.
- the establishment of a conducive atmosphere for private sector development and goods and services are produced according to the prescribed norms through the adoption of a series of common norms and the establishment of a stable atmosphere for investment.
- the establishment of a legal framework to promote business in the sub-region. and
- the harmonisation of macro-economic and monetary policies.

Certain member States of COMESA are members of other regional international organisations such as East African Cooperation (EAC), Intergovernmental Authority on Development (IGAD) and the Indian Ocean Commission (IOC). These organisations include in their objectives in varying degrees the development of regional cooperation and integration as well as regional economic development by working together and cooperating fully with the other regional bodies in which the member States of COMESA are members and to consolidate achievements made in the priority areas.

At the moment COMESA is going through a fundamental transformation including restricting further membership of the organisation to take into account the need to prioritise the activities of the COMESA to enable it reflect the urgent need for the COMESA region to be further integrated into the world economy. Article 173 of the COMESA treaty states among other things that the provisions of the Treaty should prioritise its activities on the basis of realistic programmes with

clearly defined objectives and the means of assessing progress. In the past, the work programme of COMESA did not fulfil the required conditions. The Secretariat is presently drawing up a work programme "based on activities" rather than "based on sectors" to meet the requirements of the treaty.

The programme catalyst of COMESA is trade promotion and development. Other sector programmes in industry, energy, environment, transport and communications and agriculture provide support for trade liberalisation and promotion as well as tariff reduction. Specific programmes will be prepared in these sectors as their synergic impact will be crucial for the success of the principal programme. The simultaneous implementation of programmes supporting the main sector which is trade is an indication that all the countries would benefit from it.

The work programme takes into account the fact that there are other sub-regional organisations in the COMESA region which are implementing complimentary programmes. With the help of trade information with these sub-regional organisations, the COMESA Secretariat has been able to follow-up and address the impact of these programmes on economic integration.

COMESA plans to hold its first trade fair in 1998. The third COMESA Conference is scheduled for March 1998.

THE ECONOMIC COMMUNITY OF THE GREAT LAKES REGION (CEPGL)

The Economic Community of the Great Lakes Region was established on 20 September 1976. At that time the three members were Burundi, Rwanda and the Democratic Republic of the Congo (DRC).

The Great Lakes region now includes three other countries namely Uganda, Kenya and Tanzania. Historically the three original members of CEPGL were under the same colonial power. The similarity in their legal, economic and administrative set up was crucial in the establishment of this intergovernmental organisation.

The will expressed by the founders of this community has been or is still economic integration as a means of and a framework for the resolution of common economic and social problems.

Within the framework of the common economic market which is being implemented in Africa, the member States have committed themselves to create a huge programme of trade liberalisation and the re-establishment of macro-economic stability through state divestiture. This also include increased participation by the private sector in production and strengthening the integration process within the framework of the African Economic Community set up by the Treaty of Abuja.

CEPGL has established a number of specialised institutions in priority areas such as energy, scientific research, training, human resources development and development finance. In the light of the last point CEPGL established the Development Bank - "BDEGL". The main task of this bank is to promote economic and social development among the member States as well as promoting cooperation through the financing of joint community, national public or private projects. In accordance with the objectives of the community BDEGL is expected to mobilise domestic and external resources and to provide technical and financial assistance to member States and economic operators on surveys and on the preparation and execution of projects.

Out of more than 60 agreements, conventions, protocols and other community accords, more than 50 have already been implemented or are being implemented. This indicates the will of the member States to promote true regional cooperation despite numerous obstacles that they might be faced with at one time or another.

THE KAGERA BASIN ORGANISATION (KBO)

This organisation has specific objectives. Its member States are Uganda, Rwanda, Burundi and Tanzania. Its main objective is the management and development of the resources of the Kagera River Basin. Its programmes and projects focus mainly on the development of water resources and hydroelectric potentials of the waterways as well as the development of agriculture, pastoral and forestry activities and the production of fertilizers.

The organisations' activities also focus on the development of transport and communications, environmental protection and tourism. The nature and the extent of KBO's jurisdiction over the river basin does not limit the scope of its activities. The organisation is fully committed to the regional policies and strategies including fisheries, transport and communication and particularly energy. We are concerned here with the last point. When you mention basin, energy comes to mind. The priority in subregional energy policy is the development of the hydroelectric potentials. This potential is greatest here than anywhere else in the continent.

New national master electrification plans have been prepared in the member States to increase production with foremost consideration given to financial viability of projects (which is about 10 per cent according to the norms proposed by the World Bank and in line with the interconnexion of national electric grids).

The level of energy consumption per head in Africa is very low and Africa constitutes 12 per cent of the world's population. Africa's electricity consumption is not more than 3% of the world's total consumption. Although several regions in Africa have huge energy potentials, they have not been adequately developed due to the lack of capital and common structures to promote cooperation and integration.

Thus the countries concerned got together to establish sub-regional grouping for a rational and efficient utilisation of the available resources: the interconnextion of electric networks has been seen as one of the most appropriate form of promoting cooperation in addressing energy issues.

The exploitation of the hydro-electricity potentials of the Great Lakes Region is as follows although certain projects have an impact on some other sectors: Rwanda 14%, Uganda 10%, Burundi 9% and the Democratic Republic of Congo (DRC) 4%.

Several factors account for this low utilisation of its energy potentials such as :

a) high investment costs for the construction of barrages;
b) the poor performance of national electricity companies;
c) low urban growth in certain countries; and
d) scattered settlements in rural areas especially in Rwanda and Burundi.

The development projects can be phased over the medium-and long-terms. Between 1996 and 2001, the priorities will be

(a) the interconnexion of the Uganda-Rwanda network which is 270 kms long (with a 132/110KV);
(b) The installation of a stand-by gas turbine at Kigali with a capacity of 10 mw using gasoil;
(c) The development of the Rusumo falls on the Kagera river.

The construction of a central power station and a transformer with a capacity of 110 kv Rusumo to Rwanda; 110 kv Rusumo to Burundi; 220 kv Rusumo to Mwanga (Tanzania); 220 kv Rusumo to Uganda.

This survey which was carried out by TRACTEBEL on the central power station in the Rusumo falls indicated among other things that it had a exceptionally high rate of return (94%) with considerable benefits. In the case of Rwanda, it would be necessary to construct the central power station using methane gas in the short-term on Lake Kivu. In the long-term and beyond the year 2001, the focus will be the completely rehabilitation of IVGA which is located in the Democratic Republic of Congo (DRC) with a total capacity of 42050 mw.

With this, several far-reaching inter-connections are planned:

- RDC-Congo-Gabon
- RDC-Egypt with an extenstion towards the Maghreb via Libya;
- RDC to South Africa via Angola and Namibia; and
- the extension of the link RDC to Zambia.

To implement this project over time will require certain number of actions to maximize investment. Private investments will be done through and with the existing companies according to the modalities agreed upon including the modalities used for this type of operations. The countries of the sub-region and their institutions promoting cooperation in addition to the assistance from bilateral and multilateral donors are expected to pursue efforts to mobilize funds from private investors and to borrow from financial markets. The estimated cost of this priority project (1995-2001) is about 270 million US dollars.

Ideal framework for security and sustainable economic stability

African countries have made efforts over the years to pursue integration and development in the continent. These efforts point to the fact that Africans have assumed responsibility for the development of the continent. To this end, the Secretary-General of the Organization of African Unity Mr. Salim Ahmad Salim, during the meeting of the Labour and Social Affairs Commission of the Organization of African Unity which was held in Addis Ababa a few months ago emphasized the importance of peace, security and stability for the attainment of the development goals. He also noted the efforts that had been made by African leaders in this direction since 1990. He further noted that Africans having recognized the synergy between economic development and peace are now addressing the issue of conflicts on the continent by the establishment of an OAU mechanism for the prevention, management and settlement of conflicts. He underlined that what Africa now needs more than ever before was cooperation and integration. He urged participants

to demonstrate greater national conviction in this direction and be committed to the fact that regional integration and cooperation are vital for sustainable development.

Referring to the Treaty of Abuja establishing the African Economic Community, Mr. Salim Ahmad Salim recalled that this meeting of the Labour and Social Affairs Commission was an important stage in the implementation of the treaty.

In a document published recently by the World Bank on sustainable reforms, it was pointed out that the only reforms that are successful are the ones made by far-sighted leaders with a will to translate their vision of the future into reality.

The Secretary General of the United Nations also spoke along these lines and stated in his message to the Forum on Good Governance which took place in Addis Ababa last July that "Africa is witnessing a new wave of progress based on peace, democracy, human rights and sustainable development. These four principles form the pillars for good governance". Everybody agrees that today proper management of public affairs within an ideal framework for security and sustainable economic stability will lead to the remarkable development of a free and prosperous society.

The Treaty of Abuja is gradually becoming a reality. The Council of Ministers of the Organization of African Unity which was held in Addis Ababa from 23 to 27 February 1998 served as a link for policy makers to enter into a protocol of formal relationships between the African Economic Community and the Regional Economic Communities. The signing of this agreement will clearly demonstrate the goodwill of politicians to accelerate the process of integration in Africa and economic operators will be required to contribute to this process.

Therefore what can we conclude from this fact? We merely have to recall the thousand and one tasks and responsibilities pointing to governments and to the consolidation of the integration process bearing in mind the final objectives of the Treaty of Abuja.