

LOME'S ROLE IN SOUTHERN AFRICA

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Regional development coordination

The decade of the 1980s has seen the emergence in Southern Africa of one of the most effective organizations for regional economic cooperation within the ACP grouping. SADCC (Southern African Development Coordination Conference) grew out of the experience of political regional cooperation in the Front Line States initiative and sought to build on the existing network of bilateral and multilateral cooperation with donors. Within a few short years, the SADCC has established itself as the intermediary for regional projects in Southern Africa. **The SADCC's principal goals are to promote equitable regional economic development and to reduce the regions economic dependence, particularly but not solely, on the Republic of South Africa.**

The SADCC now coordinates 9 sectors entailing over 490 projects and is engaged in development cooperation with countries from across the globe, spanning both the East-West and North-South divides. **SADCC's priority sectors are transportation and communications, and food security.** The EEC supports the SADCC's Programme of Action from both regional cooperation and National Indicative Programme funds under the Lomé Convention.

SADCC's model of regional cooperation is highly decentralized with each member state taking responsibility for coordinating regional programmes in a given sector. Its network of Ministerial and technical coordination meetings has led to the emergence of a truly regional spirit, with operational problems in a range of areas now being addressed at a regional level. The SADCC's step by step approach to economic coordination, beginning in areas of obvious mutual advantage, has woven a fabric of regional cooperation capable of holding together its nine ideologically diverse states (Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe).

However, **SADCC's success in project implementation and articulating regional policies and strategies has been undermined by the poor performance of most of the region's economies.** These economies have been placed under immense pressures

by on the one hand world recession and on the other South Africa's economic and military destabilization activities against the region. **It is this twin hostile general and specific situation which poses a major challenge to the European Community's relations with the SADCC during the negotiations of 'Lomé IV'.**

SADCC and world recession

Since 1980 and the onset of recession in the OECD states, most ACP states have faced stagnant markets, collapsing prices and worsening terms of trade. Most SADCC states have been no exception to this general trend. Sluggish export performance and unmanageable external debt have placed serious constraints on domestic production, as funds for essential imports have increasingly contracted.

This situation has made itself felt in Europe through a **substantial decline in EC exports to the SADCC region**, as the burden of debt has increased. For example, Zimbabwe's interest and redemption payments on external debt totalled Z\$ 254.7 million in 1980. By 1986 this had risen to Z\$ 688.4 million, with interest payments increasing by 396% and redemption payments increasing by 190%. In 1982, with the process of post-liberation reconstruction well underway, Zimbabwe imported 383.8 million ECU in goods from the EC. By 1986 Zimbabwe imported a mere 287.9 million ECU, a decline of 25%.

Elsewhere in the SADCC region, if one looks at the trend in imports from the EC, in five countries where the debt burden resulting from global economic recession is most heavily felt (Mozambique is excluded because of the devastating impact of destabilization) then we find that compared to exports in the early 1980s, Europe has lost some 1.2 billion ECU in export orders as a result of the high external indebtedness.

For the SADCC region the import strangulation this entails has led to **serious impediments to growth in the productive sectors.** This has resulted in declining living standards for ordinary people throughout the region.

The global economic situation: EC practice under Lomé III

Although current EC guidelines for the renegotiations of Lomé III reflect the stagnant economic performance of ACP economies, their declining imports from Europe and the burden of external debt, the interconnections between these phenomena are hardly explored. Instead the focus is on the role of Lomé resources in the process of structural adjustment.

What this means in reality is illustrated by existing Lomé III practices, particularly as they relate to the Special Community Programme to aid certain highly indebted low income countries in Sub-Saharan Africa which provides resources for general and sector specific import programmes to countries generally undertaking IMF/IBRD programmes of structural adjustment (see Lomé Briefing n° 2). In Southern Africa, resources from each country's National Indicative Programmes (NIPs) are deployed alongside Special Programme resources through Sectoral Import Programmes (SIPs) established under Article 188 of Lomé III. In the SADCC region SIPs account for 61% of Lomé NIP funds so far committed (since some 50% of NIP funds have been so far committed this means SIPs utilize fully 30% of initially allocated NIP resources). Under the recent mid-term review an extra 97 million ECU was allocated to NIPs in Southern Africa. This represented a 12.5% expansion over initial NIP allocations. It is note worthy that fully 67 million ECU (or 69%) was allocated under the Special Programme for highly indebted African countries, with a further 11 million ECU possibly being allocated to Zambia awaiting a satisfactory EC assessment, "in discussion with the Zambian authorities", of Zambia's serious efforts to undertake structural adjustment measures (Zambia is currently in dispute with IMF/IBRD and pursuing its own structural adjustment programme which complicates the assessing).

For Southern Africa, there are **three principal features of interest** in the Special Programme for highly indebted African countries.

Firstly, the Southern Africa experience suggests that part of the NIP resources as well as non-programmable aid deployed to try and foster sector specific reforms, are in practice being identified with existing IMF/IBRD programmes of structural adjustment, despite the Commission's expressed desire to maintain its autonomy vis-à-vis other institutions (implicitly the IMF and World Bank). It is becoming apparent however, that considerable divergence exists on important policy questions between governments of the region and the IMF/IBRD. Indeed it is **widely felt that IMF/IBRD programmes implemented in most SADCC countries do not take account of the political, social, military and strategic parameters on economic policy making in these countries.**

Secondly, the kind of conditionality attached to IMF/IBRD structural adjustment is spilling over into the implementation of NIP's, financed through the Lomé Convention. This conditionality threatens to undermine the principles of sovereignty and partnership on which the Lomé Convention is based. If difficulties arise which threaten the continued implementation of the programme then the programme should be subject to joint review. EC insistence on ACP countries meeting set conditions under changed circumstances can only serve to undermine Lomé's spirit of partnership. Furthermore, if governments feel forced to reformulate structural adjustment plans or abandon them because of their social and political costs then the withholding of assistance implied by conditionality, is a direct challenge to the sovereignty of ACP governments. **It is central to the SADCC philosophy that no one is better placed than Southern Africans themselves to set their own priorities in the formulation of their own development programmes.** The SADCC has looked to its international cooperating partners for a dialogue on how best to address the region's current economic problems.

Thirdly, the basis of funding of the Special Programme is such that the EC has not put its hand in its pocket for a single extra ECU above and beyond resources already pledged under Lomé Arrangements in order to tackle the problem of high indebtedness. However, it is recognized that if EC resources are to have a role to play in the process of structural adjustment, then they must be substantially expanded. Also, **the specific circumstan-**

ces prevailing in Southern Africa suggest that substantially more funds are required if the SADCC is to cope with the growing cost of South Africa's destabilization.

Singularly absent from the EC Programme is any Community lead on across the board reductions in interest rates, cancellation of debts or schemes for the amortization of existing debts at their market value rather than their face value. A number of proposals have been put forward to address the debt problem in a developmentally constructive manner, none of which the EC has taken up. **The EC's current approach of expanding import programmes does more to address the problem of declining EC exports than it does the fundamental problems facing productive sectors in Africa – the unmanageable burden of external debt and its causes.**

Dependency reduction and destabilization

The issue of reducing economic dependence, is one which SADCC is already addressing with EC support. Lomé III has seen some significant innovations in this regard, with funds now much more fully involved in SADCC's priority sector of transportation rehabilitation.

However, the EC needs to be responsive to the ever changing situation in Southern Africa, particularly in the formulation of its more general development policies. In this regard **the EC needs to take into account the very real impact of South African destabilization on the SADCC economies** in its advocacy of structural adjustment. The impact of destabilization may make the full implementation of structural adjustment reforms socially and politically unacceptable, in the short to medium term. In the case of Zimbabwe, South Africa's war against the region has led to substantial increases in the military budget, leading to a 10% government budget deficit. The IMF/IBRD are strongly pressing the Zimbabwean government to reduce the budget deficit, as part of the process of structural adjustment. Yet in the absence of rapid economic growth and the continuing need to keep the Beira Corridor open through the deployment of 10,000 Zimbabwean troops in Mozambique, how can the budget deficit be significantly reduced?

In its effort to achieve a more independent economy, the Zimbabwean government has resisted IMF/IBRD pressures for comprehensive structural adjustment and gone instead for a series of politically viable 'second best solutions'. To overcome foreign exchange constraints on industry, agriculture and mining, the government established an export pre-financing revolving fund (initially the IBRD had supported such a facility for industry). This has averted a major recession in Zimbabwean industry (which threatened major job losses) and is stimulating an expected 5% expansion of industrial output (and 4% expansion in the volume of production in mining). The performance of manufacturing exports in 1987 was even more remarkable with a 40% increase over the previous year. **The EC needs to remain open to such 'second-best solutions'** which may be the only practical policy option given the particular constraints existing in Southern Africa.

SADCC and destabilization

The perpetuation of apartheid in South Africa has exacerbated the detrimental impact of world recession on SADCC countries. Since 1980, the South African government has waged a vicious war against the SADCC region. **The financial costs to the SADCC of this war are now more than a staggering \$US 30 billion. Its human costs have reached catastrophic proportions.** At a routine level, UNICEF estimates suggest that in Mozambique and Angola, South African destabilization has led to an extra 137,000 infant deaths per year. The equivalent of an Airbus full of under five's crashing every day. At an emergency level there are currently 5.9 million Mozambicans affected by food shortages as a result of the Mozambique National Resistance's (MNR or RENAMO) rural reign of terror, with a further 0.7 million living in refugee camps in neighbouring countries.

Mozambique's emergency : The human impact,

0.7 million refugees in neighbouring countries
1.1 million people displaced from their homes
2.2 million affected by severe shortages of food
2.6 million affected by commercial food shortages

It is for all these reasons, human and economic, that Southern African governments have increasingly called for effective international actions to eliminate apartheid in South Africa.

Under Lomé III Annex I in a joint declaration on article 4, EEC and ACP governments jointly proclaimed 'their determination to work effectively for the eradication of apartheid'. Yet the experience of Lomé III has seen little effective European action to further the goal of eradicating apartheid.

POSSIBLE REFORMS UNDER 'LOMÉ IV'

The EC's response to apartheid

The scope for a commission initiative on apartheid is severely constrained by the divergence of approaches of Community member states. The failure to move ahead with further restrictive measures (the Hague commitment on a coal embargo remains unfulfilled) and inadequate implementation of existing measures amply demonstrate (clearly demonstrated in the European Parliament's Simons Report) the **lowest common denominator approach adopted by the Community.**

Given this constraint, what **practical steps** could be envisaged at a **ACP-EEC level on the question of eradicating apartheid?**

In the past, Europeans have linked the question of apartheid to more general human rights considerations. Although apartheid is undoubtedly a most atrocious violation of human rights, in Southern Africa its impact goes beyond this. The continuation of apartheid has led to an almost daily violation, by South Africa, of the peace and security which the region so urgently needs. For this reason the question of apartheid is more than a human rights issue and needs to be addressed as a political issue in its own right. In discussions surrounding the Lomé Convention this is something which the centre-right in Europe is unwilling to do, preferring instead to frustrate effective action on apartheid by linking it to wider human rights concerns.

A foundation for joint ACP-EEC action already exists in the Lomé III provisions on the eradication of apartheid. These need to be considerably strengthened and made more concrete. **At a political level consideration should be given to a joint ACP-EEC declaration on the related problems of apartheid, Namibia and destabilization.** Such a declaration could then be **linked to measures** to be adopted by ACP states, EEC states and the ACP-EEC grouping jointly. The measures should have the overall objective of contributing to the eradication of apartheid, whilst supporting the victims of apartheid in a politically meaningful way, commensurate with the challenge flung down by the South African state in its campaign to crush the non-violent democratic opposition.

As far as Namibia is concerned coming up to the negotiations towards Namibian independence, there is an added **urgency for some form of Namibian representation at the Lomé renegotiations.** Although the UN Council and Commission for Namibia is the body legally responsible for the protection of the country's natural resources, within the SADCC framework it is SWAPO who is accorded observer status. In the interim, additional financing will be needed to support Namibia in the transitional period. Open provision already exists for this in the EC annual budget for 1989. Zimbabwe's experience provides a useful precedent in this regard.

On destabilization, provision could be made for ongoing ACP-EEC **monitoring of the situation with consultations** at Foreign Minister level providing the opportunity for the **formulation of appropriate policy responses.**

Taking account of destabilization

Given the particular circumstances prevailing in Southern Africa a number of modifications to existing Lomé provisions could be envisaged. It has become apparent over Lomé III, that **the needs of Mozambique and Angola** were not fully taken into account. This situation should be rectified, particularly with regard to the provisions on non-programmable aid such as SYSMIN and STABEX. At the moment, SYSMIN provisions with their trigger mechanisms would not allow for interventions in Mozambique to support the rehabilitation of the mining sector once improvements in the security situation make this a viable proposition. Yet a revitalized mining sector could provide a major boost to foreign exchange earnings to alleviate Mozambique's desperate balance of payments situation. **The challenge is to reformulate Lomé provisions to allow them to achieve their aims in situations radically different from those initially envisaged.**

Even the most cursory examination of the **utilization of emergency aid funds** in Southern Africa under three Lomé Conventions reveals marked differences in their utilization. Under Lomé I emergency aid provisions were used on a number of occasions to address the negative economic consequences of transportation disruptions in Southern Africa through the provision of balance of payments support. In at least two cases (Lesotho 1976, Malawi 1979) these emergency aid interventions also involved the airlifting of essential supplies to land-locked states in the face of a crisis situation. Under Lomé II and III, emergency aid funds were focused more on relief of 'natural disasters' rather than man-made disasters. Under 'Lomé IV' consideration could be given to **deploying emergency aid to prevent crisis situations becoming disasters, through the stockpiling of essential goods in crisis affected areas.** Consideration could also be given to disaster prevention by the utilization of emergency aid for **LOGISTICAL SUPPORT FOR CIVIL DEFENCE**, to defend EC development projects in key economic sectors (such as agriculture and transportation).

Indeed, **in Mozambique addressing the question of logistical support for civil defence is going to be central to the EC's capacity to undertake any programmes in the focal area of Mozambique's NIP, agriculture and rural development.** If agricultural production is to be restored and Mozambique's growing dependence on food aid reversed then the problem of arable land shortages arising from endemic rural insecurity (caused by MNR bandit activity) needs to be addressed. Given the high level of emergency aid required to meet the needs of the current emergency in Mozambique, immediate consideration needs to be given to provisions for logistical support for civil defence to be made within all EC interventions in Mozambique. This could include provisions for such things as radio-communications equipment, uniforms, books, food and water supplies. Only in this manner can emergency interventions be incorporated within a long term programme of economic and social rehabilitation.

A satisfactory model for an extension of logistical support for civil defence already exists within Mozambique's NIP. Here, within the agricultural sector, logistical support for civil defence is being built into project design in such a manner that control of resources to support civil defence always remains within the project and is not simply a carte blanche transfer to the Mozambican military. This practice ensures the Community avoids politically embarrassing situations in this sensitive area, whilst supporting civil defence essential to basic agricultural production.

Facing up to the implications of destabilization for the SADCC states is a particular European responsibility for **since 1984 up to one third of the South African Defence Force (SADF) is composed of men with a citizenship link to an EC member state** (dual national South Africa/EC citizenship). To date, the European governments have turned a blind eye to the extensive involvement of EC citizens in the SADF. This throws into sharp relief their equivocation over the question of logistical support for civil defence in Mozambique and other Front Line States.

Reducing Europe's dependence on South African minerals

An area of obvious mutual advantage for the ACP-EEC in the struggle to eradicate apartheid lies in the area where an excessive EC dependence currently exists on imports from South Africa. Currently, South African producers are threatening the withholding of strategic mineral exports if consumers continue to discriminate against South African exports of bulk minerals. **Provisions could therefore be made in 'Lomé IV' for investment in ACP states in the development of minerals which are currently imported from South Africa.** Although the development of these minerals is not a priority for ACP states, its importance to the EC should not be underestimated for the current high level of dependence on South Africa provides the apartheid regime with a point of leverage in staving off serious economic sanctions.

Opportunities range from low volume, high value strategic minerals such as ferrochrome and platinum group metals, to high volume, low value commodities such as coal. Such 'positive restrictive measures' as a progressive reduction of South African imports as alternative sources are developed, offer a developmentally constructive means of isolating the apartheid regime potentially of benefit to all ACP mineral producers (though particularly those who suffer most from South African destabilization – the Front Line States).

A Lomé Food Charter

Food security has a particular strategic significance in Southern Africa. The fulfilment of this basic need has so far been difficult to achieve given the region's variable climate and on-going destructive activities of South Africa's surrogates. At the moment there is a growing trend towards the use of food aid as an instrument of foreign policy. In Southern Africa attempts are underway to use food aid to achieve agricultural policy reforms which are deemed to be an integral part of the structural adjustment process (– reduction of subsidies on consumption, privatization of agricultural marketing, harmonization of agricultural prices at a regional level, etc.). That this most basic humanitarian support should be a tool for political manipulation is a source of concern in the European Parliament. Under 'Lomé IV' therefore consideration should be given to the inclusion of a Food Charter in the Lomé Convention which would provide the **groundrules for the utilization of EC food aid.** The Charter would be designed to ensure that food aid contributed effectively to national and regional programmes of food security.

On investment opportunities

The EC has expressed its desire to strengthen support to the private sector under 'Lomé IV'. This is fully consistent with SADCC's current emphasis on 'Investment in Production'. One major problem that needs to be addressed is **securing reliable and growing market outlets.** An opportunity for local enterprises in SADCC countries lies in using Lomé's development assistance funding to help finance trade in ACP goods and services. This is particularly the case with regard to Sectoral or General Import Programmes where greater attention needs to be paid to developing intra-SADCC and intra-ACP trade. There is considerable scope for improvements in the transparency, quality and timeliness of information flows in the operation of Lomé procurement and tendering procedures.

Securing a regular supply of foreign exchange to cover essential imported inputs for both export and domestic production is a second major problem. The Community's interventions in this field have been largely limited to export promotion programmes

and studies, and Sectoral Import Programmes. The SADCC business sector, however, has accorded priority to the strengthening and further development of export revolving funds, regional export credit facilities and cross-border SADCC investment financing. This might be an appropriate area for Community support to productive activities within the region.

Finally, given SADCC's focus on **industrial rehabilitation and new investment projects**, there is a need to look more carefully at the functions of the European Investment Bank and the Centre for the Development of Industry in this area.

All these elements could be brought together in an effort not only to strengthen ACP-EEC cooperation in the struggle for the complete eradication of apartheid, but also to assist Southern African states in response to the changing global economic situation, in undertaking regional economic restructuring, based on the well founded coordination work of the SADCC.

Author Note

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