



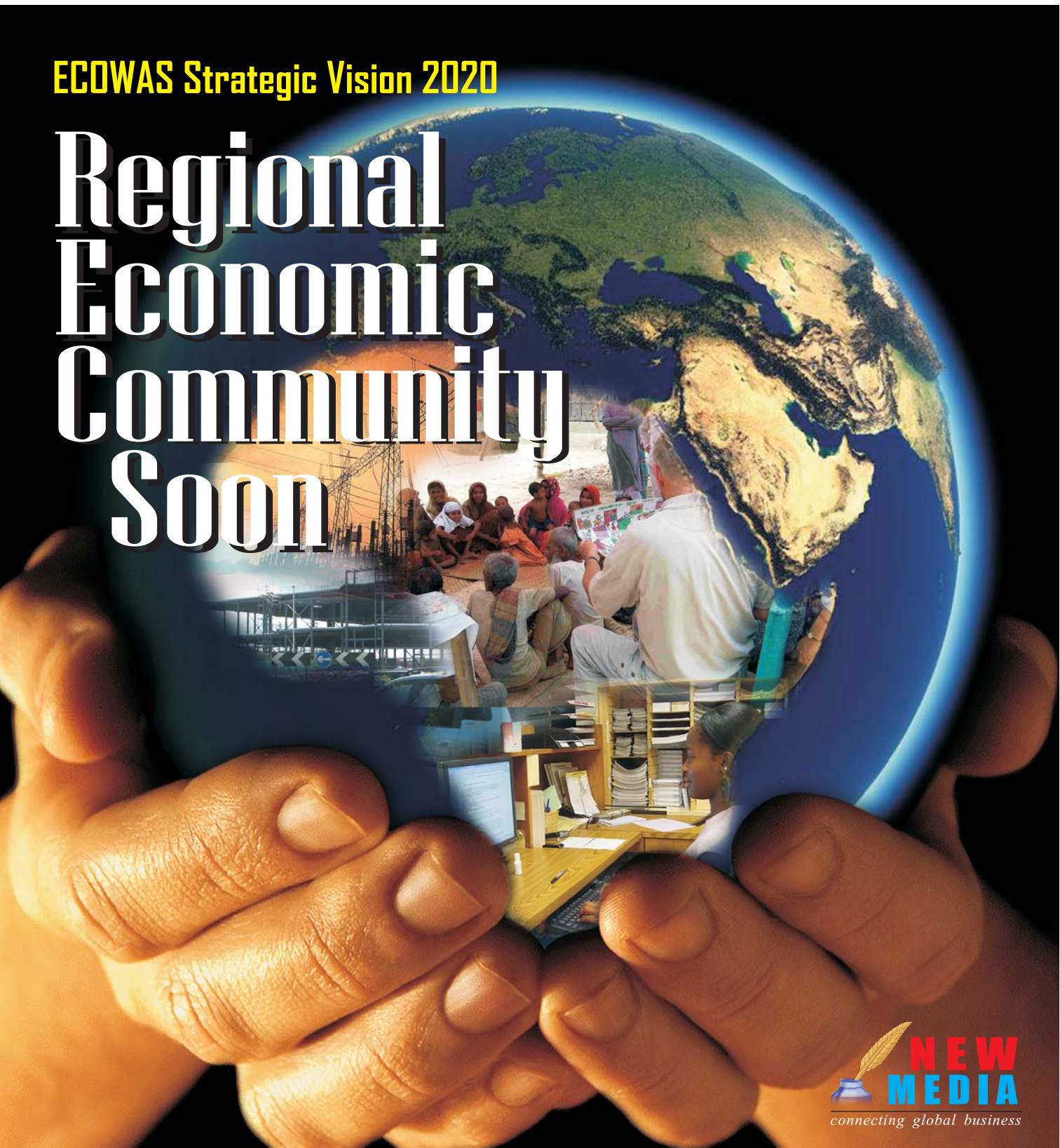
# INDO-AFRICAN BUSINESS

REDISCOVERING A VIBRANT CONTINENT

May-July 2007 Rs.100/-

**ECOWAS Strategic Vision 2020**

## Regional Economic Community Soon



# Issue in This



## COVER STORY

**ECOWAS Strategic Vision 2020**  
A Single Regional Economic Community Soon

06



## FOCUS

Building Infrastructure is Key to Wiping out African Poverty: NEPAD

10



## ANALYSIS

As Global Demand for Oil, Gas & Minerals Picks up Momentum... Africa Strikes Sustained Economic Growth Path

15



## REPORT

Exim Bank Excels in Silver Jubilee Year

22



## PERSPECTIVE

Can India Tackle Global Poverty?

25

## Section française 37-42

Founder Chairman  
Late Shri R.K. Prasad

Distributed by:  
New Media Communication Pvt. Ltd.  
in association with  
Export-Import Bank of India

Managing Editor: Satya Swaroop  
Director: B.K. Sinha  
Group Editor: Dev Varam  
Consulting Editors: Prabhu Sinha,  
Umesh Luthria, Rajiv Tewari & Mohd. Sabir Nishat  
Asst. Editors: Tripti Chakravorty & Shushila Singh  
Sub Editor: Prajwala Poojary  
Project Co-ordinator: Himadri Deka

Strategic Advisor: Vinaya Shetty  
Head-Busi. Dev.: Veerendra Bhargava  
Manager: Sunil Kumar  
Accounts Asst.: Vrunda Gurav  
Circulation: Madhavi, Jawaharlal & Santosh Gangurde

Art Director: Santosh Nawar  
Visualizers: Maya Vichare & Sagar Banawalikar  
DTP: Nilima Kadam & Ismail Sheikh  
Photographer: Bilal Khan

BRANCHES:  
**Kolkata:** Anurag Sinha, Branch Manager, A-7/1,  
Satyam Park, 2nd Lane, Near 3A Bus Stand,  
Thakurpukur Kolkata- 700 104  
Tel: 098300 15667, 033-24537708  
Email: anurag@newmediacomm.biz

**Pune:** Jagdish Khaladkar, Regional Director,  
Tel: 098230 38315  
Geeta K. Regional Head,  
Sahyog Apartments 508, Narayan Peth,  
Patrya Maruti Chowk Pune 411 030.  
Telefax: 020 2445 1574  
Email: pune@newmediacomm.biz  
jagdishk@vsnl.com

**Australia Office:**  
Bandhana Kumari Prasad, 129 Camboon Road,  
Noranda, Perth, W.A. 6062 Tel: 0061 892757447  
Email: bandhana@newmediacomm.biz

**New Media Communication Pvt. Ltd.,**  
B/302, Twin Arcade, Military Road, Marol,  
Andheri (E), Mumbai - 400 059 India  
Tel: +91-22-2925 0690. Telefax: +91-22-2925 5279  
E-mail: enquiry@newmediacomm.biz  
www.newmediacomm.com

**International Marketing:**  
Tripat Oberoi  
Shailesh Patel

**Printed & Published by**  
Satya Swaroop and printed at: M/s Young Printers, A-2/237,  
Shah & Nahar Industrial Estate, Lower Parel,  
Mumbai- 400 013 and published from  
B -302, Twin Arcade, Military Road,  
Marol, Andheri (E), Mumbai - 400 059. India

The news items and information published herein have been collected from various sources, which are considered to be reliable. Readers are however requested to verify the facts before making business decisions using the same.

**Dear Reader,**

Greetings. Today Africa is in a hurry to catch up with development. A sustained annual growth rate of around 5.5 percent ensures that the Millennium Development Goals that include eradication of poverty are achievable. Towards this end, various African institutions are striving to chalk out their own agendas and strategies. The Heads of governments of the Economic Community of West African States (ECOWAS), who met recently in Abuja, have adopted ECOWAS Strategic Vision 2020. The vision seeks to convert West Africa into a borderless region, which enables its people to conduct business on an expanded scale. The cover story of the current issue of Indo-African Business delves deep into ECOWAS concerns, the challenges the institution has been facing and the opportunities that it is creating for the West Africans. A prime reason for Africa's growing prosperity is the rising trend in the prices of oil, gas and mineral-based products, in which the continent is very rich. We carry an analytical write-up on factors that have contributed to Africa's sustained economic growth in recent years. The New Partnership for Africa's Development (NEPAD) has been a powerful catalyst for economic growth. NEPAD has rightly identified infrastructure as the key factor that could change the face of Africa for the better and forever. At a recent Pan African Parliament Session, NEPAD presented its strategy for developing infrastructure, which in turn could spur in its wake large scale economic activity. NEPAD believes that such a strategy could eventually help reduce poverty across the African continent. We carry a write-up on NEPAD's plans in our Focus section. Then there is a report on the emerging trends in global economic growth. An in-depth report indicates that South-South trade zoomed to a record high in recent years, propelling developing nations as engines of growth. We carry it. As a time when women across the globe have been crying hoarse about gender bias, a female rural commissioner, working in the rural economy and agricultural projects of the African Union has been conferred the Global Agribusiness Award 2007 by a prestigious Rome-based organization. We carry the report. Our news section includes a write-up on the joint efforts of Britain, South Africa and Sierra Leone in spreading the fruits of agricultural research across Africa, aimed at creating an awareness about the best farm practices. India's external Affairs Minister Pranab Mukherjee visited Ethiopia recently to boost this country's age-old bond with the African nation by signing a number of pacts on economic cooperation. We report this diplomatic triumph. The issue carries the annual results of Export Import Bank of India, during its silver jubilee year as also its Commencement Day annual lecture by Prof. David Hulme. Besides all this interesting fare, the magazine as usual carries its regular features.

**Satya Swaroop**

Managing Editor

satya@newmediacomm.biz

# ECOWAS Strategic Vision 2020

## A Single Regional Economic Community Soon

The Heads of State of the Economic Community of West African States (ECOWAS) have adopted "the ECOWAS Strategic Vision", which seeks to convert West Africa into a borderless region where the citizens can create and avail themselves of opportunities for sustainable production by harnessing West Africa's enormous resources. The vision, worked out at a summit on 15 June 2007 in Abuja, foresees the creation of a region-wide space for people to transact business and live in dignity and peace under the rule of law and good governance.

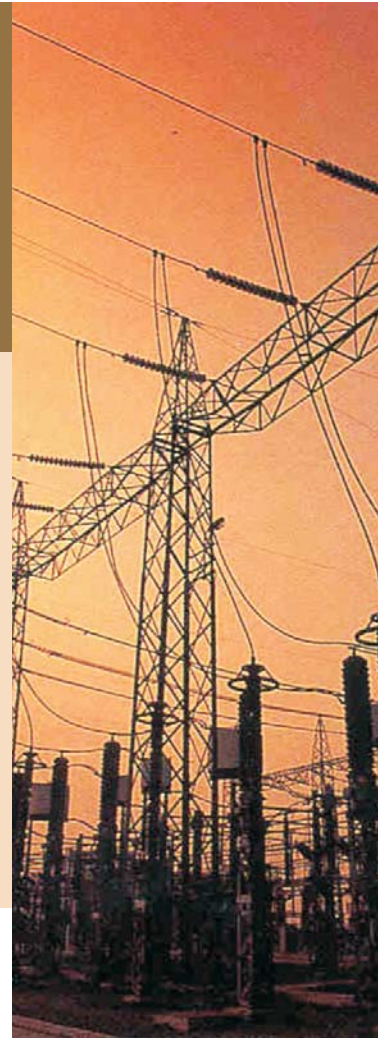
The envisaged zone, which will be based on the guiding principles of citizen ownership, service, transparency, partnership, subsidiarity, results-based management and sustainability, will ultimately enable the region to move from an ECOWAS of states into an ECOWAS of people by 2020. It will also result in the transformation of existing integration structures at the regional and national levels into a single Regional Economic Community with coherent specialized agencies.

The short-term priorities of the region shall be the

development of regional infrastructure, the enhancement of trade negotiation capacity, consolidation of peace and democracy, poverty reduction, faithful implementation of the Common Agricultural Policy (ECOWAP), the design of the Community Development Programme and the finalization and operationalization of the medium term strategic action plan.

The Heads of State and Governments welcomed the priority given to the development of infrastructure and called for special emphasis on energy and building of railroads in the region. They noted that the strategic vision should be popularized so as to obtain the buy-in of more stakeholders in the region. To this effect, specific regional projects should be costed and presented in a community development plan designed to generate employment opportunities for the West African youth.

The 32nd Ordinary Summit also adopted the interim report of the Commission for 2007, a synopsis of the achievements recorded by the Community and the recent challenges faced within the process of integration. The report showed that the region recorded a GDP growth rate of 6.1 percent in 2006, an increase over the 5.5





percent for the preceding year. They observed that the high prices of petroleum products continue to threaten the economies of the region and called for a study of the international oil market with a view to making proposals on how to mitigate the adverse effects.

The Heads of State and Governments also urged the Commission to devise new strategies and approaches for improving the existing low level of implementation of the regional trade liberalization scheme. They reaffirmed their commitment to the signing of the Economic Partnership Agreement (EPA) with the European Union, which reinforces regional integration, advances the production capacity of the region, assures market access for the products of the region and provides sufficient funding for the negative adjustment consequences of the agreement and is also WTO compatible.

On the common regional currency, the Heads of State and Governments called for a review of the current two-stage approach; they tasked the Commission to consult with the Ministers of Finance and the Governors of Central Banks and make recommendations on the way forward. After reviewing the security situation in the region, the Heads of State and Governments expressed satisfaction at the progress recorded in the implementation of the peace agreements in Cote d'Ivoire and Togo as well as the consolidation of peace in Liberia and Sierra Leone. They also expressed satisfaction with the current situation in Guinea.

While noting the fragility of the peace processes in some countries, they commended the efforts being made in Member States to promote democracy and good governance in the region.

The Heads of State and Governments noted that elections were becoming the norm in Member States and directed that ECOWAS continue to promote the sharing of experiences in the reform of the electoral systems and processes and the promotion of electoral good practices in the region.

The Heads of State and Governments discussed the drug menace in the region and pledged to work concertedly in the fight against drug trafficking and to provide support to Member States facing the scourge. They called for the support of the international community in building the capacity of Member States to deal with the menace of drug trafficking.

The leaders tasked the Commission to make recommendations on how to clear the arrears of contributions owed by some Member States.

The Heads of State and Governments paid tribute to President Ahmed Tejan Kabbah, who leaves office later in the year, for his role in the promotion of the ideals of the community. They congratulated and warmly welcomed President Umaru Musa Yar'Adua of Nigeria who was attending his first summit. They also expressed felicitations with Presidents Abdoulaye WADE of Senegal and Amadou Toumani TOURE of Mali for their reelection.

The Summit witnessed the swearing in of the President of the Commission, Dr. Mohamed Ibn Chambas, by the President of the Community Court of Justice, Justice Aminata Malle Sanogo. By taking the oath, Dr. Chambas undertook "to execute in all loyalty, discretion and conscience, the duties assigned to him with the exclusive interests of the Community in view."

Earlier, the ECOWAS vision 2020 was discussed by the Commission at the 58th session of the Council of Ministers, held in Ouagadougou on 4 and 5 June, 2007.

This objective was embodied in the Regional Strategic Plan of the Community, presented by the ECOWAS Commission President Mohamed Ibn Chambas. The plan was based on the principles of ownership, transparency, partnership, subsidiarity and result-oriented management. The Council acknowledged the ECOWAS Strategic Vision as a framework for orientating West Africa's integration and development initiatives.

At the session, the ECOWAS Commissioners were sworn in by the President of the Community Court of Justice, Mrs. Aminata Malle Sanogo. By taking the oath, the Commissioners undertake "to execute in all loyalty, discretion and conscience, the duties assigned to them with the exclusive interests of the Community in view."

In his address, Burkina Faso's Minister of Finance and Budget Jean-Baptiste Compaore, who chaired the opening ceremony, on behalf of the

Chairman of Council, underscored the importance of the economic, social and political challenges of integration and development that must be overcome.

He expressed the hope that a dynamic and efficient Commission will make it possible, and that the ECOWAS Strategic Plan will lay the foundation for an integrated, prosperous and peaceful West Africa when implemented.

At the session, Commission President Chambas, presented the ECOWAS interim progress report for 2007. The report provides a synopsis of the achievements of the Community and the constraints encountered in the realization of the integration and economic development objectives.

The Ministers made relevant observations on the implementation of vital programmes, such as the free trade area and intra-Community trade facilitation programmes, the economic partnership agreement (EPA) negotiations, and the Regional Poverty Reduction Strategy.

Fruitful discussions were held on issues relating to macro-economic convergence, agriculture, energy, human resources development, peace and security, and the ECOWAS Strategic Plan. Council further focused on administrative issues and considered the draft agenda of the ECOWAS 32nd Ordinary Summit, which was scheduled to be held in Abuja later in June.

The Ministers of Finance and Integration stressed the importance of the regional approach in the West African development process and reaffirmed Member States' willingness to embrace the ECOWAS strategic vision to give value-added to the integration and development of the region.

The ECOWAS Commissioners' meet was preceded by a retreat of the ECOWAS Ministers/development partners held in Ouagadougou on 2 and 3 June 2007.

Joining at the retreat were UNECA Executive Secretary Abdoulaye Janneh, UNDP Director for Africa Gilbert Houngbo, the Directors for Regional Integration and Directors in West Africa of



the World Bank and representatives of ADB. ECOWAS Commission President Mohamed Ibn Chambas, presented the strategic vision of ECOWAS for the integration and development of West Africa. The overall objective is to ensure sustainable development, poverty reduction, regional peace and security consistent with NEPAD and the Millennium Development Goals.

The ECOWAS ministers expressed their satisfaction with this retreat which provided an opportunity for stock-taking, an assessment of the way forward, and for setting priority objectives to be achieved in the area of integration by ECOWAS with the support of development partners. They underlined the fact that the regional approach is a necessary complement to national development initiatives aimed at fast-tracking growth and development in West Africa.

The ministers deplored the continued harassment of citizens on the regional highways and borders through several unauthorized checkpoints and extortions of travelers. The participants expressed satisfaction with the return of peace and stability to the crisis-ridden countries, a necessary condition for development. In this context, they called for the consolidation of the conflict prevention mechanism and the deepening of the democratic processes in the region.

The need for women, the youth, civil society and the private sector to take ownership of this vision was identified as a fundamental element for the realization of the region's integration and development objectives.

The Ministers expressed their gratitude to the development partners, especially the Economic Commission for Africa (ECA), the World Bank, UNDP and ADB, for their financial and technical assistance which had contributed to the progress made in the implementation of the regional priority programs.

The ECOWAS Ministers and the ECOWAS Commissioners called on the development partners, particularly the members of the G8, to replenish the IDA and to assist in the establishment of instruments for the financing of regional priority projects by the World Bank and other international finance institutions. ■

# Building Infrastructure is Key to Wiping out African Poverty: NEPAD

The New Partnership for Africa's Development (NEPAD) has suggested that the building of good infrastructure networks is a key to solving poverty in Africa since according to it, economic growth and trade moved hand in hand with infrastructure.

This came to light when a report on the situation of the "Infrastructure: Challenges and Prospects for the Future of Africa" was presented by NEPAD at the Seventh Ordinary Session of the Pan African Parliament held in Midrand, South Africa on 8 May 2007.

The benefit of this, NEPAD said was that the G8 will double aid up to US\$20 billion by 2010, while debt will be cancelled for the 18 poorest countries, 14 of which were in Africa. This will in the end,

according to NEPAD, make more money available for development in these countries.

According to NEPAD, Africa was drifting further into poverty while other regions of the world were making progress with respect to poverty reduction targets.

Citing as an example, it said, in Africa per capita commercial use of energy has barely increased since 1970 and remained at less than 10 per cent of per capita use in North America, adding that Africa with 13 per cent of the world's population consumes only three per cent of the world's commercial energy, although its share of the world's commercial energy production was seven per cent.

"Many African

countries have potentially adequate water resources but it is estimated that only 62 per cent of its 821 million populations have access to safe water and only 35 per cent have access to sanitation," the report said.

It also said Africa's economic integration and participation in the global economy was further constrained by factors such as the high cost of access for end-users to foreign owned satellite telecommunications providers for cross-border, regional and international telecommunications traffic.

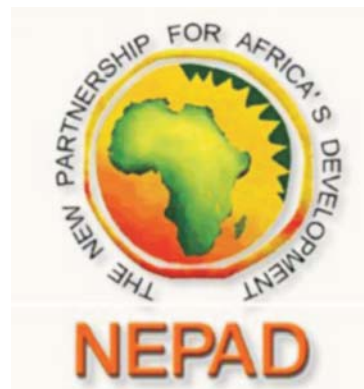
NEPAD, on its part, has put in place short and medium-long term infrastructure programme which was aimed at bridging the infrastructural gap between Africa and the developed countries.

This, it said, was in collaboration with development partners and would help unlock the African potential for sustainable infrastructure development and poverty reduction.

Among the infrastructure that NEPAD was aiming to improve across the African continent was energy, water and sanitation, transport and information and communications technology (ICT). It will help improve access to, and affordability and reliability of, infrastructure services for both industry and households.

Also such infrastructure improvement it said would help enhance regional co-operation and trade through expanded cross-border development of infrastructure. Finally, it will increase financial investments in infrastructure by lowering risks facing private sector investors, especially in areas of policy and regulatory framework.

One of the short-term action plans that is still under consideration by the NEPAD is the Benin/Togo/Ghana electricity inter-connector. Another is the improvement of roads in Benin, Burkina Faso and Ghana to



help increase competition among more efficient transport corridors in West Africa under its road transport facilitation programmes, where the World Bank through the Sub-Saharan Africa Transport Policy Programme (SSATP) of the NEPAD was expected to fund.

Earlier, addressing the opening session, President of Ghana John Agyekum Kufuor, who is also Chairperson of African Union, said the situation in Somalia and Darfur persist despite the initiatives that the African Union is making within its limited resources to help restore peace and normalcy. He added that the African Union should play a major role in upholding human rights on the continent.

Today 35 out of the 50 poorest countries in the world are found in Africa, with the major problems being poverty, illiteracy, hunger and disease. The PAP is expected to discuss problems and challenges facing Africa as a whole and take decisions that will address them for the benefit of all its people.

Inflation is at a historic low in many countries averaging 8% per annum in most African countries, while 27 African countries are projected to grow more than 5.0 percent GDP as per this year. The past five years have witnessed more than 200 percent increase in direct investment inflows where exports are rising and significant advances are being recorded in debt relief.

Kufuor announced that the next ordinary summit of the AU, which will be held in Accra in July, will discuss the main issue of the African Union Government, composition of the Commission of the Union, and the four year mandate of its Chairperson.

Members were asked to fully participate in discussions and

make decisions that will make changes on the continent for the better.

President John Kufuor has called on African countries to play the vanguard role of respecting and upholding human rights within the continent.

"In as much as we all value the principles of sovereignty and integrity and the constitutive Act of the AU as well as the tenets of the NEPAD recognises these principles as necessary conditions for the up-liftment of the continent's image", he said, "we have to regret the situation within some sister nations where domestic policies are or seem to be at variance with these principles".

The Pan African Parliament, which was established in March 2004 currently has 47 out of the 53 AU Member States as its members and it was created as a mechanism for the realisation of the vision of a united continent.

As AU Chairman, President Kufuor called on members of the PAP to see it as their duty to advance the socio-economic development and transformation of the continent.

He said 50 years ago, Africa had a vision, "It was a clear vision of independence in an environment of peace and prosperity, pooling together and using the OAU as a medium, the continent succeeded in liberating itself fully from colonialism and apartheid". But, he said, "post colonial Africa has not been entirely as envisioned as the continent has been plagued in almost all its different regions by conflicts, wars, diseases, illiteracy and poverty.

"Happily, but for a few turbulent spots, the continent is now managing to rid itself of some of these drawbacks," he said and cited Burundi as being peaceful by having a democratic conclusion of the transitional process while Angola, Liberia, Mozambique and Sierra-Leone are also no longer at war.

The President said the problems in the Darfur region of Sudan and Somalia persist in spite of the initiative that the African Union has been making within its limited resources to help restore peace and normalcy and this he said exposed the limitations of the AU's current condition.

Economic prosperity, he said has not followed



automatically in the wake of independence and poverty, illiteracy, hunger and disease are rife in parts of the continent.

He said "for many an African, the independence vision of peace and prosperity still remains an illusion," and added that as Africa approached 50 years of post colonialism it became obvious that liberation per se did not automatically mean the achievement of prosperity, peace and security for the people of the continent.

Fortunately, he said in regard to these challenges that Africa was facing, the current crop of leaders on the continent have re-committed themselves to the pursuit of economic emancipation and integration of Africa.

Citing the transformation of the Organisation of African Union (OAU) into the AU as an example, President Kufuor said a giant step was the establishment of the PAP which was expected to provide a common platform for the people of Africa and their grassroots organisations, where they will discuss problems and challenges besetting Africa.

On good governance, President Kufuor said its importance could not be over emphasised as the establishment of the New Partnership for Africa's Development (NEPAD), the flagship programme for implementing political and economic reforms which, according to him, has enabled many governments to focus on economic development.

Today, "most African economies", he said, "are better run as inflation was historically low while some countries are projected to grow more than 5.0 percent in terms of GDP".

To sustain these developments, he said there must be continued peace as well as improvements in the law and order situation all over the continent.

PAP President, Dr Gertrude Mongella, who in an address commended the President and people of Ghana on the country's Golden Jubilee celebration, said the celebration was earmarked in all African countries due to the common history that bonded them together. Dr Mongella said as Africa moved towards a union government, the need to strengthen all the AU organs created under the Constitutive Act could not be overemphasised.

She therefore said if the PAP was to realise its goal there were issues such as the re-examination of the decision making process within and among the organs of the AU as well as respect and adherence to the Protocol that established the PAP and mandates of all organs. "That needs to be looked at critically by African Heads of States", she said.

"The PAP which is currently, on its fourth year of existence", she said, "prided itself in a number of achievements that have to demonstrate its potential as well as the engine to drive the economic, political and social integration of the people of Africa.

Achievements such as a five year Strategic Plan from 2006-2010 she said had been put in place while a Trust Fund and a permanent Secretariat for the PAP had been established among others.

She earlier swore into office 14 new members of the PAP from Madagascar, Zambia, Gambia, Ethiopia and Lesotho.

Later, Dr Mongella hosted President Kufuor and the other invited members to a lunch in honour of Ghana's Golden Jubilee.

The Pan African Parliament has 47 member states out of a total of 53 members of the African Union to date where each member state elects five parliamentarians from its national parliament among whom one at least must be a woman.

The PAP Seventh Ordinary Session, among other issues, discussed the NEPAD report on the infrastructure prospects in Africa; peace and security in countries like Sudan (Darfur), Ivory Coast, Somalia and Chad; and the financial matters of the PAP.

Dr. Mongella requested the African Union to give parliament the powers to legislate if PAP is to realize its mission.

Mongella said given the limitations of the current PAP mandate, it remained to be seen how PAP could effectively discharge an oversight role while its powers are only limited to giving recommendations to the AU summit.

"Invariably one can not overemphasize the need to transform PAP from an advisory to a fully legislative organ of the AU in the building of Union Government of Africa," Dr. Mongella said.

She also said there is need to re-examine the decision making process within and among the organs on the AU as well as properly defining the reporting mechanism of the AU organs to the Assembly to enable the Assembly to make informed decisions on the reports given by the AU organs.

Other issues which the PAP President said require serious attention include the re-examination of the decision making process within and among the organs on the AU and respect and adherence to protocol that established the Parliament and mandates of all organs. ■

# South-South Trade Zooms

## Developing Nations Emerge as Engines of Global Economic Growth

The growing importance of developing countries as drivers of global economic growth could be largely justified by the increasing linkages in south-south trade. Gradual adoption of more outward-oriented development strategies by developing countries, trade reform and regional trade agreements, backed by rapid economic development in some of the large developing economies, particularly China, have facilitated the strengthening of south-south trade relations.

South-South exports have more than doubled to US\$ 2.04 trillion between 2000 and 2005 at a pace higher than the pace of rise in global exports, north-north exports, North-South exports or even South-North exports in the period. As a result, the share of South-South exports in global exports as well as in total exports of developing countries have risen steadily from 15 percent in 2000 to 19.8 percent in 2005 and from 40.8 percent in 2000 to 46.2 percent in 2005, respectively. This trend has been dominated by developing countries' growing trade relations with Asia.

In 2005, 61.5 percent of the South-South exports were directed to Asia, which is marginally less than 63.9 percent recorded in 2000. China has played a crucial role in the process. Developing countries' exports to China alone has increased from US\$ 135 billion in 2000 to US\$ 379 billion in 2005, while imports from China have risen from US\$ 158 billion to US\$ 393 billion in the period.

Region-wise analysis of broad commodity categories of exports in recent years reveals that almost all the regions have substantially increased their manufactured exports to developing countries. For example, Asia's exports of manufactured products to developing countries have increased from US\$ 647 billion in 2001 to US\$ 1.3 trillion in 2005, which is reflected in the rise of share of developing countries in Asia's exports of manufactures from 51.8 percent to 55.7 percent in the period. 84.8 percent of such exports from Asia in 2005 were directed

to Asia itself. Developing countries are also the major export markets (having a majority share) for manufactures even in the case of CIS and Middle East regions. It may be noted that in the concerned period, exports of manufactures to developing countries have risen fastest from the Middle East region, at a CAGR of 22.3 percent from US\$ 32 billion to US\$ 71.5 billion.

### Share of developing countries in exports

Exporting Regions	Agricultural Products		Fuels & Mining Products		Manufactures	
	2001	2005	2001	2005	2001	2005
Africa	41.3	39.7	25.6	26.6	28.4	35.1
Asia	70.5	69.6	83.9	86.9	51.8	55.7
CIS	62.4	66.3	28.7	23.4	60.9	59.1
Middle East South & Central	66.9	68.1	68.4	71.1	50.5	52.8
America	47.4	50.5	37.2	40.2	42.7	45.5

Source: WTO

In the case of agricultural products, apart from Africa, most of the exports of developing countries are directed to developing countries. For example, 69.6 percent of Asia's exports of agricultural products in 2005 were directed to developing countries. The importance of developing countries as destinations for agricultural exports have particularly risen in recent years in the case of CIS and South & Central America, which is reflected by the notable rise in the share of developing countries in their agricultural export basket. Agricultural exports from the CIS to developing countries have more than doubled from US\$ 8.3 billion during 2001-2005. In absolute terms, however, agricultural exports to developing countries are the highest from Asia, amounting US\$ 1.1 trillion or 69.6 percent of Asia's global export of agricultural products in 2005. It may be noted that though the general trend has been a greater degree of trade linkage within a region, in the case of South & Central America, the biggest destination for agricultural exports among developing countries has been Asia with

total exports amounting US\$ 18.6 billion or 39.4 percent of the region's total exports of the same to the developing countries in 2005.

Considering fuels and mining products, though developed countries have remained the major exports markets for Africa, CIS and South & Central America, in the case of Asia and the Middle East, majority of the fuel and mining exports are directed to developing countries.

In 2005, 86.9 percent of Asia's exports of fuels & mining products and 71.1 percent of Middle East's exports of the same reached developing countries. In absolute terms these amounted to US\$ 2.2 trillion and US\$ 2.7 trillion respectively, with US\$ 4.6 trillion of the total directed to Asia alone. There has also been a distinct increase in Africa's exports of fuels and mining products to Asia, from US\$ 11.8 billion in 2001 to US\$ 33.4 billion in 2005. ■

## Ecobank Signs Pact with Western Union to Expand Africa Service

Ecobank Transnational Incorporated (ETI), the parent company of the Ecobank Group, and Western Union signed a global agreement on 19 July 2007 to extend Western Union's current relationship with its affiliates.

The pact was signed in Accra, Republic of Ghana by Christophe Jocktane-Lawson, Regional Head, International of ETI and Khalid Fellahi, Regional Vice President Africa of Western Union. Under the agreement, Western Union® Money Transfer will be available through ECOBANK affiliates in 17 West and Central African countries instead of 14 previously.

"This agreement strengthens ETI's strategy of building alliances with partners such as Western Union", said Jocktane-Lawson. "Bringing Western Union services to more of our current and potential consumers adds value to our bank's comprehensive offerings by enabling reliable, fast and convenient money transfers through Western Union's more than 275,000 Agent locations worldwide".

The ECOBANK Group Chief Executive Officer, Arnold Ekpe, says that the relationship with Western Union corresponds to the banking institution's objective of "providing a comprehensive product and service offering to our consumers."

This partnership is also good for Western Union, stated its Regional Vice President Africa. "Further developing our relationship with ETI will allow us not only to extend our reach, but also build on the trust that ETI enjoys amongst its customers," said Fellahi.

ETI's state of the art technology and reliable telecommunication system makes it an effective delivery platform for Western Union's worldwide services, added Hikmet Ersek, Executive Vice President and Managing Director Western Union for Europe, Middle East, Africa and South Asia. Says Ersek: "The key is a comprehensive and extensive network that operates hand-in-hand with reliable partners through localised resources, such as banks, post offices and even some retailers."

The relationship between ETI and Western Union has grown since the first Western Union Money Transfer agreement was signed in 1996

with the subsidiary of Ecobank in Benin Republic.

From the beginning, Western Union has been attracted by ETI's focus on customer service as well as operational and product excellence, a philosophy which fits well with its own brand values.

With a view to the future, both Western Union and ETI are looking to extend their joint presence in West and Central Africa even further, demonstrating the importance both organizations attribute to ensuring that they continue to respond to the needs of individuals, families and communities wherever and whenever needed. Consumers can send and receive money with peace of mind through ongoing service/product enhancements and increased convenience.

### ECOBANK

Incorporated as a bank holding company in 1985, ECOBANK Transnational Incorporated (ETI) is the leading independent regional banking group in Africa with operations in 18 countries. ETI is listed on the Nigerian and Ghanaian Exchanges as well as on the Abidjan-based Bourse Regionale des Valeurs Mobilières (BRVM). As at June 2007, the Group has total asset of US\$4.2 billion and employed over 6000 people across 330 branches. ECOBANK is a full-service commercial bank which provides commercial, investment, transaction, retail and wholesale banking services to governments, multinationals, companies, individuals, SMEs and micro-businesses in Africa. ■

## As Global Demand for Oil, Gas & Minerals Picks up Momentum...

# Africa Strikes Sustained Economic Growth Path

In recent years, underpinned by continued world economic growth and sustained demand for gas and oil, as also that for other products of the extractive industries such as minerals and metals, Africa has witnessed significant and sustained rise in economic activity. This, in turn, has benefited a number of resource-rich African economies in providing a boost to their economic activities and growth.

Considerable progress has been achieved through improved macro-economic management, market-based reforms and continued structural progress in many African countries. This has resulted from the strong commitments of many African governments to prudent fiscal, monetary and exchange rate policies.

According to the International Monetary Fund (World Economic Outlook, April 2007), real GDP growth for the region was sustained at a robust 5.6 percent in 2005, the highest in almost a decade, before decreasing marginally to 5.5 percent in 2006. Underlying the pickup in growth has been the strength of the global economy, including higher oil and commodity exports, improved



macroeconomic stability, and the ending of several protracted armed conflicts. Real GDP growth of the African region is projected to accelerate to 6.2 percent in 2007, before slowing to 5.8 percent in 2008 (Table 1).

Country specific developments have also boosted overall developments in the region. These positive developments include new production facilities in Angola and Equatorial Guinea, large increases in oil production in Chad, non-oil GDP in Nigeria has grown by an average of 8.0 percent over the past three years, and recovery in agricultural output in Ethiopia, and Rwanda. Further, structural reforms have also contributed to the resilience of the region,

reflecting thereby in moderate inflation rate in many countries in the region (Table 1). After a strong expansion in 2006, growth in oil-importing countries is projected to ease this year, driven largely by developments in South Africa, where a tighter monetary policy is expected to slow domestic demand. The decline in oil prices will underpin an improvement in the terms of trade in some countries, although for others the benefit will be offset by the drop in metals prices.



**Table 1: Real GDP Growth & Inflation in Select African Countries**

	Real GDP Growth (%)				Consumer Prices (%)			
	2005	2006	2007f	2008f	2005	2006	2007f	2008f
<b>Africa</b>	<b>5.6</b>	<b>5.5</b>	<b>6.2</b>	<b>5.8</b>	<b>8.4</b>	<b>9.5</b>	<b>10.7</b>	<b>10.4</b>
<b>Maghreb</b>	<b>4.0</b>	<b>4.5</b>	<b>4.4</b>	<b>5.0</b>	<b>1.5</b>	<b>3.1</b>	<b>4.0</b>	<b>4.1</b>
Algeria	5.3	2.7	4.5	4.1	1.6	2.5	5.5	5.7
Morocco	1.7	7.3	3.5	5.8	1.0	3.3	2.0	2.0
Tunisia	4.0	5.3	6.0	6.0	2.0	4.5	3.0	2.9
<b>Sub-Sahara</b>	<b>6.0</b>	<b>5.7</b>	<b>6.8</b>	<b>6.1</b>	<b>10.5</b>	<b>11.5</b>	<b>12.7</b>	<b>12.2</b>
Cameroon	2.0	3.5	4.0	4.1	2.0	5.3	1.5	1.9
Cote d'Ivoire	1.5	1.4	1.7	3.3	3.9	1.6	2.0	3.0
Ghana	5.9	6.2	6.3	6.9	15.1	10.9	9.4	8.8
Nigeria	7.2	5.3	8.2	6.7	17.8	8.3	7.9	9.1
Sudan	8.6	12.2	11.1	10.2	8.5	7.2	9.2	6.0
Congo, DR	6.5	5.1	6.5	6.9	21.4	13.2	17.4	8.9
Kenya	5.8	6.0	6.2	5.8	10.3	14.1	4.1	3.5
Tanzania	6.8	5.9	7.3	7.6	4.4	5.8	5.5	5.0
Uganda	6.7	5.4	6.2	6.5	8.0	6.6	5.8	4.2
Angola	20.6	15.3	35.3	16.0	23.0	13.3	10.2	5.9
Ethiopia	10.3	10.6	6.5	6.6	6.8	12.3	17.0	12.9
Zimbabwe	-5.3	-4.8	-5.7	-3.6	237.8	1,016.7	2,879.5	6,470.8
<b>South Africa</b>	<b>5.1</b>	<b>5.0</b>	<b>4.7</b>	<b>4.5</b>	<b>3.4</b>	<b>4.7</b>	<b>5.5</b>	<b>4.9</b>

f -forecast

Source: IMF, World Economic Outlook, April 2007

In the Sub-Saharan region, combined real GDP growth stood at 5.7 percent during 2006, which is projected to rise to 6.8 percent in 2007 before falling to 6.1 percent in 2008, boosted by sustained growth in commodity-rich countries. Inflation rate has also moderated in the region, although inflation in Congo DR, Ethiopia and Zimbabwe remains an area of concern. Countries, which have registered strong growth, include Angola, Sudan, Ethiopia, Morocco, Ghana, Kenya, Tanzania, Uganda, Nigeria and Tunisia. In the Maghreb region, economic activity has accelerated represented by a growth rate of 4.5 percent in 2006, as compared with 4.0 percent in 2005. This growth was due to acceleration in the expansion of hydrocarbons production in Algeria. The outlook for the Maghreb region remains positive notwithstanding an expected slowdown in output growth during 2007.

### Regional Trading Accords

Since the early 1990s, many countries in Africa have made significant progress in opening up their economies to external competition through trade and exchange rate liberalisation, often in the context of IMF and World Bank supported programmes. At the same time, with creation or expansion of a number of important regional trading arrangements in other parts of the world, there has been a revival of interest among policy makers in Africa in

regional integration, resulting in the establishment or renewal of such arrangements in Africa.

### Major Trading Accords in Africa include:

**Common Market for Eastern and Southern Africa (COMESA)** - Angola, Burundi, Comoros, Democratic Republic of Congo, Djibouti, Arab Republic of Egypt, Eritrea, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Tanzania, Zambia & Zimbabwe;

**Southern African Development Community (SADC)**- Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia & Zimbabwe;

**Southern African Customs Union (SACU)**- Botswana, Lesotho, Namibia, South Africa & Swaziland;

**West African Economic and Monetary Union (UEMOA)**- Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal & Togo;

**Economic Community of West African States (ECOWAS)**- Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, the Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone & Togo;

**Central African Customs and Economic Union (UDEAC)**- Cameroon, the Central African Republic, Chad, the Republic of Congo, Equatorial Guinea & Gabon;

**Economic Community of Central African States (ECCAS)**- Angola, Burundi, Cameroon, the Central African Republic, Democratic Republic of Congo, the Republic of Congo, Equatorial Guinea, Gabon, Rwanda and Sao Tome & Principe;

**East African Community (EAC)-** Kenya, Tanzania, and Uganda; Cross Border Initiative Burundi, Comoros, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Swaziland, Tanzania, Uganda, Zambia & Zimbabwe;

**Economic and Monetary Community of central Africa (CEMAC)-** Cameroon, the Central African Republic, Chad, the Republic of Congo, Equatorial Guinea, Gabon, and Sao Tome & Principe;

**Economic Community of the Countries of the Great Lakes (CEPGL)-** Burundi, the Democratic Republic of Congo & Rwanda;

**Indian Ocean Commission-** Comoros, Madagascar, Mauritius, Reunion & Seychelles;

**Mano River Union (MRU)-** Guinea, Liberia & Sierra Leone.

These trading arrangements are envisaged to foster trade and investment relations amongst member countries by removal tariffs and other impediments to intra-regional trade flows. In some cases, the arrangement also aims at fostering common economic and monetary union amongst member states, as also a common currency. The success of these arrangements in fostering intra-regional trade has been diverse, with COMESA, ECOWAS and SADC being the more successful ones (Table 2).

As can be seen from the table above, SADC, ECOWAS, COMESA, Cross Border Initiative and UEMOA have been the most successful in terms of enhancing trade within the member countries. In the case of SADC, intra-bloc exports have risen by four-fold, from US\$ 1.6 billion in 1990 to as high as US\$ 6.4 billion in 2005, accounting for 7.7 percent of the total blocs exports. In the case of ECOWAS, intra-exports have risen from US\$ 1.6 billion in 1990 to more than US\$ 5.7 billion in 2005, accounting for 9.5 percent of the bloc's total exports in 2005.

COMESA's intra-bloc exports have also risen from US\$ 963 million in 1990 to as high as US\$ 3.3 billion in 2005, accounting for 5.9 percent of the bloc's total exports. In the case of Cross Border Initiative, intra-regional exports have increased almost three-fold from US\$ 613 million in 1990 to more than US\$ 1.9 billion in 2005 accounting for 14 percent of the bloc's total exports during the same year. In UEMOA, intra-bloc exports rose from US\$ 621 million in 1990 to US\$ 1.4 billion in 2005, accounting for 13.4 percent of the bloc's total exports.

**Table 2: Regional Trade Blocs in Africa**

A. Merchandise Exports within Blocs								US\$ mn
	1990	1995	2000	2001	2002	2003	2004	2005
CEMAC	139	120	97	118	136	148	176	201
CEPGL	7	8	10	11	13	15	19	22
COMESA	963	1386	1653	1819	2031	2436	2849	3330
Cross Border Initiative	613	1002	1166	1070	1373	1536	1705	1913
EAC	230	530	595	664	685	706	750	857
ECCAS	163	163	191	203	199	198	238	272
ECOWAS	1557	1936	2835	2371	3229	3140	4499	5673
Indian Ocean Commission	73	127	106	134	105	179	155	159
MRU	0	1	5	4	5	5	6	6
SADC	1630	3373	4282	3771	4316	5377	6384	6384
UDEAC	139	120	96	117	134	146	174	198
UEMOA	621	560	741	775	857	1076	1233	1390

B. Merchandise Exports within Blocs								(% of total bloc exports)
	1990	1995	2000	2001	2002	2003	2004	2005
CEMAC	2.3	2.1	1.1	1.4	1.5	1.4	1.3	0.9
CEPGL	0.5	0.5	0.8	0.8	0.9	1.2	1.2	1.3
COMESA	6.6	7.7	6.1	7.9	7.4	7.4	6.8	5.9
Cross Border Initiative	10.3	11.9	11.8	11.5	14.5	13.0	13.8	14.0
EAC	13.4	17.4	20.5	21.4	19.3	18.2	16.6	15.0
ECCAS	1.4	1.5	1.1	1.3	1.1	1.0	0.9	0.6
ECOWAS	7.9	9.0	7.9	8.5	10.9	8.6	9.4	9.5
Indian Ocean Commission	4.1	6.0	4.4	5.6	4.3	6.2	4.3	4.6
MRU	0.0	0.1	0.4	0.3	0.2	0.3	0.3	0.3
SADC	17.0	31.6	9.3	8.6	9.5	9.8	9.5	7.7
UDEAC	2.3	2.1	1.0	1.4	1.4	1.4	1.2	0.9
UEMOA	13.0	10.3	13.1	12.7	12.2	13.3	12.9	13.4

Source: World Development Indicators 2007, World Bank

# Indo-African Trade & Two-way Investment

## Building Up Synergy to Explore Unlimited African Potential

Recent trends in Indo-African trade and investment relation attest to the synergy that exists between the two regions, and the potential to further enhance commercial relations.

### Trends in Total Trade

Synergy that exists between India and Africa can be gauged from the fact that bilateral trade has risen to as much as US\$ 11.8 billion in 2005-06 from US\$ 967 million in 1990-91, due to a spurt in both exports to and imports from the African region (Table 3). India's exports to Africa have reached US\$ 7.2 billion in 2005-06 from a relatively low figure of US\$ 394 million in 1990-91. As a result, the share of Africa in India's total exports has risen from a marginal 2.2 percent in 1990-91 to a healthy 6.9 percent in 2005-06. Concomitant rise in imports from Africa during the comparable period attest to increased two-way trade relations, wherein India's imports from Africa have risen from US\$ 573 million in 1990-91 to US\$ 4.7 billion in 2005-06, with a resultant 3.1 percent share in India's total imports, up from 2.4 percent share in 1990-91.

During the year 2005-06, India's exports to Africa registered a significant rise of 28.3 percent to reach US\$



**Table 3: India's Trade with Africa**

	US\$ mn						
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Exports	1898.3	2360.2	2895.8	3137.9	3861.7	5578.4	7158.9
% change	-8.9	24.3	22.7	8.4	23.1	44.5	28.3
Imports	6619.8	2063.3	2615.2	3444.4	3202.1	4006.4	4684.1
% change	73.5	-68.8	26.7	31.7	-7.0	25.1	16.9
Total Trade	8518.1	4423.5	5511.1	6582.3	7063.8	9584.8	11843.0
Trade Balance	-4721.5	296.9	280.6	-306.4	659.6	1572.0	2474.9

Source: Directorate General of Commercial Intelligence & Statistics (DGCI), Ministry of Commerce and Industry (MOCI), Government of India  
Note: Imports data do not include oil imports

7.2 billion, from US\$ 5.6 billion during the previous year, mainly due to rise in export of petroleum products and transport equipments. India's imports from Africa, also increased in 2005-06 to US\$ 4.6 billion, from that of US\$ 3.2 billion during the previous year, a rise of 16.9 percent due to increase in imports of inorganic chemicals, cashew



nuts, coal coke & briquettes and iron & steel. Consequently, India's trade surplus with Africa rose sharply from US\$ 1.6 billion in 2004-05 to US\$ 2.5 billion in 2005-06, due to higher export earnings.

## Important Source for Indian imports

The African region is an important source for India's imports of several items. South Africa is now third largest source, after Switzerland and Australia for India's gold imports accounting for 15.0 percent (US\$ 1.6 billion) of India's total gold imports (US\$ 10.7 billion) during 2005-06.

## Exim Banks of India and Afriexim sign Cooperation Memorandum

Exim Bank of India and African Export Import Bank (Afreximbank) signed on May 16, 2007, a Memorandum of Cooperation (MOC), on the sidelines of the Annual Meetings of the Board of Governors of the African Development Bank Group being held in Shanghai, China. The MOC was signed by Chairman & Managing Director, Exim Bank of India T.C. Venkat Subramanian, and Afreximbank President Jean-Louis Ekra.

On the occasion of signing the MOC, Subramanian stated that Exim Bank "believes in partnerships and collaborations, especially with forward looking institutions like Afreximbank that have a developmental focus". Exim Bank of India has been participating in the developmental process in Africa not only by providing funding support such as Lines of Credit which currently amount to US\$ 1.4 billion for financing projects in the sectors like agriculture, transportation, power generation and distribution, railway, rural electrification and infrastructure but also by promoting and financing manufacturing and capacity building activities in Africa. Exim Bank is shortly going to open its second office in Africa at Dakar, Senegal.

The MOC, inter-alia, envisages collaboration between the two Exim Banks towards exchange of information, identification of projects, co-financing opportunities and harmonizing efforts for the promotion of trade, economic development and investment between India and Africa.

Morocco, Senegal, and South Africa were the three largest sources of India's global imports, accounting for 16.1 percent, 12.5 percent and 8.2 percent, respectively, of India's total imports of inorganic chemicals (US\$ 2.2 billion) during 2005-06.

In cashew nuts, Cote d'Ivoire, Guinea-Bissau, and Tanzania are the three largest sources for India's global imports. During 2005-06, these three countries accounted for 24.3 percent, 20.3 percent and 12.1 percent, respectively, of India's total cashew nuts imports (US\$ 471.9 million). Further, Cote d'Ivoire, Gabon, and Ghana are among the top 10 largest sources for India's import of wood and wood products, during the same year. Today, the Government of India is aiming to achieve a trade turnover of US\$ 500 billion by FY-2010, out of which US\$ 300 billion will be imports. This opens up a window of opportunity for the African countries to increase their exports to India from the present level of around US\$ 5.0 billion. Prospective sectors which Africa can leverage upon include the energy and natural resources based sector such as coal, coke, gold, copper and similar other mineral resources.

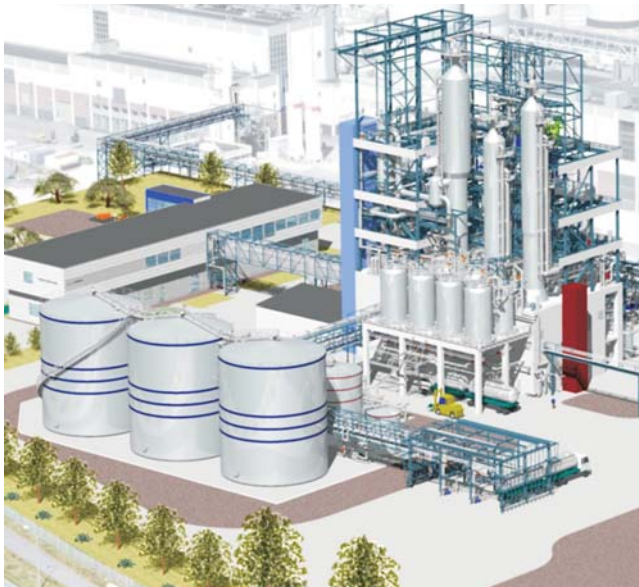
## Bilateral Trade during April-January, 2006-07

Trends in Indo-African trade have registered sustained growth during the year 2005-06. During the first eleven months (April-January) of 2006-07, India's exports to Africa rise sharply by 45 percent to US\$ 8.07 billion, from that of US\$ 5.56 billion during the corresponding period of the previous year.

During period April-January 2006-07, India's import (incl. crude oil & petroleum products) from Africa stood at US\$ 12.45 billion.

## India's Investments in Africa Region

In recent years, besides being major recipients of global foreign direct investment (FDI) inflows, India is emerging as important global investors with increasing overseas investments in target markets. According to data from the Ministry of Finance, Government of India, approved cumulative India's investments in Africa during April 1996 to October 2006 amounted to US\$ 3.7 billion, accounting for around 17 percent of India's global overseas investments (US\$ 22.1 billion). Mauritius (US\$ 2150.7 million) and Sudan (US\$ 1144.7 million) are the two largest



destinations in Africa for Indian investments, followed by Liberia (US\$ 155.2 million), Libya (US\$ 55.3 million), South Africa (US\$ 52.3 million), Morocco (US\$ 32.5 million, Nigeria (US\$ 29.5 million), and Senegal (US\$ 23.2 million).

## Expansion of economic engagement with Africa

At present due to existing agreements and trade relations most African countries look either to the EU region or the America region for export opportunities. The large market in India offers potential of similar opportunities. Both would like to develop partnership in this connection. Technology transfer and infusion of capital from India is growing in dimension and provides incremental opportunities in the countries of the region to enhance their export capabilities. To enhance bilateral trade and investment relations, in the last two years, The government of India has extended concessional credit of approx US\$ 1.0 billion to several African countries, through Exim Bank of India. Besides, Exim Bank of India also extends, on its own, commercial Lines of Credit (LOCs), to a number of institutions/agencies in Africa. Currently, 43 LOCs are in operation amounting to around US\$ 1.4 billion covering more than 30 countries in the African region. These LOCs facilitate import of project-related equipments and services from India on deferred credit terms. At the same time, many of these LOCs are earmarked for infrastructure and related projects.

As India is member of African Development Bank (AfDB), Exim Bank of India has also taken active participation in the institutional building process in a number of countries in Africa. Besides being associated in the setting up of the Afri-Exim Bank, the Bank has been involved in the design

and implementation of Export Finance Programmes of Industrial Development Corporation, South Africa; Consultancy Assignment for the Government of Mauritius on 'Projecting Mauritius as an investment hub for Indian Firms'; establishment of Export Credit Guarantee Company in Zimbabwe; and preparing a blue print for setting up of Export-Import Bank of Zimbabwe.

In the Africa region, Indian companies have implemented numerous projects, spanning various sectors, with such support from Exim Bank of India. These projects, in turn, facilitate and support infrastructure development in host countries, thereby contributing to the overall development process in the region. Such projects include: Turnkey contract for Gas Based Power Project in Tanzania funded by World Bank; Transmission System Rehabilitation and Maintenance Project in Zambia; Turnkey contract for Multi-Product Pipeline Project in Sudan; Consultancy assignment in Small Town water supply project in Nigeria; Supplies for Urban Power Rehabilitation Project in Uganda; Transmission Line Projects in Algeria, Tunisia; Construction of Cyber Towers in Mauritius and many others.

These experiences are the basis for sharing with countries of Africa region and for creating opportunities for cooperation and business partnerships. In this connection, Government of India has initiated for the Pan-Africa Optical Fibre Network Project which would be implemented in conjunction with the African Union and all its constituent members provides an opportunity for bringing India's cutting edge science and Information technology to touch the lives of African people. Under this project tele-education and tele-medicine would be brought to the people in Africa, and what is more there would be capacity building in both material and human terms in African universities and hospitals which would become a part of the optical fibre network. India also provides training to around 1000 African Civil Servants and 15,000 African students every year under the India Techno Economic Co-operation (ITEC) Fund. India has contributed its forces for various peace keeping operations on the Continent under the United Nations (UN) Flag, as also India suo moto participated in the HIPC initiative and has written-off the outstanding debt in all eligible cases.

In sum, Indo-Africa commercial relations must expand from mere trade to the domain of investment. More investments by Indian companies to Africa are required in realising the potential that exists. In this regard, India, with its vast experience in entrepreneurial development and capacity upgradation, and technology, which would be relevant and applicable in African countries, could partner with countries in Africa in their growth process. ■

Net up 10.6 pc at Rs 299 cr in 2006-07;  
Disbursements Zoom 47 pc to Rs 22076 cr

## Exim Bank Excels in Silver Jubilee Year



Export-Import Bank of India (Exim Bank) has declared an all-round improvement in its performance during the financial year 2006-07 ending March. Exim Bank's Chairman and Managing Director **T.C. Venkat Subramanian**, announced the Bank's results for the year, the 25th silver jubilee year of the Bank's operations, recently in Mumbai.



### The Financial Highlights Include:

- Net Profit (after tax) at Rs. 299 crore, an increase of 10.6 percent over the previous year.
- Rs. 95.62 crore will be transferred to the Central Government as per the Exim Bank Act, as compared to Rs. 86.75 crore in 2005-06.
- Capital Adequacy (Capital to Risk Assets Ratio) stood at 16.38 percent.

### BUSINESS PERFORMANCE

- Loan approvals aggregated Rs. 26762 crore during 2006 - 07 as compared to Rs. 20489 crore in the previous year, an increase of 31 percent. Disbursements aggregated Rs. 22076 crore, as compared to Rs. 15039 crore during the previous year, an increase of 47 percent. Loan Assets increased by 29 percent moving upwards to Rs. 23274 crore as on March 31, 2007 from Rs. 18028 crore as on March 31, 2006.
- Net NPAs formed 0.5 percent of net loan assets as on March 31, 2007.
- During the year, the Bank extended sixteen Lines of Credit (LOCs), aggregating US\$ 542 mn, covering 42 countries to support export of projects, goods and services from India. Seventy three LOCs covering eighty three countries in Africa, Asia, CIS, Europe and Latin America, with credit commitments aggregating US\$ 2.3 billion are currently available for utilisation, while a number of prospective LOCs are at various stages of negotiation. The Bank lays special emphasis on extension of LOCs as it is an effective market entry mechanism especially for small and medium enterprises.
- Project export contracts supported by Exim Bank amounted to Rs. 14000 crore and were secured by 21 companies in 20 countries.
- As on March 31, 2007, guarantees on book were at Rs. 3536 crore.

### RESOURCES/TREASURY

- The Bank raised borrowings of varying maturities aggregating to Rs. 10621 crore, comprising Rupee resources of Rs. 6461 crore and foreign currency resources of US\$ 957 mn. equivalent.

- Market borrowings as on March 31, 2007 constituted 85 percent of the total resources.
- During the year, Government of India subscribed Rs. 50 crore towards capital of the Bank and Bank's paid-up capital increased to Rs. 1000 crore, which is equal to the current authorised capital of the Bank as on March 31, 2007. Government of India is in the process of increasing the authorised capital to Rs. 2000 crore.
- Foreign currency resources raised during the year included US\$ 269 million. equivalent by way of second issue of Samurai bonds/FRNs. FC resources of US\$ 688 million equivalent were raised through bilateral/club loans. As on March 31, 2007, the Bank had a pool of foreign currency resources equivalent to US\$ 2.57 billion.
- The Bank's domestic debt instruments continued to enjoy the highest rating viz. 'AAA' from the rating agencies, CRISIL and ICRA. As on March 31, 2007, outstanding Rupee borrowings including bonds and commercial paper amounted to Rs. 14534 crore.
- During 2006-07, Standard & Poor's and Fitch Ratings have upgraded the Bank's credit rating from BB+ to BBB. The Japan Credit Rating Agency (JCRA) enhanced the outlook on the Bank's BBB credit rating to 'positive' from 'stable'. Taken together with the Baa3 rating from Moody's, the Bank at present holds investment grade rating on par with the India sovereign from four international credit rating agencies.

## NEW INITIATIVES

### Joint Venture with Khadi and Village Industries Commission

- The Bank is in discussion with the Khadi and Village Industries Commission (KVIC), to set up a joint Export Marketing Organisation that will contribute to capacity building of grassroots business enterprises, and promote exports of products from rural enterprises thereby resulting in inclusive growth. The Bank would help KVIC in identifying products with export potential, countries keen on importing such products and interested buyers abroad. The project will have an initial investment of Rs. 5 crore, of which Rs. 2 crore each will be contributed by Exim Bank and KVIC with the balance Rs. 1 crore to be subscribed by a number of NGOs / SHGs engaged in production of rural agro/handicraft products. While Exim Bank's Board has approved the investment, KVIC is in the process of obtaining approval of Government of India for their investment.

### Rural Grassroots Business Initiatives

- The Bank has introduced an innovative facility to

support globalisation of rural industries through its Grassroots Business Initiative. Towards this end, Bank has consciously sought to establish, nurture and foster a variety of institutional linkages. One such example is a cooperation arrangement with the Confederation of NGOs of Rural India (CNRI), a non-profit organization with membership of 5000 NGOs spread across all provinces of India. Under this arrangement, Exim Bank assists CNRI members with capacity building, training and access to national and global markets.

- The International Finance Corporation (IFC), a member institution of the World Bank Group, has set up a display-cum-sales centre called 'Pangea' at Washington D.C. where agro and rural products from various developing countries are displayed. The Bank, in association with IFC, organised an 'India Day' at Pangea at which products produced by a number of NGOs / SHGs in India were displayed.

- The Bank is also actively involved in extending export market access support to rural products through innovative export marketing services, effectively utilising its overseas offices and institutional linkages, as also by extending lines of credit to overseas buying houses and department stores for importing a variety of products from India. Exim Bank has thus been able to leverage such lines of credit to promote export of agro and rural products, and has arranged for procurement of orders from Singapore, South Africa, Hungary, USA for such products.

### Focus on SMEs

- Special Line of Credit from ADB: The Bank is negotiating a long term Line of Credit of US\$ 250 mn. from the Asian Development Bank, without Central Government guarantee, for extending loans to SMEs. The Bank will have an option to draw the funds in different currencies, as per the needs of its customers.
- Innovative Programme for SMEs: The Bank has entered into a cooperation arrangement with the International Trade Centre (ITC), Geneva for implementing a unique Enterprise Management Development Services program, which is an IT based facilitator to enable small enterprises to prepare business plans with the international market in focus. This is a pioneering initiative for supporting SMEs and for providing term loans and export finance facilities to the identified units to help them in their globalisation efforts. The Bank is partnering ITC in implementing this programme as a pilot project. The Bank thus supports small enterprises through capacity building and assistance in formulation of viable proposals. It is envisaged that the learning from this programme would be transferred to other

developing countries, and thus assist in capacity creation and institution building in the global arena.

## Untied Loan of US\$ 100 million equivalent from the Japan Bank for International Cooperation

- During the year, Exim Bank entered into an agreement for an Untied Loan facility with the Japan Bank for International Cooperation (JBIC). The facility provides competitively priced resources equivalent to US\$ 100 million to the Bank, on long term basis, for on lending to eligible Indian borrowers. The proceeds will be on lent to corporates which have business relationships with Japanese companies, Indo-Japanese joint ventures and subsidiaries both in India as well as overseas and other eligible users.

## Global Network of Exim Banks and Development Finance Institutions (G-NEXID)

- Exim Bank of India with the support of a number of other Exim Banks and Development Finance Institutions (DFIs) from various developing countries in Asia, Africa, Latin America and CIS have set up a Global Network of Exim Banks and DFIs called G-NEXID under the auspices of UNCTAD in Geneva to boost South-South Cooperation in trade and investment. The second Annual Meeting, held on March 22, 2007, witnessed the technical launch of G-NEXID's official website ([www.gnexit.org](http://www.gnexit.org)), whose objective is to create competitive online presence, facilitate information and experience sharing, brand building, training and conduct of business among the member institutions. G-NEXID has been granted 'observer' status by UNCTAD.

## US\$ 1 Billion Medium Term Notes (MTN) Facility

- During 2006-07, a Medium Term Notes (MTN) programme for US\$ 1 billion has been established by the Bank to facilitate raising of resources in the international debt capital market on a regular basis. The programme will offer flexibility to the Bank in terms of quantum, structure and timing of raising foreign currency resources.

## Overseas Investment Finance Programme

- The Bank has a comprehensive programme in terms of equity finance, loans, guarantees and advisory services to support Indian outward investment. During the year, 28 proposals were sanctioned funded and non-funded assistance aggregating Rs. 1940 crore for part financing their overseas investments in 15 countries including Spain, UK, Indonesia, Malaysia, Norway, Brazil, Egypt, Israel, Iran, Dubai etc. Exim Bank has provided finance

to 176 ventures set up by over 147 companies in 54 countries so far. Aggregate assistance extended for overseas investment amounts to Rs. 4960 crore covering various sectors including pharmaceuticals, home furnishings, ready made garments, chemicals & dyes, computer software & IT, engineering goods, natural resources (coal & forests), metal & metal processing, and agriculture & agro-based products. Overseas investments supported by Exim Bank during the year include : acquisition of a Spanish company engaged in manufacture of branded generic formulations; acquisition of a large home textiles company in the UK; acquisition of South East Asia's largest Design & Build/EPC Company in Singapore; acquisition of a company in Indonesia which owns mining rights in Indonesian coal mines; acquisition of an agrochemical company in the Netherlands; acquisition of an oil drilling company in Norway; acquisition of a company in Malaysia which is the owner and operator of the largest integrated pulp and paper mill in Malaysia along with large concessions of forest land; setting up a wholly owned subsidiary in Sharjah, UAE for manufacture of liquid packaging (HDPE Drums).

## Focus on Gulf Co-Operation Council Countries & Central Asia

- During the year, the Bank opened a representative office in the prestigious Dubai International Financial Centre, Dubai. The Dubai office of Exim Bank is expected to play a key, catalytic role in further enhancing trade and investment flows between India and the Middle East Region. By virtue of its strategic location, the office will also help Indian companies increase their business in the Central Asian and North African regions.

## RESEARCH & PLANNING

- Five Occasional Papers were published by the Bank during the year, namely, Japanese and US Foreign Direct Investments in Indian Manufacturing: An Analysis; Maghreb Region: A Study of India's Trade and Investment Potential; Strengthening R & D Capabilities in India; CIS Region: A Study of India's Trade & Investment Potential and Indian Chemical Industry: A Sector Study. During the year, the Bank also published a Working Paper titled "Indian Construction Industry: Opportunities Abroad".

- The Bank also brought out a publication titled "Looking through the Kaleidoscope: India and Globalisation" which is a compendium of Exim Bank's Commencement Day Annual Lecture Series for the period 1986 to 2006, in commemoration of Exim Bank's Silver Jubilee. ■

# Can India Tackle Global Poverty?

The processes of globalisation that have improved the lives of so many in recent times have not provided the chronic poor with opportunities and have often made their lives more miserable. They remain trapped in poverty. In a lucid and thought-provoking analysis, **Prof. David Hulme** talks about chronic poverty that is plaguing a billion people in the bottom rung of the global pyramid, ways and means of tackling this syndrome and what role India can play internationally to help mitigate this malaise. Excerpts of the Exim Bank Commencement Day Annual Lecture 2007, delivered in Mumbai recently.



Monitoring and implementation mechanisms have been Set up in an attempt to achieve the Millennium Development Goals and billions of dollars in foreign aid have been mobilised - though not as much as promised.

So, this brings me to the title of my lecture-Imagining Inclusive Globalisation: India's Role in Tackling Global Poverty. I intend to explore the role that India might play in steering the process of globalisation so that it is more likely to improve the lives of the world's poorest people. I shall look at this both in India and beyond India's national boundaries.

There is much evidence that globalisation has, in aggregate, improved the human condition. But globalisation has different impacts on different people. At the risk of oversimplification it could be held to have three main effects on wealth and well-being;

- It makes the rich very rich and makes the super-rich mega-rich

It makes a large number of people in the middle of the global wealth distribution better off, or likely to become better off in the near future, and improves their lives.

For a large group - sometimes called the 'bottom billion' but it may be more than that - it has not made life better and may have made things worse, sometimes much worse.

How might we re-shape globalisation so it helps, rather than hinders, the lives of this bottom billion- those people

**David Hulme** is Leverhulme Professorial Research Fellow and Professor of Development Studies at the School of Environment and Development, University of Manchester. He was the Founder-Director of the Chronic Poverty Research Centre (CPRC) and is currently an Associate Director of the CPRC, the



Global Poverty Research Group (Universities of Manchester and Oxford) and the Brooks World Poverty Institute (BWPI) at the University of Manchester. Prior to these positions, he was Director of the Institute for Development Policy and Management (IDPM) at the

University of Manchester (1992-1997).

Since 2000 Professor Hulme has directed the Chronic Poverty Research Centre, a collaboration of universities, research institutes and NGOs in Europe, Africa and Asia. The focus of CPRC has been on those who are trapped in poverty and are unlikely to be able to improve their own or their children's prospects despite the growing material wealth and technical knowledge of the world. This has involved research and policy advocacy with governments and multi lateral agencies.



who are the losers from globalisation in both relative and absolute terms?

My task here is to explore the possibility of a more inclusive globalisation that reaches down to the bottom of the pyramid, recognising that globalisation has both positive and negative impacts.

## The Chronic Poor - Trapped in Poverty

Defining and measuring poverty is a fiercely contested issue. In recent times, there have been significant conceptual and methodological advances in terms of appreciating the multi-dimensionality of poverty - particularly through the work of Amartya Sen - and in assessing the depth of poverty. However, time has been neglected in these conceptualisations - indeed one can argue it is the missing dimension of poverty.

### There are three distinct forms that chronic poverty can take:

- Poverty that is experienced by people for all or most of their lives
- Poverty that is inter-generationally transmitted - when the childhoods that parents can create for their children make it highly likely that those children will become poor adults
- Premature deaths - when a person dies a preventable death because of poverty.

Much of what I shall talk about today is an elite analysis, but we need to recognise that chronically poor people have their own views about their condition and have personal agenda. A group of disabled women in Uganda provided my colleague, Charles Lwanga-Ntale, with a very vivid description:

'Chronic poverty is like that poverty that is ever present and never ceases. It is like the rains of the grasshopper season that beat you consistently

and for a very long time. You become completely soaked because you have no way out ... some poverty passes from one generation to another, as if the offspring sucks it from the mother's breast. They in turn pass it on to their children'.

## India & Chronically Poor

### We should note at least three things :

- India is the country with the largest number of chronically poor people. This is a reflection on the country's huge population but also indicates the scale of the challenge it faces.

### Who are the Chronically Poor?

They include people who would be classified in a census as 'economically active' - especially casual labourers in agriculture and construction - and those who would be classed as economically inactive - older people, disabled people, young children. At times this division between working and dependent poor may be useful but we do need to note its shortcomings. Many non-economically active poor people are working long hours on the margins of the informal economy - gleaning rice or coffee after harvest, minding orphans 24/7, and many other jobs.

At the risk of over-generalising about such a diverse set of people we can identify some common characteristics. Often, chronically poor people are those who are discriminated against - marginalised ethnic/religious and cultural groups, low castes, tribal people and nomadic people; refugees and internally displaced people; migrant labourers; disabled people and those with chronic ill-health (especially with HIV/AIDS in Africa - but this disease is now doing its worst in India too). We also need to note that women and girls have increased likelihoods of being chronically poor and that households that appear non-poor can have members - daughters-in-law, domestic servants, widows - who are deeply deprived.

These structural factors are compounded by household level and life cycle factors - children and older people are more vulnerable to extended periods in poverty and households headed by older people, disabled people and children are likely to be trapped in poverty.

There are also national geographies to chronic poverty. The poorest are most likely to be living in remote areas with low agricultural potential that are not well connected to the national economy. Research in several countries reveals that chronic poverty is also an urban phenomenon and is growing rapidly, but we know little about the degree to which it is concentrated in specific areas or dispersed more generally.

### Why are they Chronically Poor?

This is a big question that I can only scratch the surface of in a short time.

First amongst the maintainers comes the quantity and quality of

economic growth. Countries or regions with no or slow or narrowly based economic growth are unable to provide opportunities for poor people to improve their livelihoods and so many poor households have no 'exit routes' out of poverty. The quality of growth is as important as the rate of growth for the chronically poor.

Second comes social exclusion and adverse incorporation, overlapping but distinct ideas. Social exclusion implies that people are trapped in poverty because they are discriminated against, stigmatised or invisible to other members of the society they live in.

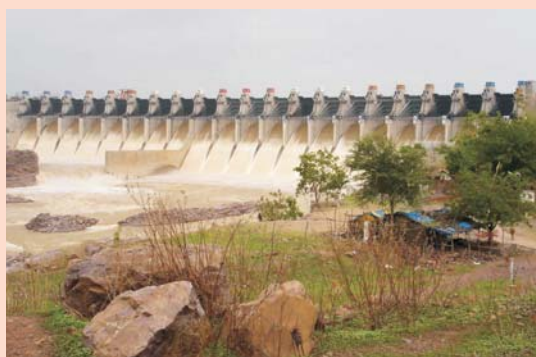
## The Narmada Dam

For example, the reduction in access to land, water, and common property resources that occurs when poor regions are incorporated into national and global economies - a classic example would be those displaced by the Narmada Dam. This makes people dependent on jobs as casual labourers, which are extremely insecure. To ensure their survival in such vulnerable circumstances, poor people have to develop relationships with patrons and to 'stay secure' they enter into contracts that ensure they 'stay poor'.

## Tackling Chronic Poverty in India

So, how can chronic poverty be tackled? Rather than doing this in general terms I focus on India. The first section looks at what can be done in India. The second looks at a question that I think has been neglected - what role might India play in helping the poorest outside of India?

To explore policies for tackling chronic poverty in India I use a simple framework from the World Bank's World Development Report 2000/2001. It identifies three fronts on which poverty must be battled.



- Opportunity (economic growth and employment)
- Empowerment (rights and democracy)
- Security (social support, social protection, law and order)

These three elements are closely interlinked and progress with any one of them is likely to be beneficial for the others. There is the image of a

three legged stool - for the stool to work you have to have all three legs! The Report says that these three elements



need to be treated in a non-hierarchical way, each is as important as the other.

I have concluded that while having no hierarchy may be an effective strategy for the moderately and transitorily poor, it is not optimal for the chronic poor. To assist people trapped in poverty we need a livelihood security first approach. Why? Because before most chronically poor people can think seriously about taking the risk of seizing new opportunities - changing employment, shifting to horticulture, borrowing the money to migrate to Mumbai - they need to know that they have the security to cope if things go wrong with their new strategy. In concrete policy terms this means public investment in social protection policies so that chronically poor people can think about seizing opportunities with a reduced risk of ending up destitute or excessively indebted.

## Opportunity - India's Bold Step

In recent years the Government of India has taken a bold step in this direction with the National Rural Employment Guarantee Scheme (NREGS) to help stabilise the incomes of the rural poorest and ensure they have a fall back position if their household strategies fail. This promises the rural poor up to 100 days labour on public works per annum.

## Empowerment

This takes us to the next leg of our three-legged stool. The World Bank calls this empowerment - enhancing the capacity of the poorest to demand that state institutions, and the private sector deliver the services they are supposed to deliver and do not exploit the poor through corruption or sub-standard services; and, strengthening the rule of law and order.

## Economic Growth

And now to the third leg - economic opportunity. Economic growth is essential for concerted poverty reduction but that does not mean

that all growth is good for the poor, as Dollar and Kraay of the World Bank erroneously announced some years ago. This is especially the case for the poorest. For growth to benefit them policies are needed to match the capabilities of the chronically poor to the forms of opportunity that are opened up by globalisation induced growth.

## Redistribution

A neglected aspect of the opportunity component concerns redistribution. There is both theoretical and empirical evidence that rates of economic growth and poverty reduction are higher in less unequal societies - South Korea, Taiwan and Japan are the outstanding historical examples. At the macro-level this means progressive taxation, both personal and business.

## Tackling Global Poverty: What can India do?

The argument could be made that as India has so much poverty of its own, it should not engage with reducing poverty outside of India until it has virtually eradicated domestic poverty. I can sympathize with this point but I would counter it with the argument that these circumstances do not mean that India should totally abandon the idea of helping poor people beyond its border. Rather, it should place a vastly lower weighting on this goal compared to the goal of national poverty eradication.

In a small number of countries - Denmark, the Netherlands, Norway, Sweden, and very recently the UK - a moral vision now dominates development cooperation. In

other countries - for example, France, Japan and the USA - such moral visions have made slower progress.

First, if one compares India with China, India is a democracy and so there is political space for its citizens to attempt to influence policy. That's a start. Second, if one compares India with the USA, it has a political culture that envisages a significant role for the state in securing the welfare of its citizens - this is a key determinant of 'moral vision'. Third, India has been and is a global intellectual leader in conceptualising poverty and poverty reduction (ranging from Mahatma Gandhi's non-materialist philosophy, to V.M. Dandekar's pioneering approach to poverty measurement, to Ravi Kanbur's influential academic and policy work on poverty reduction and, last but not least, to Amartya Sen's Nobel Prize winning work on human capabilities).

Fourth, India is full of 'social entrepreneurs', many of whom Exim Bank is starting to work with. Some are known internationally but thousands of others are quietly getting on with making their local area a better place for poor people. Fifth, India has played a pivotal role in the Non-Aligned Movement, seeking to achieve a better deal for Third World countries in relation to the Cold War superpowers and had the moral vision to take a global lead in the fight against apartheid.

## India's Status & Image

Finally, India will need to think carefully about its image and status in an emerging global society. It is not difficult to identify fields where India could seek to build on its comparative advantage in this social enterprise.

### Strengthening the technical capacity of African countries to collect data on poverty and analyse it.

- Offering incentives to its pharmaceutical companies to develop low cost medicines for tropical diseases.
- Establishing world class technical institutions in Africa to create a generation of African IT specialists, genetic engineers and others who can link Africa to global technical advances.
- If the NREGS 'works' India could experiment with the transfer of this model to other countries.

## Can India be a 'Social Superpower'?

Globalisation has helped tens of millions to escape poverty in recent years but there are still hundreds of millions trapped in poverty who have seen no benefits. In some cases, poor people's lives have been damaged by globalisation.

Between one-third and one-half of these chronically poor people live in India. While many of the country's economic and social policies have helped reduce national poverty rates there are deep problems in reaching the poorest people in poorly-performing states and reaching disadvantaged social groups.

To conclude - it seems almost certain that India will be an economic superpower by the middle of the 21st century. Its people now have the chance to ensure it becomes a social superpower by that time - but, have they got the moral imagination to push that goal forward? ■



# African Woman Official Bags Global AgriBusiness Award 2007



Commissioner for Rural Economy and Agriculture of the African Union Mme Rosebud Chamba Kurwijila has been conferred with Agribusiness Award 2007 and Certificate of Honour in Rome Italy. The historical event took place on 4 June 2007, and was witnessed by Ministers, Ambassadors, dignitaries and high-level officials based in Rome. She was the only lady received the AgriBusiness Award for the year 2007.

The Vice President of the European Market Research Centre (EMRC), told the audience that, the AgriBusiness Award Search & Nomination Committee identified and unanimously pronounced Commissioner Kurwijila as a dynamic leader with excellence in leadership, creativity and tenacity in promoting agricultural development. In concrete terms, the Vice President underscored that; the award is a true testimony that recognizes Mme Commissioner's invaluable contribution in conceptualization and management of development programmes in Tanzania, particularly in the areas of agriculture development and rural livelihoods, with a view of improving the quality of life of the rural poor.

The EMRC AgriBusiness Award nomination Committee further elaborated that, Mme Commissioner's tenure in the office as the Commissioner for Rural Economy and Agriculture of the African Union, responsible for giving

political and policy guidance on issues of continental interest under her portfolio is another vivid testimony of her impeccable leadership record and contribution in transforming African agriculture towards poverty alleviation. "Mme Commissioner's exemplary leadership role that she has been playing with courage without compromising the leadership ethics is also highly acknowledged", the nomination committee said. The AgriBusiness Award is given to a select few political leaders and business chief executives/ entrepreneurs worldwide for their contribution to the local, regional and international improvement of the standard of living of mankind. The Commissioner won the AgriBusiness Award in the Leadership category.

In her award acceptance statement, Commissioner Kurwijila remarked that she was humbled and genuinely surprised at the recognition and honour bestowed upon her. She happily pronounced that it wasn't an award to her personally, but also for the many colleagues and farmers with whom she had the opportunity to work with since she took a decision to step out of academia 15 years ago and plunge into the wider arena of rural development.

The Commissioner further recalled her work in Tanzania that took her to the remotest rural areas and exposed her

to the challenges encountered in trying to bring about agricultural development and transformation of the livelihoods of the majority of African people who live in the rural areas. The exposure made her appreciate how introduction and adoption of even the simplest technologies such as improvement of traditional irrigation systems can make a big difference in food security and income for the rural poor. Joining the African Union and beginning to address agricultural development issues at the continental level was yet another experience and challenge.

Mme Commissioner said that the opportunity to serve the continent exposed her to the reality of a widespread rural underdevelopment in the midst of Africa's natural resource endowment and potential for agricultural development. She said that the experience gained so far

made her optimistic that it is possible to transform Africa Agriculture and alleviate poverty. All that is needed is a strong commitment of all concerned to direct more human and capital resources to agriculture. A 10% commitment of budgetary allocation to Agriculture made by the African Union's Heads of state in Maputo in 2003 is one big first step towards the required commitment.

Madam Commissioner Kurwijila concluded her award acceptance statement by appreciating the significant role that civil society, private sector, bilateral and multilateral development institutions can play in catalysing Africa's agricultural transformation. She urged this partnership be enhanced to transform agriculture and improve the quality of rural life on the African continent. She dedicated her Award to all the Farmers in Africa. ■

## Ghana, a Model for APRM

Ghana has been recommended to other African countries as a country they can look up to under the African Peer Review Mechanism (APRM) before they avail themselves for review.



African countries, which have not yet submitted themselves to the APRM, were advised to read Ghana's APRM report so that they can learn some of the country's best practices.

Ghana which was the first to be peer-reviewed, now have Rwanda and Kenya as the only three African countries that have so far been reviewed out of a total of twenty-six that have acceded to the APRM.

The advice was given by the APRM Executive Director Dr. Bernard Kouassi when he presented an update on the APRM to the Seventh Ordinary Session of the Pan African Parliament (PAP) at Midrand in South Africa.

The APRM is a mechanism introduced by the African Union (AU) to help African countries improve their governance by developing a self-assessment report and a programme of action based on a questionnaire that looks at four themes: democracy and political governance; economic management; corporate

governance; and socio-economic development.

South Africa and Algeria are expected to be peer reviewed in Accra during the June/July AU Summit.

Among some of the benefits of the APRM, Dr. Kouassi said, are that it helps to foster the adoption of policies, standards and practices that lead to political stability, high economic growth, sustainable development and accelerated sub-regional and continental economic integration through the sharing of experiences and reinforcement of successful and best practice, including identifying deficiencies and assessing the need for capacity building.

According to Dr. Kouassi, Ghana, after submitting itself to the APRM, is currently enjoying the trust of other African countries including the international community. He advised the other countries who have not yet submitted themselves to the process to do so.

The countries that are yet to submit themselves for the review are Benin, Burkina Faso, Lesotho, Mauritius, Uganda, Nigeria, Tanzania, Angola, Cameroon, Congo and Egypt.

Others are Ethiopia, Gabon, Malawi, Mali, Senegal, Sierra Leone, Sudan, Zambia and Sao Tome.

Dr. Kouassi, however, said the secretariat was in the process of reviewing the questionnaire, which is used for the process, since according to him most countries were complaining about its complex nature. ■

# Indo-Ethiopian Economic Ties Touch A New Peak

India's External Affairs Minister **Pranab Mukherjee** visited Ethiopia in July 2007 as part of an ongoing process of strengthening economic relations between the two countries. During Mukherjee's visit, India and Ethiopia signed five agreements on a broad-range of cooperation. At the end of his visit, the Indian Minister addressed a press conference along with Ethiopian Foreign Minister **Seyoum Mesfin**. Excerpts



**Seyoum Mesfin:** We all know India is a close friend of Ethiopia. Our relations go back to history and they go beyond state-to-state relationship, they are people-to-people relations. India is playing a critical role in many ways in Africa, in the context of the South, and

particularly in Ethiopia. The Minister's visit to Ethiopia has given us ample opportunities to touch base on issues of mutual interest - bilateral, regional and international. We have registered a common vision, common policies and direction on the issues we have touched base. We have also committed ourselves to continue building on the longstanding all-weather relationship. What we have just signed between the Minister and me cover a number of sectors and provides a legal framework for cooperation in those areas. The agreement that we have signed is for establishment of a Joint Ministerial Commission between India and Ethiopia.

The other agreements that we have signed are for the promotion and protection of investments. This will facilitate the public and private sector, the vibrant Indian private sector, to invest in Ethiopia. The other agreement that we have signed is in the field of science and technology. I need not emphasise the miracles that India has achieved in this area. We are hoping to benefit, through this agreement, from the successes achieved by

India. We have also signed an exchange programme in the field of education which is a lynchpin of the cooperation between our two states. An Ethiopian generation has gone to schools taught by Indian teachers. India is a centre of excellence in many ways and many Ethiopian youth and professionals are benefiting from it. We have also signed a Protocol of consultations between the two ministries.

This would enable the ministries as coordinators of sectors, to continuously and regularly consult with each other on issues of bilateral, regional and international importance. Ethiopia can, and must, benefit from India's democracy. India, as you know, is the largest democracy in the world. Not only the largest, but a vibrant, pluralist democracy. Not only that, but (India is) the largest democratic federated state. Ethiopia can benefit and learn from the experience of India. This is not a visit that you see every day. This is a unique opportunity, Excellency, which would bring Ethiopia and India to further consolidate their friendly ties. We appreciate this message of encouragement, sympathy and support from you.

**Pranab Mukherjee:** I entirely agree with my distinguished colleague the Minister of Foreign Affairs of Ethiopia on the significance of the protocols we have signed, numbering five. These will provide us the institutional framework on which



we will build up our already existing excellent relationship. Our objective is to expand it, to deepen it, share each other's experiences and expertise for the benefit of the people of these two great countries. Our links are not of contemporary period, our links go back to the days of history. It is a civilisational link. Over the years, our relationship has gone through different phases but never has there been an occasion that there is lack of enthusiasm, understanding each other and lack of spirit of cooperation with each other. Therefore, my visit to Ethiopia, to my mind, is a great achievement in the sense that we have been able to rediscover the areas of our cooperation.

I had a very fruitful and productive discussion with His Excellency, the Foreign Minister of Ethiopia, who has given me a very detailed brief on the regional developments, including the developments on Darfur, Somalia, and on how the process of integration among countries of the African continent in the form of the African Union is going to evolve. Apart from our bilateral relations, we have exchanged views on important regional and international events, including cross-border terrorism, which is going to be the biggest menace to peace and tranquility in the post-cold war era and which is the biggest violator of human rights. We discussed the reform of the United Nations. We do appreciate the legitimate demand and aspiration of the African continent to have a seat in the permanent category in the United Nations Security Council. We are grateful to the Government of Ethiopia which has steadfastly supported the claim of India to be a permanent member of the Security Council, the expanded form of it. We decided to cooperate with each other in various international fora and as far as



possible to have a common approach on international issues including the current trade negotiations, economic cooperation, climate change and I am happy to inform you that on all these issues, we found that our perceptions are synchronizing with each other.

**Seyoum Mesfin:** I would like to bring to the attention of the media if you have missed my earlier remarks, on Ethiopia's strong support to a permanent seat in the United Nations Security Council for India. I told the Minister that what India is asking is not a favour for India but India deserves that permanent seat in the Security Council. Because India, as a member of the family of nations, is distinguished for its role in the negotiations for a fairer world, for its contribution to global peace and security... for this and many other reasons India has a legitimate position to demand a permanent seat in the Security Council and Ethiopia strongly supports this legitimate demand of India. Likewise, India is at the forefront of countries supporting the legitimate African demand that Africa should have a seat in the permanent category. Africa is the only continent not represented in that category. ■



# Putting Best Farm Practices to Broad use Across Africa

Ministers from the United Kingdom, South Africa and Sierra Leone have jointly launched recently a £37.5-million programme that aims to put the best agricultural and natural research into widespread use across Africa and South Asia.



Gareth Thomas, UK's Minister for International Development, said: "The Research Into Use programme will enable many of the best agricultural technologies to reach the poor and make a positive difference to their lives.

"Virtually no country in history be it China, India, the US or Britain - has achieved economic progress and improved the welfare of its people without first achieving gains in agriculture. The path to agricultural and economic growth is long and hard, but the UK is committed to doubling our spending for agriculture, fisheries and forestry research in poor countries to £80 million a year by 2010."

The programme was launched at the FARA (Forum for Agricultural Research in Africa) General Assembly and Africa Agricultural Science Week in Johannesburg.

The Research Into Use technologies will be selected on their potential to make money for farmers, stop environmental damage, reduce poverty for the community, and increase the supply of food. Lessons from the programme will be shared to show how fishing, farming, responsible forestry, and livestock rearing combined with new, useable technology can help reduce poverty.

Lulu Xingwana, South Africa's Minister for Agriculture and Land Affairs, said: "There is urgent need for innovation in agriculture in order to address the chronic food deficiencies which still affect two-thirds of the people in Africa. Also, Africa will need innovative approaches to address the 6.0 percent growth target in agricultural production agreed by the New Partnership for African Development. This is an exciting initiative; it is both encompassing and inclusive."

John Karim-Sessay, Sierra Leone's Deputy Minister of Agriculture & Food Security said: "We in Sierra Leone look forward to welcoming the RIU programme activities to our country as the issue of both appropriate information and the ability to utilize it are key to the development of our agriculture - and agriculture is central to our development."

Dr Monty Jones, Executive Director of FARA, said: "I believe that this is one programme that will take technologies to the farmers and take farmers' products to the market. This programme is also complementing the innovations system approach that FARA is advocating. I personally hail DFID for bringing this to Africa."

Research Into Use builds on past DFID research



successes. For example, in India research on controlling a pest that attacks cotton plants and costs the country \$1 billion a year in lost income, has resulted in 100,000 farmers using fewer pesticides but increasing their production by 11 percent with an overall increase in profits of 75 percent. ■

## Nigeria Emerges as hot Destination for FDI, Attracts \$35 Billion

The Nigeria Investment Promotion Commission (NIPC) has said the country is fast becoming the preferred destination for investors, with the total foreign direct investments (FDIs) into the economy now at about \$35 billion. Out of this, China's investment alone accounts for \$10 billion.

The FDI inflow, according to the NIPC, is now growing at a rapid rate and translates to an average of about \$4 billion over eight years, starting from 1999 to 2007.

Disclosing this in an exclusive interview the Executive Secretary of NIPC, Engr. Mustapha Bello, has said recently that most of the investments came from telecoms and oil and gas sectors.

According to Bello, "as at 2002, the World Economic Forum reported that Nigeria received about \$22 billion FDI and substantial part of it came from oil and gas, followed by the telecoms sector. That was about the time we had the auction of the GSM licences and GSM companies began to move in their foreign capitals to be able to establish the infrastructure to support the distribution of GSM service.

"But as at today, we are in the neighborhood of \$33 to \$34 billion. Even going by the CBN record, it's an average of \$2 to \$3 billion a year but if we are able to fast-track our growth to a target of 10 per cent, we must be able to drive a minimum of \$3 billion a year, then we can keep pace with the 10 per cent growth. If we are able to make much more than that, then we should see a growth of 10 per cent just like the Chinese.

"Again we can only talk relatively because we have 10 per cent of Chinese population and the land area is 10 per cent. Even if we are able to achieve 10 per cent, it doesn't mean 10 per cent growth of Chinese. That means we can on year-in, year-out be removing a certain class out from poverty. Between 1999 and 2007, we have taken up \$33 billion over 8 years. An average of \$4 billion," he added.

Bello however said if the nation could focus more on the non-oil sector, it would experience faster growth in FDIs into the economy, which would in turn translate to higher gross domestic product (GDP) growth.



"If we get more into the non-oil which is the target of the government now, then we would even see much faster growth because what investment of \$5 million in the non-oil will do, that of \$50 million in the oil and gas will not do. Because \$5 million in the non-oil gas in the non-oil and gas should be able to create at least 500 jobs. Our drive is to get more into that," he said.

He said, "currently the Central Bank said that remittances or transfers into the economy from Nigerians in Diaspora was \$8 billion, but you will notice most of it have come in to invest in the petroleum sector, small percentage of it goes into helping parents, relations."

Bello argued that "we don't really need that kind of money to go into those areas, we need it to go into other productive sector to support non-oil and gas activities particularly value addition.

"Take for example, our cocoa, it about \$1,800 per ton. If you can add value to the same cocoa, you would be able to sell it 10 times faster, people will get employed. If we consume it here, you can get more than 20 times because if you sell out, it is regulated by the global commodities market, but if you sell locally, it depends on availability."

On China's investment in the economy, Bello said the Asian tiger's commitment in Nigeria jumped from \$26 million in 1999 to \$10 billion in 2007. ■

## Botswana's New Companies Act Ushers in Liberalization

The new Companies Act has been hailed as a progressive piece of law that has liberalised businesses in Botswana in line with modern standards across the globe, John Kiggundu, a law professor at the University of Botswana, has said recently.

Kiggundu was presenting a public lecture on the statute he helped draft between 1998 and 2003, but which only came into effect in July this year.

The lecture, which was also attended by Acting Vice Chancellor Professor Frank Youngman, was hosted by UB as part of its on-going 25th anniversary celebrations.

It was also a part of the university's programme to show the public some of its contributions to the national economy.

A feature of the new law is the pressure it bears on company owners or directors to disclose shareholding structures, dividends and profits, which Professor Kiggundu said should help avoid scandals similar to those of Parmalat and Enron through its corporate governance aspect.

Parmalat is an Italian dairy product company while Enron is an American oil company whose directors swindled shareholders out of billions in profits, landing some of them in jail.

Before the new Companies Act came into being, private companies were required to satisfy certain stringent conditions and did not have the freedom to run their businesses the way they liked. However, Professor Kiggundu said under the new law, emphasis is on the close regulation of public companies.

He said the shift of emphasis could have been inspired by the fact that most government and parastatal institutions are earmarked for privatisation. The new law was also singled out for its simplicity when compared with the one it replaced last July which, the professor said, was cluttered with cases from all over the world.

### Poor Response for Consumer Fair

Kiggundu was also involved in the formulation of Swaziland's Companies Act.

Meanwhile, Consumer Fair 2007 got off to a damp squib with hardly anyone turning up within the first three days despite an exciting line up of entertainment activities.

Organisers, who pronounce themselves happy with the turnout of exhibitors, say they expect attendance to improve over the weekend.

"It is normal," said Frieda Bamu, Fairs and Exhibitions Manager at Fairgrounds Holdings. "People usually start coming in big numbers towards the weekend. We are used to this happening."

Observers partly attribute the poor attendance to high entrance fares.

But the organisers of the 'revamped' Consumer Fair, in its second year now, have expressed delight at the volume and quality of exhibitions, although they acknowledge there is room for improvement.

Fairgrounds Holdings CEO Michael Montshiwa says with their main attraction, the Ditshupo Hall, now fully occupied by exhibitors, they are not complaining too much.

"The Ditshupo Hall is our centre of attraction. We get worried when it is not fully occupied," says Bamu, adding that international exhibitors at this year's show are from no less than ten countries, namely South Africa, Lesotho, Swaziland, Kenya, Syria, Tanzania, Egypt, Zimbabwe, Zambia and Ghana.

There is a total of 306 exhibitors in 427 stalls and stands. Montshiwa says some companies have taken more than one stall: "I think this is a result of growth realised by the companies over the years; they now see the importance of extending their stands to show the variety of their products and services," the CEO says. As a cost saving measure, Consumer Fair 2007 is running for seven days instead of last year's eleven.

"Last year we had lots of expenses to pay in running costs. With the long duration, we paid a lot for security

companies, portable toilets, litter pickers, casual labourers and so forth," Montshiwa says.

The Fairgrounds Holdings chief executive says they had been inspired by South Africa's massive 14-day Rand Show when they decided to run their first show for 11 days.

"Ideally, longer shows should reduce congestion and allow different people to come to the show at their convenience. But it also probably means that the retail sector suffers because it thrives on high volumes of

visitors per day," says Bamu.

Another problem identified by the organisers is that the Consumer Fair and BEDIA's Global Expo generally target the same entities for their exhibitions. "Some of our exhibitors are the same businesses that are also being courted by BEDIA for its trade fair, the Global Expo.

"Theirs is supposed to be a briefcase show or business-to-business type of show, but we have realised we are targeting the same businesses," Montshiwa says. ■

## UK firm to Invest \$512 million in Mozambique to produce ethanol

Pro-Caná, a private company with British interests, is set to invest US\$510 million for the construction of a new plant for the production ethanol, sugar and fertilizers in the district of Massingir, southern province of Gaza, in Mozambique.

Joana Matidiana, spokesperson for the government of Gaza, has said recently that in the first stage, the project that is due to start soon, will create at least 7,000 new jobs for the people of Massingir and surrounding areas, and "therefore its is welcome, as it will contribute largely in the fight against poverty in Mozambique".

The proprietors of this company, the first of its kind in Africa, also own an ethanol plant in Brazil and want to develop in Massingir an irrigation scheme for some 30,000 hectares, besides other infrastructures that will benefit the local communities.

The proponents of this project are planning, among others, to develop in the same region a grazing area for cattle belonging to the local communities, as Massingir is one of the major beef producers in Gaza.

Currently, the Mozambican authorities are in the process of expanding the sugar industry in Mozambique to diversify country's economy.

"We want to diversify our economy because we don't want our economy to depend on just four major products of export. We would like to contribute with some other products, such as alcohol. We can also contribute with the export of electricity, as the sugar mill could also generate electrical power and sell it to the

domestic market", said a source from the Mozambique's Agrarian Promotion Centre.

This would enable to decrease the consumption of power generated at the Cahora Bassa Dam, which could eventually be exported to other countries in the region such as Zimbabwe, South Africa, Swaziland, Malawi and Botswana, said the same source.

"It is beyond any doubt that production of ethanol is the one of best opportunities for the country", stressed the source, adding that power generation is another area that the government will have to explore more.

"We are already working with the Ministries of Energy, Industry and Trade Ministry and Agriculture. The Energy Ministry has already established a task force to work on that area of ethanol, to evaluate the possibility to generate electricity", said the source.

The government believes that this "is an opportunity and that it must work fast, other wise it will run away to other countries".

In 2006, the Mozambican sugar industry achieved the highest production of the last 30 years, by producing 300.000 tons in the existing four plants currently operating in the country, namely Marromeu and Mafambisse, in the central province of Sofala and Maragra and Xinavane, in the southern province of Maputo.

The highest production ever reported in Mozambique was in 1972, when there were six factories operating in Mozambique. ■

## CEDEAO (La Communauté Economique Des Etats de l'Afrique de l'Ouest) vision stratégique 2020

# La naissance d'une unique communauté économique régionale

Les Chefs d'Etat de la CEDEAO (La Communauté Economique Des Etats de l'Afrique de l'Ouest) ont adopté la Vision stratégique CEDEAO qui a pour objectif de transformer l'Afrique de l'Ouest en un espace sans frontière où les citoyens pourront bénéficier d'opportunités et exploiter de manière durable les énormes ressources de la région. Cette vision, développée au Sommet du 15 juin 2007 à Abuja prévoit la création d'un espace régional permettant aux populations d'opérer des transactions et de vivre dans la paix et la dignité dans le cadre de l'Etat de droit et la bonne gouvernance.

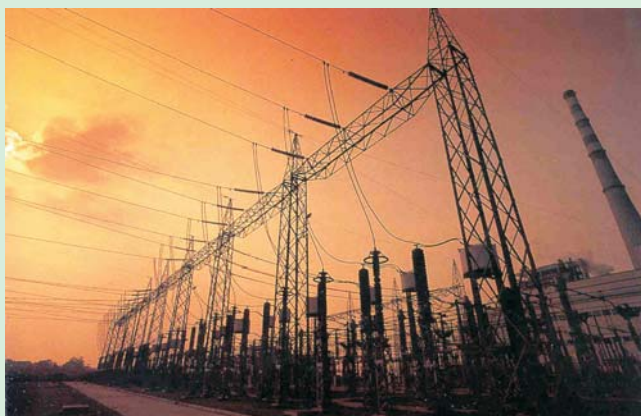
La création de cet espace, qui fera appel à des principes de base tels que l'appropriation par les citoyens, le service, la transparence, le partenariat, la subsidiarité, la gestion axée sur les résultats et la durabilité, permettra à la région, à l'horizon 2020, d'évoluer d'une CEDEAO des Etats vers une CEDEAO des peuples. D'autre part, il conduira à la transformation des structures d'intégration existant au niveau régional et national en une Communauté régionale unique dotée d'agences spécialisées.

Les priorités de la région, à court terme, seront le développement des infrastructures régionales, le renforcement des capacités de négociation commerciale, la consolidation de la paix et de la démocratie, la réduction de la pauvreté, la mise en

œuvre scrupuleuse de la Politique agricole commune de la CEDEAO (ECOWAP), le Programme de Développement de la Communauté et la finalisation et l'opérationnalisation du plan stratégique d'action à moyen terme.

Les Chefs d'Etat se sont félicités de la priorité accordée au développement des infrastructures et ont vivement souhaité que l'accent soit mis sur l'énergie et la construction de lignes ferroviaires dans la région. Ils ont estimé que la vision stratégique mérite d'être vulgarisée pour que les différentes parties prenantes se l'approprient. A cet effet, des projets régionaux spécifiques devront faire l'objet d'une étude financière et être présentés dans le cadre d'un plan de développement conçu à l'effet de créer des opportunités d'emploi pour la jeunesse ouest africaine.

Par ailleurs, lors de ce 32ème Sommet, les Chefs d'Etat ont adopté le rapport intérimaire de la Commission pour 2007, une synthèse des réalisations enregistrées par la Communauté et des problèmes rencontrés dans le cadre de la mise en œuvre du processus d'intégration. Il ressort dudit rapport que la région a enregistré un taux de croissance de son PIB de 6,1% en 2006, contre 5,5% pour l'année précédente. La Conférence a noté que les prix élevés des produits pétroliers continue de constituer une menace pour les économies de la région et demandé la réalisation d'une étude sur le marché international du pétrole en vue de la formulation de



propositions sur les voies et moyens d'en atténuer les effets négatifs.

Les Chefs d'Etat et de Gouvernement ont également invité la Commission à élaborer de nouvelles stratégies et des approches visant à améliorer le niveau de mise en œuvre du schéma de libéralisation des échanges de la CEDEAO. Ils ont en outre réaffirmé leur engagement à assurer la réalisation de trois activités importantes devant précéder la signature de l'Accord de Partenariat Economique (APE) avec l'Union Européenne, qui est de nature à renforcer l'intégration régionale, accroître la capacité de production de la région, assurer à ses produits un accès sur le marché et mettre à disposition des financements destinés à compenser les effets pervers de cet accord et le rendre en outre compatible avec l'OMC.

S'agissant de la monnaie régionale unique, les Chefs d'Etat et de Gouvernement ont appelé à une révision de l'approche actuelle à deux volets ; ils ont engagé la Commission à se concerter avec les Ministres des Finances et les Gouverneurs de Banques Centrales en vue de la définition de nouvelles orientations.

D'autre part, après avoir passé en revue la situation sécuritaire de la région, les Chefs d'Etat et de Gouvernement ont exprimé leur satisfaction quant aux progrès réalisés dans le cadre de la mise en œuvre des accords de paix en Côte d'Ivoire et au Togo ainsi que la consolidation de la paix au Libéria et en Sierra Léone. Ils se sont également félicités de l'amélioration de la situation en Guinée.

Notant le caractère fragile du processus de paix dans certains pays, ils ont salué les efforts engagés par les Etats membres afin de promouvoir la démocratie et la bonne gouvernance dans la région.

Les Chefs d'Etat et de Gouvernement ont noté avec satisfaction que les élections sont devenues la norme dans les Etats membres et donné des instructions à la

CEDEAO afin qu'elle continue à œuvrer en faveur du partage d'expériences en matière de réforme de systèmes électoraux et de promotion de bonnes pratiques en la matière.

Ils ont évoqué la menace que constitue le trafic de drogue dans la région et se sont engagés à œuvrer de manière concertée dans la lutte contre ce phénomène et d'apporter un appui aux Etats membres confrontés à ce fléau. Les Chefs d'Etat ont en outre lancé un appel à la communauté internationale en vue d'un appui au renforcement des capacités des Etats membres pour la lutte contre le trafic de drogue.

Ils ont d'autre part chargé la Commission de faire des recommandations sur les modalités de règlement des arriérés de contribution dus par certains Etats membres.

Par ailleurs, les Chefs d'Etat ont rendu un vibrant hommage au Président Ahmed Tejan Kabbah dont le mandat expire à la fin de l'année, pour le rôle qu'il a joué dans le cadre de la promotion des idéaux de la Communauté. Ils ont d'autre part félicité et souhaité une chaleureuse bienvenue au Président Umaru Musa Yar'Adua du Nigéria qui participe pour la première fois aux travaux. Les Chefs d'Etat ont également vivement félicité les Présidents Abdoulaye Wade du Sénégal et Amadou Toumani Touré du Mali pour leur réélection.

Ce sommet a été marqué en outre par la prestation de serment du Président de la Commission, le Dr. Mohamed Ibn Chambas, devant la Présidente de la Cour de Justice, l'Honorable Aminata Malle Sanogo. En prêtant serment, le Dr. Chambas s'est engagé à exécuter en toute loyauté et avec discrétion et dévouement les tâches qui lui sont assignées, en ayant exclusivement à l'esprit les intérêts de la Communauté.

Plus tôt, la CEDEAO vision 2020 était discutée par la Commission lors de la 58ème session du Conseil des Ministres tenue à Ouagadougou les 4 et 5 juin 2007. Cet objectif est inscrit dans le Plan Stratégique Régional de la Communauté présenté par le Président de la Commission, le Dr. Mohamed Ibn Chambas. Ce Plan est basé sur les principes d'appropriation, de transparence, de partenariat, de subsidiarité et de gestion axée sur les résultats. Le Conseil a reconnu dans la vision stratégique de la CEDEAO un bon canevas pour orienter les efforts d'intégration et de développement de l'Afrique de l'Ouest.

Durant cette session, les Commissaires de la CEDEAO ont prêté serment devant la Présidente de la Cour de Justice de la CEDEAO, Madame Aminata Malle SANOGO. En prêtant serment, les Commissaires s'engagent à « exercer en toute loyauté, discrétion et conscience leurs fonctions ...en ayant exclusivement en vue les intérêts de la CEDEAO ».



Le Ministre des Finances et du Budget du Burkina Faso, M. Jean-Baptiste Compaoré, représentant le Président du Conseil des Ministres, qui a présidé la cérémonie d'ouverture a, dans son allocution, mis l'accent sur les défis économiques, sociaux et politiques à relever pour la réalisation des objectifs d'intégration et de développement.

Il a émis l'espoir qu'une Commission dynamique et performante permettra d'y parvenir et que la mise en œuvre du Plan Stratégique de la CEDEAO posera les bases d'une Afrique de l'Ouest intégrée, prospère et paisible.

Au cours de cette session, le Président de la Commission, le Dr. Mohamed Ibn Chambas, a présenté le rapport intérimaire d'activités 2007 de la CEDEAO. Ce rapport fait la synthèse des réalisations enregistrées par la Communauté ainsi que les difficultés rencontrées pour assurer la réalisation des objectifs d'intégration et de développement économique.

Les Ministres ont fait des observations pertinentes sur la mise en œuvre des programmes fondamentaux que sont la Zone de Libre Echange, la facilitation des échanges intra-communautaires, les négociations des Accords de Partenariat Economique (APE) et la Stratégie Régionale de Réduction de la Pauvreté.

Les questions relatives à la convergence macro-économique, à l'agriculture, à l'énergie, au développement humain, à la paix et à la sécurité ainsi qu'au plan stratégique de la CEDEAO ont fait l'objet de discussions fructueuses. Le Conseil s'est en outre penché sur des questions d'ordre administratif et a examiné le projet d'ordre du jour du 32ème Sommet ordinaire de la CEDEAO, prévu le 15 Juin 2007 à Abuja.

Les Ministres des Finances et de l'Intégration de la CEDEAO ont souligné l'importance de l'approche régionale dans le processus de développement de l'Afrique de l'Ouest. Ils ont réaffirmé la volonté des Etats membres d'adhérer à la vision stratégique de la CEDEAO afin de donner une valeur ajoutée à l'intégration et au développement de notre région.

Cette volonté a été exprimée lors de la première retraite conjointe des ministres de la CEDEAO et des partenaires au développement tenue à Ouagadougou les 2 et 3 juin

2007. A cette occasion, au nombre des personnalités présentes aux côtés des Ministres de la CEDEAO, figuraient M. Abdoulie Janneh, Secrétaire Exécutif de la CEA, M. Gilbert Hounbo, Directeur du PNUD pour la région Afrique, les Directeurs pour l'Intégration régionale et les Directeurs pour l'Afrique de l'Ouest de la Banque Mondiale ainsi que des représentants de la BAD. Le Président de la Commission, le Dr. Mohamed Ibn Chambas a présenté la vision stratégique de la CEDEAO en vue de l'intégration et du développement de l'Afrique de l'Ouest. L'objectif global est le développement durable, la réduction de la pauvreté, la paix et la sécurité régionales, en conformité avec le NEPAD et les Objectifs du Millénaire pour le Développement.

Les ministres de la CEDEAO ont exprimé leur satisfaction à cette initiative qui a permis de faire le bilan, de définir le chemin qui reste à parcourir et de fixer les objectifs prioritaires à atteindre en matière d'intégration par la CEDEAO, avec l'appui des partenaires au développement. Ils ont souligné le fait que l'approche régionale de développement est un complément nécessaire aux efforts de développement nationaux pour accélérer la croissance et le développement en Afrique de l'Ouest.

Les Ministres ont déploré la persistance des tracasseries subies par les citoyens ouest africains aux postes frontières et sur les grands axes routiers, en raison de la présence des barrages illégaux, ainsi que les extorsions dont font l'objet les voyageurs. Les participants se sont félicités du retour à la paix et à la stabilité des pays en crise, condition nécessaire au développement. A cet effet, ils ont souhaité le renforcement du mécanisme de prévention des conflits ainsi que la consolidation des processus démocratiques dans la région.

L'appropriation de cette vision stratégique de la CEDEAO par les femmes, les jeunes, la société civile, le secteur privé a été identifiée comme un élément fondamental pour atteindre les objectifs d'intégration et de développement.

Les ministres ont exprimé leur gratitude aux partenaires au développement, particulièrement à la Commission Economique pour l'Afrique (CEA), à la Banque Mondiale, au PNUD et à la BAD pour leur assistance financière et technique qui a contribué aux progrès réalisés dans la mise en œuvre des programmes prioritaires régionaux.

Les ministres de la CEDEAO et la Commission de la CEDEAO invitent les partenaires au développement, notamment les membres du G8 à réapprovisionner l'IDA et à contribuer ainsi à la création d'instruments pour le financement de projets prioritaires régionaux par la Banque Mondiale et les autres Institutions internationales de financement.



Augmentation nette 10.6 pc à Rs 2990 million en 2006-07; déboursement zoom 47 pc à Rs 220760 million;

## Banque Exim Excel en son vingt-cinquième anniversaire



La banque Export-Import de l'Inde (banque Exim) a déclaré une amélioration globale dans sa performance pendant l'année fiscale 2006-07 de fin mars. Le Président-Directeur **T.C Venkat Subramanian**, a récemment à Bombay annoncé les résultats de la banque pour l'année, le vingt-cinquième anniversaire des opérations de la banque.



### Les points forts fiscaux comprennent :

- Bénéfice net (après taxation) à Rs 2990 millions, une augmentation de 10.6 pour cent sur l'année précédente.
- Un transfert de Rs 956.2 millions sera effectué au Gouvernement Central conformément au décret de la banque Exim, par rapport à Rs 867.5 millions en 2005-06.
- Capital adéquat (proportion de capital à risque de biens) restait à 16.38 pour cent.

### PERFORMANCE D'AFFAIRES

- Accords de prêts s'élevait à Rs 267620 millions pendant 2006-07 par rapport à Rs 20489 millions l'année précédente, une augmentation de 31 pour cent. Déboursement s'élevait à Rs 220760 millions, par rapport à Rs 150390 millions pendant l'année précédente, une augmentation de 47 pour cent. Actifs de prêts augmentés par 29 pour cent avançant à Rs 232740 millions à la date de mars 31, 2007 de Rs 180280 millions à la date de mars 31, 2006.

- Les NPAs net constituaient 0.5 pour cent des actifs de prêts net à la date de mars 31, 2007.
- Pendant l'année, la banque a alloué seize limites de crédit, s'élevant à US\$542 millions, parcourant 42 pays pour appuyer l'export de projets, articles et services de l'Inde. Soixante treize limites de crédit parcourant quatre vingt pays en Afrique, l'Asie, le CIS, l'Europe et l'Amérique Latine, avec des engagement de crédit s'élevant à US\$ 2.3 milliard sont actuellement disponible pour utilisation, alors que quelques limites de crédits potentiels sont en négociation. La banque met particulièrement de l'emphase sur la prolongation des limites de crédits comme c'est un moyen efficace pour entrer dans le marché surtout pour les petits et moyens entreprises.
- Les projets d'accords d'export soutenus par la banque EXIM se montait à Rs 14000 millions et étaient garanties par 21 compagnies en 20 pays.
- Les garanties sur livre étaient Rs. 35360 millions sur le 31 mars, 2007.

### RESSOURCES/TRESOR

- La banque a collecté des emprunts d'échéances divers s'élevant à Rs 160210 millions, y compris les ressources roupies de Rs 64610 millions et des ressources en devises étrangères de l'équivalent de Rs 957 millions.
- Des emprunts du marché formaient à la date de mars 31 2007, 85 pour cent des ressources globales.
- Pendant l'année, le gouvernement indien a attribué Rs 500 millions vers le capital

de la banque et le capital libéré de la banque est monté à Rs 10000 millions, ce qui est l'équivalent actuel du capital autorisé de la banque à la date de 31 mars 2007. Le gouvernement indien en train d'augmenter le capital autorisé à Rs20000 millions. • Les ressources en devises étrangères collectées pendant l'année comprenaient US\$269 million équivalent en terme de deuxième émission des obligations Samurai/FRNs. Des ressources FC équivalent à US\$688 million étaient collectées à travers des emprunts bilatéraux/cotisés. A la date de mars 31 2007, la banque avait un fonds de ressources de devises étrangères équivalent à US\$2.57 milliard. • Les moyens des dettes domestiques de la banque ont continués à jouir de la plus haute classement à savoir 'AAA' du classement des agences CRISIL et ICRA. A la date de mars 31 2007, les emprunts en souffrance incluant les obligations et les billets de trésorerie montait à Rs 14534 millions. • Pendant 2006-07, les classements de Standard & Poor's et Fitch ont surclassé le degré de solvabilité de la banque de BB+ à BBB-. Le Japan Credit Rating Agency (JCRA « agence de notation japonais ») a renforcé la perspective sur le degré de solvabilité de la banque de 'positif' à 'stable'. Compté avec le classement Baa3 de Moody's, la banque tient actuellement une notation d'investissement au même niveau que l'Inde souverain de quatre agences de notation internationales.

## NOUVELLES INITIATIVES

Affaire en participation avec la commission des industries du Khadi et du village (Khadi and Village Industries Commission, KVIC)

- La banque est en discussion avec la commission des industries du Khadi et du village, pour monter une organisation de marketing de l'export en commun, qui contribuerait au rendement des entreprises d'affaires de base, et promouvoir l'export des produits des entreprises rurales entraînant ainsi une croissance universelle. La banque aiderait le KVIC à identifier des produits ayant de potentiel d'export, les pays prêt à importer ces produits et des acheteurs étrangers intéressés. Le projet aura un investissement initial de Rs 50 millions, duquel la banque EXIM et le KVIC contribueront Rs 20 millions chaque, et le solde de Rs 10 millions sera alloué par un nombre de ONGs/SHGs engagés dans la production des produits agricoles/d'artisanat. Alors que le conseil de la banque EXIM a accordé l'investissement, KVIC est en voie d'obtenir l'accord du gouvernement indien pour leur investissement.

## INITIATIVES DES AFFAIRES DE BASE RURALES

- La banque a introduit une facilité novateur pour soutenir la globalisation des industries rurales à travers des initiatives des affaires de base rurales. A ces fins, la banque a consciemment cherché à établir, entretenir et encourager des liens institutionnelles diverses. Un titre d'exemple est une coopération aménagée avec la Confédération des ONGs de l'Inde Rural [Confederation of NGOs of Rural India (CNRI)], une organisation non lucrative ayant une

adhérence de 5000 ONGs parcourant tous les Etats de l'Inde. Avec cette disposition, la banque EXIM aide les membre CNRI dans leur rendement, formation et accès aux marchés nationaux et globaux.

- La Société Internationale de Financement [International Finance Corporation (IFC)], une institution adhérent au Groupe de la Banque Mondiale, a montée un centre d'exposition nommé 'Pangea' à Washington D.C pour des produits agricoles et ruraux à travers des services novateurs de marketing d'export, utilisant ses bureaux à l'étranger et ses liens institutionnels effectivement, prorogant aussi ses limites de crédit aux maisons d'achat et les grands magasins à l'étranger pour importer une variété de produits de l'Inde. La banque EXIM a ainsi pu exercer de l'influence sur ces limites de crédits pour promouvoir l'export des produits agricoles et ruraux, et a fait des dispositions pour l'obtention des commandes du Singapour, l'Afrique du Sud, la Hongrie, les Etats Unis pour ce genre de produits.

## CONCENTRER SUR LES PME

- Limite de crédit spéciale de ADB : La banque négocie une limite de crédit à long terme de US\$ 250 millions de la Banque du Développement Asiatique [Asian Development Bank (ADB)], sans la garantie de la Banque Centrale, pour proroger les emprunts aux PME. La banque aura une option de tirer les fonds en devis divers, selon les besoins de ses clients.

- Programme novateur pour les PME : La banque s'est engagé dans une coopération aménagée avec le Centre International de Commerce [International Trade Centre (ITC)], Genève pour la mise en place d'un programme unique de Service de Gestion de Développement d'Entreprise, qui est un auxiliaire à base informatique pour permettre les petites entreprises à préparer des plans d'affaires en concentrant sur le marché international. C'est une initiative qui fait œuvre de pionnier pour soutenir les PME et pour fournir des termes de prêt et des facilités de financement d'export à des particuliers identifiés afin de les aider dans leurs tentatives de globalisation. La banque est partenaire avec le ITC dans la mise en place de ce programme en qualité de projet pilote. Ainsi, la banque soutient les petites entreprises en termes de rendement et en assistant dans la formulation des propositions viables. Il est prévu que le savoir de ce programme serait transféré à d'autres pays en voie de développement, et ainsi aide dans la créativité et le développement institutionnel dans l'arène globale.

Prêt dénoué de l'équivalent de US\$100 million de la banque japonaise pour la coopération internationale [Japan Bank for International Cooperation (JBIC)]

Pendant l'année, la banque EXIM s'est engagée dans un accord pour une facilité de prêt dénoué avec la banque japonaise pour la coopération internationale. La facilité fournie des ressources à des prix compétitifs équivalent à US\$ 100 million à la banque, à long terme pour des

emprunts à des emprunteurs indiens éligible. Les bénéfices seront empruntés à des sociétés ayant des liens d'affaires avec des compagnies japonaise, des accords de partenariats Indo-Japonais et des subsidiaires en Inde ainsi qu'à l'étranger et d'autre consommateurs éligibles.

Réseau mondial des banques d'export-import et des Institutions du Financement pour le Développement (G-NEXID)

- La banque Export-Import de l'Inde avec le soutien d'un certain nombre d'autres banques et Institutions du Financement pour le Développement (DFIs) de plusieurs pays de l'Asie, de l'Afrique, de l'Amérique du Sud et de la CEI a établi un Réseau mondial des banques d'export-import et des institutions du financement pour le développement, dit G-NEXID sous l'égide de CNUCED à Geneva afin de renforcer la coopération Sud-Sud dans le domaine de commerce et d'investissement. Lors la deuxième rencontre annuelle qui a eu lieu le 22 mars 2007, a témoigné le lancement technique du site-web officiel ([www.gnexid.org](http://www.gnexid.org)), dont l'objectif est de faire une présence concurrentielle en ligne, de faciliter au niveau de la diffusion de l'information et le partage d'expérience, construire les marques, organiser la formation et la conduite d'affaire parmi les institutions membres. G-NEXID a été conféré le statut 'observateur' par CNUCED. US\$ 1 milliard de facilité de notes à moyen terme [Medium Term Notes (MTN)]

- Pendant 2006-07, un programme de notes à moyen terme (NMT) de US\$1 milliard a été mis en place par la banque pour faciliter régulièrement la hausse des ressources dans le marché international de dette capitale. Le programme offre une flexibilité à la banque en terme quantique, structural et durée de hausse des ressources de devis étranger. Programme d'Investissement de Finance à l'Etranger

- La banque a un programme complet en terme de fonds fiscaux, de prêts, de garanties et de services consultatif pour soutenir l'investissement à l'étranger indien. Pendant l'année, 28 propositions étaient accordées de l'assistance financé et non financé s'élevant à Rs 19400 millions pour le financement partiel de leurs investissements à l'étranger dans 15 pays comprenant l'Espagne, le Royaume-Uni, l'Indonésie, la Malaisie, le Norvège, le Brésil, l'Egypte, l'Israël, l'Iran, le Dubai etc.... La banque EXIM a financé 176 partenariats montes jusqu'ici par plus que 147 compagnies dans 54 pays. L'aide total tendu aux investissements a l'étranger s'élève a Rs 49600 millions couvrant divers secteurs incluant les pharmaceutiques, les immobiliers, les prêt a porters, les produits chimiques et les teintures, les logiciels et l'informatique, les produits d'ingénierie, les ressources naturelles (le charbon et les forêts), le métal et le traitement du métal, et l'agriculture et les produits a base agricole. Les investissements a l'étranger soutenue par la banque EXIM pendant l'année inclus : l'acquisition d'une compagnie espagnol engagée dans la

production des formulations génériques marquées ; l'acquisition d'une grande compagnie de textile de la maison dans la Grande Bretagne ; l'acquisition de la plus grande compagnie de Design et Construction/compagnie EPC de l'Asie du Sud au Singapour; l'acquisition d'une compagnie en Indonésie qui possède les droits d'exploitation dans les mines de charbon Indonésienne ; l'acquisition d'une compagnie agrochimique aux Pays-Bas ; l'acquisition d'une compagnie en Malaisie qui possède et opère le plus grand moulin de pulpe intégrée et de papier en Malaisie, avec des grandes concessions de terrain forestier; l'établissement d'un subsidiaire d'appartenance entière au Sarjah, l'EAU pour la production d'emballages liquides (HDPE Tambours). Appui sur les pays du Conseil de Coopération du Golfe et sur l'Asie Centrale

- Durant cette année, la banque a ouvert un bureau de représentant dans le les locaux prestigieux de Dubai International Financial Centre à Dubai. On s'attend le bureau du Dubai da la Banque Exim à jouer un rôle clef catalytic pour augmenter de commerce davantage et la flux d'investissement entre l'Inde et la région du Moyen Orient. Par l'avantage de sa position stratégique, ce bureau aidera à augmenter leurs affaires dans la région de l'Asie centrale et de l'Afrique du nord.

## RECHERCHE & PLANIFICATION

- Pendant cette année la Banque a publié cinq 'Occasional Papers' dont les titres sont: Les Investissements directs à l'étranger (IDE) japonais et américain dans l'Inde industrielle: une analyse (Japanese and US Foreign Direct Investments in Indian Manufacturing: An Analysis); La region du Maghreb: Une etude du potentiel du commerce et de l'investissement de l'Inde (Maghreb Region: A Study of India's Trade and Investment Potential); Le Renforcement de la capacité de recherche et développement en Inde (Strengthening R & D Capabilities in India); La Région CEI : Une étude potentiel du commerce et de l'investissement de l'Inde (CIS Region: A Study of India's Trade & Investment Potential) et L'Industrie chimique indienne : étude d'un secteur (Indian Chemical Industry: A Sector Study). Pendant cette année la Banque a publié encore un document de travail intitulé « l'Industrie indienne de la construction : les perspectives à l'étranger (Indian Construction Industry: Opportunities Abroad) ».

- La banque a également publié un livre intitulé (Regards à travers le kaléidoscope: l'Inde et la mondialisation (Looking through the Kaleidoscope: India and Globalisation) qui est une collection de la série annuelle des conférences du Exim Bank's Commencement Day de 1986 à 2006 pour fêter la vingt-cinquième anniversaire de la Banque Exim.

Rs : Roupies indiennes